

[Creating an Office of Management and Budget led by a Director who shall serve a ten-year term, mandating a two-year budgetary cycle, and requiring the Board of Supervisors to adopt a five-year financial plan.]

## CHARTER AMENDMENT

## PROPOSITION \_\_\_\_

Describing and setting forth a proposal to the qualified voters of the City and County of San Francisco to amend the Charter of the City and County of San Francisco by amending Sections 2.117, 16.123, 16.123-7, 16.123-8, A8.409-4, 9.100, 9.101, 9.102, 9.103, 9.104, 9.113, 9.113.5, and 9.114, to create an Office of Management and Budget and provide that the Director of that Office shall be appointed by the Mayor and confirmed by the Board of Supervisors to a ten-year term, institute a two-year budgetary cycle for all City departments, and require the City to adopt a five-year financial plan.

The Board of Supervisors hereby submits to the qualified voters of the City and County, at an election to be held on November 3, 2009, a proposal to amend the Charter of the City and County by amending Sections 2.117, 16.123, 16.123-7, 16.123-8, A8.409-4, 9.100, 9.101, 9.102, 9.103, 9.104, 9.113, 9.113.5, and 9.114, and adding Sections 4.136 and 9.119 to read as follows:

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

Section 1. The San Francisco Charter is hereby amended by adding Section 4.136 to read as follows:

**SEC. 4.136. OFFICE OF MANAGEMENT AND BUDGET**

*(a) In order to encourage collaboration between the Mayor and the Board of Supervisors, avoid duplication of effort, increase transparency, and reduce costs incurred in preparing the City's budget, there shall be an Office of Management and Budget that shall assist*

and advise the Mayor, the Board of Supervisors, and the Controller in the preparation of any annual or biennial budget for the City and County and any amendment to such budget.

(b) The Mayor shall appoint a Director of the Office of Management and Budget for a ten-year term, subject to confirmation by the Board of Supervisors, to direct the work of the Office of Management and Budget. The Director of the Office of Management and Budget may only be removed by the Mayor for cause, with the concurrence of the Board of Supervisors by a two-thirds vote.

(c) Whenever any ordinance of the Board of Supervisors refers to the "Budget Analyst," "Mayor's Budget Analyst", or the "Board of Supervisors' Budget Analyst" that term shall be interpreted to mean the Director of the Office of Management and Budget.

Section 2. The San Francisco Charter is hereby amended by amending Sections 2.117, 16.123, 16.123-7, 16.123-8, and A8.409-5 read as follows:

## **SEC. 2.117. OFFICES OF THE BOARD OF SUPERVISORS.**

Each member of the Board of Supervisors shall have two staff members pursuant to Section 10.104. The Board of Supervisors shall appoint a Clerk of the Board. The Clerk of the Board shall have charge of the office and records of the Board and its committees and its classified staff. The Clerk shall keep a public record of the proceedings of the board as provided by Section 2.108 of this Charter and shall keep properly indexed files of all ordinances and resolutions. The Clerk shall be responsible for the publication, as required by law, of ordinances, resolutions and other matters acted on by the Board for which publication is specified. The Clerk shall have such other duties and responsibilities as the Board of Supervisors may prescribe.

~~The Board of Supervisors shall appoint and may remove a Budget Analyst and such appointment shall be made solely on the basis of qualifications by education, training and experience for the position to be filled. The Budget Analyst shall be responsible for such duties as the Board of Supervisors shall prescribe.~~

### **SEC. 16.123. CIVILIAN POSITIONS WITHIN THE POLICE DEPARTMENT.**

(a) The Controller shall review sworn and civilian staffing needs in the San Francisco Police Department. As part of that review, the Controller shall review police staffing levels and patterns in comparable jurisdictions, and best practices regarding police staffing.

The Controller and the Chief of Police shall also audit all positions in the Police Department and identify those positions that must be filled by sworn officers and those that could be filled by civilian personnel or that, under best practices in other jurisdictions, typically are filled by civilian personnel.

In conducting these studies, the Controller and the Chief of Police shall consult with the Director of the Office of Management and Budget~~Board of Supervisors' Budget Analyst~~, the Director of the Department of Human Resources, and a representative of the bargaining unit representing sworn members of the Police Department.

Upon the completion of these studies, the Controller and the Chief of Police shall forward to the Mayor and the Board of Supervisors a list of positions in the Police Department currently filled by sworn officers that could be filled by civilian personnel.

Upon submission of the list of positions to the Mayor and the Board of Supervisors, the provisions of subsection (a) shall expire and the City Attorney shall cause them to be deleted from future publications of the Charter, and shall cause the remaining provisions to be relettered accordingly.

(b) Positions may only be converted from sworn to civilian as they become vacant. No sworn officer shall be laid off in order to convert a position to civilian personnel.

If the Mayor and the Board of Supervisors convert positions from sworn officers to civilian personnel through the budget process, the minimum staffing level set in Section 4.127 shall be reduced by the same number of positions if the Controller and the Chief of Police jointly certify that the reduction will not decrease the number of police officers dedicated to

neighborhood community policing, patrol and investigations and will not substantially interfere with the delivery of police services or the ability of the Police Department to protect the public in the event of an emergency.

#### **SEC. 16.123-7. STRUCTURAL SAVINGS TO THE CITY'S BUDGET.**

(a) Controller's and Director of the Office of Management and Budget ~~Budget Analyst's~~ Recommendations. Not later than October 1 of each fiscal year from Fiscal Year 2005-06 through 2009-10, the Controller and the Director of the Office of Management and Budget ~~Board of Supervisors' Budget Analyst~~ shall prepare and submit recommended cuts or other structural changes to reduce, on an ongoing basis, spending on City departmental operations, or identify new revenues, in an amount sufficient to meet each year's required funding for the Public Education Enrichment Fund.

(b) Board of Supervisors' Proposals. Not later than December 15 of each fiscal year from Fiscal Year 2005-06 through Fiscal Year 2009-10, the Board of Supervisors shall hold hearings on the recommendations made by the Controller and the Director of the Office of Management and Budget ~~Budget Analyst~~ and shall forward its proposals to the Mayor.

(c) Budget Requirements. In his/her annual budget submission to the Board of Supervisors for each fiscal year from Fiscal Year 2005-06 through Fiscal Year 2009-10, the Mayor shall incorporate the Board of Supervisors' proposals, or identify alternative revenue or expenditure savings sufficient to appropriate funds to the Public Education Enrichment Fund according to the schedule set forth in Section 16.123-2 of this measure.

#### **SEC. 16.123-8. ADJUSTMENTS.**

(a) In any year of this measure, if the joint budget report as prepared by the Controller, ~~the Mayor's Budget Director~~ and the Director of the Office of Management and Budget ~~Board of Supervisors' Budget Analyst~~ projects a budgetary shortfall of \$100 million dollars or more, the

Mayor and the Board of Supervisors may reduce the City's contribution to the Public Education Enrichment Fund under Section 16.123-2, and its disbursements under Sections 16.123-3, 16.123-4, or 16.123-5, by up to 25 percent; provided, however, that the City must pay back the amount deferred within the period from June 30, 2015, the last day of the term of this measure, and June 30, 2018, a date three years later, unless the voters extend this measure beyond July 1, 2015 or authorize a substantially similar measure at that time.

(b) **Audit Recommendations.** The Mayor and the Board of Supervisors may suspend the City's disbursements from the baseline appropriations or the Public Education Enrichment Fund under Sections 16.123-3, 16.123-4, or 16.123-5 in whole or in part for any year where the Controller certifies that the San Francisco Unified School District or the First Five Commission has failed to adopt audit recommendations made by the Controller.

As part of the audit function, the Controller shall review performance and cost benchmarks developed by the School District and the First Five Commission in consultation with the Controller for programs funded under this measure. The Commission's performance and cost benchmarks shall be based on the same performance and cost benchmarks as are required for other City departments, and on comparisons with other cities, counties, and public agencies performing similar functions. The School District's performance and cost benchmarks shall be based on similar standards.

In particular, the Controller shall assess:

- (1) Measures of workload addressing the level of service being provided or providing an assessment of need for a service;
- (2) Measures of efficiency including cost per unit of service provided, cost per unit of output, or the units of service provided per full time equivalent position; and
- (3) Measures of effectiveness including the quality of service provided, citizen perceptions of quality, and the extent a service meets the needs for which it was created.

The Controller's audits may address the extent to which the School District and the First Five Commission have met their respective performance and cost benchmarks.

(c) Reserve Policies. The Mayor and the Board of Supervisors may suspend the City's disbursements from the baseline appropriations or the Public Education Enrichment Fund under Sections 16.123-2, 16.123-4, or 16.123-5 in whole or in part for any year where the Controller certifies that the San Francisco Unified School District or the First Five Commission has failed to adopt reserve policies recommended by the Controller.

(d) Transfer and Use of Suspended Distributions. If the Mayor and the Board of Supervisors suspend City distributions from the baseline appropriations or the Public Education Enrichment Fund under subsections (b) or (c), the City shall transfer the amount that would otherwise be distributed from the baseline appropriations or the Public Education Enrichment Fund for that year to the Children's Fund established in Charter Section 16.108, for the provision of substantially equivalent services and programs.

(e) New Local Revenues. The Board of Supervisors may, by ordinance, proportionally reduce the contribution to the Public Education Enrichment Fund and the disbursements to the San Francisco Unified School District and the First Five Commission required by this measure if the voters of San Francisco adopt new, dedicated revenue sources for the School District or the Commission, and the offsetting reduction in disbursements is specifically authorized by the local revenue measure.

(f) New State Revenues. The Board of Supervisors may, by ordinance, proportionally reduce the contribution to the Public Education Enrichment Fund and the disbursements to the San Francisco Unified School District required by this measure if the percentage increase in per-pupil Revenue Limit funding provided by the State of California to the San Francisco Unified School District in any fiscal year exceeds the percentage increase in the City's cost of living during the previous fiscal year.

The Board of Supervisors may, by ordinance, proportionally reduce the contribution to the Public Education Enrichment Fund and the disbursements to the First Five Commission if the State of California provides funding to the City for universal preschool, provided that such disbursements are not required to match state and/or other funding.

(g) Eighteen months prior to the expiration of this measure, the Controller shall conduct a complete analysis of the outcomes of the programs funded through the Public Education Enrichment Fund. The Controller's study shall also address changes in the levels of state and federal funding for local schools, per-pupil spending in the San Francisco Unified School District compared to urban school districts of similar size. The Controller shall present the results of this analysis to the Mayor and the Board of Supervisors no later than nine months prior to the expiration of the measure.

#### **SEC. A8.409-4. IMPASSE RESOLUTION PROCEDURES**

(a) Subject to Section A8.409-4(g), disputes pertaining to wages, hours, benefits or other terms and conditions of employment which remain unresolved after good faith bargaining between the City and County of San Francisco, on behalf of its departments, boards and commissions, and a recognized employee organization representing classifications of employees covered under this part shall be submitted to a three-member mediation/arbitration board ("the board") upon the declaration of an impasse either by the authorized representative of the City and County of San Francisco or by the authorized representative of the recognized employee organization involved in the dispute; provided, however, that the arbitration procedures set forth in this part shall not be available to any employee organization that engages in a strike unless the parties mutually agree to engage in arbitration under this section. Should any employee organization engage in a strike either during or after the completion of negotiations and impasse procedures, the arbitration procedure shall cease immediately and no further impasse resolution procedures shall be required.

(b) Not later than January 20 of any year in which bargaining on an MOU takes place, representatives designated by the City and County of San Francisco and representatives of the recognized employee organization involved in bargaining pursuant to this part shall each select and appoint one person to the board. The third member of the board shall be selected by agreement between the City and County of San Francisco and the recognized employee organization, and shall serve as the neutral chairperson of the board.

In the event that the City and County of San Francisco and the recognized employee organization involved in bargaining cannot agree upon the selection of the chairperson within ten (10) days after the selection of the City and County and employee organization members of the board, either party may then request the American Arbitration Association or California State Mediation Service to provide a list of the seven (7) persons who are qualified and experienced as labor interest arbitrators. If the City and County and the employee organization cannot agree within three (3) days after receipt of such list on one of the seven (7) persons to act as the chairperson, they shall randomly determine which party strikes first, and shall alternately strike names from the list of nominees until one name remains and that person shall then become the chairperson of the board.

(c) Any proceeding convened pursuant to this section shall be conducted in conformance with, subject to, and governed by Title 9 of Part 3 of the California Code of Civil Procedure. The board may hold public hearings, receive evidence from the parties and, at the request of either party, cause a transcript of the proceedings to be prepared. The board, in the exercise of its discretion, may meet privately with the parties to mediate or mediate/arbitrate the dispute. The board may also adopt other procedures designed to encourage an agreement between the parties, expedite the arbitration hearing process, or reduce the cost of the arbitration process.

(d) In the event no agreement is reached prior to the conclusion of the arbitration hearings, the board shall direct each of the parties to submit, within such time limit as the board



may establish, a last offer of settlement on each of the remaining issues in dispute. The board shall decide each issue by majority vote by selecting whichever last offer of settlement on that issue it finds by a preponderance of the evidence presented during the arbitration most nearly conforms to those factors traditionally taken into consideration in the determination of wages, hours, benefits and terms and conditions of public and private employment, including, but not limited to: changes in the average consumer price index for goods and services; the wages, hours, benefits and terms and conditions of employment of employees performing similar services; the wages, hours, benefits and terms and conditions of employment of other employees in the City and County of San Francisco; health and safety of employees; the financial resources of the City and County of San Francisco, including a joint report to be issued annually on the City's financial condition for the next three fiscal years from the Controller; and the Director of the Office of Management and Budget~~the Mayor's budget analyst and the budget analyst for the Board of Supervisors~~; other demands on the City and County's resources including limitations on the amount and use of revenues and expenditures; revenue projections; the power to levy taxes and raise revenue by enhancements or other means; budgetary reserves; and the City's ability to meet the costs of the decision of the arbitration board. In addition, the board shall issue written findings on each and every one of the above factors as they may be applicable to each and every issue determined in the award. Compliance with the above provisions shall be mandatory.

(e) To be effective the beginning of the next succeeding fiscal year, an agreement shall be reached or the board shall reach a final decision no later than sixty days before the date the Mayor is required to submit a budget to the Board of Supervisors, except by mutual agreement of the parties. After reaching a decision, the board shall serve by certified mail or by hand delivery a true copy of its decision to the parties. The decision and findings of the arbitration board shall not be publicly disclosed until ten (10) days after it is delivered to the parties. During that ten (10) day period the parties shall meet privately, attempt to resolve their differences, and by mutual agreement amend or modify the decision and findings of the arbitration board. At the

conclusion of the ten (10) day period, which may be extended by mutual agreement between the parties, the decision and findings of the arbitration board, as it may be modified or amended by the parties, shall be publically disclosed for a period of fourteen (14) days after which time the decision shall be final and binding. Except as otherwise provided by this part, the arbitration decision shall supersede any and all other relevant formulae, procedures and provisions of this Charter relating to wages, hours, benefits and terms and conditions of employment, and it shall be final and binding on the parties to the dispute. However, the decision of the board may be judicially challenged by either party.

Thereafter, the City and County of San Francisco, its designated officers, employees and representatives and the recognized employee organization involved in the dispute shall take whatever action necessary to carry out and effectuate the final decision.

(f) The expenses of any proceedings convened pursuant to this part, including the fee for the services of the chairperson of the board, the costs of preparation of the transcript of the proceedings and other costs related to the conduct of the proceedings, as determined by the board, shall be borne equally by the parties. All other expenses which the parties may incur are to be borne by the party incurring such expenses.

(g) The impasse resolution procedures set forth in Section A8.409-4, or in any other provision of the Charter, ordinance or state law shall not apply to any rule, policy, procedure, order or practice which relates or pertains to the purpose, goals or requirements of a consent decree, or which is necessary to ensure compliance with federal, state or local laws, ordinances or regulations. In the event the City acts on a matter it has determined relates to or pertains to a consent decree, or in the event the City acts to ensure compliance with federal, state, or local laws, ordinances or regulations, and the affected employee organization disputes said determination, that determination or action shall not be subject to arbitration, but may be challenged in a court of competent jurisdiction.

(h) The impasse resolution procedures set forth in section A8.409-4, or in any other section of the Charter, shall not apply to any proposal pertaining to the right to strike.

(i) Charter sections A8.590-1 through A8.590-7 shall remain in full force and effect; provided, however, that the wages and other economic benefits and compensation of all classifications of employees covered by these sections shall be frozen for fiscal year 1995-96 at the rates in effect on June 30, 1995, except that wages and other economic benefits and compensation of all classifications of Airport Police shall be frozen for the fiscal year following expiration of the Memorandum of Understanding covering those classifications in effect on the effective date of this amendment.

(j) Subject to the election provisions of section A8.409-1, Charter sections A8.403 and A8.404 shall remain in full force and effect; provided, however, that the wages and other economic benefits and compensation of all classifications of employees covered by section A8.404 shall be frozen for fiscal year 1995- 96 at the rates in effect on June 30, 1995.

Section 3. The San Francisco Charter is hereby amended by amending Sections 9.100, 9.101, 9.102, 9.103, 9.104, 9.113, 9.113.5, and 9.114, to read as follows:

**SEC. 9.100. BUDGET PROCESS ORDINANCES.**

(a) The fiscal year for the City and County shall commence on the first day of July of each year and shall end on the last day of June of the next succeeding year. The budgetary cycle for the City and County shall be two years and shall commence on the first day of July of each even-numbered year and shall end on the last day of June twenty-four months later, beginning on July 1, 2010 with respect to those City departments designated by the Controller for early implementation, and beginning on July 1, 2012 as to all other City departments.

(b) On or before June 30 of each even-numbered year, the Board of Supervisors shall, except for equipment and capital improvements, enact an interim appropriation ordinance and not earlier than the 15th day of July, nor later than the first of August of ~~such each~~ year, the

Board of Supervisors shall adopt the proposed budget as submitted or amended and shall adopt the biennial ~~annual~~ appropriation ordinance accordingly, which shall supersede the interim appropriation ordinance.

*(c) The City shall adjust the biennial budget for the second year of the budget cycle if certain conditions exist, using the following process:*

*1. If, during the first year of a biennial budgetary cycle, the Controller determines that the City has experienced significant increases or decreases in revenues or expenditures, or if the Controller projects that the City will experience significant increases or decreases in revenues or expenditures during the second year of the cycle, the Controller shall submit a report to the Mayor and the Board of Supervisors identifying those increases or decreases. The Controller shall submit the report no later than May 1 of the first year of the budgetary cycle.*

*2. The Mayor shall prepare and submit to the Board of Supervisors a proposed amendment to the biennial budget responding to the Controller's report no later than June 1. The Board may approve or amend the Mayor's proposed budget amendment subject to the limitations that apply to the approval of the budget in Section 9.103. The Mayor's proposed budget amendment shall be deemed approved by operation of law unless the Board finally adopts an amendment to the biennial budget on second reading no later than July 15.*

*3. Nothing in this subsection shall limit the ability of the Mayor or a member of the Board of Supervisors to introduce at his or her discretion an amendment to the biennial budget at any time during the budgetary cycle.*

*(d)* The Mayor shall submit and the Board of Supervisors shall act on ordinances with respect to the following:

1. A schedule and procedures for the orderly preparation and submission of the biennial ~~annual~~ proposed budget and for the review and adoption of the necessary interim and final appropriations ordinances;

2. A description of the form of the biennial ~~annual~~ proposed budget and appropriation ordinance consistent with the financial records required by Section 3.105 of this Charter and containing information relating the type and extent of services to be delivered or revenues to be generated to proposed expenditures in a manner which, to the extent feasible, allows comparison of revenue trends as well as expected performance and expenditures between various fiscal years;

3. A procedure to include public participation in the budgetary process which shall include public hearings conducted by the commissions, Mayor and the Board of Supervisors; and

4. The form, content and dates of submission of the City's Capital Improvements and Facilities Maintenance Budgets. The ordinance relating to Capital Improvement and Facilities Maintenance shall minimally:

(A)~~(a)~~ Require that such budgets be prepared for more than a single year;

(B)~~(b)~~ Clearly establish distinctions between major, long term construction, replacement and acquisition projects (Capital Improvements) and short term repair, minor replacement and maintenance projects (Facilities Maintenance);

(C)~~(c)~~ Be consistent as to the date of submission with the time requirements established for the submission of the budget and appropriation ordinance; and

(D)~~(d)~~ Provide information regarding the estimated completion schedule for Capital Improvements, the funding source for each and the estimated annual operating costs thereof.

#### **SEC. 9.101. PROPOSED BIENNIAL ANNUAL AND MULTI-YEAR BUDGETS.**

(a) The Mayor shall submit to the Board of Supervisors each even-numbered year a ~~an~~ ~~annual~~ proposed biennial budget, ordinances and resolutions fixing wages and benefits for all classifications and related appropriation ordinances.

*(b)* The ~~annual~~ proposed biennial budget shall include:

1. Estimated revenues and surpluses from whatever sources, to the extent feasible, for the forthcoming two fiscal years ~~year~~ and the allocation of such revenues and surpluses to various departments, functions and programs to support expenditures. Proposed expenditures may include such necessary and prudent reserves as recommended by the Controller; and

2. A summary of the ~~annual~~ proposed biennial budget with a narrative description of priorities, services to be provided and economic assumptions used in preparing the revenue estimates. The summary shall also contain a discussion of trends and projections of revenues and expenditures of the City and County for the subsequent four years.

*(c)* The ~~annual~~ proposed biennial budget and appropriation ordinances shall be balanced for each fiscal year so that the proposed expenditures of each fund for each fiscal year do not exceed the estimated revenues and surpluses of that fund. If the proposed budget contains new revenue or fees, the Mayor shall submit to the Board of Supervisors the relevant implementing ordinances at the same time the biennial ~~annual~~ budget is submitted.

*(d)* Until the appropriation ordinances are adopted by the Board of Supervisors, the Mayor may submit to the Board of Supervisors revisions to the ~~annual~~ proposed biennial budget, appropriation ordinances, and ordinances and resolutions fixing wages and benefits.

The Mayor may instruct the Controller to prepare the draft appropriation ordinances.

*(e)* The Mayor shall file a copy of the ~~annual~~ proposed biennial budget at the Main Library and shall give notice of the budget summary, including making copies available to the public. Upon final approval of the budget by both the Board and the Mayor, notice shall be given of the final budget summary.

*(f)* The Board of Supervisors by ordinance may require multi-year budget plans and other budget planning strategies to be performed by the several departments and offices of the City and County.

(g) No later than January 1 of an even-numbered year in which the budgetary cycle is to begin, the City may, by an ordinance passed by a two-thirds' vote of the Board of Supervisors, elect to adopt two successive annual budgets, rather than one biennial budget, during a budgetary cycle.

**SEC. 9.102. CONTROLLER'S OPINION ON REVENUE ESTIMATES CERTIFICATION  
OF REVENUE ESTIMATES.**

The Mayor shall submit to the Controller for review the estimated revenues contained in the ~~annual~~ proposed biennial or annual budget and any subsequent revisions. The Controller shall then provide the Board of Supervisors with an opinion regarding the accuracy of economic assumptions underlying the revenue estimates and the reasonableness of such estimates and revisions.

**SEC. 9.103. ADOPTION OF APPROPRIATION ORDINANCES.**

The Board of Supervisors may amend the ~~annual~~ proposed biennial or annual budget and appropriation ordinances as follows:

1. After review of the Controller's analysis of the Mayor's revenue estimates, the Board of Supervisors may reduce estimated revenues;
2. The Board of Supervisors may increase or decrease any proposed expenditure in the General Fund or any special, sequestered or other fund so long as the aggregate changes do not cause the expenditures from each fund to exceed the amount proposed for expenditures by the Mayor from any such fund; and
3. The Board of Supervisors may increase or decrease any proposed expenditure for Capital Improvements.

#### **SEC. 9.104. VETO OF APPROPRIATIONS.**

The Mayor may reduce or reject any expenditure authorized by the Board of Supervisors, except appropriations for bond interest, redemption or other fixed charges, within ten days after the adoption of a final biennial, annual, or supplemental appropriations ordinance. Within ten days of receipt of the Mayor's veto message, the Board of Supervisors may reinstate, in whole or in part, any expenditure reduced or rejected by the Mayor by a vote of two-thirds of its members. In overriding any Mayoral veto, the Board of Supervisors shall not cause the aggregate expenditures for the General Fund or any special, sequestered or other fund in the appropriation ordinances to exceed the Mayor's revenue estimate as allocated to such funds.

#### **SEC. 9.113. GENERAL FISCAL PROVISIONS.**

(a) Unused and unencumbered appropriations or unencumbered balances existing at the close of any fiscal year, in revenue or expense appropriations of the City and County for any such fiscal year, but exclusive of revenue or money required by law to be held in school, bond, bond interest, bond redemption, pension, trust, utility or other specific funds, or to be devoted exclusively to specified purposes other than biennial or annual appropriations, and together with revenues collected or accruing from any source during such fiscal year, in excess of the estimated revenue from such source as shown by the biennial or annual budget and the appropriation ordinance for such fiscal year, shall be transferred by the Controller, at the closing of such fiscal year, to the General Fund.

(b) In the event that funds are not available to meet authorized expenditures, the Treasurer, upon the recommendation of the Controller, is authorized to transfer monies among funds held by the Treasurer in the pooled funds of the City and County which are legally available for such a purpose, except a pension fund. The Treasurer and the Controller shall set the terms and conditions of the transfer, taking into account the requirements and nature of the fund from which the transfer was made. All monies transferred pursuant to this Section shall



accrue interest at not less than the then current rate of interest earned by the Treasurer on the pooled funds of the City and County. In no event shall the Controller or the Treasurer cause any transfer of monies pursuant to this Section if said transfer would be inconsistent with the terms and conditions of any outstanding bonded indebtedness of the City and County, including any of its boards or commissions.

(c) In the event the Mayor or a member of the Board of Supervisors recommends a supplemental appropriation ordinance after the adoption of the budget for any budgetary cycle, or for any fiscal year for which the Board of Supervisors has elected to adopt an annual budget, and prior to the close of the budgetary cycle or fiscal year containing any item which had been rejected by the Mayor in his/her review of departmental budget estimates for the budgetary cycle or fiscal year or which had been rejected by the Board of Supervisors in its consideration of the Mayor's proposed budget for the budgetary cycle or fiscal year, it shall require a vote of two-thirds of all members of the Board of Supervisors to approve such supplemental appropriation ordinance.

(d) No ordinance or resolution for the expenditure of money, except the biennial or annual appropriation ordinance, shall be passed by the Board of Supervisors unless the Controller first certifies to the Board that there is a sufficient unencumbered balance in a fund that may legally be used for such proposed expenditure, and that, in the judgment of the Controller, revenues as anticipated in the appropriation ordinance for such budgetary cycle or fiscal year and properly applicable to meet such proposed expenditures will be available in the treasury in sufficient amount to meet the same as it becomes due.

(e) The Board of Supervisors shall have the power to borrow money by the issuance of tax anticipation notes, temporary notes, commercial paper, or any other short-term debt instruments in the manner provided by state law or City ordinance.

(f) Biennial Annual appropriations shall expire at the end of the budgetary cycle , and annual appropriations expire at the end of the fiscal year, and the City shall have no authority to

expend funds from such appropriations unless and until the Board of Supervisors adopts a new budget, interim budget, or supplemental appropriation for such expenditures.

(g) No City monies shall be drawn from the treasury of the City and County, nor shall any obligation for the expenditure of any money be incurred, except in pursuance of appropriations or transfers made as provided in the Charter and the Administrative Code.

#### **SEC. 9.113.5. RAINY DAY RESERVE.**

(a) There shall be a Rainy Day Reserve (the Reserve), which may also be known as an economic stabilization reserve.

##### **Allocations to the Reserve**

(b) If the Controller projects that total General Fund revenues for the upcoming budget year will exceed total General Fund revenues for the current year by more than five percent, the budget shall allocate the anticipated General Fund revenues in excess of that five percent growth (the excess revenues) as follows:

1. ~~(i)~~ 50 percent of the excess revenues to the Reserve;

2. ~~(ii)~~ 25 percent of the excess revenues to capital and other one-time expenditures; and,

3. ~~(iii)~~ 25 percent of the excess revenues to any lawful governmental purpose.

(c) Total monies in the Reserve may not exceed 10 percent of actual total general fund revenues, as stated in the City's most recent independent annual audit. The budget shall allocate excess revenues that would otherwise be allocated to the Reserve above the 10 percent cap instead to capital and other one-time expenditures.

(d) The Mayor and the Board of Supervisors may, at any time, appropriate monies from the capital and other one-time expenditures allocation for capital projects or for expenditures such as, but not limited to, acquisition of equipment or information systems.

(e) The Mayor and the Board of Supervisors may, at any time, appropriate monies from the general purpose allocation for any lawful governmental purpose.

### **Withdrawals from the Reserve**

(f) If the Controller projects that total General Fund revenues for the upcoming budget year will be less than the current year's total General Fund revenues, or the highest of any other previous year's total General Fund revenues, the budget may appropriate up to 50 percent of the current balance in the Reserve, but no more than the shortfall in total General Fund revenues, for any lawful governmental purpose in the upcoming budget year.

1. ~~(i)~~ If the trigger for withdrawals from the Reserve was not met in the current year, the Controller shall calculate the shortfall for the upcoming budget year by subtracting the total projected General Fund revenues for the upcoming budget year from the total projected General Fund revenues for the current year.

2. ~~(ii)~~ If the trigger for withdrawals from the Reserve was met in the current year, the shortfall shall be calculated by subtracting the total projected General Fund revenues for the upcoming budget year from the highest of any previous year's total General Fund revenues, plus two percent for each intervening year.

### **Adjustments**

(g) If the City made appropriations from the Reserve in the current year and in the immediately preceding budget year pursuant to subsection (f), the City is not required to allocate any anticipated excess revenues to the Reserve or to capital and other one-time expenditures for the upcoming budget year.

(h) If the Controller projects that the Consumer Price Index for the upcoming budget year shall exceed the index for the current year by more than five percent, the trigger for allocations to the Reserve as set forth in Subparagraph (b) above shall instead be the percentage of growth in the index plus two percent. If the Controller projects that the Consumer Price Index for the upcoming budget year shall be less than the index for the current year, the trigger for

withdrawals from the Reserve as set forth in Subparagraph (f) above shall instead be the percentage of negative growth in the index. The Controller shall use for these purposes the San Francisco All Items Consumer Price Index for All Urban Consumers (CPI-U), or its successor, as reported by the U.S. Department of Labor's Bureau of Labor Statistics.

(i) If the Board of Supervisors or the voters take an action that changes the amount of total General Fund revenues in any material manner, such as reducing a tax or imposing a new fee, the revenue changes caused by that action will not be counted as part of the triggers for allocations to or withdrawals from the Reserve during the year or years in which the action is first implemented.

(j) In conjunction with the year-end close of the budget, the Controller shall reconcile the revenue projections triggering any budgeted allocations to or withdrawals from the Reserve with actual revenue results, as stated in the City's independent annual audit for the years in question, and rebalance the Reserve, the capital and other one-time expenditures allocation, and the general purpose allocation accordingly.

#### **Withdrawals for the Benefit of the Unified School District**

(k) If the Controller projects that inflation-adjusted per-pupil revenues for the San Francisco Unified School District will be reduced in the upcoming budget year and the School District has noticed a significant number of layoffs, the Board of Supervisors and the Mayor may, in their discretion, appropriate funds from the Reserve to the School District to offset the costs of maintaining education during the upcoming budget year. Such appropriations may not exceed the dollar value of the total decline in inflation-adjusted per-pupil revenues for the year, or 25 percent of the Reserve balance, whichever is lower. If the triggers for withdrawals from the Reserve for the benefit of the School District were met in the current year, the decline in per-pupil revenues shall be calculated by subtracting the inflation-adjusted per-pupil revenues for the upcoming budget year from the highest of any previous year's inflation-adjusted per-pupil revenues, plus two percent for each intervening year.

## **Two-Year Budget**

*(l) The Controller shall promulgate procedures modifying the Rainy Day Reserve system, as necessary, to be consistent with the City's adoption of biennial rather than annual budgets.*

## **Transition**

*~~(l) On the effective date of this Section, the Controller shall transfer all monies in the City's Cash Reserve to the Rainy Day Reserve.~~*

*~~(m) For purposes of initial implementation of this Section, the Mayor and the Board of Supervisors may make appropriations from the Reserve for the 2004-2005 budget year and subsequent years if the Controller certifies that the trigger for withdrawal in subsection (f) would have been met during the 2003-2004 budget year, if this Section had been in effect at that time; provided, however, that the City shall not be required to make allocations of any anticipated excess revenues to the Reserve or to capital and other one-time expenditures for the 2004-2005 budget year.~~*

## **SEC. 9.114. MISSION-DRIVEN BUDGET.**

Each departmental budget shall describe each proposed activity of that department and the cost of that activity. In addition, each department shall provide the Mayor and the Board of Supervisors with the following details regarding its budget:

1. The overall mission and goals of the department;
2. The specific programs and activities conducted by the department to accomplish its mission and goals;
3. The customer(s) or client(s) served by the department;
4. The service outcome desired by the customer(s) or client(s) of the department's programs and activities;
5. Strategic plans that guide each program or activity;

6. Productivity goals that measure progress toward strategic plans;
7. The total cost of carrying out each program or activity; and
8. The extent to which the department achieved, exceeded or failed to meet its missions, goals, productivity objectives, service objectives, strategic plans and spending constraints identified in subsections (1) through (6) during the prior budgetary cycle year.

Departmental budget estimates shall be prepared in such form as the Controller, after consulting with the Mayor, directs in writing.

Section 4. The San Francisco Charter is hereby amended by adding Section 9.119 to read as follows:

**SEC. 9.119. FIVE-YEAR FINANCIAL PLAN.**

No later than July 1, 2010, the City shall adopt a five-year financial plan for those non-general fund departments and offices proposed by the Mayor and designated by the Board by ordinance for early implementation. The City shall update that plan and combine it with a five-year financial plan for all other City departments and offices no later than July 1, 2011. By March 1<sup>st</sup> of each odd numbered year thereafter, the Mayor shall propose a five-year financial plan, and by May 1<sup>st</sup> of each such year the Board of Supervisors shall review, amend and adopt the five-year financial plan by resolution.

(b) The Mayor and the Board of Supervisors shall use the financial plan as a tool to plan for upcoming City budgets. The financial plan shall includes a forecast of expenditures and revenues during the five-year period, and actions proposed to balance revenues and expenditures during each year of the plan. The plan shall include a summary of each

department's strategic goals, resources allocated in the plan to meet these goals, and changes in service levels expected given investment levels proposed in the plan.

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

By: \_\_\_\_\_  
Mariam Morley  
Deputy City Attorney