

File No. 120426

Committee Item No. _____

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date 6/25/12

Board of Supervisors Meeting

Date _____

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
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Completed by: Victor Young Date June 22, 2012

Completed by: Victor Young Date _____

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document can be found in the file.

CITY AND COUNTY OF SAN FRANCISCO

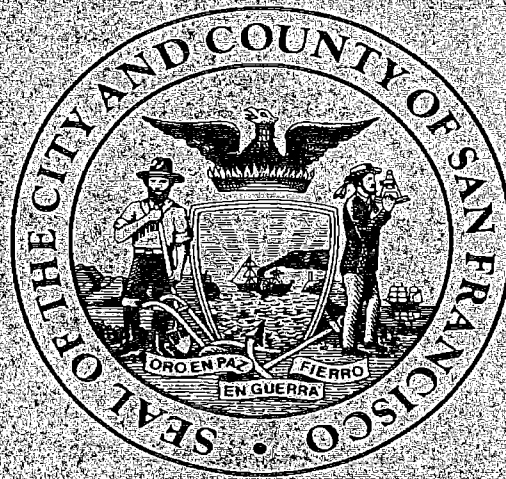
PROPOSED BUDGET

AND

ANNUAL APPROPRIATION ORDINANCE

FOR SELECTED DEPARTMENTS

AS OF MAY 1, 2012



File No. 120426 Ordinance _____

FISCAL YEAR ENDING JUNE 30, 2013 and

FISCAL YEAR ENDING JUNE 30, 2014

** Complete copy of document is
located in

File No. 120426



Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

PROPOSED BUDGET AND ANNUAL APPROPRIATION

ORDINANCE FOR SELECTED DEPARTMENTS

AS OF MAY 1, 2012

FISCAL YEAR ENDING JUNE 30, 2013

and

FISCAL YEAR ENDING JUNE 30, 2014

The Proposed Budget and Annual Appropriation Ordinance for Selected Departments as of May 1, 2012 and its accompanying schedules are produced by the Controller's Budget Office. Upon approval, this is the document that is the legal authority for the City to spend funds during the fiscal year.

This document contains information on the sources and uses of selected City funds and departments, detailed by department and program. Additional schedules summarize selected City revenues and expenditures by service area, department, and fund. Please see the table of contents for a complete list of the information contained in this document.

Copies of this document are distributed to all City libraries and on the City Controller's website (<http://www.sfcontroller.org>). They may also be viewed at the following City Hall offices:

Mayor's Office of Public Policy and Finance
1 Dr. Carlton B. Goodlett Place, Room 288

Controller's Office
1 Dr. Carlton B. Goodlett Place, Room 316

Clerk of the Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244

If you would like additional copies or need further information, please call the Controller's Budget Office at (415) 554-7500.

** Complete copy of document is
located in

File No. 120 426

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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
FAX (415) 252-0461

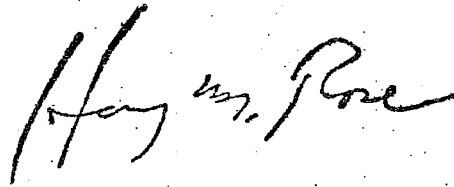
May 22, 2012

TO: Budget and Finance Committee
FROM: Budget and Legislative Analyst
SUBJECT: Recommendations of the Budget and Legislative Analyst for Amendment of the Mayor's Fiscal Year 2012-2013 to Fiscal Year 2013-2014 Budget.

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Descriptions for Departmental Budget Hearing, May 24, 2012 Meeting, 10:00 a.m.

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Harvey M. Rose

cc: Supervisor Chu Supervisor Olague
Supervisor Avalos Clerk of the Board
Supervisor Kim Cheryl Adams
Supervisor Cohen Mayor Lee
Supervisor Wiener Controller
President Chiu Kate Howard
Supervisor Campos
Supervisor Elsbernd
Supervisor Farrell
Supervisor Mar

DEPARTMENT: PUC – PUBLIC UTILITIES COMMISSION

**BUDGET REVIEW EXECUTIVE SUMMARY
FIXED TWO YEAR BUDGET, FY 2012-13 & FY 2013-14**

YEAR ONE (FY 2012-13)

Budget Changes

The department's proposed budget of \$704,956,414 for FY 2012-13 is \$18,536,224 or 2.6% less than the original budget of \$723,492,638 for FY 2011-12.

Personnel Changes

The number of full-time equivalent positions (FTE) budgeted for FY 2012-13 is 1,622 FTEs, which is 6 FTEs more than the 1,616 FTEs in FY 2011-12. This represents 0.4% increase in FTEs from the original budget for FY 2011-12.

Revenue Changes

Department revenues, consistent with expenditures, have decreased by \$18,536,224 or 2.6%, from the original FY 2011-12 budget of \$723,492,638 to the proposed FY 2012-13 budget of \$704,956,414.

YEAR TWO (FY 2013-14)

Budget Changes

The department's proposed budget of \$775,739,283 for FY 2013-14 is \$70,782,869 or 10.0% more than the proposed budget of \$704,956,414 for FY 2012-13.

Personnel Changes

The number of FTEs budgeted for FY 2013-14 is 1,623 FTEs, which is 1 FTE more than the 1,622 FTEs in FY 2012-13.

Revenue Changes

Department revenues, consistent with expenditures, have increased by \$70,782,869 or 10.0%, from the proposed FY 2012-13 budget of \$704,956,414 to the proposed FY 2013-14 budget of \$775,739,283.

RECOMMENDED REDUCTIONS

The Budget and Legislative Analyst's recommended reductions to the proposed budget total \$2,576,394 in FY 2012-13 and \$2,801,604 in FY 2013-14.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS IN THE FY 2012-13 & 2013-14 TWO-YEAR FIXED BUDGET**

DEPARTMENT: PUC – PUBLIC UTILITIES COMMISSION

SUMMARY OF PROGRAM EXPENDITURES:

	FY 2011-12 Original Budget	FY 2012-13 Proposed Budget	Increase/ (Decrease) from FY 2011-12	FY 2013-14 Proposed Budget	Increase/ (Decrease) from FY 2012-13
PUBLIC UTILITIES COMMISSION					
ADMINISTRATION	\$112,184,853	\$188,958,806	\$76,773,953	\$208,772,837	\$19,814,031
CUSTOMER SERVICES	11,984,647	12,561,644	576,997	12,975,905	414,261
DEBT SERVICE	212,923,930	232,022,270	19,098,340	274,689,954	42,667,684
ENGINEERING	0	0	0	0	0
FINANCE	10,148,226	10,684,141	535,915	10,958,753	274,612
GENERAL MANAGEMENT	(55,946,417)	(59,207,238)	(3,260,821)	(60,648,302)	(1,441,064)
HETCH HETCHY CAPITAL PROJECTS	73,686,500	2,000,000	(71,686,500)	2,000,000	0
HETCHY WATER OPERATIONS	50,487,873	59,486,896	8,999,023	55,417,772	(4,069,124)
HUMAN RESOURCES	9,581,837	10,135,362	553,525	10,420,474	285,112
MANAGEMENT INFORMATION	19,542,846	20,525,731	982,885	20,746,225	220,494
OPERATING RESERVE	13,434,935	20,798,138	7,363,203	36,122,807	15,324,669
POWER INFRASTRUCTURE DEVELOPMENT	9,316,096	21,721,891	12,405,795	22,297,133	575,242
POWER PURCHASING/ SCHEDULING	44,505,295	45,851,628	1,346,333	45,971,131	119,503
POWER UTILITY SERVICES	11,869,084	342,000	(11,527,084)	357,000	15,000
STRATEGIC PLANNING/ COMPLIANCE	10,596,544	12,785,185	2,188,641	12,881,037	95,852
WASTEWATER CAPITAL PROJECTS	30,652,450	0	(30,652,450)	0	0
WASTEWATER COLLECTION	30,100,426	31,317,585	1,217,159	31,890,746	573,161
WASTEWATER OPERATIONS	6,413,336	3,051,622	(3,361,714)	3,072,021	20,399
WASTEWATER TREATMENT	69,931,755	70,704,830	773,075	72,039,834	1,335,004
WATER CAPITAL PROJECTS	39,270,330	5,001,000	(34,269,330)	5,713,000	712,000
WATER SOURCE OF SUPPLY	20,925,744	20,002,385	(923,359)	21,127,014	1,124,629
WATER TRANSMISSION/ DISTRIBUTION	49,043,342	50,988,696	1,945,354	51,668,436	679,740
WATER TREATMENT	37,910,802	42,618,602	4,707,800	42,882,303	263,701
Subtotal	\$818,564,434	\$802,351,174	(\$16,213,260)	\$881,356,080	\$79,004,906
Less Interdepartmental Recoveries And Transfers	(95,071,796)	(97,394,760)	(2,322,964)	(105,616,797)	(8,222,037)
Net Uses	\$723,492,638	\$704,956,414	(\$18,536,224)	\$775,739,283	\$70,782,869

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS IN THE FY 2012-13 & 2013-14 TWO-YEAR FIXED BUDGET**

DEPARTMENT: PUC – PUBLIC UTILITIES COMMISSION

FY 2012-13

The PUC's proposed budget for FY 2012-13 is \$18,536,224 less than the budget for FY 2011-12. The PUC has proposed the following major changes in FY 2012-13:

- Scheduled debt service has increased due to increasing debt payments for outstanding Water Revenue Bonds to fund the Water Systems Improvement Program (WSIP), which began in 2005 and involves the rebuild and retrofit of the Hetch Hetchy Water System.
- The department is proposing two new positions: (1) one new 5148 Water Operations Analyst is being requested by the Wastewater Enterprise to help respond to various sewer inquiries from the public and other agencies that have increased as a result of sewer condition assessments; and (2) one new 7246 Sewer Repair Supervisor to support sewer condition assessments and help prioritize sewer replacement for areas with critical needs.
- Professional services contracts in the Wastewater Enterprise have increased to (a) respond to an Environmental Protection Agency inspection of the Southeast Water Pollution Control Plant facility and collection system; (b) examine the unexpected results from acute toxicity tests at the Southeast Water Pollution Control Plant; and (c) enable compliance with new regulatory mandates under the revised National Pollutant Discharge Elimination System Municipal Separate Storm Sewer System (MS4) Phase II General Permit.
- New funding is included in the Hetch Hetchy Water Division for fisheries studies as ordered by the Federal Energy Regulatory Commission (FERC) as part of the requirements under the Turlock and Modesto Irrigation Districts' FERC license to operate the Don Pedro Project.
- The Hetch Hetchy Water Division has negotiated a water transfer with Modesto Irrigation District as anticipated by the WSIP and approved by the Public Utilities Commission in October 2008. This includes funding for a California Environmental Quality Act (CEQA) review of potential water transfer from Modesto Irrigation District.
- New funding is included for the Hetch Hetchy Water Division for Western Electricity Coordinating Council (WECC)/North American Electric Reliability Corporation (NERC) regional standard compliance for owners, operators and users of the Bulk Electric System (BES).
- The Hetch Hetchy Power Division includes new funding for a business and strategic assessment to assist Hetchy Power to better serve an increasing number of retail electric customers and for the Advance Metering Infrastructure (AMI) Master Data Management (MSM) implementation.
- An increase in permanent salaries and mandatory fringe benefits due to Memoranda of Understanding (MOU) changes.
- The Department has prioritized completion of WSIP, resulting in decreased funding for Capital Improvement Projects in the Water Enterprise.
- PUC is proposing reduced administrative costs to the Water, Wastewater, and Hetch Hetchy divisions.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS IN THE FY 2012-13 & 2013-14 TWO-YEAR FIXED BUDGET**

DEPARTMENT: PUC – PUBLIC UTILITIES COMMISSION

FY 2013-14

The PUC's proposed budget for FY 2013-14 is \$70,782,869 and includes the following major changes:

- Annualization of new positions.
- An increase in scheduled debt service resulting from increasing debt payments for outstanding Water Revenue Bonds to fund WSIP.
- Increases in mandatory fringe benefits for department staff.
- A decrease in the Capital Improvement Projects for the Water Division due to WSIP.

DEPARTMENT PERSONNEL SUMMARY:

The number of FTEs in FY 2012-13 is 1,622 or 6 more than the 1,616 FTEs in FY 2011-12.

The number of FTEs in FY 2013-14 is 1,623 or 1 more than the 1,622 FTEs in FY 2012-13.

The Water Enterprise's FY 2012-13 budget includes 11 positions that are reassigned from the Infrastructure division.

The Wastewater Enterprise's FY 2012-13 budget includes two new positions noted above, annualization of positions approved in FY 2011-12, and budget system adjustments. No positions are proposed for deletion in FY 2012-13 and FY 2013-14.

The PUC Bureaus include increased FTEs from 13 positions that were new in FY 2011-12 and are annualized in the FY 2012-13 budget. The Bureaus budget includes two positions that are new in FY 2012-13.

RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS IN THE FY 2012-13 & 2013-14 TWO-YEAR FIXED BUDGET

DEPARTMENT: PUC – PUBLIC UTILITIES COMMISSION

Revenues

The PUC receives operating revenue from utility rates charged to San Francisco individuals and businesses for water and wastewater use; wholesale water rates charged to the PUC's wholesale customers; electricity sales from power generated by Hetch Hetchy, and other sources. Revenues in the proposed FY 2012-13 and FY 2013-14 PUC budgets include:

- Increased revenues from the sale of water to San Francisco consumers based rate increases which are part of the five-year rate plan the PUC implemented in FY 2008-09.¹
- Increased revenues from the water rate increases for wholesale customers, as part of the five-year rate plan the PUC implemented in FY 2008-09.
- Increased revenues from sewer services to San Francisco consumers based rate increases which are part of the five-year rate plan the PUC implemented in FY 2008-09.²

LEGISLATION

Items 4 and 9. Files 12-0428 and 12-0469

File 12-0428 is an ordinance that would appropriate \$587,756,000 of proceeds from wastewater revenue bonds, wastewater revenues and interest income in order to finance improvements to the San Francisco City sewer system, renewal and replacement projects for sewer and treatment facilities, the Treasure Island Project, other wastewater capital projects, and City Auditor costs. File 12-0428 would also accept and expend a Department of Water Resources grant in the amount of \$24,146,000. **File 12-0469** is an ordinance that would increase the PUC's authority under San Francisco's 2002 Proposition E to issue Water Revenue Bonds by \$522,810,000.

In 2002, San Francisco voters approved Proposition E, which allows the PUC to issue debt without further approval of the voters, subject to approval of two-thirds of the Board of Supervisors.

Under File 12-0469, the PUC is requesting Proposition E authority for up to \$522,810,000 for (a) various wastewater projects (a list is in Table 3), (b) financing costs (as shown in Table 1, below), and (c) \$30,000,000 in water revenue bonds that the Board of Supervisors had previously approved for expenditure in FY 2011-12, as shown in Table 1. According to Mr. Mike Brown, Capital Finance Analyst for the PUC, legislation to issue \$30,000,000 in water revenue bonds had not been previously approved by the Board of Supervisors in FY 2011-12 and is being included in File 12-0469 for Board of Supervisors approval.

¹ In accordance with Charter Section 8B.125, the Board of Supervisors has the authority to reject proposed increases in water rates. Such rate increases were previously presented to the Board of Supervisors.

² In accordance with Charter Section 8B.125, the Board of Supervisors has the authority to reject proposed increases in sewer rates. Such rate increases were previously presented to the Board of Supervisors.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS IN THE FY 2012-13 & 2013-14 TWO-YEAR FIXED BUDGET**

DEPARTMENT: PUC – PUBLIC UTILITIES COMMISSION

Table 1

Revenue Bond Issuance Authority	Amount
Wastewater Capital Projects	\$428,530,000
Financing Costs	63,180,000
City Auditor Costs	1,100,000
Subtotal: Wastewater Revenue Bonds	\$492,810,000
Previously Approved Water Revenue Bonds in FY 2011-12	30,000,000
Total	\$522,810,000

Under File 12-0428, the PUC is requesting a supplemental appropriation of \$587,756,000 for capital improvement projects in FY 2012-13 through FY 2013-14. The sources of funds, which include proceeds from the issuance of wastewater revenue bonds requested in File 12-0469 above, as well as the use of funds are shown in Tables 2 and 3.

Table 2

Sources	Amount
Proceeds from Sale of Wastewater Revenue Bonds (File 12-0469)	\$492,810,000
Wastewater Enterprise Revenue	70,000,000
Department of Water Resources Grant	24,146,000
Interest Income	800,000
Total Sources	\$587,756,000

Table 3

Uses	Amount
Improvements to San Francisco City Sewer System	\$327,654,000
Renewal and Replacement for Sewer and Treatment Facilities	135,706,000
Treasure Island Project	5,470,000
Other Wastewater Capital Projects	54,647,000
Financing Costs	63,183,752
City Auditor Costs	1,095,248
Total Uses	\$587,756,000

Recommendation: Approve Files 12-0428 and 12-0469.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS IN THE FY 2012-13 & 2013-14 TWO-YEAR FIXED BUDGET**

DEPARTMENT: PUC – PUBLIC UTILITIES COMMISSION

Items 5 and 7. Files 12-0429 and 12-0467

File 12-0429 is an ordinance that would appropriate \$171,001,000 of proceeds from revenue bonds, water revenues, and interest income in order to finance improvements to San Francisco City water mains, regional water system improvements, and City Auditor costs. **File 12-0467** is an ordinance that would increase the PUC’s authority under San Francisco’s 2002 Proposition E to issue Water Revenue Bonds by \$163,400,000 to finance improvements to San Francisco City water mains, the PUC’s Hetch Hetchy Water and Power System, and City Auditor costs.

In 2002, San Francisco voters approved Proposition E, which allows the PUC to issue debt without further approval of the voters, subject to the approval of two-thirds of the Board of Supervisors. The Board of Supervisors has previously approved two ordinances authorizing the PUC to issue Water Revenue Bonds as shown in Table 4 below.

Table 4

Ordinance	Date	Amount	Projects
189-09	8/4/2009	\$1,310,307,119	WSIP
89-10	4/30/2010	1,737,724,038	WSIP Other Water Capital Projects (Local Water Mains) Automated Water Meter Program
100-11	6/20/2011	49,100,000	Water System Improvement Project Other Water Capital Projects (Local Water Mains)
Total		\$3,097,131,157	

Under **File 12-0467**, the PUC is requesting Proposition E authority for the issuance and sale of up to \$163,400,000 in water revenue bonds for two projects and City Auditor costs. According to Mr. Todd Rydstrom, Assistant General Manager and Chief Financial Officer for the PUC, the \$163,400,000 in Proposition E authority would be allocated to the following projects as shown in Table 5.

Table 5

Water Revenue Bond Issuance Authority	Project Costs	Financing Costs	Total
Improvements to San Francisco City Water Mains and Regional Water System (File 12-0467)	\$96,563,000	\$19,009,624	\$115,572,624
City Auditor Costs - Water Enterprise	303,376	N/A	303,376
Subtotal: Water Improvements	\$115,876,000	\$19,009,624	\$115,876,000
Hetch Hetchy Water and Power System Improvements	39,602,350	7,841,795	47,444,145
City Auditor Costs – Hetch Hetchy Water	\$79,205	N/A	\$79,205
Total	\$136,547,931	\$26,851,419	\$163,399,350*

* Rounded up to \$163,400,000.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS IN THE FY 2012-13 & 2013-14 TWO-YEAR FIXED BUDGET**

DEPARTMENT: PUC – PUBLIC UTILITIES COMMISSION

Under File 12-0429, the PUC is requesting a supplemental appropriation of \$171,001,000 for capital improvement projects in FY 2012-13 through FY 2013-14. The sources of funds, which include proceeds from the issuance and sale of water revenue bonds requested in File 12-0467 above, as well as the use of funds are shown in Tables 6 and 7.

Table 6

Sources	Amount
Proceeds from Sale of Water Revenue Bonds (File 12-0467)	\$115,876,000
Water Enterprise Revenue	49,125,000
Interest Income	6,000,000
Total Sources	\$171,001,000

Table 7

Uses	Amount
Improvements to City Water Mains and Regional Water System	\$151,688,000
Financing Costs	19,009,624
City Auditor Costs	303,376
Total Uses	\$171,001,000

Recommendations: Approve Files 12-0429 and 12-0467.

Item 6. File 12-0430

File 12-0430 is an ordinance that would appropriate \$141,171,000 for the Hetch Hetchy Water and Power Enterprise's Capital Improvement Program in FY 2012-13 and FY 2013-14. The ordinance would place applicable appropriations by project on Controller's Reserve subject to California Environmental Quality Act (CEQA) approval, where required, as well as receipt of proceeds on indebtedness and loan funds.

Under File 12-0430, \$141,171,000 is a proposed appropriation to be funded by Hetchy revenue, a Californian Energy Commission (CEC) loan, and PUC Power Revenue bonds (File 12-0468) and Water Revenue bonds (File 12-0467) as shown in Table 8 below.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS IN THE FY 2012-13 & 2013-14 TWO-YEAR FIXED BUDGET**

DEPARTMENT: PUC – PUBLIC UTILITIES COMMISSION

Table 8

Sources	Amount
Hetch Hetchy Revenue, Continuing Capital Project Fund	\$78,347,650
Californian Energy Commission Loan Fund	3,000,000
Hetchy Power Division Revenue Bonds (File 12-0468 – see below)	12,300,000
Water Enterprise Revenue Bonds (File 12-0467)	47,523,350
Total	\$141,171,000

Under File 12-0430, the \$141,171,000 proposed appropriation would be appropriated for Hetch Hetchy Water and Power Enterprise's Capital Improvement Program projects and for financing and City Auditor costs, as shown in Table 9.

Table 9

Uses	Amount
Hetch Hetchy Power Division Projects	\$91,347,650
Hetch Hetchy Water Division Projects	39,602,350
Hetchy Power Enterprise Revenue Bond Financing Costs (File 12-0468)	9,959,100
City Auditor Costs	261,900
Total	\$141,171,000

With the approval of the Board of Supervisors, the proposed appropriations are effective July 1, 2012. The bond-funded portion shall be placed on Controller's Reserve pending the availability of funds. Additionally, the portion of the appropriation funded by FY 2013-14 operating revenues would be placed on Controller's Reserve until July 1, 2013.

Recommendation: Approve File 12-0430.

Item 8. File 12-0468

File 12-0468 is an ordinance that would approve the issuance and sale of power revenue bonds of an amount not to exceed \$12,300,000 by the PUC to fund Hetchy Power Division capital projects, pursuant to City Charter Section 9.107(8).

Under File 12-0468, the PUC is requesting authority to issue up to \$12,300,000 for various capital improvement projects in the Hetch Hetchy Enterprise. According to Mr. Rydstrom, of the \$12,300,000

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS IN THE FY 2012-13 & 2013-14 TWO-YEAR FIXED BUDGET**

DEPARTMENT: PUC – PUBLIC UTILITIES COMMISSION

not to exceed amount, an estimated \$10,000,000 would be allocated to the projects proposed under File 12-0430 noted above, and \$2,300,000 would be used for financing and City Auditor costs.

Recommendation. Approve File 12-0468.

Item 10. File 12-0544

File 12-0544 is a requested release of \$20.0 million on reserve to implement, advance, promote or enhance policies and projects consistent with City Energy Policies. The funds were placed on reserve by the Board of Supervisors on August 7, 2007 (File 07-0315). The source of funds is a \$20.0 million payment from Trans Bay Cable LLC to the PUC (the SF Electricity Reliability Payment), for Trans Bay Cable LLC's construction on and use of Port property.

Under File 07-0315, as previously approved by the Board of Supervisors, the PUC was required to consult with the Department of the Environment, the Department of Public Health (DPH), and the community in spending the \$20.0 million SF Electricity Reliability Payment on renewable energy, conservation, and environmental health programs benefiting low income, at-risk, and environmentally disadvantaged communities. On April 24, 2012, the PUC submitted a \$20.0 million spending plan, attached to this report, including (a) energy retrofits at the Human Services Agency and DPH; (b) air quality and energy retrofits at various City locations; (c) other energy projects, including energy efficiency projects with SFUSD; (d) renewable energy projects; (e) implementation of new programs, including environmental justice and education programs; and (f) green jobs training and placement. According to Mr. Carlos Jacobo, PUC Budget Manager, the PUC consulted with the Department of Environment, DPH, and the community in the development of this spending plan.

The PUC's proposed FY 2012-13 budget includes \$3.6 million of the reserved funds and the proposed FY 2013-14 budget includes an additional \$3.3 million of the reserved funds, for a total of \$6.9 million. The attached budget shows that the remaining \$13.1 million would be in FY 2014-15 through 2020-21, subject to Board of Supervisors approval.

Recommendation: Approve File 12-0544.

COMMENTS:

The Budget and Legislative Analyst's recommended reductions to the proposed budget total \$2,576,394 in FY 2012-13 and \$2,801,604 in FY 2013-14.

Proposed uses of SF Electric Reliability Payment: FY 2012-2021 (Project costs tentative, pending detailed site evaluations)
March 30, 2012

	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21	TOTAL
Energy Efficiency / Environmental Health											
Energy Efficiency at Human Service Agency											
Project locations selected according to established location criteria:											
Conner Link Center - 3120 Mission St	\$0	\$1,085,000	\$715,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,800,000
Earl P. Mills Community Center - 100 Whitney Young Cir	\$0	\$1,085,000	\$715,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,800,000
Human Services Agency - 170 Otis St											
Independent Living Skills Program - 225 Valencia St											
Family & Children's Svcs. / Southeast Community Services - 3801 3rd St											
Mission Neighborhood Resource Center - 165 Capp St											
MLK Childcare Center - 200 Cashmere St											
Soljourner Troth Child Center - 1 Cashmere St											
1440 Harrison (Medical / Care) - 1440 Harrison St											
160 South Van Ness (Investigations) - 160 South Van Ness Ave											
Energy Retrofits at Department of Public Health											
Project locations to be finalized in consultation with DPH, based on facility condition and energy use, according to established location criteria:											
*Galeb Clark/Potrero Health Center - 1050 Wisconsin St	\$0	\$0	\$450,000	\$1,250,000	\$0	\$0	\$0	\$0	\$0	\$0	\$1,700,000
*Chinatown / North Beach Mental Health Services - 729 Gilbert St			\$450,000	\$1,250,000	\$0	\$0	\$0	\$0	\$0	\$0	\$1,700,000
*Chinatown Child Development Center - 720 Sacramento St											
*CHN Headquarters - 2749 25th St											
*Curry Senior Service Center - 353 Turk St											
*San Francisco City Clinic (VD Control Center) - 356 07th St											
*SE Child/Family Therapy Center - 100 Blenheim Ave											
*Silver Avenue Health Center - 1525 Silver Ave											
*South of Market Mental Health Services - 760 Harrison St											
Air Quality / Energy Retrofits to Reduce Polluting Emissions											
Project locations to be finalized based on boiler condition upon detailed site inspection, according to established location criteria:											
*Retrofit/replace non-compliant boiler at Coffman (McLaren) Community Pool - 136 Hahn St	\$0	\$300,000	\$300,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$600,000
*Retrofit/replace non-compliant boiler at Garfield Square Pool - 25th St & Harrison St											
*Retrofit/replace non-compliant boiler at Potrero Hill Rec Center - 22nd St & Arkansas St											
*Retrofit/replace non-compliant boiler at St. Mary's Park Rec Center - 300 Murray St											
Other Projects and Project Development											
Energy audit of greenhouses and urban agriculture nursery complex - 1150 Phelps St	\$0	\$225,000	\$50,000	\$50,000	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000	\$5,715,000
Energy audit of Southeast Community Facility - 1800 Oakdale Ave		\$90,000									\$90,000
School energy audits and commissioning, with locations to be finalized in consultation with SFUSD. Assistance will leverage SFUSD bond funding in order to integrate energy efficiency measures at planned school improvement sites:		\$85,000	\$50,000	\$50,000	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000	\$5,570,000
*Cesar Chavez Elementary School - 825 Sheehy St											
*Daniel Webster Elementary & CDC - 465 Mission St											
*Longfellow Elementary - 755 Market St											
*Star King Elementary - 1215 Corral St											
*Willie Brown Alternative School - 2055 Silver Ave											
Project development, as well as other projects to be selected for consideration in future years based on facility condition and energy use, according to established location criteria.											

	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21	TOTAL
Renewable Energy											
Project locations to be finalized based on facility condition and energy use, according to established location criteria. Feasibility studies underway at:											
- Southeast Community Facility - 1800 Colmaite Ave											
- Earl P. Mills Community Center - 100 Whitney Young Cir											
- Bayview Opera House - 4703 3rd St											
- Southeast Health Ctr. - 2401 Keith St. Silver Avenue Health Ctr. - 1325 Silver Ave											
- School sites TBD in consultation with SFUSD, according to established location criteria.											
Other projects to be selected for consideration in future years based on facility condition and energy use, according to established location criteria.											
Implementation of New Programs											
Development and Implementation of SFUC Environmental Justice Programs	\$0	\$475,000	\$475,000	\$475,000	\$475,000	\$475,000	\$475,000	\$475,000	\$475,000	\$475,000	\$4,775,000
Development and Implementation of Environmental Education Shuttle Project and other SFUC environmental education programs	\$700,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$2,000,000
Development and implementation of 16 green test bed program and other emerging technology initiatives	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$775,000
Implementation of San Francisco's 2011 Updated Electricity Resource Plan	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$800,000
Energy Efficiency and Conservation											
In collaboration with DEWD, development and implementation of programs based on findings and recommendations of energy efficiency jobs strategy currently in development.	\$0	\$200,000	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000	\$2,225,000
SF Electric Reliability Payment - Total Funds Encumbered	\$0	\$3,585,000	\$6,900,000	\$9,400,000	\$11,500,000	\$13,600,000	\$15,700,000	\$16,800,000	\$18,000,000	\$18,000,000	\$120,000,000
Cumulative Funds Encumbered	\$0	\$4,000,000	\$7,000,000	\$8,000,000	\$10,000,000	\$12,000,000	\$14,000,000	\$16,000,000	\$18,000,000	\$18,000,000	\$100,000,000

**Cumulative Funds Deposited by Licensee by Beginning of Fiscal Year \$4,000,000 \$6,000,000 \$8,000,000 \$10,000,000 \$12,000,000 \$14,000,000 \$16,000,000 \$18,000,000 \$18,000,000 \$20,000,000

**Cumulative Funds Deposited by Licensee by Midpoint of Fiscal Year \$4,000,000 \$6,000,000 \$8,000,000 \$10,000,000 \$12,000,000 \$14,000,000 \$16,000,000 \$18,000,000 \$18,000,000 \$20,000,000

*Indicates tentative projects. All projects are developed, exact list of projects and budgets may change based on site conditions.
 ** Annual payments are subject to increases in the Consumer Price Index (Base year: 2010). Amounts shown are nominal.

PUC - Public Utility Commission Bureaus

Object Title	FY 2012-13				FY 2013-14			
	FTE From	FTE To	Amount From	Amount To	FTE From	FTE To	Amount From	Amount To
BCR - General Management								
Attrition Savings	(0.11)	(0.21)	(\$12,585)	(\$23,914)			\$11,329	
Mandatory Fringe Benefits			(\$4,731)	(\$8,990)			\$4,259	
			<i>Total Savings</i>	<i>\$15,588</i>				
The Assurance and Internal Controls unit has two vacant 1824 positions, only one of which it plans on having filled by July 1, 2012. An increase in attrition savings of \$11,329 will allow for sufficient salaries in FY 2012-13.								
Step Adjustments			\$58	(\$18,688)			\$58	(\$18,688)
Mandatory Fringe Benefits			\$14	(\$4,511)			\$14	(\$4,511)
			<i>Total Savings</i>	<i>\$23,243</i>			<i>Total Savings</i>	<i>\$23,243</i>
The Assurance and Internal Controls unit has yet to fill two vacant 1824 positions. An increased step adjustment of \$18,746 will allow the department to fill these positions at the mid-step, on average.								
Air Travel			\$1,500	\$350			\$1,500	\$350
Air Travel			\$8,953	\$5,953			\$8,953	\$5,953
			<i>Total Savings</i>	<i>\$4,150</i>			<i>Total Savings</i>	<i>\$4,150</i>
Department budgeted \$1,500 for flight costs for one staff member to San Diego. A reduction of \$1,150 will leave sufficient funding for this flight. Department budgeted \$8,953 for multiple additional flights for training; a reduction of \$3,000 will allow sufficient funds for these flights.								
Rent & Leases							\$7,500	\$4,500
Ongoing savings.								
Budget inadvertently included \$3,000 for water purification at 1155 Market Street, however the Department will have moved out of 1155 Market Street by FY 2013-14.								
Ongoing savings.								
Reduce requested amount by \$3,052 to reflect vendor quote.								
BCS - Management Information								
BCT - Finance								
Air Travel			\$5,450	\$4,100			\$5,450	\$4,100
A reduction of \$1,350 in air travel costs will allow for sufficient funding for air travel to conferences identified by the department.								
A reduction of \$1,350 in air travel costs will allow for sufficient funding for air travel to conferences identified by the department.								

PUC - Public Utility Commission Bureaus

Object Title	FY 2012-13						FY 2013-14					
	FTE		Amount		Savings	GF IT	FTE		Amount		Savings	GF IT
	From	To	From	To			From	To	From	To		
Principal Administrative	1.00	0.00	\$121,212	\$0	\$121,212		1.00	0.00	\$121,212	\$0	\$121,212	
Analyst II			\$44,015	\$0	\$44,015				\$49,402	\$0	\$49,402	
Mandatory Fringe Benefits												
Principal Administrative	0.00	1.00	\$0	\$110,708	(\$110,708)		0.00	1.00	\$0	\$110,708	(\$110,708)	
Analyst			\$0	\$41,924	(\$41,924)				\$0	\$46,914	(\$46,914)	
Mandatory Fringe Benefits												
			Total Savings		\$12,595				Total Savings		\$12,992	
Disapprove upward substitution. Position does not serve in supervisory role. Ongoing savings												
BCV - External Affairs												
Attrition Savings	(0.81)	(1.75)	(\$85,593)	(\$135,258)	\$49,665	x						
Mandatory Fringe Benefits			(\$33,265)	(\$52,567)	\$19,302	x						
			Total Savings		\$68,967							
External Affairs Unit has 7 FTE vacancies it plans to fill in the first quarter of FY 2012-13. A one-time increase in attrition savings will still allow for full-staffing of the unit as scheduled.												
Manager IV	1.00	0.00	\$137,904	\$0	\$137,904		1.00	0.00	\$137,904	\$0	\$137,904	
Mandatory Fringe Benefits			\$51,014	\$0	\$51,014				\$57,147	\$0	\$57,147	
Government and Public Affairs Manager	1.00	2.00	\$114,938	\$229,875	(\$114,937)		1.00	2.00	\$114,938	\$229,875	(\$114,937)	
Mandatory Fringe Benefits			\$46,555	\$93,111	(\$46,556)				\$51,820	\$103,639	(\$51,819)	
			Total Savings		\$27,425				Total Savings		\$28,295	
Disapprove upward substitution. Unit already has 3 Managers FTEs and 1 Deputy Director FTE.												
Professional Services			\$415,000	\$365,000	\$50,000	x						
The Department is requesting an increase in its Professional Services budget \$150,000 above the previously approved amount for a new Education Initiative with a \$100,000 budget. Reduce by \$50,000 to match the budget.												
BDA - Hetchy Hetchy Administration (5T-AAA-AAA)												
Non-Air Travel			\$20,546	\$19,046	\$1,500				\$20,446	\$18,946	\$1,500	
Reduce to reflect projected expenditures in FY 2011-12. Ongoing reduction.												
Air Travel			\$14,074	\$12,974	\$1,100				\$14,174	\$13,074	\$1,100	
Reduce to reflect projected expenditures in FY 2011-12. Ongoing reduction.												
Training			\$71,926	\$63,926	\$8,000				\$71,926	\$63,926	\$8,000	
Reduce to reflect projected expenditures in FY 2011-12. Ongoing reduction.												

PUC - Public Utility Commission Bureaus

Object Title	FY 2012-13				FY 2013-14			
	FTE From	FTE To	Amount From	Amount To	FTE From	FTE To	Amount From	Amount To
Training			\$253,184	\$214,809			\$253,184	\$214,809
			\$38,375					\$38,375
The Department is requesting an increase in expenditures for training in FY 2012-13. However, based on projected actual expenditures in FY 2011-12, as well as actual expenditures in previous years, \$214,809 is sufficient for training needs.								
BDC - Wastewater Treatment (5C-AAA-AAA)								
Attrition Savings	(2.68)	(3.09)	(\$293,463)	(\$338,573)			\$45,110	x
Mandatory Fringe Benefits			(\$109,907)	(\$126,801)			\$16,894	x
			<i>Total Savings</i>	<i>\$62,004</i>				
Increase attrition savings to reflect actual hire date for one vacant 5366 Engineering Associate II position that has been vacant since 2010.								
Premium Pay			\$1,093,328	\$1,043,328			\$1,093,328	\$1,043,328
Mandatory Fringe Benefits			\$86,372	\$82,422			\$86,372	\$82,422
			<i>Total Savings</i>	<i>\$53,950</i>			<i>Total Savings</i>	<i>\$53,950</i>
Reduce Premium Pay to reflect projected actual expenditures in FY 2011-12.								
Ongoing reduction.								
Maintenance Services - Equipment			\$607,500	\$207,500			\$601,220	\$201,220
			\$705,225	\$305,225			\$705,225	\$305,225
			<i>Total Savings</i>	<i>\$800,000</i>			<i>Total Savings</i>	<i>\$800,000</i>
Reduce to reflect projected expenditures in FY 2011-12.								
Ongoing reduction.								
Equipment Purchase							\$265,039	\$130,000
The Department has not provided sufficient justification for new equipment purchases in FY 2013-14.								
								\$135,039
x								
BDE - Wastewater Collection (5C-AAA-AAA)								
Maintenance Services - Buildings and Structures			\$1,210,496	\$1,040,496			\$1,134,701	\$964,701
								\$170,000
								\$170,000
Reduce to reflect projected expenditures in FY 2011-12.								
Ongoing reduction.								

PUC - Public Utility Commission Bureaus

Object Title	FY 2012-13						FY 2013-14							
	FTE		Amount		Savings	GF	IT	FTE		Amount		Savings	GF	IT
	From	To	From	To				From	To	From	To			
Equipment Purchase			\$102,538	\$94,892	\$7,646		x			\$102,538	\$0	\$102,538		x
										\$75,400	\$0	\$75,400		x
										\$55,552	\$0	\$55,552		x
										\$386,582	\$260,710	\$125,872		x
										<i>Total Savings</i>	\$359,362			
										The Department has not provided sufficient justification for new equipment purchases in FY 2013-14. Additionally, the Department is requesting to replace a 2003 vehicle in FY 2013-14 (WP1415R) which has not been adequately justified.				
Professional & Specialized Services			\$3,327,606	\$3,227,606	\$100,000					\$3,497,606	\$3,397,606	\$100,000		
										BDG Hetch Hetchy Power Purchasing/Scheduling (5I-AAA-AAA)				
										Reduce to reflect prior year expenditures in FY 2011-12 and considering average expenditure since FY 2007-08 (4 years).				
										BDJ - Water Source of Supply (5W-AAA-AAA)				
Attrition Savings	(4.61)	(4.92)	(\$414,542)	(\$442,542)	\$28,000		x							
Mandatory Fringe Benefits			(\$170,729)	(\$182,261)	\$11,532		x							
										<i>Total Savings</i>	\$39,532			
										Increase attrition savings to reflect actual hire date for one 0922 Manager I.				
Maintenance Services - Buildings and Structures			\$404,394	\$184,394	\$220,000					\$404,394	\$184,394	\$220,000		
										Reduce to reflect projected expenditures in FY 2011-12.				
Equipment Purchase			\$188,000	\$171,556	\$16,444		x			\$188,000	\$173,056	\$14,944		x
										Reduce Equipment Purchase to reflect vendor quotes.				
										BDK - Water Transmission/Distribution (5W-AAA-AAA)				
Attrition Savings			(\$1,833,242)	(\$1,923,242)	\$90,000					(\$1,833,242)	(\$1,923,242)	\$90,000		
Mandatory Fringe Benefits			(\$792,747)	(\$831,666)	\$38,919					(\$879,892)	(\$923,089)	\$43,197		
										<i>Total Savings</i>	\$133,197			
										Increase Attrition Savings to reflect projected salary surplus in FY 2011-12.				
										Ongoing reduction.				

PUC - Public Utility Commission Bureaus

Object Title	FY 2012-13				FY 2013-14							
	FTE From	FTE To	Amount From	Amount To	Savings	GF 1T	FTE From	FTE To	Amount From	Amount To	Savings	GF 1T
Maintenance Services - Buildings and Structures			\$1,100,000	\$670,000	\$430,000				\$1,100,000	\$670,000	\$430,000	
	Reduce to reflect projected expenditures in FY 2011-12.											
Equipment Purchase									\$242,486	\$240,431	\$2,055	x
	Reduce Equipment Purchase to reflect vendor quotes.											
	BDM - Water Treatment (SW-AAA-AAA)											
			\$180,214	\$164,285	\$15,929	x						
Equipment Purchase			\$44,500	\$39,823	\$4,677	x						
	<i>Total Savings</i> \$20,606											
	Reduce Equipment Purchase to reflect vendor quotes.											
	BDO - Hetchy Hetchy Water Operations (ST-AAA-AAA)											
Non-Air Travel			\$43,506	\$41,506	\$2,000				\$43,506	\$41,506	\$2,000	
	Reduce to reflect projected expenditures in FY 2011-12.											
Training			\$62,822	\$58,822	\$4,000				\$62,822	\$58,822	\$4,000	
	Reduce to reflect projected expenditures in FY 2011-12.											
Professional & Specialized Services			\$1,332,360	\$1,132,360	\$200,000				\$967,360	\$767,360	\$200,000	
	Reduce to reflect prior year expenditures in FY 2011-12 and considering average expenditure since FY 2007-08 (4 years).											
Maintenance Services - Buildings and Structures			\$198,000	\$168,000	\$30,000				\$198,000	\$168,000	\$30,000	
	Reduce to reflect projected expenditures in FY 2011-12.											
Facilities Maintenance			\$3,294,000	\$3,255,000	\$39,000				\$2,194,000	\$2,172,000	\$22,000	
	Reduce projected budget to reflect actual salary costs.											

FY 2012-13

Total Recommended Reductions

	One-Time	Ongoing	Total
General Fund	\$0	\$0	\$0
Non-General Fund	\$280,787	\$2,295,607	\$2,576,394
Total	\$280,787	\$2,295,607	\$2,576,394

FY 2013-14

Total Recommended Reductions

	One-Time	Ongoing	Total
General Fund	\$0	\$0	\$0
Non-General Fund	\$514,452	\$2,287,152	\$2,801,604
Total	\$514,452	\$2,287,152	\$2,801,604

DEPARTMENT: ENV - ENVIRONMENT

**BUDGET REVIEW EXECUTIVE SUMMARY
TWO YEAR ROLLING BUDGET, FY 2012-13 & FY 2013-14**

YEAR ONE (FY 2012-13)

Expenditure Changes

The Department of the Environment's proposed expenditures of \$18,016,350 for FY 2012-13 is \$419,604 or 2.38% more than the original budget of \$17,596,746 for FY 2011-12.

Personnel Changes

The number of full-time equivalent positions (FTE) budgeted for FY 2012-13 is 72.93 FTEs, which is 14.38 FTEs more than the 58.55 FTEs in FY 2011-12. This represents a 24.56% increase in FTEs from the original budget for FY 2011-12.

Revenue Changes

Department revenues, consistent with expenditures, have increased by \$419,604 or 2.38%, from the original FY 2011-12 budget of \$17,596,746 to the proposed FY 2012-13 budget of \$18,016,350.

YEAR TWO (FY 2013-14)

Expenditure Changes

The Department of the Environment's proposed expenditures of \$14,824,114 for FY 2013-14 is \$3,192,236 or 17.72% less than the proposed budget of \$18,016,350 for FY 2012-13.

Personnel Changes

The number of FTEs budgeted for FY 2013-14 is 72.75 FTEs, which is .18 FTEs less than the 72.93 FTEs proposed for FY 2012-13.

Revenue Changes

Department revenues, consistent with expenditures, would decrease by \$3,192,236 or 17.72% from the proposed FY 2012-13 budget of \$18,016,350 to the proposed FY 2013-14 budget of \$14,824,114.

RECOMMENDED REDUCTIONS

The Budget and Legislative Analyst's recommended reductions to the proposed budget total \$127,806 in FY 2012-13 and \$95,423 in FY 2013-14. These reductions would still allow an increase of \$291,798 or 1.7% in the Department's FY 2012-13 budget.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS IN THE FY 2012-13 & 2013-14 TWO-YEAR ROLLING BUDGET**

DEPARTMENT: ENV – ENVIRONMENT

SUMMARY OF PROGRAM EXPENDITURES:

	FY 2011-12 Original	FY 2012-13 Proposed	Increase/ (Decrease) from FY 2011- 12	FY 2013-14 Proposed	Increase/ (Decrease) from FY 2012-13
Clean Air	\$972,716	\$781,857	(\$190,859)	\$801,290	\$19,433
Climate Change/Energy	1,586,521	2,954,097	1,367,576	467,556	(2,486,541)
Environment	7,280,462	7,257,325	(23,137)	6,392,110	(865,215)
Environment-Outreach	219,328	219,521	193	224,868	5,347
Environmental Justice/Youth Employment	499,505	173,709	(325,796)	180,097	6,388
Green Building	416,919	383,130	(33,789)	397,347	14,217
Recycling	4,404,837	4,708,172	303,335	4,779,479	71,307
Solid Waste Management	272,162	0	(272,162)	0	0
Toxics	1,908,354	1,500,874	(407,480)	1,542,283	41,409
Urban Forestry	35,942	37,665	1,723	39,084	1,419
Total	\$17,596,746	\$18,016,350	\$419,604	\$14,824,114	(\$3,192,236)

FY 2012-13

The Department of the Environment's proposed budget for FY 2012-13 is \$419,604 more than the original budget for FY 2011-12, largely due to:

- The Department is planning to conduct a Refuse Rate Review process for the refuse system, based on an anticipated application from Recology, the current refuse hauler, to be funded by Solid Waste Impound Fees. This Refuse Rate Review process typically occurs every five years and results in the setting of new residential refuse rates for the following five years. The last Refuse Rate Review was in 2006, six years ago. Solid Waste Impound Fees were originally budgeted in FY 2011-12 for this Review and will be carried forward to FY 2012-13 for the anticipated Refuse Rate Review process.
- The Department is launching a City-wide Zero Waste campaign in its efforts to meet the goal of achieving Zero Waste by 2020 and to support residential compliance with the City's Mandatory Recycling and Composting Ordinance.
- The Department is continuing to devote resources to the Environment Now Program, which commenced in FY 2011-12, funded by Solid Waste Impound fees, which includes an extensive education and outreach campaign in neighborhoods with the goal of increased participation in the City's waste diversion and toxics reduction programs.
- The Department currently receives approximately \$4,500,000 in grants from the Federal government, with approximately \$3,500,000 from the American Recovery and Reinvestment Act of 2009 (ARRA). Many of these grants terminate in FY 2011-12 and other grants will terminate in FY 2012-13, primarily impacting the Department's Energy and Clean Transportation

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS IN THE FY 2012-13 & 2013-14 TWO-YEAR ROLLING BUDGET**

DEPARTMENT: ENV – ENVIRONMENT

programs. The Department is increasing its fundraising efforts to secure other ongoing funding for these programs.

FY 2013-14

The Department of the Environment's proposed budget for FY 2013-14 is \$3,192,236 less than the proposed budget for FY 2012-13, largely due to:

- Termination of approximately \$1 million in Federal grants in FY 2012-13.
- Reduced funding for the Climate Change/Energy Program in FY 2013-14. However, the Department anticipates actions being taken by the State in FY 2012-13 to implement the State's cap-and-trade program which could potentially create a major local revenue stream for the Department.
- Inability to predict grant funding 18-24 months ahead of time, as the Department typically receives notice of grant awards only two to six months prior to commencement of new grants, such that the Department cannot accurately budget new grant funds for the second year of the City's two-year budget cycle. In addition, the Department advises that grant periods often do not coincide with the City's fiscal year, such that these grant funds are not included in the Department's annual budget. The Department will separately request authorization to accept and expend grant funds from the Board of Supervisors, as future year grant funding is received.
- The Department also anticipates continuing the six-year planning for a new processing facility, which would allow processing and recycling of current landfill waste.

DEPARTMENT PERSONNEL SUMMARY:

The number of FTEs in FY 2012-13 is 72.93 or 14.38 more than the 58.55 FTEs in FY 2011-12.

The number of FTEs in FY 2013-14 is 72.75 or .18 less than the 72.93 FTEs in FY 2012-13.

The Department of the Environment's FY 2012-13 budget includes an additional 14.38 FTEs, due to an increase of 14.5 FTEs in Temporary Salaries, for the Environment Now Program, which provides education and outreach on waste diversion and toxics reduction. The Education Now Program funds were previously approved in the FY 2011-12 budget, but were not designated as FTEs at that time because all funds for the new Environment Now Program were allocated in one line-item of the budget, without any specification on the use of those funds for positions. The Department has now budgeted those funds specifically in the FY 2012-13 and FY 2013-14 budgets.

DEPARTMENT REVENUES:

The Department of the Environment receives the following revenues:

- Approximately \$8 million annually of Solid Waste Impound Fees collected from San Francisco's refuse customers by Recology are used to support 68 FTE positions providing related services;

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS IN THE FY 2012-13 & 2013-14 TWO-YEAR ROLLING BUDGET**

DEPARTMENT: ENV – ENVIRONMENT

- Approximately \$6 million annually of Public Goods charges collected from San Francisco rate payers by PG&E are used to support 15 FTE positions that provide Energy Efficiency programs;
- Approximately \$1.3 million annually of workorder funds from other City departments are used to support 9 FTE positions for Commuter Benefits, Climate and Green Building services;
- Approximately \$850,000 annually from other recurring grants support 7.5 FTE positions providing Clean Air and Oil Recycling programs; and
- Approximately \$4,500,000 of grant funds from the Federal government over the past two fiscal years, including approximately \$3,500,000 from the American Recovery and Reinvestment Act of 2009 (ARRA), will terminate in FY 2011-12 and FY 2012-13. As discussed above, although additional grant funds are anticipated for FY 2013-14, the sources and amounts of such grants cannot be fully determined at this time.

ITEM 11-- FILE 12-0454:

The proposed resolution would authorize the City, as lessee, to enter into a new lease for 24,440 square feet of space on the 12th floor at 1455 Market Street with Hudson 1455 Market, LLC (Hudson 1455 Market), as lessor, for a seven-year term from October 1, 2012 through September 30, 2019, with one option to extend the lease by an additional five years, or through September 30, 2024.

Current Department of Environment Leases

The Department of the Environment is currently housed in two separate locations, (a) the Department's main offices at 11 Grove Street, which includes basement storage space, and (b) a satellite office located at 401 Van Ness Avenue in the War Memorial building. The Department's existing 15,419 square foot lease at 11 Grove Street expires on May 31, 2012. On April 3, 2012, Mr. John Updike, Director of Real Estate, signed a 5-month Holdover Notice with the lessor at 11 Grove Street, the Yully Company, which stipulates that the Department will continue to occupy the 15,419 square feet of space at 11 Grove Street on a month-to-month basis at the current monthly rent of \$37,001, or an average of \$2.40 per square foot per month (\$28.80 per square foot annually) for the 24,440 square feet of space, until October 31, 2012. Mr. Updike advises that if the Department needs to occupy the space at 11 Grove Street past October 31, 2012, the terms and rent would need to be renegotiated at that time.

In addition, the Department's existing 3,816 square foot lease for the War Memorial Building space at 401 Van Ness Avenue expires on December 31, 2012 but allows for 60 days' notice to terminate at any point prior to its expiration. Due to pending seismic renovations at the War Memorial Building, the Department will not be able to occupy their War Memorial space past the expiration of the existing lease. As shown in Table 1 below, the Department currently leases this 3,816 square feet of space in the War Memorial Building for \$48,840 annually, or an average of \$12.80 per square foot annually. Table 1 below summarizes the total square feet, the rate per square foot, and rent paid under the Department's existing leases and the proposed lease at 1455 Market Street.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
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DEPARTMENT: ENV – ENVIRONMENT

Table 1: Summary of Current Lease Square Footage, Annual Rates Per Square Foot, and Total Rent Paid Under Both the Existing Leases and the Proposed Lease at 1455 Market Street					
	11 Grove Street Offices	11 Grove Street Basement	401 Van Ness Avenue	Total Under Existing Leases	Proposed Lease at 1455 Market Street
Total Square Feet	14,472	947	3,816	19,235	24,440
Annual Rate Per Square Foot	\$29.52	\$17.52	\$12.80	\$25.62	\$28.00
Annual Rent	\$427,213	\$16,800	\$48,840	\$492,853	\$684,324
Monthly Rent	\$35,601	\$1,400	\$4,070	\$41,071	\$57,027

Based on a review of the Department’s prior year budgets, the Department has grown from 57 FTE positions in 2006 to 119 FTE positions in 2012, an increase of 62 FTE positions, or approximately 109 percent over six years. In addition, Mr. David Assmann, Deputy Director for the Department of the Environment advises that the Department has approximately 30 Interns who work and/or volunteer for the Department, such that the current offices are over-crowded and additional square footage is needed to accommodate the current size of the Department staff. Based on the 119 FTE staff, the proposed 24,440 square feet of space will provide an average of 205 square feet per staff position.

According to Mr. Assmann, the Department has been investigating multiple space location alternatives over the past 14 months before deciding on the proposed 24,440 square foot space at 1455 Market Street, which will allow for consolidation of the Department’s two existing office spaces into one centralized facility. In addition, Mr. Assmann advises that leasing multiple office locations is inefficient for the Department, requiring frequent trips between the two locations on a daily basis, which hampers staff collaboration. Furthermore, Mr. Assmann notes that the Department would need to find additional office space to replace the office space currently leased at 401 Van Ness Avenue, once the seismic renovations commence in December of 2012.

Fiscal Impacts

As summarized in Table 1 above, the proposed lease would increase the Department’s space from 19,235 total square feet to 24,440 total square feet, an increase of 5,205 square feet, or 27 percent. In addition, as shown in Table 1 above, the proposed lease would increase the total annual rental cost for the Department from \$492,853 to \$684,324, an increase of \$191,471 or approximately 39 percent. According to Mr. Josh Keene, Project Manager for the Real Estate Division, the initial annual rate per square foot of \$28 under the proposed lease is below market rate, with other recent leases of similar spaces in the Civic Center area ranging from \$29 to \$41.05 per square feet annually. Mr. Assmann advises that both the existing and proposed rental costs are allocated to the Department’s various

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
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funding sources, including the Solid Waste Impound Fees, Public Goods charges, workorders and ongoing grant funds. These annual rental costs are included in the Department’s proposed FY 2012-13 and FY 2013-14 budgets.

As shown in Table 2 below, the rent under the proposed seven-year lease would increase by \$1 per square foot per year, ranging from \$513,243 in the first year, after accounting for a three-month rent credit included in the proposed first year of the lease, to \$830,964 annually in the seventh year of the proposed lease.

Year Under Lease	Time Period	Monthly Rent	Annual Rent	Rate Per Square Foot
1	10/1/2012 - 9/30/2013	\$57,027	\$513,243*	\$28
2	10/1/2013 - 9/30/2014	59,063	708,756	29
3	10/1/2014 - 9/30/2015	61,100	733,200	30
4	10/1/2015 - 9/30/2016	63,137	757,644	31
5	10/1/2016 - 9/30/2017	65,173	782,076	32
6	10/1/2017 - 9/30/2018	67,210	806,520	33
7	10/1/2018 - 9/30/2019	\$69,247	\$830,964	\$34

* Year 1 results in \$513,243 in annual rent due to the first three months’ rent of \$171,081 being credited by Hudson 1455 Market, such that the first year’s total rent would be \$684,324.

Mr. Assmann advises that, as shown in Table 3 below, the Department estimates one-time relocation, potential double rent, furniture, and wiring and related data installation costs from the existing two locations to the proposed 1455 Market Street location at \$417,080. The Department anticipates funding the estimated \$417,080 in relocation costs with one-time savings from FY 2011-12 and budgeted Solid Waste Impound Fees and workorder funds in FY 2012-13.

Moving/Relocation	\$75,000
Potential Double Rent Prior to Moving to New Location	15,000
Furniture Budget	152,080
Wiring and Data Installation	175,000
Total Estimated Relocation Expenses	\$417,080

In addition to a three-month rent credit, the proposed lease also provides for Hudson 1455 Market to provide \$1,490,840, or \$61 per square foot for tenant improvements. According to Mr. Keene, in addition to the above-noted one-time costs of \$417,080, the Real Estate Division estimates that the Department of the Environment’s tenant improvements will cost a total of \$1,833,000, or \$75 per square

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
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foot based on 24,440 square feet, leaving an additional balance of \$342,160 (\$1,833,000 total tenant improvement costs less \$1,490,840 lessor contribution), or \$14 per square foot in funding needed. The Budget and Legislative Analyst notes that the current total tenant improvement estimated cost is not based on actual bids, but rather on the Department of Real Estate's preliminary estimates based on discussions with Hudson 1455 Market.

According to Mr. Keene, there are three possibilities for funding the \$342,160 difference for tenant improvements, or \$14 per square foot, shortfall: (1) the Department raises in-kind donations, grants, or reductions in construction cost through the donation of needed materials, (2) Hudson 1455 Market pays up to an additional \$244,400, or \$10 per square foot, of the \$342,160 needed, such that the Department amortizes the lessor's additional contribution at an eight percent interest rate and repays those monies to Hudson 1455 Market by paying an increase in rent per square foot over the seven-year term of the proposed lease and the City pays the remaining shortfall, not to exceed \$97,760 (\$342,160 less \$244,400) which would be funded from the Department of the Environment's FY 2012-13 budget, or (3) some combination of the above.

Table 3 below summarizes the costs if the Department were to borrow and amortize between \$244,400 and \$50,000 of additional tenant improvement funding by the lessor.

	Total Annual Increased Expense Over 7 Years of the Loan	Rate Increase Per square Foot Annually	Monthly Rate Increase Per Square Foot	Total Monthly Increased Expense Over 7 Years	Total Increased Expense Over 7 Years of the Loan
\$244,400 Borrowed and Amortized	\$46,942	\$1.92	\$0.16	\$3,912	\$328,597
\$200,000 Borrowed and Amortized	38,414	1.57	0.13	3,201	268,901
\$150,000 Borrowed and Amortized	28,811	1.18	0.10	2,401	201,674
\$100,000 Borrowed and Amortized	19,207	0.79	0.07	1,601	134,451
\$50,000 Borrowed and Amortized	\$9,604	\$0.39	\$0.03	\$800	\$67,225

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
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According to Mr. Assmann, the Department is planning to launch a capital campaign to focus on securing funding, as well as donated products and services, to cover the estimated shortfall for tenant improvements of up to \$342,160. Mr. Assmann advises that the Department has already received in-kind engineering technical assistance of \$800 and architectural assistance of \$2,000 and will begin meeting in the next two to three weeks with other potential donors.

Policy Considerations

As of the writing of this report, the Budget and Legislative Analyst notes that a final lease has not been approved by the lessor and the City. Mr. Updike advises that Real Estate is still negotiating some minor provisions, which will not significantly change the major fiscal provisions of the proposed lease. However, given that a final lease has not yet been approved by the Real Estate Division or the lessor, the Budget and Legislative Analyst recommends that the proposed resolution be continued to the Call of the Chair pending a final lease agreement.

In addition, the Budget and Legislative Analyst questions approving the proposed lease, given that the Department of the Environment has not yet secured the balance of up to \$342,160 (\$1,833,000 total tenant improvement costs less \$1,490,840 lessor contribution), or \$14 per square foot based on 24,440 square feet in funding needed for the estimated tenant improvements. Given that the Department has not identified sufficient revenues to fund the proposed tenant improvements, the Budget and Legislative Analyst further recommends that the proposed resolution be continued to the Call of the Chair.

Recommendation: Continue the proposed resolution pending (a) a final lease agreement and (b) identification of the specific funding sources for completing the required tenant improvements.

COMMENTS:

The Budget and Legislative Analyst's recommended reductions to the proposed budget total \$127,806 in FY 2012-13 and \$95,423 in FY 2013-14. These reductions would still allow an increase of \$291,798 or 1.7% in the Department's budget for FY 2012-13.

ENV - Environment

Object Title	FY 2012-13						FY 2013-14					
	FTE		Amount		GF	IT	FTE		Amount		GF	IT
	From	To	From	To			From	To	From	To		
CIS-Recycling												
Temporary - Miscellaneous	16.72	16.55	\$1,376,229	\$1,361,859	\$14,370		16.73	16.56	\$1,376,229	\$1,361,859	\$14,370	
Mandatory Fringe Benefits			\$108,722	\$107,587	\$1,135				\$108,722	\$107,587	\$1,135	
			<i>Total Savings</i>	\$15,505					<i>Total Savings</i>	\$15,505		
The Department has provided a workplan which includes \$1,361,859 in Temporary Salaries for the Environment Now Program. A reduction of \$14,370 in Temporary Salaries and \$1,135 in corresponding Mandatory Fringe Benefits would provide for sufficient monies to fund those Temporary Salaries.												
Other Professional Services			\$150,000	\$100,000	\$50,000				\$150,000	\$100,000	\$50,000	
Not adequately justified professional service contracts.												
Graphics			\$10,000	\$7,000	\$3,000	x			\$10,000	\$0	\$10,000	x
Reduction based on vendor quote and invoice examples provided.												
Other Current Expenses			\$10,000	\$6,000	\$4,000	x			\$10,000	\$0	\$10,000	x
Eliminate funding in FY 2013-14 to reflect one-time need in FY 2012-13.												
Inadequate justification for the cost of producing training videos for Environment Now Program.												
CIG-Environment												
Air Travel - Employees			\$4,155	\$2,500	\$1,655				\$4,155	\$2,500	\$1,655	
Reduction based on historical spending.												
Non-Air Travel - Employees			\$4,585	\$3,000	\$1,585				\$4,585	\$3,000	\$1,585	
Ongoing reduction.												
Reduction based on historical spending.												
Ongoing reduction.												

ENV - Environment

Object Title	FY 2012-13						FY 2013-14					
	FTE		Amount		GF IT	Savings	FTE		Amount		GF IT	Savings
	From	To	From	To			From	To	From	To		
Air Travel - Employees			\$4,800	\$2,978	\$1,822				\$4,800	\$2,978	\$1,822	
	Reduction based on historical spending.											
Non-Air Travel- Employees			\$5,297	\$3,441	\$1,856				\$5,297	\$3,441	\$1,856	
	Reduction based on historical spending.											
Training Costs Paid to Vendor			\$8,041	\$6,041	\$2,000				\$8,041	\$6,041	\$2,000	
	Reduction based on historical spending.											
Training Costs Paid to Employees			\$3,396	\$2,396	\$1,000				\$3,396	\$2,396	\$1,000	
	Reduction based on historical spending.											
Property Rent			\$375,763	\$330,380	\$45,383							
	The Budget and Legislative Analyst estimates that a total of \$330,380 is needed in rent and relocation, furniture and wiring installation costs for FY 2012-13 given a move-in date into the Department's new office spaces of October 1, 2012. This does not include the additional \$342,160 that the Department indicates will be funded through private fundraising efforts.											

FY 2012-13

Total Recommended Reductions

	One-Time	Ongoing	Total
General Fund	\$0	\$0	\$0
Non-General Fund	\$52,383	\$75,423	\$127,806
Total	\$52,383	\$75,423	\$127,806

FY 2013-14

Total Recommended Reductions

	One-Time	Ongoing	Total
General Fund	\$0	\$0	\$0
Non-General Fund	\$20,000	\$75,423	\$95,423
Total	\$20,000	\$75,423	\$95,423

BUDGET REVIEW EXECUTIVE SUMMARY

YEAR ONE: FY 2012-13

Expenditure Changes

The department's proposed \$823,675,725 budget for FY 2012-13 is \$43,108,614 or 5.5% more than the original FY 2011-12 budget of \$780,567,111.

Personnel Changes

The number of full-time equivalent operating positions (FTE) budgeted for FY 2012-13 is 4,386.15 FTEs, which is 245.56 FTEs more than the 4,140.59 FTEs in the original FY 2011-12 budget.

Revenue Changes

Department revenues have increased by \$24,458,614 or 4.1%, from the original FY 2011-12 budget of \$589,817,111 to the proposed FY 2012-13 budget of \$614,275,725.

General Fund revenues have increased by \$18,650,000 or 9.8% from the original FY 2011-12 budget of \$190,750,000 to the proposed FY 2012-13 budget of \$209,400,000.

YEAR TWO: FY 2013-14

Expenditure Changes

The department's proposed \$843,156,458 budget for FY 2013-14 is \$19,480,733 or 2.4% more than the original FY 2012-13 budget of \$823,675,725.

Personnel Changes

The number of operating FTEs budgeted for FY 2013-14 is 4,411.06 FTEs, which is 24.91 FTEs more than the 4,386.15 FTEs in the original FY 2012-13 budget.

Revenue Changes

Department revenues have increased by \$11,830,733 or 1.9%, from the original FY 2012-13 budget of \$614,275,725 to the proposed FY 2013-14 budget of \$626,106,458.

General Fund revenues have increased by \$7,650,000 or 3.7% from the original FY 2012-13 budget of \$209,400,000 to the proposed FY 2012-13 budget of \$217,050,000.

RECOMMENDATIONS

The Director of Transportation should report to the Budget and Finance Committee in the May 24, 2012 hearing on:

- The status of inactive encumbrances, funded by Muni or Parking and Traffic operating funds, totaling \$9,501,325, including the funds of \$5,284,356 encumbered for a payment to BART, and whether the unexpended balances can be reallocated to other uses; and
- The SFMTA's plans to reduce overtime use from the FY 2011-12 projected overtime expenditures of \$54,095,765 to the overtime budget of \$41,951,990 in FY 2012-13 and of \$36,951,990 in FY 2013-14.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2012-13 AND FY 2013-14**

DEPARTMENT: SFMTA – MUNICIPAL TRANSPORTATION AGENCY

SUMMARY OF PROGRAM EXPENDITURES:

	FY 2011-12 Proposed	FY 2012-13 Proposed	Increase/ (Decrease) from FY 2011-12	FY 2013-14 Proposed	Increase/ (Decrease) from FY 2012-13
Accessible Services	\$21,549,070	\$20,913,337	(\$635,733)	\$22,190,745	\$1,277,408
Administration	58,987,665	69,256,239	10,268,574	68,526,331	(729,908)
Agency Wide Expenses	126,785,319	98,125,518	(28,659,801)	91,822,450	(6,303,068)
Capital Programs and Construction	0	104,048	104,048	105,012	964
Development and Planning	604,441	714,905	110,464	912,796	197,891
Parking and Traffic	73,186,298	80,756,408	7,570,110	88,750,313	7,993,905
Parking Garages and Lots	22,201,245	24,371,088	2,169,843	27,705,632	3,334,544
Transit	418,967,316	446,906,864	27,939,548	457,420,010	10,513,146
Security, Safety, Training, Enforcement	55,876,450	78,848,078	22,971,628	81,836,176	2,988,098
Taxi Services	2,409,307	3,679,240	1,269,933	3,886,993	207,753
Total	\$780,567,111	\$823,675,725	\$43,108,614	\$843,156,458	\$19,480,733

The Department's proposed FY 2012-13 budget has increased by \$43,108,614 largely due to staffing, including the end of unpaid furlough days for many Department employees¹. The largest increases in program budgets in FY 2012-13 are in the Transit Division, and Security, Safety, Training and Enforcement programs.

The Department's proposed FY 2013-14 budget has increased by \$19,480,733 largely due to increases in fringe benefit costs, and materials and supplies. Most of the increases in materials and supplies are for the SFMTA's program to increase maintenance for light rail vehicles, buses, and rights-of-way, and other maintenance (see below).

SFMTA Organization and Budget

SFMTA is divided into five divisions, reporting to the Director of Transportation:

- Administration, Safety and Training
- Capital Programs and Construction
- Finance and Information Technology
- Sustainable Streets (Parking and Traffic)
- Transit (Muni)

¹ Labor unions, with the exception of the Transport Workers' Union (TWU), agreed to wage concessions in FY 2010-11 and FY 2011-12 in the form of unpaid furlough days.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2012-13 AND FY 2013-14**

DEPARTMENT: SFMTA – MUNICIPAL TRANSPORTATION AGENCY

The SFMTA operating budget is comprised of the following funds, which are allocated to each of the five divisions, depending on the use of each of these funds:

- Muni
- Parking and Traffic
- Taxi Commission
- Off-Street Parking
- Bicycle
- Pedestrian

Transit Division Staffing

The Controller's Office projects a \$5.2 million salary and fringe benefit deficit in all SFMTA programs in FY 2011-12². This projected salary and fringe benefit deficit includes a projected deficit of \$26.9 million in the Muni operating budget, offset by surpluses in other budget areas.

SFMTA projects FY 2011-12 year-end Transit Division overtime expenditures³ of:

- \$25,685,269 for transit operators, which is \$671,215 or 2.7% more than the revised FY 2011-12 overtime budget of \$25,014,054 for transit operators; and
- \$25,280,919 for transit supervisors, automotive mechanics, electrical transit system mechanics, electronic maintenance technicians, station agents, and other miscellaneous employees in the Transit Division, which is \$20,950,559 or 483.8% more than the revised FY 2011-12 overtime budget of \$4,330,360 for these employees.

Proposed Increases in Transit Division Positions in FY 2012-13

According to Ms. Sonali Bose, SFMTA Director of Finance and Information Technology, the projected FY 2011-12 deficits in salary and fringe benefit expenditures for the Transit Division's transit operators is due to higher than budgeted staffing and Muni service. According to Ms. Bose, the FY 2010-11 and FY 2011-12 budgets provided for a higher level of Muni service reductions than actually occurred. As a result, SFMTA has more actual transit operator positions than were provided for in the budget. The SFMTA FY 2012-13 proposed budget includes an increase of 216 transit operator positions, as shown in Table 1 below, to account for the increased number of actual transit operators to meet current Muni service levels.

The SFMTA proposed FY 2012-13 budget also includes 30.08 new automotive mechanics, automotive service workers, electrical transit system mechanics, automotive machinists, and other crafts, offset by an increase in attrition savings and deletion of other positions, as shown in Table 1 below. According to Ms. Bose, the new positions shown in Table 1 are necessary to meet Muni's maintenance requirements and are part of the SFMTA's program to improve system maintenance (see below).

² Based on Controller's high level monthly financial report for the pay period ending April 13, 2012.

³ Based on SFMTA overtime report to the SFMTA Board of Directors for the pay period ending April 13, 2012.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2012-13 AND FY 2013-14**

DEPARTMENT: SFMTA – MUNICIPAL TRANSPORTATION AGENCY

**Table 1
Transit Division Positions
FY 2012-13 and FY 2013-14**

	FY 2011-12	FY 2012-13	Increase/ (Decrease) from FY 2011-12	FY 2013-14	Increase from FY 2012-13
Transit Operators	1,959.50	2,175.50	216.00	2,175.50	0.00
Transit Supervisors	185.50	176.50	(9.00)	176.50	0.00
Automotive Mechanics, Automotive Service Workers, Electrical Transit System Mechanics, Automotive Machinists, and Other Crafts	1,178.00	1,208.08	30.08	1,209.00	0.92
Planning and Other	12.75	13.75	1.00	13.75	0.00
Custodial and Grounds	62.00	58.00	(4.00)	58.00	0.00
Administrative and Support	41.00	52.00	11.00	52.00	0.00
Senior Managers and Managers	47.00	47.00	0.00	47.00	0.00
Temporary	6.70	5.98	(0.72)	5.98	0.00
Attrition Savings	(395.83)	(459.40)	(63.57)	(459.40)	0.00
Total	3,096.62	3,277.41	180.79	3,278.33	0.92

Overtime

Transit Division Overtime

According to Ms. Bose, the Transit Division has historically incurred overtime expenditure deficits in each year that have been offset by other salary savings. Ms. Bose states that the historical use of overtime has resulted from high vacancy rates due to staff turnover, delays in recruiting and hiring, and high numbers of newly-hired employees who do not successfully complete training. As shown in Table 2 below, SFMTA has increased total Transit Division overtime by \$10,110,243 in the proposed FY 2012-13 budget, and decreased total Transit Division overtime by \$5,000,000 in the proposed FY 2013-14 budget.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2012-13 AND FY 2013-14**

DEPARTMENT: SFMTA – MUNICIPAL TRANSPORTATION AGENCY

**Table 2
Transit Division Salary and Overtime Budget
FY 2012-13 and FY 2013-14**

	FY 2011-12	FY 2012-13	Increase from FY 2011-12	FY 2013-14	Increase/ (Decrease) from FY 2012-13
Miscellaneous Salaries	\$89,718,568	\$90,917,271	\$1,198,703	\$91,337,145	\$419,874
Transit Operators Salaries	103,822,596	119,474,015	15,651,419	119,474,015	0
Holiday, Premium and Other Pay	11,060,281	11,053,781	(6,500)	11,053,781	0
<u>Overtime</u>					
Miscellaneous	4,330,360	17,147,016	12,816,656	10,868,037	(6,278,979)
Transit Operators Unscheduled	2,200,000	4,916,434	2,716,434	3,594,253	(1,322,181)
Transit Operators Scheduled	22,814,054	17,391,207	(5,422,847)	19,992,367	2,601,160
Subtotal Overtime	29,344,414	39,454,657	10,110,243	34,454,657	(5,000,000)
Total	\$233,945,859	\$260,899,724	\$26,953,865	\$256,319,598	(\$4,580,126)

Department Overtime

The SFMTA FY 2012-13 budget has increased overtime expenditures department-wide by \$10,000,000 from \$31,951,990 to \$41,951,990, as shown in Table 3 below. The proposed overtime budget of \$41,951,990 in FY 2012-13 is \$12,143,775 less than SFMTA's projected FY 2011-12 overtime expenditures of \$54,095,765. According to Ms. Bose, SFMTA will need to actively manage overtime use in FY 2012-13 to meet the department's overtime budget.

**Table 3
SFMTA Overtime Budget
FY 2012-13 and FY 2013-14**

	FY 2011-12	FY 2012-13	Increase from FY 2011-12	FY 2013-14	Increase/ (Decrease) from FY 2012-13
Transit	29,344,414	39,454,657	10,110,243	34,454,657	(5,000,000)
Security, Safety, Training and Enforcement	1,313,350	1,070,350	(243,000)	1,070,350	0
Parking and Traffic	542,043	674,800	132,757	674,800	0
Other	752,183	752,183		752,183	0
Total	\$31,951,990	\$41,951,990	\$10,000,000	\$36,951,990	(\$5,000,000)

SFMTA should report to the May 24, 2012 Budget and Finance Committee on how the department will manage overtime and salary deficits in FY 2012-13 and FY 2013-14 to ensure that actual overtime and salary expenditures are within the budgeted amount, including how SFMTA proposes to manage a \$5,000,000 reduction in overtime in FY 2013-14.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2012-13 AND FY 2013-14**

DEPARTMENT: SFMTA – MUNICIPAL TRANSPORTATION AGENCY

New Expenditures for Transit Maintenance

The proposed SFMTA budget includes \$17,555,000 for increased maintenance expenditures in FY 2012-13 and \$30,010,000 for increased maintenance expenditures in FY 2013-14, compared to FY 2011-12 maintenance expenditures. These increased expenditures include new staffing costs as well as materials and other expenditures. SFMTA has allocated 70% these new maintenance expenditures to the Transit Division in FY 2012-13, as shown in Table 4 below.

**Table 4
Proposed Increased Expenditures for Maintenance
FY 2012-13 and FY 2013-14⁴**

	FY 2012-13		FY 2013-14	
	Amount	Percent of Total	Amount	Percent of Total
<u>Transit Division</u>				
Light Rail Vehicle Maintenance	\$2,875,000	16%	\$5,750,000	19%
Bus Maintenance	2,875,000	16%	5,750,000	19%
Right-of-Way Maintenance	<u>6,470,000</u>	<u>37%</u>	<u>10,340,000</u>	<u>34%</u>
Total, Transit Division	\$12,220,000	70%	\$21,840,000	73%
<u>Other Divisions</u>				
Transit Effectiveness Project	\$375,000	2%	\$750,000	2%
Sustainable Streets	1,250,000	7%	2,500,000	8%
Safety and Enforcement	2,400,000	14%	2,900,000	10%
Administration and Support	<u>1,310,000</u>	<u>7%</u>	<u>2,020,000</u>	<u>7%</u>
Total, Other Divisions	\$5,335,000	30%	\$8,170,000	27%
Total	\$17,555,000	100%	\$30,010,000	100%

Security, Safety, Training, and Enforcement Division

Positions in SFMTA's Security, Safety, Training and Enforcement program are funded by the Muni and Parking and Traffic operating budgets. These positions include transit fare inspectors, parking control officers, and related management, supervisory and support staff.

In FY 2012-13, SFMTA proposes to add 10 transit fare inspector positions to the Security, Safety, Training and Enforcement Division by decreasing attrition savings to allow for the hiring of vacant positions. According to Ms. Bose, these positions will be used to facilitate Muni's new all-door boarding policy.

Rainy Day Reserve

The FY 2012-13 and FY 2013-14 budgets contain a rainy day reserve of \$10,000,000 in each year for a total reserve of \$20,000,000. According to Ms. Bose, the SFMTA Board of Directors has an adopted reserve policy which includes a reserve goal of 10% of the operating budget, which would be \$82,367,572 based on the proposed FY 2012-13 budget of \$823,675,725. The purpose of the reserve is

⁴ These expenditures of \$17,555,000 in FY 2012-13 and \$30,010,000 in FY 2013-14 are included in the expenditure line items for salaries, materials and supplies, and other line items in the SFMTA budget and are not detailed separately.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2012-13 AND FY 2013-14**

DEPARTMENT: SFMTA – MUNICIPAL TRANSPORTATION AGENCY

to protect against SFMTA’s revenue shortfalls and unpredicted one-time expenses and to ensure that adequate funds are available for the agency.

Unexpended Project and Encumbered Funds

Unexpended Project Funds

SFMTA has \$25,300,000 in previously appropriated project funds for parking infrastructure procurement which have not been expended. According to Ms. Bose, these funds will be used to pay for new parking meters for the SF Park program. SFMTA will issue a Request for Proposals (RFP) for new parking meters citywide for the SF Park program.

SFMTA also has \$20,000,000 in previously appropriated project funds for land and building procurement which have not been expended. According to Ms. Bose, these funds will be used to purchase property (1) at Broadway and Sansome to provide long-term replacement housing for tenants displaced by construction of the Central Subway, and (2) 2650 Bayshore Avenue for storage of SFMTA vehicles currently stored on Port property.

Unexpended and Encumbered Funds

City departments encumber funds that have been appropriated by the Board of Supervisors to pay for purchase orders, work orders with other City departments, projects, and other purposes. Technically, encumbrances are funds that have been set aside to pay for goods or services that have been ordered but not yet received or billed. Therefore, encumbered funds have not yet been expended.

SFMTA has \$9,501,325 in unexpended and encumbered funds that were (1) appropriated in FY 2010-11 and prior years, (2) have not posted activity in FY 2011-12, and (3) are funded by the Muni or Parking and Traffic operating budgets. Based on the Budget and Legislative Analyst’s request, SFMTA provided the following information on the status of these encumbrances, as shown in Table 5 below:

**Table 5
SFMTA Encumbrances**

Encumbrances	Muni Operating Funds	Parking and Traffic Operating Funds	Total
Can be closed out	\$2,335,178	\$874,988	\$3,210,166
Held open pending invoices	6,272,692	0	6,272,692
Subtotal	8,607,869	874,988	9,482,857
Active project	18,095	373	18,468
Total	\$8,625,964	\$875,361	\$9,501,325

As shown in Table 5, SFMTA has \$3,210,166 in encumbrances that can be closed out and the funds re-allocated to other one-time uses.

Of the \$6,272,692 in encumbered accounts, for which SFMTA is holding the account open pending the receipt of pending invoices, accounts with balances totaling \$5,704,869 have had no activity since 2010. The largest of these encumbered accounts is for a payment to the Bay Area Rapid Transit (BART), totaling \$5,284,346, for which the last date of recorded activity of December 2, 2010. SFMTA should

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2012-13 AND FY 2013-14**

DEPARTMENT: SFMTA – MUNICIPAL TRANSPORTATION AGENCY

immediately determine the status of the account with BART and other large inactive accounts in order to close out the unexpended balances and re-allocate the funds to other one-time uses.

SFMTA should report to the Budget and Finance Committee in the May 24, 2012 hearing on the status of \$9,501,325 in encumbered funds, including the funds of \$5,284,346 encumbered for a payment to BART, and whether the unexpended balance can be reallocated to other uses.

DEPARTMENT REVENUES:

FY 2012-13: Department revenues have increased by \$24,458,614 or 4.1%, from the original FY 2011-12 budget of \$589,817,111 to the proposed FY 2012-13 budget of \$614,275,725.

General Fund revenues have increased by \$18,650,000 or 9.8% from the original FY 2011-12 budget of \$190,750,000 to the proposed FY 2012-13 budget of \$209,400,000

FY 2013-14: Department revenues have increased by \$11,830,733 or 1.9%, from the original FY 2012-13 budget of \$614,275,725 to the proposed FY 2013-14 budget of \$626,106,458.

General Fund revenues have increased by \$7,650,000 or 3.7% from the original FY 2012-13 budget of \$209,400,000 to the proposed FY 2012-13 budget of \$217,050,000.

	FY 2011-12	FY 2012-13	FY 2013-14
Transit Fares and Advertising Revenues	\$207,736,734	\$224,544,634	\$228,233,972
Permits, Fees, Fines	122,687,325	115,690,539	116,267,713
Parking Meters and Garages	91,853,058	94,639,056	98,361,428
Recoveries for Services	60,111,666	87,479,058	91,538,321
State and Federal Operating Grants	106,892,909	113,700,000	115,670,000
Miscellaneous	3,200	0	0
General Fund Contribution to SFMTA	190,750,000	209,400,000	217,050,000
General Fund In Lieu of Parking Tax	57,578,400	62,147,000	64,011,000
Net Transfers ⁵	(57,046,181)	(83,917,362)	(87,968,776)
Total	\$780,567,111	\$823,682,925	\$843,163,658

Transit Fares

SFMTA increases transit fares based on the Automatic Indexing Implementation Plan, approved by the SFMTA Board of Directors in April 2009, which provides for fare increases based on the Consumer Price Index (CPI) and other costs, such as labor and fuel. The Automatic Indexing Implementation Plan was not subject to Board of Supervisors approval. The FY 2012-13 and FY 2013-14 SFMTA budgets do not propose increases in cash fares but do propose increases in some monthly fast passes and other fares as follows:

⁵ Net transfers are transfers between SFMTA operating funds and project funds.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2012-13 AND FY 2013-14**

DEPARTMENT: SFMTA – MUNICIPAL TRANSPORTATION AGENCY

	FY 2011-12	FY 2012-13 Proposed	FY 2013-14 Proposed
<u>Fast Pass Combined With BART in San Francisco</u>			
Adult	\$72.00	\$74.00	\$76.00
Disabled/Youth/Senior	\$26.00	\$27.00	\$28.00
<u>Fast Pass Muni Only</u>			
Adult	\$62.00	\$64.00	\$66.00
Disabled/Youth/Senior	\$24.00	\$22.00	\$23.00
<u>Other Passes</u>			
Lifeline (Low Income) Pass	\$31.00	\$32.00	\$33.00
Cable Car All-Day Pass	\$14.00	\$14.00	\$15.00
One-Day Passport	\$14.00	\$14.00	\$15.00
Three-Day Passport	\$21.00	\$22.00	\$23.00
Seven-Day Passport	\$27.00	\$28.00	\$29.00
Interagency Sticker (Excludes BART and Cable Car)	\$57.00	\$59.00	\$61.00
Class Pass	\$25.00	\$26.00	\$27.00
<u>Special Event - Round Trip</u>			
Adult	\$12.00	\$12.00	\$13.00
Disabled/Youth/Senior	\$10.00	\$10.00	\$11.00
Add-On Fare	\$8.00	\$8.00	\$9.00

These fare increases are not subject to Board of Supervisors approval.

Parking and Other Increases

The proposed budget includes:

- Additional parking meter revenue in FY 2012-13 FY 2013-14 for (a) parking meter enforcement on Sunday from 12 pm to 6 pm, and (b) addition of 500 to 1,000 new metered parking spaces;
- Increases to various fees and penalties, based on the Automatic Indexing Implementation Plan or cost recovery calculation; and
- Fees applied to parking citations of (a) \$2.00 to recover SFMTA's costs for the Local Courthouse Construction Fee, which is being remitted to the State but has not been included in citation amounts, and (b) \$3.00 in FY 2012-13 to recover SFMTA's costs for the Trial Court Trust Fund Fee, which under California Government Code, SFMTA can collect in FY 2012-13 but not in FY 2013-14.

General Fund

The proposed SFMTA budget in FY 2012-13 and FY 2013-14 includes General Fund contributions, consistent with the Three-Year Budget Projections for FY 2012-13 through FY 2014-15, prepared jointly by the Controller, Budget and Legislative Analyst, and Mayor's Budget Director.

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**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS, FISCAL YEARS 2012-13 & 2013-14**

DEPARTMENT: AIR – AIRPORT

DEPARTMENT PERSONNEL SUMMARY:

The number of full-time equivalent positions (FTE) budgeted for FY 2012-13 is 1,469.52 FTEs, which is 92.21 FTEs more than the 1,377.31 FTEs in the original FY 2011-12 budget. This represents 6.7 percent increase in FTEs from the original FY 2011-12 budget.

The number of FTEs budgeted for FY 2013-14 is 1,488.42 FTEs, which is 18.9 FTEs more than the 1,469.52 FTEs in the proposed FY 2012-13 budget.

DEPARTMENT REVENUES:

Department revenues have increased by \$81,871,314 or 10.8 percent from FY 2011-12 to FY 2012-13. Revenue increases are resulting from:

- An increase in enplanements (the number of passengers boarding a plane) from FY 2011-12 to FY 2012-13. Recent increases in service primarily reflect domestic growth, with new or more frequent flights by United Airlines following its merger with Continental Airlines, and the continued expansion of Virgin America. The Airport has also seen an increase in international flights. These changes will lead to increased revenues from landing fees, airline rental fees, parking and transportation, and other concessions. The Department expects these changes will lead to landing fee revenue increases from FY 2011-12 to FY 2012-13 based on landed weight forecasts.
- The Department also expects increased revenues from FY 2011-12 to FY 2012-13 due to increased rental rates and increased leased space as United Airlines takes on additional space in Boarding Area B and increased parking and other concession revenue.

Department revenues have increased by \$27,684,723 or 3.3 percent in the proposed FY 2013-14 budget. Revenue increases are resulting from:

- Department forecasts that enplanements will continue to increase from FY 2012-13 to FY 2013-14. This will lead to increased revenues from landing fees, airline rental fees, parking and transportation, and other concessions to increase. The Department expects revenues from Airport landing fees to increase from FY 2012-13 to 2013-14 based on landed weight forecasts.
- Increases in rental rates and leased space. Additionally, the Department expects total concession revenue to increase from FY 2012-13 to FY 2013-14 due to increased passenger activity.

COMMENTS:

The Budget and Legislative Analyst's recommended reductions to the proposed budget total \$1,995,765 in FY 2012-13 and \$1,940,941 in FY 2013-14. These reductions would still allow an increase of \$79,875,549 or 10.6 percent in the Department's FY 2012-13 budget and \$25,743,782 or 3.1 percent in the Department's FY 2013-14 budget.

Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2012-13 and FY 2013-14 Fixed Two-Year Budget

AIR - Airport

Object Title	FY 2012-13						FY 2013-14					
	FTE		Amount		GF	IT	FTE		Amount		GF	IT
	From	To	From	To			From	To	From	To		
BG1- Administration												
(5A AAA AAA)												
1043 IS Engineer, Senior	1.00	0.00	\$124,644	\$0	\$124,644				\$124,644	\$0	\$124,644	
1042 IS Engineer, Journey	0.00	1.00	\$0	\$112,476	(\$112,476)				\$0	\$112,476	(\$112,476)	
Mandatory Fringe Benefits			\$44,697	\$42,276	\$2,421				\$50,216	\$47,333	\$2,883	
			<i>Total Savings</i>	\$14,589					<i>Total Savings</i>	\$15,051		
Permanent Salaries- Miscellaneous			(\$4,080,242)	(\$4,230,242)	\$150,000				(\$3,391,497)	(\$3,541,497)	\$150,000	
Mandatory Fringe Benefits			(\$1,776,334)	(\$1,841,584)	\$65,250				(\$1,671,765)	(\$1,737,015)	\$65,250	
			<i>Total Savings</i>	\$215,250					<i>Total Savings</i>	\$215,250		
Professional & Specialized Services			\$1,379,499	\$1,354,499	\$25,000				\$1,248,228	\$1,223,228	\$25,000	
Professional & Specialized Services			\$450,000	\$400,000	\$50,000				\$200,000	\$200,000	\$0	
Maintenance Services- Equipment			\$1,024,250	\$949,250	\$75,000				\$1,324,250	\$1,249,250	\$75,000	
Other Current Expenses			\$2,863,350	\$2,788,350	\$75,000				\$2,837,725	\$2,762,725	\$75,000	

GF = General Fund
IT = One Time

Recommendations of the Budget and Legislative Analyst
 For Amendment of Budget Items in the FY 2012-13 and FY 2013-14 Fixed Two-Year Budget

AIR - Airport

Object Title	FY 2012-13						FY 2013-14							
	FTE		Amount		Savings	GF	IT	FTE		Amount		Savings	GF	IT
	From	To	From	To				From	To	From	To			
Equipment Purchase			\$458,500	\$447,662	\$10,838	x					\$388,000	\$384,387	\$3,613	x
Based on vendor quote.														
BG2- Business & Finance (5A AAA AAA)														
Premium Pay			\$28,594	\$26,094	\$2,500						\$28,594	\$26,094	\$2,500	
Mandatory Fringe Benefits			\$2,270	\$2,072	\$198						\$2,270	\$2,072	\$198	
Total Savings \$2,698														
Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.														
Professional & Specialized Services			\$2,193,747	\$2,043,747	\$150,000						\$2,193,747	\$2,043,747	\$150,000	
Ongoing reduction														
The Department has a contract with Smart Carte for the provision of free luggage carts in the International Terminal customs area. The Department has not fully expended on the contract in FY 2011-12 and is projected to expend less than the budgeted amount for FY 2012-13.														
Maintenance Services-Equipment			\$475,768	\$275,768	\$200,000						\$475,765	\$275,765	\$200,000	
Ongoing reduction														
Reduce to reflect projected expenditures for FY 2012-13.														
Other Current Expenses			\$137,170	\$129,670	\$7,500						\$138,445	\$130,945	\$7,500	
Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.														
Equipment Purchase			\$25,000	\$18,448	\$6,552	x					\$0	\$0	\$0	
Based on vendor quote.														

**Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2012-13 and FY 2013-14 Fixed Two-Year Budget**

AIR - Airport

Object Title	FY 2012-13				FY 2013-14				
	FTE		Amount		FTE		Amount		
	From	To	From	To	From	To	From	To	
BG3- Communications & Marketing (5A AAA AAA)									
Professional & Specialized Services			\$1,152,400	\$1,132,400			\$1,152,400	\$1,132,400	\$20,000
SFIA Operating Non-Project Controlled The Department has a contract with the International Strategic Marketing Alliance Pool to promote tourism, trade, and international air traffic to San Francisco. The Department did not expend the entirety of the contract in FY 2010-11 and is not projected to do so in FY 2011-12.									
Other Current Expenses			\$126,955	\$106,955			\$126,955	\$106,955	\$20,000
Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.									
BG4- Chief Operating Officer (5A AAA AAA)									
Other Current Expenses			\$239,500	\$234,500			\$240,000	\$235,000	\$5,000
Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.									
BG6- Facilities (5A AAA AAA)									
Premium Pay			\$3,007,000	\$2,992,000			\$3,007,000	\$2,992,000	\$15,000
Mandatory Fringe Benefits			\$238,756	\$237,565			\$238,756	\$237,565	\$1,191
Total Savings \$16,191									
Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.									
Professional & Specialized Services			\$24,000	\$20,000			\$24,000	\$20,000	\$4,000
Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.									
9993 M Attrition Savings			(\$1,349,846)	(\$1,649,846)			(\$1,239,846)	(\$1,539,846)	\$300,000
Mandatory Fringe Benefits			(\$627,813)	(\$767,343)			(\$639,183)	(\$793,842)	\$154,659
Total Savings \$439,530									
The Department has reduced Attrition Savings by \$1,087,059 from (\$2,436,905) in FY 2011-12 to (\$1,349,846) in FY 2012-13. The proposed increase in Attrition Savings reflects projected actual salary savings and should provide sufficient funds for salaries.									

Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2012-13 and FY 2013-14 Fixed Two-Year Budget

AIR - Airport	FY 2012-13										FY 2013-14										
	FTE		Amount		GF		Savings		1T		FTE		Amount		Savings		GF		1T		
	From	To	From	To	From	To	From	To	From	To	From	To	From	To	From	To	From	To	From	To	
Object Title																					
9993 M Attrition Savings			(\$35,896)	(\$135,896)	\$100,000																\$100,000
Mandatory Fringe Benefits			(\$16,736)	(\$63,360)	\$46,624																\$51,685
	<i>Total Savings</i> \$146,624																				
	The Department has reduced Attrition Savings by \$500,617 from (\$536,513) in FY 2011-12 to (\$35,896) in FY 2012-13. The proposed increase in Attrition Savings reflects projected actual salary savings and should provide sufficient funds for salaries.																				
Maintenance Services- Buildings & Structures			\$1,591,400	\$1,391,400	\$200,000																\$200,000
	Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.																				
Equipment Maintenance Supplies			\$2,044,708	\$1,984,708	\$60,000																\$60,000
	Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.																				
BG7- Operations and Security (5A AAA AAA)	SFIA Operating Non-Project Controlled																				
Maintenance Services- Equipment			\$15,804,723	\$15,604,723	\$200,000																\$200,000
	Reduce to reflect projected expenditures for FY 2012-13.																				
Equipment Purchase			\$45,000	\$42,006	\$2,994																\$0
	Based on vendor quote.																				
BG8- Bureau of Design & Construction (5A AAA AAA)	SFIA Operating Non-Project Controlled																				
Premium Pay			\$58,053	\$48,053	\$10,000																\$10,000
Mandatory Fringe Benefits			\$4,276	\$3,539	\$737																\$794
	<i>Total Savings</i> \$10,737																				
	Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.																				

GF = General Fund
1T = One Time

Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2012-13 and FY 2013-14 Fixed Two-Year Budget

AIR - Airport

Object Title	FY 2012-13						FY 2013-14					
	FTE		Amount		Savings	GF IT	FTE		Amount		Savings	GF IT
	From	To	From	To			From	To	From	To		
Equipment Purchase			\$30,000	\$21,238	\$8,762				\$0	\$0	\$0	
Based on vendor quote.												
BG9- Planning Division (5A AAA AAA)	SFIA Operating Non-Project Controlled											
Other Materials & Supplies			\$14,500	\$10,000	\$4,500				\$14,500	\$10,000	\$4,500	
Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.												
BGQ- Fire Airport Bureau (5A AAA AAA)	SFIA Operating Non-Project Controlled											
Training			\$130,000	\$120,000	\$10,000				\$130,000	\$120,000	\$10,000	
Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.												
BGR- Police Airport Bureau (5A AAA AAA)	SFIA Operating Non-Project Controlled											
Training			\$78,000	\$63,000	\$15,000				\$78,000	\$63,000	\$15,000	
Reduce to reflect projected expenditures in FY 2012-13.												

FY 2012-13

General Fund	Total Recommended Reductions	
	One-Time	Ongoing
General Fund	\$0	\$0
Non-General Fund	\$79,146	\$1,916,619
Total	\$79,146	\$1,916,619

FY 2013-14

General Fund	Total Recommended Reductions	
	One-Time	Ongoing
General Fund	\$0	\$0
Non-General Fund	\$3,613	\$1,937,328
Total	\$3,613	\$1,937,328

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

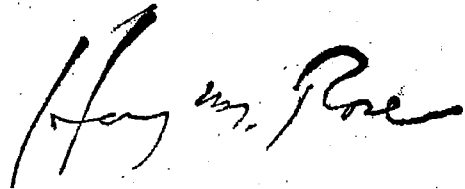
May 21, 2012

TO: Budget and Finance Committee
FROM: Budget and Legislative Analyst
SUBJECT: Recommendations of the Budget and Legislative Analyst for Amendment of the Mayor's Fiscal Year 2012-2013 to Fiscal Year 2013-2014 Budget.

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Harvey M. Rose

cc: Supervisor Chu Supervisor Olague
Supervisor Avalos Clerk of the Board
Supervisor Kim Cheryl Adams
Supervisor Cohen Mayor Lee
Supervisor Wiener Controller
President Chiu Kate Howard
Supervisor Campos Greg Wagner
Supervisor Elsbernd
Supervisor Farrell
Supervisor Mar

BUDGET REVIEW EXECUTIVE SUMMARY

YEAR ONE: FY 2012-13

Budget Changes

The department's proposed \$838,016,536 budget for FY 2011-12 is \$81,871,314 or 10.8 percent more than the original FY 2011-12 budget of \$ 756,145,222.

Personnel Changes

The number of full-time equivalent positions (FTE) budgeted for FY 2012-13 is 1,469.52 FTEs, which is 92.21 FTEs more than the 1,377.31 FTEs in the original FY 2011-12 budget. This represents 6.7 percent increase in FTEs from the original FY 2011-12 budget.

Revenue Changes

Consistent with expenditures, the Department's revenues have increased by \$81,871,314 or 10.8 percent from the original FY 2011-12 budget of \$756,145,222 to the proposed FY 2012-13 budget of \$838,016,536.

YEAR TWO: FY 2013-14

Budget Changes

The department's proposed \$865,701,259 budget for FY 2013-14 is \$27,684,723 or 3.3 percent more than the proposed FY 2012-13 budget of \$838,016,536.

Personnel Changes

The number of FTEs budgeted for FY 2013-14 is 1,488.42 FTEs, which is 18.9 FTEs more than the 1,469.52 FTEs in the proposed FY 2012-13 budget.

Revenue Changes

Consistent with expenditures, the Department's revenues have increased by \$27,684,723 or 3.3 percent, from the proposed FY 2012-13 budget of \$838,016,536 to the proposed FY 2013-14 budget of \$865,701,259.

RECOMMENDED REDUCTIONS

The Budget and Legislative Analyst's recommended reductions to the proposed budget total \$2,340,846 in FY 2012-13 and \$2,217,127 in FY 2013-14. These reductions would still allow an increase of \$79,530,468 or 10.5 percent in the Department's FY 2012-13 budget and \$25,467,596 or 3 percent in the Department's FY 2013-14 budget.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS, FISCAL YEARS 2012-13 & 2013-14**

DEPARTMENT: AIR – AIRPORT

SUMMARY OF PROGRAM EXPENDITURES:

Program	2011-2012 Budget	2012-2013 Proposed	Change From 2011-2012	2013-2014 Proposed	Change From 2012-2013
ADMINISTRATION	36,899,762	42,335,878	5,436,116	44,572,563	2,236,685
AIRPORT DIRECTOR	16,579,536	8,681,265	(7,898,271)	8,823,278	142,013
BUREAU OF DESIGN AND CONSTRUCTION	5,621,140	13,346,864	7,725,724	14,027,455	680,591
BUSINESS & FINANCE	428,766,832	448,091,868	19,325,036	467,436,020	19,344,152
CAPITAL PROJECTS AND GRANTS	39,498,903	80,519,484	41,020,581	76,229,491	(4,289,993)
CHIEF OPERATING OFFICER	4,595,869	4,811,312	215,443	5,111,470	300,158
COMMUNICATIONS & MARKETING	5,862,433	6,301,302	438,869	6,480,587	179,285
CONTINUING PROJECTS, MAINT AND RENEWAL FACILITIES	7,075,000	10,500,000	3,425,000	9,310,000	(1,190,000)
FIRE AIRPORT BUREAU NON-PERSONNEL COST	148,844,080	155,996,876	7,152,796	164,167,236	8,170,360
OPERATIONS AND SECURITY	811,248	678,947	(132,301)	598,434	(80,513)
PLANNING DIVISION	55,098,535	59,634,287	4,535,752	61,941,342	2,307,055
POLICE AIRPORT BUREAU NON-PERSONNEL COST	4,019,107	3,551,512	(467,595)	3,827,380	275,868
AIRPORT COMMISSION Total	756,145,222	838,016,536	81,871,314	865,701,259	27,684,723

The Department's proposed FY 2012-13 budget has increased by \$81,871,314 largely due to:

- The annualized cost of positions added in prior years as well as proposed new positions;
- Additional services and cost increases for shuttle bus, parking management, and the Airline Liaison Office as well as a proposed parking tax on the ballot in San Mateo County;
- Police Academy trainees to replace officers assigned to SFO; and,
- Higher debt service expenses as the result of scheduled increases for previously issued bonds.

The Department's proposed FY 2013-14 budget will be increasing by \$27,684,723 largely due to:

- The additional cost of positions added in prior years and proposed new positions;
- Additional services and cost increase for information technology services, parking management services, and equipment maintenance; and,
- Higher debt service payments that will increase again as the result of scheduled increases for previously issued bonds.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS, FISCAL YEARS 2012-13 & 2013-14**

DEPARTMENT: AIR – AIRPORT

DEPARTMENT PERSONNEL SUMMARY:

The number of full-time equivalent positions (FTE) budgeted for FY 2012-13 is 1,469.52 FTEs, which is 92.21 FTEs more than the 1,377.31 FTEs in the original FY 2011-12 budget. This represents 6.7 percent increase in FTEs from the original FY 2011-12 budget.

The number of FTEs budgeted for FY 2013-14 is 1,488.42 FTEs, which is 18.9 FTEs more than the 1,469.52 FTEs in the proposed FY 2012-13 budget.

DEPARTMENT REVENUES:

Department revenues have increased by \$81,871,314 or 10.8 percent from FY 2011-12 to FY 2012-13. Revenue increases are resulting from:

- An increase in enplanements (the number of passengers boarding a plane) from FY 2011-12 to FY 2012-13. Recent increases in service primarily reflect domestic growth, with new or more frequent flights by United Airlines following its merger with Continental Airlines, and the continued expansion of Virgin America. The Airport has also seen an increase in international flights. These changes will lead to increased revenues from landing fees, airline rental fees, parking and transportation, and other concessions. The Department expects these changes will lead to landing fee revenue increases from FY 2011-12 to FY 2012-13 based on landed weight forecasts.
- The Department also expects increased revenues from FY 2011-12 to FY 2012-13 due to increased rental rates and increased leased space as United Airlines takes on additional space in Boarding Area B and increased parking and other concession revenue.

Department revenues have increased by \$27,684,723 or 3.3 percent in the proposed FY 2013-14 budget. Revenue increases are resulting from:

- Department forecasts that enplanements will continue to increase from FY 2012-13 to FY 2013-14. This will lead to increased revenues from landing fees, airline rental fees, parking and transportation, and other concessions to increase. The Department expects revenues from Airport landing fees to increase from FY 2012-13 to 2013-14 based on landed weight forecasts.
- Increases in rental rates and leased space. Additionally, the Department expects total concession revenue to increase from FY 2012-13 to FY 2013-14 due to increased passenger activity.

COMMENTS:

The Budget and Legislative Analyst's recommended reductions to the proposed budget total \$2,340,846 in FY 2012-13 and \$2,217,127 in FY 2013-14. These reductions would still allow an increase of \$79,530,468 or 10.5 percent in the Department's FY 2012-13 budget and \$25,467,596 or 3 percent in the Department's FY 2013-14 budget.

Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2012-13 and FY 2013-14 Fixed Two-Year Budget

AIR - Airport

Object Title	FY 2012-13						FY 2013-14					
	FTE		Amount		GF	IT	FTE		Amount		GF	IT
	From	To	From	To			From	To	From	To		
BGI- Administration (SA AAA AAA)	SEIA Operating Non-Project Controlled											
0933 Manager V	1.00	0.00	\$148,830	\$0	\$148,830		1.00	0.00	\$148,830	\$0	\$148,830	
0932 Manager IV	0.00	1.00	\$0	\$137,904	(\$135,200)		0.00	1.00	\$0	\$137,904	(\$137,904)	
Mandatory Fringe Benefits			\$53,134	\$51,014	\$2,120				\$59,684	\$57,147	\$2,537	
			<i>Total Savings</i>	\$15,750					<i>Total Savings</i>	\$13,463		
	Disapprove the upward substitution of a 0931 Manager II to 0933 Manager V. Instead, allow upward substitution to 0932 Manager IV, which is an appropriate position to handle the anticipated responsibilities.											
Permanent Salaries- Miscellaneous			(\$4,080,242)	(\$4,230,242)	\$150,000				(\$3,391,497)	(\$3,541,497)	\$150,000	
Mandatory Fringe Benefits			(\$1,776,334)	(\$1,841,584)	\$65,250				(\$1,671,765)	(\$1,737,015)	\$65,250	
	Increase Attrition Savings by \$150,000, thus reducing Permanent Salaries, to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.											
Professional & Specialized Services			\$1,379,499	\$1,254,499	\$125,000				\$1,248,228	\$1,123,228	\$125,000	
	The Department's contract with Catholic Healthcare West (aka Dignity Health) provides medical clinic services. The Department has increased the contract amount by \$146,842, from \$1,232,657 in FY 2011-12 to \$1,379,499 in FY 2012-13. The proposed reduction of \$125,000 reflects projected expenditures in FY 2012-13 as well as historical expenditures.											
Professional & Specialized Services			\$450,000	\$350,000	\$100,000	x			\$200,000	\$200,000	\$0	
	The Department has a contract with SFOrec for after-hours, weekend and holiday network monitoring, reporting and restoration of Airport Systems and Networks. The Department has requested a \$140,000 increase in the contract from \$310,000 in FY 2011-12 to \$450,000 in FY 2012-13, but is not projected to fully expend on the contract in FY 2011-12. This \$100,000 reduction would still allow a \$40,000 increase in the contract amount from FY 2011-12 to FY 2012-13.											
Maintenance Services- Equipment			\$1,024,250	\$899,250	\$125,000				\$1,324,250	\$1,199,250	\$125,000	
	Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.											
Other Current Expenses			\$2,863,350	\$2,788,350	\$75,000				\$2,837,725	\$2,762,725	\$75,000	
	Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.											

**Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2012-13 and FY 2013-14 Fixed Two-Year Budget**

AIR - Airport

Object Title	FY 2012-13				FY 2013-14					
	FTE From	FTE To	Amount From	Amount To	FTE From	FTE To	Amount From	Amount To		
Equipment Purchase			\$458,500	\$447,662			\$388,000	\$384,387	\$3,613	x
Based on vendor quote.										
BG2- Business & Finance (5A AAA AAA)										
Premium Pay			\$28,594	\$26,094			\$28,594	\$26,094	\$2,500	
Mandatory Fringe Benefits			\$2,270	\$2,072			\$2,270	\$2,072	\$198	
Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.										
Professional & Specialized Services			\$2,193,747	\$2,043,747			\$2,193,747	\$2,043,747	\$150,000	
The Department has a contract with Smart Carte for the provision of free luggage carts in the International Terminal customs area. The Department has not fully expended on the contract in FY 2011-12 and is projected to expend less than the budgeted amount for FY 2012-13.										
Professional & Specialized Services			\$18,538,661	\$18,338,661			\$19,150,568	\$18,950,568	\$200,000	
The Department's contract with New South Parking provides parking management services. The Department did not expend all budgeted funds in FY 2010-11 and is not projected to do so in FY 2011-12. This \$200,000 reduction would still allow a \$363,315 increase in the contract from FY 2010-11 to FY 2011-12.										
Other Current Expenses			\$137,170	\$129,670			\$138,445	\$130,945	\$7,500	
Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.										
Equipment Purchase			\$25,000	\$18,448			\$0	\$0	\$0	x
Based on vendor quote.										
BG3- Communications & Marketing (5A AAA AAA)										
Travel			\$87,305	\$72,305			\$87,305	\$72,305	\$15,000	
Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.										
Ongoing reduction										

**Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2012-13 and FY 2013-14 Fixed Two-Year Budget**

AIR - Airport

Object Title	FY 2012-13				FY 2013-14				
	FTE		Amount		FTE		Amount		
	From	To	From	To	From	To	From	To	
Professional & Specialized Services			\$1,152,400	\$1,052,400			\$1,152,400	\$1,052,400	\$100,000
The Department has a contract with the International Strategic Marketing Alliance Pool to promote tourism, trade, and international air traffic to San Francisco. The Department did not expend the entirety of the contract in FY 2010-11 and is not projected to do so in FY 2011-12.									
Other Current Expenses			\$126,955	\$106,955			\$126,955	\$106,955	\$20,000
Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.									
BG4- Chief Operating Officer (5A AAA AAA)	SFIA Operating Non-Project Controlled								
Other Current Expenses			\$239,500	\$234,500			\$240,000	\$235,000	\$5,000
Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.									
BG6- Facilities (5A AAA AAA)	SFIA Operating Non-Project Controlled								
Manager II	1.00	0.00	\$119,128	\$0			\$119,128	\$0	\$119,128
Manager I	0.00	1.00	\$0	\$111,066			\$0	\$111,066	(\$111,066)
Mandatory Fringe Benefits			\$47,369	\$45,864			\$52,792	\$50,922	\$1,870
Total Savings \$9,567									
Disapprove the upward substitution of a 0922 Manager I to 0923 Manager II. A Manager I position is sufficient for the proposed responsibilities.									
Premium Pay			\$3,007,000	\$2,992,000			\$3,007,000	\$2,992,000	\$15,000
Mandatory Fringe Benefits			\$238,756	\$237,565			\$238,756	\$237,565	\$1,191
Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.									
Professional & Specialized Services			\$24,000	\$20,000			\$24,000	\$20,000	\$4,000
Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.									
9993 M Attrition Savings			(\$1,349,846)	(\$1,549,846)			(\$1,239,846)	(\$1,439,846)	\$200,000
Mandatory Fringe Benefits			(\$627,813)	(\$720,833)			(\$639,183)	(\$742,289)	\$103,106
The Department has reduced Attrition Savings by \$1,087,059 from (\$2,436,905) in FY 2011-12 to (\$1,349,846) in FY 2012-13. The proposed increase in Attrition Savings reflects projected actual salary savings and should provide sufficient funds for salaries.									

OXF = General Fund

1T = One Time

**Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2012-13 and FY 2013-14 Fixed Two-Year Budget**

AIR - Airport

Object Title	FY 2012-13						FY 2013-14					
	FTE		Amount		Savings	GF	FTE		Amount		Savings	GF
	From	To	From	To			From	To	From	To		
9993 M Attrition Savings			(\$35,896)	(\$135,896)	\$100,000				(\$35,896)	(\$135,896)	\$100,000	
Mandatory Fringe Benefits			(\$16,736)	(\$63,360)	\$46,624				(\$18,553)	(\$70,238)	\$51,685	
	The Department has reduced Attrition Savings by \$500,617 from (\$536,513) in FY 2011-12 to (\$35,896) in FY 2012-13. The proposed increase in Attrition Savings reflects projected actual salary savings and should provide sufficient funds for salaries.											
9993 M Attrition Savings			(\$57,030)	(\$157,030)	\$100,000				(\$57,030)	(\$157,030)	\$100,000	
Mandatory Fringe Benefits			(\$23,468)	(\$64,618)	\$41,150				(\$26,160)	(\$72,031)	\$45,871	
	The Department has reduced Attrition Savings by \$496,922 from (\$553,952) in FY 2011-12 to (\$57,030) in FY 2012-13. The proposed increase in Attrition Savings reflects projected actual salary savings and should provide sufficient funds for salaries.											
Maintenance Services- Buildings & Structures			\$1,591,400	\$1,391,400	\$200,000				\$1,646,400	\$1,446,400	\$200,000	
	Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.											
Equipment Maintenance Supplies			\$2,044,708	\$1,984,708	\$60,000				\$2,040,183	\$1,980,183	\$60,000	
	Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.											
BG7- Operations and Security (5A AAA AAA)	SFIA Operating Non-Project Controlled											
1822 Administrative Analyst	1.00	0.00	\$81,824	\$0	\$81,824				\$81,824	\$0	\$81,824	
1408 Principal Clerk	0.00	1.00	\$0	\$69,316	(\$69,316)				\$0	\$69,316	(\$69,316)	
Mandatory Fringe Benefits			\$34,402	\$31,066	\$3,336				\$38,274	\$34,465	\$3,809	
			<i>Total Savings</i>		\$15,844			<i>Total Savings</i>		\$16,317		
	Disapprove the upward substitution of a 1408 Principal Clerk to 1822 Administrative Analyst. A 1408 Principal Clerk position is sufficient for the proposed responsibilities.											
	Ongoing reduction											

**Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2012-13 and FY 2013-14 Fixed Two-Year Budget**

AIR - Airport

Object Title	FY 2012-13						FY 2013-14					
	FTE		Amount		Savings	GF IT	FTE		Amount		Savings	GF IT
	From	To	From	To			From	To	From	To		
1823 Senior Administrative Analyst	1.00	0.00	\$95,654	\$0	\$95,654				\$95,654	\$0	\$95,654	
1844 Senior Management Assistant	0.00	1.00	\$0	\$86,322	(\$69,316)				\$0	\$86,322	(\$86,322)	
Mandatory Fringe Benefits			\$38,513	\$35,602	\$2,911				\$42,957	\$39,645	\$3,312	
			<i>Total Savings</i>	\$29,249					<i>Total Savings</i>	\$12,644		
Professional & Specialized Services	Disapprove the upward substitution of a 1844 Senior Management Assistant to 1823 Senior Administrative Analyst. A 1844 Senior Management Assistant position is sufficient for the proposed responsibilities.											
			\$9,136,874	\$8,936,874	\$200,000				\$9,319,612	\$9,119,612	\$200,000	
Equipment Purchase	The Department has a contract with SFO Shuttle Bus for shuttle bus services for long-term and employee parking lots. The Department did not expend all funds on the contract in FY 2010-11 and is not projected to do so in FY 2011-12. This reduction would still allow for a \$873,063 increase from FY 2011-12 to FY 2012-13.											
			\$45,000	\$42,006	\$2,994				\$0	\$0	\$0	
BG8- Bureau of Design & Construction (5A AAA AAA)	Based on vendor quote.											
Premium Pay	SFIA Operating Non-Project Controlled											
			\$53,801	\$43,801	\$10,000				\$53,801	\$43,801	\$10,000	
Equipment Purchase	Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.											
			\$30,000	\$21,238	\$8,762				\$0	\$0	\$0	
BG9- Planning Division (5A AAA AAA)	Based on vendor quote.											
Other Materials & Supplies	SFIA Operating Non-Project Controlled											
			\$14,500	\$10,000	\$4,500				\$14,500	\$10,000	\$4,500	
Mandatory Fringe Benefits			\$1,151	\$794	\$357				\$1,151	\$794	\$357	
	Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.											

COGF = General Fund
1T = One Time

**Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2012-13 and FY 2013-14 Fixed Two-Year Budget**

AIR - Airport

Object Title	FY 2012-13				FY 2013-14				
	FTE		Amount		FTE		Amount		
	From	To	From	To	From	To	From	To	
BGO- Fire Airport Bureau (5A AAA AAA)									
Training			\$130,000	\$105,000			\$130,000	\$105,000	\$25,000
SFLA Operating Non-Project Controlled									
Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.									
Ongoing reduction									

FY 2012-13

Total Recommended Reductions

	One-Time		Ongoing	Total
	General Fund	\$0	\$0	\$0
Non-General Fund	\$129,146	\$2,211,700	\$2,340,846	\$2,340,846
Total	\$129,146	\$2,211,700	\$2,340,846	\$2,340,846

FY 2013-14

Total Recommended Reductions

	One-Time		Ongoing	Total
	General Fund	\$0	\$0	\$0
Non-General Fund	\$3,613	\$2,213,514	\$2,217,127	\$2,217,127
Total	\$3,613	\$2,213,514	\$2,217,127	\$2,217,127

DEPARTMENT: PRT - PORT

**BUDGET REVIEW EXECUTIVE SUMMARY
FIXED TWO YEAR BUDGET, FY 2012-13 & FY 2013-14**

YEAR ONE (FY 2012-13)

Expenditure Changes

The Port's proposed expenditures of \$85,788,804 for FY 2012-13 is \$7,036,645 or 8.9% more than the original budget of \$78,752,159 for FY 2011-12.

Personnel Changes

The number of full-time equivalent (FTE) net operating positions budgeted for FY 2012-13 is 237.38 FTEs, which is 14.22 FTEs more than the 223.16 FTEs in FY 2011-12. This represents a 6.4% increase in FTEs from the original budget for FY 2011-12.

Revenue Changes

Port revenues, consistent with expenditures, have increased by \$7,036,645 or 8.9%, from the original FY 2011-12 budget of \$78,752,159 to the proposed FY 2012-13 budget of \$85,788,804.

YEAR TWO (FY 2013-14)

Expenditure Changes

The Port's proposed expenditures of \$87,871,163 for FY 2013-14 is \$2,082,359 or 2.4% more than the proposed budget of \$85,788,804 for FY 2012-13.

Personnel Changes

The number of FTEs net operating positions budgeted for FY 2013-14 is 238.38 FTEs, which is 1.0 FTE more than the 237.38 FTEs in FY 2012-13.

Revenue Changes

Port revenues, consistent with expenditures, have increased by \$2,082,359 or 2.4%, from the proposed FY 2012-13 budget of \$85,788,804 to the proposed FY 2013-14 budget of \$87,871,163.

RECOMMENDED REDUCTIONS

The Budget and Legislative Analyst's recommended reductions to the proposed budget total \$439,382 in FY 2012-13 and \$442,776 in FY 2013-14. These reductions would still allow an increase of \$6,597,263 or 8.4% in the Department's FY 2012-13 budget and \$1,639,583 or 1.9% in the Department's FY 2013-14 budget.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS IN THE FY 2012-13 & 2013-14 TWO-YEAR FIXED BUDGET**

DEPARTMENT: PRT - PORT

SUMMARY OF PROGRAM EXPENDITURES:

	FY 2011-12 Original	FY 2012-13 Proposed	Increase/ (Decrease) from FY 2011-12	FY 2013-14 Proposed	Increase/ (Decrease) from FY 2012-13
Administration	\$23,084,714	\$26,181,961	\$3,097,247	\$27,005,951	\$823,990
Engineering & Environmental	4,194,296	4,354,256	159,960	4,493,181	138,925
Maintenance	34,793,060	32,102,682	(2,690,378)	33,828,836	1,726,154
Maritime Operations & Marketing	3,832,466	8,412,256	4,579,790	8,502,353	90,097
Planning & Development	2,944,527	4,341,865	1,397,338	3,422,927	(918,938)
Real Estate & Management	9,903,096	10,395,784	492,688	10,617,915	222,131
Total	\$78,752,159	\$85,788,804	\$7,036,645	\$87,871,163	\$2,082,359

FY 2012-13

The Port's proposed budget for FY 2012-13 is \$7,036,645 more than the original budget for FY 2011-12, primarily due to:

- \$3,097,247 increase in Administration for (a) \$2,100,000 increase for debt service from additional financing payments from the \$34.6 million Certificates of Participation for the Cruise Terminal (\$21 million) and America's Cup (\$13.6 million) projects, (b) approximately \$700,000 increase for additional salaries and fringe benefits due to changes in positions and increasing labor and health/dental costs, and (c) various changes in workorders which result in a net increase of approximately \$200,000 for additional parking meter and traffic management services from the Department of Parking and Traffic.
- \$4,579,790 increase in Maritime Operations & Marketing because of the addition of the South Beach Harbor and Marina projects, which were previously under the Redevelopment Agency.
- \$1,397,338 increase in Planning & Development because of one-time \$1 million professional services consultant study for the America's Cup related to Piers 30-32, and additional labor and fringe benefit costs.
- \$2,690,378 reduction in Maintenance because of reduced available funding for capital expenditures, due to the need to drawdown the Port's operating surpluses to fund the Cruise Terminal Project and the America's Cup Project in FY 2012-13.

FY 2013-14

The Port's proposed budget for FY 2013-14 is \$2,082,359 more than the proposed budget for FY 2012-13, largely due to:

- \$1,726,154 increase in Maintenance because of additional funds allocated to capital improvements to address the physical infrastructure of the Port.
- \$823,900 increase in Administration generally due to increases in labor and fringe benefit costs.
- \$918,938 reduction in Planning and Development because of reduction of \$1 million one-time study in FY 2012-13 related to the America's Cup.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS IN THE FY 2012-13 & 2013-14 TWO-YEAR FIXED BUDGET**

DEPARTMENT: PRT - PORT

DEPARTMENT PERSONNEL SUMMARY:

The budgeted number of FTEs in FY 2012-13 is 237.38 or 14.22 more than the 223.16 FTEs in FY 2011-12, primarily due to:

- 9.0 FTEs for the addition of the South Beach Harbor and Marina projects, which were previously under the Redevelopment Agency.
- 5.0 FTE new positions, including (a) 1.0 FTE limited tenure Principal Business Analyst to assist in upgrading the Port's financial and asset management systems, (b) 1.0 FTE limited tenure Personnel Analyst to manage labor issues in the Maintenance division, (c) 1.0 FTE General Laborer due to an expanded workload, (d) 1.0 FTE Planner III position to address expanded community planning, urban design and other regulatory Port planning requirements, and (e) transition of two 0.5 FTE positions from off-budget to the Port's operating budget.
- In addition, 2.0 FTE off-budget maintenance positions are proposed for FY 2012-13 only to ensure timely completion of the America's Cup project.

The budgeted number of FTEs in FY 2013-14 is 238.38 or 1.0 more than the 237.38 FTEs in FY 2012-13, which reflects the addition of 1.0 FTE Project Manager I position that is proposed to transition from off-budget to the Port's operating budget.

REVENUES:

The Port's major source of revenue is office, commercial and industrial leasing of Port property, which is projected to increase from approximately \$37.9 million in FY 2011-12 to (a) \$40.6 million in FY 2012-13, an increase of \$2.7 million, and (b) \$42 million in FY 2013-14, or an additional \$1.4 million due to economic recovery. In addition, the General Fund, through the Office of Economic and Workforce Development, is projected to contribute (a) \$500,000 in FY 2011-12, (b) \$2,228,000 in FY 2012-13, and (c) \$494,000 in FY 2013-14, or a total of \$3,222,000 as Payments in Lieu of Rent to offset the Port's lost rent revenues from moving Port tenants out of Port facilities that will be used for the America's Cup events. In accordance with a Memorandum of Understanding (MOU) approved in March, 2011 by the Board of Supervisors (File 10-1564), the Port originally projected receiving \$6,700,000 of General Fund revenues as Payments in Lieu of Rent, instead of the currently anticipated \$3,222,000, a savings of approximately \$3,478,000 of General Fund revenues due to fewer piers being used for the America's Cup.

The Port's other major sources of revenues in FY 2012-13 are: (a) \$19.3 million from maritime, cargo, ship repair, and cruise services, (b) \$15.7 million from parking lots, meters and fines, and (c) approximately \$2 million from other permit, special events, and miscellaneous receipts. All of these revenues are projected to further increase in FY 2013-14 due primarily to increased number of cruise bookings, ship repairs, installation of additional parking meters along the Southern Waterfront, and inflation.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS IN THE FY 2012-13 & 2013-14 TWO-YEAR FIXED BUDGET**

DEPARTMENT: PRT - PORT

NEW CAPITAL POLICY AND FIVE YEAR FINANCIAL PLAN UPDATE:

The Port's 10-year Capital Plan identified a total of \$2.2 billion of capital improvements. In March, 2012, the Port Commission approved a new Capital Policy to require the Port to commit a minimum of 20 percent of operating revenues to capital each fiscal year. However, neither the proposed FY 2012-13 nor FY 2013-14 Port budgets commit 20 percent of operating revenues to capital improvements, because the Port's available fund balance is needed to fund the Cruise Terminal and other related America's Cup projects. The Port includes \$9,803,160 of capital expenditures for FY 2012-13 or 13.1 percent of the Port's \$74,646,369 FY 2012-13 operating revenues, and \$12,555,666 of capital expenditures for FY 2013-14, or 16.5 percent of the Port's \$76,088,339 FY 2013-14 operating budget.

The Port's 5-Year Financial Plan identifies increasing operating expenses relative to projected revenues, such that reductions to capital improvements or to operating expenses will be necessary in the future.

OTHER ISSUES

In May, 2012, the Board of Supervisors approved the sale of \$45,000,000 of Certificates of Participation (COPs) and the appropriation of the \$45,000,000 of COPs and \$13,700,580 of other Port revenue bond and capital funds, for a total of \$58,700,580 for the (a) Pier 27 Cruise Terminal (\$23,800,003), (b) America's Cup projects (\$18,740,662), (c) Pier 70 Shoreside Power projects (\$5,700,000) and (d) debt issuance and related costs (\$10,459,915). The proposed FY 2012-13 and FY 2013-14 budgets include the additional debt financing costs for these COPs.

In addition, although not included in the proposed Port budget, the Port and the Office of Economic and Workforce Development staff advise that a total of \$6,500,000 will be included in the Office of Economic and Workforce Development's FY 2012-13 budget, including (a) \$4,900,000 of General Fund revenues and (b) \$1,600,000 of America's Cup Organizing Committee fundraising revenues to fund the Port's Cruise Terminal and America's Cup projects in FY 2012-13.

COMMENTS:

The Budget and Legislative Analyst's recommended reductions to the proposed budget total \$439,382 in FY 2012-13 and \$442,776 in FY 2013-14. These reductions would still allow an increase of \$6,597,263 or 8.4% in the Department's budget for FY 2012-13 and \$1,639,583 or 1.9% in the Department's budget for FY 2013-14.

**Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2012-13 and FY 2013-14 Fixed Two-Year Budget**

PRT - Port

Object Title	FY 2012-13						FY 2013-14					
	FTE		Amount		GF	IT	FTE		Amount		GF	IT
	From	To	From	To			From	To	From	To		
BKO - Administration												
Project Manager							1.00	0.00	\$117,494	0		\$117,494
IS Administrator							0.00	1.00	\$0	\$109,903		(\$109,903)
Fringe Benefits									\$48,521	\$45,832		\$2,689
			<i>Total Savings</i>		\$0				<i>Total Savings</i>		\$10,280	
	<p>Substitute one 1024 IS Administrator position, for the existing 5502 Project Manager off-budget position. For FY 2013-14, the Port is proposing to transfer one grant-funded 5502 Project Manager position to the Port's Operating budget, due to a reduction of Homeland Security grant funding. However, the position that would actually be transferred is a lower-classification 1024 IS Administrator position. The recommended 1024 IS Administrator will be responsible for continuing to oversee technical Homeland Security projects and Police Department operations at the Port.</p>											
Senior IS Business Analyst	1.00	0.00	\$105,092	\$0	\$105,092		1.00	0.00	\$105,092	\$0		\$105,092
Fringe Benefits			\$40,498	\$0	\$40,498				\$45,301	\$0		\$45,301
			<i>Total Savings</i>		\$145,590				<i>Total Savings</i>		\$150,393	
	<p>Delete existing 1053 Senior IS Business Analyst position. The Port is proposing to add one new 1054 Principal IS Business Analyst in the FY 2012-13 budget. The existing budgeted 1053 IS Business Analyst position will become vacant in the near future and there is not a need for both positions.</p>											
Equipment Purchase			\$52,560	\$52,560	\$0				\$52,560	\$26,280		\$26,280
	<p>Ongoing reduction from elimination of one 1053 Senior IS Business Analyst position in FY 2012-13.</p>											
	<p>Port is requesting purchase of two replacement sedans in FY 2012-13, which is not recommended for reduction.</p>											
Equipment Purchase			\$177,390	\$139,065	\$38,325							
	<p>Purchase one replacement sedan, instead of two replacement sedans in FY 2013-14, given that the Department has also budgeted replacing two sedans in FY 2012-13.</p>											
	<p>Eliminate Google Search Appliance proposed to be purchased in FY 2012-13 because this Intranet indexing system is not critical to Port operations at this time.</p>											

**Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2012-13 and FY 2013-14 Fixed Two-Year Budget**

PRT - Port	FY 2012-13										FY 2013-14									
	FTE		Amount		GF	IT	Savings	FTE		Amount		GF	IT	Savings						
	From	To	From	To				From	To	From	To									
	BKY - Maintenance																			
Pile Worker	12.00	11.00	\$1,038,024	\$951,522			\$86,502	12.00	11.00	\$1,038,024	\$951,522			\$86,502						
Fringe Benefits			\$446,328	\$409,134			\$37,194			\$495,522	\$454,229			\$41,293						
Pile Worker Apprentice II	0.00	1.00	\$0	\$82,186			(\$82,186)	0.00	1.00	\$0	\$82,502			(\$82,502)						
Fringe Benefits			0	36,043			(\$36,043)			\$0	\$39,470			(\$39,470)						
			<i>Total Savings</i>				<i>\$5,467</i>			<i>Total Savings</i>				<i>\$5,823</i>						
	Reduce the number of 9330 Pile Workers from 12 FTEs to 11 FTEs and create one new 9329 Pile Worker Apprentice II position based on the new classification recently created by the Department of Human Resources for the Port.																			
Capital Projects			\$2,025,000	\$1,825,000			\$200,000			\$550,000	\$350,000			\$200,000						
	Reduce to reflect double-budgeting of electrical costs for America's Cup Event Authority in FY 2012-13 and FY 2013-14.																			
	BKD - Maritime Operations																			
Professional Services			\$1,391,702	\$1,341,702			\$50,000			\$1,309,605	\$1,259,605			\$50,000						
	Reduce Professional Services to reflect actual projected needs																			

FY 2012-13

Total Recommended Reductions

	One-Time	Ongoing	Total
General Fund	\$0	\$0	\$0
Non-General Fund	\$38,325	\$401,057	\$439,382
Total	\$38,325	\$401,057	\$439,382

FY 2013-14

Total Recommended Reductions

	One-Time	Ongoing	Total
General Fund	\$0	\$0	\$0
Non-General Fund	\$26,280	\$416,496	\$442,776
Total	\$26,280	\$416,496	\$442,776

DEPARTMENT: PAB – PERMIT APPEALS BOARD

**BUDGET REVIEW EXECUTIVE SUMMARY
TWO YEAR BUDGET
FY 2012-13 & FY 2013-14**

YEAR ONE: FY 2012-13

Expenditure Changes

The department's proposed \$934,735 budget for FY 2012-13 is \$9,446, or 1.0%, more than the original FY 2011-12 budget of \$925,289.

Personnel Changes

The number of full-time equivalent positions (FTE) budgeted for FY 2012-13 is 5, which is unchanged from the original FY 2011-12 budget.

Revenue Changes

Department revenues have increased by \$9,446 or 1.0%, from the original FY 2011-12 budget of \$925,289 to the proposed FY 2012-13 budget of \$934,735.

YEAR TWO: FY 2013-14

Expenditure Changes

The department's proposed \$949,328 budget for FY 2013-14 is \$14,593, or 1.6%, more than the original FY 2012-13 budget of \$934,735.

Personnel Changes

The number of FTEs budgeted for FY 2013-14 is 5, which is unchanged from the original FY 2012-13 budget.

Revenue Changes

Department revenues have increased by \$14,593 or 1.6%, from the original FY 2012-13 budget of \$934,735 to the proposed FY 2013-14 budget of \$949,328.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS IN THE FY 2012-13 & 2013-14 TWO-YEAR BUDGET**

DEPARTMENT: PAB – PERMIT APPEALS BOARD

SUMMARY OF PROGRAM EXPENDITURES:

Program	FY 2011-12 Original Budget	FY 2012-13 Proposed Budget	Increase/ (Decrease) from Prior Year	Percent Change	FY 2013-14 Proposed Budget	Increase/ (Decrease) from Prior Year	Percent Change
Appeals Processing	\$925,289	\$934,735	\$9,446	1.0%	\$949,328	\$14,593	1.6%
Total, Permit Appeals Board	\$925,289	\$934,735	\$9,446	1.0%	\$949,328	\$14,593	1.6%

FY 2012-13

The Permit Appeals Board’s proposed budget for FY 2012-13 is \$9,446 more than the budget for FY 2011-12. The Permit Appeals Board has proposed new or increased programs in FY 2012-13, as noted below, offset by other reductions:

- An increase in permanent salaries and mandatory fringe benefits due to Memoranda of Understanding (MOU) changes; and

Increases in Professional and Specialized Services to cover the cost of annual maintenance and support for a new database that will allow the Department to better automate appeal processing and tracking. These increases are partially offset by a reduction in the Department’s workorder with the City Attorney, as reduced City Attorney services are anticipated in FY 2012-13.

FY 2013-14

The Permit Appeals Board’s proposed budget for FY 2013-14 is \$14,593 more than the budget for FY 2012-13, largely due to:

- Increases in mandatory fringe benefits for department staff.

Increases are partially offset by a reduction in the Department’s workorder with the City Attorney, as reduced City Attorney services are further anticipated in FY 2013-14.

Personnel

The number of FTEs in FY 2012-13 is 5 or unchanged from the 5 FTEs in FY 2011-12.

The number of FTEs in FY 2013-14 is 5 or unchanged from than the 5 FTEs in FY 2012-13.

The Department currently has no vacancies and anticipates no layoffs in the upcoming two year budget cycle.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS IN THE FY 2012-13 & 2013-14 TWO-YEAR BUDGET**

DEPARTMENT: PAB – PERMIT APPEALS BOARD

Revenues

The Permit Appeals Board receives operating revenue from permit application filing fees and a Board of Appeals surcharge. The proposed budget includes modest increases in revenue from the Board of Appeals surcharge in FY 2012-13 and 2013-14, and no increase in budgeted permit application filing fee revenues in either FY 2012-13 or FY 2013-14

Expenditures

The Board of Appeals major expenditure increases over the next two years are for mandatory fringe benefits for Board of Appeals staff, and a new service contract to provide maintenance and support for the Board of Appeals' new database, which will automate portions of the appeal processing and tracking.

COMMENTS:

The Budget and Legislative Analyst has no recommended reductions to the proposed budget.

DEPARTMENT: RNT – RENT BOARD

**BUDGET REVIEW EXECUTIVE SUMMARY
TWO YEAR ROLLING BUDGET, FY 2012-13 & FY 2013-14**

YEAR ONE (FY 2012-13)

Expenditure Changes

The Rent Board's proposed expenditures of \$6,000,593 for FY 2012-13 is \$45,241 or 0.8% more than the original budget of \$5,955,352 for FY 2011-12.

Personnel Changes

The number of full-time equivalent positions (FTE) budgeted for FY 2012-13 is 28.53 FTEs, which is 0.38 FTEs less than the 28.91 FTEs in FY 2011-12. This represents a 1.3% decrease in FTEs from the original budget for FY 2011-12.

Revenue Changes

Department revenues, consistent with expenditures, have increased by \$45,241 or 0.8%, from the original FY 2011-12 budget of \$5,955,352 to the proposed FY 2012-13 budget of \$6,000,593.

YEAR TWO (FY 2013-14)

Expenditure Changes

The Rent Board's proposed expenditures of \$6,212,995 for FY 2013-14 is \$212,402 or 3.5% more than the proposed budget of \$6,000,593 for FY 2012-13.

Personnel Changes

The number of FTEs budgeted for FY 2013-14 is 28.53 FTEs, the same as proposed for FY 2012-13.

Revenue Changes

Department revenues, consistent with expenditures, would increase by \$212,402 or 3.5%, from the proposed FY 2012-13 budget of \$6,000,593 to the proposed FY 2013-14 budget of \$6,212,995.

RECOMMENDED REDUCTIONS

None.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS IN THE FY 2012-13 & 2013-14 TWO-YEAR ROLLING BUDGET**

DEPARTMENT: RNT – RENT BOARD

SUMMARY OF PROGRAM EXPENDITURES:

	FY 2011-12 Original	FY 2012-13 Proposed	Increase/ (Decrease) from FY 2011-12	FY 2013-14 Proposed	Increase/ (Decrease) from FY 2012-13
Rent Board	\$5,955,352	\$6,000,593	\$45,241	\$6,212,995	\$212,402

FY 2012-13

The Rent Board's proposed budget for FY 2012-13 is \$45,241 more than the budget for FY 2011-12, primarily due to:

- \$94,232 increase in salaries and \$33,049 increase in fringe benefits based on negotiated labor agreements;
- \$18,525 increase in Tax Collector workorder to process and collect Rent Board fees;
- \$40,000 decrease in professional services from one-time technology contract in FY 2011-12; and
- \$56,787 decrease in Real Estate Division workorder due to one-time painting and carpeting expenses completed in FY 2011-12.

FY 2013-14

The Rent Board's proposed budget for FY 2013-14 is \$212,402 more than the proposed budget for FY 2012-13, largely due to:

- \$42,294 increase in salaries and \$171,499 increase in fringe benefits based on negotiated labor agreements.

DEPARTMENT PERSONNEL SUMMARY:

The number of FTEs in FY 2012-13 is 28.53 or 0.38 less than the 28.91 FTEs in FY 2011-12, primarily due to increased Attrition savings.

The number of FTEs in FY 2013-14 is 28.53, the same as proposed for FY 2012-13.

REVENUES:

The Rent Board is fully supported by an annual \$29 Rent Stabilization and Arbitration Fee charged to the owners for each of their rental units in the City that are subject to the City's Rent Ordinance. Each year, the Controller calculates the annual Rent Board fee by July 31 of each year, based on the projected annual cost of operating the Rent Board, less any remaining fund balance from the previous year, divided by the number of residential units subject to the annual fee. Such Rent Board fees are collected by the Tax Collector's Office, together with Property Taxes. The annual Rent Board fee is estimated to remain at \$29 per rental unit for FY 2012-13 and FY 2013-14.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS IN THE FY 2012-13 & 2013-14 TWO-YEAR ROLLING BUDGET**

DEPARTMENT: RNT – RENT BOARD

The Rent Board also receives recoveries of an estimated \$96,000 annually to conduct hearings on an as-needed basis for the Human Services Agency Care Not Cash hearings (\$70,000), the Department of Public Works Litter Abatement Hearings (\$16,000) and City Planning's Sign Ordinance hearings (\$10,000).

COMMENTS:

No recommended reductions.

Airport Commission FY 2012-13 and 2013-14 Budget Highlights

<u>FY 12/13</u>	<u>FY 13/14</u>	
\$34.9 M	\$35.7M	Annual Service Payment
\$17.2 M	\$17.0M	Work orders for General Fund services
\$68.6 M	\$71.4M	<u>Direct services from the Police and Fire Depts</u>
\$120.8M	124.1M	About 25% of the Airport's budget

Stronger Air Traffic Growth - Higher Concession Revenues and Annual Service Payments

- Traffic is 7.6% higher fiscal year-to-date. April has 10.7% higher enplanements than last year and was the fourth straight month of double digit increases. SFO will surpass previous peak year.
- Enplanements increasing 7.8% in FY12/13 and 1.8% in FY 13/14

<u>FY 12/13</u>	<u>FY 13/14</u>	
+24.7M	+3.9M	Parking and Rental Car Revenues
+5.5M	+1.2M	Food and Beverage, Retail
+4.6M	+0.8M	Annual Service Payment

Promoting Job Growth and Local Business Development

- Since January 2012, airport construction projects have generated an estimated 1,200 jobs.
- Airport capital projects will create 4,000 jobs over 5 years and 11,900 jobs over 10 years.

Notable Current Airport Projects include:

Boarding Area E and T3	\$161 million	Fall 2013
Air Traffic Control Tower	\$123 million	Fall 2015
Runway Safety Areas	\$214 million	Fall 2015

- Since January 2012, new concession employers have created 367 jobs.
- 43% of food and beverage concessionaires are SF-based.

Supporting Workforce Development and Youth

	<u>FY 11/12</u>	<u>FY 12/13</u>	<u>FY 13/14</u>
Workforce Development Placements	50	45	45
Internship Placements	76	90	90
Grand Total	126	135	135

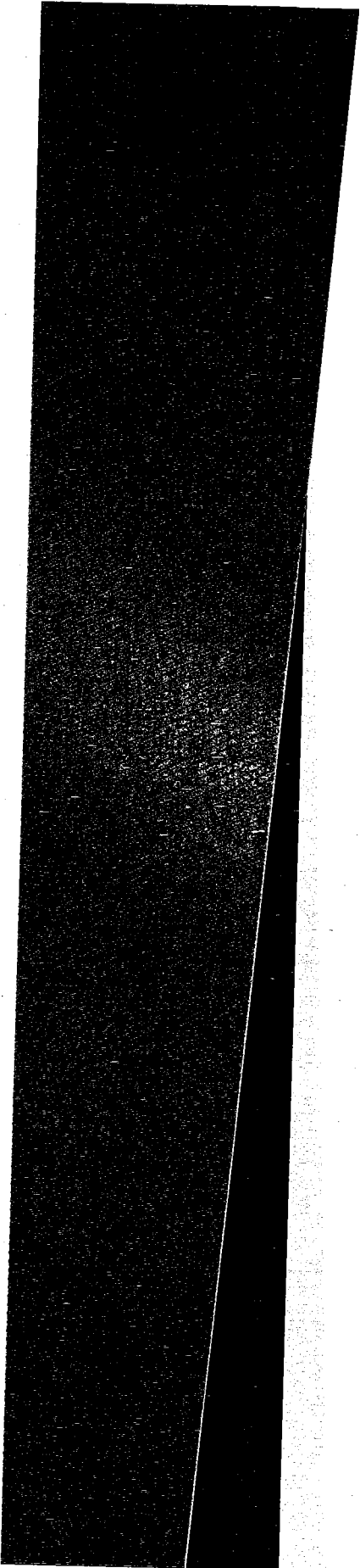
Summary of Major Budget Changes

<u>Category</u>	<u>FY 12/13</u>	<u>Major Changes</u>	<u>FY 13/14</u>	<u>Major Changes</u>
Salaries and Fringe	+21.5	16 new positions	+12.4	3 new positions
Non Labor	+2.0	Shuttle Bus and Security Services	+4.0	
		New parking tax		

Board of Appeals

Budget Presentation

FY13 & FY14



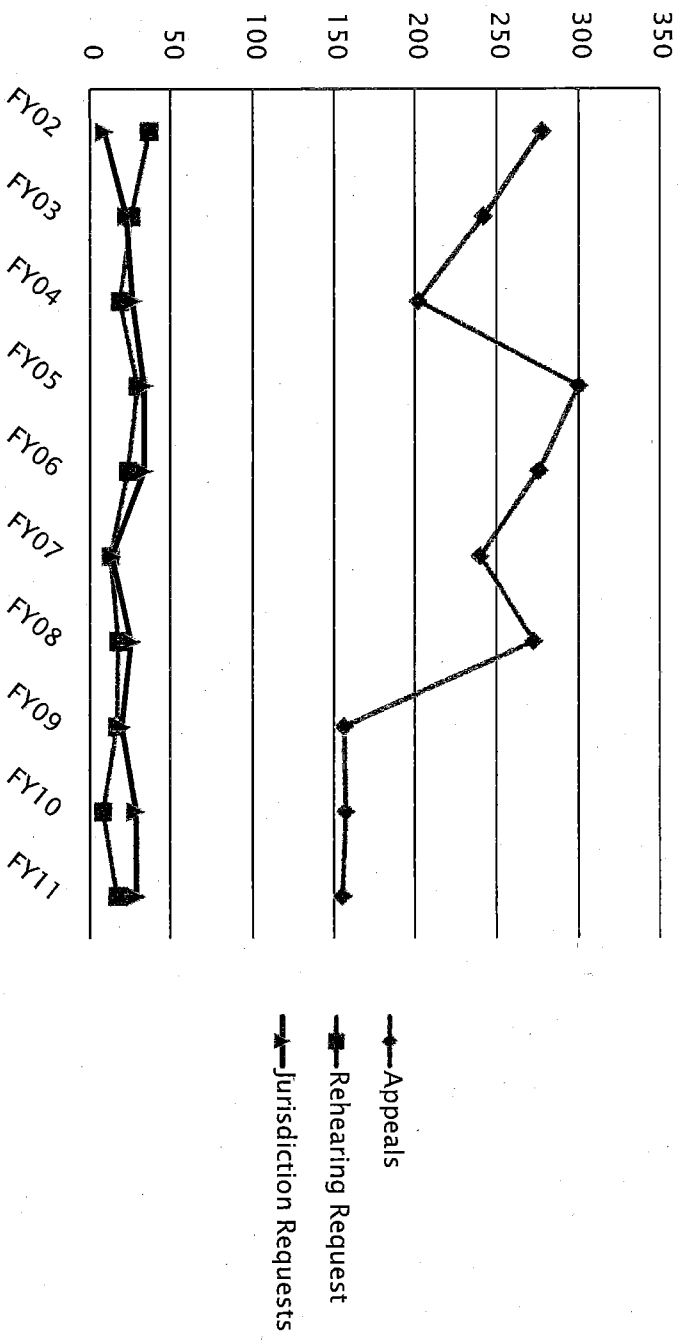
Board of Appeals

Mission

- ▶ Provide the public with a final administrative review process for the issuance, denial, suspension, revocation and modification of City permits, licenses and other determinations.
- ▶ Provide an efficient, fair, and expeditious public hearing and decision-making process before an impartial panel.

Appeal Experience - Volume

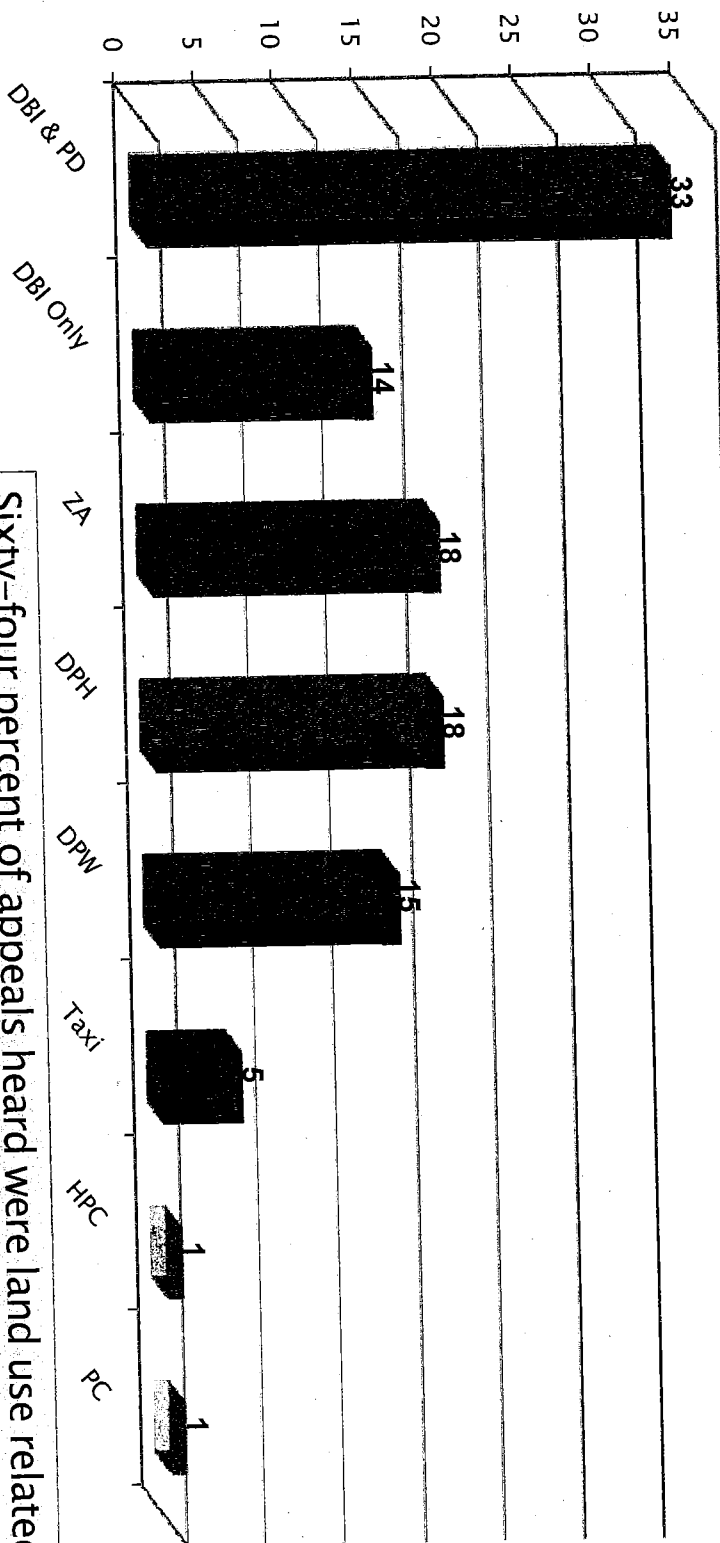
Number of Cases Filed with the Board Over Time



Since 2008, appeal volume has been down 32% from the ten year average but has remained level for the past 3 years; as the economy improves, appeal volume is expected to return to more normal levels.

Appeal Experience - Type

Number of Appeals by Department of Origin (FY11)
 Appeals Heard = 105



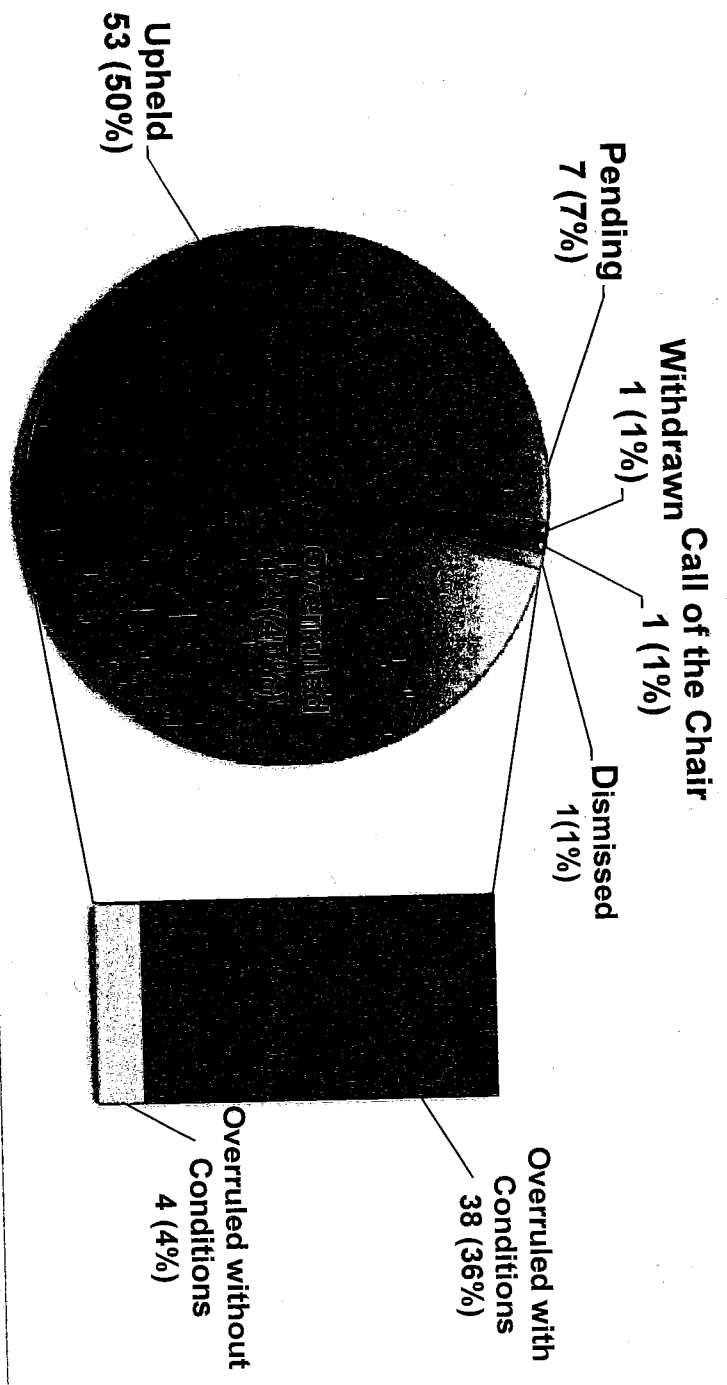
Sixty-four percent of appeals heard were land use related.
 The Board also heard 29 requests for late jurisdiction and 17 rehearing requests.

Appeal Experience – Trends

- ▶ Expect the majority of appeals to remain land use-related
- ▶ Largest increase expected in DPW-related appeals:
 - Wireless Site Permits
 - Mobile Food Facility Permits
- ▶ Other increases:
 - DPH appeals revoking permits to operate restaurants
 - Entertainment Commission decisions re extended hours and conditions on place of entertainment permits

Appeal Experience – Decisions

Outcome of Appeals Heard (FY11)



Conditions imposed by the Board include such things as revising building permits and changing how long a permit is suspended, the number of trees to be planted, and where a food truck may operate.

Two Year Budget Outlook

Revenue

- ▶ Surcharges = 95% of budget
 - Collected on new and renewed permits
 - Rate proportional to % of cases originating from each department
 - Controller may increase annually by CPI
 - One surcharge to be adjusted: tobacco sales permits issued by DPH (+\$1.00/permit)
 - Adjustment beyond CPI requires legislation
 - No legislation proposed for FY13 or FY14
 - Controller projects sufficient revenue at current surcharge rates
- ▶ Filing Fees = 5%
 - Collected by Board when new appeals are filed
 - No significant change expected until appeal volume increases

Surcharges

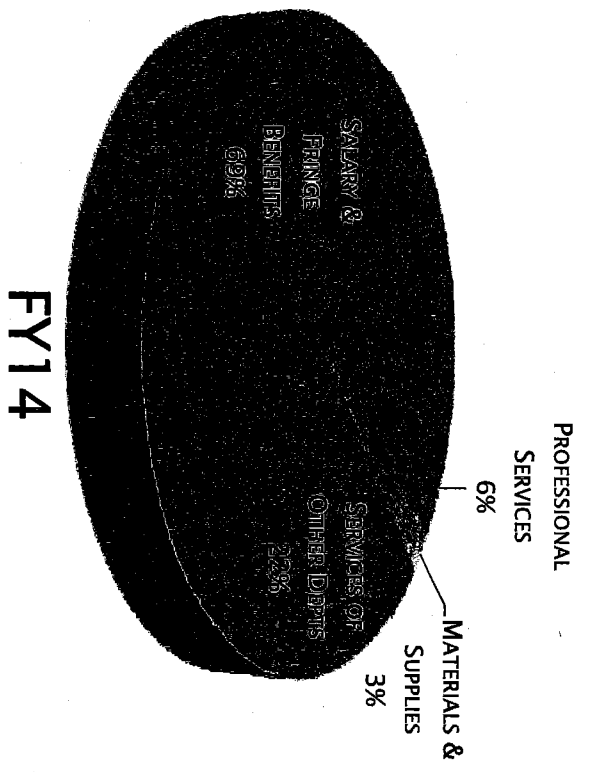
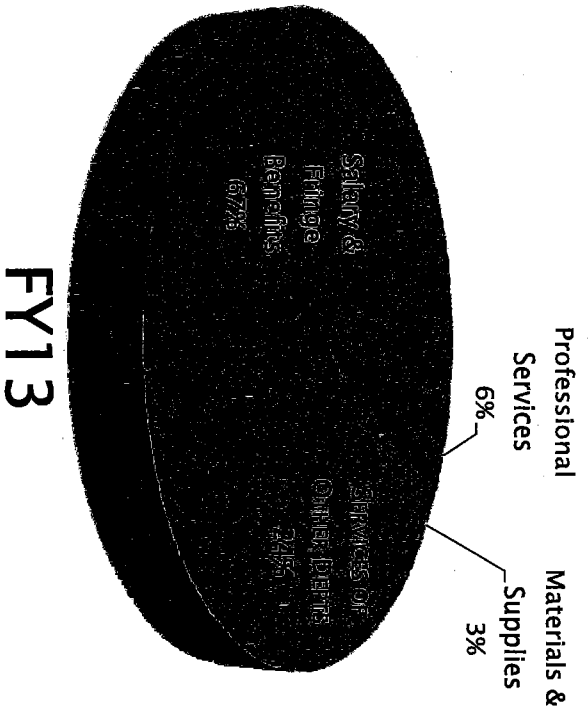
CY	\$879,252
FY13	\$888,698
% Change	1.1%
FY14	\$903,291
% Change	1.6%

Filing Fees

CY	\$46,037
FY13	\$46,037
% Change	0%
FY14	\$46,037
% Change	0%

Two Year Budget Outlook

Expenses - Overview



Two Year Budget Outlook

Change in Expense Budget

Reason for Change	CY	FY13	Amount Change	FY14	Amount Change
Mandatory Increases in Salaries & Fringe Benefits	\$593,226	\$630,485	\$37,259	\$655,546	\$25,061
Professional Services Contract for Database Support	\$30,992	\$57,992	\$27,000	\$57,992	0%
Reduction in City Attorney Work Order	\$277,973	\$223,160	(\$54,813)	\$212,692	(\$10,468)
Net Change in Budget			\$9,446		\$14,593

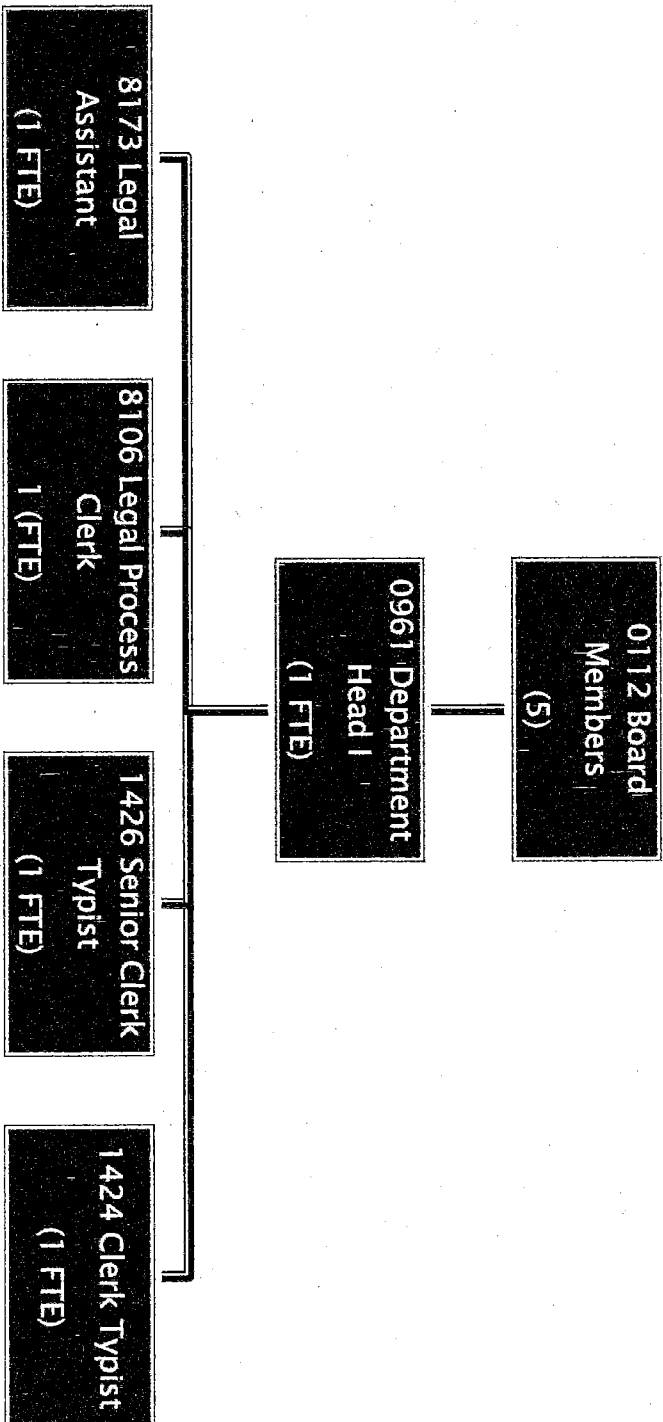
Major Department Initiative

New Database for Appeal Management

- ▶ **Project Goals:**
 - Streamline appeal filing to improve customer service
 - Facilitate appeal tracking and public access to current and historical appeal information
 - Expand analysis and reporting capability
 - Increase data sharing capacity with other City departments
- ▶ **Under Construction by Department of Technology**
 - Expected FY13 Q1 launch
- ▶ **Budget Impact**
 - Development costs paid in prior FY
 - Ongoing costs for maintenance & support
 - Technology Store Vendor
 - Estimated at \$27K per year

FTEs

- ▶ Staff reductions occurred at the onset of the economic downturn
- ▶ No changes currently proposed



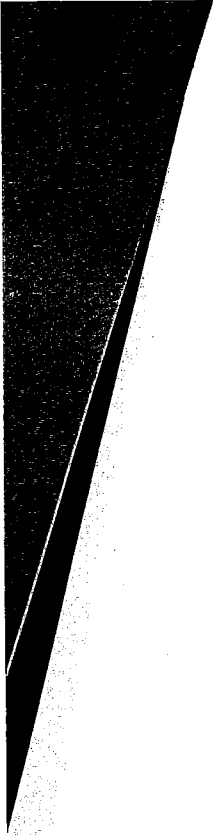
Impact on Job Creation

- ▶ While the Board's mission doesn't include job creation, it recognizes the impact that appeals and related permit suspensions can have on the job market
- ▶ The Board works diligently to hear and decide appeals in a fair and timely manner
 - Most appeals are calendared for hearing within 45 days of filing
- ▶ The Board has established a process to expedite review of cases where financial hardship caused by project delay is demonstrated

Language Access

- ▶ Key documents translated into Spanish & Chinese
 - In print at Board offices
 - Posted on Board website: www.sfgov.org/boa
- ▶ Bilingual staff fluent in Cantonese, Mandarin and Spanish
- ▶ Contract for Language Line services in place
 - Over-the-phone interpretation services in over 170 languages
 - Service availability posted at reception desk in multiple language
 - All staff trained on use
- ▶ Interpreter services available at Board meetings upon request

Appendix



Appeal Experience – Detail

The following is a breakdown, by type, of the 105 appeals heard by the Board in FY11:

- ▶ Department of Building Inspection and Planning Department Combined
 - Issuance of a building permit (30)
 - Denial of a building permit (3)
- ▶ Department of Building Inspection Only
 - Issuance of a building permit (8)
 - Imposition of penalties (6)
- ▶ Zoning Administrator
 - Variance decisions (8)
 - Notices of Violation and Penalties (5)
 - Requests for Release of Suspension (3)
 - Letter of Determination (1)
 - Request for Revocation (1)
- ▶ Historic Preservation Commission
 - Denial of a Certificate of Appropriateness
- ▶ Planning Commission
 - Motion allowing an exception to the setback requirements for a large office building

Appeal Experience – Detail, cont'd.

▶ Department of Public Health

- Suspension of Tobacco Sales Establishment permits (16)
- Revocation of Permits to Operate massage and tattoo parlors (2)

▶ Department of Public Works

- Tree removal permits (10)
- Wireless Site permits (2)
- Minor Sidewalk Encroachment permit (1)
- Sidewalk Table & Chairs permit (1)
- Street Occupancy permit (1)

▶ Municipal Transportation Authority Division of Taxis and Accessible Services

- Denial of taxi medallion (4)
- Revocation of taxi medallion and color scheme permit (1)

MTA

Municipal Transportation Agency

**FY 2013 and FY 2014
Budget Update**



MAY 24, 2012
SAN FRANCISCO, CALIFORNIA

FY 13-18 SFMTA Strategic Plan

Vision

San Francisco: great city, excellent transportation choices

Goals

1. Create a safer transportation experience for everyone
2. Make transit, walking, bicycling, taxi, ridesharing and carsharing the most attractive and preferred means of travel
3. Improve the environment and quality of life in San Francisco
4. Create a collaborative environment to support delivery of outstanding service

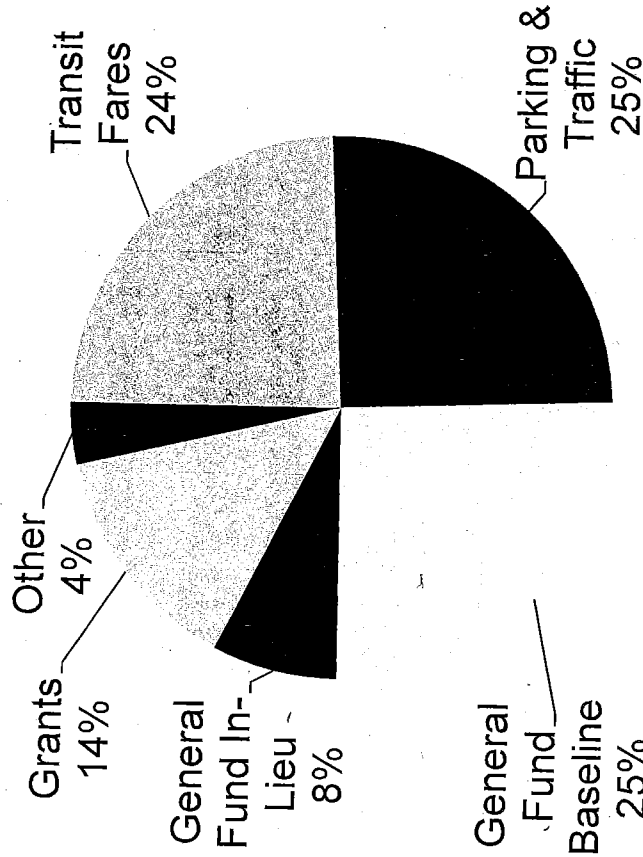
Selected SFMTA Initiatives

- **Muni**
 - Maintenance
 - Efficiency (TEP, all-door boarding)
- **Taxi**
 - Medallion reform
 - Supply analysis
 - Dispatching
- **Bike/Ped Safety**
 - Implementation of Streets Bond, other projects
- **Parking**
 - Enforcement restructuring
 - Meter upgrades
- Education, enforcement

Revenues

FY 2012 Projected Operating Budget FY 2013 and FY 2014 Adopted Operating Budget (\$M)

Revenue Category	FY 2012 Year End Projection	FY 2013 Adopted Budget	FY 2014 Adopted Budget
Transit Fares	193.4	198.3	201.2
Operating Grants	106.9	113.7	115.7
Parking and Traffic Fees & Fines	194.7	206.8	210.9
Other (Advertising, Interest, Inter-departmental Recovery, Taxi)	42.6	30.7	31.6
General Fund Baseline	190.8	209.4	217.1
General Fund In-Lieu	57.6	62.1	64.0
TOTAL	\$786.0	\$821.0	\$840.5



Adopted Revenue Plan

Changes from Current Budget

- **Inflation Indexing** (\$3.8M, \$3.8M)
 - Transit fares, Parking fines
 - All agency cost recovery fees
- **Parking Management** (\$6.8M, \$8.3M)
 - State fee passthrough
 - Metered parking expansion
 - 500-1,000 new meters
 - Sunday enforcement 12-6PM, four-hour time limit
- **Low-Income Youth Fare Pilot** (-\$9.4M)
 - 22-month pilot, low-income youth
 - Contingent on local/regional funding
- **General Fund Increases** (\$10.4M, \$16.0M)

Expenditures

FY 2012 Projected Operating Budget FY 2013 and FY 2014 Adopted Operating Budget (\$M)

Expenditure Category	FY 2012 Year End Projection (includes carryforwards)	FY 2013 Adopted Budget	FY 2014 Adopted Budget
Salaries & Benefits	513.1	513.5	520.9
Contracts and Other Services	58.6	81.6	86.5
Materials & Supplies	39.9	67.6	71.9
Equipment & Maintenance	58.8	10.9	11.2
Rent & Building	9.2	6.1	6.9
Insurance, Claims & Payments to Other Agencies	75.6	66.2	67.1
Rainy Day Reserve	0.0	10.0	10.0
Work Orders	65.2	64.9	66.0
TOTAL	\$820.4	\$821.0	\$840.5

- **Cuts include:**

- Management (\$2)
- Overtime (\$5 in 2014)
- Workers comp (\$1)
- Equipment (\$10)
- Labor concessions (\$14.6)

- **Investments:**

- Maintenance (\$22)
- TEP planning/design (\$0.8)
- Fare inspection (\$0.9)
- Crossing guards (\$0.5)
- Safety staff (\$1.0)

Adopted Expenditure Plan

Investing in Maintenance and Future

- **Reductions**
 - Streamline
 - Realize efficiencies
 - Minimal/accountable budgeting
- **Additions**
 - Rightsize support services to properly deliver service plan (maintenance, safety)
 - Invest in future improvements (Transit Effectiveness Project)

Benefits

- Aligned to **Transit First** policy and strategic plan
- Improved service
- Increased **safety**, reliability, and efficiency
- Reverse trend of deferred maintenance
- Establishes **accountability**
- Supports expedited implementation of TEP⁷

Selected Strategic Plan Targets

In first two years:

- **Reduce crime, collisions, injuries by 10%**
- **Eliminate Muni bunches/gaps for 25% of ridership**

Over six years:

- **Achieve 50% mode share for non-private auto modes (currently 38%)**
- **Close structural budget gaps**

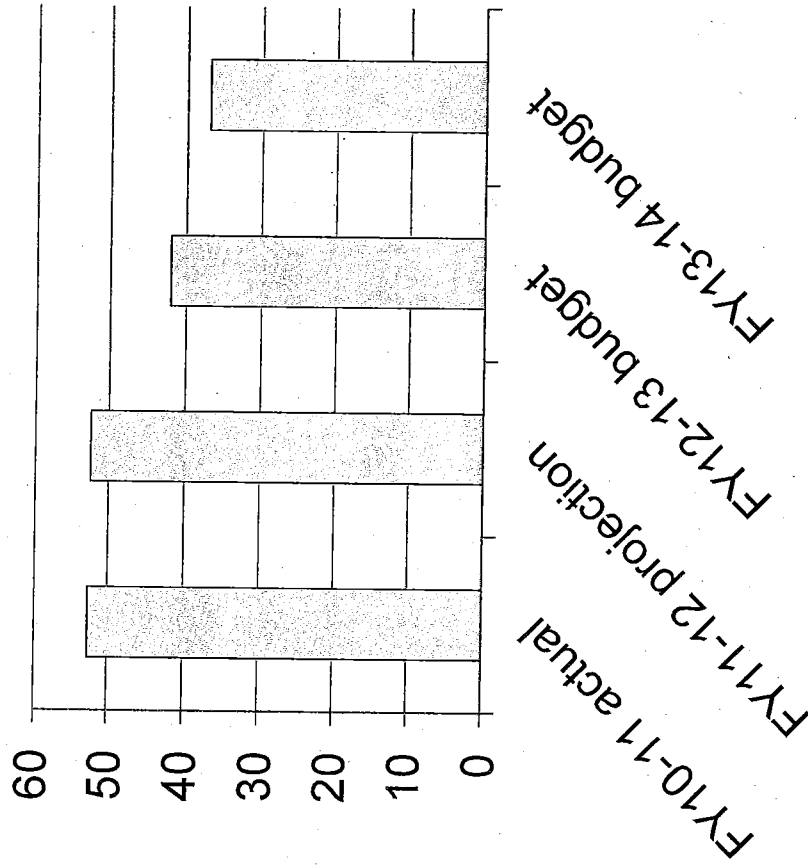
Issues

- **Overtime** – reduced significantly
- **Work Orders** – consistent with current budget
- **Labor Concessions** – assumed savings not realized*
- **Other Risks**
 - Fuel costs
 - Youth fare pilot regional funding
 - Special events costs
 - Economy, ridership, etc.

* Will require re-balancing, technical adjustment submission in June

Overtime

- Hiring front-line staff
- Improved cost recovery
- Better management
- Capital improvements, procurements



Full-Time Equivalent Employee Changes

Division	FY11-12	FY12-13	FY13-14
Transit	3,112	3,313	3,314
Sustainable Streets	624	729	748
Capital	195	170	170
Finance	332	257	261
Administration, Safety, Training	251	281	282
Total	4,514	4,750	4,775

Almost all increases due to front-line staff investment in maintenance, safety, and enforcement.

Job Creation

- **Robust capital program**
 - Core system upgrades (~\$250 million/year)
 - Central Subway (\$200+ million/year)
- **Youth programs**
 - College Internships (24)
 - Youth Works (10)
 - Jobs Now (5)
 - Mayor's Office Interns (3)
 - City Hall Fellows (2-3)
- **Employee Hiring**
- **Transportation!**

Language Access

- **Multilingual handouts**, signage, meeting notices and other customer outreach materials; print and broadcast (radio and television) media
- **Translated content** at www.sfmta.com, in Chinese, Spanish, Tagalog, Russian, Vietnamese, Korean, Japanese, French and Thai;
- **Promoting 311** (over 170 languages via Language Line), through multilingual “Take Ones” and a “311 Free Language Assistance” tagline in nine languages included on all outreach materials;
- **Agency-wide access to Language Line Services**, including at Station Agent booths, Customer Service Center, front desks;
- **Training** for designated public contact employees (Station Agents, Customer Service reps, Fare Inspectors, etc.) by SFMTA and the Office of Civic Engagement and Immigrant Affairs;
- **Outreach** to community based-organizations serving LEP populations
- **Translation-related costs** range from \$100-200K/year, not including Central Subway. Production costs add another \$100K/year.

Language Access Handouts

info

For information on Muni routes, schedules, fares, accessibility, safety, security and other SFMTA programs and services, call the San Francisco 311 Customer Service Center for free language assistance by dialing 311 within San Francisco or 415.701.2311 outside of San Francisco. www.sfmta.com.

SPANISH

Para información sobre Muni en cuanto a rutas, horarios, tarifas, accesibilidad, seguridad y protección, así como sobre otros programas y servicios de SFMTA, llame al Centro de Servicio al Cliente 311 de San Francisco. Obtenga ayuda gratuita con el idioma marcando al 311 dentro de San Francisco o al 415.701.2311 desde fuera de San Francisco. www.sfmta.com.

CHINESE

有關Muni路線、時刻表、車資、殘障人士服務、可及性、安全、保安、其他SFMTA計劃和服務的信息，請致電311。在二樓市線請致電415.701.2311 - www.sfmta.com。

JAPANESE

Muniの路線、時刻表、料率、アクセシビリティに関するサンフランシスコ市公共交通局 (SFMTA) のプログラム、サービスについては、顧客サービスセンターに電話してください。サンフランシスコ市内の方は415-701-2311に、市外の方は、無料寄附サービスが受けられます。 www.sfmta.com

RUSSIAN

За информацией о транспортных маршрутах MUNI, расписании, плате за проезд, безопасности, условиях доступа к транспорту и других программах и услугах Агентства Городского Транспорта Сан-Франциско (SFMTA) обращайтесь в Центр обслуживания клиентов 311. Где вам бесплатно предоставят помощь переводчика, в Сан-Франциско звоните 311 или за его пределами наберите 415.701.2311. www.sfmta.com

FRENCH

Pour les informations sur les routes de Muni, les horaires, les tarifs, l'accès, la sûreté, la sécurité et les autres programmes et services de SFMTA, appelez le Centre de Service San Francisco 311 pour le service de langage gratuit. Appelez 311 si vous habitez à San Francisco, ou 415-701-2311 si vous êtes au dehors de San Francisco. www.sfmta.com

TAGALOG

Para sa impormasyon tungkol sa mga ruta ng Muni, ikedwal, pasahay, parangal, ng pangalan, kaligtasan, seguridad at iba pang mga programa at serbisyo ng SFMTA, tumawag sa San Francisco 311 Customer Service Center para sa libreng tulong sa lengguwage sa pamamagitan ng pag-dawag sa 311 kung nasa loob ng San Francisco, o tumawag sa 415.701.2311 kung nasa labas ng San Francisco. www.sfmta.com

THAI

ข้อมูลเกี่ยวกับเส้นทางของ Muni รถรับส่งสาธารณะ ค่าโดยสาร ตารางเดินรถ และข้อมูลเกี่ยวกับโปรแกรมและบริการต่างๆ ของ SFMTA สามารถโทรสอบถามได้ที่ 311 โดยไม่ต้องเสียค่าบริการ โทรฟรีภายในเมืองซานฟรานซิสโก หรือโทร 415-701-2311 โทรฟรีจากพื้นที่อื่นในรัฐแคลิฟอร์เนีย www.sfmta.com

VIETNAMESE

Để được thông tin trên các tuyến đường Muni, lịch trình, giá vé, khả năng tiếp cận, an toàn, an ninh và những thông tin tình và dịch vụ khác của SFMTA, xin quý gọi cho trung tâm Dịch vụ Khách Hàng San Francisco 311 cho bằng tiếng Việt miễn phí bằng cách bấm số 311 (trong vùng San Francisco) hoặc số 415-701-2311 (ngoài vùng San Francisco).

KOREAN

Muni 노선, 열차, 운임, 접근성, 안전, 보안 및 기타 SFMTA 프로그램은 샌프란시스코 311 고객서비스 센터에서 311 (내선) 또는 415-701-2311로 전화해서 무료 언어지원 서비스를 받으십시오. www.sfmta.com

311 Free language assistance / 免費語言服務 / Ayuda gratuita en idiomas / Бесплатная помощь переводчика / 311 Customer Service Center / Центр обслуживания клиентов / 311 (for San Francisco) / 415-701-2311 (for other areas) / 311 (for San Francisco) / 415-701-2311 (for other areas)

SFMTA | Municipal Transportation Agency

TITLE VI

The SFMTA does not discriminate on the basis of race, color or national origin. For more information or to file a complaint, visit SFMFTA.com or contact 311.

SFMTA no discrimina en base de raza, color o origen nacional. Para obtener más información o presentar una queja, visite SFMFTA.com o comuníquese al 311. SFMTA не дискриминирует граждан по расовым, этническим или национальным признакам. За более подробной информацией или для подачи жалобы посетите SFMFTA.com или позвоните по номеру 311.

SFMTA 不會基於種族、膚色或國籍進行歧視。有關投訴或查詢詳情，請致電 SFMTA.com 或致電 311。Số Giao hàng Thành phố San Francisco (SFMTA) không kỳ thị trên căn bản chủng tộc, màu da và nguồn gốc dân tộc.

SFMTA 인종, 피부색 또는 출신국기로 차별하지 않습니다. 추가 정보는 311로 연락하십시오.

The SFMTA ne pas faire de discrimination sur la base de la race, la couleur ou l'origine nationale. Pour de plus amples renseignements ou pour déposer une plainte, visitez le site SFMFTA.com ou contactez le 311 pour une assist.

サンフランシスコ市公共交通局 (SFMTA) は人種、民族、国籍に基づいて誰をも差別することはありません。ごりに関するお問い合わせは、お電話の申し込みは、SFMFTA.com をご覧ください。または、無料の言語支援サービス 311 にご連絡ください。

SFMTA 不根據種族、膚色或國籍進行歧視。有關投訴或查詢詳情，請致電 SFMTA.com 或致電 311。內線電話 311 (在舊金山) 或 415-701-2311 (在加州其他地區) 均可。

311 Free language assistance / 免費語言服務 / Ayuda gratuita en idiomas / Бесплатная помощь переводчика / 311 Customer Service Center / Центр обслуживания клиентов / 311 (for San Francisco) / 415-701-2311 (for other areas) / 311 (for San Francisco) / 415-701-2311 (for other areas)

SFMTA | Municipal Transportation Agency

Encumbrances

- **\$3.3M miscellaneous Muni project funds**
 - Will be reconciled as part of end-of-year accounting process to balance budget
- **\$0.9M Parking & Traffic project funds**
 - Will be reconciled as part of end-of-year accounting process to balance budget
- **\$5.3M BART invoice**
 - Will be resolved as part of larger negotiation with BART re various interagency agreements

Capital Budget Funding Sources

- Federal Formula Funds Section 5309 and 5307
- Proposition K Local Transportation Sales
- Proposed City General Obligation Bond: \$150 m for Transit Effectiveness Project (TEP) capital needs
- SFMTA Revenue Bonds: \$155 m for Transit and Garage Projects (2 Bond issues)
- SFMTA Operating Budget for Local Match: \$5 m for 2-year Capital Budget
- Other Funds: AB664 Bridge Toll Funds, Transportation Development Act (Article 3) Funds
- Competitive Grants (numerous State and Federal)

5-YEAR CIP/2-YEAR BUDGET SUMMARY

(\$MILLIONS) as of 3/26/2012

CAPITAL PROGRAM	PRIOR YEAR CARRYFORWARD	2-YEAR BUDGET		5-YEAR CIP
		FY 13	FY 14	FY13 -17
Central Subway	\$57.1	\$214.7	\$233.0	\$1,038.0
Security	\$35.2	\$7.1	\$10.1	\$82.6
Safety	\$1.7	\$1.9	\$0.4	\$4.8
Bicycle	\$3.1	\$2.5	\$3.3	\$18.5
Pedestrian	\$4.5	\$7.2	\$7.4	\$27.1
Transit Optimization/Expansion	\$19.8	\$40.4	\$9.6	\$257.6
Traffic/Signals	\$18.2	\$14.2	\$19.3	\$65.9
Transit Fixed Guideway	\$100.0	\$52.9	\$52.2	\$315.6
Fleet	\$131.8	\$56.3	\$2.0	\$541.4
Facility	\$61.7	\$1.1	\$0.0	\$87.9
Traffic Calming	\$3.6	\$2.1	\$2.8	\$15.7
Parking	\$18.9	\$5.0	\$46.2	\$70.1
School	\$1.3	\$2.4	\$0.5	\$5.4
Taxi	\$0.0	\$0.7	\$1.1	\$3.3
Accessibility	\$10.7	\$1.1	\$0.8	\$13.6
Communications/IT Infrastructure	\$124.4	\$18.2	\$13.4	\$157.1
Reserve	\$0.0	\$1.4	\$0.9	\$2.3
Total	\$592.0	\$429.2	\$403.0	\$2,706.9

Balanced 5-Year Capital Improvement Program (includes 2-Yr budget)

Funding Priorities:

- Maintain State of Good Repair
- Investments at \$250 m per FY
- Invest in System Safety Projects
- Invest in Transit Reliability Projects
- Invest in Complete Street Investments

- Developed long range look at competitive grants to make San Francisco more competitive and generate additional outside funding.
- Proposing a specific list of projects for accountability and transparency

Selected Planned Capital Projects

State of Good Repair

- Replace 150 Muni Trolley and Motor Coaches
- Upgrade Traffic Signals at Masonic, Franklin, 19th
- Rehabilitate Muni Metro Sunset Tunnel
- Repair roof at Green Maintenance Facility (LRVs)
- Replace rail at Muni Metro Turnaround (MMT)
- Rehabilitate 18 Parking Garages

System Safety

- Providing Bicycle Safety Education Classes
- Installation of Pedestrian Flashing Beacons (24th & Fair Oaks, Sloat & Beachmont, Page at Masonic & Ashbury), Post and Octavia)
- Design and Construction of Safe Route to Schools Improvements at Denman, Jean Parker and Redding
- Installation of New Traffic Signals at 5 Intersections

Selected Planned Capital Projects (2)

Transit Reliability

- Implement Transit Signal Priority on the Muni Rapid Network
- Design and Construction of the 14 Mission, 8X Baysshore and N Judah Mobility Maximization Projects
- Implement Muni Metro Signal Standardization
- Detail Design of Van Ness Bus Rapid Transit

Complete Streets

- Construction of Market/Haight Complete Street Improvements (Transit, Bicycle, Pedestrian, Traffic)
- Detail Design of Masonic Avenue Complete Streets Project (Bicycle, Pedestrian & Traffic Calming)
- Design and Construction of signal improvements, bicycle lanes, pedestrian improvements on Prop. B GO Bond Paving Corridors
- Complete street infrastructure improvements as part of major Transit Projects

Sunday Parking Enforcement

- Program
 - Meters to be enforced 12PM (noon) – 6PM
 - Four-hour time limits, prepay available
- Rationale
 - Current lack of management dates to era with no commercial activity on Sundays
 - Managed parking supports local businesses, reduces circling/congestion
 - Sunday parking enforcement is common nationwide practice
 - San Francisco Port, Los Angeles, Chicago, Portland, Vancouver, Montreal, etc.

Meter Expansion

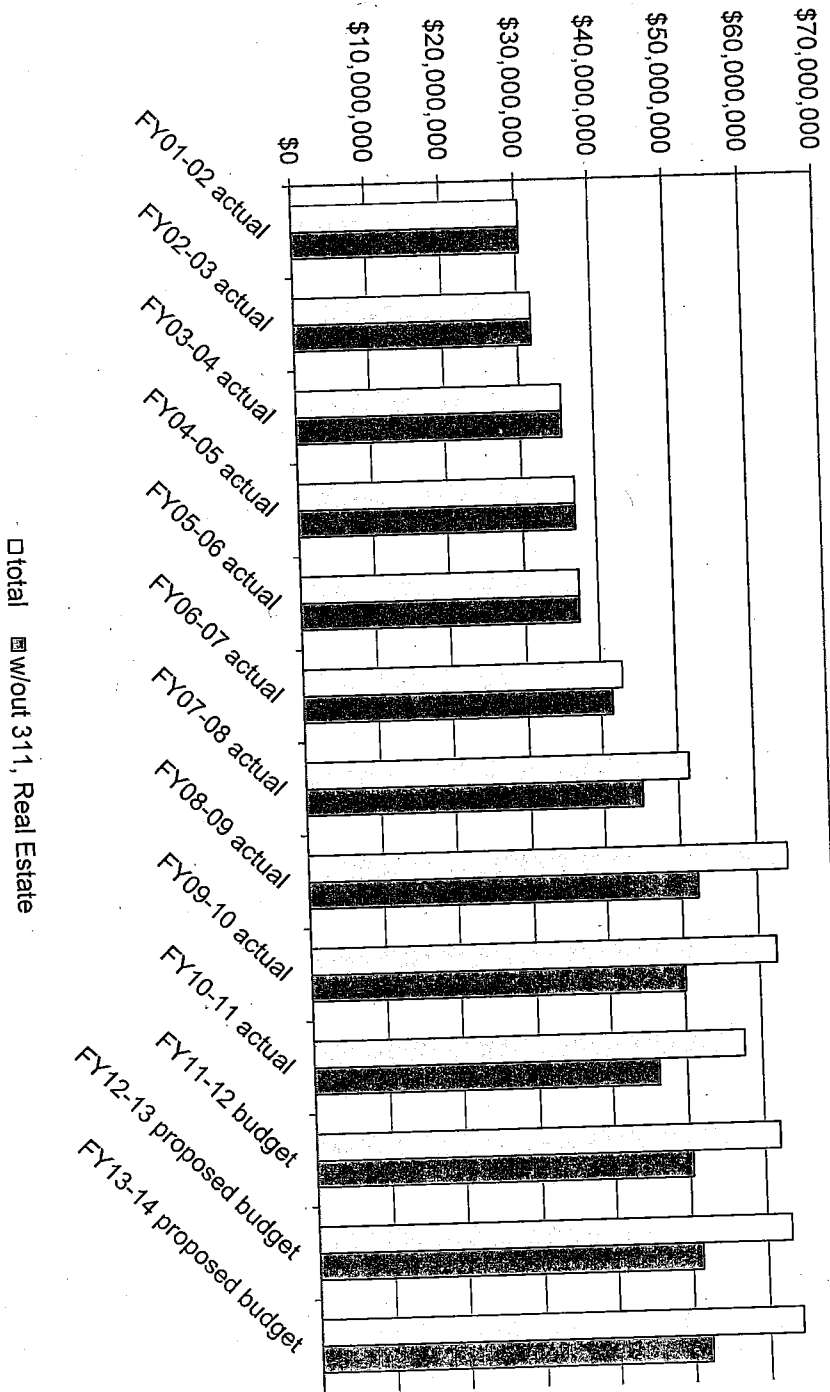
Street	Block(s)	Segment	spaces	Street	Block(s)	Segment	spaces
23rd St	2300-2600		45	Lombard	1900-2000	north side	20
Avalon	unit-200	north side	30	Lyell	unit	west side	20
Bay	1000		30	Mission	5000		20
Bay	1100-1300	north side	30	Mission	4100-4200		40
Bosworth	400		50	Octavia	500		20
Fulton	300		30	Post	1400-1500		80
Geary	1300-1400		80	Potrero	900-1000	east side	40
Geary	1500-1600	south side	35	RH Dana	unit		10
Geneva	1000		20	Rose	unit		15
Gough	1000-1200	west side	45	Sansome	900-1000		50
Green	200		15	Silver	300		40
Guerrero	unit		20	Spear	300	west side	20
Jones	900		10	Sutter	1900	south side	20
Judah	2200-2600		70	Tehama	unit		25
LaPlaya	1300	west side	40	Van Ness	3200		30
Linden	300		10	Van Ness	3000-3100	east side	15
Lisbon	unit	west side	30	Webster	1300-1400		40
Lombard	2500		30	Total			1,125

Work Orders

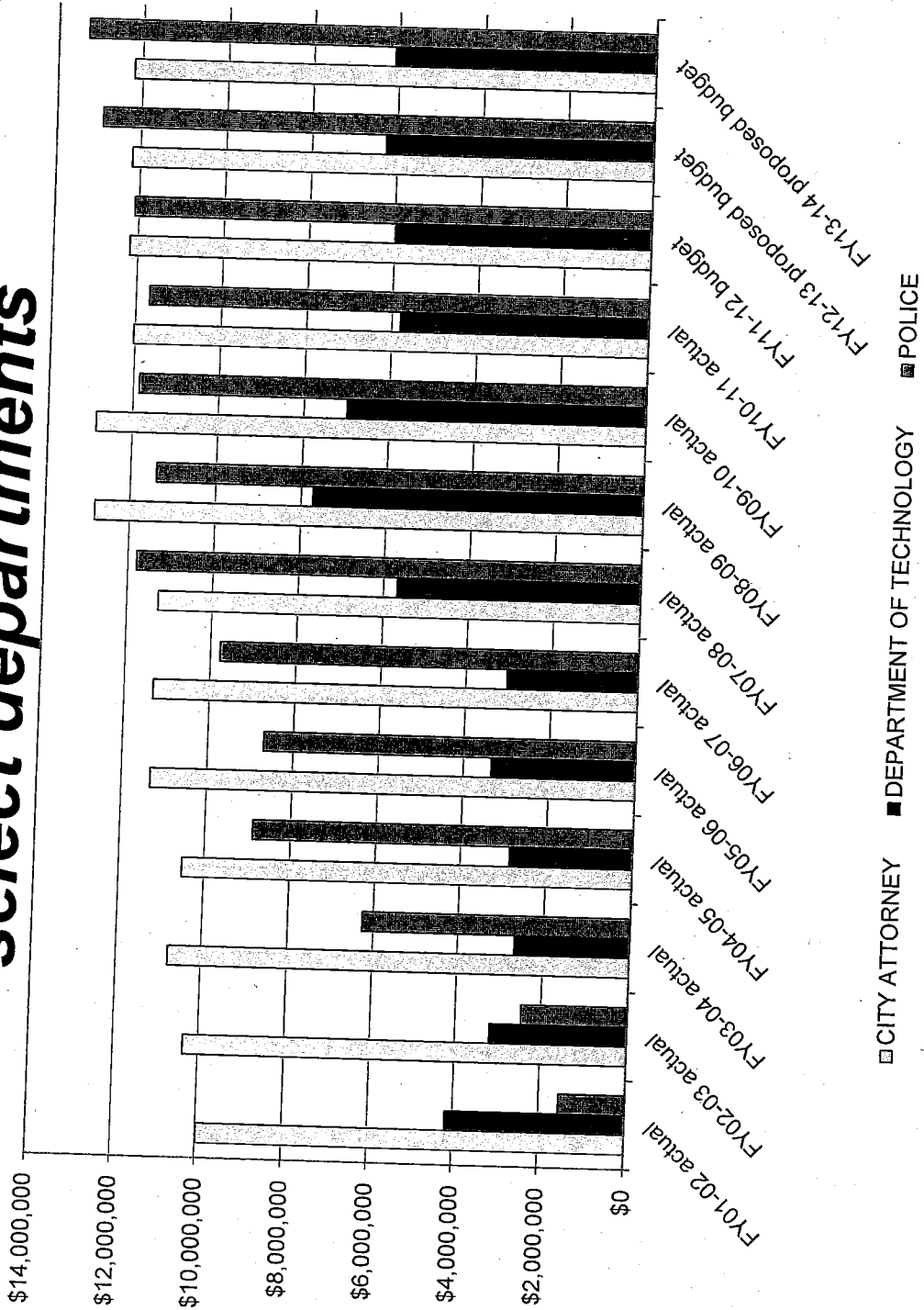
facilities/power department service – mandatory	18,700,042	19,599,810	20,510,266
city function allocation	15,614,501	15,880,046	15,862,536
policy nexus	14,412,949	14,421,733	14,559,147
department service – discretionary	9,665,116	10,074,076	10,374,199
Total	62,016,655	64,338,322	65,632,035

- Accounting mechanism to allocate citywide costs
- Cost recovery for department services
- Means of procuring service within government, outside of core competency
- Most SFMTA work orders
 - Core infrastructure services
 - Services with mandated city provider

Work Order History



Work Order History select departments





CITY AND COUNTY OF SAN FRANCISCO RENT BOARD

DATE: May 22, 2012
TO: Budget Committee, Board of Supervisors
FROM: Delene Wolf, Executive Director, Rent Board
SUBJECT: **Information Request for FY 2012-13 and FY 2013-14
Budget - Rent Board**

1. Two-Year Budget Outlook-Major Expenses/Sources Of Revenue

FY2012-13 is the first year of the Rent Board's two-year budget cycle.

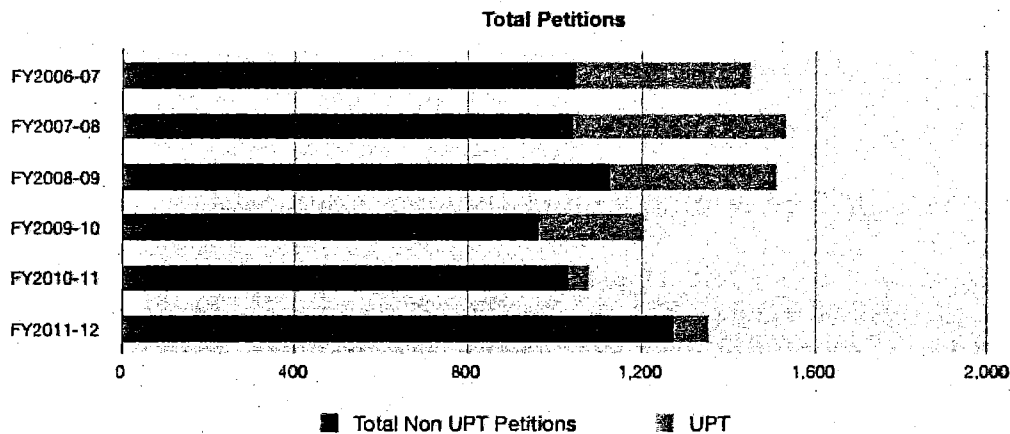
Major expenses for both FY2012-13 and FY2013-14 are expected to remain relatively the same. The proposed budget for FY12-13 is \$6,000,593, an increase of 0.8% from this fiscal year due to minor increases for salary adjustments and fringe benefits. The budget for FY13-14 is \$6,212,995, an increase of 3.5%, also due to increases in fringe benefits and salary adjustments.

The primary source of revenue to fund the Rent Board budget is the rental unit fee, which appears on the landlord's property tax bill. After payment, the landlord can collect one-half of the fee (currently \$29.00 per apartment unit and \$14.50 per residential hotel unit) from the tenant. The fee is calculated by the Controller's Office each year based on the final budget approved by the Board of Supervisors minus carryover funds. Carryover funds from the current fiscal year are expected to be generated from both additional revenue due to mandatory rounding of the rental unit fee to the nearest whole dollar and collections that exceed the Controller's delinquency rate, and from expense savings due to temporarily unfilled employee positions and work order billings from other City departments such as the City Attorneys Office that are less than budgeted. The rental unit fee has been \$29.00 for the last four years, and we expect the Controller's calculations to result in a fee of \$29.00 for FY12-13 and FY13-14.

The following information is provided in response to Supervisor Chu's request for departmental staffing levels and workload statistics for each of the Board's units over the past few years. Attached is the Rent Board's Organizational Chart showing currently budgeted positions of 28.53 FTEs. In Fiscal Year 2008-09 the number of FTE ALJ positions was reduced from 10 to 9.5. One ALJ position is presently unfilled after an ALJ retired in March 2012, and we will evaluate the department's need to fill the position after October 1, 2012. In addition, one clerical position is presently unfilled, although a requisition to fill the position is pending.

The chart below is a comparison of the total number of petitions filed at the Rent Board since FY 2006-07, plus the current Fiscal Year based on data for the first three quarters from July 1, 2011-March 31, 2012.

	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12
Total Non UPT Petitions	1,041	1,036	1,122	956	1,025	1,271
UPT	406	494	387	244	53	81



Utility Passthrough Petitions (UPT) were first required by the Board in November 2004 to ensure landlords were doing the passthrough calculations correctly. These petitions were decided without a hearing unless questions or problems arose in staff review of the petitions. In January 2009, due to success in educating landlords concerning proper calculation of passthrough amounts, the Board reduced the petition-filing requirement to once every five years. Non-UPT petitions constitute all other petitions filed with the Board. As shown above, the total number of non-UPT petitions is projected to be a total of 1,271 for the current fiscal year, and increase of 25% from FY 2010-11.

Unless withdrawn before scheduling, each non-UPT petition is scheduled either as an arbitration hearing or mediation before an Administrative Law Judge (ALJ). Elimination of the annual requirement to file UPT petitions in FY2008-09 allowed the Board to more quickly process non-UPT petitions, so that the average number of days before a non-UPT petition was scheduled for arbitration or mediation was reduced from 119 days in FY 2006-07 to 63 days in FY2011-12, an improvement of almost 100% as shown below.

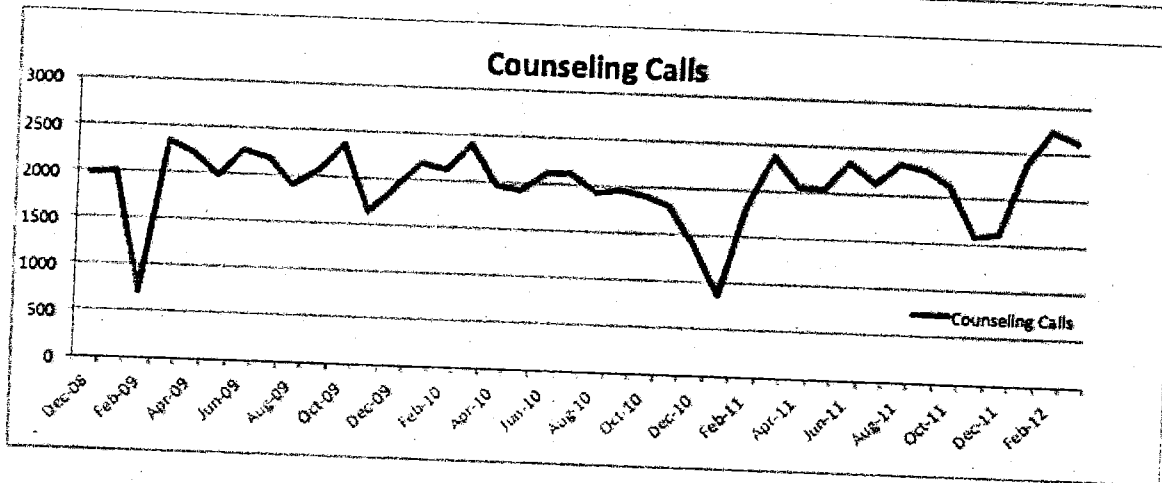
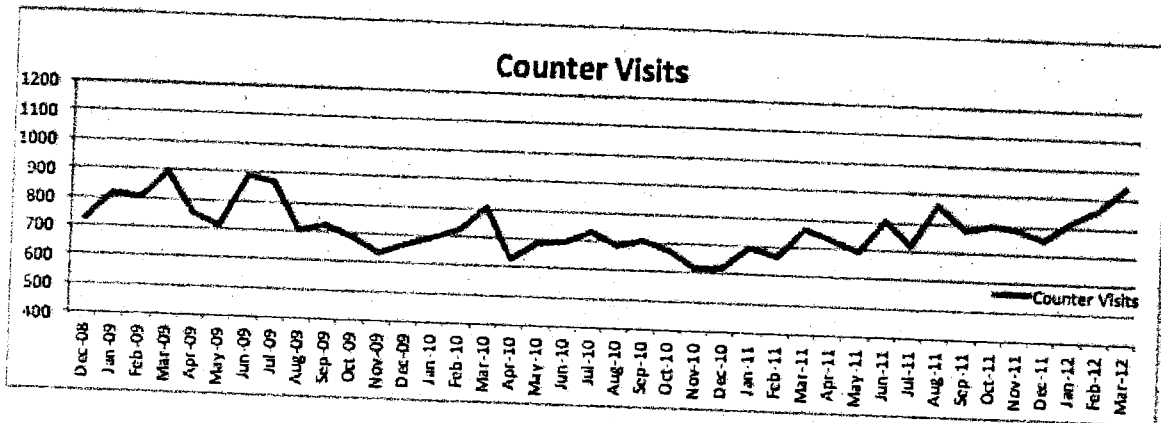
**Average Number of Days from Rent Board Petition Filing Date to
Hearing/Mediation Date**

Fiscal Year	No. of Petitions Filed that were Scheduled for Hearing/Mediation	Average No. of Days from Filing Date to Hearing/Med. Date
2006-07	868	119
2007-08	903	107
2008-09	981	117
2009-10	804	80
2010-11	914	67
2011-12 (through 5/14/12)	894	63

One of the Rent Board's Performance Measures is the average number of days it takes an ALJ to prepare a decision after the hearing is completed. Another Performance Measure is the number of days clerical staff takes to initially process Reports of Alleged Wrongful Eviction. The following chart shows the data for the last five fiscal years for these two Performance Measures.

Fiscal Year	Number of Days for ALJ to Prepare Decisions	Number of Days for Clerical to Process Report of Eviction
FY2006-07	24.0	1.6
FY2007-08	24.0	1.2
FY2008-09	19.0	1.1
FY2009-10	19.0	1.1
FY2010-11	18.0	1.2

The main function of the Citizen Complaints Officer is to provide information about the Rent Ordinance to the public. The following charts show the number of counseling calls and the number of counter visits at the Rent Board since December 2008, when the phone counseling services were redesigned. The lower number of calls and visits in December reflect employee furloughs and reduced staffing during the holidays. Consistent with the increase in petition filings, the department is experiencing a similar increase in the number of people calling and visiting the office for counseling.



2. Major Department Initiatives

None at this time.

3. New Positions

No new positions.

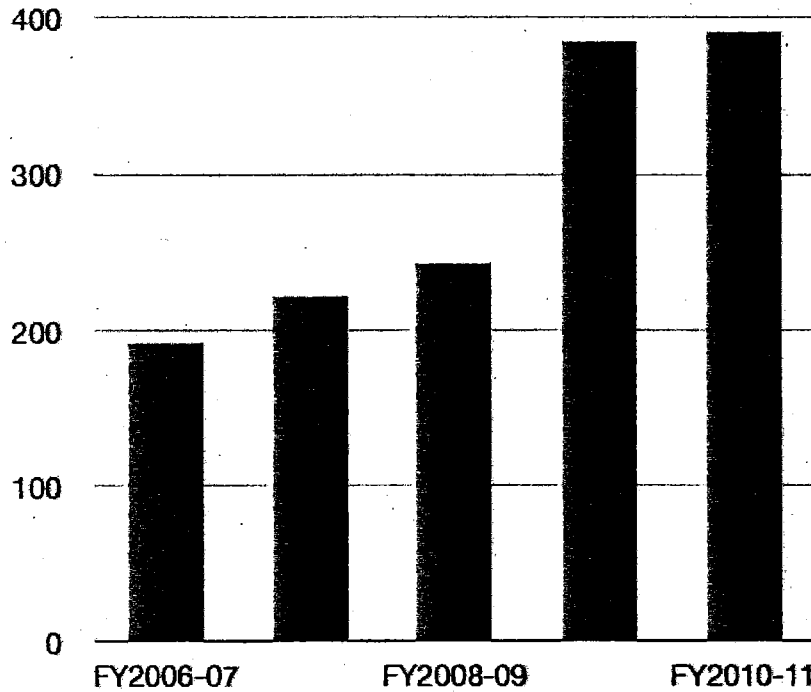
4. Summer Youth Employment Opportunites

The Department is highly supportive of the Mayor's citywide effort to create summer jobs and opportunities for San Francisco youth. To that end, the Rent Board has applied to the San Francisco Youthworks Program for a summer intern. We will be mentoring this student to ensure that they have a relevant work experience and gain an appreciation for public service. Additionally, at the end of the internship, we will be asking the student to prepare an evaluation of the effectiveness of the agency, including any suggestions they have for improving service delivery to the public.

5. Language Access

The San Francisco Rent Board is deeply committed to serving all of the members of our community. Since the early 1990's, the Rent Board's informational materials have been

available in English, Chinese and Spanish and the automated telephone system is also trilingual. The Rent Board has a performance measure which quantifies the number of translated documents available every year (see the chart and graph below).



■ Number of documents in languages other than English

The Rent Board's web site contains over 160 pages of information in Chinese and Spanish. The Board strives to hire staff with language skills: three of our counselors speak Cantonese, and one is a Spanish speaker. Two of our clerical staff speak Vietnamese, and one speaks Mandarin and Cantonese. When there is not a staff member with the necessary language skills available, we use the services of Language Line to access telephone based interpreters in over 170 languages. The Rent Board also provides interpreters for hearings in any language when a party requires such assistance. In addition, the Rent Board has outreach agreements with some non-profits to provide outreach to the broader San Francisco community, including Causa Justa: Just Cause, the Asian Law Caucus and Chinatown Community Development Center.

The Rent Board remains committed to following the requirements of the San Francisco Language Access Ordinance (LAO) and insuring that all members of the San Francisco Community, including Limited English Proficient (LEP) community members, can fully access its services.



Services of the San Francisco Public Utilities Commission

SFPUC Proposed Budget FY 2012-13 and FY 2013-14

Budget & Finance Committee

May 24, 2012

Today's SFPUC-Related Items

- 1) AAO – Operating Budget
- 2) ASO – Authorized Positions
- 3) Prop J – Security Services
- 4) Sewer Capital Supplemental incl. Grant Funds
- 5) Water Capital Supplemental
- 6) Hetch Hetchy Capital Supplemental
- 7) Water Bond Financing Authorization
- 8) Power Bond Financing Authorization
- 9) Sewer Bond Financing Authorization
- 10) TransBay Project Plan Reserve Release

Major Initiatives

Maintain Ratepayer Affordability

Flat Operating Budgets & Staffing

Low-Cost Bond Funding

Make Capital Investments

Water – WSIP Completion, Local Water Mains

Power – Streetlights, System Upgrades

Sewer – SSIP Planning, Design, Construction

Local Sewer Mains



Budget Up \$62.8 M, Staffing Flat

	Budget*	Positions**
FY 2011-12	\$ 818.6	2,395
FY 2012-13	\$ 802.4	2,404
FY 2013-14	\$ 881.4	2,405

*AAO Operating Budget

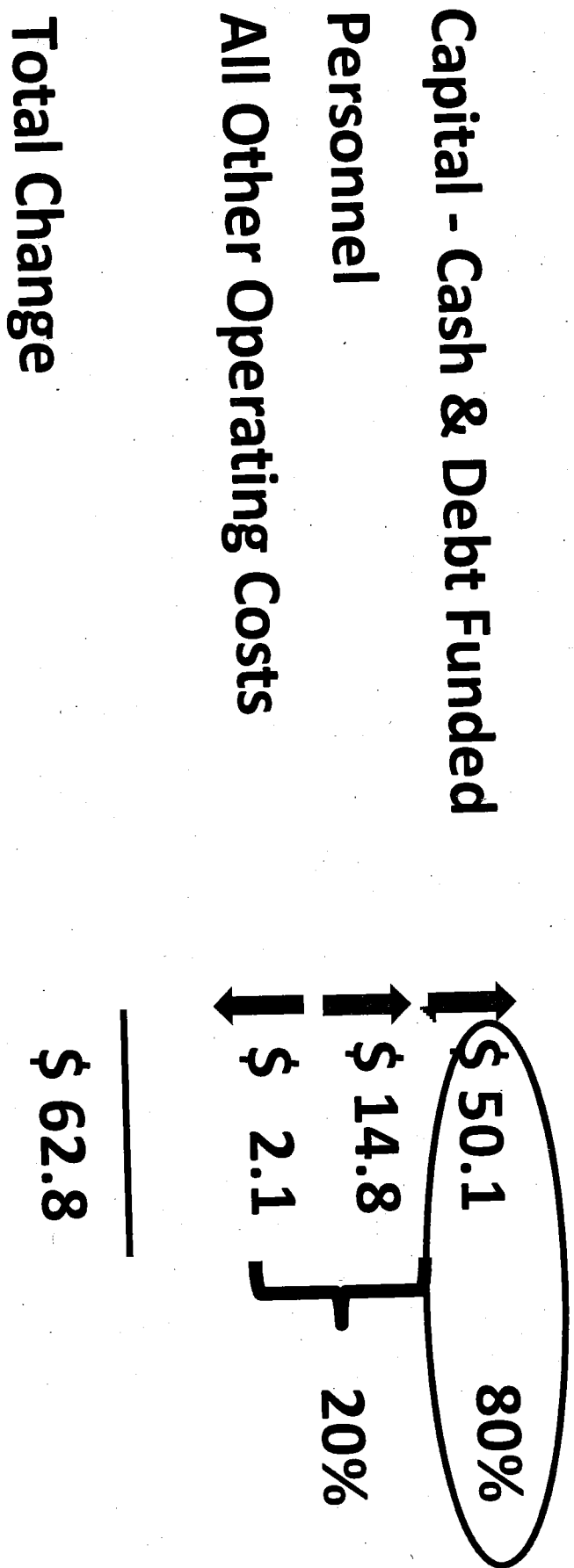
**ASO Authorized Positions



Proposed Budget - Capital Funding Up

\$ Millions

Next 2 Years



Capital Supplementals (\$ Millions)

Enterprise	FY 2012-13	FY 2013-14	Total
Water (non - AWSS)	\$60.1	\$110.9	\$171.0
Wastewater	299.4	288.4	587.8
of which SSIP	157.0	169.0	326.0
Hetch Hetchy Water	36.6	62.5	99.1
Hetch Hetchy Power	14.8	27.3	42.1
Total including Financing Costs	\$410.9	\$489.1	\$900.0
Financing Costs	\$38.9	\$55.1	\$94.0
Total excluding Financing Costs	\$372.0	\$434.0	\$806.0

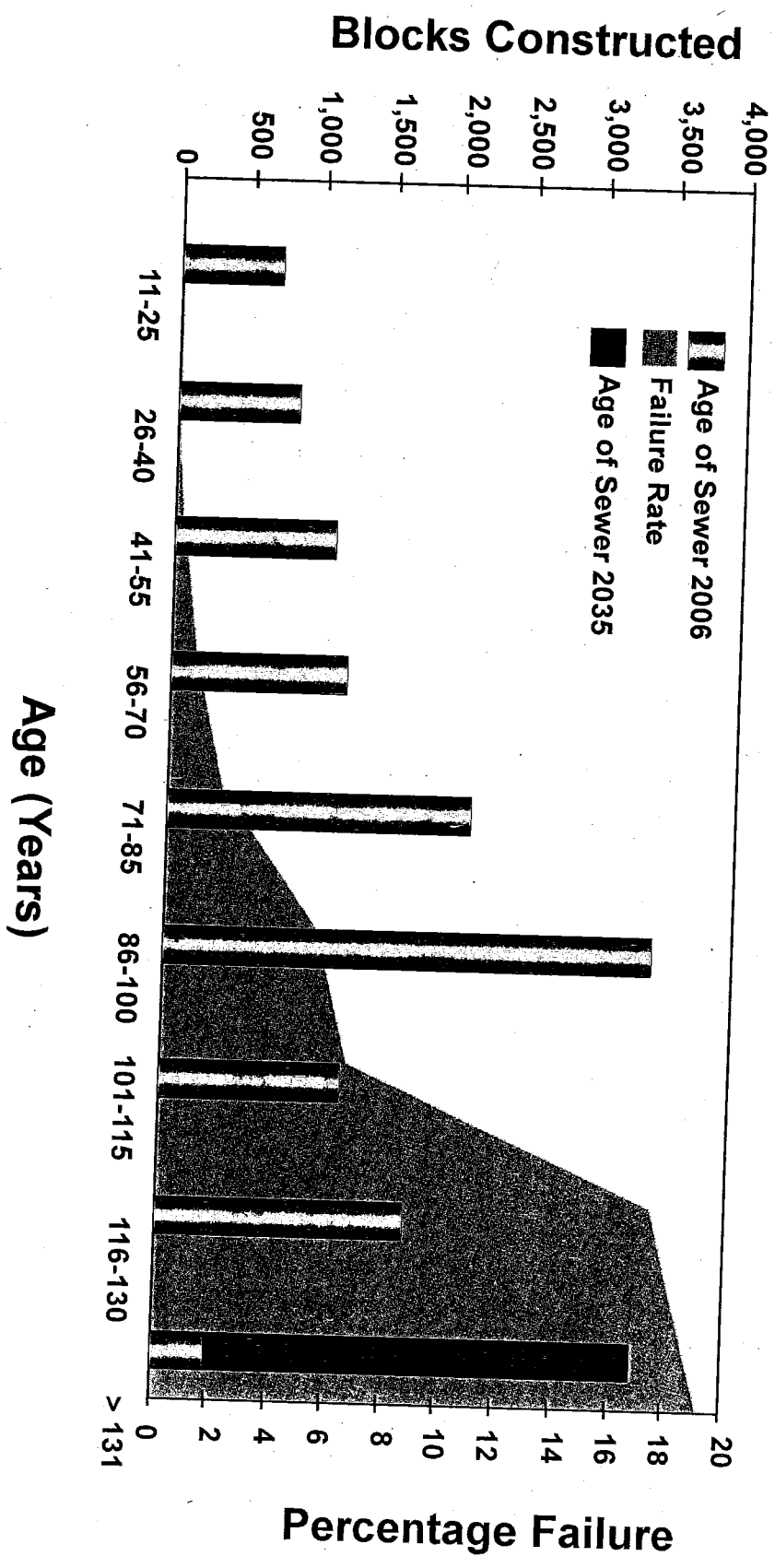


San Francisco
Water
Power
Sewer

Sewer System Improvement Program

- \$6-7 B Next 20 Years Estimated SSIP Need
- \$4 B Next 10 Years, Planning & Design Early Years
- \$326 M in Capital Supplemental for FYE 13 & 14
- \$90 M Previously Appropriated
 - Digester Planning
 - Collection System Construction
- Summer 2012 SSIP Cost and Scope Validation
- Return to Board For All Future Approvals
- Balance Capital Investment with Bill Affordability

Sewer Ages and Failure Rates





San Francisco
**Water
Power
Sewer**

Community Benefits & Jobs

Workforce Highlights

Local Hire Legislation Implementation: Year 1 Achievements

- Six Projects Subject to Local Hire 20% Mandate
- SFPUC's Average Project Participation: 30%
- Local Apprenticeship Participation: Over 50%

Regional Community Based-Organization Partners

- Cypress Mandela, Job Train, Youth Build

Apprenticeship Opportunities

- Over 45% Increase for WSIP Placements of Disadvantaged Community Residents

Pilot Workforce Programs

- Bioregional Habitat Restoration Training
- Calaveras Project - Carpenter, Operating Engineer, Laborer Specialized Training
- Miner Tender Program - Tunneling Training

Summer Youth Employment

- Over 200 Youth Employed by SFPUC
- Garden Project, Project Pull, SF Conservation Corp, Student Engineers

Community Benefits Program Updates

- CB Language in SSIP Professional Services RFPs
- Re-Aligning Arts Enrichment Funding
- Urban Agriculture Pilot Program
- Revitalization of Southeast Community Facility
- Contractors Assistance Center
- Drinking Water Tap Stations in SF Public Schools
- Developing Jobs Components of Enterprise Initiatives (e.g., Energy Efficiency Programs)
- Language Access and Competency



Language Access Accomplishments

- **180,000 Customer Calls Annually**
 - English, Spanish, Chinese and Tagalog
- **Conducted SFPUC's First Language Needs Survey**
 - Through our paper and digital customer newsletters
- **Translated SFPUC Notices, Brochures & Signage**
 - English, Spanish and Chinese
- **Created 220 Common Terms & Phrases Glossary**
 - English, Spanish and Chinese
- **Developed a LAO Complaint Forms**
- **Translated Information for Public Workshops**
- **Offered Interpreter Services for Public Workshops**



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Sewer

Questions

Other Background Slides

- 1) **Other Updates –TransBay Cable Funds, GosolarSF**
- 2) **Bond Authorizations**
- 3) **2-Year Operating Budget Change by Enterprise**
- 4) **2-Year Capital Budgets with 10-Year Plan Totals**
- 5) **Ratepayer Affordability – Bills & Rates**
- 6) **5-Year Budget Change by Enterprise**



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Other Updates

TransBay Cable Project

- Reserve Release Requested
- 10-year SF Electrical Reliability Payment
- \$20.0M Total Program
- \$2.0M Annual Payments & Appropriation
- Programs Funded
 - \$3.5M Energy Efficiency Retrofits at HSA and DPH
 - \$6.3M Environmental Health & Energy Efficiency
 - \$3.9M Renewable Energy
 - \$2.0M Green Jobs Training and Placement
 - \$4.3M Enviro. Justice, Education & Other Programs

GoSolarSF Program Update

- \$18.0M total budget, FY 2007-08 thru FY 2011-12
- Fully Allocated as of March 2012
- Appropriated \$3M in FY 2011-12
- Requesting \$2M in FY 2012-13 and \$2M in FY 2013-14
- Funding available July 1, 2012
- Proposed Changes to Program Subsidies
- Jobs
 - 13 jobs created in FY 2011-12
 - 86 total jobs created, short and long-term

Bond Authorizations



San Francisco
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Revenue Bond Authorizations Needed

\$163.4M Water Enterprise

\$522.8M Wastewater Enterprise

\$ 12.3M Hetchy Power Enterprise



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2-Year Budget Change by Enterprise



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Two-Year Budget

	FY 2011-12	FY 2012-13	FY 2013-14
\$ Millions			
Water	373.1	385.0	440.0
Wastewater	241.6	241.0	253.5
Hetchy	203.9	176.4	187.9
Bureaus Allocation	(74.9)	(80.0)	(80.2)
Subtotal	743.7	722.4	801.2
SFPUC Bureaus	74.9	80.0	80.2
Total Budget (AAO)	\$ 818.6	\$ 802.4	\$ 881.4
Change		\$ (16.2)	\$ 79.0
Total Authorized Positions	2,395	2,404	2,405



Proposed FY 2012-13 & FY 2013-14

	\$ Millions	FY 2011-12	FY 2012-13	FY 2013-14
Budget		\$818.6	\$802.4	\$881.4

Changes:

Capital - Debt Service	↕	29.0	↕	45.6
Salaries and Fringe Benefits	↕	8.3	↕	6.5
All Other	↕	3.1	↕	5.2
Capital - Revenue Funded	↕	56.6	↕	32.1



FY 2012-13 & FY 2013-14 Proposed Budgets – AAO View Water Enterprise

\$ Millions	FY 2011-12	FY 2012-13	FY 2013-14
Budget	\$373.1	\$385.0	\$440.0

Changes:

Capital - Debt Service	↕	23.3	↕	38.5
Salaries and Fringe Benefits	↕	3.1	↕	3.0
All Other	↕	3.0	↕	1.2
Capital - Revenue Funded	↕	17.5	↕	14.7



**FY 2012-13 & FY 2013-14
Proposed Budgets – AAO View
Wastewater Enterprise**

	\$ Millions	FY 2011-12	FY 2012-13	FY 2013-14
Budget		\$241.6	\$241.0	\$253.5

Changes:

Capital - Debt Service	↕	4.6	↕	5.7
Salaries and Fringe Benefits	↕	3.0	↕	2.4
All Other*	↕	7.3	↕	0.4
Capital - Revenue Funded	↕	0.9	↕	4.0

*General Reserve Reduction of \$5.6M



**FY 2012-13 & FY 2013-14
Proposed Budgets – AAO View
Hetch Hetchy Water & Power**

	\$ Millions	FY 2011-12	FY 2012-13	FY 2013-14
Budget		\$203.9	\$176.4	\$187.9

Changes:

Capital - Debt Service	↕	1.1	↕	1.3
Salaries and Fringe Benefits	↕	2.1	↕	1.3
All Other*	↕	7.5	↕	4.5
Capital - Revenue Funded	↕	38.2	↕	13.4

*Federal Energy Regulatory Commission (FERC) increase of \$2.8M, Water Transfer Increase of \$2.6M, and WECC/NERC Power Compliance Costs of \$3.4M

2-Year Capital Budgets by Enterprise



San Francisco
Water
Power
Sewer

Water Enterprise 10-Year Capital Plan, Excluding Financing Costs

	FYE 2011-12		FYE 2012-13		FYE 2013-14		FYE 2013-22	
	Approved	Requested	Requested	Requested	Requested	Capital Plan		
Uses								
Local Water/Conveyance	\$24.2		\$24.6		\$44.2		\$498.4	
Regional Water	16.3		25.7		49.2		452.6	
Recycled Water - Local	0.0		0.5		0.9		206.3	
Local Treasure Island	6.5		0.0		3.0		6.0	
Building & Grounds - Local	0.0		3.1		0.5		5.1	
Auxiliary Water System	8.4		33.0		29.3		94.0	
Total Uses	\$55.4		\$86.9		\$127.0		\$1,262.4	
Excluding AWSS								
	\$47.0		\$53.9		\$97.8		\$1,168.4	
Sources								
Revenue Bonds	\$31.7		\$30.7		\$65.8		\$745.1	
Operating Revenue	15.3		17.2		31.9		403.3	
General Obligation Bonds	8.4		33.0		29.3		94.0	
Capacity Fees	0.0		0.0		0.0		14.0	
BAB Interest Income/Regional	0.0		6.0		0.0		6.0	
Total Sources	\$55.4		\$86.9		\$127.0		\$1,262.4	
Surplus / (Shortfall)	0.0		0.0		0.0		0.0	





San Francisco
Water
Power
Sewer

Wastewater Enterprise 10-Year Capital Plan, Excluding Financing Costs

\$ Millions	FYE 2011-12 Approved	FYE 2012-13 Requested	FYE 2013-14 Requested	FYE 2013-22 Capital Plan
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Uses	FYE 2011-12 Approved	FYE 2012-13 Requested	FYE 2013-14 Requested	FYE 2013-22 Capital Plan
SSIP				
Treatment Facilities	\$13.0	\$86.8	\$82.3	\$2,112.4
Sewer/Collection System	31.0	34.6	38.7	1,456.5
Flood Control	6.5	21.6	34.0	350.7
Program Wide Efforts	8.3	9.0	14.0	111.0
Biofuel/Alternative Energy	2.0	5.0	0.0	5.0
Total	60.8	157.0	169.0	4,035.6

Wastewater Interim CIP	79.3	25.9	0.0	25.9
Renewal and Replacement Collection System Treatment Plant	36.4 7.4	51.3 8.6	63.9 11.8	757.2 139.2
Total	43.8	59.9	75.7	896.4

Treasure Island	3.0	1.1	4.4	109.3
Wastewater Facilities & Infrastructure	0.0	24.0	6.5	40.5
Total Uses	186.9	267.9	255.6	5,107.7

Sources	FYE 2011-12 Approved	FYE 2012-13 Requested	FYE 2013-14 Requested	FYE 2013-22 Capital Plan
Revenue Bonds	\$156.3	\$210.0	\$218.6	\$4,612.8
Revenue - Current Year	30.6	33.0	37.0	443.0
Capacity Fee - New Development	0.0	0.0	0.0	27.0
State - Water Supply Reliability Grant	0.0	24.1	0.0	24.1
Revenue - BAB Interest Income	0.0	0.8	0.0	0.8
Total Sources	186.9	267.9	255.6	5,107.7

Surplus / (Shortfall)	0.0	0.0	0.0	0.0
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San Francisco
Water
Power
Sewer

Hetch Hetchy Water & Power 10-Year Capital Plan, Excluding Financing Costs

FYE 2011-12 FYE 2012-13 FYE 2013-14 FYE 2013-22
 Approved Requested Requested Capital Plan

Uses	\$ Millions	FYE 2011-12	FYE 2012-13	FYE 2013-14	FYE 2013-22
Hetchy Power					
Streetlight	\$9.5	\$3.0	\$9.9	\$43.0	
525 Golden Gate	11.0	0.0	0.0	0.0	
Treasure Island	0.0	0.0	3.9	32.9	
Renewable Generation	4.9	3.7	3.2	24.5	
Transmission/Distribution	0.0	7.3	4.2	13.7	
Energy Efficiency	6.8	2.6	2.1	10.1	
Power - Total	32.2	16.6	23.3	124.2	

Hetchy Water					
Water Infrastructure	\$5.6	\$8.0	\$20.0	\$194.7	
Power Infrastructure	13.8	10.7	26.7	109.4	
Water Infrastructure - Joint	2.6	1.3	3.8	123.2	
Facilities/Buildings/Roads - Joint	16.5	13.6	7.0	86.6	
Water - Total	38.5	33.6	57.5	513.9	

Total Uses	70.7	50.2	80.8	638.1	
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Sources	FYE 2011-12	FYE 2012-13	FYE 2013-14	FYE 2013-22
CEC Loan - Streetlight	\$0.0	\$3.0	\$0.0	\$3.0
Water Bonds - Water & 45% Joint	14.1	14.7	24.9	289.1
Revenue - Current Sources	46.6	23.3	28.5	293.0
525 Golden Gate - (QECBs)	8.3	0.0	0.0	0.0
Power Bonds - Power & 55% Joint	0.0	0.0	10.0	26.3
Fund Balance	0.0	9.2	17.4	26.7
Power Bonds - (CREBs)	1.7	0.0	0.0	0.0
Total Sources	\$70.7	\$50.2	\$80.8	\$638.1

Surplus / (Shortfall)	0.0	0.0	0.0	0.0
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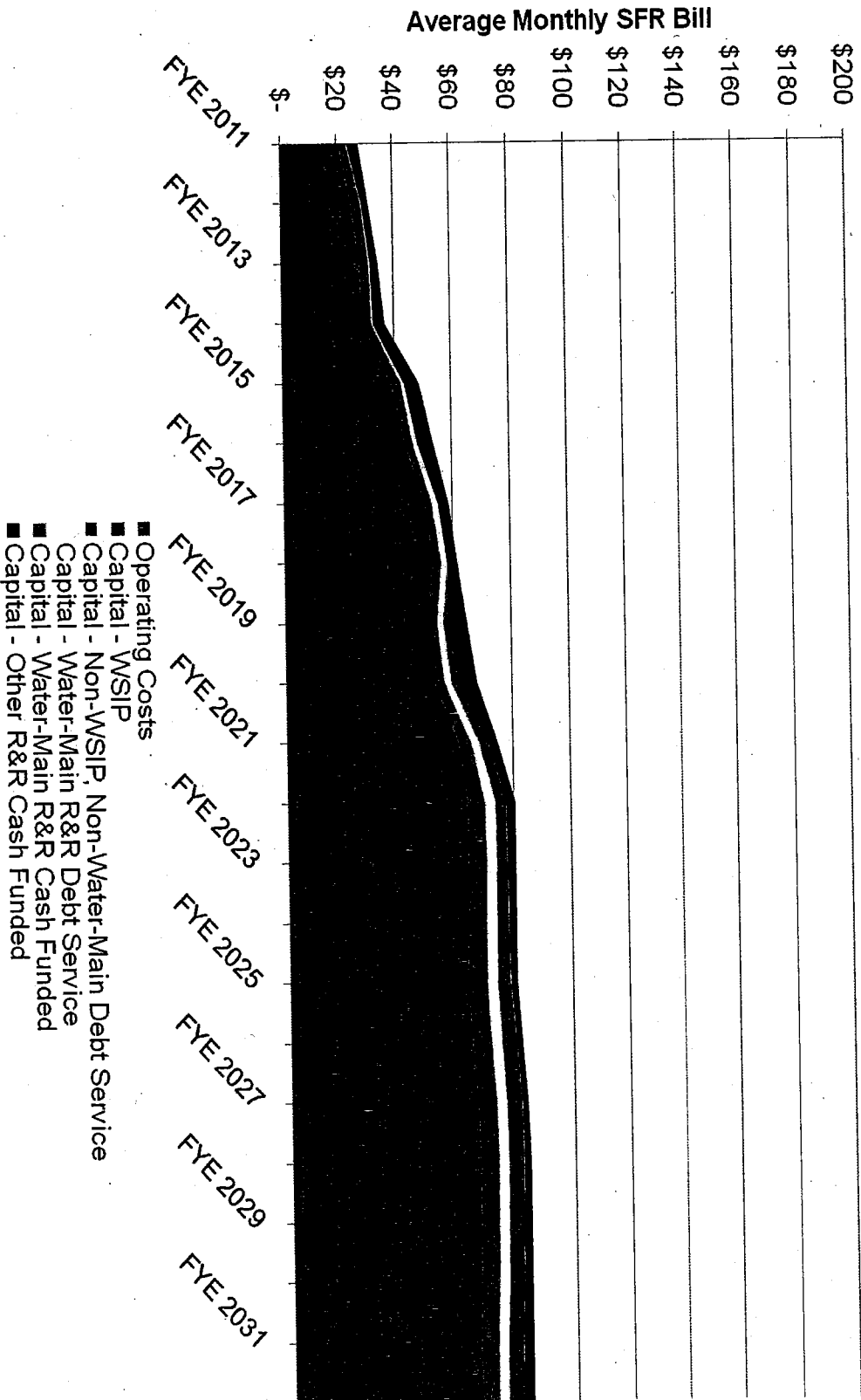
San Francisco
Water
Power
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Ratepayer Affordability



San Francisco
Water
Power
Sewer

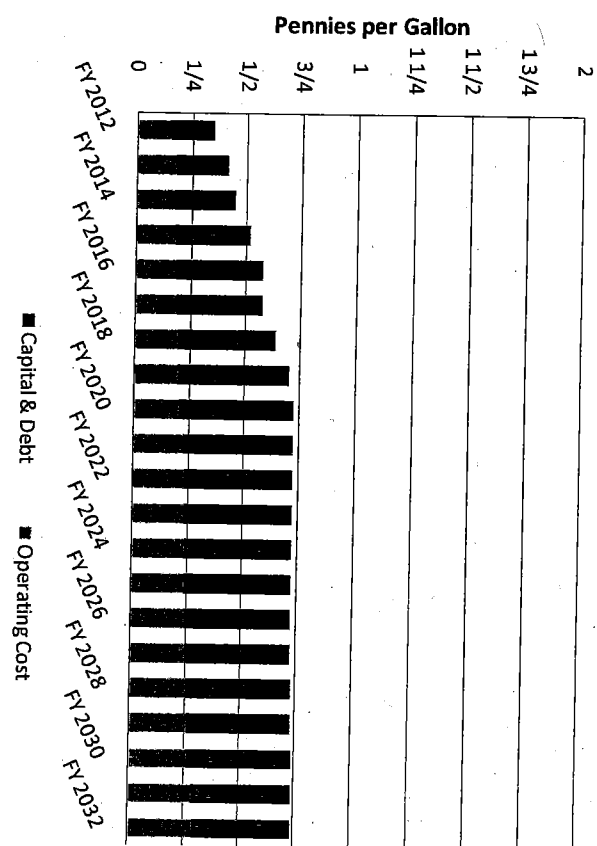
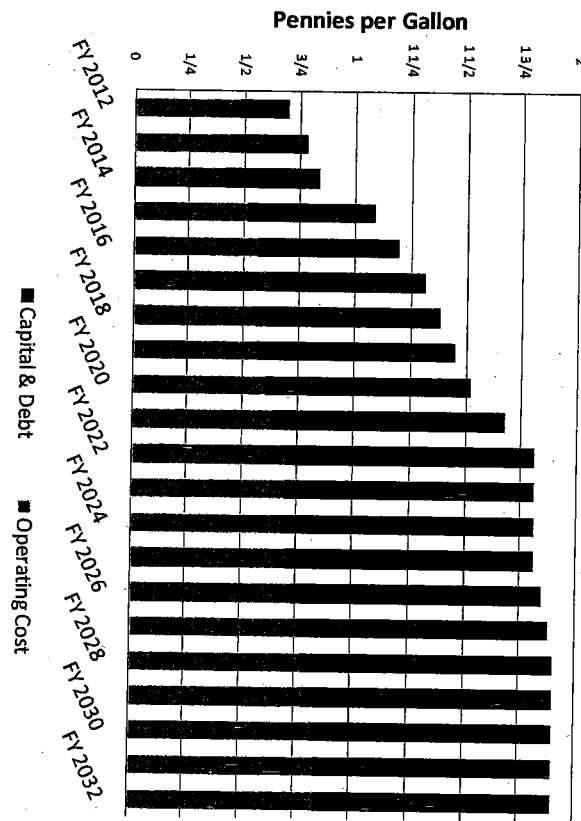
Average Monthly Water Bill San Francisco Retail





Pennies Per Gallon Delivered/Treated

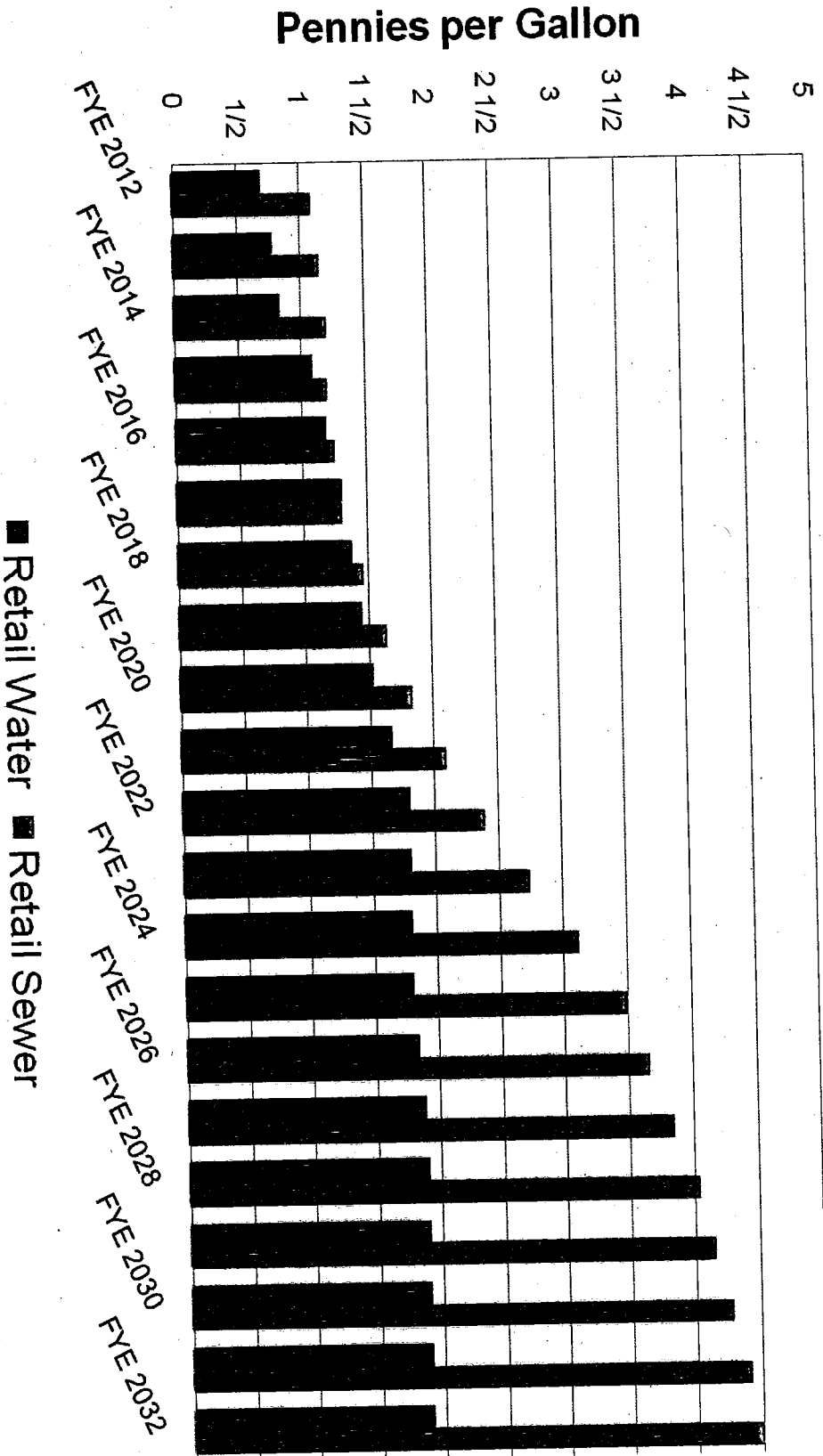
- Affordable rates at less than one penny per gallon for water





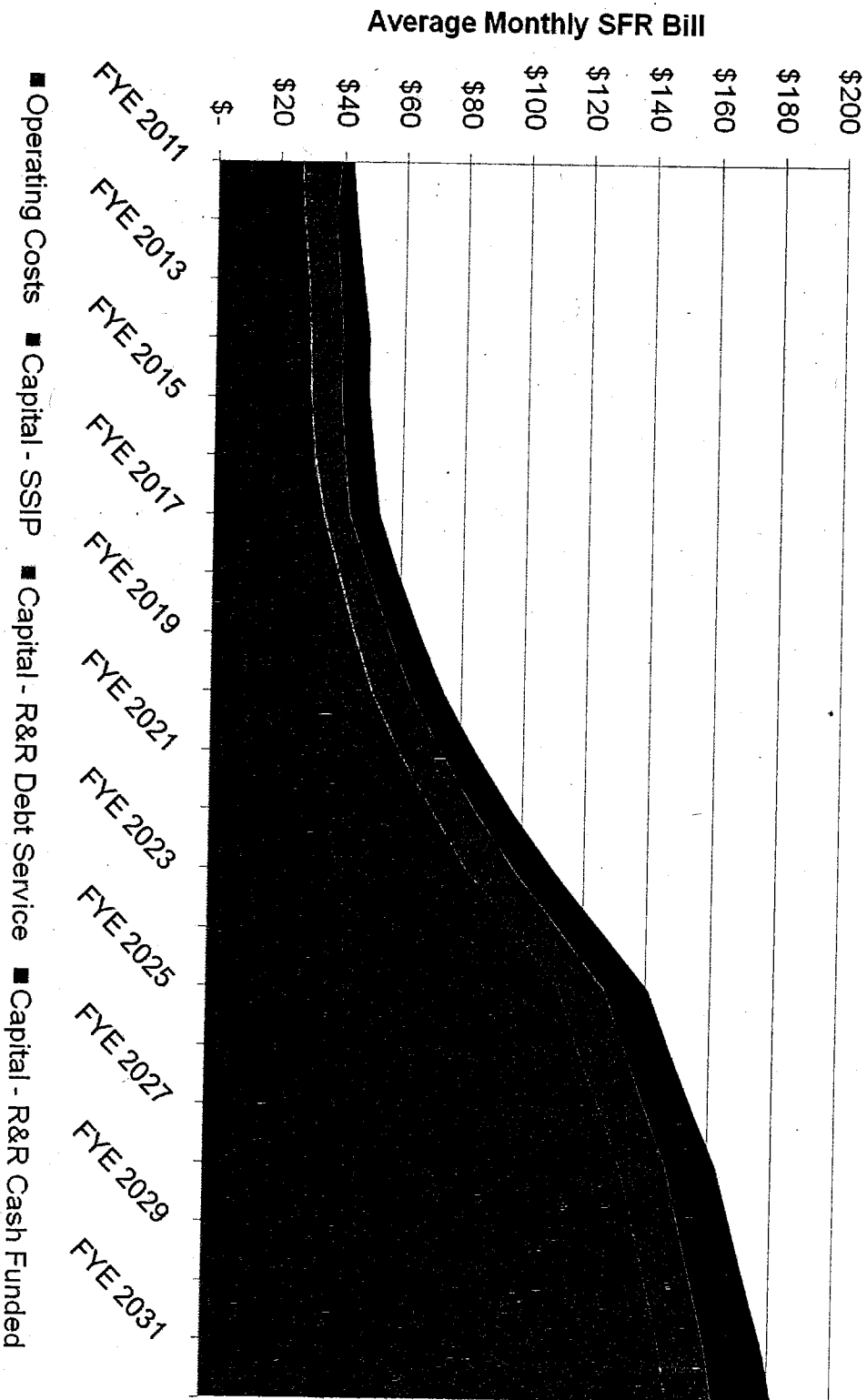
San Francisco
Water
Power
Sewer

Water & Wastewater - Retail Pennies Per Gallon Delivered / Treated



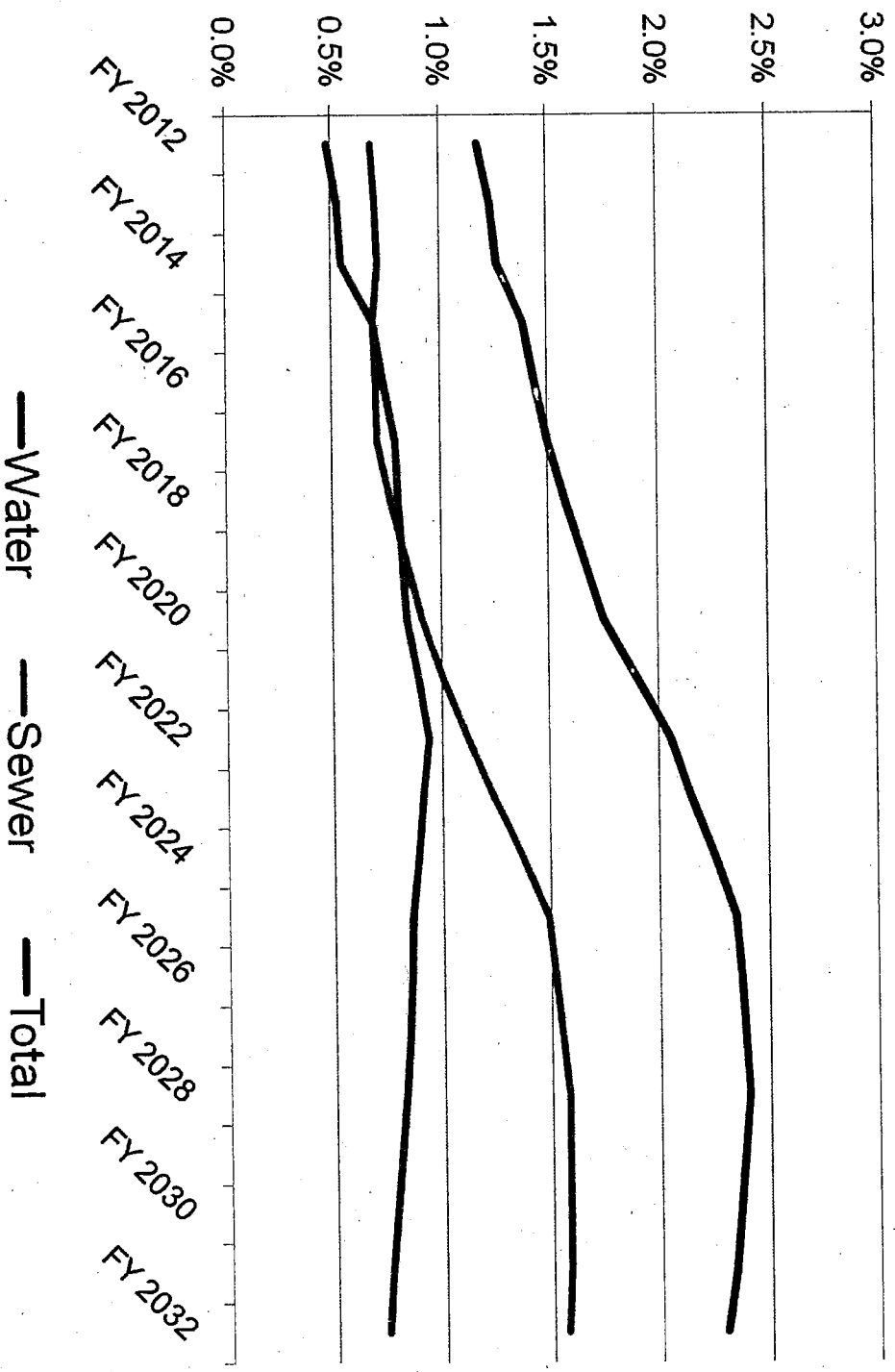


Average Monthly Sewer Bill San Francisco Retail





Affordability as a % of Average Income*

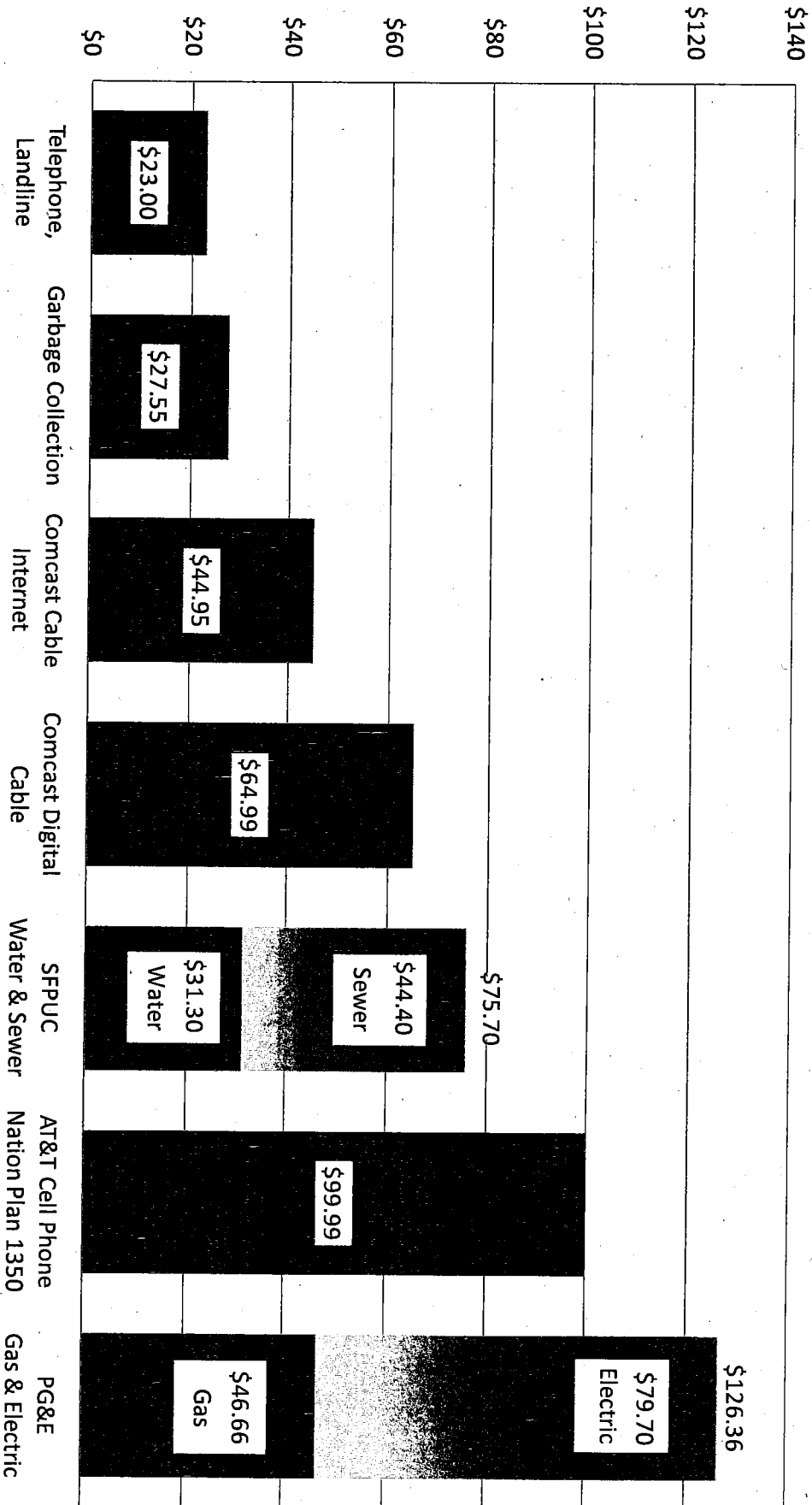


* 2009 Average SF Household Income of \$70,640 inflated at 3% annually



Water and Sewer Service Affordability

Average Monthly Bill Comparison, FY 2011-12





San Francisco
Water
Power
Sewer

5-Year Budget Change by Enterprise



Water – 5-Year Budget Change

	Total FY 2011-12
	to FY 2015-16
\$ Millions	_____
FY 2011-12 Budget	\$ 373.1
Operations	15.9
Capital - Revenue Funded	30.4
Capital - Debt Service	145.3
Hetchy Transfer	4.7
Total	_____ 569.4
Fund Balance, FY End 2015-16	40.4 *

*Assumes a \$50M early repayment from Wholesale Customers for capital costs already owed from the former contract.



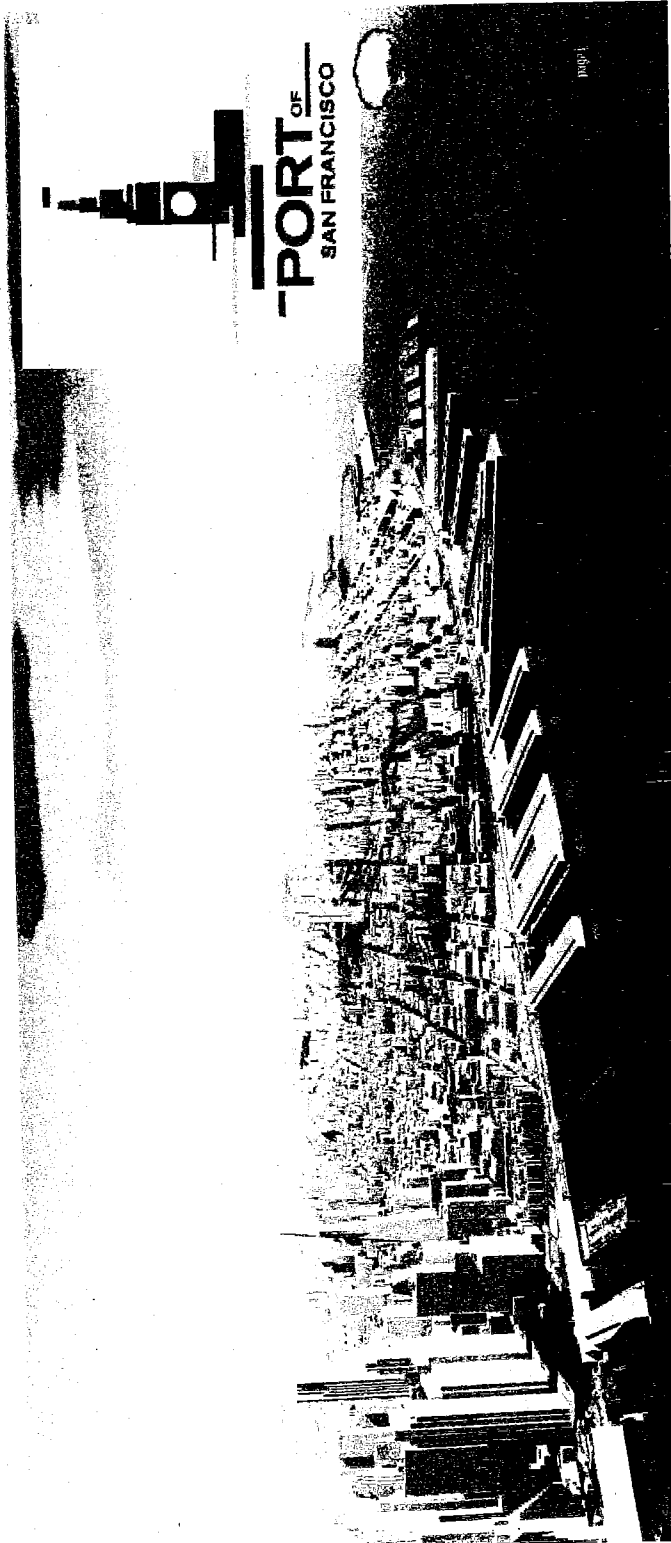
Wastewater – 5-Year Budget Change

	Total FY 2011-12
\$ Millions	
FY 2011-12 Budget	\$ 241.6
Operations	18.1
Capital - Revenue Funded	11.5
Capital - Debt Service	<u>(3.1)</u>
Total	268.1
Fund Balance, FY End 2015-16	83.0



Hetch Hetchy 5-Year Budget Change

	Total FY 2011-12 to FY 2015-16
\$ Millions	
FY 2011-12 Budget	\$ 203.9
Operations	36.4
Capital - Revenue Funded	(26.1)
Capital - Debt Service	3.0
Total	217.2
Fund Balance, FY End 2015-16	23.2

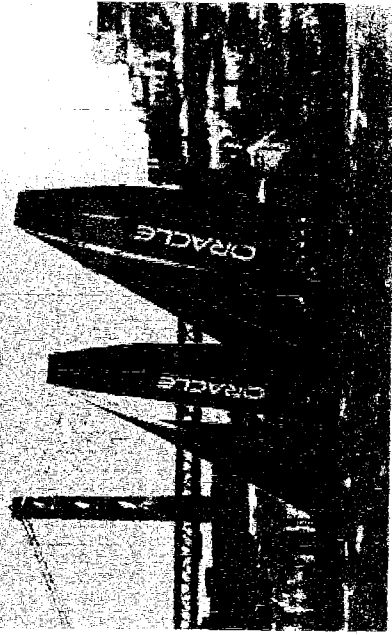
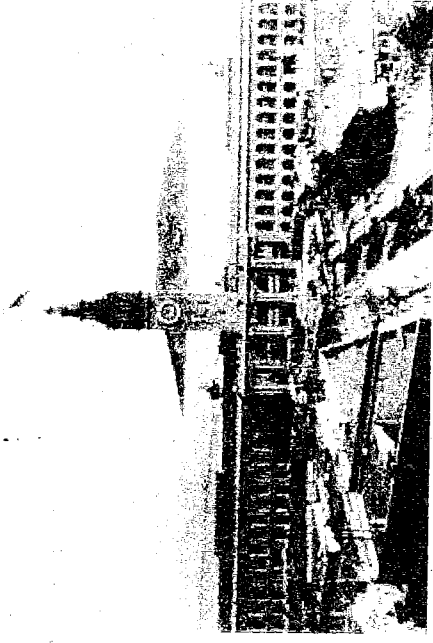


Port of San Francisco
FY 2012-13 & 2013-14 Budget Proposal

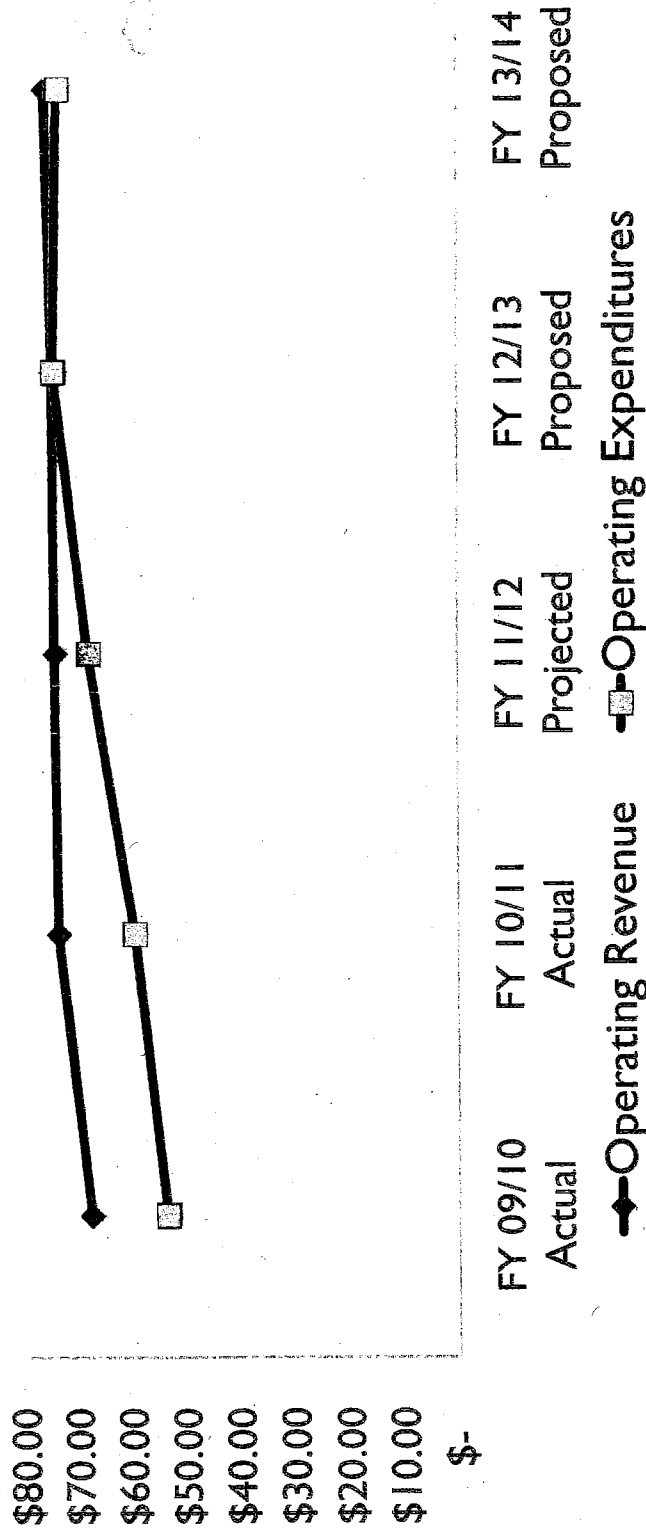
Budget & Finance Subcommittee, May 23, 2012

Port of San Francisco Rich Past, Dynamic Present & Future

- ▶ Port turns 150 on April 24, 2013
- ▶ Consist of 7½ miles of Waterside
- ▶ Budget Goals & Challenges:
 - ▶ Maintain a Balanced Operating Budget
 - ▶ Address Aging Infrastructure
 - ▶ Support current employment & create jobs
 - ▶ Deliver a successful 34th America's Cup Event
 - ▶ Operate & Maintain South Beach Harbor and Marina (formerly under the Redevelopment Agency)

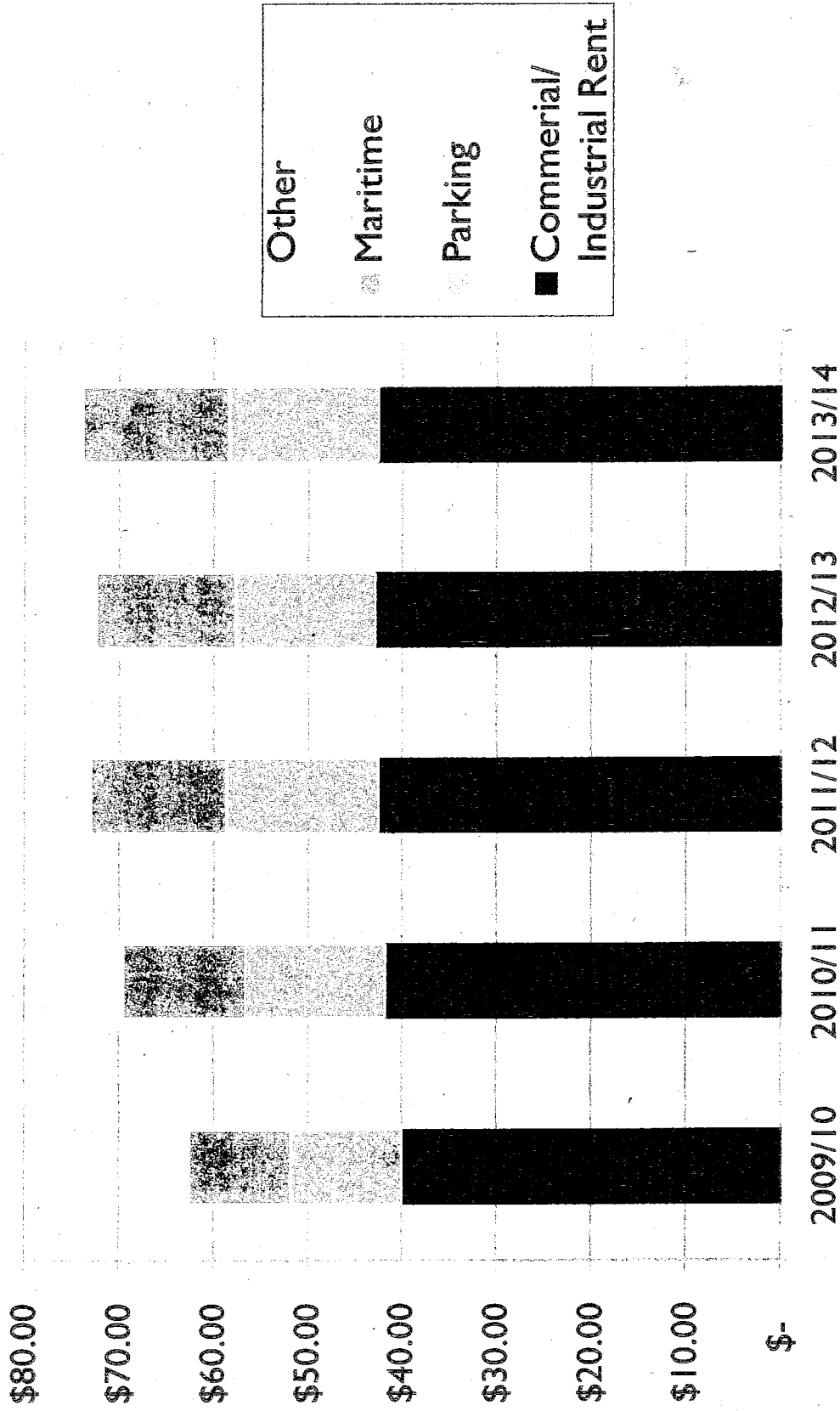


Historical & Budget Trends (\$'000)

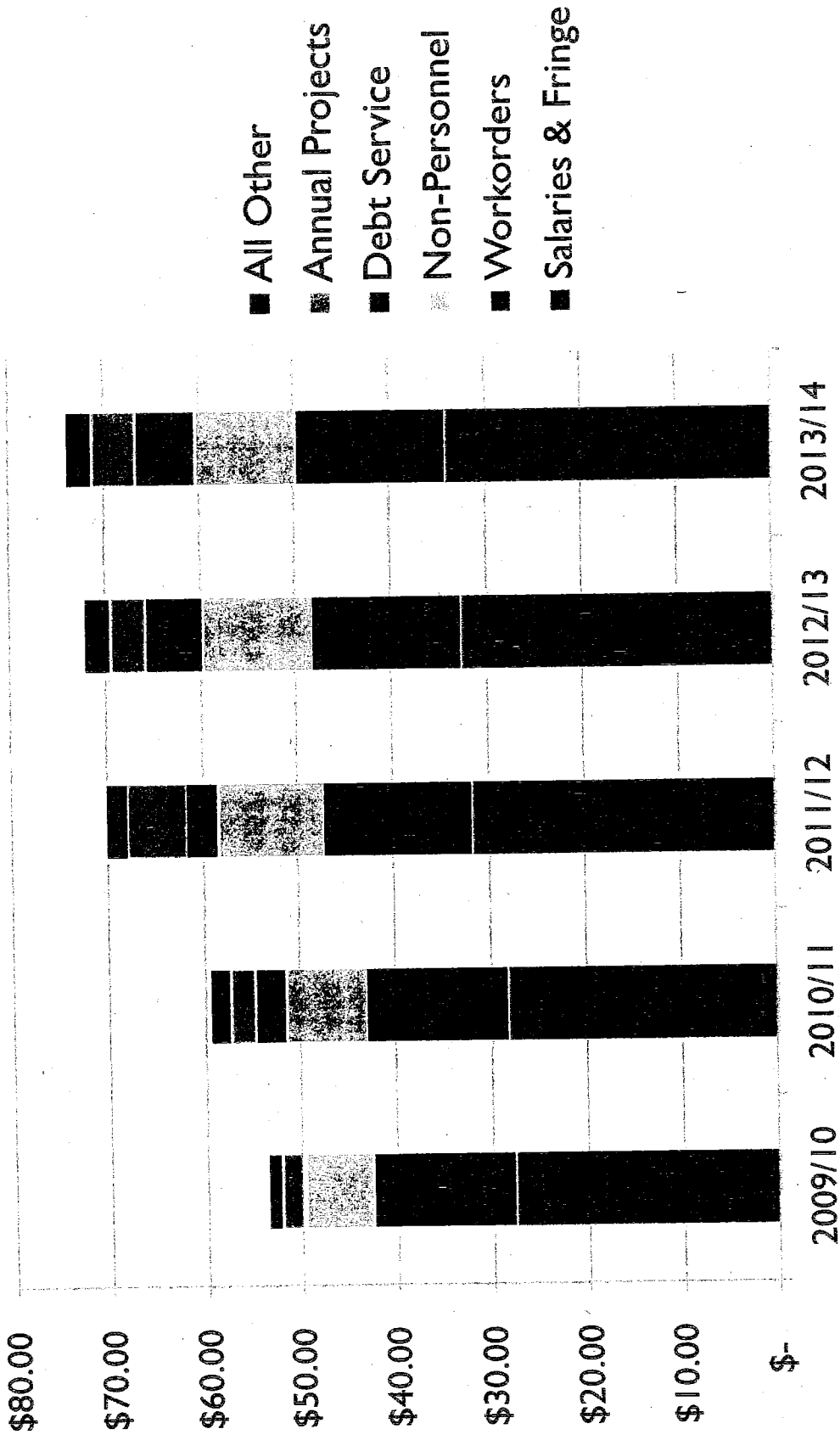


- ▶ Since FY 2009/10, the operating budget has shown an upward trend
- ▶ Revenues have steadily improved, but expenditures are catching up
- ▶ The FY 2012/13 and FY 2013/14 budgets capture this ongoing growth

Operating Revenue Trends (\$000)



Operating Expenditure Trends (\$000)



Fiscal Year 2012-13

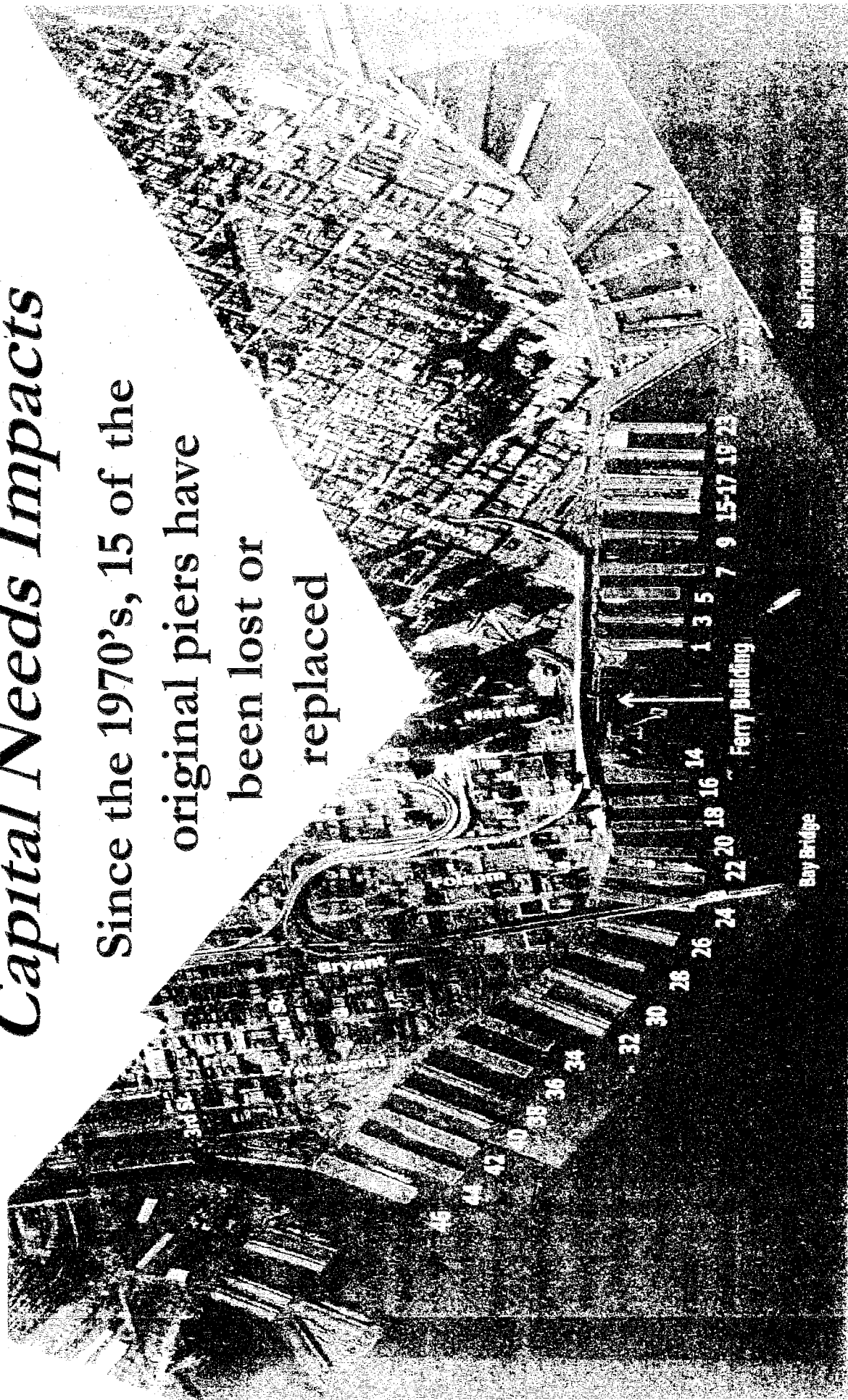
	Budget 2011/12	Proposed 2012/13	Increase/ (Decrease) Amount	%	
SOURCES					
Maritime	\$ 13,127,000	\$ 14,641,424	\$ 1,514,424	12%	► Sources Revenues improved primarily by reflecting growth in Parking and Commercial/ Industrial Rents Fund Balance declined due to current year supplemental appropriations
Real Estate	51,503,000	55,531,000	4,028,000	8%	
AC34 Transfer In	2,183,760	2,228,000	44,240	2%	
South Beach Harbor	-	4,631,430	4,631,430	0%	
Other	<u>2,296,662</u>	<u>2,436,113</u>	<u>139,451</u>	<u>6%</u>	
<i>Subtotal Operating</i>	<i>69,110,422</i>	<i>79,467,967</i>	<i>10,357,545</i>	<i>15%</i>	
Fund Balance	12,239,936	9,119,921	(3,120,015)	-25%	
Transbay Revenue	550,000	550,000	-	0%	
Total Sources	\$ 81,900,358	\$ 89,137,888	\$ 7,237,530	9%	
USES					
Salaries & Fringe	\$ 30,509,095	\$ 32,677,304	\$ 2,168,209	7%	► Uses Salaries/Fringe up \$2.2M Debt Service increased \$2.1M due to issuance of new debt Capital Budget declined \$5.6M
Non-Personnel	12,310,752	13,438,475	1,127,723	9%	
Annual Projects	3,602,812	6,019,808	2,416,996	67%	
Debt Service	3,850,937	5,995,560	2,144,623	56%	
Workorders	16,206,645	16,572,151	365,506	2%	
South Beach Harbor	-	4,631,430	4,631,430	0%	
Designated to Capital	-	-	-	0%	
<i>Subtotal Operating</i>	<i>66,480,241</i>	<i>79,334,728</i>	<i>12,854,487</i>	<i>19%</i>	
Capital Appropriations	15,420,117	9,803,160	(5,616,957)	-36%	
Total Uses	\$ 81,900,358	\$ 89,137,888	\$ 7,237,530	9%	

Fiscal Year 2013-14

	Proposed 2012/13	Proposed 2013/14	Increase/ (Decrease) Amount	%	Sources
Maritime	\$ 14,641,424	\$ 15,559,667	\$ 918,243	6%	<p>► Sources</p> <p>Revenues continue to improve, primarily from increased cruise calls and passengers and improved Parking and Commercial/ Industrial Rents</p>
Real Estate	55,531,000	57,922,365	2,391,365	4%	
AC34 Transfer In	2,228,000	494,000	(1,734,000)	-78%	
South Beach Harbor	4,631,430	4,700,969	69,539	2%	
Other	2,436,113	2,272,475	(163,638)	-7%	
<i>Subtotal Operating</i>	79,467,967	80,949,476	1,481,509	2%	
Fund Balance	9,119,921	9,791,919	671,998	7%	
Transbay Revenue	550,000	550,000	-	0%	
Total Sources	\$ 89,137,888	\$ 91,291,395	\$ 2,153,507	2%	
Salaries & Fringe	\$ 32,677,304	\$ 34,076,731	\$ 1,399,427	4%	
Non-Personnel	13,438,475	12,504,396	(934,080)	-7%	
Annual Projects	6,019,808	4,498,951	(1,520,857)	-25%	
Debt Service	5,995,560	6,289,872	294,312	5%	
Workorders	16,572,151	16,664,810	92,659	1%	
South Beach Harbor	4,631,430	4,700,969	69,539	2%	
Designated to Capital	-	2,055,666	2,055,666	0%	
<i>Subtotal Operating</i>	79,334,728	80,791,395	1,456,667	2%	
Capital Appropriations	9,803,160	10,500,000	696,840	7%	
Total Uses	\$ 89,137,888	\$ 91,291,395	\$ 2,153,507	2%	

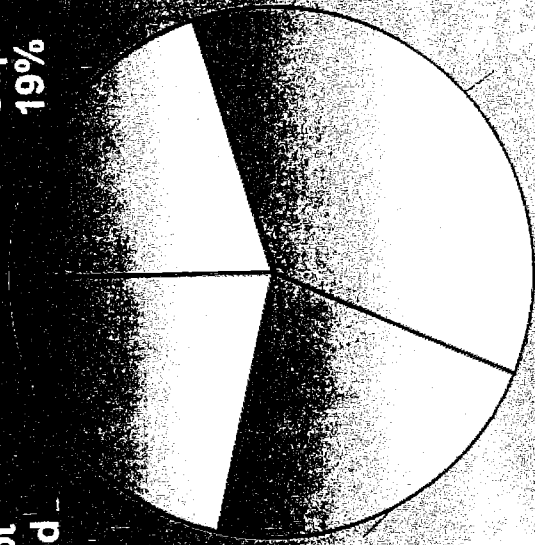
Capital Needs Impacts

Since the 1970's, 15 of the original piers have been lost or replaced



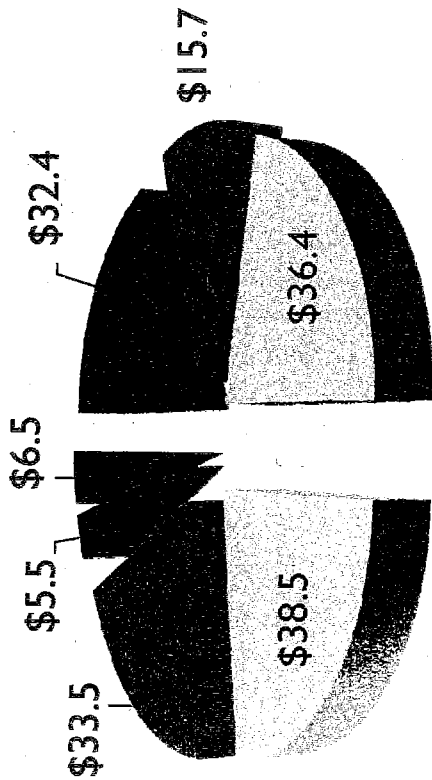
Superstructure
19%

**Other/Not
Classified**
24%



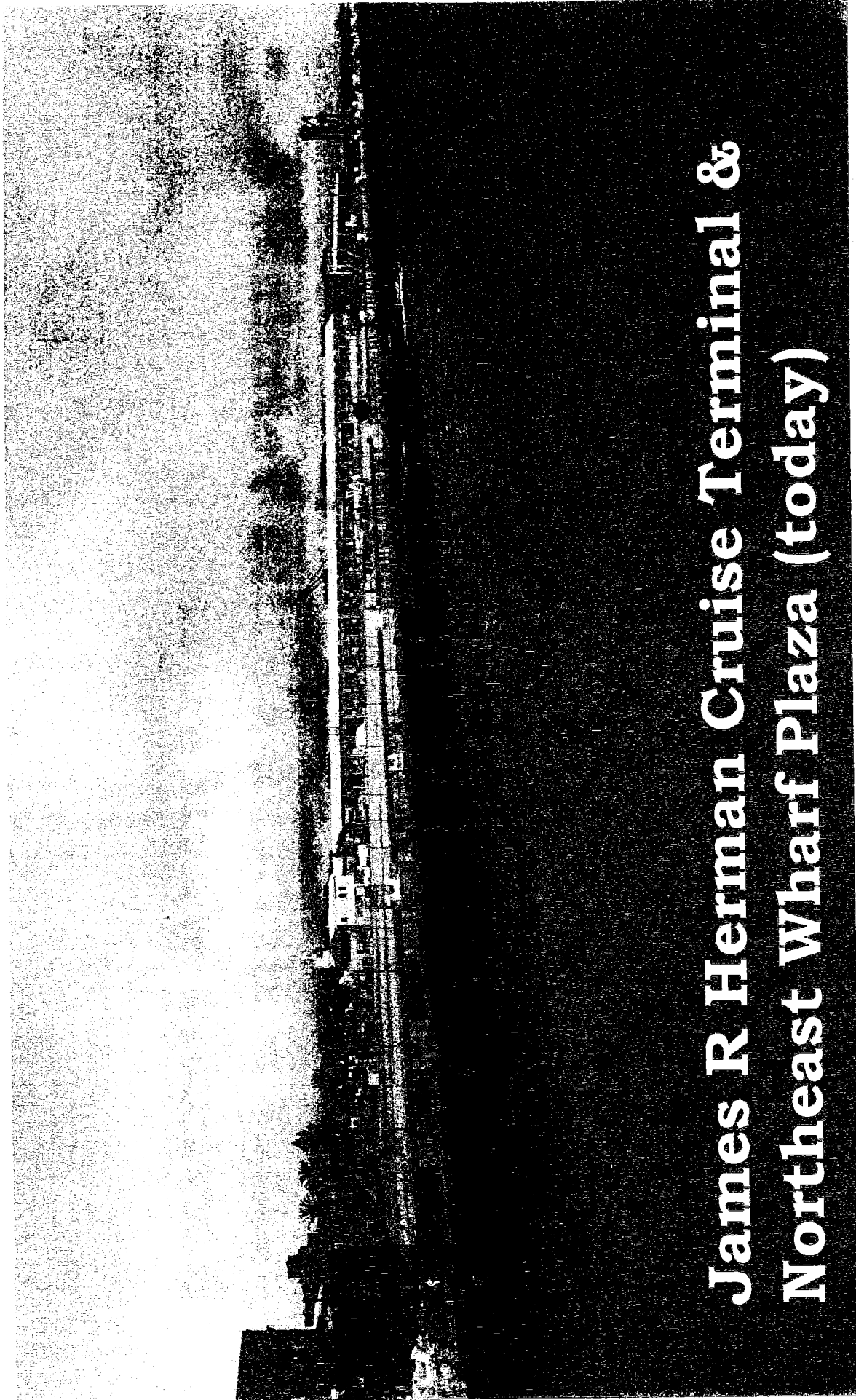
PAGE 70 - All
Exemptive

Capital - Sources & Uses



**\$160 Million of Capital
Investment Supports Dramatic
Waterfront Change**

Land Sale		
Port Capital		
2010 Revenue Bonds		
City COPs		
2008 GO Bonds		
Army Corp/Grants		
City/ACOC contribution		
Cruise Terminal Project	\$	67.4
Brannan Street Wharf		26.0
Blue Greenway		21.6
America's Cup Improvements		13.0
Piers 19&23 and 33&35		11.5
Public Access and Fill Removal for AC34		6.5
Pier 43 - Arch		7.7
<u>Shoreside Power at Pier 70</u>		<u>5.7</u>
Total	\$	159.4

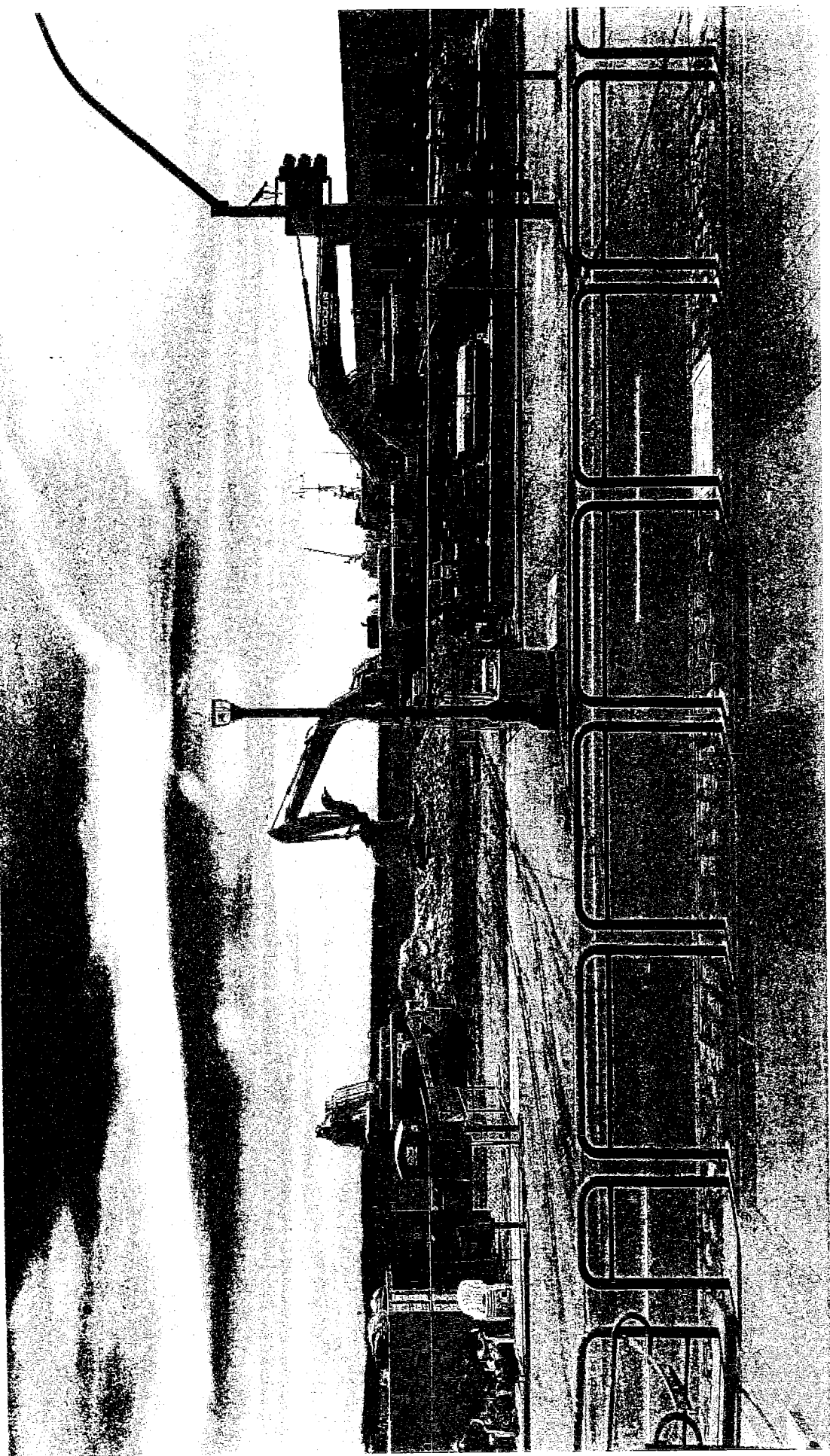


**James R Herman Cruise Terminal &
Northeast Wharf Plaza (today)**

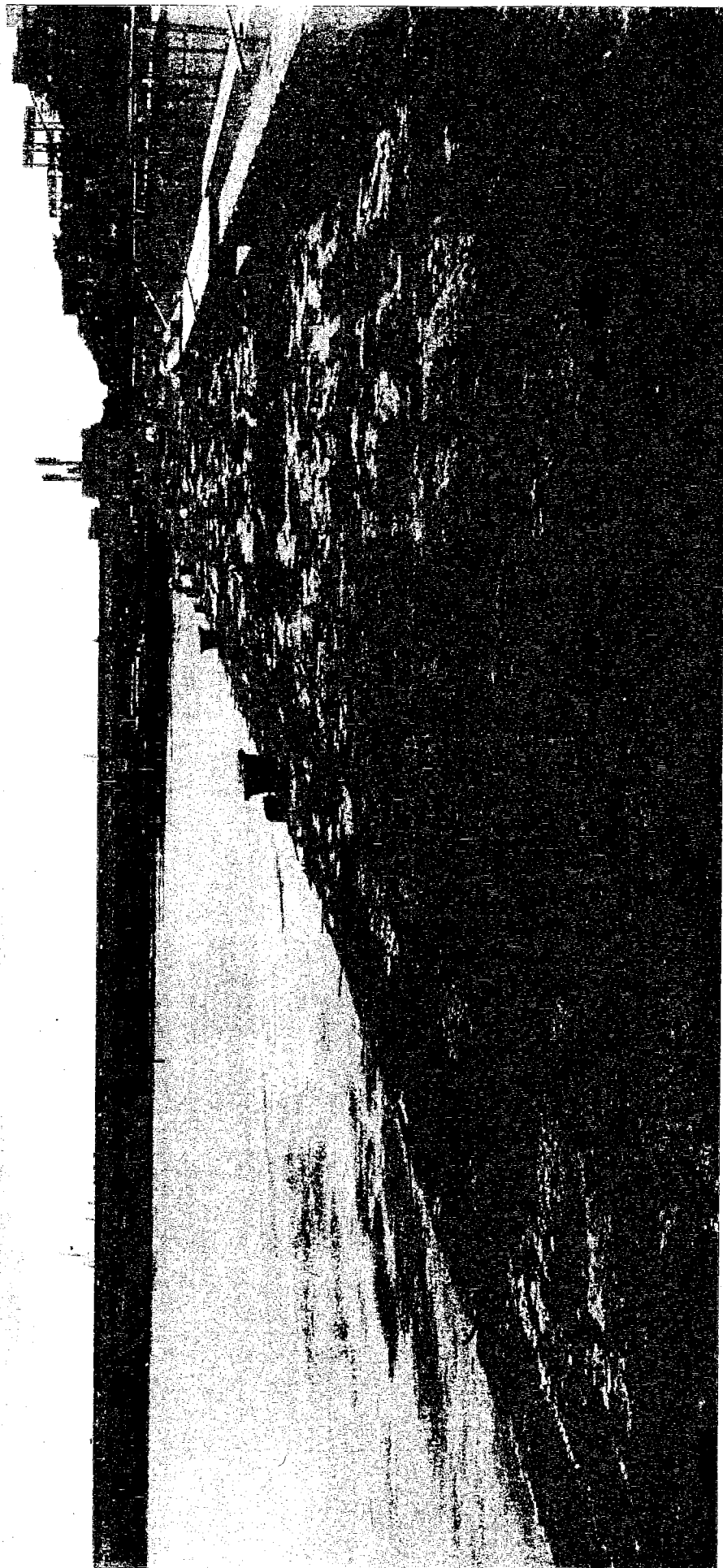


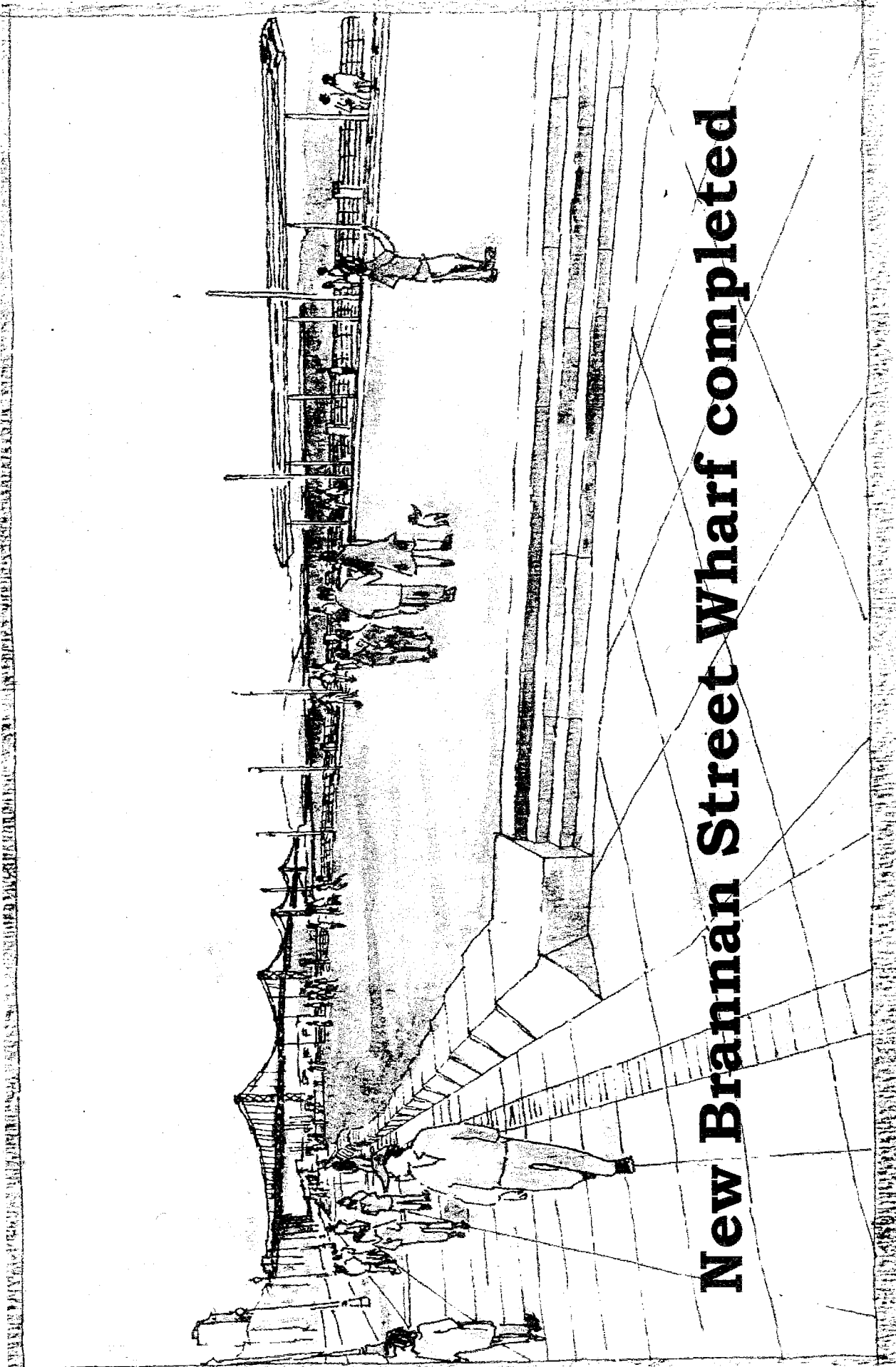
COURTESY OF KMD ARCHITECTS + PFAULONG +  ARCHITECTS

James R Herman Cruise Terminal & Northeast Wharf Plaza

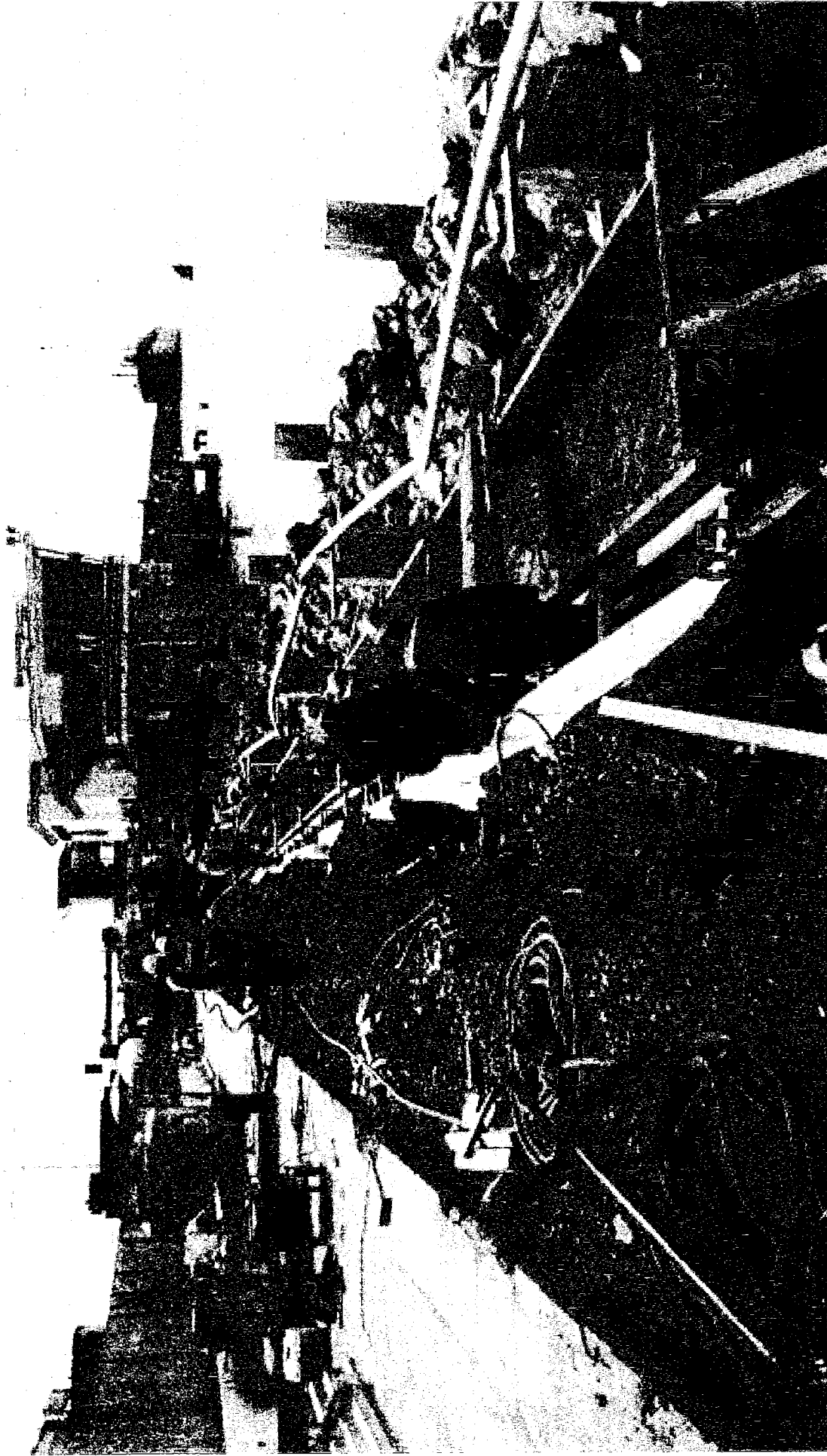


Pier 36 Demolition for new Wharf & Seawall Repair

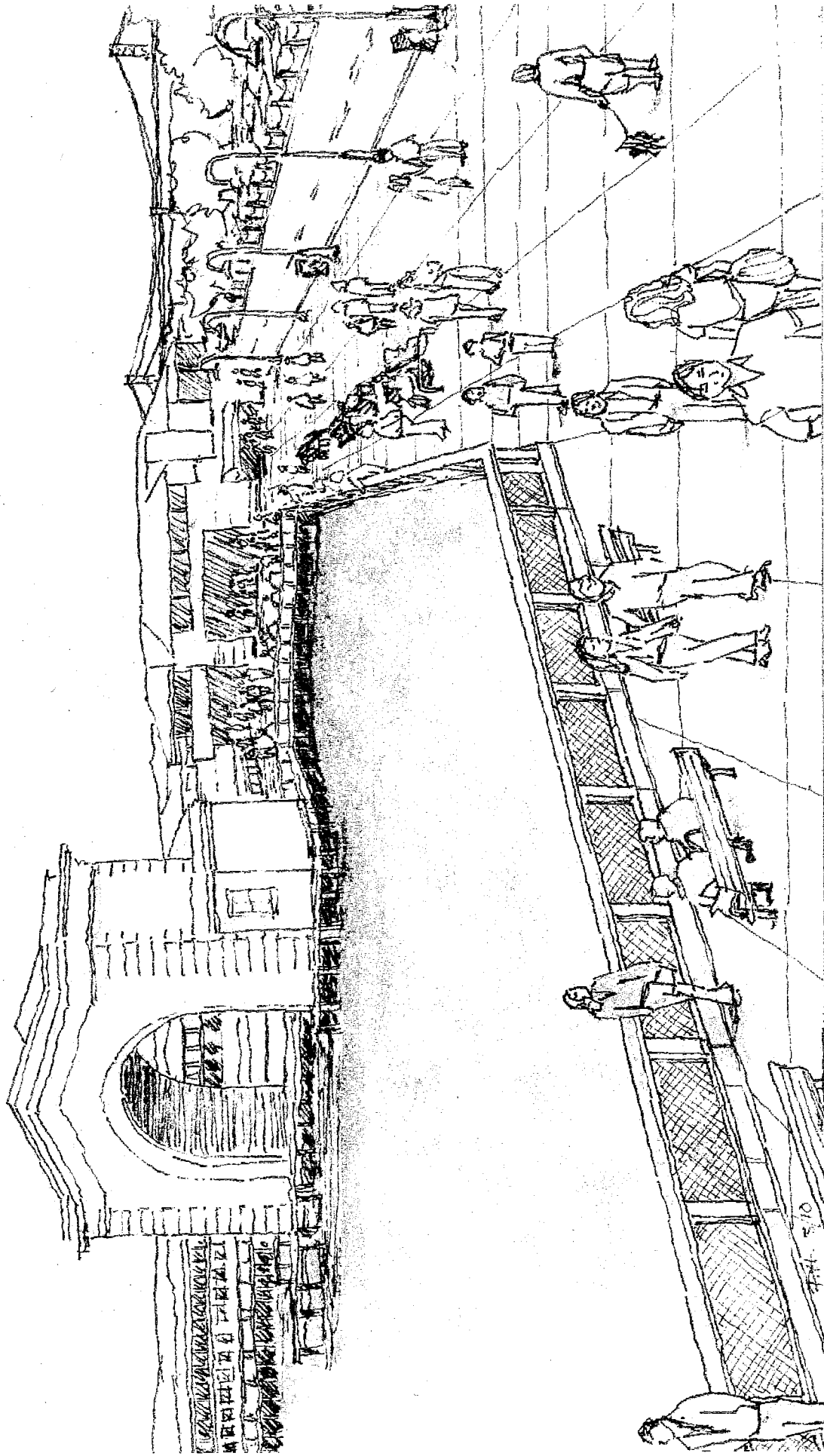




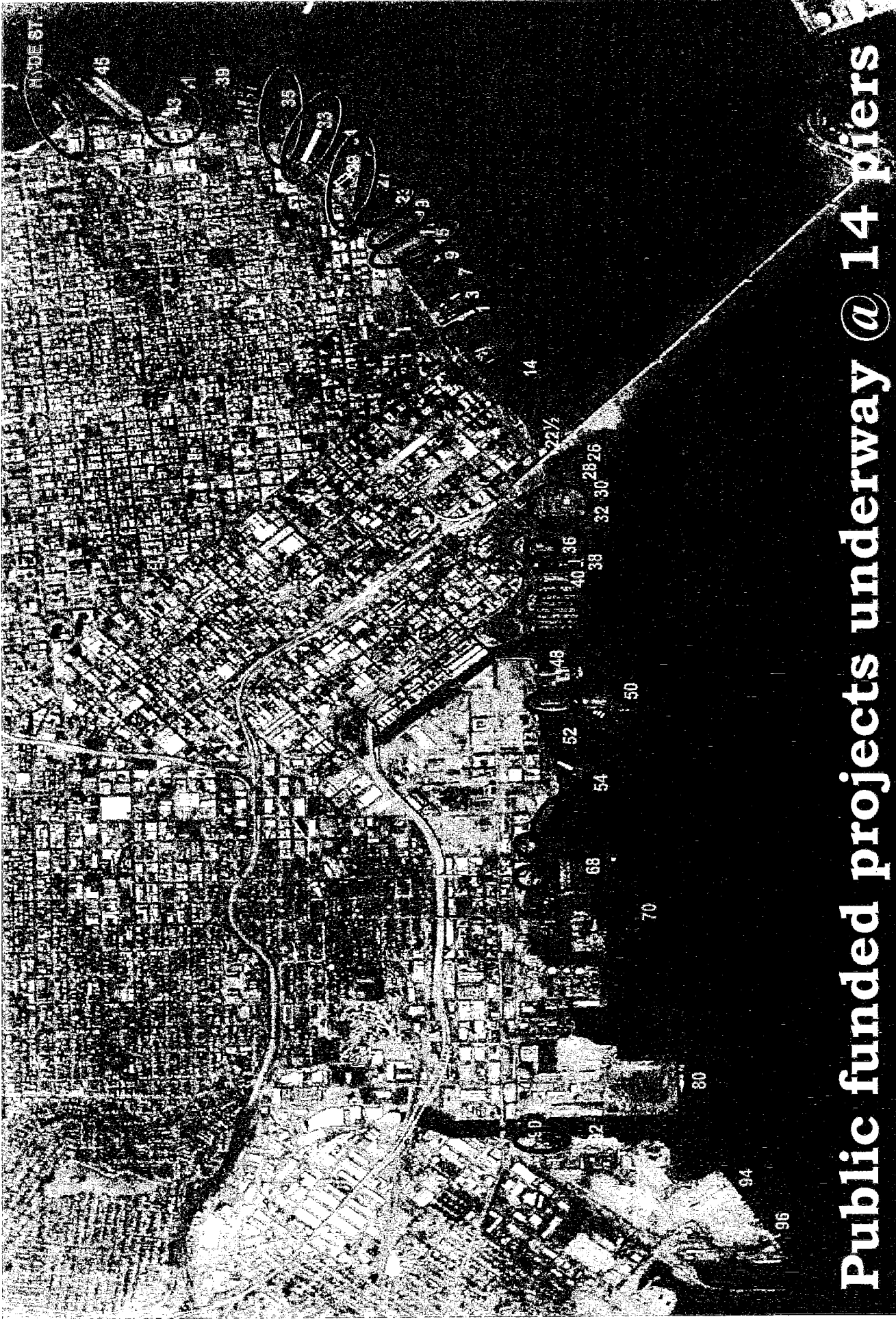
New Brannan Street Wharf completed



Pier 43 $\frac{1}{2}$ Promenade & Seawall Repair



Pier 43½ Promenade & Seawall

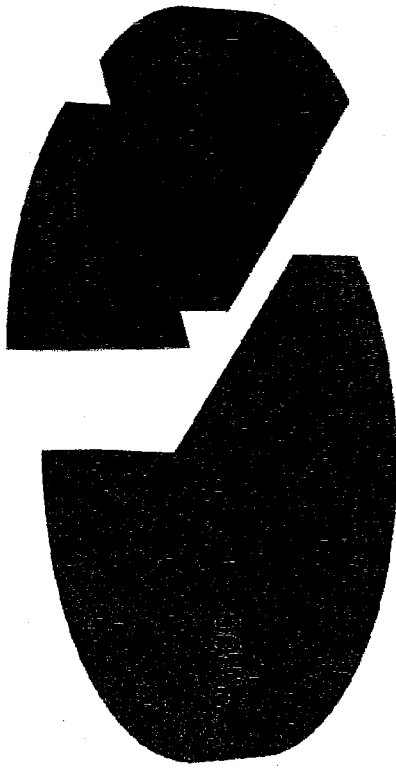


Public funded projects underway @ 14 piers

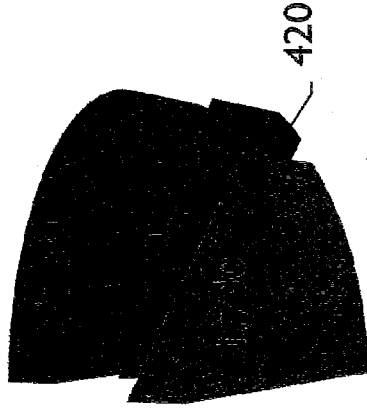
Maintain and Generate Jobs

▶ Jobs Supported: 16,300 ▶ Economic Activity: \$2.1B

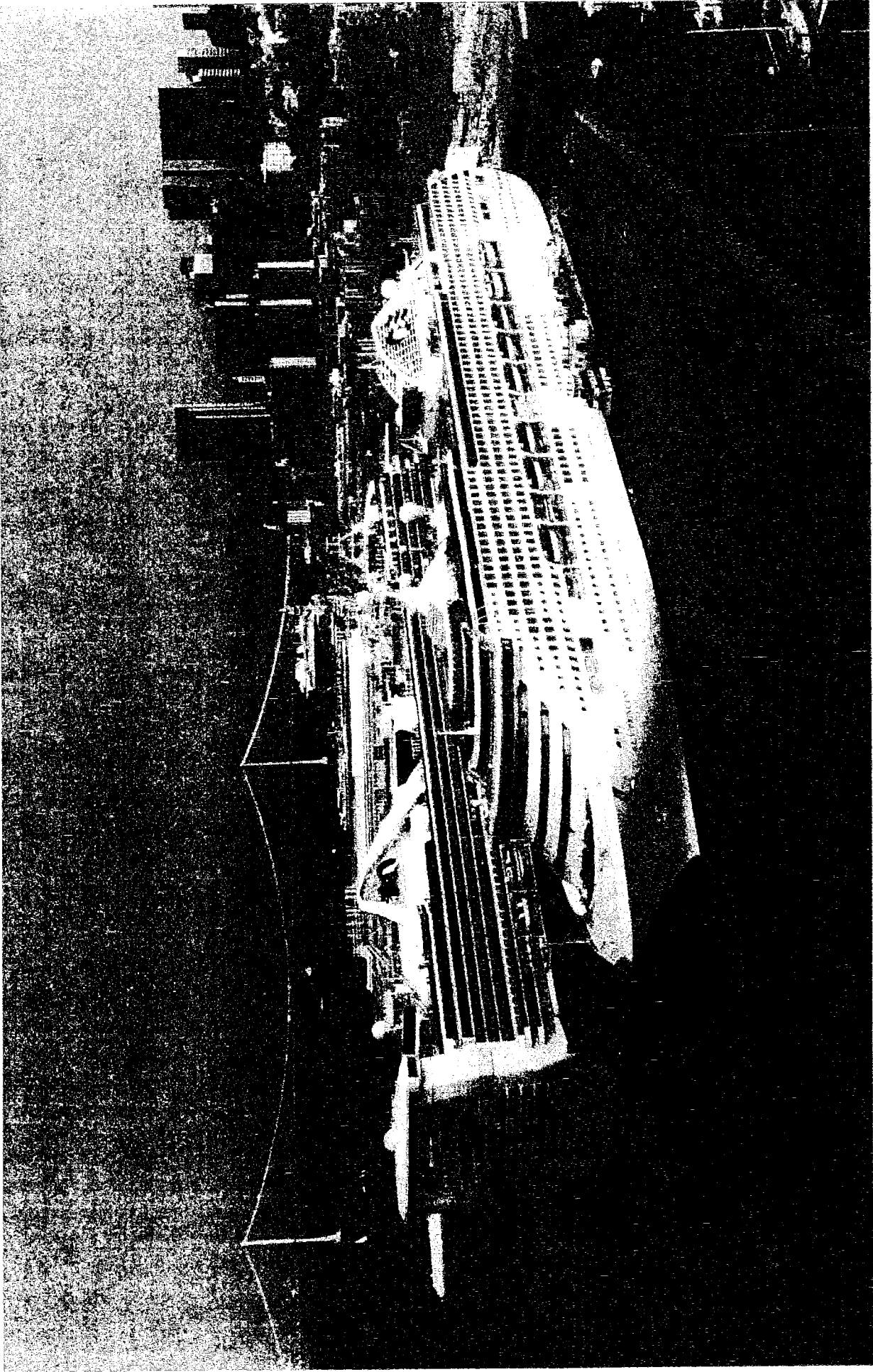
▶ Job Type (Head Count): ▶ Job Sector (Head Count):



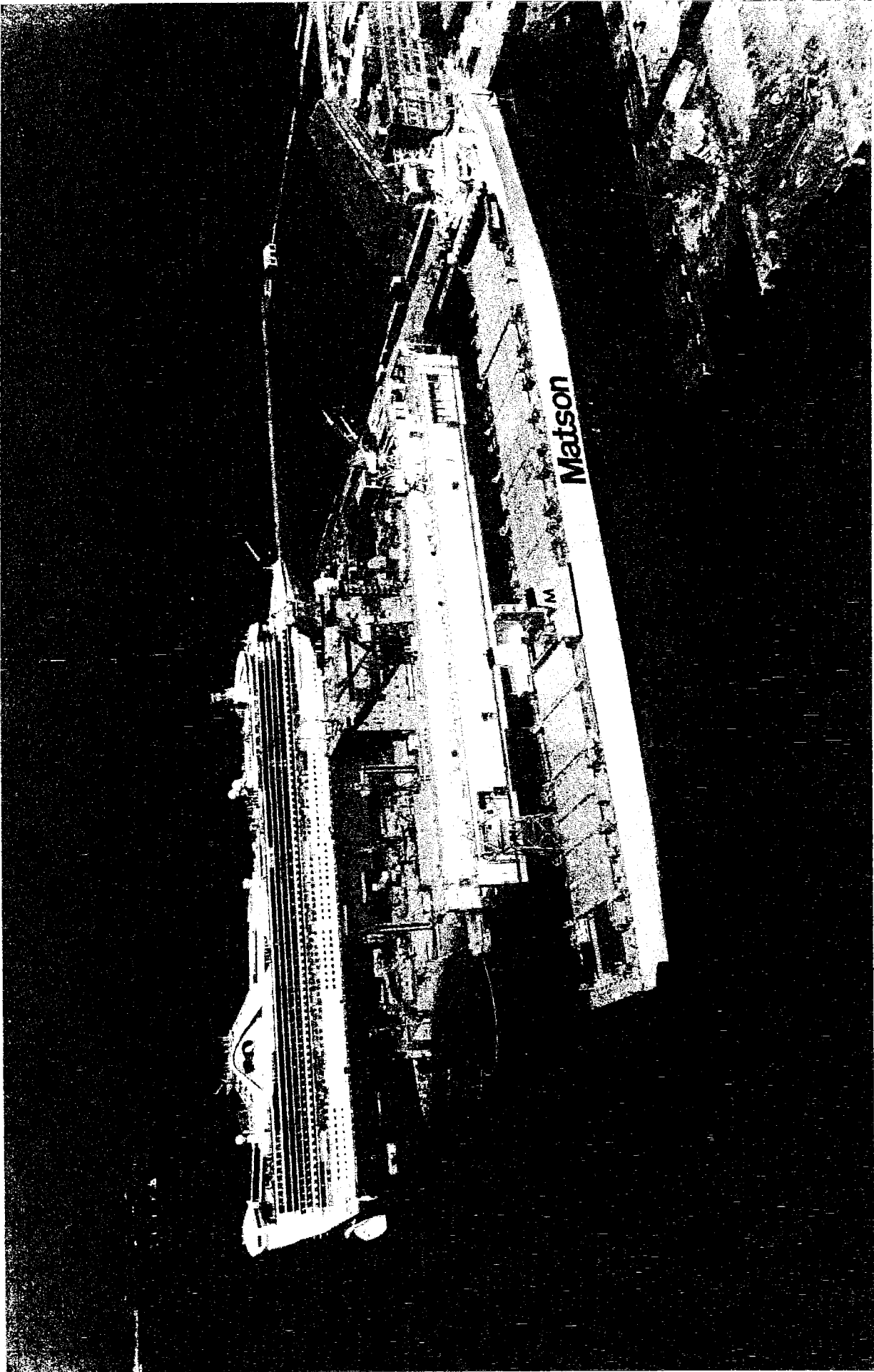
■ Indirect ■ Induced
■ Direct



■ Retail / Restaurant / Attractions
■ Passenger Cruise
■ Heavy Maritime/Industrial Uses
All Other



Passenger Cruise

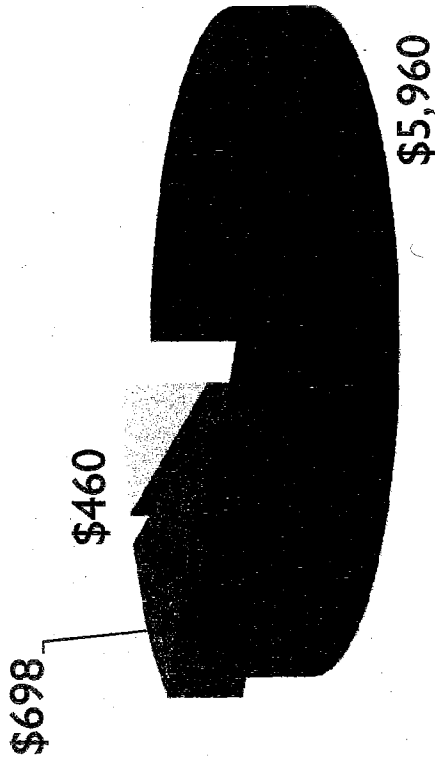


Ship Repair

Generate City Financial Support

▶ Taxes from Port Direct Jobs

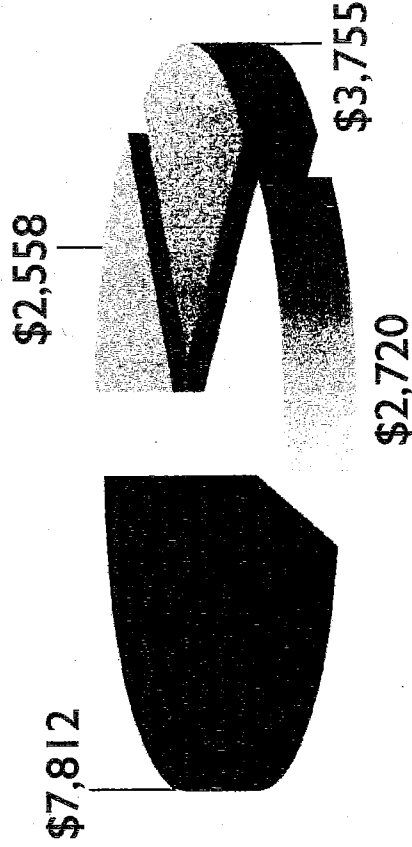
▶ (\$ thousands)



- Business Tax
- ▒ Utility Tax
- Sales Tax

▶ Taxes from Activity at Port

▶ (\$ thousands)

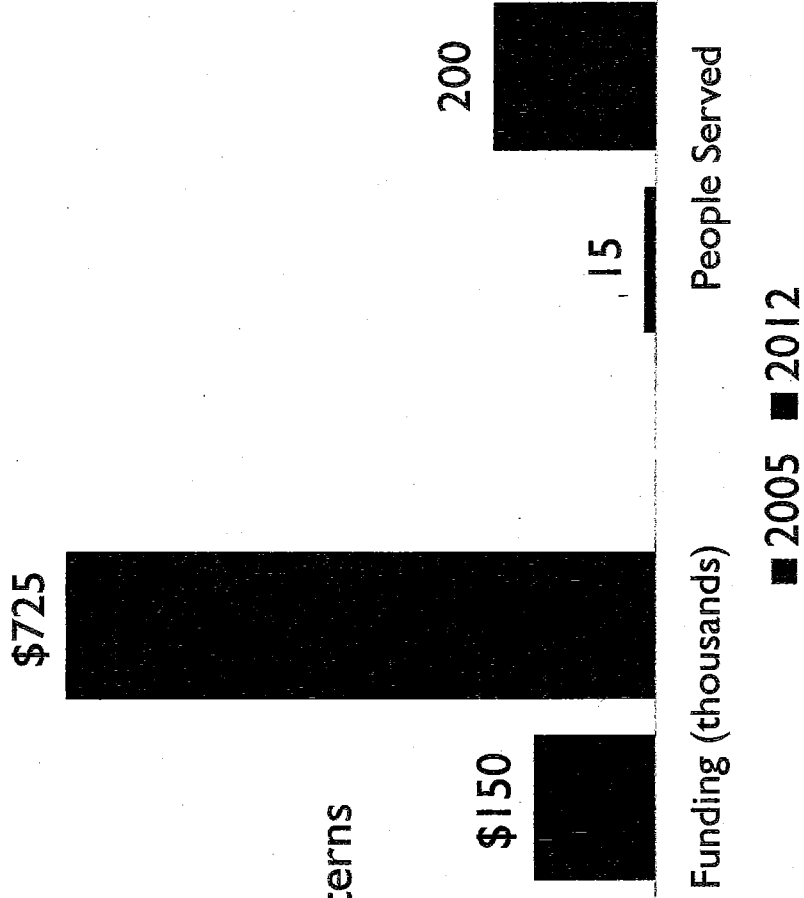


- ▒ Sales
- ▒ Parking
- Stadium Admissions
- Possessory Interest

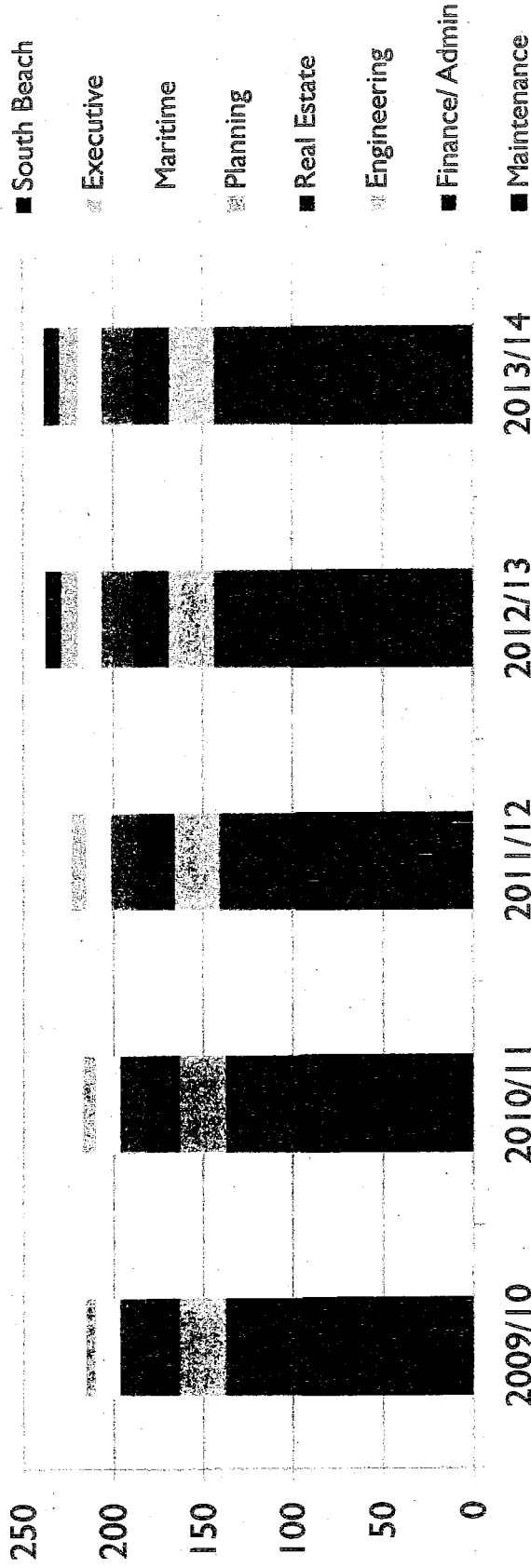
Workforce Development

▶ Our programs call upon a range of skills from landscaping and recycling, pile driving and ship repair, including:

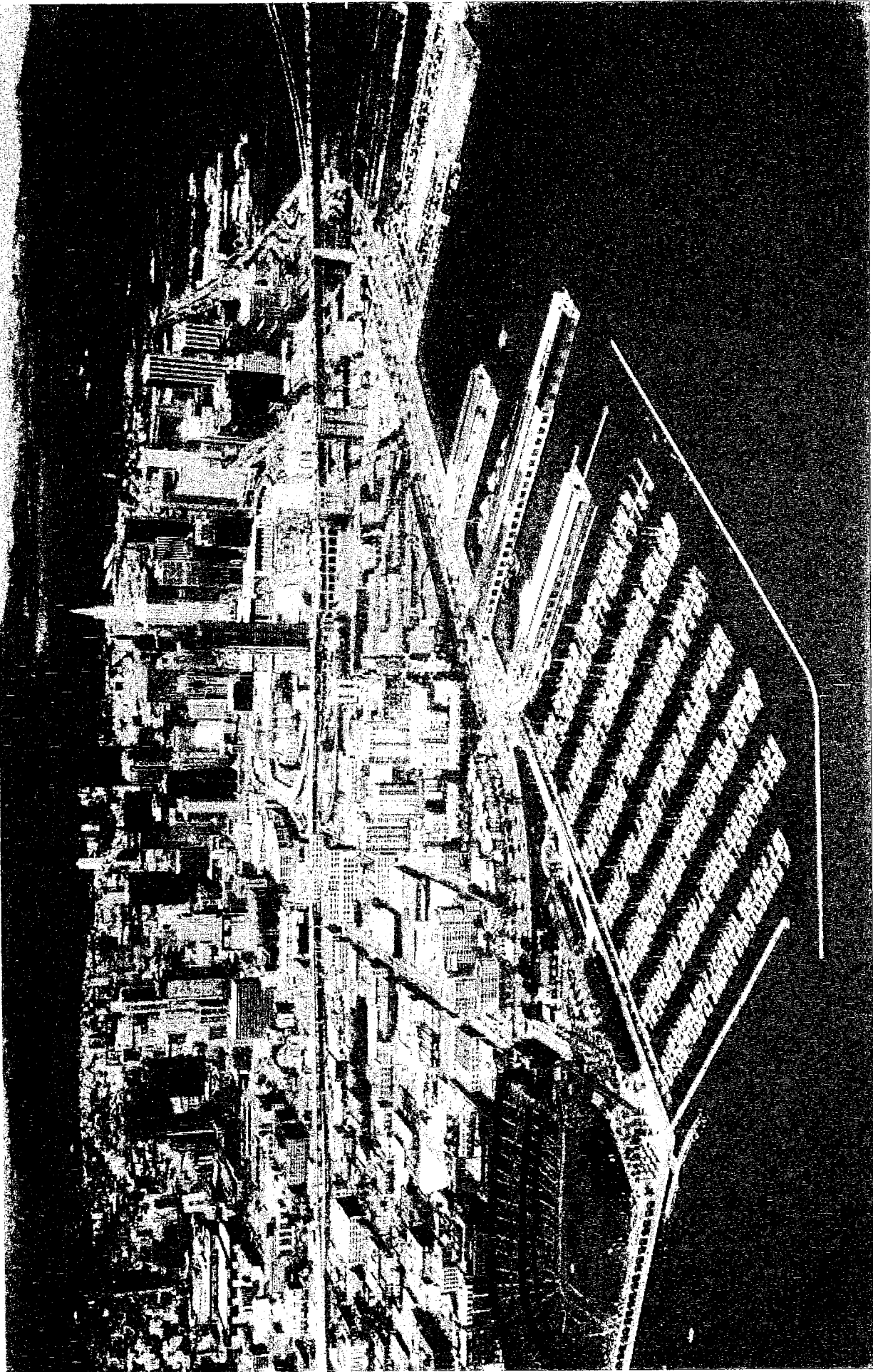
- The Sheriff's Garden Project
- San Francisco Conservation Corp
- Port Pile Worker Apprenticeship
- Welding skill building and enhancement training at Pier 70
- Heron's Head Park AmeriCorps interns



Position Changes, FY 2009-14



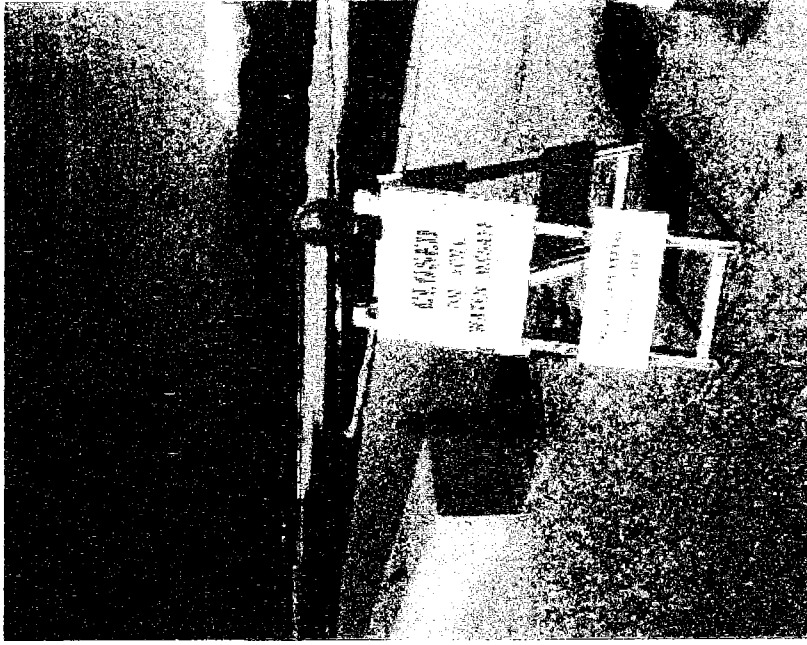
- ▶ 9.0 FTE South Beach Harbor, FY 2012/13
- ▶ 5.0 FTE Regular Operating, FY 2012/13
 - 1054 Principal Business Analyst (LT) – Upgrade financial and asset management systems
 - 1244 Personnel Analyst (LT) – Manage labor issues in the Maintenance division
 - 7514 General Laborer – Manage expanded workload from new parks
 - 5291 Planner III – Community planning, urban design and regulatory requirements
 - Transition two 0.5 FTE positions from off-budget to the Port's operating budget
- ▶ 1.0 FTE FY 2013/14, Transition of 1.0 FTE off-budget position to the operating budget



South Beach Marina at Pier 40

Language Access

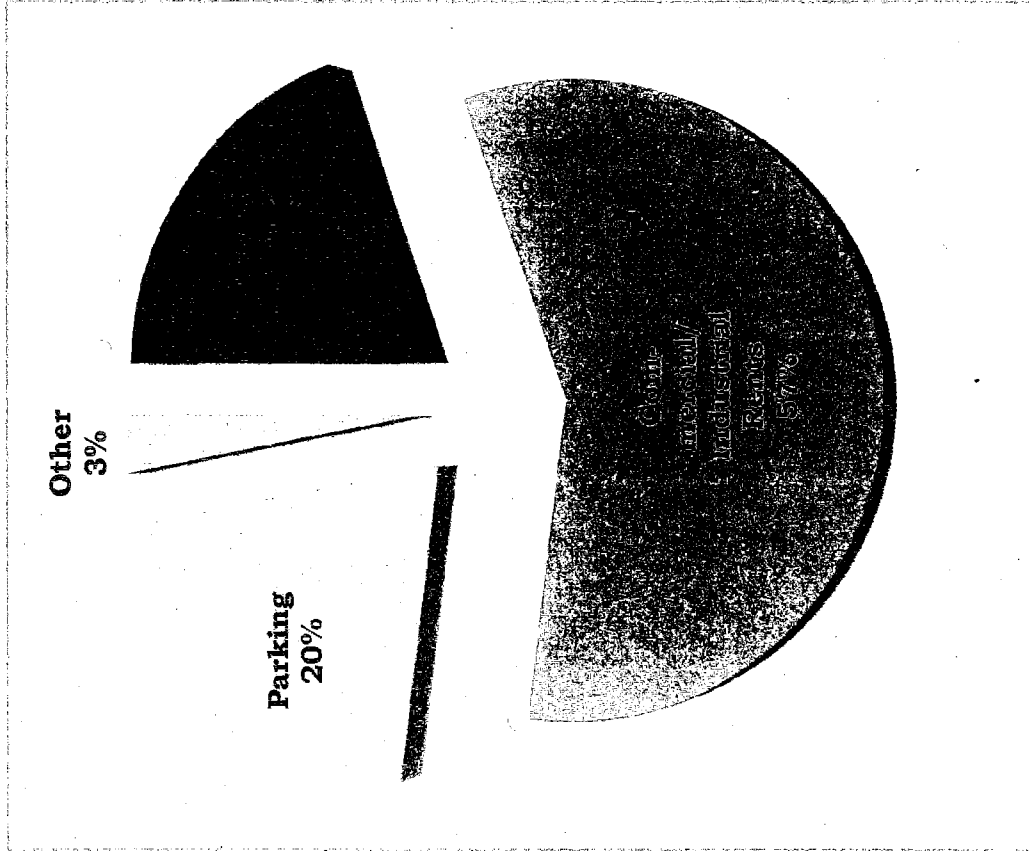
- ▶ Braille plates directing people to alternative sign formats at Heron's Head Park
- ▶ Environmental or regulatory signs
 - ▶ "No overhead casting" at Pier 14
 - ▶ Fish consumption warning signs regarding hazards of eating fish caught in the Bay
 - ▶ Post-Cosco Buson oil spill, "no fishing" warnings
- ▶ Potential Future Project
 - ▶ Telephone link to recordings for information in other languages

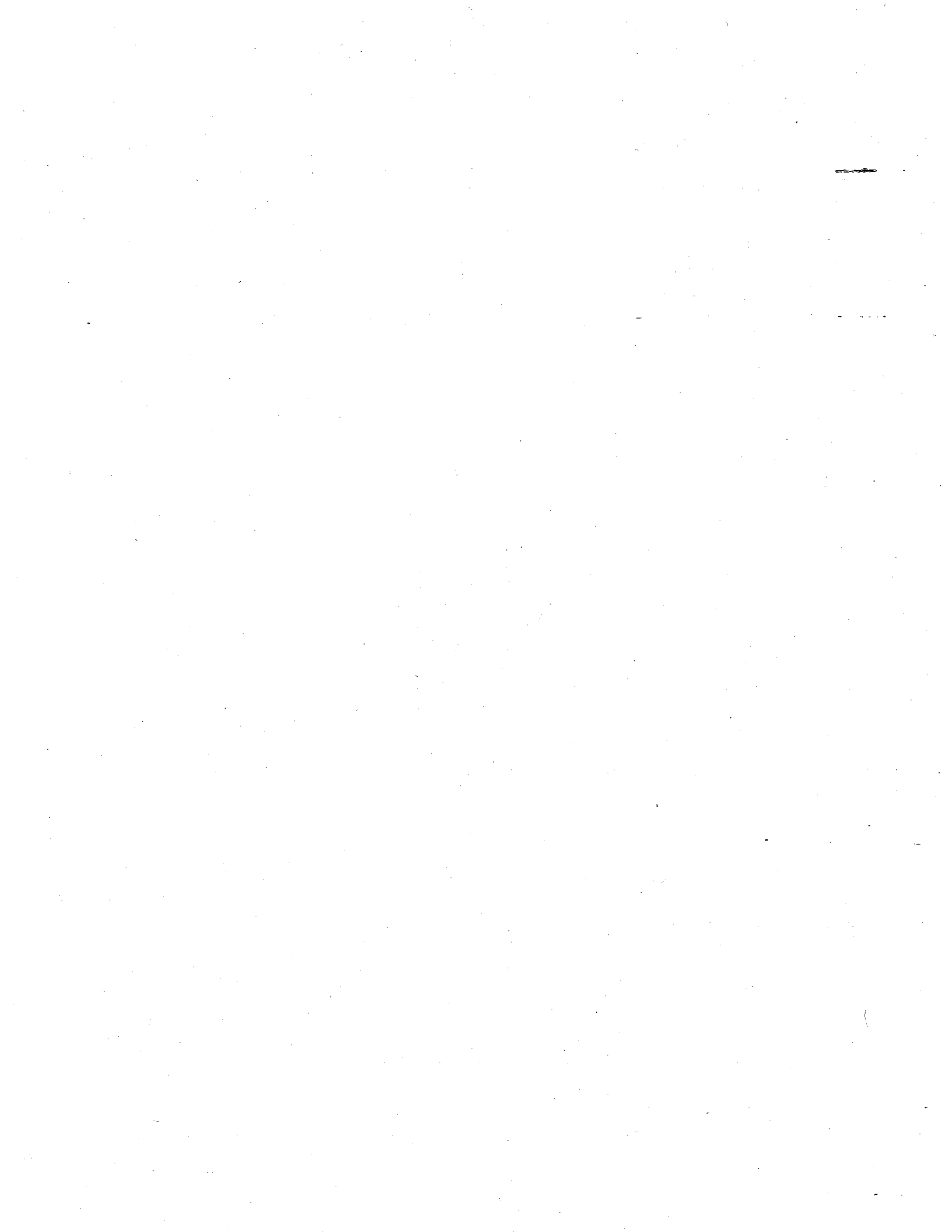


Conclusion: Strengths & Weaknesses

- ▶ **Fiscal Strengths**
 - ▶ Diversity of revenues and business lines
 - ▶ Relatively constant sources
 - ▶ Strong financial policies
 - ▶ 15% operating reserve
 - ▶ 2X ≤ Debt service coverage
 - ▶ New policy to designate surplus operating revenue to capital

- ▶ **Weaknesses**
 - ▶ Limited sources for capital
 - ▶ Growth in costs for personnel and services of other departments
 - ▶ Rating Agency criticisms:
 - ▶ Unfunded capital need







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March 28, 2012

Anson Moran, President
San Francisco Public Utilities Commission
1145 Market Street
San Francisco, CA 94103

Re: Proposed 2 mgd water transfer from MID to SFPUC

Dear President Moran and Commissioners:

This letter is to express the Tuolumne River Trust's serious concerns about the proposed water transfer of 2 mgd from the Modesto Irrigation District (MID) to the San Francisco Public Utilities Commission (SFPUC). We believe such a transfer is premature for the following reasons:

- The 2008 Water System Improvement Program (WSIP) PEIR that evaluated the water transfer relied on outdated baseline data to determine the potential impacts of additional diversions on the stretch of the Tuolumne River between O'Shaughnessy Dam and Early Intake.
- Water use in the SFPUC service territory has decreased dramatically, and future demand projections have been revised downward, raising questions about the need for additional water supply in the near future.
- FERC relicensing of New Don Pedro Dam will likely require enhanced flows in the lower Tuolumne River. This process should play its course before any water transfers are considered.

Outdated Baseline Data

When the WSIP PEIR was approved in 2008, it relied on stale baseline data regarding biological resources dependent on the Tuolumne River below O'Shaughnessy Dam. It also failed to include adequate analysis of the potential impacts of climate change on the River. We are concerned that increased diversions from Hetch Hetchy could have negative impacts on Poopenaut Valley and other sensitive ecosystems downstream of O'Shaughnessy Dam.

Table 5.3.1-2 of the WSIP PEIR (Vol. 3, Section 5.3, pp. 5.3.1-13) shows the "Schedule of Average Daily Minimum Required Releases to Support Fisheries Below O'Shaughnessy Dam" based on a 1985 agreement. However, in 1987 the City and County of San Francisco entered into an agreement with the U.S. Department of Interior requiring the City, or the U.S. Fish and Wildlife Service (USFWS), to undertake a study "...to determine what, if any effect, the Kirkwood Powerhouse and Kirkwood Addition would have or have had on the habitat for and populations of resident fish species, between O'Shaughnessy Dam and Early Intake..."

USFWS issued a draft report in 1992 (Attachment A) titled "Instream Flow Requirements for Rainbow and Brown Trout in the Tuolumne River Between O'Shaughnessy Dam and Early Intake." This report was never finalized, however, it stated:

"In 1988, the U.S. Fish and Wildlife Service's Instream Flow Incremental Methodology (IFIM) was applied to the Tuolumne River below Hetch Hetchy Reservoir...An annual fishery allocation of between 59,207 acre-feet and 75,363 acre-feet is recommended, based on the findings of the instream flow study."

The report recommended increasing instream flows from O'Shaughnessy Dam. For example, in the months of December and January, it recommended an increase in flows from a minimum of 35 cfs to 50 cfs in dry years, from a minimum of 40 cfs to 70 cfs in normal years, and from a minimum of 50 cfs to 85 cfs in wet years. Attachment B compares flows listed in the WSIP PEIR with those recommended by the draft USFWS report.

Background

On January 31, 1985, the City and Interior Department entered into a Stipulation (Attachment C) that required a study of the impacts on fish, wildlife, recreational and aesthetic values, as a condition of any modification (including expansion) of the City's Hetch Hetchy System that may affect the flow of the Tuolumne River between O'Shaughnessy Dam and Early Intake. The 1985 Stipulation further provides that the purpose of the study is to determine what change, if any, should be made to the flow release schedule. It reserves the Interior Department's authority to require such change after consideration of any objection.

On November 4, 1985, the City entered into an Interim Agreement (Attachment D) with the Tuolumne River Trust and other conservation groups, confirming this obligation with respect to the third generating unit of Kirkwood Powerhouse. The Interim Agreement also granted the groups' standing to enforce the conditions of a subsequent agreement between the City and the Interior Department relating to a fisheries study.

On March 10, 1987, the City and Interior Department entered into a Stipulation (Attachment E) requiring the City, or the U.S. Fish and Wildlife Service (FWS), to undertake a study "...to determine what, if any effect, the Kirkwood Powerhouse and Kirkwood Addition would have or have had on the habitat for and populations of resident fish species, between O'Shaughnessy Dam and Early Intake..." The condition requires the study to be completed by December 1992, subject to extension only if the FWS determines that the study is inconclusive or inaccurate as a result of climatic or other environmental conditions. The Stipulation specifies adjustments to the minimum flow releases, if the FWS determines that flow in the Tuolumne River "...should be increased."

On March 20, 2006 the Tuolumne River Trust, represented by the Natural Heritage Institute, gave notice that the SFPUC was in violation of the "Modification for Kirkwood Powerhouse Unit No. 3 to Stipulation for Amendment of Rights-of-Way for Canyon

Power Project Approved by Secretary of the Interior on May 26, 1961 to Fulfill the Conditions Set Forth in Provision 6 of Said Amended Permit.” Our letter (Attachment F) asserted that the study required by the Stipulation had not been published and the minimum flow release schedule had not been adjusted.

On February 5, 2008, the SFPUC responded (Attachment G), stating, “The purpose of this letter is to propose a collaborative process to resolve these implementation issues by December 2009.” The SFPUC proposed, among other things, “the following measures, schedule and conditions to resolve the outstanding issues from the 1987 Stipulation.”

“The SFPUC, the USFWS, Yosemite National Park Service staff, and SFPUC consultants will work together to gather the information necessary to develop physical and biological objectives for an adaptive management plan for O’Shaughnessy Dam flow releases. It is anticipated that these initial studies shall be completed by December 2009.”

“The SFPUC and the USFWS, in consultation with the Yosemite National Park, the US Forest Service, the California Department of Fish and Game, SFPUC consultants, and the Trust, will review ongoing study material and work together to develop an adaptive management plan for releases into the affected reach to enhance a wider range of resource values. This plan will include a monitoring program, and may also include annual consultations between the USFWS and the SFPUC regarding water releases into the affected reach. The SFPUC and USFWS agree to make best efforts to complete the adaptive management plan by December 2009.”

On May 26, 2009, the Tuolumne River Trust accepted the proposed measures, schedule, and conditions proposed by the SFPUC.

To meet the obligations of the agreement, the SFPUC initiated an Upper Tuolumne River Ecosystem Project (UTREP). The UTREP is “An ongoing effort to conduct long-term, collaborative, science-based investigations designed to: 1) Characterize historical and current river ecosystem conditions; 2) Assess their relationship to Hetch Hetchy Project operations; and 3) Provide recommendations for improving ecosystem conditions on a long-term, adaptively managed basis.”

We applaud the SFPUC for initiating the UTREP, and appreciate efforts made to date. However, more than two years have passed since the anticipated completion date. The study and adaptive management plan must be finalized prior to any actions that could potentially harm the Tuolumne River between O’Shaughnessy Dam and Early Intake, such as the proposed water transfer.

Climate Change Impacts

The SFPUC is finalizing a report titled “Sensitivity of Upper Tuolumne River Flow to Climate Change Scenarios.” According to SFPUC staff, “This report evaluates the effects

of a range of climate change-driven changes in temperature and precipitation based on current scientific understanding of climate change on runoff into Hetch Hetchy Reservoir.” The draft report concluded:

- With differing increases in temperature alone, the median annual runoff at Hetch Hetchy would decrease by 0.7-2.1 percent from present-day conditions by 2040 and by 2.6-10.2 percent from present-day by 2100. Adding differing decreases in precipitation on top of temperature increases, the median annual runoff at Hetch Hetchy would decrease by 7.6-8.6 percent from present-day conditions by 2040 and by 24.7-29.4 percent from present-day conditions by 2100.
- In critically dry years, these reductions in annual runoff at Hetch Hetchy would be significantly greater, with runoff decreasing up to 46.5% from present day conditions by 2100 utilizing the same climate change scenarios.
- In addition to the total change in runoff, there will be a shift in the annual distribution of runoff. Winter and early spring runoff would increase and late spring and summer runoff would decrease.
- Under all scenarios, snow accumulation would be reduced and snow would melt earlier in the spring, with significant reductions in maximum peak snow water equivalent under most scenarios.

Again, this new information must be considered in the environmental review of a potential water transfer.

Revised Demand Projections

The last few years have seen dramatic declines in water usage in the SFPUC service territory. Last year, sales dropped below 220 mgd, well under the 265 mgd cap established in the WSIP and codified in the Water Supply Agreement.

Future demand projections also are down. After reviewing the 2010 Urban Water Management Plans prepared by its member agencies, the Bay Area Water Supply and Conservation Agency (BAWSCA) decreased its 2035 demand projections by 10 mgd. The SFPUC also projects a decrease in demand of 10 mgd (down to 71 mgd) by 2035.

In 2008 the SFPUC projected it would need the additional 2 mgd from a transfer during dry years in one out of three years on average. However, the contract would be “take or pay,” so the SFPUC would be required to pay MID roughly \$700 per acre-foot regardless of whether the water was actually used. Therefore, the water would essentially cost \$2,100 per acre-foot of used water, making it more expensive than alternative sources being considered by the SFPUC.

With water use down from the WSIP baseline, the 2 mgd would be needed even less frequently, making the true cost per acre-foot even more expensive. At a time when rates are increasing substantially on an annual basis, it makes little sense for the SFPUC to commit to spending approximately \$1.5 million per year for additional water when its need is uncertain. With ratepayers already concerned about rising rates, the SFPUC

should do what it can to avoid a greater backlash.

FERC Relicensing

The FERC relicensing process for New Don Pedro Dam was initiated in 2011 and will be completed by 2016. With current conditions on the lower Tuolumne as impaired as they are, FERC will likely require enhanced flows and improved management of releases from New Don Pedro Dam. The 4th Agreement between MID/TID and the SFPUC requires San Francisco to provide 51.7% of any new required releases,

Much has changed since New Don Pedro Dam received its initial license in 1966. NEPA was established, the Endangered Species and Clean Water Acts have been enacted, steelhead and salmon populations have plummeted, and the lower Tuolumne River no longer meets Clean Water Act standards. Discussions about water transfers should be postponed until after a final FERC determination is made and San Francisco's obligation is better understood.

Thank you for the opportunity to comment on this important matter.

Sincerely,

A handwritten signature in cursive script that reads "Peter Drekmeier".

Peter Drekmeier
Bay Area Program Director



Herich Herchy
Regional
Water
System

Key Trends & Budget Impact

Water Usage Decline

