

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

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

June 21, 2010

**TO:** Budget and Finance Committee

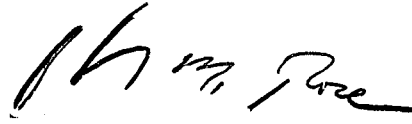
**FROM:** Budget and Legislative Analyst

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

**Page**

**Descriptions for Departmental Budget Hearing, June 23, 2010 Meeting, 10:00 a.m.**

ASR	Assessor//Recorder .....	1
BOS	Board of Supervisors.....	10
CON	Controller .....	23
ECN	Economic and Workforce Development.....	28
GEN	General City Responsibility.....	35
MYR	Mayor's Office.....	43
TTX	Treasurer/Tax Collector .....	52
ADM	Administrative Services .....	61
TIS	Department of Technology .....	77

A handwritten signature in black ink, appearing to read "H M Rose". The signature is fluid and cursive, with the first name "H" 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**

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**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%
<b>Total Expenditures</b>	<b>\$ 15,696,886</b>	<b>\$ 18,436,280</b>	<b>\$ 2,739,394</b>	<b>17.5%</b>
Less Interdepartmental Recoveries And Transfers	0	(470,649)	(470,649)	N/A
<b>Net Expenditures</b>	<b>\$ 15,696,886</b>	<b>\$ 17,965,631</b>	<b>\$ 2,268,745</b>	<b>14.5%</b>

The Department's proposed FY 2010-2011 budget includes a \$1,060,632 Controller’s Reserve, including \$761,352 for unspecified salaries and \$299,280 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 reduce its expenditures by \$1,060,632 in FY 2010-11.

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

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**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:

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

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**DEPARTMENT: ASR – ASSESSOR-RECORDER**

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

<b>Bureau/Division</b>	<b>Job Class</b>	<b>Title</b>	<b>FTE Count</b>	<b>FY 2010-11 Budgeted Salary Amount</b>	<b>Comments</b>
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.
<b>TOTAL LAYOFFS IN FY 2010-11</b>			<b>2.0</b>	<b>\$130,548</b>	

**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**

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**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>	
<b><u>FCG - Recorder (2S-GSF-SAF)</u></b>								
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**

Page No.	Object	Object Title	Position/ Equipment	Number		Amount		Savings
			Number	From	To	From	To	
<b>FDJ - Real Property (1G-AGF-AAA)</b>								
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  
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</u> <u>Number</u>	<u>Number</u>		<u>Amount</u>		<u>Savings</u>
				<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 (1G-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

Page No.	Object	Object Title	Position/ Equipment Number	Number		Amount		Savings
				From	To	From	To	
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	2.79	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  
FOR AMENDMENT OF BUDGET ITEMS  
FY 2010-11**

**Department:** ASR - Assessor-Recorder

Page	No.	Object	Object Title	Position/ Equipment	Number		Amount		Savings
				Number	From	To	From	To	
<b>FEH - Transfer Tax (1G AGF AAA)</b>									
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.

<b>Total Recommended Reductions</b>			<b>\$135,343</b>
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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%)
<b>Total Expenditures</b>	<b>\$ 10,701,998</b>	<b>\$ 10,589,081</b>	<b>\$ (112,917)</b>	<b>(1.1%)</b>
Less Interdepartmental Recoveries And Transfers	(90,000)	(110,000)	(20,000)	22.2%
<b>Net Expenditures</b>	<b>\$ 10,611,998</b>	<b>\$ 10,479,081</b>	<b>\$ (132,917)</b>	<b>(1.3%)</b>

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. The Board is also proposing to allocate Board membership fees between the Board/Clerk of the Board and Enterprise departments through workorders, for additional potential savings.
- 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 minor additional temporary salary expenses from the increased workload for the Assessment Appeals Board 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.
- As shown in the Summary of Program Expenditures table above, the Interdepartmental Recoveries will increase from \$90,000 to \$110,000, an increase of \$20,000 or 22.2 percent due to (a) \$90,000 for the Clerk of the Board's staff to provide administrative support to the PUC's Revenue Bond Oversight Committee, in accordance with Charter Section 67.31, which the PUC funds from the

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

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**DEPARTMENT:                          BOS – BOARD OF SUPERVISORS**

sale of related revenue bonds, and (b) additional \$20,000 recovery from LAFCO to provide administrative support.

In FY 2010-2011, the Board of Supervisors may require additional funding to support unanticipated costs for (a) new Municipal Code book purchases and updates secured through the City Attorney’s Office, (b) parking fees previously absorbed by the Municipal Transportation Agency (MTA), and (c) a new Administrative Code provisions (Access to Language Services) effective January 2011, which will require significantly more translation and interpretation services, demographic tracking, long range program development, and premium pay for bilingual staff.

The Department's proposed FY 2010-2011 budget includes a \$551,499 Controller’s Reserve, including \$400,929 for unspecified salaries and \$150,570 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 Mayor’s proposed FY 2010-2011 budget.

**DEPARTMENT PERSONNEL SUMMARY:**

The number of full-time equivalent positions budgeted for FY 2010-11 is 64.4 FTEs, which is 1.02 FTEs less than the 65.42 FTEs in the original FY 2009-10 budget, as shown below:

<b>AUTHORIZED POSITIONS</b>	<b>FY 2009-2010 Original Budget</b>	<b>FY 2010-2011 Proposed Budget</b>	<b>Proposed Increase (Decrease) vs. FY 2009-2010 Budget</b>
<b>Total Authorized</b>	65.42	64.40	(1.02)
<b>Non-Operating Positions (Capital / Other)</b>	(2.00)	(2.00)	-
<b>Net Operating Positions</b>	63.42	62.40	(1.02)

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

- 2.0 FTE Non-Operating Positions, one 9770L Community Development Assistant and one 9775L Senior Community Development Specialist II, were created for LAFCO and approved by the Board of Supervisors on May 24, 2009 (Ordinance No. 50-09), which will be funded with annually appropriated PUC funds through June 30, 2011;
- Deletion of one 1367 Special Assistant VIII position from the Legislative Analyst’s office;
- To better align work requirements with classification skills, while achieving savings, the Clerk of the Board is proposing to reclassify one 1371 Special Assistant XII to one 1454 Executive Secretary III for an annual savings of \$19,500 and to reclassify one 1404 Clerk to one 1426 Senior Clerk Typist for an annual increased cost of \$6,425;
- Management and Supervisor Reductions (9990M) made by the Mayor of 0.43 FTE; and

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

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**DEPARTMENT:                          BOS – BOARD OF SUPERVISORS**

- Overall Attrition Savings of 0.21 FTE and Temporary Salary increase of .20 FTE.

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

**DEPARTMENT REVENUES:**

Department revenues are anticipated to increase by \$105,250 or 63.8 percent, from the original FY 2009-10 budget of \$165,000 to the proposed FY 2010-11 budget of \$270,250. General Fund support would decrease by \$238,167 or 2.3 percent, from the original FY 2009-10 budget of \$10,446,998 to the proposed FY 2010-11 budget of \$10,208,831. Specific changes in the Department’s FY 2010-11 revenues include:

- Revenues from Planning Appeals Surcharges on all environmental applications are projected to increase from \$25,000 in FY 2009-2010 to \$40,000 in FY 2010-2011, a \$15,000 increase based on an anticipated increase in the number of planning applications filed in FY 2010-2011;
- Revenues are projected to increase from \$140,000 to \$230,250, an increase of \$90,250 due to increased Assessment Appeals Board processing fees and findings of fact fees (see Fee Legislation below) compounded by the increased volume of filings and hearings at the Assessment Appeals Board in FY 2010-2011.

**Fee Legislation**

The table below summarizes the proposed fee ordinance that accompanies the Board of Supervisors proposed FY 2010-11 budget. Projected revenues for FY 2010-11 are based on the originally proposed fee ordinance, which would increase filing fees from \$30 to \$45:

<b>File No.</b>	<b>Fee Description</b>	<b>FY 2009-10</b>	<b>FY 2010-11</b>		<b>Annualized Revenue Thereafter</b>	<b>% Cost Recovery</b>
		<b>Budgeted Revenue</b>	<b>Projected Revenue</b>	<b>Change from PY</b>		
File 10-0557	Assessment Appeals Board Administrative Processing and Findings of Fact Fees	120,000	180,000	60,000	180,000	71.3%

The Attachment to this report provides greater detail on the Assessment Appeals Board proposed administrative filing fee and findings of fact fee legislation, which was previously heard on June 2, 2010, amended to increase the processing fee from \$45 to \$90 and continued by the Budget and Finance Subcommittee to June 23, 2010.

<p><b>Item 2</b> <b>File 10-0557</b></p>	<p><b>Department(s):</b> Assessment Appeals Board (AAB)</p>
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**EXECUTIVE SUMMARY**

**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 23, 2010. The following report reflects the originally proposed increase of the administrative processing fee from \$30 to \$45.

**Legislative Objective**

- 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**

- 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**

- 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**

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

**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 fact<sup>1</sup>, pursuant to California Revenue and Taxation Code Section 1611.5.

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

<b>Where the property affected by the application has an assessed value on the current assessment roll at</b>	<b>Fees Based on a Sliding Scale Currently Due in accordance with Section 2B.11(a) of the City’s Administrative Code</b>
\$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

<sup>1</sup> 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 Index<sup>2</sup> (CPI)

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<sup>2</sup> 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
<b>Total</b>	<b>11,120</b>	<b>\$313,000</b>	<b>\$27,450</b>
<b>Average Annual</b>	<b>2,780</b>	<b>\$78,250</b>	<b>\$6,863</b>

\*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

	<b>CURRENT</b>		<b>PROPOSED</b> at June 2nd Hearing	<b>ALTERNATIVE FEES</b>	
	FY 09/10 Budget	Actual to 5/31/10		for consideration by the Board July 1, 2010 Effective Date	
<b>REVENUE</b>		<b>\$30</b>	<b>\$45</b>	<b>\$50</b>	<b>\$60</b>
Estimated Number of Appeals	4,000	5,907	4,000	4,000	4,000
Filing Fee Revenue	\$120,000	\$177,210	\$180,000	\$220,000	\$240,000
Revenue Increase			\$60,000	\$80,000	\$120,000
% Proposed Fee Change			50.00%	66.67%	100.00%
<b>COSTS</b>					
<b>Direct Costs</b>					
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		
<b>Indirect Costs</b>					
Departmental Overhead (18%) (2)	\$36,000	\$36,000	\$36,000		
<b>Total Costs</b>	\$252,300	\$252,300	\$252,300	\$252,300	\$252,300
<b>COST RECOVERY</b>					
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)	(\$16.08)	(\$13.08)	(\$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</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>	
<b><u>FAE - Clerk of the Board Revenues(1G-AGF-AAA)</u></b>								
23	60199	Other General Govt Charges (Revenues)				\$230,250	\$250,250	\$20,000

The subject Assessment Appeals Board administrative filing fee (File 10-0557) was originally proposed by the Department to increase from \$30 to \$45, with an estimated additional \$60,000 included in the proposed FY 2009-2010 budget. On June 2, 2010, the Budget and Finance Committee heard the proposed ordinance, increased the administrative filing fee to \$90 and continued the proposed ordinance, to increase the Department's cost recovery from these fees. The proposed ordinance (File 10-0557) is calendared as Item 2 on the June 23, 2010 Budget and Finance Subcommittee calendar.

The proposed conservative \$20,000 increase in revenues reflects a projected Assessment Appeals Board's administrative processing fee that would increase from \$30 to \$50, effective in July 2010, resulting in a 79% cost recovery. If the proposed fee is increased to \$55, revenues are estimated to increase by \$40,000 for a 87% cost recovery. If the proposed fee is increased to \$60, revenues are estimated to increase by \$60,000 for a 95% cost recovery.

**FAA - Board of Supervisors (1G-AGF-AAA)**

24	086	Expend Recovery for SVCS to AAO Funds				0	85,000	85,000
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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, 50 percent or \$85,000 of the total \$170,000 membership cost in FY 2010-2011 would be workordered to Enterprise departments with the remaining \$85,000 funded with General Fund revenues in the Board's budget. This recommendation would result in an offsetting \$85,000 savings to the City's General Fund.

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

**Department: BOS - Board of Supervisors**

<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>	
<b><u>FAE - Clerk of the Board (1G-AGF-AAA)</u></b>								
30	001	Attrition Savings	9993M	(1.4)	(1.7)	(123,924)	(153,924)	30,000
		Increase Attrition Savings to reflect that there is currently one Records Management position vacant that will likely remain vacant for the remainder of the year, and to provide for additional turnover within the Clerk of the Board's Division.						
25	013	Mandatory Fringe Benefits						12,258
		Adjust fringe benefits to reflect Attrition Savings reduction shown above.						
25	040	Materials and Supplies				17,414	16,122	1,292
		Reduce to reflect remaining encumbrances from prior years, that should be used to offset the proposed FY 2010-11 reduction by transferring the remaining Board of Supervisors encumbrance that is no longer needed.						
<b>Total Recommended Reductions</b>								<b>148,550</b>
<b>General Fund Impact</b>						<b>\$148,550</b>		
<b>Non-General Fund Impact</b>						<b>\$0</b>		



**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%
<b>Total Expenditures</b>	<b>\$ 40,746,580</b>	<b>\$ 33,337,835</b>	<b>\$ (7,408,745)</b>	<b>(18.2%)</b>
Less Interdepartmental Recoveries And Transfers	(27,523,641)	(21,376,044)	6,147,597	(22.3%)
<b>Net Expenditures</b>	<b>\$ 13,222,939</b>	<b>\$ 11,961,791</b>	<b>\$ (1,261,148)</b>	<b>(9.5%)</b>

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 nonpersonnel 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.

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

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

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**DEPARTMENT: CON - CONTROLLER**

- 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:

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

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST  
FOR AMENDMENT OF BUDGET ITEMS  
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:

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

**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.

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.

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

**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>From</u> <u>To</u>	<u>Amount</u> <u>From</u> <u>To</u>	<u>Savings</u>	
<b><u>FDG - Accounting Operations and Systems (1G-AGF-AAA)</u></b>							
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	293,162	124,738
		Reduce Professional Services within the Accounting Operations and Systems Division in the FY 2010-2011 budget by \$124,738 to be offset by transferring the remaining Controller encumbrance that is no longer needed to backfill this reduction. The proposed \$124,738 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, (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), and (c) \$16,071 for various remaining consulting and licensing fees and data processing and office supplies.					
<b><u>FDO - City Services Auditor (1G-AGF-AAA)</u></b>							
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  
FOR AMENDMENT OF BUDGET ITEMS  
FY 2010-11**

**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>From</u> <u>To</u>	<u>Amount</u> <u>From</u> <u>To</u>	<u>Savings</u>
<b><u>FDC - Project eMerge (1G-AGF-AAP)</u></b>						
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.				
<b>Total Recommended Reductions</b>						<b>\$471,882</b>
<b>General Fund Impact</b>					<b>\$423,836</b>	
<b>Non-General Fund Impact</b>					<b>\$48,046</b>	

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

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**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:**

<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>
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%)
<b>Total Expenditures</b>	<b>\$ 25,378,307</b>	<b>\$ 16,804,010</b>	<b>\$ (8,574,297)</b>	<b>(33.8%)</b>
Less Interdepartmental Recoveries And Transfers	(4,205,721)	(2,638,443)	1,567,278	(37.3%)
<b>Net Expenditures</b>	<b>\$ 21,172,586</b>	<b>\$ 14,165,567</b>	<b>\$ (7,007,019)</b>	<b>(33.1%)</b>

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

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**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:

<b>AUTHORIZED POSITIONS</b>	<b>FY 2009-2010 Original Budget</b>	<b>FY 2010-2011 Proposed Budget</b>	<b>Proposed Increase (Decrease) vs. FY 2009-2010 Budget</b>
<b>Total Authorized</b>	64.84	68.07	3.23
<b>Non-Operating Positions (Capital / Other)</b>	(8.40)	(14.08)	(5.68)
<b>Net Operating Positions</b>	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 Act<sup>1</sup> funded positions which were approved and appropriated in FY 2009-2010.

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

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<sup>1</sup> 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**

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**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		
File 10-0722	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
<b>Totals</b>		300,000	600,000	300,000	600,000	100



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

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**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**

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**Department: ECN - Economic and Workforce Development**

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<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>
<b><u>BFS - Film Services (2S-CRF-MFP)</u></b>							
148	040	Materials and Supplies			\$4,000	\$1,500	\$2,500
		Reduce 040- Materials and Supplies to reflect historical expenditures.					

**BK5 - Economic Development (1G-AGF-AAP)**

151	021	Travel			\$2,000	\$1,000	\$1,000
		Reduce 021-Travel to reflect historical expenditures.					
151	022	Training			\$1,500	\$750	\$750
		Reduce 022-Training to reflect historical expenditures.					

**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>
<b><u>BK5 - Economic Development (1G-AGF-ACP)</u></b>						
152	005	Temporary Salaries			\$105,000      \$45,000	\$60,000
		Reduce 005-Temporary Salaries to reflect historical expenditures and actual need.				
152	013	Mandatory Fringe Benefits				\$4,740
		Corresponds to increase in Temporary Salaries.				
152	027	Professional Services			\$50,000      \$30,000	\$20,000
		Reduce 027- Professional and Specialized Services to reflect anticipated expenditures for consulting services for the development of a multi-purpose sports and entertainment complex at Hunters Point Shipyard.				
152	040	Materials and Supplies			\$6,000      \$1,000	\$5,000
		Reduce 040-Materials and Supplies to reflect historical expenditures.				

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

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**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>		
<b><u>BK7 - Office of Small Business (1G-AGF-AAA)</u></b>									
154	035	Other Current Expenses				\$52,500	\$47,500	\$5,000	
		Reduce 035-Other Current Expenses to reflect historical expenditures.							
<b><u>BL1 - Workforce Training (1G-AGF-AAP)</u></b>									
155	035	Other Current Expenses				\$50,000	\$45,000	\$5,000	
		Reduce 035-Other Current Expenses to reflect historical expenditures.							
<b>Total Recommended Reductions</b>									<b>\$103,990</b>
<b>General Fund Impact</b>						<b>\$101,490</b>			
<b>Non-General Fund Impact</b>						<b>\$2,500</b>			

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

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**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%)
<b>Net Expenditures</b>	<b>\$ 542,469,076</b>	<b>\$ 554,038,096</b>	<b>\$ 11,569,020</b>	<b>2.1%</b>

**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**

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**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
File 10-0706	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
<b>Totals</b>		-	\$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)<sup>1</sup> 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

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<sup>1</sup> 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  
FOR AMENDMENT OF BUDGET ITEMS  
FY 2010-11**

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**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:

<b>Work Order Performing Department</b>	<b>FY 2010-11 Proposed Work Order Amount</b>	<b>Work Order Description</b>
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.
<b>TOTAL</b>	<b>\$8,000,000</b>	

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

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**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
<b>Total</b>	<b>\$11,569,020</b>



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

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**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 \$250,000.

<b>Union</b>	<b>Description</b>	<b>FY09-10 Budget</b>	<b>FY09-10 Year-end Projection</b>	<b>FY10-11 Proposed Budget</b>	<b>Budget Analyst's Proposed Amt FY10- 11</b>	<b>Budget Analyst's Recommended Reductions</b>
<b>Sup. Nurses - C</b>	Various: On-call Pay, Master's Prem., Education Program	\$175,050	\$50,000	\$175,050	\$150,050	\$25,000
<b>SEIU</b>	Pharmacists internal adjustment/new hire bonus	97,000	-	97,000	72,000	25,000
<b>Multiple</b>	SEIU as-needed temp healthcare	1,600,000	1,000,000	1,600,000	1,400,000	200,000
<b>TOTAL RECOMMENDED REDUCTIONS</b>						<b>\$250,000</b>

- The Mayor's budget provides an increase of \$11,569,020. Our recommended reductions, which total \$1,400,000, would still allow an increase of \$10,169,020 or 1.9 percent in the General City Responsibility's budget.

Lottery Group	Fee	% Discount (from B2 Fee)	Total # Units	Fee revenue		# Units that would Participate	Fee revenue FY2010-11
				(assuming 100% take-up rate)	Take up rate		
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	<b>7,839,200</b>

**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 \$695K 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	Value	Maximum Fee	Value	Maximum Fee	Value	Maximum Fee
A6	2,000	3,000	4,000	5,000	5,000	5,000	5,500	5,500
A5	4,000	5,000	7,000	8,000	8,000	8,000	8,500	8,500
A4	5,000	8,000	10,000	11,000	11,000	11,000	12,500	12,500
B3	7,000	10,000	13,000	15,000	15,000	15,000	15,500	15,500
B2	9,000	12,000	16,000	18,000	18,000	18,000	19,500	19,500
Total	27,000	38,000	50,000	57,000	57,000	57,000	61,500	61,500

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST FOR  
AMENDMENT OF BUDGET ITEMS  
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	026	Court Fees and Other Compensation		\$ 2,240,000	\$ 250,000
		<p>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 &amp; Legislative Analyst's review of historical and projected spending, reduce Court Fees and Other Compensation by \$250,000 to reflect General City Responsibility's historical expenditures and projected expenditures in FY 2010-11.</p>			
369	035	Other Current Expenses		\$ 8,316,686	\$ 900,000
		<p>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 &amp; Legislative Analyst's review of historical and projected spending, reduce Other Current Expenses by \$900,000 to reflect General City Responsibility's historical expenditures and projected expenditures in FY 2010-11.</p>			
369	097	Appropriated Revenue - Reserved		\$ 28,681,000	\$ 250,000
		<p>Reduce the Salaries and Benefits Reserve by \$250,000, as described in Comment No. 1 above.</p>			
<b>Total Recommended Recommendations</b>					<b>\$ 1,400,000</b>
<b>General Fund Impact</b>				<b>\$1,400,000</b>	
<b>Non-General Fund Impact</b>				<b>\$0</b>	

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST FOR  
AMENDMENT OF BUDGET ITEMS  
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>	

**POLICY RECOMMENDATIONS**

**FCZ - General City Responsibilities (1G-AGF-AAP)**

369	081	Services of Other Dept (AAO Funds) - Condo Conversion Fee Account					**(\$8,000,000)
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\*\*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.

The \$8 million in projected revenues from the Condominium Conversion Impact Fee is part of the \$142,218,840 of Uncertain Revenues and Follow-Up Actions Required that are assumed in the Mayor's proposed FY 2010-11 budget. As such, a deficit of \$8 million in revenues, as assumed in the Mayor's proposed FY 2010-11 budget, will result if the Board disapproves the implementation of the Condominium Conversion Impact Fee.

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.

<b>Workorder Performing Department</b>	<b>FY 2010-11 Proposed Workorder Amount</b>	<b>Workorder Description</b>
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.
<b>TOTAL</b>	<b>\$8,000,000</b>	

**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.

<b>Program</b>	<b>FY 2009-2010 Original Budget</b>	<b>FY 2010-2011 Proposed Budget</b>	<b>Proposed Increase (Decrease) vs. FY 2009-2010 Budget</b>	<b>% Inc./Dec.</b>
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%)
<b>Total Expenditures</b>	<b>\$ 27,618,476</b>	<b>\$ 13,581,140</b>	<b>\$ (14,037,336)</b>	<b>(50.8%)</b>
Less Interdepartmental Recoveries And Transfers	(4,918,893)	(7,131,887)	(2,212,994)	45.0%
<b>Net Expenditures</b>	<b>\$ 22,699,583</b>	<b>\$ 6,449,253</b>	<b>\$ (16,250,330)</b>	<b>(71.6%)</b>

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 4<sup>th</sup> 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**

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**DEPARTMENT: MYR - MAYOR**

of Criminal Justice and absorption of the Mayor's Criminal Justice staff into the Mayor's Administration and Neighborhood Services Divisions.

- Increase of \$2,048,119 or 71.1 percent from the \$2,879,508 FY 2009-2010 budget to the proposed \$4,927,627 FY 2010-2011 budget for the Homeless Services Division to pay for housing operating subsidies for the City's affordable housing programs that serve homeless and formerly homeless clients. These programs are administered by the Human Services Agency (HSA) and the Department of Public Health (DPH), and fully funded with General Fund revenues. As shown in the Table above, the expenditure recoveries in the Mayor's proposed FY 2010-2011 budget are increasing by \$2,212,994, primarily due to the \$2,048,119 increase of General Fund expenditure recoveries from HSA and DPH for this program; expenditure recoveries total \$4,927,627 from HSA and DPH to fully offset the General Fund cost to pay for local operating subsidies (repairs, water, electric, gas, etc) to maintain the supportive housing buildings that provide services for previously homeless tenants.
- Reduction of \$236,449 or 31.1 percent, from \$760,812 in FY 2009-2010 to \$524,363 in FY 2010-2011 for Neighborhood Services, primarily because of reductions in permanent salaries and related fringe benefit costs, that result from the transfer of 1.0 FTE 0887 Mayoral Staff VII from Criminal Justice to Neighborhood Services, offset by 3.6 FTE Attrition Savings.
- Reduction of \$75,431 or 5.8 percent from the \$1,291,863 FY 2009-2010 budget to the proposed \$1,234,374 FY 2010-2011 budget for the Public Policy and Finance Division primarily due to reductions in permanent salaries from increased Attrition Savings and Step Adjustments.

The Mayor's proposed FY 2010-2011 budget includes a \$257,270 Controller's Reserve, including \$174,046 for unspecified salaries and \$83,224 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 Mayor's proposed FY 2010-2011 budget.

**DEPARTMENT PERSONNEL SUMMARY:**

The number of full-time equivalent positions budgeted for FY 2010-11 is 99.24 FTEs, which is 6.64 FTEs less than the 105.88 FTEs in the original FY 2009-10 budget, as follows:

<b>AUTHORIZED POSITIONS</b>	<b>FY 2009-2010 Original Budget</b>	<b>FY 2010-2011 Proposed Budget</b>	<b>Proposed Increase (Decrease) vs. FY 2009-2010 Budget</b>
<b>Total Authorized</b>	105.88	99.24	(6.64)
<b>Non-Operating Positions (Capital / Other)</b>	(57.32)	(57.30)	0.02
<b>Net Operating Positions</b>	48.56	41.94	(6.62)

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

**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. Under the proposed ordinance, Section 8.43 of the City’s Administrative Code would be amended to charge the following fees:

<b>Proposed New Mayor’s Office of Housing Administrative Fees Item 3, File 10-0705, June 16, 2010 Budget and Finance Committee</b>	<b>Proposed New Fees per Application Processed</b>	<b>Estimate d Annual Revenue</b>	<b>Percent Cost Recovery</b>
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%
	<b>Total</b>	<b>\$236,000</b>	

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 above 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. 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 a consumer price index.

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

---

**DEPARTMENT: MYR - MAYOR**

The Budget and Legislative Analyst questions why the proposed ordinance (File 10-0705) would also amend Section 10.100-117 to (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.

The Mayor's Office agrees with the Budget and Legislative Analyst to maintain the Housing Programs Fees Fund as a category two fund subject to the Board of Supervisors annual or supplemental appropriation process, such that the proposed ordinance should not amend Section 10.100-117 of the Administrative Code. The Mayor's Office further advises that, if the proposed ordinance is approved, the Mayor's Office will submit a technical adjustment to the FY 2010-2011 budget to reflect that approximately \$236,000 of non-General Fund expenditures for the Mayor's Office of Housing would be offset by the proposed administrative fees.

**Recommendations**

1. Amend the subject ordinance to delete all proposed language changes to Section 10.100-117.
2. Approve the proposed ordinance, as amended.



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

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**Department: MYR - Mayor's Office**

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<u>Page</u>	<u>Object</u>	<u>Object Title</u>	<u>Position/ Equipment Number</u>	<u>Number</u>	<u>Amount</u>
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**INFORMATION REQUESTED BY THE BUDGET AND FINANCE COMMITTEE**

**FEA City Administration (1G AGF AAA)**

296	001	Mayoral Staff XVII	0905	1.0	\$135,182
296	001	Mayoral Staff X	0890	1.0	76,917
296	001	Mayoral Staff IX	0889	1.0	71,138
296	001	Mayoral Staff VI	0886	1.0	<u>57,124</u>
		Subtotal Salaries			\$340,361
	013	Mandatory Fringe Benefits			\$139,072
			Total		\$479,433

The Budget and Finance Committee requested a listing of the positions in the Mayor's Office proposed FY 2010-2011 budget that have specific press and public relations responsibilities. As identified above, the Mayor's FY 2010-2011 budget includes a total of four filled press and public relations positions, which are funded with General Fund revenues. In FY 2009-2010, the Mayor's Office had 5.0 FTE positions that had specific press and public relations responsibilities.

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

**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>
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**INFORMATION REQUESTED BY THE BUDGET AND FINANCE COMMITTEE**

**FAJ Neighborhood Services (1G AGF AAA)**

295	001	Mayoral Staff IV	0884	7.00	\$347,082
295	001	Mayoral Staff VII	0887	3.00	184,393
295	001	One Day Adjustments	9991M	0.00	1,147
295	001	Attrition Savings	9993M	(3.60)	(196,877)
295	001	Step Adjustments	STEPM	0.00	(36,106)
282	013	Mandatory Fringe Benefits			190,579
282	035	Other Current Expenses			7,000
282	040	Materials & Supplies Budget			6,000
282	049	Other Materials & Supplies			4,000
282	081	Services of Other Depts			<u>17,145</u>
Total					\$524,363

In addition to the four positions identified on the prior page with specific press and public relations responsibilities, as shown above, there are ten FTE positions proposed in the FY 2010-2011 Mayor's Office of Neighborhood Services Division budget, funded with City General Fund revenues. As also shown above, the Mayor's FY 2010-2011 budget includes Attrition Savings which assumes a total of 3.6 FTE vacant positions in this Division, or net funding for 6.4 FTEs. Currently, there is one vacant 0884 Mayoral Staff IV position in the Mayor's Office of Neighborhood Services. The Budget and Legislative Analyst's recommendations would eliminate the one currently vacant Mayoral Staff IV position and adjust Attrition Savings accordingly.

In FY 2009-2010, the Board of Supervisors also deleted one vacant 0884 Mayoral Staff IV position in the Mayor's Office of Neighborhood Services, reducing this Division from ten FTEs to nine FTEs. The proposed FY 2010-2011 budget increased the Mayor's Office of Neighborhood Services Division from nine FTEs back to ten FTEs due to the elimination of the Mayor's Office of Criminal Justice Division and the resulting transfer of one 0887 Mayoral Staff VII position from the Mayor's Office of Criminal Justice to the Neighborhood Services Division. In addition to the above-noted positions, there is also one 0904, Mayoral Staff XVI position budgeted at an annual salary at \$125,285 in the Mayor's Administration Division, that is primarily responsible for overseeing the Mayor's Office of Neighborhood Services.

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

**Department: MYR - Mayor's Office**

<u>Page</u>	<u>Object</u>	<u>Object Title</u>	<u>Position/ Equipment</u>	<u>Number</u>	<u>Number</u>	<u>Amount</u>
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**INFORMATION REQUESTED BY THE BUDGET AND FINANCE COMMITTEE**

**FEA General Fund Work Order Fund (1G AGF WOF)**

297	001	Mayoral Staff XVII	0905	1.00		\$135,182
297	001	Mayoral Staff XVI	0904	1.00		125,285
297	001	Mayoral Staff XV	0903	2.00		233,554
297	001	Mayoral Staff XIV	0902	1.00		108,195
297	001	Mayoral Staff XIII	0901	2.00		201,756
297	001	Mayoral Staff IX	0889	1.00		71,138
297	001	Mayoral Staff IV	0884	1.00		49,583
297	001	Management & Super Reduc	9990M	(0.12)		(15,700)
297	001	One Day Adjustment	9991M	0.00		3,304
297	001	Attrition Savings	9993M	(0.41)		(44,247)
297	001	Step Adjustments	STEPM	0.00		(21,315)
				<b>8.5</b>		
284	013	Mandatory Fringe Benefits				379,695
284	024	Membership Fees				100,476
284	035	Other Current Expenses				600,000
284	081	Services of Other Depts				2,354
		Expend Recovery For Svcs to				(1,348,301)
284	086	AAO Funds				
		Expend Recovery For Svcs to				
284	087	Non- AAO Funds				(580,959)
		Total				\$0

The Mayor's Office includes both a (a) City Administration Division that is directly funded with General Fund revenues and (b) City Administration Workorder Division, that is fully funded with expenditure recoveries from approximately 50% from General Fund Departments and approximately 50% from Enterprise Departments. The Mayor's Office reports that the City Administration Division provides direct policy, administrative, press and support staff for the Mayor's Office. In contrast, the Mayor's Office reports that the City Administration Workorder Division either supports the legislative agendas of the entire City and/or specific departments or City initiatives that require the Mayor's Office leadership. The above list identifies the specific classifications and expenses under the Mayor's City Administration Workorder Division, with the descriptions on the next page identifying the general responsibilities of each position and the offsetting City funding source:

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

**Department: MYR - Mayor's Office**

<b>Page</b>			<b>Position/ Equipment</b>			
<b>No.</b>	<b>Object</b>	<b>Object Title</b>	<b>Number</b>	<b>Number</b>	<b>Amount</b>	

**INFORMATION REQUESTED BY THE BUDGET AND FINANCE COMMITTEE**

- (a) 0905 Mayoral Staff XVII is the Director of Government Affairs, which is charged to the Department of Public Health (DPH), Human Services Agency (HSA), Economic and Workforce Development (ECN); Municipal Transportation Agency (MTA), Port and Public Utilities Commission (PUC);
- (b) 0904 Mayoral Staff XVI is the Deputy Chief of Staff, which is charged to DPH, HSA, ECN, MTA, Department of Building Inspection (DBI), Port, PUC and Department of Children, Youth and Their Families (DCYF);
- (c) one of the two 0903 Mayoral Staff XV is the Education Policy Director, which is fully charged to DCYF (Children's Fund);
- (d) one of the two 0903 Mayoral Staff XV is the Interagency Council Coordinator, which is charged to the DPH, HSA and DCYF;
- (e) 0902 Mayoral Staff XIV is the Board of Supervisors liaison, which is fully charged to DPH, HSA, ECN, MTA, DBI, Police, Port, PUC, and DCYF;
- (f) one of the two 0901 Mayoral Staff XIII is the Greening Policy Director, which is charged to the Planning Department, PUC, Recreation and Parks Department, Department of Public Works and the MTA;
- (g) one of the two 0901 Mayoral Staff XIII is the Transportation Policy Director position is currently charged to a grant; and
- (h) both the 0889 Mayoral Staff IX and the 0884 Mayoral Staff IV provide research and support to the Director of Government Affairs, which are charged to DPH, HSA, ECN, MTA, DBI, Port, PUC and DCYF.

In addition to the position descriptions above and listed on the prior page, in FY 2010-2011, there is a new Economic Development 0903 Mayoral Staff XV position budgeted under the Mayor's Budget and Finance Division, with offsetting recoveries from developer fees to work on Hunters Point development projects.

In addition to the position descriptions above and listed on the prior page, there is (a) a Director of Climate Control position 9180, Manager VI who is a liaison to the Mayor, included in the MTA budget, and funded with a combination of MTA, PUC and Department of Environment funding, and (b) a Policy Director for Homelessness position 0954, Deputy Director IV, who is a liaison to the Mayor included in the HSA budget and funded with HSA funding.

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

**Department: MYR - Mayor's Office**

Page No.	Object	Object Title	Position/ Equipment Number	Number		Amount		Savings
				From	To	From	To	
<b><u>FAB - Community Investment (1G-AGF-AAA)</u></b>								
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 to backfill this reduction. The proposed \$259,928 remaining 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>								

**FAJ - Neighborhood Services (1G-AGF-AAA)**

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>								
295	001	Attrition Savings	9993M	(3.6)	(2.6)	(196,877)	(147,294)	(49,583)
<p>Reduce Attrition Savings to offset the proposed deletion of the above-noted one position.</p>								

**Total Recommended Reductions**

**\$259,928**

**General Fund Impact**

**\$259,928**

**Non-General Fund Impact**

**\$0**

**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%)
<b>Total Expenditures</b>	<b>\$ 27,614,568</b>	<b>\$ 27,010,932</b>	<b>\$ (603,636)</b>	<b>(2.2%)</b>
Less Interdepartmental Recoveries And Transfers	(5,694,909)	(5,343,641)	351,268	(6.2%)
<b>Net Expenditures</b>	<b>\$ 21,919,659</b>	<b>\$ 21,667,291</b>	<b>\$ (252,368)</b>	<b>(1.2%)</b>

The Department's proposed FY 2010-2011 budget includes a \$1,296,327 Controller’s Reserve, including \$918,244 for unspecified salaries and \$378,083 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 reduce its expenditures by \$1,296,327 in FY 2010-11.

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

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**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:

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

<b>Bureau/Division</b>	<b>Job Class</b>	<b>Title</b>	<b>FTE Count</b>	<b>FY 2010-11 Budgeted Salary Amount</b>	<b>Comments</b>
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.
<b>TOTAL LAYOFFS IN FY 2010-11</b>			<b>13.0</b>	<b>\$880,210</b>	



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

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**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		
10-0711	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
<b>TOTALS</b>		\$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**

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**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

<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>	

**FC2 - Legal Service (1G-AGF-AAA)**

323	027	Professional & Specialized Services				1,500	850	650
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Department has historically underspent its Professional & Specialized Services expenditure in this program, and Department-wide. A reduction of \$650 will allow sufficient Professional & Specialized Services in FY 2010-2011, based on historic spending trends.

323	035	Other Current Expenses				16,200	14,000	2,200
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Department has historically underspent its Other Current Expenses expenditure in this program, and Department-wide. A reduction of \$2,200 will allow sufficient Other Current Expenses in FY 2010-2011, based on historic spending trends.

**FCN - Property Tax/Licensing (1G-AGF-AAA)**

327	027	Professional & Specialized Services				12,000	10,800	1,200
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Department has historically underspent its Professional & Specialized Services expenditure in this program, and Department-wide. A reduction of \$1,200 will allow sufficient Professional & Specialized Services in FY 2010-2011, based on historic spending trends.

**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	
<b><u>FCO - Business Tax (1G-AGF-AAA)</u></b>								
329	027	Professional & Specialized Services				178,228	168,000	10,228
		Department has historically underspent its Professional & Specialized Services expenditure in this program, and Department-wide. A reduction of \$10,228 will allow sufficient Professional & Specialized Services in FY 2010-2011, based on historic spending trends.						
329	035	Other Current Expenses				42,479	37,000	5,479
		Department has historically underspent its Other Current Expenses expenditure in this program, and Department-wide. A reduction of \$5,479 will allow sufficient Other Current Expenses in FY 2010-2011, based on historic spending trends.						
<b><u>FCQ - Taxpayer Assistance (1G-AGF-AAA)</u></b>								
332	029	Maintenance Svcs-Equipment				5,000	1,000	4,000
		Department had historically underspent its Maintenance Services-Equipment expenditure in this program. A reduction of \$4,000 will allow sufficient Professional & Specialized Services in FY 2010-2011, based on historic spending trends.						
<b><u>FCS - Delinquent Revenue (1G-AGF-AAA)</u></b>								
332	035	Other Current Expenses				43,800	42,000	1,800
		Department has historically underspent its Other Current Expenses expenditure in this program, and Department-wide. A reduction of \$1,800 will allow sufficient Other Current Expenses in FY 2010-2011, based on historic spending trends.						

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

**Department:** TTX - Treasurer/Tax Collector

<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>	

**FCS - Delinquent Revenue (1G-AGF-ACP)**

334	06P	Programmatic Projects - Budget				333,686	243,638	90,048
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An appropriation of \$243,638 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 \$582,707, will be sufficient for this project, that is reviewing delinquent accounts. Therefore, this account should be reduced by \$90,048.

**FEG - Management (1G-AGF-AAA)**

336	027	Professional & Specialized Services				117,500	105,000	12,500
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Department has historically underspent its Professional & Specialized Services expenditure in this program, and Department-wide. A reduction of \$12,500 will allow sufficient Professional & Specialized Services in FY 2010-2011, based on historic spending trends.

**Total Recommended Reductions**

**\$128,105**

**General Fund Impact**

**\$128,105**

**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

<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>	

**POLICY RECOMMENDATIONS**

<b>Kids2College Savings Plan Program</b>									
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

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.

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.

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.

<b>Total Policy Recommendations</b>	<b>\$256,042</b>
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<b>General Fund Impact</b>	<b>\$256,042</b>
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**(General Fund Savings realized in DCYF Budget)**

<b>Non-General Fund Impact</b>	<b>\$0</b>
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<b>TOTAL RECOMMENDED REDUCTIONS AND POLICY RECOMMENDATIONS</b>	<b>\$384,147</b>
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<b>General Fund Impact</b>	<b>\$ 384,147</b>
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<b>Non-General Fund Impact</b>	<b>\$ 0</b>
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**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%)
<b>Total Expenditures</b>	<b>\$ 228,862,514</b>	<b>\$ 234,947,549</b>	<b>\$ 6,085,035</b>	<b>2.7%</b>
Less Interdepartmental Recoveries And Transfers	(102,826,897)	(102,733,259)	93,638	(0.1%)
<b>Net Expenditures</b>	<b>\$ 126,035,617</b>	<b>\$ 132,214,290</b>	<b>\$ 6,178,673</b>	<b>4.9%</b>

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**

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**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:

<b>AUTHORIZED POSITIONS</b>	<b>FY 2009-2010 Original Budget</b>	<b>FY 2010-2011 Proposed Budget</b>	<b>Proposed Increase (Decrease) vs. FY 2009-2010 Budget</b>
<b>Total Authorized</b>	650.08	576.19	(73.89)
<b>Non-Operating Positions (Capital / Other)</b>	(3.00)	(3.00)	-
<b>Net Operating Positions</b>	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 38.00 FTE positions that are part of a proposed Proposition J for Citywide janitorial services, as follows: (a) 34.50 FTE 2708 Custodian positions, (b) 3.00 FTE 2716 Custodial Assistant Supervisor positions, and (c) .50 FTE Custodial Supervisor positions. 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:

<b>Bureau/Division</b>	<b>Job Class</b>	<b>Title</b>	<b>FTE Count</b>	<b>FY 2010-11 Budgeted Salary Amount</b>	<b>Comments</b>
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**

<b>Bureau/Division</b>	<b>Job Class</b>	<b>Title</b>	<b>FTE Count</b>	<b>FY 2010-11 Budgeted Salary Amount</b>	<b>Comments</b>
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	(34.50)	1,621,735	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	(3.00)	157,381	
Real Estate Services	2718	Custodial Supervisor	(.50)	28,904	
Real Estate Services	2708	Custodian	(13.00)	643,924	These layoffs are a result of reduced janitorial staffing needs for (a) the San Francisco Superior Court, (b) the Treasure Island Development Authority, and (c) 875 Stevenson.
Real Estate Services	2716	Custodial Assistant Supervisor	(1.00)	52,460	
Real Estate Services	2718	Custodial Supervisor	(.77)	44,512	
311 Call Center	1324	Customer Service Agent	(6.00)	373,101	
311 Call Center	1823	Senior Administrative Analyst	(1.00)	91,387	
<b>TOTAL LAYOFFS IN FY 2010-11</b>			<b>(70.27)</b>	<b>\$4,131,334</b>	

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

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

**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 \$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**

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**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		
10-0712	Animal Care and Control Fees	\$210,000	\$335,000	\$125,000	\$335,000	10%
<b>Totals</b>		<b>\$210,000</b>	<b>\$335,000</b>	<b>\$125,000</b>	<b>\$335,000</b>	

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 hoofed 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**

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**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, including a reduction of at least \$1,413,130 resulting from the proposed Proposition J for citywide janitorial services. The Controller has certified that the subject services can be provided at less cost by a contractor than by City employees, with an estimated annualized savings of at least \$2,826,854. 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:

**File No. 10-0732 – 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.

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

---

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

The Department's proposed FY 2010-2011 budget contains \$7,051,464 for six months of janitorial services provided by Real Estate staff from July 1, 2010 through December 31, 2010. If the proposed Proposition J is approved, beginning January 1, 2011, the Department would layoff 34.50 FTE 2708 Custodian class positions plus 3.50 FTE custodian supervisor positions and replace those positions with the proposed Proposition J contract. On an annualized basis, these layoffs would be 70.00 FTE 2708 Custodian class positions and 7.00 FTE custodian supervisor positions. According to the Department, if the proposed Proposition J is not approved and funds are not restored to current levels by the Board of Supervisors, the Department will have to lay off approximately 17.5 FTE janitorial positions in FY 2010-11, which is 25 percent of positions in the 2708 Custodian class, and is an annualized 35.00 FTE 2708 Custodian positions. However, if the proposed Proposition J is approved, as noted in the chart above, it would result in the layoff of 34.50 FTE 2708 Custodian positions in FY 2010-11, which is an annualized 70.00 FTE 2708 Custodian positions.

If the proposed Proposition J contract is approved by the Board of Supervisors, beginning on January 1, 2011, the Department will replace the current janitorial services provided by departmental staff with a private janitorial services contractor selected on a competitive basis, at a cost of \$1,683,130 for six months in FY 2010-11, and at an annualized cost of approximately \$3,366,260 beginning in FY 2011-12. The Controller reports that the estimated General Fund savings as a result of contracting this service would be between \$1,413,427 and \$1,872,837 for six months in FY 2010-11, from January 1, 2011 through June 30, 2011, and an annualized ongoing General Fund savings of between \$2,826,854 and \$3,745,673 beginning in FY 2011-12. Therefore, restoring the funds to current levels would require between \$1,413,427 and \$1,872,837 in FY 2010-11 and between \$2,826,854 and \$3,745,673 beginning in FY 2011-12.

Recommendation: Approval of the proposed Proposition J contract for citywide janitorial services is a policy matter for the Board of Supervisors.

**File No. 10-0737 – Body Removal Services.** The proposed FY 2010-11 budget contains a new Proposition J contract for body removal services.

For the past four years, the Medical Examiner has utilized a contract body removal service on an as-needed basis for body removals that occurred during the scheduled days off of permanent Medical Examiner staff. The Medical Examiner has approximately 12 FTE positions, each of which have approximately 21 days off per year, resulting in 210 shifts which might be replaced by a Removal Service. Based on the number of removals done per year, contractors would perform approximately 1.3 removals per shift.

According to the Department, the original Proposition J for body removal services, as certified by the Controller, was approved by the Board of Supervisors in the FY 2005-06 budget (File No. 05-1147), and the related renewals, also certified by the Controller, have been approved by the Board of Supervisors every year since. According to the Department, there have been labor disagreements as to the usage of this outside Proposition J contract, so for FY 2010-11 the Department has proposed this Proposition J as a new approval, rather than as a continuing Proposition J contract. The Controller

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

---

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

reports that the estimated General Fund savings as a result of contracting this service is at least \$28,548 annually.

Recommendation: Approval of the proposed Proposition J contract for body removal services is a policy matter for the Board of Supervisors.

**Other Pending Legislation – File No. 10-0649**

The Department’s FY 2010-11 budget includes assumes approval of a new lease agreement between the Department and BGCA Management, LLC, to operate and use the Bill Graham Civic Auditorium (File No. 10-0649). The proposed lease agreement would have a term of 20 years, with two 5-year extension options, and an annual base rent of \$100,000, payable by BGCA Management, LLC, to the City, which would become effective after an initial maximum 12-month construction period.

Under the proposed lease agreement, the lessee would pay for up to \$10,000,000 in necessary facility improvements no later than three years from the approval of the proposed lease agreement. Under the proposed lease agreement, BGCA Management, LLC, would have exclusive jurisdiction to lease out the Bill Graham Civic Auditorium for various events for a minimum of 315 days per year. The proposed lease agreement further would provide the City Administrator the right to request and negotiate use of the Bill Graham Civic Auditorium with BGCA Management, LLC, for the remaining up to 50 days for City purposes, so long as the City covers all costs and expenses relating to the use of the Auditorium on all of those days.

The Department does not anticipate receiving any rental revenues from the Bill Graham Civic Auditorium in FY 2010-11, whether or not the lease agreement is approved. However, because the lessee would assume all operating costs at Bill Graham Civic Auditorium in FY 2010-11 that are currently being paid for by the City, including security, janitorial and engineering expenses, the Department has budgeted \$0 for operating costs for Bill Graham Civic Auditorium in FY 2010-11, which in FY 2009-10 were approximately \$675,000. Therefore, should the Board of Supervisors disapprove the proposed lease agreement, the Department states that it would need an additional estimated \$675,000 in General Fund monies to pay for operating costs for the Bill Graham Civic Auditorium.

Recommendation: Although the Budget and Legislative Analyst has not had sufficient time to review the proposed lease agreement in detail, we conclude that the proposed lease agreement would result in savings to the General Fund.

**311 Call Center Analysis**

At the June 16, 2010 Budget and Finance Committee hearing on the Department’s budget, the Committee requested that the Budget and Legislative Analyst review a June 26, 2008 memorandum submitted by the Controller to the Budget and Finance Committee titled “FY08-09 311 staffing cost options,” which is the Attachment to this narrative.

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

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

As the Controller stated in the Attachment, “Should [311 Call Center] hours be reduced by closing from 11 pm to 7 am without redeploying staff, the cost of approximately six FTEs – an estimated \$522,000 – could be made available, however as noted below there would also be costs resulting from the closure.” The two costs that the Controller identified that would result from closure of the 311 Call Center between 11pm and 7am included: (a) calls that formerly went to 28-CLEAN from Housing Authority residents that need to have a “live” response, and (b) calls that might now go to 911 that used to go to 311.


**COMMENTS:**

The Mayor’s FY 2010-11 budget provides an increase of \$6,085,035. Our recommended reductions in the proposed FY 2010-11 budget, which total \$304,382, would still allow an increase of \$5,780,653, or 2.5 percent, in the Department’s FY 2010-11 budget.



## MEMORANDUM

**TO:** Honorable Members of the Board of Supervisors Budget Committee

**FROM:** Ben Rosenfield, Controller 

**DATE:** June 26, 2008

**SUBJECT:** FY08-09 311 staffing cost options

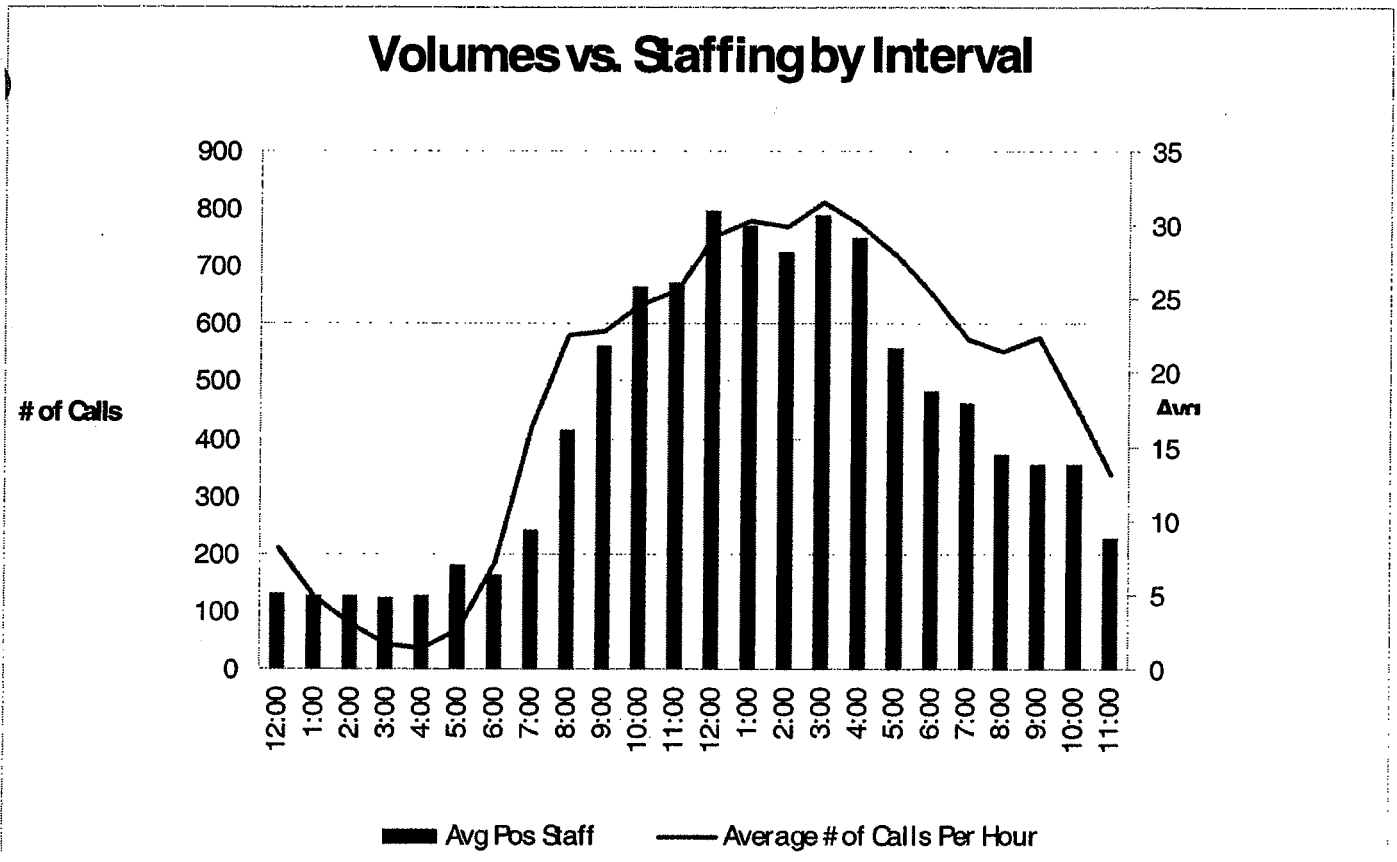
This memo responds to the Board of Supervisors' Budget and Finance Committee request for information on the 311 Center and options which may allow the City to reduce costs. The chart on the reverse shows average call volume and staffing by time of day for the month of May 2008 to illustrate the basic patterns at 311. We have reviewed this and other performance information that 311 provided and observations are:

- **When to close.** Ninety-one percent of calls are received between the hours of 7 am and 11 pm. For an overnight closure of some hours, the 11 pm to 7 am period would seem to be the most efficient and still serve the bulk of callers. For weekends, in general call volume stays consistently high over the same hours, and longer closures would not be efficient.
- **Call volume and staffing.** As shown on the chart, call volume rises steadily from 7 am on and is at peak from 12 pm to 5 pm. Currently, up to 30 call takers are working during peak periods, dropping to 5-7 staff during the overnight hours. Additional call takers during the peak hours are needed to improve service—in particular the afternoon and early evenings have long wait times and higher numbers of abandoned calls. Should hours be reduced and staff redeployed to higher peak volume times, the department estimates that nearly 459,000 additional calls would be answered, with each call taker answering 3,300 calls per month.
- **Staff costs.** On an annual basis each 311 Customer Service Agent position costs the City approximately \$87,000. Should hours be reduced by closing from 11 pm to 7 am without redeploying staff, the cost of approximately six FTEs—an estimated \$522,000—could be made available, however as noted below there would also be costs resulting from the closure.
- **Who/what would be affected by overnight closure.** About 40% of calls during any given period are originating from the 673-MUNI number, and a substantial portion of calls to 311 are also likely to be MTA related. Callers during the 11 pm to 7 am period requesting MTA information are likely to be calling for 'next bus' or trip planning information. Fifty to sixty percent of service requests (those calls that are not informational, but generate a service request) during the overnight periods also fall into the MTA and DPW service areas.



- Solutions and costs for overnight calls.** Some information needs and service requests from overnight calls could possibly be met by other solutions such as using 511, or the on-line reporting function recently launched by 311 for MTA services which is soon to expand to other agencies. However, there are non-Police emergency service needs where there would need to be a “live” solution—for example calls that formerly went to 28-CLEAN\*, service calls from Housing Authority residents, and others. Some callers would go into 911 that would formerly have come to 311, though we have not estimated how many. We would recommend that overnight closure not be implemented until October 31, 2008 at the earliest to allow time to develop solutions for these needs, and there will be costs to replace the 311 function during overnight periods.
- Staffing to meet performance goals.** 311 has a performance goal of answering 80% of calls within 60 seconds. Based on demand patterns, call volume for FY08-09 is projected to rise 2-4% per month. In order to achieve the 80% performance goal, even with an overnight closure of up to eight hours as discussed here, an estimated 117 total FTEs would be required, and for 24/7 operations, an estimated 128 FTEs would be required.

**San Francisco 311 Call Volume and Staff by Time of Day – May 2008 Averages**



\*Staffing from 28-CLEAN call center was transferred to 311 when consolidated. 28-CLEAN number routes directly to 311. There were several agencies such as PUC, REC&PARK and other DPW agencies that switched their calls for after hour emergencies to 28-CLEAN, which now route to 311 as well.

**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>		
<b><u>AME - County Clerk Services (1G-AGF-AAA)</u></b>								
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.					
<b><u>FAC - City Administrator - Administration (1G-AGF-AAA)</u></b>								
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 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>	
<b><u>FCC - Procurement Services (1G-AGF-AAA)</u></b>								
180	001	Attrition Savings Increase Attrition Savings to reflect actual need.				(\$113,420)	(\$130,000)	\$16,580
147	013	Mandatory Fringe Benefits Corresponds to reduction in position expenditures.						\$6,775
147	025	Entertainment and Promotion Reduce Entertainment and Promotion to \$0 as the Department has stated that it no longer has a need for this budgetary authority.				\$7,500	\$0	\$7,500

**FFB - Living Wage / Living Health (MCO/HCAO) (1G-AGF-AAA)**

184	9993M	Attrition Savings Increase 9993M Attrition Savings by \$29,073 to account for expected 4-6 week delay in filling one vacant 2978 Contract Compliance Officer position.				(\$49)	(\$12,162)	\$12,113
151	013	Mandatory Fringe Benefits Corresponds to reduction in position expenditures.						\$4,949

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

**Department: ADM - General Services Agency - City Administrator**

<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>	
<b><u>FFH - Facilities Mgmt &amp; Operations (1G-AGF-AAA)</u></b>								
186	001	Junior Management Assistant	1840			\$59,827	\$0	\$59,827
<p>The Budget Analyst recommends the reassignment of one 1840 Junior 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 reduction in position expenditures.								
152	028	Maintenance Svcs - Building & Structures				\$222,643	\$148,643	\$74,000
Reduce Maintenance Services - Building & Structures by \$74,000 to reflect actual need based on historical and projected 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>Amount</u>		<u>Savings</u>
				<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>	
<b><u>FFH - Facilities Mgmt &amp; Operations (2S-RPF-SRZ)</u></b>								
186	001	Junior Management Assistant	1840			\$0	\$59,827	(\$59,827)
		<p>The Budget Analyst recommends the reassignment of one 1840 Junior 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.						
<b><u>FFI - Real Estate Services (2S-RPF-SRZ)</u></b>								
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.						
145	013	Mandatory Fringe Benefits						\$35,906
		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</u>	<u>Number</u>	<u>Amount</u>		<u>Savings</u>	
				<u>Number</u>	<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>	
<b><u>FFO - 311 Call Center (1G-AGF-AAA)</u></b>									
196	OVERM		Overtime - Miscellaneous				\$20,000	\$5,000	\$15,000
			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
			Corresponds to reduction in position expenditures.						
<b>Total Recommended Reductions</b>								<b>\$304,382</b>	
<b>General Fund Impact</b>							<b>\$264,872</b>		
<b>Non-General Fund Impact</b>							<b>\$39,510</b>		

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

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**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%)
<b>Total Expenditures</b>	<b>\$ 86,557,497</b>	<b>\$ 78,978,687</b>	<b>\$ (7,578,810)</b>	<b>(8.8%)</b>
Less Interdepartmental Recoveries And Transfers	(83,740,430)	(72,355,681)	11,384,749	(13.6%)
<b>Net Expenditures</b>	<b>\$ 2,817,067</b>	<b>\$ 6,623,006</b>	<b>\$ 3,805,939</b>	<b>135.1%</b>

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  
FOR AMENDMENT OF BUDGET ITEMS  
FY 2010-11**

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**DEPARTMENT:** GSA-DT - TECHNOLOGY

**DEPARTMENT PERSONNEL SUMMARY:**

The number of full-time equivalent positions budgeted for FY 2010-11 is 247.96 FTEs, which is 27.03 FTEs less than the 274.99 FTEs in the original FY 2009-10 budget. The FTE allocations are as follows:

<b>AUTHORIZED POSITIONS</b>	<b>FY 2009-2010 Original Budget</b>	<b>FY 2010-2011 Proposed Budget</b>	<b>Proposed Increase (Decrease) vs. FY 2009-2010 Budget</b>
<b>Total Authorized</b>	274.99	247.96	(27.03)
<b>Non-Operating Positions (Capital / Other)</b>	(23.00)	(31.00)	(8.00)
<b>Net Operating Positions</b>	251.99	216.96	(35.03)

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

- 18.00 FTE Layoffs, including 14.00 FTE position deletions and 4.00 FTE position reassignments to Off-budget.
- Deletion of 22.00 FTE positions.
- Transfer of 7.00 FTE positions from the Department of Technology to the Police Department. These positions had been part of a Police work-order with the Department of Technology, and they include: (a) 1.00 FTE 1053 IS Business Analyst-Senior, (b) 4.00 FTE 1062 IS Programmer Analyst, (c) 1.00 FTE 1063 IS Programmer Analyst-Senior, and (d) 1.00 FTE 1070 IS Project Director. The transfer of these seven positions will reduce the Department's staffing and costs but will have no General Fund impact, as they have been paid to date by a General Fund-supported work-order paid for by the Police Department and will continue to be General Fund-supported after they are transferred to the Police Department.
- Transfer the following 2.00 FTE positions from the Department of Technology to the 311 Call Center: (a) 1.00 FTE 1052 IS Business Analyst and (b) 1.00 FTE 1063 IS Programmer Analyst-Senior. These positions are currently funded through the Department's Internal Service Fund, which is funded through expenditure recoveries allocated across all City Departments, and receives (a) 74.1 percent of its revenues from General Fund sources and (b) 25.9 percent of its revenues from non-General Fund sources. Because these two positions would be moving from a program that is 74.1 percent General Fund-supported to a program that is 100 percent General Fund supported, this proposed transfer would increase General Fund costs by an estimated \$64,737 per year (this represents the current 25.9 percent non-General Fund support for the two positions, which have a total salary and fringe benefits expenditure of \$249,949).
- Transfer of the following positions to Off-budget: (a) 4.00 FTE 7362 Communications Systems Technician positions that are currently vacant and (b) 4.00 FTE 7308 Cable Splicer positions that are layoffs. The Department will retain these 8 positions in its budget but does not have the funding to fill them, unless the Department was to obtain sufficient off-budget work-order revenues to fill the positions.



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

**DEPARTMENT:** GSA-DT - TECHNOLOGY

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

<b>Bureau/Division</b>	<b>Job Class</b>	<b>Title</b>	<b>FTE Count</b>	<b>FY 2010-11 Budgeted Salary Amount</b>	<b>Comments</b>
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	

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

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**DEPARTMENT: GSA-DT - TECHNOLOGY**

<b>Bureau/Division</b>	<b>Job Class</b>	<b>Title</b>	<b>FTE Count</b>	<b>FY 2010-11 Budgeted Salary Amount</b>	<b>Comments</b>
Customer Relations Management	1033	IS Trainer-Senior	(1.00)	95,403	Position currently vacant
Customer Relations Management	1053	IS Business Analyst-Senior	(1.00)	100,177	Position currently vacant
Customer Relations Management	1054	IS Business Analyst-Principal	(1.00)	115,989	
<b>TOTAL LAYOFFS IN FY 2010-11</b>			<b>(22.00 )</b>	<b>\$1,824,640</b>	

**DEPARTMENT REVENUES:**

Department revenues, which are primarily recoveries from the departments that receive Department of Technology services, are budgeted to decrease by a net of \$7,578,810 or 8.8 percent, from the original FY 2009-10 budget of \$86,557,497 to the proposed FY 2010-11 budget of \$78,978,687. General Fund support has increased by \$80,215 or 6.3 percent, from the original FY 2009-10 budget of \$1,263,820 to the proposed FY 2010-11 budget of \$1,344,035. Specific changes in the Department's FY 2010-11 revenues include:

- A Beginning Fund Balance of \$3,402,883, compared to a \$0 Beginning Fund Balance budgeted in FY 2009-10.
- A decrease in Expenditure Recoveries of \$11,384,749, or 13.6 percent, from \$83,740,430 in FY 2009-10 to \$72,355,681 in FY 2010-11.

**DESCRIPTION:**

The net decrease in the Department's FY 2010-11 budget of \$7,578,810 is largely due to:

- A reduction in personnel expenditures of \$2,522,267, including (a) \$1,824,640 in salary expenditures and (b) \$697,627 in mandatory fringe benefits, as a result of the deletion of 22.00 FTE positions, as detailed above.
- A reduction in personnel expenditures of \$1,077,659, including (a) \$795,433 in salary expenditures and (b) \$282,226 in mandatory fringe benefits, as a result of transfers to the Police Department and the 311 Call Center of 9.00 FTE positions, as described above.

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

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**DEPARTMENT:** **GSA-DT - TECHNOLOGY**

- A reduction in personnel expenditures of \$540,182, including (a) \$380,593 in salary expenditures and (b) \$159,590 in mandatory fringe benefits, as a result of the substitution of 4.00 FTE 7362 Communications Systems Technician vacant positions to Off-budget.
- 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.

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

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**DEPARTMENT:                                GSA-DT - TECHNOLOGY**

**Other Pending Legislation – File No. 10-0365**

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 amended the agreement three times, such that the current Avaya agreement is for four years through August 30, 2009, for a not-to-exceed \$9,913,366.

The subject requested Fourth Amendment would (a) increase the not-to-exceed agreement by \$3,453,955, from \$9,913,366 to \$13,367,321, and (b) extend the term of the agreement by ten months, from 48 months expiring on August 30, 2009, to 58 months expiring on June 30, 2010. The cost for these telecommunications maintenance and support services are paid through workorders from DT to all other City departments. Approximately 74.1 percent of such costs are charged to General Fund departments, with the remaining 25.9 percent of the costs charged to Enterprise departments.

In December 2009, DT conducted a new competitive process through the City’s Computer Store to provide the same City-wide telecommunications maintenance and support services for the City’s telephone and voicemail systems. Based on that competitive process, DT received three bids and selected XTech/UTDi, who was the low bidder, to provide such telecommunications maintenance and support services commencing July 1, 2010. Based on current Avaya average monthly costs of \$234,158 (\$2,809,896 annually) and the new XTechUTDi monthly bid rates of \$173,270 (\$2,079,240 annually), the new XTechUTDi agreement will result in estimated annual savings of \$730,656 for the City.

The proposed Fourth Amendment is intended to pay for the services provided by Avaya retroactive from August 31, 2009 through June 30, 2010, until the commencement of the new agreement with XTech/UTDi. However, the Budget and Legislative Analyst found that the proposed not-to-exceed \$13,367,321 Avaya agreement through June 30, 2010 (a) exceeds Avaya’s actual and DT’s projected expenditures by \$620,644 and (b) also includes a contingency of \$257,574, or 113.7 percent of the \$226,531 costs estimated to be incurred in June 2010. Therefore, the Budget and Legislative Analyst recommends (a) reducing the requested not-to-exceed agreement with Avaya by \$620,644 plus (b) reducing the \$257,574 contingency to \$22,653 or ten percent of the \$226,531 projected June 2010 costs, for a reduction of \$234,921 in contingency costs.

The Department has already reduced its current FY 2009-10 budget to reflect the reduced amount of the agreement with Avaya. Further, the Department’s FY 2010-11 budget reflects the XTechUTDi contract amount of \$2,079,240.



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

**Department: TIS - Department of Technology**

<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>	
<b><u>BAK - Operations (6I-TIF-AAP)</u></b>								
219	001	IS Engineer-Journey	1042	15.0	14.0	\$1,609,125	\$1,501,850	\$107,275
		Delete one of the six vacant 1042 IS Engineer-Journey positions in the Operations Division. This position was vacated over two years ago - in March of 2008 - and has not yet been filled.						
219	001	IS Engineer-Senior	1053	7.0	6.0	\$701,240	\$601,063	\$100,177
		Delete one of the two vacant 1053 IS Engineer-Senior positions in the Operations Division. This position was vacated nearly two years ago - in October of 2008 - and has not yet been filled.						
220	9993M	Attrition Savings				(\$167,571)	(\$577,392)	\$409,821
		Increase Attrition Savings in the Operations Division by \$409,821 to account for the Department's hiring timeline for 16 vacant positions. Of this \$409,821 amount, \$78,046 is entirely General Fund-supported for the JUSTIS project, and the balance of \$331,775 is supported by the Department's Citywide work-order fund, of which 74.1% is General Fund-supported and 25.9% is non-General Fund supported.						
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						\$259,033
		Corresponds to reduction in position expenditures.						

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

**Department: TIS - Department of Technology**

<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>	
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.

**BIU - Administration (6I-TIF-AAP)**

225	9993M	Attrition Savings				(\$300,913)	(\$365,719)	\$64,806
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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
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Corresponds to reduction in position expenditures.

209	086	Expenditure Recovery for Services to AAO Funds				(\$47,951,474)	(\$47,956,261)	(\$4,787)
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Increase Expenditure Recoveries by \$4,787, as a result of: (a) the deletion of a \$40,000 work order for the Human Services Agency, which the Budget Analyst has recommended be deleted; and (b) an offsetting \$35,213 in additional FY 2010-11 Beginning Fund Balance that the Budget and Legislative Analyst notes will be available for the Department's Administration Division that was not included in the Department's proposed FY 2010-11 budget.

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

**Department: TIS - Department of Technology**

<u>Page</u> <u>No.</u>	<u>Object</u>	<u>Object Title</u>	<u>Position/ Equipment</u> <u>Number</u>	<u>Number</u> <u>From</u> <u>To</u>	<u>Amount</u> <u>From</u>	<u>To</u>	<u>Savings</u>
<b><u>BIU - Administration (6I-TIF-NPR)</u></b>							
210	027	Professional & Specialized Services			\$57,300	\$26,200	\$31,100
		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
		Reduce Maintenance Services - Equipment to reflect actual Department need.					
<b><u>BK4 - Governance and Outreach (1G-AGF-AAA)</u></b>							
212	027	Professional & Specialized Services			\$264,268	\$159,508	\$104,760
		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.					



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

**Department:** TIS - Department of Technology

<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>
<b><u>FCB - Reproduction Services (6I-TIF-AAP)</u></b>							
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.					
<b>Total Recommended Reductions</b>							<b>\$1,583,453</b>
<b>General Fund Impact</b>					<b>\$1,271,360</b>		
<b>Non-General Fund Impact</b>					<b>\$312,093</b>		