

CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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June 14, 2010

TO: Budget and Finance Committee

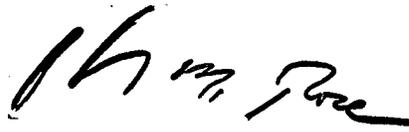
FROM: Budget and Legislative Analyst

SUBJECT: Recommendations of the Budget and Legislative Analyst for Amendment of the Mayor's Fiscal Year 2010-2011 Budget.

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Descriptions for Departmental Budget Hearing, June 16, 2010 Meeting, 10:00 a.m.

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A handwritten signature in black ink, appearing to read "Harvey M. Rose". The signature is fluid and cursive, with the first name being the most prominent.

Harvey M. Rose

cc: Supervisor Avalos
Supervisor Mirkarimi
Supervisor Elsbernd
Supervisor Maxwell
Supervisor Campos
President Chiu
Supervisor Alioto-Pier
Supervisor Chu
Supervisor Daly
Supervisor Dufty
Supervisor Mar
Clerk of the Board
Cheryl Adams
Controller
Greg Wagner

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: ASR – ASSESSOR-RECORDER

FINANCIAL DATA:

The Assessor-Recorder’s proposed \$18,436,280 budget for FY 2010-11 is \$2,739,394 or 17.5 percent more than the original FY 2009-10 budget of \$15,696,886.

SUMMARY OF PROGRAM EXPENDITURES:

<u>Program</u>	<u>FY 2009-2010 Original Budget</u>	<u>FY 2010-2011 Proposed Budget</u>	<u>Proposed Increase (Decrease) vs. FY 2009-2010 Budget</u>	<u>% Inc./Dec.</u>
PERSONAL PROPERTY	\$ 2,602,635	\$ 2,620,789	\$ 18,154	0.7%
REAL PROPERTY	5,771,954	6,036,584	264,630	4.6%
RECORDER	1,226,459	1,371,518	145,059	11.8%
TECHNICAL SERVICES	5,142,696	5,593,030	450,334	8.8%
TRANSFER TAX	953,142	2,814,359	1,861,217	195.3%
Total Expenditures	\$ 15,696,886	\$ 18,436,280	\$ 2,739,394	17.5%
Less Interdepartmental Recoveries And Transfers	0	(470,649)	(470,649)	N/A
Net Expenditures	\$ 15,696,886	\$ 17,965,631	\$ 2,268,745	14.5%

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: ASR – ASSESSOR-RECORDER

DEPARTMENT PERSONNEL SUMMARY:

The number of full-time equivalent positions (FTEs) budgeted for FY 2010-11 is 137.97, which is 7.46 FTEs more than the 130.51 FTEs in the original FY 2009-10 budget. The FTE allocations are as follows:

AUTHORIZED POSITIONS	FY 2009-2010 Original Budget	FY 2010-2011 Proposed Budget	Proposed Increase (Decrease) vs. FY 2009-2010 Budget
Total Authorized	130.51	137.97	7.46
Net Operating Positions	130.51	137.97	7.46

Specific changes in the Department’s FY 2010-11 FTE count include:

- Three proposed new 4204 Assessment Services Office Specialists to help with the Department’s increased appeals volume. The Assessor-Recorder considers these hires critical in its effort to protect the City’s property tax revenues.
- One proposed new 1070 IS Project Director to oversee and build out the Department’s Information Technology effort and one new 1021 IS Administrator I to assist with the Department’s IT needs.
- A proposed 1246 Principal Personnel Analyst who would be transferred from the Human Resources Department to handle the Department’s sensitive human resource issues in person and full-time. This staffing increase is expected to result in a decrease in the Department’s Human Resources workorder costs beginning in FY 2011-2012.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: ASR – ASSESSOR-RECORDER

The following are the Department’s proposed layoffs in FY 2010-11:

Bureau/Division	Job Class	Title	FTE Count	FY 2010-11 Budgeted Salary Amount	Comments
Technical Services	8110	Recordable Documents Office Specialist	1.0	\$52,750	Position vacant.
Real Property	4261	Real Property Appraiser	1.0	\$77,798	Position vacant.
TOTAL LAYOFFS IN FY 2010-11			2.0	\$130,548	

DEPARTMENT REVENUES:

Department revenues are proposed to increase by \$262,996, or 10.2 percent, from the original FY 2009-10 budget of \$2,577,004 to the proposed FY 2010-11 budget of \$2,840,000. General Fund support has increased by \$2,005,749, or 15.3 percent, from the original FY 2009-10 budget of \$13,119,882 to the proposed FY 2010-11 budget of \$15,125,631. Specific changes in the Department’s FY 2010-11 revenues include:

- The Department is currently negotiating a Letter of Agreement with the Redevelopment Agency to appraise key properties in the Mission Bay neighborhood. The Department estimates that this work will generate approximately \$300,000 per year in property tax revenue for the City beginning in FY 2010-11.
- The Real Estate Fraud fee of \$2.00 per applicable recorded document will be increasing from \$2.00 to \$3.00 as of July 1, 1010. The Department receives 10% of this fee and the increase from \$0.20 to \$0.30 in revenue allocated to the Department accounts for the increase in budgeted fee revenue from \$14,000 in FY 2009-10 to \$22,000 in FY 2010-11.

DESCRIPTION:

The Department’s proposed FY 2010-11 budget has increased by \$2,739,394 largely due to:

- A new \$1.3 million General Fund expenditure for outside legal counsel to defend the City in a lawsuit filed by the Archdiocese of San Francisco regarding an ongoing property transfer tax dispute. According to Ms. Kimberlee Kimura in the City Assessor’s Office, the City is utilizing outside counsel due to the specialized nature of the lawsuit.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: ASR – ASSESSOR-RECORDER

- A new \$0.6 million General Fund expenditure for a COIT-selected information technology upgrade. The three-part project would enhance the City's property assessment software and improve its reporting capabilities.
- An increased \$0.5 million General Fund expenditure for the Department's mandatory fringe benefits.

COMMENTS:

The Mayor's FY 2010-11 budget provides an increase of \$2,739,394. Our recommended reductions in the proposed FY 2010-11 budget, which total \$135,343, would still allow an increase of \$2,604,051, or 16.6 percent, in the Department's FY 2010-11 budget.

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

Department: ASR - Assessor-Recorder

<u>Page</u> <u>No.</u>	<u>Object</u>	<u>Object Title</u>	<u>Position/ Equipment Number</u>	<u>Number</u>		<u>Amount</u>		<u>Savings</u>
				<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>	
<u>FCG - Recorder (2S-GSF-SAF)</u>								
1	001	Deputy Director II	0952	0.00	0.00	910	0	910
1	001	IS-Engineer Journey	1042	0.00	0.00	805	0	805
1	001	Payroll Clerk	1220	0.00	0.00	438	0	438
		Confidential Secretary to						
1	001	Assessor	1518	0.00	0.00	535	0	535
1	001	Account Clerk	1630	0.00	0.00	368	0	368
2	001	Principal Account Clerk	1634	0.00	0.00	480	0	480
2	001	Senior Administrative Analyst	1823	0.00	0.00	685	0	685
		Principal Administrative						
2	001	Analyst	1824	0.00	0.00	793	0	793
2	001	Management Assistant	1842	0.00	0.00	510	0	510
2	001	Assessor	4290	0.00	0.00	1,220	0	1,220

According to the Controller's Office, these salary amounts are for FTEs that are no longer budgeted in this department but small salary amounts were inadvertently left in the budget for each position. We recommend deleting these salary appropriations.

6	013	Mandatory Fringe Benefits						\$2,756
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Corresponds to reductions in Permanent Salaries.

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

Department: ASR - Assessor-Recorder

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				<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>	
FDJ - Real Property (1G-AGF-AAA)								
3	001	Deputy Director II	0952	0.00	0.00	911	0	911
3	001	Payroll Clerk	1220	0.00	0.00	437	0	437
3	001	Assessor	1518	0.00	0.00	534	0	534
3	001	Account Clerk	1630	0.00	0.00	368	0	368
3	001	Principal Account Clerk	1634	0.00	0.00	479	0	479
3	001	Senior Administrative Analyst	1823	0.00	0.00	684	0	684
		Principal Administrative						
3	001	Analyst	1824	0.00	0.00	794	0	794
3	001	Management Assistant	1842	0.00	0.00	510	0	510
3	001	Assessor	4290	0.00	0.00	1,220	0	1,220

According to the Controller's Office, these salary amounts are for FTEs that are no longer budgeted in this department but small salary amounts were inadvertently left in the budget for each position. We recommend deleting these salary appropriations.

3	001	Manager VI	0941	1.00	0.00	\$150,719	\$0	\$150,719
3	001	Manager III	0931	0.00	1.00	0	121,397	(\$121,397)

In line with the Mayor's directive to reduce manager/supervisor salaries by 10%, the Department decided to reorganize its Real Property Division. Implement a downward substitution of one 0941 Manager VI to a 0931 Manager III in line with revised staffing needs.

3	001	Secretary II	1446	1.00	0.00	\$57,396	\$0	\$57,396
		Assessment Services Office						
3	001	Specialist	4204N	2.31	3.31	121,729	174,426	(\$52,697)

This 1446 position is vacant as of May 8, 2010. Implement a downward substitution of this vacant 0446 Secretary II position to a 4204 Assessment Services Office Specialist for salary savings and to better meet workplace needs.

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
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FY 2010-11**

Department: ASR - Assessor-Recorder

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				<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>	
4	001	Attrition Savings	9993M	(1.28)	(1.63)	(\$109,284)	(\$139,284)	\$30,000
		Increase attrition for multiple vacancies that the Department is in the process of filling.						
6	013	Mandatory Fringe Benefits						\$28,585
		Corresponds to reductions in Permanent Salaries and Attrition Savings, above.						
6	021	Travel				\$2,565	\$1,565	\$1,000
	022	Training				\$12,000	\$10,000	\$2,000
	023	Employee Expenses				\$5,800	\$3,800	\$2,000
		Reduce Travel, Training, and Employee Expenses to correspond to underspending of those budget items in FY 2009-2010.						

FDK - Personal Property (IG-AGF-AAA)

5	001	Deputy Director II	0952	0.00	0.00	912	0	912
5	001	IS Engineer-Journey	1042	0.00	0.00	805	0	805
5	001	Payroll Clerk	1220	0.00	0.00	438	0	438
5	001	Assessor	1518	0.00	0.00	534	0	534
5	001	Account Clerk	1630	0.00	0.00	366	0	366
5	001	Principal Account Clerk	1634	0.00	0.00	480	0	480
5	001	Senior Administrative Analyst	1823	0.00	0.00	685	0	685
		Principal Administrative						
5	001	Analyst	1824	0.00	0.00	792	0	792
5	001	Management Assistant	1842	0.00	0.00	511	0	511
5	001	Assessor	8107	0.00	0.00	1,220	0	1,220

According to the Controller's Office, these salary amounts are for FTEs that are no longer budgeted in this department but small salary amounts were inadvertently left in the budget for each position. We recommend deleting these salary appropriations.

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

Department: ASR - Assessor-Recorder

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				<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>	
7	013	Mandatory Fringe Benefits						\$2,755

Corresponds to reductions in Permanent Salaries above.

FDL - Technical Services (1G-AGF-AAA)

19	001	Temporary - Miscellaneous	TEMPM	4.47	0.00	333,234	208,234	125,000
18	001	Senior Administrative Analyst	1823	1.00	2.00	91,159	182,318	(91,159)

The proposed FY 2010-2011 budget includes a \$258,155 increase in the Technical Division's funding for Temporary-Miscellaneous salaries, from \$75,079 in FY 2009-10 to \$333,234 proposed for FY 2010-11. A reduction of \$125,000 in Temporary - Miscellaneous salaries and increased funding for one Senior Administrative Analyst position, would result in a net reduction in costs and better meet Department needs

7	013	Mandatory Fringe Benefits						(\$27,373)
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Corresponds to reductions in Permanent Salaries above.

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
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FY 2010-11**

Department: ASR - Assessor-Recorder

<u>Page</u> <u>No.</u>	<u>Object</u>	<u>Object Title</u>	<u>Position/ Equipment Number</u>	<u>Number</u>		<u>Amount</u>		<u>Savings</u>
				<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>	
FEH - Transfer Tax (1G AGF AAA)								
9	001	Deputy Director II	0952	0.00	0.00	607	0	607
9	001	IS Enginer-Journey	1042	0.00	0.00	536	0	536
9	001	Payroll Clerk	1220	0.00	0.00	292	0	292
		Confidential Secretary to						
9	001	Assessor	1518	0.00	0.00	357	0	357
9	001	Account Clerk	1630	0.00	0.00	245	0	245
9	001	Principal Account Clerk	1634	0.00	0.00	321	0	321
9	001	Senior Administrative Analyst	1823	0.00	0.00	457	0	457
		Principal Administrative						
9	001	Analyst	1824	0.00	0.00	529	0	529
9	001	Management Assistant	1842	0.00	0.00	340	0	340
9	001	Assessor	4290	0.00	0.00	813	0	813

According to the Controller's Office, these salary amounts are for FTEs that are no longer budgeted in this department but small salary amounts were inadvertently left in the budget for each position. We recommend deleting these salary appropriations.

10	013	Mandatory Fringe Benefits		\$1,837
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Corresponds to reductions in Permanent Salaries above.

Total Recommended Reductions			\$135,343
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General Fund Impact			\$125,843
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Non-General Fund Impact			\$9,500
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**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: BOS – BOARD OF SUPERVISORS

SUMMARY OF PROGRAM EXPENDITURES:

The Board of Supervisors proposed \$10,589,081 budget for FY 2010-11 is \$112,917 or 1.1 percent less than the original FY 2009-10 budget of \$10,701,998.

Program	FY 2009-2010 Original Budget	FY 2010-2011 Proposed Budget	Proposed Increase (Decrease) vs. FY 2009-2010 Budget	%
				Inc./Dec.
BOARD - LEGISLATIVE ANALYSIS	\$ 2,208,078	\$ 2,050,000	\$ (158,078)	(7.2%)
BOARD OF SUPERVISOR	4,910,935	4,917,167	6,232	0.1%
CHILDREN'S BASELINE	199,597	159,567	(40,030)	(20.1%)
CLERK OF THE BOARD	3,353,955	3,461,499	107,544	3.2%
LOCAL AGENCY FORMATION	29,433	848	(28,585)	(97.1%)
Total Expenditures	\$ 10,701,998	\$ 10,589,081	\$ (112,917)	(1.1%)
Less Interdepartmental Recoveries And Transfers	(90,000)	(110,000)	(20,000)	22.2%
Net Expenditures	\$ 10,611,998	\$ 10,479,081	\$ (132,917)	(1.3%)

The Department's proposed FY 2010-11 budget has decreased by \$112,917 largely due to:

- Savings of \$158,078 in Board - Legislative Analysis from the elimination of the in-house Legislative Analyst's office and a reduction in the Budget and Legislative Analyst contract.
- Increase of \$6,232 in the Board of Supervisors primarily from \$106,954 increased retirement expense, \$23,194 increased health and dental expenses and \$38,284 increase for the mandated Controller's CAFR contractual expense, which are offset by \$122,620 reductions in Permanent Salaries from attrition savings, furloughs and employee salary reductions and \$25,202 reductions for Services of Other Departments. On June 9, 2010, the Budget and Finance Committee recommended additional potential savings in advertising costs to the Board of Supervisors by reducing the number of Official Advertisers and selecting the most economical publications. These resolutions are scheduled for approval by the Board of Supervisors on June 15, 2010, and could result in an additional undetermined amount of savings in FY 2010-2011. The Board is also proposing to allocate Board membership fees between the Board/Clerk of the Board and Enterprise departments through workorders, with an anticipated savings of \$60,226 in FY 2010-2011.
- Reduction of \$40,030 in the Children's Baseline (Youth Commission) by not filling one currently vacant position.
- Increase of \$107,544 in the Clerk of the Board primarily due to additional temporary salary expenses from the increased workload for the Assessment Appeals Board and the Sunshine Ordinance Task Force, and \$83,559 of increased retirement expense.
- Reduction of \$28,585 in the Local Agency Formation Committee (LAFCO) due to the use of an anticipated \$755,893 carryforward, with other Community Choice Aggregation expenses funded in the Public Utilities Commission (PUC) budget.

Item 2 File 10-0557	Department(s): Assessment Appeals Board (AAB)
EXECUTIVE SUMMARY	
<p>Note: The proposed ordinance was heard on June 2, 2010, amended to (a) change one State Code Section reference number, (b) make the new \$215 per hour findings of fact fee effective for applications filed after July 1, 2010, and (c) increase the administrative processing fee from \$30 to \$90, and then continued to June 16, 2010. The following report reflects the originally proposed increase of the administrative processing fee from \$30 to \$45.</p>	
Legislative Objective	
<ul style="list-style-type: none"> • Ordinance amending Chapter 2B, Sections 2B.9 and 2B.11 of the City's Administrative Code to (a) increase and change the title for a nonrefundable administrative processing fee per application from \$30 to \$45, (b) add fee waivers for any property assessed at \$7,500 or less, or where there is a difference of \$7,500 or less between the taxpayer's opinion of assessed value and the Assessor's assessed value, (c) change the findings of fact fees from a sliding scale of \$100 to \$1,000 to an hourly rate of \$215 with a maximum of 30 billable hours, and (d) revise the finding of fact fee language to specify paying expenses incurred to produce the findings of fact and conclusions of law. 	
Key Points	
<ul style="list-style-type: none"> • The proposed ordinance complies with language from a recent Superior Court ruling regarding Assessment Appeals Board fees and the additional fee waivers guarantees access to assessment appeals hearings for those taxpayers whose Property Taxes are not significant. The proposed increase from \$30 to \$45 for the administrative processing fee reflects the annual CPI adjustments for this fee since FY 1994-1995, when the fee was last increased. The proposed revisions to the findings of fact fee more accurately reflects the actual average cost for the Assessment Appeals Board to prepare such findings of fact. 	
Fiscal Impacts	
<ul style="list-style-type: none"> • Over the past four years, the number of applications filed with the Assessment Appeals Board has varied considerably, such that the application filing fee revenues and findings of fact fee revenues have fluctuated considerably. All revenues generated by the Assessment Appeals Board accrue to the City's General Fund and the Assessment Appeals Board is fully funded by the City's General Fund. • The proposed \$15 fee increase from \$30 to \$45 for the administrative processing fee is projected to generate an additional \$60,000 in FY 2010-2011. Due to a surge of applications over the past two years, there is currently a backlog of approximately 12-18 months from the time a new appeal application is filed until the Assessment Appeals Board actually conducts the hearing and collects the findings of fact fees. As a result, the new findings of fact fees are not anticipated to generate revenues until FY 2011-2012. 	
Recommendation	
<p>Approval of the proposed ordinance is a policy decision for the Board of Supervisors.</p>	

MANDATE STATEMENT AND BACKGROUND

Mandate Statement

San Francisco Administrative Code Chapter 2B, Section 2B.9 currently provides that applicants requesting a reassessment of their property value must pay a \$30 nonrefundable application filing fee to the Assessment Appeals Board, at the time an application is filed with the Assessment Appeals Board.

In addition to the nonrefundable \$30 application filing fee, Section 2B.11(a) of the City’s Administrative Code currently provides that an applicant must pay the fees shown in Table 1 below, to the Assessment Appeals Board to receive findings of fact¹, pursuant to California Revenue and Taxation Code Section 1611.5.

Table 1: Fees Currently Due to the Assessment Appeals Board for Findings of Fact

Where the property affected by the application has an assessed value on the current assessment roll at	Fees Based on a Sliding Scale Currently Due in accordance with Section 2B.11(a) of the City’s Administrative Code
\$0 to \$1,000,000	\$100
\$1,000,001 to \$2,000,000	125
\$2,000,001 to \$5,000,000	150
\$5,000,001 to \$10,000,000	500
\$10,000,001 to \$20,000,000	750
More than \$20,000,000	1,000

Section 2B.11(c) states that the revenues generated from these findings of fact fees must be used exclusively to pay the Assessment Appeals Boards’ operating costs, including the actual costs of the City Attorney to assist the Assessment Appeals Board in preparing the findings of fact.

However, Section 2B.9 of the City’s Administrative Code also provides that applicants can qualify for a waiver of the application filing and finding of fact fees, (a) pursuant to California Government Code Section 68632, which provides financial waivers if the applicant requesting the Property Tax refund is impoverished, (b) if the application is

¹ Findings of fact are written legal summaries of the Assessment Appeals Board's hearing and the specific findings on which the Assessment Appeals Board based their decision. Findings of fact, which are prepared by the Assessment Appeals Board’s attorney, are not required for all applicants, but are necessary if the applicant requesting the Property Tax refund intends to seek judicial review of an adverse Assessment Appeals Board decision.

accompanied by a stipulation pursuant to California Revenue and Taxation Code Section 1607 signed by three parties: the Assessor, the applicant and the City Attorney, (c) the applicant requests a reduction for the tax year following a tax year for which the Assessment Appeals Board has reduced the assessed value at the time of filing the application for the subsequent tax year, and (d) the applicant's opinion of the assessed value is not less than the value determined by the Assessment Appeals Board for the prior year plus any automatic increases allowed by law.

Background

Residential and commercial Property Taxes are based on the property's assessed value, as determined by the San Francisco County Assessor's Office. If a property owner disagrees with the Assessor's determination of the assessed value, the property owner can appeal the amount of the assessed value to the Assessment Appeals Board. The Assessment Appeals Board is an independent body under the Board of Supervisors, comprised of three-member Board panels that hear and decide each applicant's request for a reassessment of their property value. Assessment Appeals Board members are appointed by the Board of Supervisors and must have a minimum of five years professional experience as either a certified public accountant, licensed real estate broker, attorney, or property appraiser accredited by a nationally recognized professional organization.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would amend Chapter 2B, Sections 2B.9 and 2B.11 of the City's Administrative Code to (a) increase and change the title of the current \$30 nonrefundable application filing fee by \$15, or 50 percent, to a \$45 nonrefundable administrative processing fee, (b) add fee waivers for any property assessed by the Assessor at a value of \$7,500 or less, or for any property where there is a difference of \$7,500 or less between the taxpayer's opinion of the assessed value on the application and the subject property's assessed value by the Assessor, (c) change the Assessment Appeals Board findings of fact fees from a sliding scale of \$100 to \$1,000, as shown in Table 1 above, to an hourly rate of \$215 with a maximum of 30 billable hours, and (d) revise the language for how finding of fact fee revenues can be used from paying the Assessment Appeals Board's operating costs, including City Attorney costs, to paying expenses incurred by the County for specifically producing the findings of fact and conclusions of law.

According to Ms. Dawn Duran, the Administrator of the Assessment Appeals Board, the revised language in the proposed ordinance is intended to comply with language from a recent Superior Court ruling regarding Assessment Appeals Board fees and the additional fee waivers are to ensure that procedural due process guarantees access to assessment appeal hearings for those taxpayers whose potential Property Taxes are not significant. Ms. Duran advises that the proposed increase to the application administrative processing fee reflects the annual Consumer Price Index² (CPI)

² Annual Consumer Price Index is for all urban consumers in the San Francisco-Oakland- San Jose, California region, as determined by the US Department of Labor.

adjustments since this fee was last increased in FY 1994-1995. In addition, Ms. Duran advises that the proposed revisions to the findings of fact fee from the current sliding scale of \$100 to \$1,000 depending on the assessed value of the property to a rate of \$215 per hour up to 30 billable hours more accurately reflects the actual average cost for the Assessment Appeals Board to prepare each findings of fact.

FISCAL IMPACTS

FY 2009-2010 Assessment Appeals Budget

The Assessment Appeals Board budget for FY 2009-2010 is \$443,041 and includes funding for three permanent full-time staff: one Administrator and two clerical positions. In FY 2009-2010, due to the significant increases in applications filed, the Clerk of the Board of Supervisors reassigned an additional temporary clerk to the Assessment Appeals Board. In FY 2009-2010, the Assessment Appeals Board was budgeted to receive \$50,000 of application filing fees and \$9,000 of findings of fact fees.

Analysis of Past Four Years of Assessment Appeals Board Applications Filed and Revenues Generated

As shown in Table 2 below, over the past four years, the number of new appeal applications filed with the Assessment Appeals Board has varied considerably, ranging from a low of 988 applications in FY 2007-2008 to 6,289 applications filed during the first ten months of the current fiscal year. As a result, the current \$30 application filing fee has resulted in fluctuating revenues, generating \$26,490 in FY 2007-2008 to \$181,000 for the first ten months of FY 2009-2010. The current sliding scale findings of fact fees have also fluctuated, generating revenues of between \$250 in FY 2008-2009 to \$16,375 in FY 2007-2008. All revenues generated by the Assessment Appeals Board accrue to the City's General Fund and the Assessment Appeals Board is fully funded by the City's General Fund.

Table 2: Assessment Appeals Board FY Applications Filed and Revenues Received in

Fiscal Years	FY 2006-2007 through FY 2009-2010		
	Number of New Appeal Applications Filed	Application Filing Fee Revenues	Findings of Fact Revenues
FY 2006-2007	1,367	\$38,910	\$9,150
FY 2007-2008	988	26,490	16,375
FY 2008-2009	2,476	66,590	250
FY 2009-2010*	6,289	181,010	1,675
Total	11,120	\$313,000	\$27,450
Average Annual	2,780	\$78,250	\$6,863

*Through April 30, 2010.

As noted above, the FY 2009-2010 budget included \$50,000 of revenues from application filing fees and \$9,000 from findings of fact fees. However, as shown in Table 2 above, the actual revenues from the application filing fees has generated

\$181,000 over the first ten months of FY 2009-2010, or \$131,000 more than the budgeted amount of \$50,000. Conversely, as shown in Table 2 above, the actual revenues from the findings of fact fees has only generated \$1,675 over the first ten months of FY 2009-2010 or \$7,325 less than the budgeted amount of \$9,000.

According to Ms. Duran, the revenues generated from the findings of fact are considerably less than the application filing fees, because most applicants do not request findings of fact. In addition, Ms. Duran advises that the findings of fact revenues do not coincide with the number of new appeal applications filed because the findings of fact are completed and charged to the applicants when the hearings are held, not when the applications are filed. According to Ms. Duran, due to the surge of applications over the past two years, the Assessment Appeals Board currently has a backlog of approximately 12-18 months from the time a new appeal application is filed until the Assessment Appeals Board actually conducts the hearing and collects the findings of fact fees.

Proposed Revenues to be Received

Administrative Processing Fee

Ms. Duran advises that, if the proposed ordinance is approved, the new \$45 administrative processing fee would be effective in July of 2010 for new applications that are filed with the Assessment Appeals Board. The Board of Supervisors FY 2010-2011 budget, which includes the Assessment Appeals Board, assumes \$180,000 in revenues from the proposed nonrefundable \$45 administrative processing fee would be realized, based on 4,000 new applications being filed in FY 2010-2011. If the proposed \$45 administrative processing fee is not approved, the existing \$30 filing fee would result in approximately \$120,000 of revenues, based on the assumed 4,000 new applications to be filed in FY 2010-2011. Therefore, the proposed \$15 fee increase from \$30 to \$45 is projected to generate an additional \$60,000 in FY 2010-2011.

The current \$30 fee generates approximately 47.56 percent of costs incurred by the Assessment Appeals Board to process applications. The original proposed fee of \$45 is projected to recover approximately 71.34 percent of such costs. As noted above, all of the Assessment Appeals Board revenues accrue to the City's General Fund, and the Assessment Appeals Board is fully funded by the City's General Fund. Therefore, any shortfalls in revenues are funded through the City's General Fund.

As noted above, the Budget and Finance Committee increased the administrative filing fee to \$90 on June 2, 2010, with the intent to raise the administrative filing fee to more fully recover costs. To fully recover costs, the administrative filing fee should be increased by \$33 or 110 percent from \$30 to \$63. However, at the June 2, 2010 Budget and Finance Committee meeting, both Ms. Duran and Ms. Cheryl Adams, the City Attorney expressed concerns regarding raising this fee too high, based on a recent Court decision. Ms. Duran prepared Attachment I which provides estimated fee revenues which would be generated if the proposed administrative filing fees were increased to \$50, \$55 or \$60. Ms. Duran also submitted Attachment II, which shows the administrative processing fees previously approved in 11 California counties and

proposed in nine California counties. The Budget and Legislative Analyst notes that these other county administrative processing fees range from \$26.75 to \$55.

Findings of Fact Fees

As discussed above, due to the surge of applications filed with the Assessment Appeals Board over the past two years, there is currently a backlog of approximately 12-18 months from the time a new appeal application is filed until the Assessment Appeals Board actually conducts the hearing and collects the findings of fact fees. As a result of the backlog, Ms. Duran does not anticipate that any new revenues will be generated for the Assessment Appeals Board until FY 2011-2012 from the proposed finding of fact fee adjustment. Given the large fluctuation in finding of fact fee revenues shown in Table 2 above and that such revenues would not be realized until at least FY 2011-2012, Ms. Duran cannot accurately estimate such revenues from these fees.

RECOMMENDATION

Approval of the proposed ordinance is a policy decision for the Board of Supervisors.

Assessment Appeals Board
Cost Recovery Worksheet - Filing Fee
 (Per Budget Form 2C: Fee Cost Recovery Form)
 Prepared June 11, 2010

	CURRENT		PROPOSED at June 2nd Hearing	ALTERNATIVE FEES	
	FY 09/10 Budget	Actual to 5/31/10		\$50	\$55
REVENUE		\$30	\$45	\$50	\$60
Estimated Number of Appeals	4,000	5,907	4,000	4,000	4,000
Filing Fee Revenue	\$120,000	\$177,210	\$180,000	\$200,000	\$240,000
Revenue Increase			\$60,000	\$80,000	\$120,000
% Proposed Fee Change			50.00%	66.67%	100.00%
COSTS					
Direct Costs					
Productive Labor & Benefits (1)	\$150,000	\$150,000	\$150,000		
Leave & Non-Productive Time (1)	\$50,000	\$50,000	\$50,000		
Space Rental Equivalent (2)	\$12,800	\$12,800	\$12,800		
Materials & Supplies	\$3,500	\$3,500	\$3,500		
Indirect Costs					
Departmental Overhead (18%) (2)	\$36,000	\$36,000	\$36,000		
Total Costs	\$252,300	\$252,300	\$252,300	\$252,300	\$252,300
COST RECOVERY					
Recovery Rate	47.56%	70.24%	71.34%	79.27%	95.12%
Required Fee-100% Cost Recovery	\$63.08	\$42.71	\$63.08	\$63.08	\$63.08
Over / (Under) 100% Cost Recovery	(\$33.08)	(\$12.71)	(\$18.08)	(\$8.08)	(\$3.08)

FOOTNOTES:

- (1) Pro-rated salary expense to reflect the time AAB staff spends on processing an appeal application.
 (2) Automatically calculated per formula by the controller's office and is based on salary costs.

ADMINISTRATIVE PROCESSING FEE Other Counties

Prepared June 4,2010

COUNTY - APPROVED	Amount
El Dorado	\$30
Marin	\$50
Mendocino	\$55
Mono	\$26.75
Sacramento	\$30
San Luis Obispo	\$30
San Mateo	\$30
Santa Clara	\$30
Solano	\$30
Stanislaus	\$40
Tulare	\$30
COUNTY - PROPOSED	Amount
Imperial	\$35
Madera	\$30
Merced	\$30
Modoc	\$30
Nevada	\$30
Orange	\$30
Plumas	\$35
San Bernardino	\$45
Shasta	\$30

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

Department: BOS - Board of Supervisors

<u>Page No.</u>	<u>Object</u>	<u>Object Title</u>	<u>Position/ Equipment Number</u>	<u>Number</u>		<u>Amount</u>		<u>Savings</u>
				<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>	
<u>FAA - Board of Supervisors (1G-AGF-AAA)</u>								
24	086	Expend Recovery for SVCS to AAO Funds				0	60,226	60,226

The proposed recommendation reflects discussions between the Clerk of the Board and the Controller's Office to share the \$170,000 FY 2010-2011 costs of memberships under the Board of Supervisors budget that are currently fully funded with General Fund revenues. Under the proposed recommendation, approximately 35 percent or \$60,226 of the total \$170,000 membership cost in FY 2010-2011 would be workordered to Enterprise departments with the remaining \$109,774 funded with General Fund revenues in the Board's budget. This recommendation would result in an offsetting \$60,226 savings to the City's General Fund.

FAE - Clerk of the Board (1G-AGF-AAA)

30	001	Manager I	0922	2.0	2.0	209,740	104,870	104,870
Delete funding for one 0922 Manager I position in FY 2010-2011, which is currently vacant. As this is the Board's Records Management position, and the Board of Supervisors will need to address its records management issues in the future, the position itself (as opposed to the funding) should be retained such that when funding becomes available, the position could be filled in the future.								
25	013	Mandatory Fringe Benefits						42,850

Adjust fringe benefits to reflect Permanent Salaries- Misc reduction shown above.

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Department: BOS - Board of Supervisors

Page			Position/ Equipment	<u>Number</u>		<u>Amount</u>		
<u>No.</u>	<u>Object</u>	<u>Object Title</u>	<u>Number</u>	<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>	<u>Savings</u>
		Total Recommended Reductions						<u>207,946</u>
		General Fund Impact				\$207,946		
		Non-General Fund Impact				\$0		

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: CON - CONTROLLER

SUMMARY OF PROGRAM EXPENDITURES:

The Controller's proposed \$33,337,835 budget for FY 2010-11 appears to be \$7,408,745 or 18.2 percent less than the original FY 2009-10 budget of \$40,746,580.

Program	FY 2009-2010 Original Budget	FY 2010-2011 Proposed Budget	Proposed Increase (Decrease) vs. FY 2009-2010 Budget	%
				Inc./Dec.
ACCOUNTING OPERATIONS AND SYSTEMS	\$ 8,247,747	\$ 7,595,270	\$ (652,477)	(7.9%)
CITY SERVICES AUDITOR	12,395,940	11,517,565	(878,375)	(7.1%)
ECONOMIC ANALYSIS	280,730	288,979	8,249	2.9%
MANAGEMENT INFORMATION SYSTEM	10,355,982	-	(10,355,982)	(100.0%)
MANAGEMENT, BUDGET AND ANALYSIS	3,781,531	3,856,949	75,418	2.0%
PAYROLL AND PERSONNEL SERVICES	5,186,083	9,573,417	4,387,334	84.6%
PUBLIC FINANCE	498,567	505,655	7,088	1.4%
Total Expenditures	\$ 40,746,580	\$ 33,337,835	\$ (7,408,745)	(18.2%)
Less Interdepartmental Recoveries And Transfers	(27,523,641)	(21,376,044)	6,147,597	(22.3%)
Net Expenditures	\$ 13,222,939	\$ 11,961,791	\$ (1,261,148)	(9.5%)

However, the Controller's original FY 2009-2010 budget was actually \$30,390,598 and the additional \$10,355,982 Management Information System was part of the Department of Human Resources (DHR) original FY 2009-2010 budget. Therefore, the Controller's proposed FY 2010-2011 budget of \$33,337,835 represents an actual increase of \$2,947,237 or 9.7 percent more than the original FY 2009-2010 budget.

In November of 2009, DHR's entire \$10,355,982 Management Information System project funds, which is Project eMerge, was transferred to the Controller's Office, under the Division of Payroll and Personnel Services. Project eMerge is an integrated human resources, employment, payroll and benefits administration system that is currently being designed, developed and implemented to cover all active and retired City employees. Under the Controller's Office, Project eMerge will carryforward approximately \$5.7 million of project funding from FY 2009-2010 to cover salary and non-personnel expenses through November 30, 2010. The proposed FY 2010-2011 budget includes \$5,131,222 under Payroll and Personnel Services to fund Project eMerge from December 1, 2010 through June 30, 2011. Partial implementation of Project eMerge is anticipated in FY 2010-2011, with completion in FY 2011-2012. Project eMerge is funded through expenditure recoveries from General Fund and non-General Fund departments, allocated by the Controller based on the number of positions in each department.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
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FY 2010-11**

DEPARTMENT: CON - CONTROLLER

Other significant changes to the Controller’s FY 2010-2011 budget include:

- Reduction of \$652,477 in Accounting Operations and Systems primarily because of decreases in Permanent Salaries and Services of Other City departments, partially offset by additional expenditure recoveries from other City departments for additional Controller services;
- Decrease of \$878,375 in the City Services Auditor Division based on calculated Charter-required funding, with primary reductions in Permanent Salaries, Professional and Specialized Services and Services of Other City departments;
- Increase of \$8,249 in Economic Analysis because of increases in retirement expenses;
- Increase of \$75,418 for the Management, Budget and Analysis Division because of increases in retirement expenses and reductions in expenditure recoveries;
- Increase of \$4,387,334 for the Payroll and Personnel Services to reflect the additional new positions and transfer of Project eMerge, slightly offset by reductions in Permanent Salaries and Services of Other Departments, including a savings of an estimated \$229,654 to lease office space, by moving Payroll/Personal Services Division staff from 875 Stevenson and Project eMerge staff from 25 Van Ness to the City-owned One South Van Ness building;
- Increase of \$7,088 for Public Finance Division because of retirement expenses and reduction in expenditure recoveries; and
- An additional \$500,000 to fund one 1070 IS Project Director off-budget position and consultants to begin scoping and analysis for a new FAMIS Replacement System, which will require a multi-year systems evaluation, selection, design, development, training and implementation, with offsetting workorder recoveries from the PUC and Airport included.

The proposed FY 2010-2011 budget includes a \$1,832,725 Controller’s Reserve, including \$1,334,632 for unspecified salaries and \$498,093 for unspecified fringe benefits. These Controller Reserves are part of the total \$142,218,840 Controller Reserves included in the FY 2010-2011 budget, which is intended to offset \$142,218,840 of Uncertain Revenues and Follow-Up Actions Required that are assumed in the FY 2010-2011 budget.

DEPARTMENT PERSONNEL SUMMARY:

The number of full-time equivalent positions budgeted for FY 2010-11 is 214.63 FTEs, which is 1.31 FTEs more than the 213.32 FTEs in the original FY 2009-10 budget, as shown below:

AUTHORIZED POSITIONS	FY 2009-2010 Original Budget	FY 2010-2011 Proposed Budget	Proposed Increase (Decrease) vs. FY 2009-2010 Budget
Total Authorized	213.32	214.63	1.31
Non-Operating Positions (Capital / Other)	(33.00)	(19.45)	13.55
Net Operating Positions	180.32	195.18	14.86

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
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FY 2010-11**

DEPARTMENT: CON - CONTROLLER

Specific changes in the Department's FY 2010-11 FTE count include:

- Increase in Attrition Savings from 17.62 FTEs in FY 2009-2010 to 24.39 FTEs in FY 2010-2011 or an additional 6.77 FTEs in Attrition Savings, which reflects a \$590,200 increase in savings;
- Reduction of 29 FTE off-budgeted positions, offset by an increase of 24.81 FTE budgeted and off-budgeted positions (six of which were transferred from DHR), for a net decrease of 4.19 FTE budgeted and off-budgeted positions. Project eMerge carryforward monies will fund 15.45 FTE off-budget positions in FY 2010-2011;
- Deletion of five positions, four of which are vacant; and
- Upward substitution of three positions, offset with downward substitution of eight positions.

The Department has laid off the following one position:

Bureau/Division	Job Class	Title	FTE Count	\$ Value	Comments
Payroll and Personnel	0953	Deputy Director III	1.0	\$150,719	Layoff effective June 11, 2010.
TOTAL LAYOFFS IN FY 2010-11			1.0		

DEPARTMENT REVENUES:

The majority of the Controller's revenues are received from other City departments, as interdepartmental recoveries, and fully offset the cost of the City Services Auditor Division, Project eMerge and Public Finance. As shown in the Summary of Program Expenditures table on the first page of this report, interdepartmental recoveries will decline from \$27,523,641 in FY 2009-2010 to \$21,376,044 in FY 2010-2011 a reduction of \$6,147,597 or 22.3 percent, primarily due to the reduction in the budgeted amount for Project eMerge. In FY 2010-2011, the total \$21,376,044 interdepartmental recoveries include (a) \$11,517,565 for the City Services Auditor, (b) \$5,131,222 for Project eMerge; (c) \$3,821,423 for Accounting Operations and Services, (d) \$517,157 for Public Finance, (e) \$270,447 for Payroll and Personnel Services, and (f) \$118,230 for Management, Budget and Analysis.

Other department revenues are budgeted to increase by \$37,500 or 10.3 percent, from the original FY 2009-10 budget of \$364,686 to the proposed FY 2010-11 budget of \$402,186, primarily due to

- Increase of Other Operating Revenue from \$12,500 in FY 2009-2010 to \$50,000 in FY 2010-2011, an increase of \$37,500 from additional fees collected by the Controller for monitoring and administering two special assessment property tax districts.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
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FY 2010-11**

DEPARTMENT: CON - CONTROLLER

As a result, General Fund support will decrease by \$1,298,648 or 10.1 percent, from the original FY 2009-10 budget of \$12,858,253 to the proposed FY 2010-11 budget of \$11,559,605.

OTHER PENDING LEGISLATION – ITEM 9, FILE 10-0743

The proposed ordinance would authorize the City to issue up to \$155,000,000 of Series 2010A Certificates of Participation (COPs) to partially or fully refund of outstanding COPs that were previously issued for four capital improvement projects, select the Trustee, and approve the required Trust Agreements, Property and Project Leases, Escrow Agreements and other required documents to effectuate this transaction.

The four City-owned capital improvement projects and properties that would be refinanced and the outstanding balance for each project as of May 1, 2010 are as follows:

(a) Series 2000 COPs, San Bruno Jail Replacement Project	\$123,315,000
(b) Series 2001-1 Refunding COPs, 25 Van Ness Avenue Property	8,300,000
(c) Series 1999 COPs, 555 7 th Street Property	6,210,000
(d) Series 1997 COPs, 2789 25 th Street Property	<u>5,400,000</u>
Total	\$143,225,000

The difference of \$11,775,000 between the requested authorization of up to \$155,000,000 and the above-noted \$143,225,000 refinancing of four existing COPs is due to the funding of a debt service reserve fund of approximately \$6.1 million, the cost of issuance of the COPs and fluctuations in market conditions.

Based on current market conditions, the Controller's Office of Public Finance conservatively estimates that the City would achieve approximately \$13.2 million of overall gross savings over the term of the COPs. The Controller's Office of Public Finance advises that based on conservative estimates of market conditions, the proposed budget assumes \$4,126,000 of debt service savings for FY 2010-2011 in the following three City departments:

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: **CON - CONTROLLER**

(a) Sheriff – San Bruno Jail Replacement Project	\$3,134,242
(b) General Services Agency-Real Estate Division	
25 Van Ness Avenue Property	494,481
555 7 th Street Property	210,066
(c) Department of Public Health – 2789 25 th Street Property	<u>287,211</u>
Total	\$4,126,000

Recommendation

Approve the proposed ordinance.

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

Department: CON - Controller's Office

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				<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>	
<u>FDG - Accounting Operations and Systems (1G-AGF-AAA)</u>								
85	06P00	Programmatic Projects				\$42,725	\$0	\$42,725
		Reduce the FY 2010-2011 budget in the Accounting Operations and Systems Division by \$42,725 to be offset by transferring the remaining prior year's project balance of \$42,725 in the Controller's Financial Accounting and Services Team (FAST) Training Program. The FAST Training Program is used to train and make accountants available for other City departments.						
85	027	Professional & Specialized Services				417,900	309,233	108,667
		Reduce Professional Services within the Accounting Operations and Systems Division in the FY 2010-2011 budget by \$108,667 to be offset by transferring the remaining Controller encumbrance that is no longer needed to backfill this reduction. The proposed \$108,667 remaining encumbrance includes (a) \$33,264 which dates back to March 19, 2002, for implementation support for the Controller's Government Accounting Standards Board (GASB) audit services, and (b) \$75,403 which dates back to May 31, 2002, for development and implementation support for the Controller's Financial Accounting Management Information System (FAMIS).						
<u>FDO - City Services Auditor (1G-AGF-AAA)</u>								
87	081	Services of Other Depts				213,822	38,822	175,000
		The City Services Auditor Division is projected to have an additional \$175,000 remaining General Fund balance at the end of FY 2009-2010, which is not included in the Mayor's proposed FY 2010-2011 budget, which will be closed out to the City's General Fund. The \$175,000 remaining funds were funded as a Department of Public Health, San Francisco General Hospital workorder, such that the proposed FY 2010-2011 reduction is included as a workorder.						

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
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Department: CON - Controller's Office

<u>Page</u>	<u>No.</u>	<u>Object</u>	<u>Object Title</u>	<u>Position/ Equipment Number</u>	<u>Number</u>	<u>Amount</u>	<u>Savings</u>	
				<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>	<u>Savings</u>
<u>FDC - Project eMerge (1G-AGF-AAP)</u>								
95	9993M	Attrition Savings				(130,094)	(180,094)	50,000
		Increase Attrition Savings for Project eMerge given the higher number of vacancies and turnover rates.						
95	STEPM	Step Adjustments - Misc				41,878	0	41,878
		Step Adjustments should be budgeted as a negative adjustment to the budget to reflect the difference between the budgeted position at the highest Step 5 and the actual salary step paid to the incumbent in the position. The reduction reflects the minimum needed for adjustments for Project eMerge staff.						
013		Mandatory Fringe Benefits						37,541
		Adjusts fringe benefits to correspond to the Project eMerge salary reductions shown above.						
Total Recommended Reductions								\$455,811
General Fund Impact						\$407,765		
Non-General Fund Impact						\$48,046		

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: ECN – ECONOMIC & WORKFORCE DEVELOPMENT

FINANCIAL DATA:

The Department of Economic and Work Force Development’s proposed \$16,804,010 budget for FY 2010-11 is \$8,574,297 or 33.8 percent less than the original FY 2009-10 budget of \$25,378,307.

SUMMARY OF PROGRAM EXPENDITURES:

Program	FY 2009-2010 Original Budget	FY 2010-2011 Proposed Budget	Proposed Increase (Decrease) vs. FY 2009-2010 Budget	% Inc./Dec.
CHILDREN'S BASELINE	\$ 314,065	\$ 314,065	\$ -	0.0%
ECONOMIC DEVELOPMENT	4,495,832	3,406,813	(1,089,019)	(24.2%)
FILM SERVICES	939,248	946,461	7,213	0.8%
OFFICE OF SMALL BUSINESS AFFAIRS	697,812	602,080	(95,732)	(13.7%)
WORKFORCE TRAINING	18,931,350	11,534,591	(7,396,759)	(39.1%)
Total Expenditures	\$ 25,378,307	\$ 16,804,010	\$ (8,574,297)	(33.8%)
Less Interdepartmental Recoveries And Transfers	(4,205,721)	(2,638,443)	1,567,278	(37.3%)
Net Expenditures	\$ 21,172,586	\$ 14,165,567	\$ (7,007,019)	(33.1%)

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: ECN – ECONOMIC & WORKFORCE DEVELOPMENT

DEPARTMENT PERSONNEL SUMMARY:

The number of full-time equivalent positions budgeted for FY 2010-11 is 53.99 FTEs, which is 2.45 FTEs less than the 56.44 FTEs in the original FY 2009-10 budget. The FTE allocations are as follows:

AUTHORIZED POSITIONS	FY 2009-2010 Original Budget	FY 2010-2011 Proposed Budget	Proposed Increase (Decrease) vs. FY 2009-2010 Budget
Total Authorized	64.84	68.07	3.23
Non-Operating Positions (Capital / Other)	(8.40)	(14.08)	(5.68)
Net Operating Positions	56.44	53.99	(2.45)

Specific changes in the Department’s FY 2010-11 FTE count include:

- A 2.17 FTE increase in Temporary Salaries, primarily due to the need for additional staff to review and process Enterprise Zone applications;
- An increase of 0.04 FTE in Attrition Savings;
- A decrease of 0.26 FTE due to various position adjustments, including management & supervisor reductions; and
- An increase in off-budget positions resulting from the annualization of 6 American Recovery and Reinvestment Act¹ funded positions which were approved and appropriated in FY 2009-2010.

The Department has no proposed layoffs in FY 2010-11.

¹ The American Recovery and Reinvestment Act is a federal response to the economic crisis and includes, among other measures, grants for the promotion of job growth.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: ECN – ECONOMIC & WORKFORCE DEVELOPMENT

DEPARTMENT REVENUES:

Department revenues are proposed to decrease by \$8,574,297, or 33.8 percent, from the original FY 2009-10 budget of \$25,378,307 to the proposed FY 2010-11 budget of \$16,804,010. General Fund support has decreased by \$505,334 or 7 percent, from the original FY 2009-10 budget of \$7,039,005 to the proposed FY 2010-11 budget of \$6,533,671. Specific changes in the Department’s FY 2010-11 revenues include:

- A decrease of \$6,898,539 in Intergovernmental Revenue from the Federal Government, resulting primarily from a three-year \$6.6 million American Recovery and Reinvestment Act federal grant to support workforce programs being fully appropriated in FY 2009-10;
- A decrease of \$1,567,278 in expenditure recovery largely due to a decrease of a work order with the Airport; and
- An increase of \$396,854 in charges for services due primarily to the imposition of a new Enterprise Zone fee as detailed below in the Fee Legislation section.
- A decrease of \$505,334 in General Fund support largely due to: (a) reassignment of 1.5 FTE General Fund positions to grant funded positions and (b) expenditure reductions under City Grant Programs.

Fee Legislation

The table below details the proposed fee ordinance that accompanies the Department of Economic and Workforce Development’s proposed FY 2010-11 budget. Projected revenues for FY 2010-11 are based on the proposed fee ordinance as follows:

File No.	Fee Description	FY 2009-10	FY 2010-11		Annualized Revenue Thereafter	% Cost Recovery
		Projected Revenue	Projected Revenue	Change from PY		
Item 5 File 10-0722 (June 16, 2010 Calendar)	Ordinance amending the Administrative Code to adopt an \$80 fee to process forms for San Francisco Enterprise Zone tax credits	300,000	600,000	300,000	600,000	100
Totals		300,000	600,000	300,000	600,000	100

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
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FY 2010-11**

DEPARTMENT: ECN – ECONOMIC & WORKFORCE DEVELOPMENT

This fee ordinance amends the Administrative Code to increase the fee to process forms for San Francisco Enterprise Zone tax credits. The ordinance authorizes the Department to charge a fee of \$80, an increase of \$40 from the current fee of \$40 or a 100 percent increase, for each form and supporting documentation submitted by an employer to establish eligibility for San Francisco Enterprise Zone tax credits established under California Administrative Code. According to the Department, a fee of \$80 is needed to fully recover costs. The Department anticipates processing approximately 10,000 applications for San Francisco Enterprise Zone tax credits in FY 2010-11. Since 25 percent or \$200,000 of the revenues collected by the processing fee are provided to the State for administration of the Enterprise Zone program, the net estimated annual revenues from the fee are \$600,000 (\$800,000 less \$200,000).

DESCRIPTION:

The Department's proposed FY 2010-11 budget has decreased by \$8,574,297 largely due to:

- A \$7,396,759 decrease in funds spent on Workforce Training primarily due to the full appropriation of a one-time three-year \$6.6 million American Recovery and Reinvestment Act federal grant in FY 2009-10; and
- A \$1,089,019 reduction in the Economic Development budget due to a reduction in City Grant Programs. The programs affected include the Neighborhood Marketplace Initiative and the Community Benefit District project. Department staff estimates, based on current year allocations, that there will be a \$914,046 reduction to the Neighborhood Marketplace Initiative. The Neighborhood Marketplace Initiative project is a program that serves economically disadvantaged neighborhoods to revitalize their commercial corridors. The remainder of the reduction, approximately \$174,973 based on current year expenditures, will come from technical services provided under the Community Benefit Districts project. The Community Benefit Districts project is a program where property owners and/or businesses voluntarily pay a special assessment to fund neighborhood improvements to their particular commercial sectors. The Department provides technical assistance to the Community Benefit District associations such as helping with forming new associations and storefront beautification.

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

Department: ECN - Economic and Workforce Development

<u>Page</u> <u>No.</u>	<u>Object</u>	<u>Object Title</u>	<u>Position/ Equipment Number</u>	<u>Number</u> <u>From</u> <u>To</u>	<u>Amount</u> <u>From</u> <u>To</u>	<u>Savings</u>
<u>BFS - Film Services (2S-CRF-MFP)</u>						
148	040	Materials and Supplies			\$4,000 \$1,500	\$2,500
		Reduce 040- Materials and Supplies to reflect historical expenditures.				
 <u>BK5 - Economic Development (1G-AGF-AAP)</u>						
150	005	Temporary Salaries			\$192,500 \$152,500	\$40,000
		Reduce 005-Temporary Salaries to reflect historical expenditures and actual need.				
151	013	Mandatory Fringe Benefits				\$3,160
		Corresponds to increase in Temporary Salaries.				

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
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FY 2010-11**

Department: ECN - Economic and Workforce Development

<u>Page No.</u>	<u>Object</u>	<u>Object Title</u>	<u>Position/ Equipment Number</u>	<u>Number</u>		<u>Amount</u>		<u>Savings</u>
				<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>	
151	021	Travel				\$2,000	\$1,000	\$1,000

Reduce 021-Travel to reflect historical expenditures.

151	022	Training				\$1,500	\$750	\$750
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Reduce 022-Training to reflect historical expenditures.

BK5 - Economic Development (1G-AGF-ACP)

152	040	Materials and Supplies				\$6,000	\$1,000	\$5,000
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Reduce 040-Materials and Supplies to reflect historical expenditures.

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
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FY 2010-11**

Department: ECN - Economic and Workforce Development

<u>Page</u> <u>No.</u>	<u>Object</u>	<u>Object Title</u>	<u>Position/ Equipment Number</u>	<u>Number</u>		<u>Amount</u>		<u>Savings</u>
				<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>	
<u>BK7 - Office of Small Business (1G-AGF-AAA)</u>								
154	035	Other Current Expenses				\$52,500	\$37,500	\$15,000
		Reduce 035-Other Current Expenses to reflect historical expenditures.						
154	040	Materials and Supplies				\$4,020	\$3,520	\$500
		Reduce 040-Materials and Supplies to reflect historical expenditures.						
<u>BL1 - Workforce Training (1G-AGF-AAP)</u>								
155	027	Professional Services				\$135,000	\$110,000	\$25,000
		Reduce 027- Professional Services to reflect the availability of carryforward funds.						
155	035	Other Current Expenses				\$50,000	\$35,000	\$15,000
		Reduce 035-Other Current Expenses to reflect historical expenditures.						

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
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FY 2010-11**

Department: ECN - Economic and Workforce Development

<u>Page</u> <u>No.</u>	<u>Object</u>	<u>Object Title</u>	<u>Position/ Equipment Number</u>	<u>Number</u>		<u>Amount</u>		<u>Savings</u>
				<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>	
166	9993M	Attrition Savings		(1.42)	(1.92)	(\$132,987)	(\$179,813)	\$46,826
		<p>Increase 9993M Attrition Savings to reflect anticipated level of vacant 9704- Employment and Training Specialist III positions. The positions are currently vacant and the Department will not be able to fill them until instructed by DHR as to whether existing personnel will have the right to assume these positions. Administrative processes will likely delay these positions from being filled.</p>						
155	013	Mandatory Fringe Benefits						\$19,133
		<p>Corresponds to increase in attrition savings.</p>						
Total Recommended Reductions								\$173,869
General Fund Impact						\$173,869		
Non-General Fund Impact						\$0		

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: GEN – GENERAL CITY RESPONSIBILITY

SUMMARY OF PROGRAM EXPENDITURES:

The General City Responsibility’s proposed \$554,038,096 budget for FY 2010-11 is \$11,569,020 or 2.1 percent more than the original FY 2009-10 budget of \$542,469,076.

<u>Program</u>	<u>FY 2009-2010 Original Budget</u>	<u>FY 2010-2011 Proposed Budget</u>	<u>Proposed Increase (Decrease) vs. FY 2009-2010 Budget</u>	<u>% Inc./Dec.</u>
GENERAL CITY RESPONSIBILITIES	\$ 953,328,823	\$ 876,639,094	\$ (76,689,729)	(8.0%)
Less Interdepartmental Recoveries And Transfers	(410,859,747)	(322,600,998)	88,258,749	(21.5%)
Net Expenditures	\$ 542,469,076	\$ 554,038,096	\$ 11,569,020	2.1%

DEPARTMENT REVENUES

Department revenues are proposed to increase by \$19,899,315, or 10.2 percent, from the original FY 2009-10 budget of \$195,303,984 to the proposed FY 2010-11 budget of \$215,203,299. Property Tax revenues, for the payment of General Obligation Bond debt service, in the General City Responsibility FY 2010-11 budget is \$191,979,202, which is an increase of \$6,846,439, or 3.7 percent, over the FY 2009-10 original budgeted amount of \$185,132,763. In addition, \$8,000,000 in new revenues will be added to the General City Responsibility’s FY 2010-11 budget from the assessment of the Condominium Conversion Impact Fee, which is described in the Fee Legislation section of this report.

General Fund support is proposed to decrease by \$6,708,276, or 2.0 percent, from the original FY 2009-10 budget of \$333,520,461 to the proposed FY 2010-11 budget of \$326,812,185. In addition, Convention Facilities Fund transfers to the General City Responsibility FY 2010-11 budget are proposed to decrease by \$1,622,019, from \$13,378,139 in FY 2009-10 to \$11,756,120 in FY 2010-11.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: GEN – GENERAL CITY RESPONSIBILITY

Condominium Conversion Impact Fee Legislation

The table below details the proposed fee ordinance that accompanies the General City Responsibility’s proposed FY 2010-11 budget. Projected revenues for FY 2010-11 are based on the proposed fee ordinance as follows:

File No.	Fee Description	FY 2009-10 Revenue	Projected FY 2010-11 Revenue	Annualized Revenue Thereafter	% Cost Recovery
Item 4 File 10-0706 (June 21, 2010 Calendar)	Ordinance amending the Subdivision Code to adopt a Condominium Conversion Impact Fee applicable to buildings qualifying for but not being selected in the 2010 condominium conversion lottery only, subject to specified requirements and adoption of environmental findings.	-	\$8,000,000	\$8,000,000	Not Cost Recovering
Totals		-	\$8,000,000	\$8,000,000	

This fee ordinance amends the Subdivision Code to adopt a Condominium Conversion Impact Fee applicable to buildings qualifying for, but not being selected in, the 2010 condominium conversion lottery. Currently, through a Condominium Conversion Lottery annually facilitated by the Department of Public Works, only 200 units are allowed each year to be converted into condominiums.

This proposed ordinance would allow Tenancy-in-Common (TIC)¹ owners that were not picked as part of the 2010 Lottery to pay a fee for immediate conversion of their units into condominiums. The fee amount is \$20,000 per unit for TIC owners who entered the Lottery for the first time in 2010 but were not selected. This fee has been established as a sliding-scale fee that is reduced for each year the TIC owner has participated in the Condominium Conversion Lottery up to and including the 2010 Lottery, as follows:

Lottery Group	Fee Per Unit
1 Year of Participation	\$20,000
2 Years of Participation	\$16,000
3 Years of Participation	\$12,000
4 Years of Participation	\$8,000
5 Years or More of Participation	\$4,000

¹ In this context, a TIC is defined as an ownership agreement between multiple parties where, unlike a condominium, each partial owner is financially dependent upon, and in turn, responsible for the other members within the ownership structure. Under a TIC agreement, the debt for the several units is combined and taken out under one (or multiple) loans on one asset. Under the condominium ownership structure, each home is considered as its own distinct asset.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
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FY 2010-11**

DEPARTMENT: GEN – GENERAL CITY RESPONSIBILITY

According to Mr. Greg Wagner from the Mayor’s Office, these fee amounts were established based on data on market-rate residential buildings that are converting from TIC’s to condominiums, including a cost-benefit analysis of condominium conversions and interviews with homeowners and industry experts. Mr. Wagner reported that these fees are not 100 percent cost recovery since the costs associated with establishing affordable housing in the City are very high.

According to Ms. Michelle Allersma from the Controller’s Office, the total estimated revenues in FY 2010-11 from the assessment of this Condominium Conversion Impact Fee will be \$8 million (Attachment 1 to this report provided by the Controller’s Office and the Mayor’s Office, which adds to \$7,839,200, has been rounded up to \$8,000,000), which was based on the projected number of people willing to participate at the various fee levels, taking into account what each group of condominium lottery entrants would be willing to pay based on the value of the condominium conversion to them. Attachment 1 shows how this estimated \$8 million in fee revenues was calculated. Ms. Allersma reported that the primary intent of this fee is to recover some of the City’s General Fund expenditures related to affordable housing. The Condominium Conversion Impact Fee revenues have been placed in the General City Responsibility’s FY 2010-11 budget. The table below shows the work order expenditures included in the General City Responsibility’s FY 2010-11 budget related to the Condominium Conversion Impact Fee:

Work Order Performing Department	FY 2010-11 Proposed Work Order Amount	Work Order Description
Assessor’s Office	\$170,649	This work order amount is for additional Assessor’s Office staff hours to process the additional units that would convert from TICs to condominiums.
Department of Public Health (DPH)	\$3,829,351	This work order amount is to offset a portion of General Fund costs in DPH’s FY2010-11 budget for programs related to affordable housing. In particular, a portion of the fee revenues will offset some of the costs associated with (a) DPH’s Direct Access to Housing Program, which provides housing for low-income homeless and formerly homeless individuals, and (b) the City’s housing pipeline, which annually makes new units of housing available to low-income individuals.
Human Services Agency (HSA)	\$4,000,000	This work order amount is to offset a portion of General Fund costs in HSA’s FY2010-11 budget for programs related to affordable housing. In particular, a portion of the fee revenues will offset some of the costs associated with (a) HSA’s Housing First Program, which provides housing for low-income homeless and formerly homeless individuals, and (b) the City’s housing pipeline, which annually makes new units of housing available to low-income individuals.
TOTAL	\$8,000,000	

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: GEN – GENERAL CITY RESPONSIBILITY

The Budget & Legislative Analyst considers approval of this proposed ordinance to be a policy matter for the Board's consideration.

DESCRIPTION

The General City Responsibility budget is comprised of general expenditures and revenue transfers that are not the responsibility of other City departments, including General Fund supported debt service, reserves, and General Fund contributions to subsidized enterprise funds such as San Francisco General Hospital and Laguna Honda Hospital.

The General City Responsibility FY 2010-11 proposed budget includes \$25.0 million for the City's General Fund Reserve; \$8.0 million for work order costs related to the implementation of the Condominium Conversion Impact Fees; \$6.6 million for various contingencies that allow the City to cover unanticipated General Fund expenditures or revenue shortfalls; and \$1.7 million for the Court facilities payment to the State. The Department's proposed FY 2010-2011 budget has a net increase of \$11,569,020, explained by the following changes:

Description	Increase / (Decrease)
Net Increase in Transfer Adjustments	\$68,599,839
Increase in Litigation Reserve	10,000,000
Increase in General Fund Costs due to Work Orders for the Implementation of Condominium Conversion Fees	8,000,000
Net increase to General Obligation Bond Debt Service Payment & Debt Service	6,848,064
Net Increase to Lease Equipment Purchase	5,052,876
Net Increase in Intrafund Balancing	3,695,648
Increase to Retiree Health Subsidy and Health Administrative Costs	2,601,475
Contingency Reserve Budgeted for Technical Adjustments by the Mayor	2,500,000
Increase in Salaries & Benefits budgeted in GEN (for open MOUs related to Police, Fire, Nurses, and others)	1,949,673
Decrease in Court Facilities Payments to State	-75,600
Decrease due to One-Time Reserves in City Administrator	-1,043,160
Decrease due to Public Housing Rebuild not Funded by General Fund	-2,000,000
Decrease due to One-Time MTA Work Order Reductions	-2,000,000
Decrease in General Fund Share of Project Emerge, Department of Technology Work Order, and City Services Auditor Work Order	-5,992,277
Net Decrease to Transfers to Hospitals and subsidized Enterprise Funds, such as MUNI, PTC, and the Public Library, as prescribed by the Charter, as well as Various Other Revenue Transfers	-86,567,518
Total	\$11,569,020

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: GEN – GENERAL CITY RESPONSIBILITY

COMMENTS

- As noted on the table above, the Salaries and Benefits Reserve is increasing by \$1,949,673, from \$13,231,327 in FY 2009-10 to \$15,181,000 in FY 2010-11. The Budget Analyst has reviewed all items included in the Salaries and Benefits Reserve, and based on this review, the Budget Analyst recommends total reductions in the Salaries and Benefits Reserve of \$800,000.

Union	Description	FY 2009-10 Budget	FY 2009-10 Year-end Projection	FY 2010-11 Proposed Budget	Estimated Need in FY 2010-11	Budget Analyst's Recommended Reductions
Police - A	Referral and signing bonuses	\$ 223,818	\$ 20,000	\$ 65,000	\$ 40,000	\$ 25,000
Police - A	Home Ownership Incentive Program	-	80,000	60,000	50,000	10,000
Sup. Nurses - C	Various: On-call Pay, Master's Prem., Education Program	175,050	50,000	175,050	60,050	115,000
SEIU	Pharmacists internal adjustment/new hire bonus	97,000	-	97,000	47,000	50,000
Multiple	SEIU as-needed temp healthcare	1,600,000	1,000,000	1,600,000	1,000,000	600,000
TOTAL RECOMMENDED REDUCTIONS						\$ 800,000

- The Mayor's budget provides an increase of \$11,569,020. Our recommended reductions, which total \$3,500,000, would still allow an increase of \$8,069,020 or 1.5 percent in the General City Responsibility's budget.

Lottery Group	Fee	% Discount (from B2 Fee)	Total # Units	Fee revenue (assuming 100% take-up rate)	Take up rate	# Units that would Participate	Fee revenue FY2010-11
A6	4,000	-80%	227	908,000	20%	45.4	181,600
A5	8,000	-60%	289	2,312,000	25%	72.25	578,000
A4	12,000	-40%	390	4,680,000	30%	117	1,404,000
B3	16,000	-20%	411	6,576,000	35%	143.85	2,301,600
B2	20,000		482	9,640,000	35%	168.7	3,374,000
			1799			547.2	7,839,200

Maximum Fees by TIC Value

Note: Nexus Study's analysis included TIC Values of \$300K, \$400K, \$500K -- which they noted represent the lower range of the TIC market. According to zillow.com, the average SF condo price is \$654,500 -- therefore \$595K represents the average TIC value derived from this estimate (\$654,500 - 10%).

Lottery Group	300,000 TIC		400,000 TIC		500,000 TIC		595,000 TIC	
	Value	Maximum Fee						
A6	2,000	3,000	4,000	5,000	5,000	8,000	5,500	8,500
A5	4,000	5,000	7,000	8,000	8,000	11,000	12,500	15,500
A4	5,000	8,000	10,000	13,000	15,000	18,000	19,500	61,500
B3	7,000	10,000	13,000	16,000	18,000	57,000	19,500	
B2	9,000	12,000	16,000	38,000	50,000			
Total	27,000	38,000	50,000	57,000	61,500			

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST FOR
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FY 2010-2011**

Department: GEN - General City Responsibility

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<u>No.</u>	<u>Object</u>	<u>Number</u>	<u>From</u> <u>To</u>	<u>From</u> <u>To</u>	<u>Savings</u>

FCZ - General City Responsibilities (1G-AGF-AAA)

369	026	Court Fees and Other Compensation		\$ 2,240,000	\$ 2,040,000	\$ 200,000
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According to the Controller's Office, this budgeted amount under Court Fees and Other Compensation is used to cover attorney fees or other litigation expenses (i.e., aside from settlements) that may come up during the year. Based on the Budget & Legislative Analyst's review of historical and projected spending, reduce Court Fees and Other Compensation by \$200,000 to reflect General City Responsibility's historical expenditures and projected expenditures in FY 2010-11.

369	035	Other Current Expenses		\$ 8,316,686	\$ 6,816,686	\$ 1,500,000
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The \$8,316,686 in General City Responsibility Other Current Expenses includes \$6,596,940 for a variety of contingencies to cover unanticipated General Fund expenditures or revenue shortfalls. Based on the Budget & Legislative Analyst's review of historical and projected spending, reduce Other Current Expenses by \$1.5 million to reflect General City Responsibility's historical expenditures and projected expenditures in FY 2010-11.

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST FOR
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FY 2010-2011**

Department: GEN - General City Responsibility

<u>Page</u> <u>No.</u>	<u>Object</u>	<u>Position/ Equipment Number</u>	<u>Number</u>		<u>Amount</u>		<u>Savings</u>
			<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>	
369	097	Appropriated Revenue - Reserved			\$ 28,681,000	\$ 26,881,000	\$ 1,800,000
		Reduce \$1,800,000 from the \$28,681,000 in Appropriated Revenue - Reserved from the following components of this reserve:					
		(1) Reduce the Litigation Reserve by \$1 million. The Litigation Reserve is increasing by \$10 million, from \$1 million in FY 2009-10 to \$11 million in FY 2010-11. Based on the Budget & Legislative Analyst's review of historical and projected spending, reduce the Litigation Reserve by \$1 million.					
		(2) Reduce the Salaries and Benefits Reserve by \$800,000, as described in Comment No. 1 above.					
		Total Recommended Recommendations					\$ 3,500,000
		General Fund Impact			\$3,500,000		
		Non-General Fund Impact				\$0	

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST FOR
AMENDMENT OF BUDGET ITEMS
FY 2010-2011**

Department: GEN - General City Responsibility

Page No.	Object	Position/ Equipment	Number		Amount		Savings	
		Number	From	To	From	To		
369	081	Services of Other Dept (AAO Funds) - Condo Conversion Fee Account				8,000,000	0	8,000,000

As previously discussed, the General City Responsibility's proposed FY 2010-11 budget includes \$8 million related to the new Condominium Conversion Impact Fee. File No. 10-0706 before the Budget and Finance Committee is a fee ordinance that would allow Tenancy-in-Common (TIC) owners that were not picked as part of the 2010 Lottery to pay a fee for immediate conversion of their units into condominiums. The projected total revenues in FY 2010-11 from the assessment of this fee will be \$8 million, which will be used to recover some of the City's General Fund expenditures related to affordable housing, as described in the table below. According to the Mayor's Office, this fee is not 100 percent cost recovery since the costs associated with establishing affordable housing in the City are very high. Because this budget item involves a new fee, the Budget & Legislative Analyst considers this recommendation to be a policy matter for the Board's consideration.

Workorder Performing Department	FY 2010-11 Proposed Workorder Amount	Workorder Description
Assessor's Office	\$170,649	This workorder amount is for additional Assessor's Office staff hours to process the additional units that would convert from TICs to condominiums.
Department of Public Health (DPH)	\$3,829,351	This workorder amount is to offset a portion of General Fund costs in DPH's FY10-11 budget for programs related to affordable housing. In particular, a portion of the fee revenues will offset some of the costs associated with (a) DPH's Direct Access to Housing Program, which provides housing for low-income homeless and formerly homeless individuals, and (b) the City's housing pipeline, which annually makes new units of housing available to low-income individuals.
Human Services Agency (HSA)	\$4,000,000	This workorder amount is to offset a portion of General Fund costs in HSA's FY10-11 budget for programs related to affordable housing. In particular, a portion of the fee revenues will offset some of the costs associated with (a) HSA's Housing First Program, which provides housing for low-income homeless and formerly homeless individuals, and (b) the City's housing pipeline, which annually makes new units of housing available to low-income individuals.
TOTAL	\$8,000,000	

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: MYR - MAYOR

SUMMARY OF PROGRAM EXPENDITURES:

The Mayor's proposed \$13,581,140 budget for FY 2010-11 is \$14,037,336 or 50.8 percent less than the original FY 2009-10 budget of \$27,618,476.

Program	FY 2009-2010 Original Budget	FY 2010-2011 Proposed Budget	Proposed Increase (Decrease) vs. FY 2009-2010 Budget	% Inc./Dec.
AFFORDABLE HOUSING	\$ 16,848,812	\$ 1,297,208	\$ (15,551,604)	(92.3%)
CITY ADMINISTRATION	4,320,643	4,236,862	(83,781)	(1.9%)
COMMUNITY INVESTMENT	1,204,555	1,370,597	166,042	13.8%
CRIMINAL JUSTICE	312,283	8,051	(304,232)	(97.4%)
HOMELESS SERVICES	2,879,508	4,927,627	2,048,119	71.1%
NEIGHBORHOOD SERVICES	760,812	524,363	(236,449)	(31.1%)
PUBLIC POLICY & FINANCE	1,291,863	1,216,432	(75,431)	(5.8%)
Total Expenditures	\$ 27,618,476	\$ 13,581,140	\$ (14,037,336)	(50.8%)
Less Interdepartmental Recoveries And Transfers	(4,918,893)	(7,131,887)	(2,212,994)	45.0%
Net Expenditures	\$ 22,699,583	\$ 6,449,253	\$ (16,250,330)	(71.6%)

The Department's proposed FY 2010-11 budget would decrease by \$14,037,336 largely due to:

- Reduction of \$15,551,604 or 92.3 percent from the \$16,848,812 FY 2009-2010 budget to the proposed \$1,297,208 FY 2010-2011 budget for Affordable Housing. In FY 2009-2010, the Affordable Housing Division received one-time grant funding of \$15,594,830, including (a) \$5,723,770 of American Recovery and Reinvestment Act (ARRA) funding, through the U.S. Department of Housing and Urban Development (HUD) as a Community Development Block Grant (CDBG) to support (i) one housing development project at 220 Golden Gate Avenue in the Tenderloin and (ii) one housing infrastructure project at 1000 4th Street in Mission Bay South Redevelopment Area, based on these projects timeliness and job creation, (b) \$8,757,780 of additional Federal ARRA funding from HUD for Homelessness Prevention and Rapid Rehousing activities for emergency shelter grants administered by the Human Services Agency (HSA), (c) \$588,000 of one-time HUD funds for the 149 Mason Street affordable housing project, and (d) \$525,280 of one-time HUD funding for the Dolores Hotel affordable housing development project.
- Reduction of \$83,781 or 1.9 percent from the \$4,320,643 FY 2009-2010 budget to the proposed \$4,236,862 FY 2010-2011 budget for City Administration, primarily because of reductions in permanent salaries by absorbing the additional 2.7 FTE Criminal Justice positions with 3.59 FTE increased Attrition Savings, and offsetting the \$55,000 increased lobbyist fees with \$190,000 of increased expenditure recoveries from other City departments.
- Increase of \$166,042 or 13.8 percent from \$1,204,555 in FY 2009-2010 to \$1,370,597 in FY 2010-2011 for Community Investment, primarily due to additional expenditure recoveries.
- Reduction of \$304,232 or 97.4 percent of the \$312,283 FY 2009-2010 budget to the proposed \$8,051 FY 2010-2011 budget for Criminal Justice, due to the elimination of the Mayor's Office

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: MYR - MAYOR

- To capture the 6.64 FTE reductions in positions shown in the table above, the Mayor’s Office is primarily proposing to increase Attrition Savings, by leaving budgeted positions vacant.
- Other major changes in staffing are due to the elimination of the Criminal Justice Division and transfer and reassignment of the 4.70 FTE Criminal Justice positions to Neighborhood Services and City Administration Divisions.
- The Department is not proposing to layoff or eliminate any positions in FY 2010-2011.

DEPARTMENT REVENUES:

Department revenues would decrease by \$51,500 or 6.3 percent, from the original FY 2009-10 budget of \$818,600 to the proposed FY 2010-11 budget of \$767,100. Primarily due to the offsetting expenditure recoveries discussed above, General Fund support would decrease by \$647,226 or 12.4 percent, from the original FY 2009-10 budget of \$5,198,171 to the proposed FY 2010-11 budget of \$4,550,945.

Fee Legislation

The table below details the proposed new fee ordinance that accompanies the Mayor’s Office’s proposed FY 2010-11 budget. Currently, the Mayor’s Office of Housing (MOH) does not charge any administrative fees to process applications for housing assistance, such that no revenues are currently recovered. The amount of revenue generated will vary depending on the type and number of applications processed annually. The Mayor’s Office advises that the projected \$236,000 of revenues shown in the table below are not included in the FY 2010-2011 budget because these costs are currently covered by grant administration funds and other off-budget sources. By charging a fee for most of the costs to administer and process housing applications, MOH will maximize funding available directly for housing programs.

Proposed New Mayor’s Office of Housing Administrative Fees Item 3, File 10-0705, June 16, 2010 Budget and Finance Committee	Proposed New Fees per Application Processed	Estimate d Annual Revenue	Percent Cost Recovery
Mortgage Credit Certificate (MCC) and Refinance MCC Fees	\$600	\$60,000	84%
Downpayment Assistance Loan Fee	\$500	50,000	94%
First-Time Homebuyer Loan Fee	\$500	50,000	93%
Escrow Account Administrative Fee	\$200	20,000	50%
Loan Subordination Fee (Single-Family Borrowers)	\$500	50,000	93%
Loan Servicing Analysis Fee (Multi-Family Borrowers)	\$2,000 plus time and materials	6,000	98%
	Total	\$236,000	

In addition to the above noted fees, MOH could charge applicants for other administrative activities based on time and materials. If the proposed ordinance is approved, beginning in FY 2011-2012, the Controller’s Office would annually adjust these fees based on price index.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: MYR - MAYOR

The proposed ordinance (File 10-0705) would also (a) change the Mayor's Office of Housing Program Fee Funds from a category two (requires appropriation through the annual budget process or supplemental appropriation) to a category six (automatic appropriation) fund, (b) allow the Affordable Housing Fund to be used not only for the development of affordable housing, but also to provide homeownership assistance to first-time homebuyers in the City, and (c) delete the current requirement that funds for administration of affordable housing programs be appropriated through the annual budget process or by supplemental appropriation for the Mayor's Office of Housing.

Recommendations

1. Amend the proposed ordinance to maintain that the Mayor's Office of Housing Programs Fees Fund is a category six fund that is subject to Board of Supervisors appropriation approval.
2. Continue the proposed ordinance, as amended, for one week until June 23, 2010 to provide time for the Mayor's Office to revise the language in the subject ordinance to clarify how the new proposed fees would be administered.

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
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FY 2010-11**

Department: MYR - Mayor's Office

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				<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>	
<u>FAB - Community Investment (1G-AGF-AAA)</u>								
279	038	City Grant Programs				\$275,000	\$15,072	\$259,928
		<p>Reduce City Grant Programs in FY 2010-2011 by \$259,928 to be offset by transferring remaining Mayor's Office encumbrances from previous City Grant Programs that were created prior to January of 2009 and are no longer needed. The existing \$259,928 City Grant Program encumbrances include (a) \$75,000 which dates back to September 11, 2007 for Brothers Against Guns, Inc., (b) \$21,073 which dates back to September 18, 2007 for Bayview Hunters Point Foundation for Community Improvement, (c) \$18,432 which dates back to December 7, 2007 for YWCA of San Francisco and Marin, (d) \$41,500 which dates back to January 8, 2008 for Saint Francis Memorial Hospital, (e) \$10,000 which dates back to January 25, 2008 for the Family Service Agency of San Francisco, (f) \$26,791 which dates back to August 5, 2008 for the Brothers Against Guns, Inc., (g) \$28,745 which dates back to August 15, 2008 for the Family Service Agency of San Francisco, and (h) \$38,387 which dates back to August 27, 2008 for the Huckleberry Youth Programs, Inc.</p>						
<u>FAJ - Neighborhood Services (1G-AGF-AAA)</u>								
295	001	Mayoral Staff VII	0884	7.0	6.0	347,082	297,499	49,583
		<p>Delete one vacant position in the Neighborhood Services Division. Previously, the Neighborhood Services Division had 9.0 FTE staff. The FY 2010-2011 budget proposes to transfer one higher level 0887 Mayoral Staff VII position from the Criminal Justice Division to the Mayor's Office of Neighborhood Services, which will result in 10 FTE in the Neighborhood Services Division. The proposed reduction will return the Neighborhood Services Division to 9.0 FTE positions.</p>						
	013	Mandatory Fringe Benefits						20,260
		<p>Adjusts fringe benefits to correspond to the salary reductions shown above.</p>						

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

Department: MYR - Mayor's Office

<u>Page</u> <u>No.</u>	<u>Object</u>	<u>Object Title</u>	<u>Position/ Equipment Number</u>	<u>Number</u>		<u>Amount</u>		<u>Savings</u>
				<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>	
		Total Recommended Reductions						\$329,771
		General Fund Impact				\$329,771		
		Non-General Fund Impact				\$0		

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: REG - ELECTIONS

PROGRAM EXPENDITURE SUMMARY:

The Department of Election's proposed \$9,906,773 budget for FY 2010-11 is \$4,821,526 or 32.7 percent less than the original FY 2009-10 budget of \$14,728,299, as shown below:

Program	FY 2009-2010 Original Budget	FY 2010-2011 Proposed Budget	Proposed Increase (Decrease) vs. FY 2009-2010 Budget	%
				Inc./Dec.
ELECTIONS	\$ 14,728,299	\$ 9,906,773	\$ (4,821,526)	(32.7%)
Total Expenditures	\$ 14,728,299	\$ 9,906,773	\$ (4,821,526)	(32.7%)
Less Interdepartmental Recoveries And Transfers	(2,558,250)	(600,000)	1,958,250	(76.5%)
Net Expenditures	\$ 12,170,049	\$ 9,306,773	\$ (6,779,776)	(55.7%)

The Department's proposed FY 2010-2011 budget will decrease by \$4,821,526 largely due to only one election scheduled in FY 2010-2011 on November 2, 2010, as compared with two elections that were held in FY 2009-2010, on November 3, 2009 and June 8, 2010.

As a result, the proposed FY 2010-2011 budget reflects the following major savings:

- \$993,083 reduction in Temporary Salaries;
- \$205,115 reduction in Overtime;
- \$1,457,507 decrease in Professional and Specialized Services primarily due to reduction in translation services, typesetting, and compiling Voter Information Pamphlets, mail-in ballots, and related election contractual services;
- \$1,392,953 decrease in Other Current Expenses primarily due to reduction in printing of ballots, Voter Information Pamphlets and polling place materials and the related mailing expenditures;
- \$123,288 decrease for Rent and Leases of Equipment due to reduction in the number of fork lifts, portable toilets, trucks and other vehicles required;
- \$105,930 decrease in Other Materials and Supplies due to direct reduction in need for Election Day materials; and
- \$336,345 decrease in Services of Other Departments primarily due to reduced need for City Reproduction Services, security services provided by the Sheriff's Department and ballot retrieval services provided by Parking and Traffic.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: **REG - ELECTIONS**

DEPARTMENT REVENUES:

Department revenues would decrease by \$1,648,180 or 28.6 percent, from the original FY 2009-10 budget of \$5,767,697 to the proposed FY 2010-11 budget of \$4,119,517. General Fund support would decrease by \$3,173,346 or 35.4 percent, from the original FY 2009-10 budget of \$8,960,602 to the proposed FY 2010-11 budget of \$5,787,256. Major changes in the Department's FY 2010-11 revenues include:

- Reduction of \$1,957,000 from \$2,400,000 in FY 2009-2010 to \$443,000 in FY 2010-2011 for reimbursements from non City departments, such as the Community College District, Bay Area Rapid Transit (BART) District, and the San Francisco Unified School District. Based on a Controller's audit between 2002 and 2008, the Controller calculated that the Community College and Unified School Districts still owed the Department of Elections \$2,400,000, which was budgeted to be received in FY 2009-2010. In FY 2009-2010, the Department of Elections recovered \$339,729 from the Community College District and \$524,533 from the Unified School District, and the City Attorney has now advised the Department of Elections that the balance can no longer be recovered, due to statute of limitations. The \$443,000 budgeted in FY 2010-2011 includes \$240,000 for the Community College and \$203,000 for BART. The SFUSD elections expenditures were anticipated to be recovered as in-kind contributions, under Proposition H overall funding for the Unified School District.
- Increase of \$309,770 from \$3,085,347 in FY 2009-2010 to \$3,395,117 in FY 2010-2011 from Other State Grants and Subventions, primarily due to higher actual reimbursements to be received from the May of 2009 election, than were previously estimated by the Department.

**RECOMMENDATIONS OF THE BUDGET LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

Department: REG -Department of Elections

<u>Page No.</u>	<u>Object</u>	<u>Object Title</u>	<u>Position/ Equipment Number</u>	<u>Number</u>		<u>Amount</u>		<u>Savings</u>
				<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>	
<u>FCH - Elections (1G-AGF-AAA)</u>								
113		Elections Clerk	1403	3.0	2.0	151,652	101,101	50,551
		Delete one 1403 Elections Clerk, a position which has been vacant since July 1, 2008, and which the Department of Elections intended to delete for FY 2010-2011.						
113		IS Business Analyst- Principal	1054	1.0	0.0	115,989	0	115,989
		IS Administrator III	1023	0.0	1.0	0	98,202	(98,202)
		Reclassify one 1054 IS Business Analyst- Principal position to the lower classification of a 1023 IS Administrator III position, to reflect the correct classification for the position currently filled.						
111	013	Mandatory Fringe Benefits						27,923
		Reduce to correspond to above reduction in Permanent Salaries - Misc.						
112	081	Services of Other Depts				731,263	696,263	35,000
		Reduce to reflect that Sheriff's Department security services for the November of 2010 election can be reduced from \$215,000 to \$180,000, a savings of \$35,000. For FY 2009-2010, the Sheriff's Department will provide security for two elections for a total cost of \$292,800. The proposed reduction will still provide an increased level of Sheriff's security for one November 2010 election.						

**RECOMMENDATIONS OF THE BUDGET LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

Department: REG -Department of Elections

<u>Page No.</u>	<u>Object</u>	<u>Object Title</u>	<u>Position/ Equipment Number</u>	<u>Number</u>		<u>Amount</u>		<u>Savings</u>
				<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>	
112	087	Expenditure Recoveries for Services to Non-AAO				(443,000)	(997,000)	554,000

Increase expenditure recoveries from non-City departments to reimburse the Department of Elections for the cost to provide election services. The FY 2010-2011 budgeted \$443,000 is for repayment of (a) \$240,000 from the Community College District and (b) \$203,000 from the Bay Area Rapid Transit District (BART) for projected costs for the November 2010 election. The proposed additional reimbursement of \$554,000 includes an estimated (a) \$277,000 for the San Francisco Unified School District (SFUSD) projected costs for the November 2010 election, which was previously included as an in-kind contribution under Proposition H, and (b) \$277,000 for the Transportation Authority to place a measure on the November 2010 ballot for an additional Vehicle Registration Fee in San Francisco pursuant to Senate Bill 83. The cost of the Department of Elections to provide elections services to both the SFUSD and the Transportation Authority are the same because they are based on conservative estimates of the length of their measures to be placed on the ballot; the actual costs of the election to each agency will be determined by the Department of Elections after the November, 2010 election and charged back to each agency.

Total Recommended Reductions

\$685,261

General Fund Impact

\$685,261

Non-General Fund Impact

\$0

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: HRC – HUMAN RIGHTS COMMISSION

FINANCIAL DATA:

The Human Rights Commission’s proposed \$6,407,651 budget for FY 2010-11 is \$456,083 or 7.0 percent less than the original FY 2009-10 budget of \$6,503,734.

SUMMARY OF PROGRAM EXPENDITURES:

<u>Program</u>	<u>FY 2009-2010 Original Budget</u>	<u>FY 2010-2011 Proposed Budget</u>	<u>Proposed Increase (Decrease) vs. FY 2009-2010 Budget</u>	<u>% Inc./Dec.</u>
HUMAN RIGHTS COMMISSION	\$ 6,503,734	\$ 6,047,651	\$ (456,083)	(7.0%)
Total Expenditures	\$ 6,503,734	\$ 6,047,651	\$ (456,083)	(7.0%)
Less Interdepartmental Recoveries And Transfers	(5,727,779)	(5,644,336)	83,443	(1.5%)
Net Expenditures	\$ 775,955	\$ 403,315	\$ (372,640)	(48.0%)

The Department's proposed FY 2010-2011 budget includes a \$35,539 Controller’s Reserve, including \$26,626 for unspecified salaries and \$8,913 for unspecified fringe benefits. These Controller Reserves are part of the total \$142,218,840 Controller Reserves included in the FY 2010-2011 budget, which is intended to offset \$142,218,840 of Uncertain Revenues and Follow-Up Actions Required that are assumed as revenues in the FY 2010-2011 budget. In the event that the uncertain recoveries that would be allocated to this department in FY 2010-2011 don’t materialize, the department will have to further reduce its expenditures by \$74,753 in FY 2010-2011.

DEPARTMENT PERSONNEL SUMMARY:

The number of full-time equivalent positions budgeted for FY 2010-11 is 33.87 FTEs, which is 4.94 FTEs less than the 38.81 FTEs in the original FY 2009-10 budget. The FTE allocations are as follows:

<u>AUTHORIZED POSITIONS</u>	<u>FY 2009-2010 Original Budget</u>	<u>FY 2010-2011 Proposed Budget</u>	<u>Proposed Increase (Decrease) vs. FY 2009-2010 Budget</u>
Total Authorized	41.81	36.87	(4.94)
Non-Operating Positions (Capital / Other)	(3.00)	(3.00)	-
Net Operating Positions	38.81	33.87	(4.94)

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: **HRC – HUMAN RIGHTS COMMISSION**

DESCRIPTION:

The Department's proposed FY 2010-11 budget is proposed to decrease by \$456,083 mainly due to:

- A decrease of \$191,232 in Salaries and Mandatory Fringe Benefits due to position deletions; and
- A net decrease of \$83,433 in Services to Other Departments.
- A reduction of spending on Professional and Specialized Services in the amount of \$278,663.
- Various offsetting increases in other costs

**RECOMMENDATIONS OF THE BUDGET LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

Department: HRC Human Rights

<u>Page No.</u>	<u>Object</u>	<u>Object Title</u>	<u>Position/</u>	<u>Number</u>		<u>Amount</u>		<u>Savings</u>
			<u>Equipment</u>	<u>Number</u>	<u>From</u>	<u>To</u>	<u>From</u>	
<u>CAD - Human Rights (1G-AGF-ACP)</u>								
107	027	Professional & Specialized Services				531,994	400,000	131,994
		Reduce Professional & Specialized Services by \$131,994 to reflect historical spending pattern and projected FY 2010-2011 expenditures by this division.						
<u>CAD- Human Rights (1G-AGF-WOF)</u>								
107	005	Temp Salaries- Misc				20,043	0	20,043
		Reduce Temporary Salaries from \$20,043 to \$0. This proposed amount of \$20,043, which was added by the Mayor's Office but was not requested by the Department, is intended to cover the costs of moving outdated files into storage, the need for which has not been sufficiently justified by the department.						
107	013	Mandatory Fringe Benefits						1,583
		Corresponds to reductions in Temp Salaries						
108	029	Maintenance Services- Equipment				5,750	2,000	3,750
		Reduce Maintenance Services- Equipment by \$3,750 to reflect historical spending pattern and projected FY 2010-2011 expenditures.						
108	031	Rents & Leases- Equipment				17,660	5,000	12,660
		Reduce Rents & Leases- Equipment by \$15,660 to reflect historical spending pattern and projected FY 2010-2011 expenditures. The Department did not provide information regarding the need for funds for additional rent or equipment.						

**RECOMMENDATIONS OF THE BUDGET LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

Department: HRC Human Rights

<u>Page</u> <u>No.</u>	<u>Object</u>	<u>Object Title</u>	<u>Position/ Equipment Number</u>	<u>Number</u>		<u>Amount</u>		<u>Savings</u>
				<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>	
108	040	Materials & Supplies Reduce Materials & Supplies Budget Only by \$10,149 to reflect historical spending pattern and projected FY 2010-2011 expenditures.				25,149	15,000	10,149
Total Recommended Reductions								\$180,179
General Fund Impact						\$131,994		
Non-General Fund Impact						\$48,185		

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: LIB – PUBLIC LIBRARY

FINANCIAL DATA:

The Public Library’s proposed \$83,812,673 budget for FY 2010-11 is \$689,359 or 0.8 percent more than the original FY 2009-10 budget of \$83,123,314.

SUMMARY OF PROGRAM EXPENDITURES:

Program	FY 2009-2010 Original Budget	FY 2010-2011 Proposed Budget	Proposed Increase (Decrease) vs. FY 2009-2010 Budget	% Inc./Dec.
ADULT SERVICES	\$ 530,000	\$ 400,000	\$ (130,000)	(24.5%)
BRANCH PROGRAM	17,714,727	18,449,142	734,415	4.1%
CHILDREN'S BASELINE	8,504,417	7,695,211	(809,206)	(9.5%)
CHILDREN'S SERVICES	1,285,974	1,002,496	(283,478)	(22.0%)
COMMUNICATIONS, COLLECTIONS & ADULT SERV	10,676,976	8,445,844	(2,231,132)	(20.9%)
FACILITES	10,706,973	11,049,769	342,796	3.2%
INFORMATION TECHNOLOGY	4,748,233	4,460,624	(287,609)	(6.1%)
LIBRARY ADMINISTRATION	7,888,392	10,436,392	2,548,000	32.3%
MAIN PROGRAM	16,159,816	16,069,180	(90,636)	(0.6%)
TECHNICAL SERVICES	4,907,806	5,804,015	896,209	18.3%
Total Expenditures	\$ 83,123,314	\$ 83,812,673	\$ 689,359	0.8%
Less Interdepartmental Recoveries And Transfers	(52,780)	(54,363)	(1,583)	3.0%
Net Expenditures	\$ 83,070,534	\$ 83,758,310	\$ 687,776	0.8%

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: LIB – PUBLIC LIBRARY

DEPARTMENT PERSONNEL SUMMARY:

The number of full-time equivalent positions budgeted for FY 2010-11 is 649.41, which is .10 FTE more than the 649.31 FTEs in the original FY 2009-10 budget. The FTE allocations are as follows:

AUTHORIZED POSITIONS	FY 2009-2010 Original Budget	FY 2010-2011 Proposed Budget	Proposed Increase (Decrease) vs. FY 2009-2010 Budget
Total Authorized	649.31	649.41	0.10
Net Operating Positions	649.31	649.41	0.10

Specific changes in the Department’s FY 2010-11 FTE count resulting in the net increase of .10 FTEs include:

- Deleting positions: The Library proposes to eliminate 6.5 FTEs that are currently vacant.
- Adding positions: The Library is not proposing to add any new positions; however, the 6.5 FTEs eliminated will be offset by reducing attrition savings by 6.57 FTEs. The reduction in attrition savings is the result of the Library’s plan to fill vacant positions. During FY 2010-11, the Public Library plans to open eight new or renovated branch libraries. The Branch Library Improvement Program (BLIP) Bond, approved by San Francisco voters in November 2000, provided the funding for the construction and renovation of the eight branches scheduled to open in fiscal year 2010-11. Throughout the year, the Public Library plans to fill currently vacant positions in advance of the branch openings.
- Reorganizing functional areas: The Public Library proposes reorganizing staffing and resources in three key functional areas: 1) Collection Management; 2) Bookmobile; and 3) Delivery Operations. The reorganization of Collection Management will transfer 10.20 FTEs to a proposed new division, the Collections and Technical Services Division. The proposed new division will consolidate material selection with other collection-related units to improve and increase efficiency in making collections available to the public. The Public Library’s proposed reorganization will also reduce management and administrative staff by shifting one position to another division and will allow the Library to eliminate 2 FTEs that are currently vacant. The 2 FTEs are included in 6.5 FTEs the Library proposes to eliminate. The Bookmobile reorganization will shift 2.75 FTEs from three distinct bookmobile programs into one unit, Mobile Outreach Services, to more services more efficiently. The Delivery Operations reorganization will consolidate 1.875 FTEs in the Technical Services Division to manage deliveries more efficiently.

The Department has no proposed layoffs in FY 2010-11.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: **LIB – PUBLIC LIBRARY**

DEPARTMENT REVENUES:

Department revenues have increased by \$689,359 or .8 percent, from the original FY 2009-10 budget of \$83,123,314 to the proposed FY 2010-11 budget of \$83,812,673. The Public Library receives significant revenues from the Library Preservation Fund, which was initiated in 1994 under Proposition E, renewed in 2007 under Proposition D, and codified in Charter Section 16.109. This Charter section requires the City to annually appropriate General Fund revenues to the Public Library equal to the percentage amount of General Fund revenues received by the Library in FY 2006-07. Therefore, as total General Fund revenues increase, the appropriation to the Library Preservation Fund increases. The Public Library's required Baseline share of General Fund support is \$44,068,552 or an increase of \$1,828,552 or 4 percent, from the original FY 2009-10 budget of \$42,240,000. The increase was due to an adjustment to the Baseline calculation.

In addition, as codified in Charter Section 16.109, the Library Preservation Fund receives \$0.025 for every \$100 of assessed property value in the City. The proposed revenue for the Library Preservation Fund in FY 2010-11 is \$34,237,000, a decrease of \$3,147,000 or 8 percent lower than the \$37,384,000 received in FY 2009-10. In accordance with Charter Section 16.109, any remaining monies in the Library Preservation Fund, including interest, are carried forward to the next fiscal year, for use by the Public Library.

The Public Library's remaining \$2,014,228 in FY 2010-11 revenues are comprised of a mix of State revenues, library fees, gifts/bequests, work order recoveries, interest earned and rental income. These revenue sources are proposed to decrease \$137,017 from the FY 2009-10 original budget of \$2,151,245.

The Public Library is also using \$3,492,893 of the Library Preservation Fund Balance to balance its budget.

The proposed net increase in the Department's FY 2010-11 budget of \$687,776 is largely due to:

- Higher staff costs due to fringe benefit cost increases.
- \$3.3 million in retiree health care costs previously paid directly by the General Fund that in FY 2010-11 will be paid out of the Public Library's operating budget. These increased retiree health care costs are proposed to be partially offset by the adjustment to the Baseline calculation, discussed above, and a one time revenue adjustment of \$550,000 which the Mayor's Office approved.
- Offsetting decreases included reduced purchases of books and materials, reduced work orders, and lower debt service costs.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: LIB – PUBLIC LIBRARY

COMMENTS:

The Mayor's FY 2010-11 budget provides an increase of \$687,776. Our recommended reductions in the proposed FY 2010-11 budget, which total \$401,516, would still allow an increase of \$286,260 or .3 percent in the Department's FY 2010-11 budget.

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

Department: LIB - Library

<u>Page</u> <u>No.</u>	<u>Object</u>	<u>Object Title</u>	<u>Position/ Equipment Number</u>	<u>Number</u>		<u>Amount</u>		<u>Savings</u>
				<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>	
<u>EEG-Branch Program (2S LIB NPR)</u>								
71	9993M	Attrition savings-Miscellaneous		(11.42)	(14.42)	(\$718,203)	(\$904,256)	\$186,053
		Increased savings due to delay in filling vacancies to coincide with the opening of branch libraries.						
58	013	Mandatory Fringe						76,021
		Corresponds to reduction in Attrition Savings.						
<u>EEF-Main Program (2S LIB NPR)</u>								
69	9993M	Attrition savings-Miscellaneous		(9.61)	(10.61)	(\$605,012)	(\$668,509)	\$63,497
		Increased savings due to delay in filling vacancies.						
56	013	Mandatory Fringe						25,945
		Corresponds to to reduction in Attrition Savings.						
<u>EEG-Facilities (2S LIB NPR)</u>								
63	029	Maintenance Services-Equipment				139,388	89,388	50,000
		Reduce expenses to reflect historical expenditures.						
Total Recommended Reductions								\$401,516
General Fund Impact						\$0		
Non-General Fund Impact						\$401,516		

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: TTX – TREASURER/TAX COLLECTOR

FINANCIAL DATA:

The Treasurer/Tax Collector’s proposed \$27,010,932 budget for FY 2010-11 is \$603,636 or 2.2 percent less than the original FY 2009-10 budget of \$27,614,568.

SUMMARY OF PROGRAM EXPENDITURES:

<u>Program</u>	<u>FY 2009-2010 Original Budget</u>	<u>FY 2010-2011 Proposed Budget</u>	<u>Proposed Increase (Decrease) vs. FY 2009-2010 Budget</u>	<u>% Inc./Dec.</u>
BUSINESS TAX	\$ 5,405,477	\$ 5,459,157	\$ 53,680	1.0%
DELINQUENT REVENUE	8,822,195	8,900,696	78,501	0.9%
INVESTMENT	1,293,137	1,608,377	315,240	24.4%
LEGAL SERVICE	393,334	182,341	(210,993)	(53.6%)
MANAGEMENT	4,746,190	4,563,840	(182,350)	(3.8%)
PROPERTY TAX/LICENSING	2,429,823	2,479,761	49,938	2.1%
TAXPAYER ASSISTANCE	1,399,107	1,104,008	(295,099)	(21.1%)
TREASURY	3,125,305	2,712,752	(412,553)	(13.2%)
Total Expenditures	\$ 27,614,568	\$ 27,010,932	\$ (603,636)	(2.2%)
Less Interdepartmental Recoveries And Transfers	(5,694,909)	(5,343,641)	351,268	(6.2%)
Net Expenditures	\$ 21,919,659	\$ 21,667,291	\$ (252,368)	(1.2%)

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: TTX - TREASURER/TAX COLLECTOR

DEPARTMENT PERSONNEL SUMMARY:

The number of full-time equivalent positions (FTEs) budgeted for FY 2010-11 is 210.81, which is 9.67 FTEs less than the 220.48 FTEs in the original FY 2009-10 budget. The FTE allocations are as follows:

AUTHORIZED POSITIONS	FY 2009-2010 Original Budget	FY 2010-2011 Proposed Budget	Proposed Increase (Decrease) vs. FY 2009-2010 Budget
Total Authorized	225.48	215.81	(9.67)
Non-Operating Positions (Capital / Other)	(5.00)	(5.00)	-
Net Operating Positions	220.48	210.81	(9.67)

Specific changes in the Department's FY 2010-11 FTE count include:

- Reducing middle managers throughout the organization.
- Eliminating positions where duties are no longer needed, such as the case with the closeout of the workorder with the Taxi Commission.
- Improving efficiency and emphasis on revenue generating positions.

The following are the Department's proposed 13.0 FTE layoffs for FY 2010-11:

Bureau/Division	Job Class	Title	FTE Count	FY 2010-11 Budgeted Salary Amount	Comments
Property Tax/Licensing	1410	Chief Clerk	1.0	71,684	Due to ongoing reductions in the Rent Board and three middle managers for one section
Property Tax/Licensing	1630	Account Clerk	1.0	48,988	Change due to the ending of the Taxi Commission workorder that handles the Taxi Drivers A Cards
Property Tax/Licensing	1652	Senior Accountant	1.0	72,594	Lack of funds.
Business Tax	4308	Senior Collections Officer	1.0	63,275	Lack of funds due to decreased revenue collections from the Litter Abatement Fee.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: TTX - TREASURER/TAX COLLECTOR

Bureau/Division	Job Class	Title	FTE Count	FY 2010-11 Budgeted Salary Amount	Comments
Business Tax	1426	Senior Clerk Typist	1.0	\$52,064	Lack of funds.
Business Tax	4220	Personal Property Auditor	1.0	77,798	Lack of funds due to decreased revenue collections from the Litter Abatement Fee
Taxpayer Assistance	1408	Principal Clerk	2.0	125,062	Substitution of 2 full-time Principal Clerks for 2 part-time positions, for a total of .75 FTE. In spite of reduction, Department intends to increase customer service support during peak hours by staggering start times and having more staff working during the busy lunch hour.
Taxpayer Assistance	1410	Chief Clerk	1.0	71,684	The reduction supports the Department's effort to eliminate middle management as a cost saving mechanism.
Taxpayer Assistance	1426	Senior Clerk Typist	1.0	52,064	Lack of funds.
Delinquent Revenue	4335	Senior Investigator, Tax Collector	1.0	79,348	The reduction supports the Department's effort to eliminate middle management as a cost saving mechanism.
Management	1062	IS Programmer Analyst	1.0	74,767	After the Department's information technology applications were stabilized, the Department determined this position was no longer needed.
Management	1063	Senior IS Programmer Analyst	1.0	90,882	After applications stabilized, position no longer needed.
TOTAL LAYOFFS IN FY 2010-11			13.0	\$880,210	

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: TTX - TREASURER/TAX COLLECTOR

DEPARTMENT REVENUES:

Net Department revenues are proposed to decrease by \$432,608, or 4.0 percent, from the original FY 2009-10 budget of \$10,703,970 to the proposed FY 2010-11 budget of \$10,271,362. General Fund support is proposed to increase by \$180,240, or 1.6 percent, from the original FY 2009-10 budget of \$11,215,689 to the proposed FY 2010-11 budget of \$11,395,929. Specific changes in the Department's FY 2010-11 revenues include:

- Decreased tax, fee, and interest revenues resulting from various aspects of the recession.
- The closeout of various grants received in FY 2009-2010.
- Offsetting revenue from enhanced collection of delinquent personal property taxes.

Fee Legislation

The table below details the proposed fee ordinance that accompanies the Treasurer/Tax Collector's proposed FY 2010-11 budget. Projected revenues for FY 2010-11 are based on the proposed fee ordinance as follows:

File No.	Fee Description	FY 2009-10	FY 2010-11		Annualized Revenue Thereafter	% Cost Recovery
		Projected Revenue	Projected Revenue	Change from FY 2009-10		
Item 7 10-0711 (June 21, 2010 Calendar)	Establishing a new annual \$500 Revenue Control Equipment Compliance Fee on privately operated parking stations subject to the City's Revenue Control Equipment requirements to recover administrative and enforcement costs.	\$0	\$215,000	\$215,000	\$220,000	60% in the first year, 74% in subsequent years
TOTALS		\$0	\$215,000	\$215,000	\$220,000	60% to 74%

In addition, File 10-0745 is an Ordinance to be submitted by the Mayor to the voters pertaining to the City's Tax on Transient Occupancy of Hotel Rooms (Hotel Tax) in order to clarify who is responsible for collecting and remitting the Hotel Tax. If approved by the voters, an additional \$7.0 million in new revenues is anticipated to be realized by the City in FY 2010-11. Out of the \$7.0 million in anticipated revenues, the Treasurer/Tax Collector's proposed FY 2010-2011 budget includes a \$1,296,327 Controller's Reserve on unspecified salaries and fringe benefits. This Controller's Reserve is part of the total \$142,218,840 Controller Reserves included in the FY 2010-2011 budget, which is intended to offset \$142,218,840 of Uncertain Revenues and Follow-Up Actions Required that are assumed as revenues in the FY 2010-2011 budget.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: **TTX - TREASURER/TAX COLLECTOR**

DESCRIPTION:

The Department's proposed FY 2010-11 budget is proposed to decrease by a net of \$603,636 largely due to:

- Decreased salary expenditures totaling \$0.9 million.
- Decreased materials and supplies expenditures totaling \$0.2 million.
- Decreased capital outlay expenditures totaling \$0.4 million.
- Increased expenditures on Mandatory Fringe Benefits of \$0.4 million.
- Increased General Fund expenditure of \$0.3 million for Phase I of the Department's Business Tax System Replacement effort. The system, which was established in 1988, is outmoded and a replacement system is expected to improve the Department's collection abilities.
- Increased General Fund expenditure of \$0.3 million to consolidate the City's business billing practices. The Department anticipates that this expenditure will be offset by reduced Temporary Salary, materials, postage, and other expenses, and improved efficiency.

INTERIM EXCEPTIONS

The Department has requested an interim exception for one 1408 Principal Clerk to be filled on July 1, 2010. This position will be responsible for processing Property and Hotel Taxes as well as license collections during the summer of 2010, and will generate revenues assumed in the budget. The Budget Analyst recommends approval of this 1.0 FTE 1408 Principal Clerk position as an interim budget exception because the position is considered to be revenue generating.

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

Department: TTX - Treasurer/Tax Collector

Page No.	Object	Object Title	Position/ Equipment Number	Number		Amount		Savings
				From	To	From	To	
<u>FCL - Treasury (1G-AGF-AAA)</u>								
2	001	Attrition Savings	9993M	0.03	0.00	2,291	0	2,291
		Increase Attrition Savings to reflect actual anticipated attrition savings.						
3	005	Temp Salaries-Misc	TEMPM	1.61	1.34	120,000	100,000	20,000
		Proposed Temporary Salaries did not change from FY 2009-10 to FY 2010-11. However, the Department has underexpended this line item in FY 2009-2010. A reduction of \$20,000 will allow for sufficient temporary salary funding in FY 2010-11.						
324	013	Mandatory Fringe Benefits						2,516
		Corresponds to reductions in Attrition Savings and Temp Salaries-Misc, above.						

FCP - Delinquent Revenue (1G-AGF-ACP)

334	06P	Programmatic Projects - Budget				333,686	143,686	190,000
		An appropriation of \$143,686 for the Unsecured Personal Property Project, plus anticipated carryovers of approximately \$225,000 and other project appropriations totaling \$114,069, for a grand total of \$482,755, will be sufficient for this project, that is reviewing delinquent accounts. Therefore, this account should be reduced by \$190,000.						

Total Recommended Reductions

\$214,807

General Fund Impact

\$214,807

Non-General Fund Impact

\$0

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

Department: TTX - Treasurer/Tax Collector

Page No.	Object	Object Title	Position/ Equipment Number	Number		Amount		Savings	
				From	To	From	To		
<u>POLICY RECOMMENDATIONS</u>									
		Kids2College Savings Plan Program							
337	001	Permanent Salaries-Misc					\$96,414	0	96,414
	013	Mandatory Fringe Benefits					\$38,556	0	38,556
	019	Other Fringe Benefits					\$1,072	0	1,072
	027	Professional & Specialized Services					\$120,000	0	120,000
<p>Kids2College Program would provide college savings accounts to San Francisco Public School kindergarten students in academic year 2010-2011. The Professional & Specialized Services line item provides \$50 savings account deposits for 1,400 students and an additional \$50 savings account deposit for approximately 980 students that receive Free and Reduced Lunch.</p> <p>Program staffing includes a 1.0 FTE 1844 Senior Management Assistant that is vacant and has been reassigned and 0.15 FTE 0931 Manager III for a total salary expenditure of \$96,414.</p> <p>The Kids2College Savings Plan Program would be administered by the Treasurer and Tax Collector's Office, which would be reimbursed through a Department of Children, Youth, and Families (DCYF) workorder. Any reduction to the Kids2College Program would result in a General Fund savings in the DCYF budget.</p>									
Total Policy Recommendations									\$256,042
General Fund Impact							\$256,042		
(General Fund Savings realized in DCYF Budget)									
Non-General Fund Impact							\$0		
TOTAL RECOMMENDED REDUCTIONS AND POLICY RECOMMENDATIONS									\$470,849
General Fund Impact							\$ 470,849		
Non-General Fund Impact							\$ 0		

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: GSA – ADM – CITY ADMINISTRATOR

FINANCIAL DATA:

The City Administrator’s proposed \$234,947,549 budget for FY 2010-11 is \$6,085,035 or 2.7 percent more than the original FY 2009-10 budget of \$228,862,514.

SUMMARY OF PROGRAM EXPENDITURES:

<u>Program</u>	<u>FY 2009-2010 Original Budget</u>	<u>FY 2010-2011 Proposed Budget</u>	<u>Proposed Increase (Decrease) vs. FY 2009-2010 Budget</u>	<u>% Inc./Dec.</u>
311 CALL CENTER	\$ 10,866,947	\$ 9,251,143	\$ (1,615,804)	(14.9%)
ANIMAL WELFARE	3,943,999	3,963,360	19,361	0.5%
CAPITAL ASSET PLANNING	797,507	750,547	(46,960)	(5.9%)
CITY ADMINISTRATOR - ADMINISTRATION	8,422,543	8,075,861	(346,682)	(4.1%)
COUNTY CLERK SERVICES	1,857,432	1,881,804	24,372	1.3%
DISABILITY ACCESS	2,325,314	11,153,302	8,827,988	379.6%
ENTERTAINMENT COMMISSION	667,324	677,920	10,596	1.6%
FACILITIES MGMT & OPERATIONS	40,226,345	41,318,451	1,092,106	2.7%
FLEET MANAGEMENT	861,092	1,018,580	157,488	18.3%
GRANTS FOR THE ARTS	12,319,192	11,768,000	(551,192)	(4.5%)
IMMIGRANT RIGHTS COMMISSION	1,318,696	612,791	(705,905)	(53.5%)
LIVING WAGE / LIVING HEALTH (MCO/HCAO)	2,766,965	2,632,088	(134,877)	(4.9%)
MEDICAL EXAMINER	5,516,641	5,596,055	79,414	1.4%
NEIGHBORHOOD BEAUTIFICATION	1,100,000	1,282,662	182,662	16.6%
PROCUREMENT SERVICES	4,465,925	4,472,726	6,801	0.2%
REAL ESTATE SERVICES	22,805,910	21,212,353	(1,593,557)	(7.0%)
RISK MANAGEMENT / GENERAL	11,637,205	13,657,173	2,019,968	17.4%
TOURISM EVENTS	72,188,575	70,718,977	(1,469,598)	(2.0%)
TREASURE ISLAND	1,279,737	1,508,899	229,162	17.9%
VEHICLE & EQUIPMENT MAIN & FUELING	23,495,165	23,394,857	(100,308)	(0.4%)
Total Expenditures	\$ 228,862,514	\$ 234,947,549	\$ 6,085,035	2.7%
Less Interdepartmental Recoveries And Transfers	(102,826,897)	(102,733,259)	93,638	(0.1%)
Net Expenditures	\$ 126,035,617	\$ 132,214,290	\$ 6,178,673	4.9%

The Department's proposed FY 2010-2011 budget includes a \$8,954,027 Controller’s Reserve, including \$1,925,192 for unspecified salaries, \$728,573 for unspecified fringe benefits, and \$6,300,262 in capital project expenditures. These Controller Reserves are part of the total \$142,218,840 Controller Reserves included in the FY 2010-2011 budget, which is intended to offset \$142,218,840 of Uncertain Revenues and Follow-Up Actions Required that are assumed as revenues in the FY 2010-2011 budget. In the event that the uncertain revenues that would be allocated to this department in FY 2010-2011 do not materialize the department will have to reduce its expenditures by \$8,954,027 in FY 2010-2011.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: GSA – ADM – CITY ADMINISTRATOR

DEPARTMENT PERSONNEL SUMMARY:

The number of full-time equivalent positions budgeted for FY 2010-11 is 576.19 FTEs, which is 73.89 FTEs less than the 650.08 FTEs in the original FY 2009-10 budget. The FTE allocations are as follows:

AUTHORIZED POSITIONS	FY 2009-2010 Original Budget	FY 2010-2011 Proposed Budget	Proposed Increase (Decrease) vs. FY 2009-2010 Budget
Total Authorized	650.08	576.19	(73.89)
Non-Operating Positions (Capital / Other)	(3.00)	(3.00)	-
Net Operating Positions	647.08	573.19	(73.89)

Specific changes in the Department’s FY 2010-11 FTE count include:

- Deletion of 52.27 FTE custodial positions, including (a) 47.50 FTE 2708 Custodian positions, (b) 4.00 FTE 2716 Custodial Assistant Supervisor positions, and (c) 1.27 FTE Custodial Supervisor positions, as part of a proposed Proposition J for Citywide janitorial services. The Controller has certified that these services can be provided at less cost by contractors than City employees; approval of that certification by the Board of Supervisors is required before these services can be contracted.
- Deletion of 9.00 FTE positions in Real Estate Services, including (a) 3.00 FTE 4140 Real Property Officer positions, (b) 2.00 FTE 4142 Senior Real Property Officer positions, (c) 3.00 FTE 4143 Principal Real Property Officer positions, and (d) 1.00 FTE 5366 Engineering Associate II position.
- Deletion of 7.00 FTE positions in the 311 Call Center, including (a) 6.00 FTE 1324 Customer Service Agent positions and (b) 1.00 FTE 1823 Senior Administrative Analyst position.

The following are the Department’s proposed 70.27 FTE layoffs in FY 2010-11:

Bureau/Division	Job Class	Title	FTE Count	FY 2010-11 Budgeted Salary Amount	Comments
Medical Examiner	0931	Manager III	(0.50)	\$60,698	
City Administrator – Administration	1220	Payroll Clerk	(1.00)	58,389	
Facilities Mgmt & Operations	4140	Real Property Officer	(1.00)	94,317	

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: GSA – ADM – CITY ADMINISTRATOR

Bureau/Division	Job Class	Title	FTE Count	FY 2010-11 Budgeted Salary Amount	Comments
Facilities Mgmt & Operations	4142	Senior Real Property Officer	(1.00)	\$109,195	
Facilities Mgmt & Operations	4143	Principal Real Property Officer	(2.00)	252,843	
Facilities Mgmt & Operations	5366	Engineering Associate II	(1.00)	86,133	
Real Estate Services	4140	Real Property Officer	(2.00)	94,317	
Real Estate Services	4142	Senior Real Property Officer	(1.00)	109,195	
Real Estate Services	4143	Principal Real Property Officer	(1.00)	252,843	
Real Estate Services	2708	Custodian	(47.50)	2,265,659	These layoffs require Board of Supervisors approval of the Controller's Proposition J certification that services can be provided at less cost by contractor than these positions.
Real Estate Services	2716	Custodial Assistant Supervisor	(4.00)	209,841	
Real Estate Services	2718	Custodial Supervisor	(1.27)	73,416	
311 Call Center	1324	Customer Service Agent	(6.00)	373,101	
311 Call Center	1823	Senior Administrative Analyst	(1.00)	91,387	
TOTAL LAYOFFS IN FY 2010-11			(70.27)	\$4,131,334	

DEPARTMENT REVENUES:

Department revenues are proposed to increase by \$6,085,035, or 2.7 percent, from the original FY 2009-10 budget of \$228,862,514 to the proposed FY 2010-11 budget of \$234,947,549. General Fund support is proposed to decrease by \$970,836, or 2.9 percent, from the original FY 2009-10 budget of

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: GSA – ADM – CITY ADMINISTRATOR

\$33,549,022 to the proposed FY 2010-11 budget of \$32,578,186. Specific changes in the Department's FY 2010-11 revenues include:

Increases

- An increase of \$125,000 in dog license fee revenues, resulting from the proposed dog fee legislation.
- An increase of \$8,794,066 in Operating Transfers In from non-General Fund sources, including (a) \$6,910,720 from Moscone Convention Center Capital Project Funds, (b) \$427,128 from the Airport, (c) \$81,596 from the Port, and (d) \$1,374,622 from the Public Utilities Commission.
- \$6,208,100 in new revenues from Certificates of Participation (COP's) to be issued for ongoing roadway improvements and to be utilized by Disability Access to improve curbcuts and other accessibility issues along City roadways. According to Ms. Nadia Sesay, Director of the Office of Public Finance, these COP's will be issued in the Fall 2010 and will be the second issuance of COP's for improvements to City streets, the first of which took place in September 2009.
- A beginning fund balance of \$7,193,382 which is \$7,193,382 more than \$0 in Beginning Fund Balance that the Department had in FY 2009-10.

Decreases

- A decrease of \$1,352,478 in convention rentals and concessions, as a result of anticipated lower economic activity in the coming year.
- A decrease of \$970,836 in General Fund support.
- A decrease of \$8,025,000 in other non-operating revenue.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: GSA – ADM – CITY ADMINISTRATOR

Fee Legislation

The table below details the proposed fee ordinance that accompanies the Department's proposed FY 2010-11 budget. Projected revenues for FY 2010-11 are based on the proposed fee ordinance as follows:

File No.	Fee Description	FY 2009-10	FY 2010-2011		Annualized Revenue Thereafter	% Cost Recovery
		Projected Revenue	Projected Revenue	Change from PY		
Item 4 - 10-0712 (June 16, 2010 Calendar)	Animal Care and Control Fees	\$210,000	\$335,000	\$125,000	\$335,000	10%
Totals		\$210,000	\$335,000	\$125,000	\$335,000	

Fee	Current Fee	Proposed Fee	Increase (Decrease)	Percentage Change
One-year dog license	\$24	\$50	\$26	108.3%
Two-year dog license	\$45	\$95	\$50	111.1%
Three-year dog license	\$66	\$140	\$74	112.1%
One-year license for neutered or spayed dog	\$12	\$30	\$18	150.0%
Two-year license for neutered or spayed dog	\$24	\$65	\$41	170.8%
Three-year license for neutered or spayed dog	\$36	\$100	\$64	177.8%
Redemption for animal taken into custody	\$25	\$30	\$5	20.0%
Late license payment penalty	\$10	\$25	\$15	150.0%
Feeding and providing for dogs, cats, and hooved animals in custody	\$10	\$25	\$15	150.0%
Owner-requested euthanasia of a dog or cat	\$0	\$25	\$25	
Owner-requested euthanasia of animal other than a dog or cat	\$0	Up to \$25	Up to \$25	
Owner surrender of a dog or cat	\$0	\$25	\$25	
Owner surrender of an animal other than a dog or cat	\$0	Up to \$25	Up to \$25	
Disposal of deceased dog or cat	\$0	\$20	\$20	
Disposal of deceased animal other than a dog or cat	\$0	Up to \$20	Up to \$20	
Field services transport	\$0	\$40	\$40	

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: **GSA – ADM – CITY ADMINISTRATOR**

DESCRIPTION:

The Department's proposed FY 2010-11 budget is proposed to increase by \$6,085,035 largely due to:

- An increase of \$1,280,365 in Convention Facilities Professional & Specialized services, resulting from (a) a FY 2009-10 mid-year restoration of \$1,000,000 for contract costs and (b) a budgeted 2.22 percent increase in contract costs, effective January 1, 2011, as a result of contract negotiations.
- An increase of \$8,819,232 in Capital Projects in the Disability Access office, including (a) an increase of \$2,611,132, or 155.0 percent, from \$1,683,868 to \$4,295,000, in General Fund-supported Capital Improvement Projects that are all included in the City's proposed Capital Budget for FY 2010-11, and (b) \$6,208,100 in projects to be funded by Certificates of Participation and used for improved curbcuts and other accessibility issues along City roadways.
- A decrease of \$1,584,165 in total expenditures in Real Estate Services. The Controller has certified that the subject services can be provided at less cost by a contractor than by City employees. Final approval is subject to certification by the Board of Supervisors, in accordance with Proposition J requirements codified in Charter Section 10.104.
- A decrease of \$949,061 in position expenditures at the 311 Call Center is comprised of: (a) \$673,762 in salaries and (b) \$275,299 in mandatory fringe benefits, which includes layoffs of 7.00 FTE as described above
- A reduction of \$130,000 in temporary salaries.
- A reduction of \$665,669 in Professional & Specialized Services, from \$815,559 to \$150,000 which will be utilized for a reduced level of contract service for 2010 Census (a) outreach and education work, (b) data analysis, and (c) focus groups.

PROPOSITION J CONTRACTS

Charter Section 10.104 provides that the City may contract with private firms for services, if the Controller certifies, and the Board of Supervisors concurs, that such services can in fact be performed by private firms at a lower cost than similar work by City employees. The Mayor's proposed FY 2010-11 budget for the Department contains two new items requiring Proposition J certification and approval:

Item 6 - File No. 10-0732 on June 16, 2010 Calendar – Citywide Janitorial Services. The proposed FY 2010-11 budget contains a new Proposition J contract for janitorial services at 34 citywide locations.

The Real Estate Division of the General Services Agency currently maintains 1.1 million square feet of City-owned office space with contracted custodial service, while other City-owned sites are maintained by Real Estate Division staff. In addition, there is one leased site that is maintained by Real Estate Division staff.

The Department's proposed budget for janitorial services in FY 2010-11 contains \$7,051,464 for six months for services through December 31, 2010 assuming the Proposition J proposal is approved by the

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

Department: ADM - General Services Agency - City Administrator

<u>Page</u>	<u>No.</u>	<u>Object</u>	<u>Object Title</u>	<u>Position/ Equipment Number</u>	<u>Number</u>	<u>Amount</u>	<u>Savings</u>		
					<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>	<u>Savings</u>
<u>AME - County Clerk Services (1G-AGF-AAA)</u>									
166	9993M		Attrition Savings				\$0	(\$25,000)	\$25,000
			Increase Attrition Savings by \$25,000 to reflect actual need.						
135	013		Mandatory Fringe Benefits						\$10,215
			Corresponds to increase in Attrition Savings.						
<u>FAC - City Administrator - Administration (1G-AGF-AAA)</u>									
175	9993M		Attrition Savings				(\$439,550)	(\$445,205)	\$5,655
			Increase Attrition Savings by \$5,655 because the Department has filled a 1222 Senior Personnel Analyst position, which has an annual salary cost of \$64,044, with a 1220 Payroll Clerk position, which has an annual salary cost of \$58,389. This \$5,655 increase in Attrition Savings reflects the difference between the amount budgeted for this filled position and the amount actually being expended by the Department.						
142	013		Mandatory Fringe Benefits						\$2,311
			Corresponds to reduction in position expenditures.						

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

Department: ADM - General Services Agency - City Administrator

<u>Page</u>	<u>No.</u>	<u>Object</u>	<u>Object Title</u>	<u>Position/ Equipment Number</u>	<u>Number</u>	<u>From</u>	<u>To</u>	<u>Amount</u>	<u>To</u>	<u>Savings</u>
<u>FCC - Procurement Services (1G-AGF-AAA)</u>										
179	001		Manager III	0931	1.00	0.00		\$121,397	\$0	\$121,397
			Manager I	0922	0.00	1.00		\$0	\$104,870	(\$104,870)
			Disapprove upward substitution of one vacant 0922 Manager I position to 0931 Manager III position that is not adequately justified because the Department is reorganizing Procurement Services and has not demonstrated that a Manager III position is more necessary than a Manager I position for the responsibilities to be assumed by this position.							
147	013		Mandatory Fringe Benefits							\$6,753
			Corresponds to reduction in position expenditures.							
147	025		Entertainment and Promotion					\$7,500	\$0	\$7,500
			Reduce Entertainment and Promotion to \$0 as the Department has stated that it no longer has a need for this budgetary authority.							

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

Department: ADM - General Services Agency - City Administrator

<u>Page</u>			<u>Position/ Equipment</u>	<u>Number</u>		<u>Amount</u>		
<u>No.</u>	<u>Object</u>	<u>Object Title</u>	<u>Number</u>	<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>	<u>Savings</u>
<u>FFB - Living Wage / Living Health (MCO/HCAO) (1G-AGF-AAA)</u>								
184	9993M	Attrition Savings				(\$49)	(\$12,162)	\$12,113
		Increase 9993M Attrition Savings by \$29,073 to account for expected 4-6 week delay in filling one vacant 2978 Contract Compliance Officer position.						
151	013	Mandatory Fringe Benefits						\$4,949
		Corresponds to reduction in position expenditures.						

FFH - Facilities Mgmt & Operations (1G-AGF-AAA)

186	001	Junior Management Assistant	1840			\$59,827	\$0	\$59,827
		The Budget Analyst recommends the reassignment of one 1840 Junor Management Assistant position, which the Department has stated is needed in order to provide additional staff support for Stationary Engineers, from a General Fund-supported position to a non-General Fund-supported division. This 1840 Junior Management Assistant position is a downward substitution of one vacant 7334 Stationary Engineer position, which represents reduction in budgeted salary expenditures of \$12,570.						
		Because the Stationary Engineers which the Department states would be served by this position are currently in a non-General Fund-supported division, the position providing support for these Stationary Engineers should also be in the same non-General Fund-supported division.						
152	013	Mandatory Fringe Benefits						\$24,445
		Corresponds to reduction in position expenditures.						

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Department: ADM - General Services Agency - City Administrator

<u>Page</u> <u>No.</u>	<u>Object</u>	<u>Object Title</u>	<u>Position/ Equipment Number</u>	<u>Number</u>		<u>Amount</u>		<u>Savings</u>
				<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>	
152	028	Maintenance Svcs - Building & Structures				\$222,643	\$132,643	\$90,000
Reduce Maintenance Services - Building & Structures by \$90,000 to reflect actual need based on historical expenditures.								

FFH - Facilities Mgmt & Operations (2S-RPF-SRZ)

186	001	Junior Management Assistant	1840			\$0	\$59,827	(\$59,827)
<p>The Budget Analyst recommends the reassignment of one 1840 Junor Management Assistant position, which the Department has stated is needed in order to provide additional staff support for Stationary Engineers, from a General Fund-supported position to a non-General Fund-supported division. This 1840 Junior Management Assistant position is a downward substitution of one vacant 7334 Stationary Engineer position, which represents reduction in budgeted salary expenditures of \$12,570.</p> <p>Because the Stationary Engineers which the Department states would be served by this position are currently in a non-General Fund-supported division, the position providing support for these Stationary Engineers should also be in the same non-General Fund-supported division.</p>								

152	013	Mandatory Fringe Benefits						(\$24,445)
Corresponds to increase in position expenditures.								

FFI - Real Estate Services (2S-RPF-SRZ)

189	001	Principal Accountant	1654	1.00	0.00	\$87,876	\$0	\$87,876
Delete one vacant 1654 Principal Accountant position which has remained vacant for more than one year and for which the Department has not established a hiring timeline.								

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Department: ADM - General Services Agency - City Administrator

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				<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>	
145	013	Mandatory Fringe Benefits						\$35,906

Corresponds to reduction in position expenditures.

FFO - 311 Call Center (1G-AGF-AAA)

196	OVERM	Overtime - Miscellaneous					\$20,000	\$5,000	\$15,000
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Reduce Overtime - Miscellaneous to reflect actual need, which has been less than \$3,000 each of the last two years.

164	013	Mandatory Fringe Benefits							\$503
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Corresponds to reduction in position expenditures.

Total Recommended Reductions	\$320,308
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General Fund Impact	\$280,798
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Non-General Fund Impact	\$39,510
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**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2010-11**

DEPARTMENT: GSA-DT - TECHNOLOGY

FINANCIAL DATA:

The Department of Technology's proposed \$78,978,687 budget for FY 2010-11 is \$7,578,810 or 8.8 percent less than the original FY 2009-10 budget of \$86,557,497.

SUMMARY OF PROGRAM EXPENDITURES:

<u>Program</u>	<u>FY 2009-2010 Original Budget</u>	<u>FY 2010-2011 Proposed Budget</u>	<u>Proposed Increase (Decrease) vs. FY 2009-2010 Budget</u>	<u>% Inc./Dec.</u>
ADMINISTRATION	\$ 25,383,204	\$ 23,946,071	\$ (1,437,133)	(5.7%)
GOVERNANCE AND OUTREACH	6,403,429	6,774,244	370,815	5.8%
OPERATIONS	34,584,076	32,843,218	(1,740,858)	(5.0%)
REPRODUCTION SERVICES	7,260,153	5,374,452	(1,885,701)	(26.0%)
TECHNOLOGY	4,399,561	2,603,637	(1,795,924)	(40.8%)
TECHNOLOGY SERVICES:PUBLIC SAFETY	8,527,074	7,437,065	(1,090,009)	(12.8%)
Total Expenditures	\$ 86,557,497	\$ 78,978,687	\$ (7,578,810)	(8.8%)
Less Interdepartmental Recoveries And Transfers	(83,740,430)	(72,355,681)	11,384,749	(13.6%)
Net Expenditures	\$ 2,817,067	\$ 6,623,006	\$ 3,805,939	135.1%

The Department's proposed FY 2010-2011 budget includes a \$74,753 Controller's Reserve, including \$55,176 for unspecified salaries and \$19,577 for unspecified fringe benefits. These Controller Reserves are part of the total \$142,218,840 Controller Reserves included in the FY 2010-2011 budget, which is intended to offset \$142,218,840 of Uncertain Revenues and Follow-Up Actions Required that are assumed as revenues in the FY 2010-2011 budget. In the event that the uncertain revenues that would be allocated to this department in FY 2010-2011 don't materialize, the department will have to further reduce its expenditures by \$74,753 in FY 2010-11.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
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FY 2010-11**

DEPARTMENT: GSA-DT - TECHNOLOGY

The following are the Department's proposed 22 position deletions in FY 2010-11:

Bureau/Division	Job Class	Title	FTE Count	FY 2010-11 Budgeted Salary Amount	Comments
Administration	0923	Manager II	(1.00)	\$112,482	Position currently vacant
Administration	1934	Storekeeper	(1.00)	49,955	
SFGTV	1766	Media Production Technician	(1.00)	57,396	
Technology Consulting	1044	IS Engineer-Principal	(1.00)	127,861	
Public Safety Consulting	1063	IS Programmer Analyst-Senior	(1.00)	90,882	Position currently vacant
Production Applications	1070	IS Project Director	(1.00)	127,861	
Customer Service	1024	IS Administrator - Supervisor	(1.00)	102,728	
Telecommunications	7263	Maintenance Manager	(1.00)	105,897	Position currently vacant
Reproduction Services	1402	Junior Clerk	(1.00)	41,919	
Reproduction Services	1404	Clerk	(4.00)	182,557	
Reproduction Services	1760	Offset Machine Operator	(1.00)	52,833	
Reproduction Services	1764	Mail and Reproduction Services	(1.00)	67,765	Position currently vacant
Reproduction Services	5330	Graphics Supervisor	(1.00)	78,126	Position currently vacant
Public Safety Wiring	7338	Electrical Line Worker	(1.00)	96,066	Position currently vacant
E-Mail	1044	IS Engineer-Principal	(1.00)	127,861	
E-Services	1063	IS Programmer Analyst-Senior	(1.00)	90,882	
Customer Relations Management	1033	IS Trainer-Senior	(1.00)	\$95,403	Position currently vacant

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
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FY 2010-11**

DEPARTMENT: GSA-DT - TECHNOLOGY

- A reduction in personnel expenditures of \$509,980, including (a) \$374,740 in salary expenditures and (b) \$135,240 in mandatory fringe benefits, as a result of the substitution of 4.00 FTE 7308 Cable Splicer positions to Off-budget, resulting in 4 additional layoffs to the 14 layoffs resulting from deleted positions.
- A reduction of \$1,233,013 in COIT funding for Enterprise Security and Fiber WAN projects.
- A reduction of \$1,160,624 in non-personnel expenditures as a result of the elimination of outsourced printing, a reduction in postage expenses which reflects anticipated postage usage levels, and a reduced budget for materials.
- A reduction of \$1,511,487 in utilities expenditures in the Administrative Division, as a result of efficiency savings such as fewer cell phones and pagers and network maintenance savings.
- A \$250,000 reduction in Premium Pay.
- A number of additional, small reductions across the Department.

Offsetting increases in expenditures include:

- A one-time increase of \$1,567,000 for equipment to be installed at the 200 Paul Data Center.
- An annual increase in rent expenditures of \$960,000 as a result of lease of additional space at 200 Paul for the JUSTIS project.
- An increase of \$1,100,000 for one-time moving and other JUSTIS project costs for the move to the 200 Paul Data Center.

JUSTIS and the Data Center Move

The proposed FY 2010-11 budget includes \$2,060,000 for moving and other costs related to the JUSTIS project and the data center move to the 200 Paul Data Center from One Market Plaza. This \$2,060,000 in moving and other costs includes (a) one-time expenditures of \$900,000 for new equipment and \$200,000 for relocation, plus (b) an annual expenditure of \$960,000 for lease of additional space at the 200 Paul Data Center. The Department intends to pay for the \$2,060,000 in moving and other costs using (a) \$943,285 in anticipated rent savings from the move of the City's servers from One Market Plaza to 200 Paul by October 1, 2010; (b) \$650,000 in Federal Grant monies; (c) \$178,272 in FY 2009-10 projected Ending Fund Balance; and, (d) \$288,443 in FY 2008-09 project reserves that would require release by the Budget and Finance Committee.

Other Pending Legislation – Item 10, File No. 10-0365 on June 16, 2010 calendar

The proposed resolution (File No. 10-0365) would retroactively approve a Fourth Amendment to an expired agreement between the Department of Technology (DT) and Avaya, Inc, which expired on August 30, 2009, to provide telecommunications maintenance and support services for the City's telephone and voicemail systems. On August 31, 2005, subsequent to a competitive Request for Proposal (RFP) process, DT awarded a three-year, not-to-exceed \$6,182,466 agreement to Avaya, who was the sole responder to the RFP, to provide telecommunications maintenance and support services for the City's telephone and voicemail equipment, which was manufactured by Avaya. DT subsequently

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
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Department: TIS - Department of Technology

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				<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>	
<u>BAK - Operations (6I-TIF-AAP)</u>								
219	001	IS Engineer-Journey	1042	15.00	11.00	\$1,609,125	\$1,168,431	\$440,694
		Delete four of the six vacant 1042 IS Engineer-Journey positions in the Operations Division, one of which the Department added in FY 2008-09 and three of which the Department added in FY 2009-2010. The proposed deletions would still leave two vacant positions to be filled by the Department.						
219	001	IS Engineer-Senior	1043	16.00	15.00	\$1,901,903	\$1,783,034	\$118,869
		Delete one of two vacant 1043 IS Engineer-Senior position, both of which the Department added to its Operations Division in FY 2009-2010 and has not filled. The proposed deletion would still leave one vacant position to be filled by the Department.						
219	001	IS Engineer-Principal	1044	4.00	3.00	\$511,444	\$383,583	\$127,861
		Delete one vacant 1044 IS Engineer-Principal position which the Department has not filled since it was vacated in November of 2008.						
219	001	IS Business Analyst-Principal	1054	6.00	5.00	\$695,936	\$579,947	\$115,989
		Delete one of two vacant 1054 IS Business Analyst-Principal position, which the Department added in FY 2009-10 and has not filled. The Department has two total vacant 1054 IS Business Analyst-Principal positions in BAK-Operations, and this cut would leave one vacant position to be filled by the Department.						

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				<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>		
220		PREMM	Premium Pay - Miscellaneous			\$435,500	\$300,000	\$135,500	
			Reduce Premium Pay by \$135,500 to reflect actual needs based on an average actual annual expenditure of approximately \$280,000 for the past four years.						
206	013		Mandatory Fringe Benefits					\$335,090	
			Corresponds to reduction in position expenditures.						
206	060		Equipment Purchase			1,827,000	\$1,547,112	\$279,888	
			Reduce 060 Equipment Purchase by \$279,888 to be paid using an unexpended carryforward balance in 069-06C Capital Projects Budget.						
<u>BIU - Administration (6I-TIF-AAP)</u>									
225	9993M		Attrition Savings			(\$300,913)	(\$365,719)	\$64,806	
			Increase Attrition Savings by 0.5 FTE for one of two vacant 0932 Manager IV positions. The Department intends to fill both positions in FY2010-11, and this increase in Attrition Savings accounts for the hiring timeline for both positions.						
209	013		Mandatory Fringe Benefits					\$26,480	
			Corresponds to reduction in position expenditures.						

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
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Department: TIS - Department of Technology

Page No.	Object	Object Title	Position/ Equipment	Number		Amount		Savings
			Number	From	To	From	To	
209	086	Expenditure Recovery for Services to AAO Funds					(\$47,951,474) (\$47,916,261)	\$35,213

Reduce Expenditure Recoveries by \$35,213, which is the amount of additional FY 2010-11 Beginning Fund Balance that the Budget and Legislative Analyst notes will be available for the Administration Division that was not included in the Department's proposed FY 2010-11 budget.

BIU - Administration (6I-TIF-NPR)

210	027	Professional & Specialized Services					\$57,300 \$26,200	\$31,100
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Reduce Professional & Specialized Services to reflect need based on actual contracts which the Departments represents will be paid from Professional & Specialized Services.

210	029	Maintenance Services - Equipment					\$2,848,698 \$2,838,698	\$10,000
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Reduce Maintenance Services - Equipment to reflect actual Department need.

BK4 - Governance and Outreach (1G-AGF-AAA)

212	027	Professional & Specialized Services					\$264,268 \$159,508	\$104,760
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Reduce Professional & Specialized Services by a total of \$104,760, including (a) a reduction of \$4,760 to reflect need based on actual contracts with the Department represents will be paid from Professional & Specialized Services, plus (b) a reduction of \$100,000 to be paid by \$100,000 unspent reserve funds for the MS Stimulus 360 program, which has already been implemented without use of these reserves.

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<u>FCB - Reproduction Services (6I-TIF-AAP)</u>							
234	9993M	Attrition Savings			(\$3,253)	(\$45,422)	\$42,169
		Increase Attrition Savings to maintain it at the same level as the last two years.					
217	013	Mandatory Fringe Benefits					\$17,230
		Corresponds to reduction in position expenditures.					
Total Recommended Reductions							\$1,885,649
General Fund Impact					\$1,424,399		
Non-General Fund Impact					\$461,250		

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<u>POLICY RECOMMENDATIONS</u>							
<u>BAK - Operations (6I-TIF-AAP)</u>							
206	027	Professional & Specialized Services			\$4,030,970	\$3,970,970	\$60,000
		As a policy matter, the Budget Analyst recommends the Board of Supervisors consider a reduction of \$60,000 in Professional & Specialized Services for maintenance contracts related to the ShotSpotters program, which is a system that uses acoustic sensors to locate gunfire in real time.					
		Total Policy Recommendations					\$60,000
		General Fund Impact			\$44,460		
		Non-General Fund Impact			\$15,540		
		TOTAL RECOMMENDED REDUCTIONS AND POLICY RECOMMENDATIONS					\$1,945,649
		General Fund Impact			\$1,468,859		
		Non-General Fund Impact			\$476,790		