

File No. 210671

Committee Item No. 3

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Appropriations Committee

Date June 14, 2021

Board of Supervisors Meeting

Date _____

Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

OTHER (Use back side if additional space is needed)

- Administrative Provisions to the Annual Appropriations Ordinance
- _____
- _____
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Completed by: Linda Wong Date _____

Completed by: Linda Wong Date _____

1 Note: Additions are *single-underline italics Times New Roman*;
2 deletions are ~~*strikethrough italics Times New Roman*~~.
3 Board amendment additions are double underlined.
4 Board amendment deletions are ~~strikethrough-normal~~.

5 BE IT ORDAINED BY THE PEOPLE OF THE CITY AND COUNTY OF SAN FRANCISCO.

6 **SECTION 3. General Authority.**

7 The Controller is hereby authorized and directed to set up appropriate accounts for the
8 items of receipts and expenditures appropriated herein.

9
10 **SECTION 3.1 Two-Year Budget.**

11 For departments for which the Board of Supervisors has authorized, or the Charter requires,
12 a fixed two-year budget, appropriations in this ordinance shall be available for allotment by
13 the Controller on July 1st of the fiscal year in which appropriations have been approved.
14 The Controller is authorized to adjust the two-year budget to reflect transfers and
15 substitutions consistent with City's policies and restrictions for such transfers. The Controller
16 is further authorized to make adjustments to the second year budgets consistent with
17 Citywide estimates for salaries, fringe benefits, and work orders.

18
19 **SECTION 4. Interim Budget Provisions.**

20 All funds for equipment and new capital improvements shall be held in reserve until final
21 action by the Board of Supervisors. No new equipment or capital improvements shall be
22 authorized during the interim period other than equipment or capital improvements that, in
23 the discretion of the Controller, is reasonably required for the continued operation of existing
24 programs or projects previously approved by the Board of Supervisors. Authorization for the
25 purchase of such equipment may be approved by the Board of Supervisors.

1 During the period of the interim annual appropriation ordinance and interim annual salary
2 ordinance, no transfer of funds within a department shall be permitted without approval of
3 the Controller, Mayor's Budget Director and the Chair of the Budget and Finance
4 Committee.

5
6 When the Budget and Finance Committee or Budget and Appropriations Committee
7 reserves selected expenditure items pending receipt of additional information from
8 departments, upon receipt of the required information to the satisfaction of that committee,
9 the Controller may release the previously reserved funds with no further action required by
10 the Board of Supervisors.

11
12 If the Budget and Finance Committee or Budget and Appropriations Committee
13 recommends a budget that increases funding that was deleted in the Mayor's Budget, the
14 Controller shall have the authority to continue to pay these expenses until final passage of
15 the budget by the Board of Supervisors, and approval of the budget by the Mayor.

16
17 **SECTION 4.1 Interim Budget – Positions.**
18 No new position may be filled in the interim period with the exception of those positions
19 which in the discretion of the Controller are critical for the operation of existing programs or
20 for projects previously approved by the Board of Supervisors or are required for emergency
21 operations or where such positions would result in a net increase in revenues or where such
22 positions are required to comply with law. New positions shall be defined as those positions
23 that are enumerated in the Mayor's budget for the current fiscal year but were not
24 enumerated in the appropriation and salary ordinances for the prior fiscal year, as amended,
25 through June 30 of the prior fiscal year. In the event the Mayor has approved the

1 reclassification of a position in the department's budget for the current fiscal year, the
2 Controller shall process a temporary or "tx" requisition at the request of the department and
3 subject to approval of the Human Resources Director. Such action will allow for the
4 continued employment of the incumbent in his or her former position pending action by the
5 Board of Supervisors on the proposed reclassifications.

6
7 If the Budget and Finance Committee or Budget and Appropriations Committee of the Board
8 of Supervisors recommends a budget that reinstates positions that were deleted in the
9 Mayor's Budget, the Controller and the Human Resources Director shall have the authority
10 to continue to employ and pay the salaries of the reinstated positions until final passage of
11 the budget by the Board of Supervisors, and approval of the budget by the Mayor.

12

13 **SECTION 5. Transfers of Functions and Duties.**

14 Where revenues for any fund or department are herein provided by transfer from any other
15 fund or department, or where a duty or a performance has been transferred from one
16 department to another, the Controller is authorized and directed to make the related transfer
17 of funds, provided further, that where revenues for any fund or department are herein
18 provided by transfer from any other fund or department in consideration of departmental
19 services to be rendered, in no event shall such transfer of revenue be made in excess of the
20 actual cost of such service.

21

22 Where a duty or performance has been transferred from one department to another or
23 departmental reorganization is effected as provided in the Charter, in addition to any
24 required transfer of funds, the Controller and Human Resources Director are authorized to
25 make any personnel transfers or reassignments between the affected departments and

1 appointing officers at a mutually convenient time, not to exceed 100 days from the effective
2 date of the ordinance or Mayoral memorandum transferring the duty or function. The
3 Controller, the Human Resources Director and Clerk of the Board of Supervisors, with
4 assistance of the City Attorney, are hereby authorized and directed to make such changes
5 as may be necessary to conform all applicable ordinances to reflect said reorganization,
6 transfer of duty or performance between departments.

7

8 **SECTION 5.1 Agencies Organized under One Department.**

9 Where one or more offices or agencies are organized under a single appointing officer or
10 department head, the component units ~~can~~may continue to be shown as separate agencies
11 for budgeting and accounting purposes to facilitate reporting. However, the entity shall be
12 considered a single department for purposes of employee assignment and seniority,
13 position transfers, and transfers of monies among funds within the department, and
14 reappropriation of funds.

15

16 **SECTION 5.2 Continuing Funds Appropriated.**

17 In addition to the amount provided from taxes, the Controller shall make available for
18 expenditure the amount of actual receipts from special funds whose receipts are
19 continuously appropriated as provided in the Municipal Codes.

20

21

22 **SECTION 5.3 Multi-Year Revenues.**

23 In connection with money received in one fiscal year for departmental services to be
24 performed in a subsequent year, the Controller is authorized to establish an account for
25 depositing revenues which are applicable to the ensuing fiscal year, said revenue shall be

1 carried forward and become a part of the funds available for appropriation in said ensuing
2 fiscal year.

3

4 **SECTION 5.4 Contracting Funds.**

5 All money received in connection with contracts under which a portion of the moneys
6 received is to be paid to the contractors and the remainder of the moneys received inures to
7 the City and County shall be deposited in the Treasury.

8

9 (a) That portion of the money received that under the terms of the contract inures to the
10 City and County shall be deposited to the credit of the appropriate fund.

11

12 (b) That portion of the money received that under the terms of the contracts is to be paid
13 to the contractor shall be deposited in special accounts and is hereby appropriated for said
14 purposes.

15

16 **SECTION 5.5 Real Estate Services.**

17 Rents received from properties acquired or held in trust for specific purposes are hereby
18 appropriated to the extent necessary for maintenance of said properties, including services
19 of the General Services Agency.

20

21 Moneys received from lessees, tenants or operators of City-owned property for the specific
22 purpose of real estate services relative to such leases or operating agreements are hereby
23 appropriated to the extent necessary to provide such services.

24

25

1 **SECTION 5.6 Collection Services.**

2 In any contracts for the collection of unpaid bills for services rendered to clients, patients or
3 both by the Department of Public Health in which said unpaid bills have not become
4 delinquent pursuant to ~~the provisions of Article V of Chapter 10 of the~~ Administrative Code
5 ~~Section 10.37 and 10.38~~, the Controller is hereby authorized to adjust the estimated
6 revenues and expenditures of the various divisions and institutions of the Department of
7 Public Health to record such recoveries. Any percentage of the amounts, not to exceed 25
8 percent, recovered from such unpaid bills by a contractor is hereby appropriated to pay the
9 costs of said contract. The Controller is authorized and is hereby directed to establish
10 appropriate accounts to record total collections and contract payments relating to such
11 unpaid bills.

12

13 **SECTION 5.7 Contract Amounts Based on Savings.**

14 When the terms of a contract provide for payment amounts to be determined by a
15 percentage of cost savings or previously unrecognized revenues, such amounts as are
16 actually realized from either said cost savings or unrecognized revenues are hereby
17 appropriated to the extent necessary to pay contract amounts due. The Controller is
18 authorized and is hereby directed to establish appropriate accounts to record such
19 transactions.

20

21 **SECTION 5.8 Collection and Legal Services.**

22 In any contracts between the City Attorney's Office and outside counsel for legal services in
23 connection with the prosecution of actions filed on behalf of the City or for assistance in the
24 prosecution of actions that the City Attorney files in the name of the People, where the fee
25 to outside counsel is contingent on the recovery of a judgment or other monies by the City

1 through such action, the Controller is hereby authorized to adjust the estimated revenues
2 and expenditures of the City Attorney's Office to record such recoveries. A percentage of
3 such recoveries, not to exceed 25 percent plus the amount of any out-of-pocket costs the
4 Controller determines were actually incurred to prosecute such action, is hereby
5 appropriated from the amount of such recoveries to pay the contingent fee due to such
6 outside counsel under said contract and any costs incurred by the City or outside counsel in
7 prosecuting the action. The Controller is authorized and hereby directed to establish
8 appropriate accounts to record total collections and contingent fee and cost payments
9 relating to such actions. The City Attorney as verified by the Controller shall report to the
10 Board of Supervisors annually on the collections and costs incurred under this provision,
11 including the case name, amount of judgment, the fund which the judgment was deposited,
12 and the total cost of and funding source for the legal action.

13

14 **SECTION 6. Bond Interest and Redemption.**

15 In the event that estimated receipts from other than utility revenues, but including amounts
16 from ad-valorem taxes, shall exceed the actual requirements for bond interest and
17 redemption, said excess shall be transferred to a General Bond Interest and Redemption
18 Reserve account. The Bond Interest and Redemption Reserve is hereby appropriated to
19 meet debt service requirements including printing of bonds, cost of bond rating services and
20 the legal opinions approving the validity of bonds authorized to be sold not otherwise
21 provided for herein.

22

23 Issuance, legal and financial advisory service costs, including the reimbursement of
24 departmental services in connection therewith, for debt instruments issued by the City and
25 County, to the extent approved by the Board of Supervisors in authorizing the debt, may be

1 paid from the proceeds of such debt and are hereby appropriated for said purposes.

2

3 **SECTION 7. Allotment Controls.**

4 Since several items of expenditures herein appropriated are based on estimated receipts,
5 income or revenues which may not be fully realized, it shall be incumbent upon the
6 Controller to establish a schedule of allotments, of such duration as the Controller may
7 determine, under which the sums appropriated to the several departments shall be
8 expended. The Controller shall revise such revenue estimates periodically. If such revised
9 estimates indicate a shortage, the Controller shall hold in reserve an equivalent amount of
10 the corresponding expenditure appropriations set forth herein until the collection of the
11 amounts as originally estimated is assured, and in all cases where it is provided by the
12 Charter that a specified or minimum tax shall be levied for any department the amount of
13 appropriation herein provided derived from taxes shall not exceed the amount actually
14 produced by the levy made for such department.

15

16 The Controller in issuing payments or in certifying contracts, purchase orders or other
17 encumbrances pursuant to Section 3.105 of the Charter, shall consider only the allotted
18 portions of appropriation items to be available for encumbrance or expenditure and shall not
19 approve the incurring of liability under any allotment in excess of the amount of such
20 allotment. In case of emergency or unusual circumstances which could not be anticipated at
21 the time of allotment, an additional allotment for a period may be made on the
22 recommendation of the department head and the approval of the Controller. After the
23 allotment schedule has been established or fixed, as heretofore provided, it shall be
24 unlawful for any department or officer to expend or cause to be expended a sum greater
25 than the amount set forth for the particular activity in the allotment schedule so established,

1 unless an additional allotment is made, as herein provided.

2

3 Allotments, liabilities incurred and expenditures made under expenditure appropriations
4 herein enumerated shall in no case exceed the amount of each such appropriation, unless
5 the same shall have been increased by transfers or supplemental appropriations made in
6 the manner provided by Section 9.105 of the Charter.

7

8 **SECTION 7.1 Prior Year Encumbrances.**

9 The Controller is hereby authorized to establish reserves for the purpose of providing funds
10 for adjustments in connection with liquidation of encumbrances and other obligations of prior
11 years.

12

13 **SECTION 7.2 Equipment Purchases.**

14 Funds for the purchase of items of equipment having a significant value of over \$5,000 and
15 a useful life of three years and over shall only be purchased from appropriations specifically
16 provided for equipment or lease-purchased equipment, including equipment from capital
17 projects. Departments may purchase additional or replacement equipment from previous
18 equipment or lease-purchase appropriations, or from citywide equipment and other non-
19 salary appropriations, with approval of the Mayor's Office and the Controller.

20

21 Where appropriations are made herein for the purpose of replacing automotive and other
22 equipment, the equipment replaced shall be surrendered to the General Services Agency
23 and shall be withdrawn from service on or before delivery to departments of the new
24 automotive equipment. When the replaced equipment is sold, in lieu of being traded-in, the
25 proceeds shall be deposited to a revenue account of the related fund. Provided, however,

1 that so much of said proceeds as may be required to affect the purchase of the new
2 equipment is hereby appropriated for the purpose. Funds herein appropriated for
3 automotive equipment shall not be used to buy a replacement of any automobile superior in
4 class to the one being replaced unless it has been specifically authorized by the Board of
5 Supervisors in the making of the original appropriation.

6
7 Appropriations of equipment from current funds shall be construed to be annual
8 appropriations and unencumbered balances shall lapse at the close of the fiscal year.

9

10 **SECTION 7.3 Enterprise Deficits.**

11 Funds appropriated herein to meet estimated enterprise deficits shall be made available to
12 each such enterprise only to the extent that an actual deficit shall exist and not to exceed
13 the amount herein provided. Any amount not required for the purpose of meeting an
14 enterprise fund deficit shall be transferred back to the General Fund at the end of each
15 fiscal year unless otherwise appropriated by ordinance.

16

17 **SECTION 8. Expenditure Estimates.**

18 Where appropriations are made for specific projects or purposes which may involve the
19 payment of salaries or wages, the head of the department to which such appropriations are
20 made, or the head of the department authorized by contract or interdepartmental order to
21 make expenditures from each such appropriation, shall file with the Controller, when
22 requested, an estimate of the amount of any such expenditures to be made during the
23 ensuing period.

24

25

1 **SECTION 8.1 State and Federal Funds.**

2 The Controller is authorized to increase Federal and State funds that may be claimed due to
3 new General Fund expenditures appropriated by the Board of Supervisors. The Human
4 Resources Director is authorized to add civil service positions required to implement the
5 programs authorized by these funds. The Controller and the Human Resources Director
6 shall report to the Board of Supervisors any actions taken under this authorization before
7 the Board acts on the Annual Appropriation and Annual Salary Ordinances.

8

9 **SECTION 8.2 State and Federal Funding Restorations.**

10 If additional State or Federal funds are allocated to the City and County of San Francisco to
11 backfill State reductions, the Controller shall backfill any funds appropriated to any program
12 to the General Reserve.

13

14 **SECTION 8.3 Process for Addressing General Fund Revenue Shortfalls**

15 Upon receiving Controller estimates of revenue shortfalls that exceed the value of the
16 General Reserve and any other allowances for revenue shortfalls in the adopted City
17 budget, the Mayor shall inform the Board of Supervisors of actions to address this shortfall.
18 The Board of Supervisors may adopt an ordinance to reflect the Mayor's proposal or
19 alternative proposals in order to balance the budget.

20

21 **SECTION 9. Interdepartmental Services.**

22 The Controller is hereby authorized and directed to prescribe the method to be used in
23 making payments for interdepartmental services in accordance with the provisions of
24 Section 3.105 of the Charter, and to provide for the establishment of interdepartmental
25 reserves which may be required to pay for future obligations which result from current

1 performances. Whenever in the judgment of the Controller, the amounts which have been
2 set aside for such purposes are no longer required or are in excess of the amount which is
3 then currently estimated to be required, the Controller shall transfer the amount no longer
4 required to the fund balance of the particular fund of which the reserve is a part. Provided
5 further that no expenditure shall be made for personnel services, rent, equipment and
6 capital outlay purposes from any interdepartmental reserve or work order fund without
7 specific appropriation by the Board of Supervisors.

8
9 The amount detailed in departmental budgets for services of other City departments cannot
10 be transferred to other spending categories without prior agreement from both the
11 requesting and performing departments.

12
13 The Controller, pursuant to the provisions of Charter Section 3.105, shall review and may
14 adjust charges or fees for services that may be authorized by the Board of Supervisors for
15 the administration of the Technology Marketplace. Such fees are hereby appropriated for
16 that purpose.

17
18 **SECTION 10. Positions in the City Service.**
19 Department heads shall not make appointments to any office or position until the Controller
20 shall certify that funds are available.

21
22 Funds provided herein for salaries or wages may, with the approval of the Controller, be
23 used to provide for temporary employment when it becomes necessary to replace the
24 occupant of a position while on extended leave without pay, or for the temporary filling of a
25 vacancy in a budgeted position. The Controller is authorized to approve the use of existing

1 salary appropriations within departments to fund permanent appointments of up to six
2 months to backfill anticipated vacancies to ensure implementation of successful succession
3 plans and to facilitate the transfer of mission critical knowledge. The Controller shall provide
4 a report to the Board of Supervisors every six months enumerating permanent positions
5 created under this authority.

6
7 Appointments to seasonal or temporary positions shall not exceed the term for which the
8 Controller has certified the availability of funds.

9
10 The Controller shall be immediately notified of a vacancy occurring in any position.

11

12 **SECTION 10.1 Positions, Funds, and Transfers for Specific Purposes.**

13 Funds for personnel services may be transferred from any legally available source on the
14 recommendation of the department head and approval by the City Administrator, Board or
15 Commission, for departments under their respective jurisdiction, and on authorization of the
16 Controller with the prior approval of the Human Resources Director for:

17

18 (a) Lump sum payments to officers, employees, police officers and fire fighters other
19 than elective officers and members of boards and commissions upon death or retirement or
20 separation caused by industrial accident for accumulated sick leave benefits in accordance
21 with Civil Service Commission rules.

22

23 (b) Payment of the supervisory differential adjustment, out of class pay or other
24 negotiated premium to employees who qualify for such adjustment provided that the transfer
25 of funds must be made from funds currently available in departmental personnel service

1 appropriations.

2

3 (c) Payment of any legal salary or fringe benefit obligations of the City and County
4 including amounts required to fund arbitration awards.

5

6 (d) The Controller is hereby authorized to adjust salary appropriations for positions
7 administratively reclassified or temporarily exchanged by the Human Resources Director
8 provided that the reclassified position and the former position are in the same functional
9 area.

10

11 (e) Positions may be substituted or exchanged between the various salary
12 appropriations or position classifications when approved by the Human Resources Director
13 as long as said transfers do not increase total departmental personnel service
14 appropriations.

15

16 (f) The Controller is hereby authorized and directed upon the request of a department
17 head and the approval by the Mayor's Office to transfer from any legally available funds
18 amounts needed to fund legally mandated salaries, fringe benefits and other costs of City
19 employees. Such funds are hereby appropriated for the purpose set forth herein.

20

21 (g) The Controller is hereby authorized to transfer any legally available funds to adjust
22 salary and fringe benefit appropriations as required under reclassifications recommended by
23 the Human Resources Director and approved by the Board of Supervisors in implementing
24 the Management Compensation and Classification Plan.

25

1 Amounts transferred shall not exceed the actual amount required including the cost to the
2 City and County of mandatory fringe benefits.

3
4 (h) Pursuant to California Labor Code Section 4850.4, the Controller is authorized to
5 make advance payments from departments' salary accounts to employees participating in
6 CalPERS who apply for disability retirement. Repayment of these advanced disability
7 retirement payments from CalPERS and from employees are hereby appropriated to the
8 departments' salary account.

9
10 (i) For purposes of defining terms in Administrative Code Section 3.18, the Controller is
11 authorized to process transfers where such transfers are required to administer the budget
12 through the following certification process: In cases where expenditures are reduced at the
13 level of appropriation control during the Board of Supervisors phase of the budget process,
14 the Chair of the Budget and Finance Committee, on recommendation of the Controller, may
15 certify that such a reduction does not reflect a deliberate policy reduction adopted by the
16 Board. The Mayor's Budget Director may similarly provide such a certification regarding
17 reductions during the Mayor's phase of the budget process.

18
19 (j) Department travel budgets shall be considered as line-item appropriations for the
20 purposes of administration for Administrative Code Section 3.18 and Charter Section
21 9.113(c) governing limitations on transfer of appropriated funds.

22
23 **SECTION 10.2 Professional Services Contracts.**

24 Funds appropriated for professional service contracts may be transferred to the account for
25 salaries on the recommendation of the department head for the specific purpose of using

1 City personnel in lieu of private contractors with the approval of the Human Resources
2 Director and the Mayor and the certification by the Controller that such transfer of funds
3 would not increase the cost of government.

4

5 **SECTION 10.3 Surety Bond Fund Administration.**

6 The Controller is hereby authorized to allocate funds from capital project appropriations to
7 the San Francisco Self-Insurance Surety Bond Fund, as governed by Administrative Code
8 Section 10.100-317 and in accordance with amounts determined pursuant to Administrative
9 Code Section 14B.16.

10

11 **SECTION 10.4 Salary Adjustments, Memoranda of Understanding (MOUs).**

12 The Controller is authorized and directed to transfer from the Salary and Benefits Reserve,
13 or any legally available funds, amounts necessary to adjust appropriations for salaries and
14 related mandatory fringe benefits of employees whose compensation is pursuant to Charter
15 Sections A8.403 (Registered Nurses), A8.404 (Transit Operators), A8.409 (Miscellaneous
16 Employees), A8.405 and A8.590-1 through A8.590-5 (Police and Firefighters), revisions to
17 State Law, and/or collective bargaining agreements adopted pursuant to the Charter or
18 arbitration award. The Controller and Human Resources Director are further authorized and
19 directed to adjust the rates of compensation to reflect current pay rates for any positions
20 affected by the foregoing provisions.

21

22 Adjustments made pursuant to this section shall reflect only the percentage increase
23 required to adjust appropriations to reflect revised salary and ~~premium~~other pay
24 requirements above the funding level established in the base and adopted budget of the
25 respective departments.

1 The Controller is authorized and directed to transfer from reserves or any legally available
2 funds amounts necessary to provide costs of non-salary benefits in ratified Memoranda of
3 Understanding or arbitration awards. The Controller's Office shall report to the Budget and
4 Finance Committee or Budget and Appropriations Committee on the status of the Salary
5 and Benefits Reserve, including amounts transferred to individual City departments and
6 remaining Reserve balances, as part of the Controller's Six and Nine Month Budget Status
7 Reports.

8

9 **SECTION 10.5 MOUs to be Reflected in Department Budgets.**

10 Should the City and County adopt an MOU with a recognized employee bargaining
11 organization during the fiscal year which has fiscal effects, the Controller is authorized and
12 directed to reflect the budgetary impact of said MOU in departmental appropriations by
13 transferring amounts to or from the Salary and Benefits Reserve, or, for self-supporting or
14 restricted funds, to or from the respective unappropriated fund balance account. All amounts
15 transferred pursuant to this section are hereby appropriated for the purpose.

16

17 **SECTION 10.6 Funding Memoranda of Understanding (MOUs).**

18 Whenever the Board of Supervisors has ratified by ordinance or resolution Memoranda of
19 Understanding with recognized employee organizations or an arbitration award has become
20 effective, and said memoranda or award contains provisions requiring the expenditure of
21 funds, the Controller, on the recommendation of the Human Resources Director, shall
22 reserve sufficient funds to comply with such provisions and such funds are hereby
23 appropriated for such purposes. The Controller is hereby authorized to make such transfers
24 from funds hereby reserved or legally available as may be required to make funds available
25 to departments to carry out the purposes required by the Memoranda of Understanding or

1 arbitration award.

2

3 **SECTION 10.7 Fringe Benefit Rate Adjustments.**

4 Appropriations herein made for fringe benefits may be adjusted by the Controller to reflect
5 revised amounts required to support adopted or required contribution rates. The Controller
6 is authorized and is hereby directed to transfer between departmental appropriations and
7 the General Reserve or other unappropriated balance of funds any amounts resulting from
8 adopted or required contribution rates and such amounts are hereby appropriated to said
9 accounts.

10

11 When the Controller determines that prepayment of the employer share of pension
12 contributions is likely to be fiscally advantageous, the Controller is authorized to adjust
13 appropriations and transfers in order to make and reconcile such prepayments.

14

15 **SECTION 10.8 Police Department Uniformed Positions.**

16 Positions in the Police Department for each of the various ranks that are filled based on the
17 educational attainment of individual officers may be filled interchangeably at any level within
18 the rank (e.g., Patrol Officer Q2, Q3 or Q4, Sergeant Q50, Q51, Q52). The Controller and
19 Human Resources Director are hereby authorized to adjust payrolls, salary ordinances and
20 other documents, where necessary, to reflect the current status of individual employees;
21 provided however, that nothing in this section shall authorize an increase in the total number
22 of positions allocated to any one rank or to the Police Department.

23

24 **SECTION 10.9 Holidays, Special Provisions.**

25 Whenever any day is declared to be a holiday by proclamation of the Mayor after such day

1 has heretofore been declared a holiday by the Governor of the State of California or the
2 President of the United States, the Controller, with the approval of the Mayor's Office, is
3 hereby authorized to make such transfer of funds not to exceed the actual cost of said
4 holiday from any legally available funds.

5

6 **SECTION 10.10 Litigation Reserve, Payments.**

7 The Controller is authorized and directed to transfer from the Reserve for Litigation Account
8 for General Fund supported departments or from any other legally available funds for other
9 funds, amounts required to make payments required to settle litigation against the City and
10 County of San Francisco that has been recommended by the City Attorney and approved by
11 the Board of Supervisors in the manner provided in the Charter. Such funds are hereby
12 appropriated for the purposes set forth herein.

13

14 Amounts required to pay settlements of claims or litigation involving the Public Utilities
15 Commission are hereby appropriated from the Public Utilities Commission Wastewater
16 Enterprise fund balance or the Public Utilities Commission Water Enterprise fund balance,
17 as appropriate, for the purpose of paying such settlements following final approval of those
18 settlements by resolution or ordinance.

19

20 **SECTION 10.11 Changes in Health Services Eligibility.**

21 Should the Board of Supervisors amend Administrative Code Section 16.700 to change the
22 eligibility in the City's Health Service System, the Controller is authorized and directed to
23 transfer from any legally available funds or the Salary and Fringe Reserve for the amount
24 necessary to provide health benefit coverage not already reflected in the departmental
25 budgets.

1 **Section 10.12 Workers' Compensation Alternative Dispute Resolution Program**

2 Resolutions 85-19 and 86-19 authorized the Department of Human Resources to enter
3 Workers' Compensation Alternative Dispute Resolution (ADR) Labor-Management
4 Agreements with the San Francisco Firefighters' Association, Local 798, and San Francisco
5 Police Officers Association, respectively. These Agreements require the City to allocate an
6 amount equal to 50% of the ADR program estimated net savings, as determined by
7 actuarial report, for the benefit of active employees. The Controller is authorized and
8 directed to transfer from any legally available funds the amount necessary to make the
9 required allocations. This provision will terminate if the parties agree to terminate the
10 Agreements.

11

12 **SECTION 11. Funds Received for Special Purposes, Trust Funds.**

13 The Controller is hereby authorized and directed to continue the existing special and trust
14 funds, revolving funds, and reserves and the receipts in and expenditures from each such
15 fund are hereby appropriated in accordance with law and the conditions under which each
16 such fund was established.

17

18 The Controller is hereby authorized and directed to set up additional special and trust funds
19 and reserves as may be created either by additional grants and bequests or under other
20 conditions, and the receipts in each fund are hereby appropriated in accordance with law for
21 the purposes and subject to the conditions under which each such fund was established.

22

23 **SECTION 11.1 Special and Trust Funds Appropriated.**

24 Whenever the City and County of San Francisco shall receive for a special purpose from the
25 United States of America, the State of California, or from any public or semi-public agency,

1 or from any private person, firm or corporation, any moneys, or property to be converted into
2 money, the Controller shall establish a special fund or account evidencing the said moneys
3 so received and specifying the special purposes for which they have been received and for
4 which they are held, which said account or fund shall be maintained by the Controller as
5 long as any portion of said moneys or property remains.

6
7 Recurring grant funds which are detailed in departmental budget submissions and approved
8 by the Mayor and Board of Supervisors in the annual budget shall be deemed to have met
9 the requirements of Administrative Code Section 10.170 for the approval to apply for,
10 receive and expend said funds and shall be construed to be funds received for a specific
11 purpose as set forth in this section. Positions specifically approved by granting agencies in
12 said grant awards may be filled as though said positions were included in the annual budget
13 and Annual Salary Ordinance, provided however that the tenure of such positions shall be
14 contingent on the continued receipt of said grant funds. Individual grants may be adjusted
15 by the Controller to reflect actual awards made if granting agencies increase or decrease
16 the grant award amounts estimated in budget submissions.

17
18 The expenditures necessary from said funds or said accounts as created herein, in order to
19 carry out the purpose for which said moneys or orders have been received or for which said
20 accounts are being maintained, shall be approved by the Controller and said expenditures
21 are hereby appropriated in accordance with the terms and conditions under which said
22 moneys or orders have been received by the City and County of San Francisco, and in
23 accordance with the conditions under which said funds are maintained.

24
25 The Controller is authorized to adjust transfers to the San Francisco Capital Planning Fund,

1 established by Administrative Code Section 10.100-286, to account for final capital project
2 planning expenditures reimbursed from approved sale of bonds and other long term
3 financing instruments.

4

5 **SECTION 11.2 Insurance Recoveries.**

6 Any moneys received by the City and County of San Francisco pursuant to the terms and
7 conditions of any insurance policy are hereby appropriated and made available to the
8 general city or specific departments for associated costs or claims.

9

10 **SECTION 11.3 Bond Premiums.**

11 Premiums received from the sale of bonds are hereby appropriated for bond interest and
12 redemption purposes of the issue upon which it was received.

13

14 **SECTION 11.4 Ballot Arguments.**

15 Receipts in and expenditures for payment for the printing of ballot arguments, are hereby
16 appropriated in accordance with law and the conditions under which this appropriation is
17 established.

18

19 **SECTION 11.5 Tenant Overtime.**

20 Whenever employees of departments are required to work overtime on account of services
21 required by renters, lessees or tenants of City-owned or occupied properties, or recipients of
22 services from City departments, the cost of such overtime employment shall be collected by
23 the departments from the requesters of said services and shall be deposited with the
24 Treasurer to the credit of departmental appropriations. All moneys deposited therein are
25 hereby appropriated for such purpose.

1 SECTION 11.6 Refunds.

2 The Controller is hereby authorized and directed to set up appropriations for refunding
3 amounts deposited in the Treasury in excess of amounts due, and the receipts and
4 expenditures from each are hereby appropriated in accordance with law. Where-by State
5 statute, local ordinance or court order, interest is payable on amounts to be refunded, in the
6 absence of appropriation therefore, such interest is herewith appropriated from the
7 unappropriated interest fund or interest earnings of the fund involved. The Controller is
8 authorized, and funds are hereby appropriated, to refund overpayments and any mandated
9 interest or penalties from State, Federal and local agencies when audits or other financial
10 analyses determine that the City has received payments in excess of amounts due.

11

12 SECTION 11.7 Arbitrage.

13 The Controller is hereby authorized and directed to refund excess interest earnings on bond
14 proceeds (arbitrage) when such amounts have been determined to be due and payable
15 under applicable Internal Revenue Service regulations. Such arbitrage refunds shall be
16 charged in the various bond funds in which the arbitrage earnings were recorded and such
17 funds are hereby appropriated for the purpose.

18

19 SECTION 11.8 Damage Recoveries.

20 Moneys received as payment for damage to City-owned property and equipment are hereby
21 appropriated to the department concerned to pay the cost of repairing such equipment or
22 property. Moneys received as payment for liquidated damages in a City-funded project are
23 appropriated to the department incurring costs of repairing or abating the damages. Any
24 excess funds, and any amount received for damaged property or equipment which is not to
25 be repaired shall be credited to a related fund.

1 **SECTION 11.9 Purchasing Damage Recoveries.**

2 That portion of funds received pursuant to the provisions of Administrative Code Section
3 21.33 - failure to deliver article contracted for - as may be needed to affect the required
4 procurement are hereby appropriated for that purpose and the balance, if any, shall be
5 credited the related fund.

6

7 **SECTION 11.10 Off-Street Parking Guarantees.**

8 Whenever the Board of Supervisors has authorized the execution of agreements with
9 corporations for the construction of off-street parking and other facilities under which the
10 City and County of San Francisco guarantees the payment of the corporations' debt service
11 or other payments for operation of the facility, it shall be incumbent upon the Controller to
12 reserve from parking meter or other designated revenues sufficient funds to provide for such
13 guarantees. The Controller is hereby authorized to make payments as previously
14 guaranteed to the extent necessary and the reserves approved in each Annual
15 Appropriation Ordinance are hereby appropriated for the purpose. The Controller shall notify
16 the Board of Supervisors annually of any payments made pursuant to this Section.

17

18 **SECTION 11.11 Hotel Tax – Special Situations.**

19 The Controller is hereby authorized and directed to make such interfund transfers or other
20 adjustments as may be necessary to conform budget allocations to the requirements of the
21 agreements and indentures of the 1994 Lease Revenue and/or San Francisco
22 Redevelopment Agency Hotel Tax Revenue Bond issues.

23

24 **SECTION 11.12 Local Transportation Agency Fund.**

25 Local transportation funds are hereby appropriated pursuant to the Government Code.

1 **SECTION 11.13 Insurance.**

2 The Controller is hereby authorized to transfer to the Risk Manager any amounts indicated
3 in the budget estimate and appropriated hereby for the purchase of insurance or the
4 payment of insurance premiums.

5

6 **SECTION 11.14 Grants to Departments of Aging and Adult Services, Child Support**
7 **Services, and Homelessness and Supportive Housing**

8 The Department of Disability and Aging ~~and Adult~~ Services and the Department of Child
9 Support Services are authorized to receive and expend available federal and state
10 contributions and grant awards for their target populations. The Controller is hereby
11 authorized and directed to make the appropriate entries to reflect the receipt and
12 expenditure of said grant award funds and contributions. The Department of Homelessness
13 and Supportive Housing is authorized to apply surpluses among subgrants within master
14 HUD grants to shortfalls in other subgrants.

15

16 **SECTION 11.15 FEMA, OES, Other Reimbursements.**

17 Whenever the City and County recovers funds from any federal or state agency as
18 reimbursement for the cost of damages resulting from earthquakes and other disasters for
19 which the Mayor has declared a state of emergency, such funds are hereby appropriated for
20 the purpose. The Controller is authorized to transfer such funds to the credit of the
21 departmental appropriation which initially incurred the cost, or, if the fiscal year in which the
22 expenses were charged has ended, to the credit of the fund which incurred the expenses.
23 Revenues received from other governments as reimbursement for mutual aid provided by
24 City departments are hereby appropriated for services provided.

25

1 **SECTION 11.16 Interest on Grant Funds.**

2 Whenever the City and County earns interest on funds received from the State of California
3 or the federal government and said interest is specifically required to be expended for the
4 purpose for which the funds have been received, said interest is hereby appropriated in
5 accordance with the terms under which the principal is received and appropriated.

6

7 **SECTION 11.17 Treasurer – Banking Agreements.**

8 Whenever the Treasurer finds that it is in the best interest of the City and County to use
9 either a compensating balance or fee for service agreement to secure banking services that
10 benefit all participants of the pool, any funds necessary to be paid for such agreement are to
11 be charged against interest earnings and such funds are hereby appropriated for the
12 purpose.

13

14 The Treasurer may offset banking charges that benefit all participants of the investment pool
15 against interest earned by the pool. The Treasurer shall allocate other bank charges and
16 credit card processing to departments or pool participants that benefit from those services.
17 The Controller may transfer funds appropriated in the budget to General Fund departments
18 as necessary to support allocated charges.

19

20 **SECTION 11.18 City Buildings–Acquisition with Certificates of Participation (COPs).**

21 Receipts in and expenditures from accounts set up for the acquisition and operation of City-
22 owned buildings including, but not limited to 25 Van Ness Avenue and 1660 Mission Street,
23 are hereby appropriated for the purposes set forth in the various bond indentures through
24 which said properties were acquired.

25

1 **SECTION 11.19 Generally Accepted Principles of Financial Statement Presentation.**

2 The Controller is hereby authorized to make adjustments to departmental budgets as part of
3 the year-end closing process to conform amounts to the Charter provisions and generally
4 accepted principles of financial statement presentation, and to implement new accounting
5 standards issued by the Governmental Accounting Standards Board and other changes in
6 generally accepted accounting principles.

7

8 **SECTION 11.20 Fund Balance Reporting and Government Fund Type Definitions.**

9 The Controller is authorized to establish or adjust fund type definitions for restricted,
10 committed or assigned revenues and expenditures, in accordance with the requirements of
11 Governmental Accounting Standards Board Statement 54. These changes will be designed
12 to enhance the usefulness of fund balance information by providing clearer fund balance
13 classifications that can be more consistently applied and by clarifying the existing
14 governmental fund type definitions. Reclassification of funds shall be reviewed by the City's
15 outside auditors during their audit of the City's financial statements.

16

17 **SECTION 11.21 State Local Public Safety Fund.**

18 Amounts received from the State Local Public Safety Fund (Sales Taxes) for deposit to the
19 Public Safety Augmentation Fund shall be transferred to the General Fund for use in
20 meeting eligible costs of public safety as provided by State law and said funds are
21 appropriated for said purposes.

22

23 Said funds shall be allocated to support public safety department budgets, but not specific
24 appropriation accounts, and shall be deemed to be expended at a rate of 75% of eligible
25 departmental expenditures up to the full amount received. The Controller is hereby directed

1 to establish procedures to comply with state reporting requirements.

2

3 **SECTION 11.23 Affordable Housing Loan Repayments and Interest Earnings.**

4 Loan repayments, proceeds of property sales in cases of defaulted loans, and interest
5 earnings in special revenue funds designated for affordable housing are hereby
6 appropriated for affordable housing program expenditures, including payments from loans
7 made by the former San Francisco Redevelopment Agency and transferred to the Mayor's
8 Office of Housing and Community Development, the designated the housing successor
9 agency. Expenditures shall be subject to the conditions under which each such fund was
10 established.

11

12 **SECTION 11.24 Development Agreement Implementation Costs.**

13 The Controller is hereby authorized to appropriate reimbursements of City costs incurred to
14 implement development agreements approved by the Board of Supervisors, including but
15 not limited to City staff time, consultant services and associated overhead costs to conduct
16 plan review, inspection, and contract monitoring, and to draft, negotiate, and administer
17 such agreements. This provision does not apply to development impact fees or other
18 payments approved in a development agreement, which shall be appropriated by the Board
19 of Supervisors.

20

21 **SECTION 11.25 Housing Trust Fund.**

22 The Controller is hereby authorized to adjust appropriations as necessary to implement the
23 movement of Housing Trust Fund revenues and expenditures from the General Fund to a
24 special revenue fund.

25

1 The Controller shall account for appropriation of \$17,600,000 for eligible affordable housing
2 projects in fiscal year 2021-22 as an advance of future year Housing Trust Fund allocations,
3 and shall credit such advance against required appropriations to that fund for a period of
4 five years, beginning in fiscal year 2023-24, in an annual amount of \$3,520,000.

5

6 **SECTION 12. Special Situations.**

7

8 **SECTION 12.1 Revolving Funds.**

9 Surplus funds remaining in departmental appropriations may be transferred to fund
10 increases in revolving funds up to the amount authorized by the Board of Supervisors if said
11 Board, by ordinance, has authorized an increase in said revolving fund amounts.

12

13 **SECTION 12.2 Interest Allocations.**

14 Interest shall not be allocated to any special, enterprise, or trust fund or account unless said
15 allocation is required by Charter, state law or specific provision in the legislation that created
16 said fund. Any interest earnings not allocated to special, enterprise or trust funds or
17 accounts shall be credited, by the Controller, to General Fund Unallocated Revenues.

18

19 **SECTION 12.3 Property Tax.**

20 Consistent with the State Teeter Plan requirements, the Board of Supervisors elects to
21 continue the alternative method of distribution of tax levies and collections in accordance
22 with Revenue and Taxation Code Section 4701. The Board of Supervisors directs the
23 Controller to maintain the Teeter Tax Losses Reserve Fund at an amount not less than 1%
24 of the total of all taxes and assessments levied on the secured roll for that year for
25 participating entities in the county as provided by Revenue and Taxation Code Section

1 4703. The Board of Supervisors authorizes the Controller to make timely property tax
2 distributions to the Office of Community Investment and Infrastructure, the Treasure Island
3 Development Authority, and City and County of San Francisco Infrastructure Financing
4 Districts as approved by the Board of Supervisors through the budget, through development
5 pass-through contracts, through tax increment allocation pledge agreements and
6 ordinances, and as mandated by State law.

7

8 The Controller is authorized to adjust the budget to conform to assumptions in final
9 approved property tax rates and to make debt service payments for approved general
10 obligation bonds accordingly.

11

12 The Controller is authorized and directed to recover costs from the levy, collection and
13 administration of property taxes. The tax rate for the City's General Obligation Bond Fund,
14 approved annually by resolution of the Board of Supervisors, includes a collection fee of
15 0.25% of the fund collected for the purpose of the General Obligation Bond debt service. An
16 amount sufficient to pay this fee is hereby appropriated within the General Obligation Bond
17 Fund and the Controller is hereby authorized to pay this fee into the General Fund from the
18 General Obligation Bond Fund.

19

20 **SECTION 12.4 New Project Reserves.**

21 Where this Board has set aside a portion of the General Reserve for a new project or
22 program approved by a supplemental appropriation, any funds not required for the approved
23 supplemental appropriation shall be returned to the General Fund General Reserve by the
24 Controller.

25

1 **SECTION 12.5 Aid Payments.**

2 Aid paid from funds herein provided and refunded during the fiscal year hereof shall be
3 credited to, and made available in, the appropriation from which said aid was provided.

4

5 **SECTION 12.6 Department of Public Health Transfer Payments, Indigent Health**
6 **Revenues, and Realignment Funding to Offset for Low Income Health Programs.**

7 To more accurately reflect the total net budget of the Department of Public Health, this
8 ordinance shows net revenues received from certain State and Federal health programs.
9 Funds necessary to participate in such programs that require transfer payments are hereby
10 appropriated. The Controller is authorized to defer surplus transfer payments, indigent
11 health revenues, and Realignment funding to offset future reductions or audit adjustments
12 associated with funding allocations for health services for low income individuals.

13

14 **SECTION 12.7 Municipal Transportation Agency.**

15 Consistent with the provisions of Proposition E and Proposition A creating the Municipal
16 Transportation Agency and including the Parking and Traffic function as a part of the
17 Municipal Transportation Agency, the Controller is authorized to make such transfers and
18 reclassification of accounts necessary to properly reflect the provision of central services to
19 the Municipal Transportation Agency in the books and accounts of the City. No change can
20 increase or decrease the overall level of the City's budget.

21

22 **SECTION 12.8 Treasure Island Authority.**

23 Should the Treasure Island property be conveyed and deed transferred from the Federal
24 Government, the Controller is hereby authorized to make budgetary adjustments necessary
25 to ensure that there is no General Fund impact from this conveyance, and that expenditures

1 of special assessment revenues conform to governmental accounting standards and
2 requirements of the special assessment as adopted by voters and approved by the Board of
3 Supervisors.

4

5 **SECTION 12.9 Hetch Hetchy Power Stabilization Fund.**

6 Hetch Hetchy has entered into a long-term agreement to purchase a fixed amount of power.
7 Any excess power from this contract will be sold back to the power market.

8

9 To limit Hetch Hetchy's risk from adverse market conditions in the future years of the
10 contract, the Controller is authorized to establish a power stabilization account that reserves
11 any excess revenues from power sales in the early years of the contract. These funds may
12 be used to offset potential losses in the later years of the contract. The balance in this fund
13 may be reviewed and adjusted annually.

14

15 The power purchase amount reflected in the Public Utility Commission's expenditure budget
16 is the net amount of the cost of power purchased for Hetch Hetchy use. Power purchase
17 appropriations may be increased by the Controller to reflect the pass through costs of power
18 purchased for resale under long-term fixed contracts previously approved by the Board of
19 Supervisors.

20

21 **SECTION 12.10 Closure of Special Funds, Projects, and Accounts**

22 In accordance with Administrative Code Section 10.100-1(d), if there has been no
23 expenditure activity for the past two fiscal years, a special fund or project can be closed and
24 repealed. The Controller is hereby authorized and directed to reconcile and balance funds,
25 projects and accounts. The Controller is directed to create a clearing account for the

1 purpose of balancing surpluses and deficits in such funds, projects and accounts, and
2 funding administrative costs incurred to perform such reconciliations.

3

4 **SECTION 12.11 Charter-Mandated Baseline Appropriations.**

5 The Controller is authorized to increase or reduce budgetary appropriations as required by
6 the Charter for baseline allocations to align allocations to the amounts required by formula
7 based on actual revenues received during the fiscal year. Departments must obtain Board
8 of Supervisors' approval prior to any expenditure supported by increasing baseline
9 allocations as required under the Charter and the Municipal Code.

10

11 **SECTION 12.12 Parking Tax Allocation.**

12 The Controller is authorized to increase or decrease final budgetary allocation of parking tax
13 in-lieu transfers to reflect actual collections to the Municipal Transportation Agency. The
14 Municipal Transportation Agency must obtain Board of Supervisors' approval prior to any
15 expenditure supported by allocations that accrue to the Agency that are greater than those
16 already appropriated in the Annual Appropriation Ordinance.

17

18 **SECTION 12.13 Former Redevelopment Agency Funds.**

19 Pursuant to Board of Supervisors Ordinance 215-12, the Successor Agency to the San
20 Francisco Redevelopment Agency (also known as the Office of Community Investment and
21 Infrastructure, or OCII) is a separate legal entity from the City and its budget is subject to
22 separate approval by resolution of the Board of Supervisors. The Controller is authorized to
23 transfer funds and appropriation authority between and within accounts related to former
24 San Francisco Redevelopment Agency (SFRA) fund balances to serve the accounting
25 requirements of the OCII, the Port, the Mayor's Office of Housing and the City

1 Administrator's office and to comply with State requirements and applicable bond
2 covenants.

3
4 The Purchaser is authorized to allow the OCII and departments to follow applicable
5 contracting and purchasing procedures of the former SFRA and waive inconsistent
6 provisions of the San Francisco Administrative Code when managing contracts and
7 purchasing transactions related to programs formerly administered by the SFRA.

8
9 If during the course of the budget period, the OCII requests departments to provide
10 additional services beyond budgeted amounts and the Controller determines that the
11 Successor Agency has sufficient additional funds available to reimburse departments for
12 such additional services, the departmental expenditure authority to provide such services is
13 hereby appropriated.

14
15 When 100% of property tax increment revenues for a redevelopment project area are
16 pledged based on an agreement that constitutes an enforceable obligation, the Controller
17 will increase or decrease appropriations to match actual revenues realized for the project
18 area.

19
20 The Mayor's Office of Housing and Community Development is authorized to act as the
21 fiscal agent for the Public Initiatives Development Corporation (PIDC) and receive and
22 disburse PIDC funds as authorized by the PIDC bylaws and the PIDC Board of Directors.

23

24 **SECTION 12.14 CleanPowerSF.**

25 CleanPowerSF customer payments and all other associated revenues deposited in the

1 CleanPowerSF special revenue fund are hereby appropriated in the amounts actually
2 received by the City and County in each fiscal year. The Controller is authorized to disburse
3 the revenues appropriated by this section as well as those appropriated yet unspent from
4 prior fiscal years to pay power purchase obligations and other operating costs as provided
5 in the program plans and annual budgets, as approved by the Board of Supervisors for the
6 purposes authorized therein.

7

8 **SECTION 12.15 Unclaimed Funds Escheatment Noticing & Accounting Procedures**

9 Pursuant to Government Code Sections 50055 and 50057, the Board of Supervisors
10 authorizes the Treasurer to transfer to the General Fund without publication of a notice in a
11 newspaper the following amounts that remain unclaimed in the treasury of the City and
12 County of San Francisco or in the official custody of an officer of the City and County of San
13 Francisco for a period of at least one year: (1) any individual items of less than \$15; and (2)
14 any individual items of \$5,000 or less if the depositor's name is unknown. The Treasurer
15 shall notify the Controller of transfers performed using this authorization.

16

17 **SECTION 14. Departments.**

18 The term department as used in this ordinance shall mean department, bureau, office,
19 utility, agency, board or commission, as the case may be. The term department head as
20 used herein shall be the chief executive duly appointed and acting as provided in the
21 Charter. When one or more departments are reorganized or consolidated, the former
22 entities may be displayed as separate units, if, in the opinion of the Controller, this will
23 facilitate accounting or reporting.

24

25 (a) The Public Utilities Commission shall be considered one entity for budget purposes

1 and for disbursement of funds within each of the enterprises. The entity shall retain its
2 enterprises, including Water, Hetch Hetchy, Wastewater, and the Public Utilities
3 Commission, as separate utility fund enterprises under the jurisdiction of the Public Utilities
4 Commission and with the authority provided by the Charter. This section shall not be
5 construed as a merger or completion of the Hetch Hetchy Project, which shall not be
6 deemed completed until a specific finding of completion has been made by the Public
7 Utilities Commission. The consolidated agency will be recognized for purposes of
8 determining employee seniority, position transfers, budgetary authority and transfers or
9 reappropriation of funds.

10

11 (b) There shall be a General Services Agency, headed by the City Administrator,
12 including the Department of Public Works, the Department of Telecommunication and
13 Information Services, and the Department of Administrative Services.

14

15 The City Administrator shall be considered one entity for budget purposes and for
16 disbursement of funds. ~~This budgetary structure does not affect the separate legal status of
17 the departments placed within the entity: Administrative Services, Medical Examiner,
18 Convention and Facilities Management, and Animal Care and Control. Each of these
19 departments shall retain the duties and responsibilities of departments as provided in the
20 Charter and the Administrative Code, including but not limited to appointing and contracting
21 authority.~~

22

23 (c) There shall be a Human Services Agency, which shall be considered one entity for
24 budget purposes and for disbursement of funds. Within the Human Services Agency shall
25 be two departments: (1) the Department of Human Services, under the Human Services

1 Commission, and (2) the Department of Disability and Aging ~~and Adult~~ Services ("DAAS"),
2 under the Disability and Aging ~~and Adult~~ Services Commission, includes Adult Protective
3 Services, the Public Administrator/Public Guardian, the Mental Health Conservator, the
4 Department of Disability and Aging ~~and Adult~~ Services, the County Veterans' Service
5 Officer, and the In-Home Supportive Services Program. This budgetary structure does not
6 affect the legal status or structure of the two departments,~~unless reorganized under Charter~~
7 ~~Section 4.132~~. The Human Resources Director and the Controller are authorized to transfer
8 employees, positions, and funding in order to effectuate the transfer of the program from
9 one department to the other. The consolidated agency will be recognized for purposes of
10 determining employee seniority, position transfers, budgetary authority and transfers or
11 reappropriation of funds.

12
13 The departments within the Human Services Agency shall coordinate with each other and
14 with the Disability and Aging ~~and Adult~~ Services Commission to improve delivery of
15 services, increase administrative efficiencies and eliminate duplication of efforts. To this
16 end, they may share staff and facilities. ~~The Aging and Adult Services Commission shall~~
17 ~~remain the Area Agency on Aging~~. This coordination is not intended to diminish the authority
18 of the Disability and Aging ~~and Adult~~ Services Commission over matters under the
19 jurisdiction of the Commission.

20
21 The Director of the Aging and Adult Services Commission also may serve as the
22 department head for DAAS, and/or as a deputy director for the Department of Human
23 Services, but shall receive no additional compensation by virtue of an additional
24 appointment. If an additional appointment is made, it shall not diminish the authority of the
25 Aging and Adult Services Commission over matters under the jurisdiction of the
Commission.

1 **SECTION 15. Travel Reimbursement and Cell Phone Stipends.**

2 The Controller shall establish rules for the payment of all amounts payable for travel for
3 officers and employees, and for the presentation of such vouchers as the Controller shall
4 deem proper in connection with expenditures made pursuant to said Section. No allowance
5 shall be made for traveling expenses provided for in this ordinance unless funds have been
6 appropriated or set aside for such expenses in accordance with the provisions of the
7 Charter.

8
9 The Controller may advance the sums necessary for traveling expenses, but proper account
10 and return must be made of said sums so advanced by the person receiving the same
11 within ten days after said person returns to duty in the City and County of San Francisco,
12 and failure on the part of the person involved to make such accounting shall be sufficient
13 cause for the Controller to withhold from such persons pay check or checks in a sum
14 equivalent to the amount to be accounted.

15
16 In consultation with the Human Resources Director, the Controller shall establish rules and
17 parameters for the payment of monthly stipends to officers and employees who use their
18 own cells phones to maintain continuous communication with their workplace, and who
19 participate in a Citywide program that reduces costs of City-owned cell phones.

20
21 **SECTION 16. Contributed Revenue Reserve and Audit and Adjustment Reserve.**

22 The Controller is hereby authorized to establish a Contributed Revenue and Adjustment
23 Reserve to accumulate receipts in excess of those estimated revenues or unexpended
24 appropriations stated herein. Said reserve is established for the purpose of funding the
25 budget of the subsequent year, and the receipts in this reserve are hereby appropriated for

1 said purpose. The Controller is authorized to maintain an Audit and Adjustment Reserve to
2 offset audit adjustments, and to balance expenditure accounts to conform to year-end
3 balancing and year-end close requirements.

4

5 **SECTION 17. Airport Service Payment.**

6 The moneys received from the Airport's revenue fund as the Annual Service Payment
7 provided in the Airline-Airport Lease and Use Agreement are in satisfaction of all obligations
8 of the Airport Commission for indirect services provided by the City and County of San
9 Francisco to the Commission and San Francisco International Airport and constitute the
10 total transfer to the City's General Fund.

11

12 The Controller is hereby authorized and directed to transfer to the City's General Fund from
13 the Airport revenue fund with the approval of the Airport Commission funds that constitute
14 the annual service payment provided in the Airline - Airport Lease and Use Agreement in
15 addition to the amount stated in the Annual Appropriation Ordinance.

16

17 On the last business day of the fiscal year, unless otherwise directed by the Airport
18 Commission, the Controller is hereby authorized and directed to transfer all moneys
19 remaining in the Airport's Contingency Account to the Airport's Revenue Fund. The
20 Controller is further authorized and directed to return such amounts as were transferred
21 from the Contingency Account, back to the Contingency Account from the Revenue Fund
22 Unappropriated Surplus on the first business day of the succeeding fiscal year, unless
23 otherwise directed by the Airport Commission.

24

25 **SECTION 18. Pooled Cash, Investments.**

1 The Treasurer and Controller are hereby authorized to transfer available fund balances
2 within pooled cash accounts to meet the cash management of the City, provided that
3 special and non-subsidized enterprise funds shall be credited interest earnings on any funds
4 temporarily borrowed therefrom at the rate of interest earned on the City Pooled Cash Fund.
5 No such cash transfers shall be allowed where the investment of said funds in investments
6 such as the pooled funds of the City and County is restricted by law.

7

8 **SECTION 19. Matching Funds for Federal or State Programs.**

9 Funds contributed to meet operating deficits and/or to provide matching funds for federal or
10 State aid (e.g. Medicaid under SB 855 or similar legislation for Zuckerberg San Francisco
11 General Hospital) are specifically deemed to be made exclusively from local property and
12 business tax sources.

13

14 **SECTION 20. Advance Funding of Bond Projects – City Departments.**

15 Whenever the City and County has authorized appropriations for the advance funding of
16 projects which may at a future time be funded from the proceeds of general obligation,
17 revenue, or lease revenue bond issues or other legal obligations of the City and County, the
18 Controller shall recover from bond proceeds or other available sources, when they become
19 available, the amount of any interest earnings foregone by the General Fund as a result of
20 such cash advance to disbursements made pursuant to said appropriations. The Controller
21 shall use the monthly rate of return earned by the Treasurer on City Pooled Cash Fund
22 during the period or periods covered by the advance as the basis for computing the amount
23 of interest foregone which is to be credited to the General Fund.

24

25

1 **SECTION 21. Advance Funding of Projects – Transportation Authority.**

2 Whenever the San Francisco County Transportation Authority requests advance funding of
3 the costs of administration or the costs of projects specified in the City and County of San
4 Francisco Transportation Expenditure Plan which will be funded from proceeds of the
5 transactions and use tax as set forth in Article 14 of the Business and Tax Regulations
6 Code of the City and County of San Francisco, the Controller is hereby authorized to make
7 such advance. The Controller shall recover from the proceeds of the transactions and use
8 tax when they become available, the amount of the advance and any interest earnings
9 foregone by the City and County General Fund as a result of such cash advance funding.
10 The Controller shall use the monthly rate of return earned by the Treasurer on General City
11 Pooled Cash funds during the period or periods covered by the advance as the basis for
12 computing the amount of interest foregone which is to be credited to the General Fund.

13

14 **SECTION 22. Controller to Make Adjustments, Correct Clerical Errors.**

15 The Controller is hereby authorized and directed to adjust interdepartmental appropriations,
16 make transfers to correct objects of expenditures classifications and to correct clerical or
17 computational errors as may be ascertained by the Controller to exist in this ordinance. The
18 Controller shall file with the Clerk of the Board a list of such adjustments, transfers and
19 corrections made pursuant to this Section.

20

21 The Controller is hereby authorized to make the necessary transfers to correct objects of
22 expenditure classifications, and corrections in classifications made necessary by changes in
23 the proposed method of expenditure.

24

25

1 **SECTION 22.1 Controller to Implement New Financial and Interfacing Subsystems.**

2 In order to further the implementation and adoption of the Financial and Procurement
3 System's modules, the Controller shall have the authority to reclassify departments'
4 appropriations to conform to the accounting and project costing structures established in the
5 new system, as well as reclassify contract authority utilized (expended) balances and
6 unutilized (available) balances to reflect actual spending.

7

8 **SECTION 23. Transfer of State Revenues.**

9 The Controller is authorized to transfer revenues among City departments to comply with
10 provisions in the State budget.

11

12 **SECTION 24. Use of Permit Revenues from the Department of Building Inspection.**

13 Permit revenue funds from the Department of Building Inspection that are transferred to
14 other departments as shown in this budget shall be used only to fund the planning,
15 regulatory, enforcement and building design activities that have a demonstrated nexus with
16 the projects that produce the fee revenues.

17

18 **SECTION 25. Board of Supervisors Official Advertising Charges.**

19 The Board of Supervisors is authorized to collect funds from enterprise departments to
20 place official advertising. The funds collected are automatically appropriated in the budget of
21 the Board of Supervisors as they are received.

22

23 **SECTION 26. Work Order Appropriations.**

24 The Board of Supervisors directs the Controller to establish work orders pursuant to Board-
25 approved appropriations, including positions needed to perform work order services, and

1 corresponding recoveries for services that are fully cost covered, including but not limited to
2 services provided by one City department to another City department, as well as services
3 provided by City departments to external agencies, including but not limited to the Office of
4 Community Investment and Infrastructure, the Treasure Island Development Authority, the
5 School District, and the Community College. Revenues for services from external agencies
6 shall be appropriated by the Controller in accordance with the terms and conditions
7 established to perform the service.

8
9 It is the policy of the Mayor and the Board of Supervisors to allocate costs associated with
10 the replacement of the City's financial and purchasing system to all City Departments
11 proportional to the departments' costs and financial requirements. In order to minimize new
12 General Fund appropriations to complete the project, the Controller is authorized and
13 directed to work with departments to identify efficiencies and savings in their financial and
14 administrative operations to be applied to offset their share of the costs of this project, and
15 is authorized to apply said savings to the project.

16

17 **SECTION 26.1 Property Tax System**

18 In order to minimize new appropriations to the property tax system replacement project, the
19 Controller is authorized and directed to apply operational savings from the offices of the Tax
20 Collector, Assessor, and Controller to the project. No later than June 1, 2018 the Controller
21 shall report to the Budget and Legislative Analyst's Office and Budget and Finance
22 Committee on the specific amount of operational savings, including details on the source of
23 such savings, in the budgets of Tax Collector, Assessor, and Controller that are re-allocated
24 to the Property Tax System Replacement Project

25

1 **SECTION 27. Revenue Reserves and Deferrals.**

2 The Controller is authorized to establish fee reserve allocations for a given program to the
3 extent that the cost of service exceeds the revenue received in a given fiscal year, including
4 establishment of deferred revenue or reserve accounts. In order to maintain balance
5 between budgeted revenues and expenditures, revenues realized in the fiscal year
6 preceding the year in which they are appropriated shall be considered reserved for the
7 purposes for which they are appropriated.

8

9 **SECTION 28. Close-Out of Reserved Appropriations.**

10 On an annual basis, the Controller shall report the status of all reserves, their remaining
11 balances, and departments' explanations of why funding has not been requested for
12 release. Continuation of reserves will be subject to consideration and action by the Budget
13 and Finance Committee or Budget and Appropriations Committee. The Controller shall
14 close out reserved appropriations that are no longer required by the department for the
15 purposes for which they were appropriated.

16

17 **SECTION 28.1. Reserves Placed on Expenditures by Controller.**

18 Consistent with Charter Section 3.105(d), the Controller is authorized to reserve
19 expenditures in the City's budget equal to uncertain revenues, as deemed appropriate by
20 the Controller. The Controller is authorized to remove, transfer, and update reserves to
21 expenditures in the budget as revenue estimates are updated and received in order to
22 maintain City operations.

23

24 **SECTION 29. Appropriation Control of Capital Improvement Projects and Equipment.**

25 Unless otherwise exempted in another section of the Administrative Code or Annual

1 Appropriation Ordinance, and in accordance with Administrative Code Section 3.18,
2 departments may transfer funds from one Board-approved capital project to another Board-
3 approved capital project. The Controller shall approve transfers only if they do not materially
4 change the size or scope of the original project. Annually, the Controller shall report to the
5 Board of Supervisors on transfers of funds that exceed 10% of the original appropriation to
6 which the transfer is made.

7
8 The Controller is authorized to approve substitutions within equipment items purchased to
9 equip capital facilities providing that the total cost is within the Board-approved capital
10 project appropriation.

11
12 The Controller is authorized to transfer approved appropriations between departments to
13 correctly account for capitalization of fixed assets.

14
15 **SECTION 30. Business Improvement Districts.**

16 Proceeds from all special assessments levied on real property included in the property-
17 based business improvement districts in the City and County of San Francisco are hereby
18 appropriated in the respective amounts actually received by the City and County in such
19 fiscal year for each such district.

20
21 The Controller is authorized to disburse the assessment revenues appropriated by this
22 section to the respective Owners' Associations (as defined in Section 36614.5 of the Streets
23 and Highways Code) for such districts as provided in the management district plans,
24 resolutions establishing the districts, annual budgets and management agreements, as
25 approved by the Board of Supervisors for each such district, for the purposes authorized

1 therein. The Tourism Improvement District and Moscone Expansion Business Improvement
2 District assessments are levied on gross hotel room revenue and are collected and
3 distributed by the Tax Collector's Office.

4
5 **SECTION 31. Infrastructure Financing and Infrastructure Revitalization Financing**
6 **Districts.**

7 Pursuant to California Government Code Section 53395 et seq. (IFD Law), the Board of
8 Supervisors has formed Infrastructure Financing (IFD) and Infrastructure Revitalization
9 Financing (IRFD) Districts within the City and County of San Francisco. The Board of
10 Supervisors hereby authorizes the Controller to transfer funds and appropriation authority
11 between and within accounts related to City and County of San Francisco IFDs and IRFDs
12 to serve accounting and State requirements, the latest approved Infrastructure Financing
13 Plan for a District, and applicable bond covenants.

14
15 When 100% of the portion of property tax increment normally appropriated to the City and
16 County of San Francisco's General Fund or Special Revenue Fund or to the County's
17 Educational Revenue Augmentation Fund (ERAF) is instead pledged, based on Board of
18 Supervisors Ordinance, the Controller may increase or decrease appropriations to match
19 actual revenues realized for the IFD or IRFD. Any increases to appropriations would be
20 consistent with the Financing Plan previously approved by the Board of Supervisors.

IFD/IRFD No / Title	Ordinance	Estimated Tax Increment	
		FY 2020-21	FY 2021-22
IFD 2 Port Infrastructure Financing District Subproject Area Pier 70 G-1 Historic Core	27-16	\$ 733,000	\$ 749,000
IFD 2 Port Infrastructure Financing District Subproject Areas Pier 70 G-2, G-3, and G-4	220-18	\$ -	\$ -
IFD 2 Port Infrastructure Financing District Subproject Area I (Mission Rock)	34-18	\$ -	\$ 360,000
IRFD 1 Treasure Island Infrastructure and Revitalization Financing District	21-17	\$ 2,931,000	\$ 4,475,000
IRFD 2 Hoedown Yard Infrastructure and Revitalization Financing District	348-18	\$ -	\$ -

IFD/IRFD No / Title	Ordinance	Estimated Tax Increment	
		FY 2021-22	FY 2022-23
IFD 2 Port Infrastructure Financing District Subproject Area Pier 70 G-1 Historic Core	27-16	\$ 749,000	\$ 762,000
IFD 2 Port Infrastructure Financing District Subproject Areas Pier 70 G-2, G-3, and G-4	220-18	\$ -	\$ -
IFD 2 Port Infrastructure Financing District Subproject Area I (Mission Rock)	34-18	\$ 360,000	\$ 368,000
IRFD 1 Treasure Island Infrastructure and Revitalization Financing District	21-17	\$ 4,475,000	\$ 6,552,000
IRFD 2 Hoedown Yard Infrastructure and Revitalization Financing District	348-18	\$ -	\$ -

~~SECTION 32. COVID-19 Response and Economic Loss Contingency Reserve~~

~~Five hundred and seven million dollars (\$507,000,000) of unassigned fund balance from fiscal year 2019-20 is hereby assigned to a budget contingency reserve for the purpose of managing costs related to the coronavirus public health emergency and revenue shortfalls caused by the effect of the pandemic on the state and local tax bases, as well as mitigating uncertainty around future funding from the Federal Emergency Management Agency (FEMA) and voter approval of November 2020 business tax measures assumed in the fiscal year 2020-21 and 2021-22 proposed budget. This consolidated reserve is comprised of unassigned fund balance reserved for other contingencies of three hundred and eight million (\$308,000,000) and the available balances of the Rainy Day One Time Spending~~

1 ~~Account, the Budget Stabilization Reserve One Time Spending Account, and the Budget~~
2 ~~Savings Incentive Fund. This assignment shall not be included in the calculations of~~
3 ~~deposits to the Budget Stabilization Reserve described in Administrative Code Section~~
4 ~~10.60 (c).~~

5

6 **SECTION 32. Federal and State Emergency Grant Disallowance Reserve.**

7 One hundred million dollars (\$100,000,000) of unassigned fund balance from fiscal year
8 2020-21 is hereby assigned to a budget contingency reserve for the purpose of managing
9 revenue shortfalls related to reimbursement disallowances from the Federal Emergency
10 Management Agency (FEMA) and other state and federal agencies. This reserve is
11 comprised of a portion of the remaining balance of the COVID-19 Response and Economic
12 Loss Contingency Reserve. This assignment shall not be included in the calculations of
13 deposits to the Budget Stabilization Reserve described in Administrative Code Section
14 10.60 (c).

15

16 **SECTION 32.1 Fiscal Cliff Reserve.**

17 Two hundred ninety-three million and nine hundred thousand dollars (\$293,900,000) of
18 unassigned fund balance from fiscal year 2020-21 is hereby assigned to a budget
19 contingency reserve for the purpose of managing projected budget shortfalls following the
20 spend down of federal and state stimulus funds and other one-time sources used to balance
21 the fiscal year 2021-22 and fiscal year 2022-23 budget. This reserve is comprised of the
22 balance of the COVID-19 Response and Economic Loss Contingency Reserve (COVID
23 Reserve) remaining after funding the Federal and State Emergency Grant Disallowance
24 Reserve in Section 32 and accounting for the use of the COVID Reserve in the fiscal year
25 2021-22 and fiscal year 2022-23 budget. This assignment shall not be included in the

1 calculations of deposits to the Budget Stabilization Reserve described in Administrative
2 Code Section 10.60 (c).

3

4 **SECTION 32.2. Federal and State Emergency Revenue Revisions.**

5 The Controller is authorized to revise approved revenue budgets for federal and state
6 emergency-related revenues to manage timing differences and cash flow needs driven by
7 changing granting agencies' guidance and approvals, provided that such adjustments shall
8 not change cumulative total revenue budgets in a given fund for the period from fiscal years
9 2020-21 through 2022-23. Such revisions shall not change approved expenditure authority.

10 The Controller shall report any such revisions to the Mayor and Board within 30 days of their
11 enactment.

12

13 **SECTION 33. Federal, State and Local Match Sources & Uses Accounting for COVID-**
14 **19 Emergency.**

15 The Controller is authorized to adjust federal and state sources appropriations to reflect
16 eligible costs by authorized spending category, to ensure cost reimbursement recovery
17 revenues are maximized, and to align eligible costs to the appropriate federal or state fund,
18 provided there is no net increase or decrease to COVID-19 emergency response revenues
19 or expenditures. Adjustments may be made across fiscal years ~~2019-20 and 2020-21~~, and
20 any balances available on June 30, 2020¹ are assigned for COVID-19 emergency response
21 uses in fiscal year 2020¹-21².

22

23 **SECTION 33.1 Emergency Transfers of Funds.**

24 The Controller shall each month report any transfer of appropriated or unappropriated funds
25 adopted pursuant to the Mayor's COVID-19 Emergency Order.

1 **SECTION 34. Transbay Joint Powers Authority Financing.**

2 Sources received for purposes of payment of debt service for the approved and issued
3 Transbay Community Facilities District special tax bonds and the approved and drawn City
4 bridge loan to the Transbay Joint Powers Authority are hereby appropriated.

5

6 ~~SECTION 35. Administration of Appropriation Advances to Contested Taxes.~~

7 ~~Revenue collected pursuant to three contested taxes approved by voters in 2018 (June~~
8 ~~2018 Prop C Early Care and Education Commercial Rents Tax ordinance, June 2018 Prop~~
9 ~~G Living Wage for Educators Parcel Tax, and November 2018 Prop C Homelessness Gross~~
10 ~~Receipts Tax ordinance) will not be available for appropriation until the conclusion of~~
11 ~~litigation. General Fund appropriations in the budget for legally eligible expenditures for~~
12 ~~each of these measures shall be treated as advances to address the policy goals of these~~
13 ~~measures pending the outcome of this litigation. Should the City prevail in litigation, the~~
14 ~~General Fund will be reimbursed for these advances. The Controller is authorized to~~
15 ~~recategorize appropriations to facilitate the administration of this section.~~

16

17 ~~Measures proposed for the November 2020 ballot would amend the Business and Tax~~
18 ~~Regulations Code to increase the gross receipts tax on certain taxpayers and impose a new~~
19 ~~general tax on the gross receipts from the lease of certain commercial space if the~~
20 ~~contested 2018 tax measures are struck down. Should voters approve these measures, the~~
21 ~~Controller is authorized to recategorize appropriations to facilitate the administration of this~~
22 ~~section, and is also directed to establish a Business Tax Stabilization Account for the~~
23 ~~purpose of equalizing the benefit of the advance repayment assumed in the budget year~~
24 ~~over future fiscal years.~~

25

1 **~~SECTION 36. Equity Investment Report.~~**

2 ~~The Human Rights Commission shall submit a report to the Mayor and Board of Supervisors~~
3 ~~detailing the final investment plan for various appropriated equity investments following the~~
4 ~~completion of a community-driven planning process.~~

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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
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June 11, 2021

TO: Budget and Appropriations Committee

FROM: Budget and Legislative Analyst 

SUBJECT: June 14, 2021 Special Budget and Appropriations Committee Meeting

TABLE OF CONTENTS

Item	File	Page
3 & 4	21-0671 Hearing - Administrative Provisions - Contained in the Proposed Appropriation Ordinance for Departments - FYs 2021-2022 and 2022-2023	
	21-0672 Hearing - Administrative Provisions - Contained in the Proposed Annual Salary Ordinance - FYs 2021-2022 and 2022-2023.....	1

Items 3 & 4 Files 21-0671 & 21-0672	Department: Controller
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MANDATE STATEMENT/DETAILS OF PROPOSED LEGISLATION

File 21-0671: Administrative Provisions of the Annual Appropriation Ordinance

The proposed FY 2021-22 and FY 2022-23 Annual Appropriation Ordinance (AAO) contains the administrative provisions governing the appropriation ordinance. The proposed AAO for FY 2021-22 and FY 2022-23 contain the following major changes to the administrative provisions:

Section 5- Transfers of Functions and Duties

The proposed ordinance updates language describing the process by which the Controller and Human Resources Director make transfers or reassignment of personnel when a duty or performance has been transferred from one department to another. Currently, the AAO states that when there is such a transfer of duties, the Controller and Human Resources Director are authorized to make personnel transfers or reassignments between affected departments at a mutually convenient time not to exceed 100 days from the effective date of the ordinance transferring the duty or function. [emphasis added]

The proposed change adds that the transfers or reassignments of personnel shall not exceed 100 days from the date of the ordinance or Mayoral memorandum transferring the duty or function. According to Ms. Michelle Allersma and Ms. Risa Sandler from the Controller's Office, this new language is being updated to reflect the Charter provisions under which the Mayor and Board may transfer functions between departments. Under Charter Section 4.132, the Mayor may transfer functions with Mayoral "transfer of function" memos, subject to rejection by the Board within 30 days.

Section 10.4- Salary Adjustments, Memoranda of Understanding (MOUs)

The proposed ordinance makes a correction to account for an administrative practicality in the transfer of funds from the City's Salary and Benefits Reserve to department budgets to reflect adjustments in salaries and related mandatory fringe benefits of employees whose compensation is determined through collective bargaining agreements. Specifically, the proposed change adds that adjustments are made to pay requirements above the funding level established in the base and adopted budget of the respective departments. The base budget does not always assume the correct required appropriation for salary and mandatory fringe benefits.

The proposed ordinance also changes language in this section referring to "premium" pay to "other" pay as this broader term encompasses all of the types of pay that fall under mandatory fringe benefits, such as payouts upon retirement.

Section 11.25- Housing Trust Fund

The proposed ordinance notes that the Controller shall account for the appropriation of \$17,600,000 for eligible affordable housing projects in FY 2021-22 as an advance of future year Housing Trust Fund allocations, and shall credit such advance against required appropriations to

that fund for a period of five years, beginning in FY 2023-24, in an annual amount of \$3,250,000. According to Ms. Allersma from the Controller's Office, this pre-payment of obligations to the Housing Trust Fund is included in the Mayor's proposed budget to account for the availability of General Fund revenues in FY 2021-22 and the projected General Fund deficits beginning in FY 2023-24.

Section 12.15- Unclaimed Funds Escheatment Noticing & Accounting Procedures

The proposed ordinance provides authorization to the Treasurer to transfer certain unclaimed funds to the General Fund without public notice if they remain unclaimed for a period of at least one year. Specifically, the Treasurer would be able to transfer any individual items of less than \$15 and any individual items of \$5,000 or less if the depositor's name is unknown. According to Ms. Allersma, several departments have unclaimed funds in small amounts and Government Code Sections 50055 and 50057 allow for transfer of such funds to the General Fund under these circumstances.

The proposed FY 2021-22 General City Responsibility budget includes \$946,782 in one-time escheatment funds, which reflects the transfer of these funds that have built up over time. According to Ms. Allersma, \$900,000 of this amount is from the Office of Labor Standards Enforcement (OLSE) under the Department of Administrative Services and \$46,782 is from the Juvenile Probation Department. The Controller's Office anticipates that amounts transferred to the General Fund after FY 2021-22 will be minimal.

Section 32 - COVID-19 Response and Economic Loss Contingency Reserve; Federal and State Emergency Grant Disallowance Reserve

The proposed ordinance removes the COVID-19 Response and Economic Loss Contingency Reserve and adds the proposed Federal and State Emergency Grant Disallowance Reserve.

The COVID-19 Response and Economic Loss Contingency Reserve was established in FY 2020-21 from \$507 million in FY 2019-20 unassigned fund balance for the purpose of managing costs related to the coronavirus public health emergency and revenue shortfalls caused by the effect of the pandemic on the state and local tax bases, as well as mitigating uncertainty around future funding from the Federal Emergency Management Agency (FEMA) and voter approval of November 2020 business tax measures that were assumed in the FY 2020-22 budget.

The Federal and State Emergency Grant Disallowance Reserve is being proposed in the amount of \$100 million from FY 2020-21 unassigned fund balance for the purpose of managing revenue shortfalls related to reimbursement disallowances from FEMA and other state and federal agencies. According to Ms. Allersma, the City has budgeted to receive \$430 million of reimbursements from FEMA in total since the beginning of the public health emergency, including \$49.5 million in the proposed FY 2021-22 budget. Further, the City has submitted claims to date of \$180.5 million, of which \$36.3 million have been approved (i.e. obligated) by FEMA and \$14.6 million has been paid. According to Ms. Allersma, the balance of funds not approved or paid by FEMA are subject to risk of both lower claiming than that assumed in the budget and potential disallowance of claimed costs. Further, Ms. Allersma noted that the federal

reimbursement and auditing process will likely continue for the coming fiscal year at a minimum, which presents an ongoing risk to budgeted reserves.

Sections 32.1 & 32.2 - Fiscal Cliff Reserve; Federal and State Emergency Revenue Revisions

The Fiscal Cliff Reserve (Section 32.1) is being proposed in the amount of \$293,900,000 from FY 2020-21 unassigned fund balance for the purpose of managing projected budget shortfalls following the spend down of federal and state stimulus funds and other one-time sources used to balance the FY 2021-23 two-year budget. The March Update to the Five-Year Financial Plan (Joint Report) projected a \$499.3 million cumulative shortfall in the General Fund through FY 2025-26 (inclusive of the funds the City expects to receive from the American Rescue Plan Act (ARPA) signed into law in March 2021). Although ARPA funds have helped to balance the City's budget over the next two years, a structural deficit remains. The proposed Fiscal Cliff Reserve is comprised of the balance of the COVID-19 Response and Economic Loss Contingency Reserve (COVID Reserve) remaining after funding the Federal and State Emergency Grant Disallowance Reserve in Section 32 and accounting for the use of the COVID Reserve in the FY 2021-23 two-year budget.

The proposed ordinance provides new authority to the Controller (Section 32.2) to revise approved revenue budgets for federal and state emergency-related revenues in order to manage timing differences and cash flow needs driven by changing guidance and approvals from granting agencies. The ordinance does not allow the Controller to revise such revenue budgets beyond the cumulative total revenue budgets in a given fund for FY 2020-21 through FY 2022-23 and such revisions shall not change the approved expenditure authority. The proposed ordinance requires the Controller to report any such revisions to the Mayor and Board of Supervisors within 30 days of their enactment. According to Ms. Allersma, this authority will help the Controller manage the uncertainty in timing and eligibility for emergency grant funds.

Section 35 – Administration of Appropriation Advances to Contested Taxes

The proposed ordinance removes Section 35, which was established to allow for appropriation advances for contested taxes as the litigation against such taxes has been finally resolved. Specifically, Section 35 of the current AAO provided for the advancing of funds to address the policy goals of three measures (June 2018 Prop C Early Care and Education Commercial Rents Tax ordinance; June 2018 Prop G Living Wage for Educators Parcel Tax; and November 2018 Prop C Homelessness Gross Receipts Tax ordinance). According to Mr. Jon Givner from the City Attorney's Office, the litigation regarding the June 2018 Prop C and November 2018 Prop C are both finally resolved. Therefore, the proposed budget spends those tax revenues directly rather than appropriating advances to fund programs covered by the two ballot measures. Further, June 2018 Prop G was repealed by the voters effective July 1, 2021, and was replaced by the November 2020 Prop J Fair Wages For Educators Parcel Tax ordinance.

Section 36 – Equity Investment Report

The proposed ordinance deletes the requirement for the Human Rights Commission (HRC) to submit a report to the Mayor and Board of Supervisors detailing the final investment plan for various appropriated equity investments following the completion of a community driven

planning process. According to Mr. Givner, it is the recommendation of the City Attorney's Office to remove the requirement from the AAO as the Board generally imposes reporting requirements by separate ordinance, rather than through the budget. According to Ms. Sheryl Evans Davis, Executive Director of the HRC, the Department is preparing its report and plans to present it at its first scheduled budget hearing on June 14, 2021.

File 21-0672: Administrative Provisions of the Annual Salary Ordinance

The proposed FY 2021-22 and FY 2022-23 Annual Salary Ordinance (ASO) contains the administrative provisions governing the appropriation ordinance. The changes to the proposed ASO for FY 2021-22 and FY 2022-23 are mostly related to updating compensation provisions to account for changes in inflation, specifically for stipends to employees permanently assigned to Hetch Hetchy and Camp Mather and for moving expenses for new employees in the Manager IV classification or higher. In addition, the proposed ASO adds language regarding supplemental military pay for employees called into active military service in response to the September 11, 2001 terrorist attacks, international terrorism, conflict in Iraq or related extraordinary circumstances.

POLICY CONSIDERATION

The proposed AAO provides for the advance of \$17,600,000 in FY 2021-22 for five years of required transfers from the General Fund to the Housing Trust Fund from FY 2023-24 to FY 2027-28. The Board of Supervisors could consider requesting a report from the Mayor's Office of Housing and Community Development on how this advance might affect the acquisition or development of affordable housing.

The proposed AAO establishes two new reserves: (1) the Federal and State Emergency Grant Disallowance Reserve in the amount of \$100 million and (2) the Fiscal Cliff reserve in the amount of \$293,900,000. The establishment and amount of reserve funds is a policy matter for the Board of Supervisors to consider. We are reviewing these reserves as part of our analysis of the General City Responsibility budget and will present our report on this budget at the Budget and Appropriations Committee hearing scheduled for June 21, 2021.

The proposed AAO removes the requirement for HRC to present a report to the Mayor and Board of Supervisors detailing the final investment plan for various appropriated equity investments following the completion of a community driven planning process. The Board could consider requesting such a report from the HRC Director if it is not presented at the first hearing scheduled on the Department's budget on June 14, 2021.

RECOMMENDATIONS

1. Consider requesting that the Director of the Mayor's Office of Housing and Community Development provide a report to the Board of Supervisors on how the advancement of \$17,600,000 to the Housing Trust Fund in FY 2021-22 may affect the acquisition or development of affordable housing.
2. Consider requesting a report from the Director of the Human Rights Commission detailing the final investment plan for various appropriate equity investments if such a report is not provided on June 14, 2021 at the Budget and Appropriations Committee hearing on the Department's budget.
3. Approve the proposed ordinance.