

BOARD of SUPERVISORS



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MEMORANDUM

RULES COMMITTEE

SAN FRANCISCO BOARD OF SUPERVISORS

TO: Supervisor David Campos, Chair
Rules Committee

FROM: Linda Wong, Committee Clerk

DATE: February 5, 2010

SUBJECT: **COMMITTEE REPORT, BOARD MEETING**
Tuesday, February 9, 2010

The following files should be presented as a **COMMITTEE REPORT** at the Board meeting on Tuesday, February 9, 2010. These items were acted upon at the Committee Meeting on Thursday, February 4, 2010 at 10:00 a.m., by the votes indicated.

Item No. 19 File No. 091430

[Mandated Programming of and Expenditures for City Services, Functions, or Programs Designated by the Board of Supervisors]

Charter Amendment (Second Draft) to amend the Charter of the City and County of San Francisco by amending Sections 9.103 and 9.104 to: (1) allow the Board of Supervisors to mandate the expenditure of identified appropriations for particular programs or activities, in an amount not to exceed the total value of expenditure reductions made by the Board at the same time; require the relevant City departments to report to the Board on their plans for expenditure of the money appropriated; and, (2) allow the Mayor to reject or reduce an appropriation identified as mandatory and reject the designation of the appropriation as mandatory with or without reducing the amount of the appropriation.

RECOMMENDED AS COMMITTEE REPORT

Vote: Campos – Aye
Alioto-Pier – Excused
Mar - Aye

[Reducing Employer Retirement Benefit Costs]

Charter Amendment (Second Draft) to amend the Charter of the City and County of San Francisco by amending Sections A8.432, A8.506, A8.506-2, A8.506-3, and A8.510, and by adding Sections A8.432-1, A8.600 to A8.600-14, A8.601 to A8.601-16 and A8.602 to A8.602-16, to: (1) define "Participating Employers" for the Retiree Health Care Trust Fund to include the Superior Court of California, County of San Francisco, to the extent it participates in the City and County's Health Service System and upon resolution by its governing board; (2) require the difference between the City and County's contribution to the San Francisco Employees' Retirement System ("SFERS") set by the Retirement Board each year and the employer normal cost rate to be deposited into the Retiree Health Care Trust Fund; (3) require the difference between the "Participating Employers" contribution to SFERS set by the Retirement Board each year and the employer normal cost rate to be deposited into the Retiree Health Care Trust Fund only upon resolution by the governing boards of the respective "Participating Employers" approving said deposits; (4) establish an employee contribution rate of nine percent for all employees hired on and after July 1, 2010 who become members of the California Public Employees' Retirement System ("CalPERS"); (5) require all contracts with CalPERS for persons hired on and after July 1, 2010 to include a three-year formula for the calculation of final compensation to the fullest extent possible; (6) require all contracts and contract amendments on and after July 1, 2010 for personnel of the sheriff's department and housing authority police who are members of CalPERS to be cost-neutral to the City and County; (7) create a new retirement plan for miscellaneous officers and employees hired on and after July 1, 2010 that modifies the average final compensation calculation from a one-year formula to a three-year formula; and (8) create new retirement plans for safety members hired on and after July 1, 2010 that increase required employee retirement contributions to nine percent and modify the average final compensation calculation from a one-year formula to a three-year formula.

RECOMMENDED AS COMMITTEE REPORT

Vote: Campos – Aye
Alioto-Pier – Excused
Mar - Aye

c: Angela Calvillo, Clerk of the Board
Cheryl Adams, Deputy City Attorney
Board of Supervisors
Rick Caldeira, Legislative Deputy Director

File No. 091430

Committee Item No. 6
Board Item No. 19

COMMITTEE/BOARD OF SUPERVISORS AGENDA PACKET CONTENTS LIST

Committee: Rules

Date February 4, 2010

Board of Supervisors Meeting

Date 2-9-10

Cmte Board

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Completed by: Linda Wong

Date January 29, 2010

Completed by: L.W.

Date 2-5-10

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

A

01-9-8

X

X

X

01-2-8

01-2-8

[Mandated programming of and expenditures for City services, functions, or programs designated by the Board of Supervisors.]

CHARTER AMENDMENT

PROPOSITION _____

Describing and setting forth a proposal to the qualified voters of the City and County of San Francisco to amend the Charter of the City and County of San Francisco by amending Sections 9.103 and 9.104 to: allow the Board of Supervisors to mandate the expenditure of identified appropriations for particular programs or activities, in an amount not to exceed the total value of expenditure reductions made by the Board at the same time; require the relevant City departments to report to the Board on their plans for expenditure of the money appropriated; and, allow the Mayor to reject or reduce an appropriation identified as mandatory and reject the designation of the appropriation as mandatory with or without reducing the amount of the appropriation.

The Board of Supervisors hereby submits to the qualified voters of the City and County, at an election to be held on June 8, 2010, a proposal to amend the Charter of the City and County by amending Sections 9.103 and 9.104 to read as follows:

NOTE: Additions are *single-underline italics Times New Roman*;
deletions are ~~*strike-through italics Times New Roman*~~.

SEC. 9.103. ADOPTION OF APPROPRIATION ORDINANCES; MANDATED PROGRAMMING.

(a) The Board of Supervisors may amend the annual proposed budget and appropriation ordinances as follows:

1. After review of the Controller's analysis of the Mayor's revenue estimates, the Board of Supervisors may reduce estimated revenues;

2. The Board of Supervisors may increase or decrease any proposed expenditure in the General Fund or any special, sequestered or other fund so long as the aggregate changes do not cause the expenditures from each fund to exceed the amount proposed for expenditures by the Mayor from any such fund; and

3. The Board of Supervisors may increase or decrease any proposed expenditure for Capital Improvements.

(b) An appropriation is an authorization, but not a mandate, to expend funds for a designated use or purpose. Nevertheless, the Board of Supervisors may designate appropriations for particular City services, functions, or programs as mandates, subject to the limitation in subsection (c), and the department or office of the City to which the appropriation is made must expend, or enter into a legally-binding obligation to expend, such appropriations for those City services, functions, or programs during the fiscal year. No later than 45 days after the adoption of the appropriation, the department or office must report to the Board on its plan for making the mandated expenditures. This requirement to expend funds for a particular City service, function, or program shall apply only to appropriations so designated and in the amount so designated, and not to other funds appropriated for the same purpose.

(c) The value of all mandates established in a given fund by the Board of Supervisors during its consideration of the annual budget may not exceed the total amount by which the Board has reduced expenditures in the Mayor's proposed budget from that fund, as determined by the Controller. In calculating the value of the expenditure reductions, the Controller shall disregard any reductions to the Mayor's proposed budget made by the Board but subsequently restored to the same department, fund, and character of spending. Mandates that the Board of Supervisors imposes through the supplemental appropriation process may not exceed expenditure reductions approved in the same ordinance.

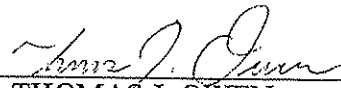
(d) The Board of Supervisors may rescind the designation of an appropriation as a mandate by resolution adopted by a majority vote. The designation of an appropriation as a mandate shall expire with the underlying appropriation.

SEC. 9.104. VETO OF APPROPRIATIONS.

By exercising a veto, The the Mayor may reduce or reject any expenditure authorized by the Board of Supervisors, except appropriations for bond interest, redemption or other fixed charges, within ten days after the Board of Supervisors' adoption of a final annual or supplemental appropriations ordinance. The designation of an appropriation as a mandatory expenditure under Section 9.103(b) shall not affect the Mayor's ability to reduce or reject the underlying expenditure. In particular, the Mayor may reject the Board of Supervisors' designation of the appropriation as a mandatory expenditure in conjunction with exercise of a veto reducing or rejecting the underlying appropriation, or the Mayor may reject such designation alone, without reducing or rejecting the underlying appropriation. Within ten days of receipt of the Mayor's veto message, the Board of Supervisors may, by a vote of two-thirds of its members, reinstate, (i) in whole or in part, any expenditure reduced or rejected by the Mayor and (ii) any designation of an appropriation as a mandatory expenditure rejected by the Mayor. by a vote of two-thirds of its members. In overriding any Mayoral veto, the Board of Supervisors shall not cause the aggregate expenditures for the General Fund or any special, sequestered or other fund in the appropriation ordinances to exceed the Mayor's revenue estimate as allocated to such funds.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By:


THOMAS J. OWEN
Deputy City Attorney

Supervisor Avalos
BOARD OF SUPERVISORS

LEGISLATIVE DIGEST
(Second Draft, dated 1/28/2010)

[Mandated programming of and expenditures for City services, functions, or programs designated by the Board of Supervisors.]

A proposal to amend the Charter of the City and County of San Francisco at an election to be held on June 8, 2010, by amending Sections 9.103 and 9.104 to: allow the Board of Supervisors to mandate the expenditure of identified appropriations for particular programs or activities, in an amount not to exceed the total value of expenditure reductions made by the Board at the same time; require the relevant City departments to report to the Board on their plans for expenditure of the money appropriated; and, allow the Mayor to reject or reduce an appropriation identified as mandatory and reject the designation of the appropriation as mandatory with or without reducing the amount of the appropriation.

Existing Law

An appropriation of money to a City department or office in the annual appropriation ordinance or supplemental appropriation ordinance authorizes the department or office to spend money for the purpose specified. The appropriation ordinance does not require City departments or offices to expend the money appropriated to them.

The Mayor may veto an appropriation, rejecting either all or part of it, and the Board may override the Mayor's veto and restore the appropriation, in whole or in part, by a two-thirds' vote.

Amendments to Current Law

The proposal would amend the Charter to allow the Board of Supervisors to designate appropriations for specific programs or activities as mandates, and require the City department or office receiving the appropriation to spend the money for the designated purpose. The requirement to expend funds would apply only to the specific appropriations designated as mandates; the requirement would not apply to other funds appropriated for the same purpose.

The value of all mandates in a given fund established by the Board of Supervisors during its consideration of the annual budget could not exceed the total amount by which the Board had reduced expenditures in the Mayor's proposed budget from that fund, as determined by the Controller. Mandates that the Board of Supervisors imposed as part of a

supplemental appropriation ordinance could not exceed expenditure reductions approved in the same ordinance.

Under the proposal, the Mayor could veto an appropriation designated as mandatory by reducing or rejecting it. The Mayor could also veto the designation of the appropriation as mandatory with or without reducing the amount of the appropriation. The Board could override such vetoes by a two-thirds' vote.

The Board of Supervisors could rescind the designation of an appropriation as a mandate by resolution adopted by a majority vote of the Board. The designation of an appropriation as a mandate would expire with the underlying appropriation at the end of the fiscal year.

* * *

This Second Draft, dated 1/28/2010, incorporates the following amendments to the First Draft on file, dated 12/15/2010:

- *The Second Draft clarifies that mandates must be matched with budget reductions from the same fund;*
- *It clarifies that the requirement to expend funds only applies to appropriations specifically designated as mandates, and not to other funds appropriated for the same purpose; and,*
- *It clarifies that the Board may by resolution rescind the designation of an appropriation as a mandate during the fiscal year, and that the designation of an appropriation as a mandate expires with the underlying appropriation at the end of the fiscal year.*

The Second Draft also makes additional changes in the language of the measure to clarify its intended operation.



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

C: Rules members

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

January 19, 2010

Ms. Angela Calvillo
Clerk of the Board of Supervisors
1 Dr. Carlton B. Goodlett Place Room 244
San Francisco, CA 94102-4689

RE: File 091430 – Charter amendment allowing the Board of Supervisors to designate certain appropriations as mandates to expend the money appropriated


Dear Ms. Calvillo,

Should the proposed Charter amendment be approved, in my opinion, it would not in and of itself affect the cost of government. The amendment allows the Board of Supervisors to designate items in the City's annual budget as mandates that must be expended during the fiscal year. Currently, the Board of Supervisors' approval of the budget authorizes, but does not mandate, that any particular item be expended. The Board's authority to mandate expenditures would be subject to certain limitations and to the normal veto and override processes. In particular, the amendment provides the Board of Supervisors is limited to mandating expenditures up to the total amount of funds that they reallocated during their budget amendment process.

Each year, some items and programs authorized in the City budget are not actually expended. This can occur for a variety of reasons including revenue shortfalls, decisions by City management, disagreement on priorities, delays in hiring or approvals, and other financial, legal or planning issues. At the end of the fiscal year, the authorization for those items either ends or is continued to a future fiscal year, largely depending on the type of fund source. Similarly, unexpended monies at the end of the fiscal year either become part of any available balance in that fund or continue to be held for expenditure in a subsequent year.

The City typically has unexpended monies at year end and has been able to use those to balance subsequent years' budgets. The proposed amendment would make it less likely that there would be unexpended monies at the end of the fiscal year for this purpose. In effect, the amendment would cause the City to spend more funds in some years and less in others, but would not affect the aggregate amount of City expenditures

Sincerely,


Ben Rosenfield
Controller

Note: This analysis reflects our understanding of the proposal as of the date shown. At times further information is provided to us which may result in revisions being made to this analysis before the final Controller's statement appears in the Voter Information Pamphlet.