

1 [Creation of Budget Savings Incentive Fund.]

2

3 **Ordinance amending the San Francisco Administrative Code by repealing Section 3.17**  
4 **and by adding Section 10.20, to create a Budget Savings Incentive Fund to implement**  
5 **cost-saving strategies and to allow for the reinvestment of those savings in one-time**  
6 **expenditures.**

7 Note: Additions are single-underline italics Times New Roman;  
8 deletions are ~~strikethrough italics Times New Roman~~.  
9 Board amendment additions are double underlined.  
Board amendment deletions are ~~strikethrough normal~~.

10 Be it ordained by the People of the City and County of San Francisco:

11 Section 1. The San Francisco Administrative Code is hereby amended by repealing  
12 Section 3.17 in its entirety.

13 ~~**SEC. 3.17. SAVINGS INCENTIVE ACCOUNT.**~~

14 ~~*(a) Establishment and Purpose of Savings Incentive Account. The Savings Incentive Account*~~  
15 ~~*is hereby established for the purpose of making additional revenue available for items and services that*~~  
16 ~~*will improve the efficient operations of departments. Appropriations from the account may only be*~~  
17 ~~*made to departments to reduce the cost of service delivery and make departmental activities more*~~  
18 ~~*efficient.*~~

19 ~~*(b) Funding of Savings Incentive Account. It shall be the policy of the City and County of San*~~  
20 ~~*Francisco that a Savings Incentive Account ("the account") be annually funded and available by*~~  
21 ~~*October 1 st of each year. The amount appropriated to the account shall be either \$2,000,000 or not*~~  
22 ~~*more than 10 percent of the appropriations closed to General Fund balance for the preceding fiscal*~~  
23 ~~*year as determined by the Controller whichever is greater.*~~

24 ~~*(c) Request and Approval of Appropriation. Beginning July 1, 1996, any department funded in*~~  
25 ~~*whole or in part from the General Fund may submit a request to the Mayor for an appropriation from*~~

1 ~~the account. The Mayor, after consulting with the Controller, may recommend to the Board of~~  
2 ~~Supervisors that it approve a department request for an appropriation from the account.~~

3 ~~(d) Balances remaining in the account at the close of any fiscal year shall be deemed to have~~  
4 ~~been appropriated for a specific purpose and shall be carried forward and accumulated in said account~~  
5 ~~for the purposes recited herein.~~

6  
7 Section 2. The San Francisco Administrative Code is hereby amended by adding  
8 Section 10.20, to read as follows:

9 **SEC. 10.20. BUDGET SAVINGS INCENTIVE FUND**

10 **(a) Establishment and Purpose of Budget Savings Incentive Fund.** The Budget Savings  
11 Incentive Fund (“the Fund”) is hereby established as a category eight fund for the purpose of  
12 encouraging City departments to implement cost-saving strategies and to allow for the reinvestment of  
13 those savings in one-time expenditures. Disbursements from the Fund shall be made only to those  
14 departments that generated net year end expenditure savings at the close of the most recent prior fiscal  
15 year, as certified by the Controller, and only for the purpose of supporting one-time costs, including but  
16 not limited to expenditures that improve the efficiency of departmental operations, reduce the cost of  
17 service delivery, generate additional revenue or meet deferred maintenance needs.

18 **(b) Funding of Budget Savings Incentive Fund.** It shall be the policy of the City and County  
19 of San Francisco that a Budget Savings Incentive Fund be annually funded and available by November  
20 1st of each year. At the end of each fiscal year, up to 25 percent of the total appropriation closed to  
21 General Fund balance by General Fund departments and the Department of Public Health’s hospital  
22 funds shall be appropriated into the Fund (the “carry forward amount”) and placed on Controller’s  
23 reserve. The Controller may suspend the carry forward amount in years when the Controller  
24 determines that the City’s financial condition cannot support deposits into the Fund.

1           (c) Request and Approval of Appropriation. Any department funded in whole or in part from  
2 the General Fund may submit a request in writing to the Controller's Office for a disbursement from  
3 the Fund. Requests shall be reviewed and recommended for funding by a working group comprised  
4 of the Mayor's Budget Director, the City Controller and the President of the Board of Supervisors, or  
5 their designees. Recommendations of the working group shall be submitted to the Board of  
6 Supervisor's Finance Committee for review, and subsequently submitted in the form of a  
7 resolution to the Board of Supervisors for approval, until which time the Controller shall not  
8 release the reserve on monies deposited to the Fund. This subsection shall go into effect in fiscal  
9 year 2006-2007, provided that year end General Fund savings from the preceding year are of an  
10 amount sufficient to meet the savings incentive reserve assumptions of the 2006-2007 budget pursuant  
11 to the pre-existing Section 3.17 of the Administrative Code.

12           (d) Upon approval of funding requests, the Controller shall have the authority to  
13 administratively transfer appropriations from the Fund to the department(s) for which requests were  
14 approved.

15

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

18

19

By:

\_\_\_\_\_  
LINDA ROSS  
Deputy City Attorney

20

21

22

23

24

25