

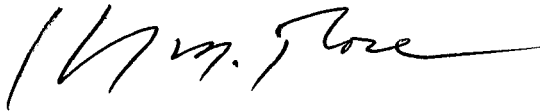
CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST

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

June 10, 2013

TO: Budget and Finance Committee

FROM: Budget and Legislative Analyst



SUBJECT: June 12, 2013 Budget and Finance Committee Meeting

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EXECUTIVE SUMMARY

The proposed legislation would approve for FY 2013-14: (a) the Interim Annual Appropriation Ordinance (File 13-0533), (b) the Interim Annual Salary Ordinance (File 13-0354), (c) a resolution approving an Interim Budget for the Treasure Island Development Authority (TIDA) (File 13-0554) and (d) a resolution approving an Interim Budget for the Office of Community Investment and Infrastructure, the Successor Agency to the San Francisco Redevelopment Agency (File 13-0564).

Overview of Interim Budget

Interim Annual Appropriation Ordinance and Interim Annual Salary Ordinance

The annual budget process for the City and County requires that the Board of Supervisors approve an Interim Annual Appropriation Ordinance and an Interim Annual Salary Ordinance for FY 2013-14 on or before June 30, 2013. The purpose of these interim ordinances is to provide position and expenditure authorization for the various departments of the City and County during the time that the Board of Supervisors Budget and Finance Committee is reviewing the Mayor's recommended budget for FY 2013-14.

The Interim Annual Appropriation Ordinance and the Interim Annual Salary Ordinance are anticipated to be passed on first reading at the June 18, 2013 meeting of the Board of Supervisors. Final passage of these ordinances is anticipated for June 25, 2013.

The Interim Annual Appropriation Ordinance and Interim Annual Salary Ordinance are based on the Mayor's proposed FY 2013-14 and FY 2014-15 budgets, and include authorization and funding for all programs and program revisions. The Budget and Legislative Analyst will submit our reports on the Mayor's proposed FY 2013-14 and FY 2014-15 budgets for the City departments with our recommendations to the Budget and Finance Committee for the budget hearings scheduled from June 17 through June 27, 2013.

Interim Treasure Island Development Authority Budget

The proposed resolution (File 13-0554), approving an interim budget for the Treasure Island Development Authority (TIDA), provides expenditure authority for TIDA for the period from July 1, 2013 until the Board of Supervisors adopts final approval of the FY 2013-14 and FY 2014-15 budget for TIDA. Approval of this proposed resolution would not constitute final approval of any new positions, programs, capital improvements and equipment for TIDA.

Interim Office of Community Investment and Infrastructure Budget

The proposed resolution (File 13-0564), approving an interim budget for FY 2013-14 for the Office of Community Investment and Infrastructure, operating as the Successor Agency to the San Francisco Redevelopment Agency, provides expenditure authority for Office of Community Investment and Infrastructure for the period from July 1, 2013 until the Board of Supervisors adopts final approval of the FY 2013-14 budget. Approval of this proposed resolution would not

constitute final approval of any new positions, programs, capital improvements and equipment for the Office of Community Investment and Infrastructure.

Interim Annual Appropriation Ordinance

New positions, programs, capital improvements and equipment during the interim budget period are subject to Board of Supervisors approval. If the Board of Supervisors approves an exception, new positions can be filled effective July 1, 2013. Otherwise, new positions will generally not be filled until October 1 of each fiscal year. The Mayor's Budget Director has not requested interim exceptions as of the writing of this report. If exceptions are submitted by the Mayor's Office to the Board of Supervisors, the Budget and Legislative Analyst will analyze such exceptions and make recommendations to the Budget and Finance Committee during the Board of Supervisors annual budget process.

Revisions to the Administrative Provisions of the Annual Appropriation Ordinance

The Controller has recommended the following changes to the Administrative Provisions of the FY 2013-14 and FY 2014-15 Annual Appropriation Ordinance:

Section 3.1 Two-Year Budget: The Board of Supervisors approved fixed two-year budgets for the Port, Airport, and Public Utilities Commission in FY 2013-14 and FY 2014-15, which are subject to amendment if actual revenues or expenditures change by more than 5 percent compared to the adopted two-year budget (Resolution 464-11). The proposed amendment to Section 3.1 contains new language, authorizing the Controller to (1) adjust the two-year budgets to reflect transfers and substitutions consistent with the City's policies and restrictions for such transfers, and (2) adjust the second year of the two-year fixed budgets consistent with Citywide estimates for salaries, fringe benefits, and work orders.

Section 4 Interim Budget Provisions: Currently, Section 4 states that no new equipment can be authorized during the interim period unless the Controller determines that the equipment is necessary for continued operation of existing programs or projects previously approved by the Board of Supervisors. The proposed amendment to Section 4 adds capital improvements to the restriction on expenditures during the interim period.

Section 7.2 Equipment Defined: Currently, Section 7.2 allows City departments to purchase additional or replacement equipment from the department's previous appropriations for equipment or lease-purchase or from Citywide equipment appropriations with the approval of the Mayor's Office and Controller. The proposed amendment to Section 7.2 adds Citywide non-salary appropriations as a source for City departments to purchase equipment with the approval of the Mayor's Office and Controller.

Section 11.11 Hotel Tax: Section 11.11, which allocates the City's Hotel Tax revenues to City departments and programs in accordance with the Business and Tax Regulations Code, is deleted. File 13-0545, which is an ordinance pending before the Board of Supervisors, would amend the Business and Tax Regulations Code to eliminate some of the specific allocations of the Hotel Tax, including expired allocations. In accordance with pending File 13-0545, 50 percent of Hotel Tax revenues would be allocated to the Moscone Convention Center and the balance would be allocated to the City's Publicity and Advertising program and to the General Fund.

Section 12.12 Parking Tax Allocation: Section 12.12 is amended to clarify that the Controller transfers Parking Tax revenues, based on actual collection, to the Municipal Transportation Agency but not, as included in the prior provision, the Human Services Agency.

Section 12.13 Former Redevelopment Agency Funds: The proposed amendment to Section 12.13 clarifies that the Office of Community Investment and Infrastructure, which is the Successor Agency to the Redevelopment Agency, is a separate legal entity from the City and its budget is subject to separate approval by resolution of the Board of Supervisors.

Also, the proposed amendment to Section 12.13 provides that, if during the course of the fiscal year, the Office of Community Investment and Infrastructure requests services from City departments beyond budgeted amounts, the City department's expenditure authority is automatically appropriated in order to provide the services if the Controller determines that the Office of Community Investment and Infrastructure has sufficient funds to pay for the service.

Section 16 Audit and Adjustment Reserve: The Controller maintains a reserve in the General City Responsibility budget to offset audit adjustments and to balance expenditure accounts to conform to year-end balancing and year-end close requirements. The proposed amendment to Section 16 would formally authorize this reserve.

Section 26 Work Order Appropriations: Under the proposed amendment to Section 26, if during the course of the fiscal year, an agency external to the City requests services from City departments beyond budgeted amounts, the City department's expenditure authority is automatically appropriated in order to provide the services if the Controller determines that the external agency has sufficient funds to pay for the service.

Section 27 Fee Reserves and Deferrals: Section 27 is a new provision that authorizes the Controller to establish fee reserve allocations in order to balance fee revenues and expenditures over more than one fiscal year, if expenditures for fee-based programs in a given year exceed fee revenues.

Business Improvement Districts

The Attachment shows the FY 2013-14 and FY 2014-15 Business Improvement District assessments. These assessments are levied on real property in the Business Improvement Districts, established by ordinance of the Board of Supervisors, and are used for purposes defined in the district plans, budgets, and management agreements, as previously approved by the Board of Supervisors.

Revisions to the Administrative Provisions of the Annual Salary Ordinance

The Department of Human Resources has recommended the following change to the Administrative Provisions of the Interim Annual Salary Ordinance:

Section 2.1 PUC Employees Assigned to Hetch Hetchy and Recreation and Park Department Employees Assigned to Camp Mather: Public Utilities Commission (PUC) and Recreation and Park Department employees, who work and reside in locations that are not serviced by the Health Maintenance Organizations (HMOs) contracted by the City's Health Service System, and therefore are only eligible to enroll in the City Health Plan, receive a monthly stipend to compensate for the higher cost of the City Health Plan compared to the HMOs. Section 2.1 has

been amended to increase the monthly stipend for (a) PUC and Recreation and Park employees with two or more dependents from \$1,440.79 to \$1,480.28, and (b) PUC employees with one dependent from \$1,029.10 to \$1,051.23.

Approval of the Interim Annual Appropriation Ordinance and Interim Annual Salary Ordinance

We recommend approval of the Interim Annual Appropriation Ordinance and Interim Annual Salary Ordinance, excluding exceptions for new positions, programs, capital improvements and equipment. As previously noted, if exceptions are submitted by the Mayor's Office to the Board of Supervisors, the Budget and Legislative Analyst will analyze such exceptions and make recommendations to the Budget and Finance Committee during the Board of Supervisors annual budget process. Approval of these two ordinances by June 30, 2013 is necessary to authorize expenditures for the City's payroll, vendor payments, and other necessary expenditures prior to approval of the final Annual Appropriation Ordinance and Annual Salary Ordinance.

Summary

- File 13-0533 is an ordinance approving the FY 2013-14 Interim Annual Appropriation Ordinance and File 13-0534 is an ordinance approving the FY 2013-14 Interim Annual Salary Ordinance for the period from July 1, 2013 until the Board of Supervisors finally adopts the FY 2013-14 and FY 2014-15 budgets. These two ordinances will be superseded by any further changes made by the Board of Supervisors during the Board of Supervisors FY 2013-14 and FY 2014-15 budget review.
- File 13-0554 is a resolution approving the interim budget for the Treasure Island Development Authority and File 13-0564 is a resolution approving the interim budget for the Office of Community Investment and Infrastructure, the Successor Agency to the Redevelopment Agency. Approval of these resolutions provides expenditure authority for each agency for the period from July 1, 2013 until the Board of Supervisors finally approves the FY 2013-14 and FY 2014-15 budgets. Approval of these two proposed resolutions would not constitute final approval of any new positions, programs, capital improvements and equipment for these agencies.

Recommendation

- Except for potential exceptions to the Interim Budget, which as of the writing of this report have not been submitted by the Mayor's Budget Director, approve (a) the FY 2013-14 and FY 2014-15 Interim Annual Appropriation Ordinance (File 13-0533), (b) the FY 2013-14 and FY 2014-15 Interim Annual Salary Ordinance (File 13-0534), (c) the FY 2013-14 and FY 2014-15 Interim Treasure Island Development Authority Budget (File 13-0554), and (d) the FY 2013-14 Interim Office of Community Investment and Infrastructure Budget (File 13-0564).

District/Resolution No./Special Assessment No.	FY 2013-14	FY 2014-15
Castro/Upper Market Community Benefit District, 582-05, 63	\$408,091	\$408,091
Central Market Community Benefit District, 631-06, 66	574,164	574,164
Civic Center Community Benefit District, 021-11, 31	695,819	695,819
Fisherman's Wharf Community Benefit District, 540-05, 64	600,215	600,215
Fisherman's Wharf Portside, 539-05, F-107	198,000	198,000
Greater Union Square Business Improvement District, 550-10, 57	3,025,830	3,025,830
Mission Miracle-2500 Block of Mission Street Business Improvement District, 473-10, 65	85,002	85,002
Moscone Expansion Business Improvement District, 550-10, 57	19,332,000	19,332,000
Noe Valley Community Benefit District, 583-05, 61	232,710	232,710
North of Market/Tenderloin Community Benefit District, 584-05, 62	1,004,623	1,004,623
Ocean Avenue, 587-10, 73	239,578	239,578
Tourism Improvement District, 504-08, 75	27,490,000	27,490,000
Yerba Buena Community Benefit District 330-08, 96	2,346,649	2,346,649