

SECTION 3. General Authority.

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

SECTION 3.1 Two-Year Budget.

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

SECTION 4. Interim Budget Provisions.

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

During the period of the interim Annual Appropriation Ordinance and interim Annual Salary Ordinance, no transfer of funds within a department shall be permitted without approval of the Controller, Mayor's Budget Director and the Chair of the Budget and Finance Committee.

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

If the Budget and Finance Committee or Budget and Appropriations Committee recommends a budget that increases funding that was deleted in the Mayor's Budget, the Controller shall have the authority to continue to pay these expenses until final enactment of the budget.

SECTION 4.1 Interim Budget – Positions.

No new position may be filled in the interim period with the exception of those positions which in the discretion of the Controller are critical for the operation of existing programs, are for projects previously approved by the Board of Supervisors, are required for emergency operations, are positions that would result in a net increase in revenues, or are positions required to comply with law. New positions shall be defined as those positions that are enumerated in the Mayor's budget for the current fiscal year but were not enumerated in the appropriation and salary ordinances for the prior fiscal year, as amended, through June 30 of the prior fiscal year. In the event the Mayor has approved the reclassification of a position in the department's budget for the current fiscal year, the

Controller shall process a temporary or “tx” requisition at the request of the department and subject to approval of the Human Resources Director. Such action will allow for the continued employment of the incumbent in their former position pending action on the proposed reclassifications.

If the Budget and Finance Committee or Budget and Appropriations Committee of the Board of Supervisors recommends a budget that reinstates positions that were deleted in the Mayor’s Budget, the Controller and the Human Resources Director shall have the authority to continue to employ and pay the salaries of the reinstated positions until final enactment of the budget.

SECTION 5. Transfers of Functions and Duties.

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

Where a duty or performance has been transferred from one department to another or departmental reorganization is effected as provided in the Charter, in addition to any required transfer of funds, the Controller and Human Resources Director are authorized to make any personnel transfers or reassignments between the affected departments and appointing officers at a mutually convenient time, not to exceed 100 days from the effective date of the ordinance or Mayoral memorandum transferring the duty or function. The Controller, the Human Resources Director and Clerk of the Board of Supervisors, with assistance of the City Attorney, are hereby authorized and directed to make such changes as may be necessary to conform to all applicable ordinances to reflect said reorganization, transfer of duty or performance between departments.

SECTION 5.1 Agencies Organized Under One Department.

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

SECTION 5.2 Continuing Funds Appropriated.

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

SECTION 5.3 Multi-Year Revenues.

In connection with money received in one fiscal year for departmental services to be performed in a subsequent year, the Controller is authorized to establish an account for depositing revenues that are applicable to the ensuing fiscal year. Said revenue shall be carried forward and become a part of the funds available for appropriation in said ensuing fiscal year.

SECTION 5.4 Contracting Funds.

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

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

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

SECTION 5.5 Real Estate Services.

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

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

SECTION 5.6 Collection Services.

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

SECTION 5.7 Contract Amounts Based on Savings.

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

SECTION 6. Bond Interest and Redemption.

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

Issuance, legal, and financial advisory service costs, including the reimbursement of departmental services in connection therewith, for debt instruments issued by the City, to the extent approved by the Board of Supervisors in authorizing the debt, may be paid from the proceeds of such debt and are hereby appropriated for said purposes.

To the extent bond rating fees are incurred and payable prior to the issuance of Board of Supervisors authorized Certificates of Participation due to unexpected changes in market conditions causing a delay in issuance, such fees may be paid from funds appropriated for annual Certificates of Participation debt service that exceed the actual requirements for bond interest and redemption.

SECTION 7. Allotment Controls.

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

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

Allotments, liabilities incurred, and expenditures made under expenditure appropriations herein enumerated shall in no case exceed the amount of each such appropriation,

unless the same shall have been increased by transfers or supplemental appropriations made in the manner provided by Section 9.105 of the Charter.

SECTION 7.1 Prior Year Encumbrances.

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

SECTION 7.2 Equipment Purchases.

Funds for the purchase of items of equipment having a value of over \$20,000 and a useful life of three years and over shall only be purchased from appropriations specifically provided for equipment or lease-purchased equipment, including equipment from capital projects. Departments may purchase additional or replacement equipment from previous equipment or lease-purchase appropriations, or from citywide equipment and other non-salary appropriations, with approval of the Mayor's Office and the Controller.

Where appropriations are made herein for the purpose of replacing automotive and other equipment, the equipment replaced shall be surrendered to the General Services Agency and shall be withdrawn from service on or before delivery to departments of the new automotive equipment. When the replaced equipment is sold, in lieu of being traded-in, the proceeds shall be deposited to a revenue account of the related fund. Provided, however, that so much of said proceeds as may be required to affect the purchase of the new equipment is hereby appropriated for the purpose. Funds herein appropriated for automotive equipment shall not be used to buy a replacement of any automobile superior in class to the one being replaced unless it has been specifically authorized by original appropriation ordinance.

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

SECTION 7.3 Enterprise Deficits.

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

SECTION 7.4 Public Utilities Commission Debt Service.

The San Francisco Public Utilities Commission shall, in coordination with the Controller's Office, record and report the use of debt service appropriations in their respective debt service funds consistent with the Schedule of Bond Redemption and Interest Statement included herein and as required pursuant to Governmental Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP) accounting rules, requirements and practices. The Controller is hereby authorized to make all associated net-zero appropriation transfers to ensure compliant financial reporting.

SECTION 8. Expenditure Estimates.

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

SECTION 8.1 State and Federal Funds.

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

SECTION 8.2 State and Federal Funding Restorations.

If additional state or federal funds are allocated to the City to backfill state or federal reductions, the Controller shall backfill any funds appropriated to any program to the General Reserve.

SECTION 8.3 Process for Addressing General Fund Revenue Shortfalls

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

SECTION 9. Interdepartmental Services.

The Controller is hereby authorized and directed to prescribe the method to be used in making payments for interdepartmental services in accordance with the provisions of Section 3.105 of the Charter, and to provide for the establishment of interdepartmental reserves which may be required to pay for future obligations which result from current performances. Whenever, in the judgment of the Controller, the amounts which have been set aside for such purposes are no longer required or are in excess of the amount which is then currently estimated to be required, the Controller shall transfer the amount no longer required to the fund balance of the particular fund of which the reserve is a part. Provided further that no expenditure shall be made for personnel services, rent, equipment, or capital outlay purposes from any interdepartmental reserve or work order fund without specific appropriation by the Board of Supervisors.

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

The Controller, pursuant to the provisions of Charter Section 3.105, shall review and may adjust charges or fees for services that may be authorized by the Board of Supervisors for

the administration of the Technology Marketplace. Such fees are hereby appropriated for that purpose.

SECTION 10. Positions in the City Service.

Department heads shall not make appointments to any office or position until the Controller shall certify that funds are available.

Funds provided herein for salaries or wages may, with the approval of the Controller, be used to provide for temporary employment when it becomes necessary to replace the occupant of a position while on extended leave without pay, or for the temporary filling of a vacancy in a budgeted position. The Controller is authorized to approve the use of existing salary appropriations within departments to fund permanent appointments of up to six months to backfill anticipated vacancies to ensure implementation of successful succession plans and to facilitate the transfer of mission critical knowledge. The Controller shall provide a report to the Board of Supervisors every six months enumerating permanent positions created under this authority.

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

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

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

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

- (a) Lump sum payments to officers, employees, police officers and fire fighters other than elective officers and members of boards and commissions upon death or retirement or separation caused by industrial accident for accumulated sick leave benefits in accordance with Civil Service Commission rules.
- (b) Payment of the supervisory differential adjustment, out of class pay, or other negotiated premium to employees who qualify for such adjustment provided that the transfer of funds must be made from funds currently available in departmental personnel service appropriations.
- (c) Payment of any legal salary or fringe benefit obligations of the City, including amounts required to fund arbitration awards.
- (d) The Controller is hereby authorized to adjust salary appropriations for positions administratively reclassified or temporarily exchanged by the Human Resources Director provided that the reclassified position and the former position are in the same functional area.

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

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

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

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

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

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

SECTION 10.2 Professional Services Contracts.

Funds appropriated for professional service contracts may be transferred to the account for salaries on the recommendation of the department head for the specific purpose of using City personnel in lieu of private contractors with the approval of the Human Resources Director and the Mayor and certification by the Controller that such transfer of funds would not increase the cost of government.

SECTION 10.3 Surety Bond Fund Administration.

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

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

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

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

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

SECTION 10.5 MOUs to be Reflected in Department Budgets.

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

SECTION 10.6 Funding Memoranda of Understanding (MOUs).

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

SECTION 10.7 Fringe Benefit Rate Adjustments.

Appropriations herein made for fringe benefits may be adjusted by the Controller to reflect revised amounts required to support adopted or required contribution rates. The

Controller is authorized and is hereby directed to transfer between departmental appropriations and the General Reserve or other unappropriated balance of funds any amounts resulting from adopted or required contribution rates and such amounts are hereby appropriated to said accounts.

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

SECTION 10.8 Police Department Uniformed Positions.

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

SECTION 10.9 Holidays, Special Provisions.

Whenever the Mayor formally declares that any day is a holiday for City employees under the terms of a Memorandum of Understanding, the Controller, with the approval of the Mayor's Office, is hereby authorized to make such transfer of funds not to exceed the actual cost of said holiday from any legally available funds.

SECTION 10.10 Litigation Reserve, Payments.

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

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

SECTION 10.11 Changes in Health Services Eligibility.

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

Section 10.12 Workers' Compensation Alternative Dispute Resolution Program

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

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

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

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

SECTION 11.1 Special and Trust Funds Appropriated; Approval of Certain Grant Agreements under Charter Section 9.118

Whenever the City and County of San Francisco shall receive for a special purpose from the United States of America, the State of California, or from any public or semi-public agency, or from any private person, firm or corporation, any moneys, or property to be converted into money, the Controller shall establish a special fund or account evidencing the said moneys so received and specifying the special purposes for which they have been received and for which they are held. Said account or fund shall be maintained by the Controller as long as any portion of said moneys or property remains.

Recurring grant funds which are detailed in departmental budget submissions and approved by the Mayor and Board of Supervisors in the annual budget shall be deemed to have met the requirements of Administrative Code Section 10.170 for the approval to apply for, receive, and expend said funds and shall be construed to be funds received for a specific purpose as set forth in this section. Where the amount of a recurring grant that is detailed in a departmental budget submission exceeds \$1 million or the duration exceeds ten years, the grant agreement shall be deemed approved by the Board of Supervisors under Charter Section 9.118. Positions specifically approved by granting agencies in said grant awards may be filled as though said positions were included in the annual budget and Annual Salary Ordinance, provided however that the tenure of such positions shall be contingent on the continued receipt of said grant funds. Individual grants may be adjusted by the Controller to reflect actual awards made if granting agencies increase or decrease the grant award amounts estimated in budget submissions.

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

The Controller is authorized to adjust transfers to the San Francisco Capital Planning Fund, established by Administrative Code Section 10.100-286, to account for final capital project planning expenditures reimbursed from approved sale of bonds and other long term financing instruments.

SECTION 11.2 Insurance Recoveries.

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

SECTION 11.3 Bond Premiums.

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

SECTION 11.4 Ballot Arguments.

Receipts in and expenditures for payment for the printing of ballot arguments, are hereby appropriated.

SECTION 11.5 Tenant Overtime.

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

SECTION 11.6 Refunds.

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

SECTION 11.7 Arbitrage.

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

If bond indentures or fiscal agent agreements require interest earnings to be used to offset annual lease financing payments, the Controller is authorized to make payments to the IRS from annual budget appropriations for lease payments based on expected savings amounts.

SECTION 11.8 Damage Recoveries and Restitution.

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

Moneys received as restitution in a criminal proceeding to reimburse the City for losses caused by an employee or third party are appropriated to the departments that incurred the losses.

SECTION 11.9 Purchasing Damage Recoveries.

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

SECTION 11.10 Off-Street Parking Guarantees.

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

SECTION 11.12 Local Transportation Agency Fund.

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

SECTION 11.13 Insurance.

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

SECTION 11.14 Grants to Departments of Disability and Aging Services, Child Support Services, Homelessness and Supportive Housing, and Children, Youth and Their Families

The Department of Disability and Aging Services and the Department of Child Support Services are authorized to receive and expend available federal and state contributions and grant awards for their target populations. The Controller is hereby authorized and directed to make the appropriate entries to reflect the receipt and expenditure of said grant award funds and contributions. The Department of Homelessness and Supportive Housing is authorized to apply surpluses among subgrants within master HUD grants to shortfalls in other subgrants. The Department of Children, Youth and Their Families is authorized to receive and expend funds in instances where funds from grants appropriated herein are not fixed and exceed the estimates contained in the budget.

SECTION 11.15 FEMA, OES, Other Reimbursements.

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

Whenever the City is required to designate agents authorized to obtain state or federal disaster and emergency assistance funding, the Mayor and Board of Supervisors designate the Executive Director of the Department of Emergency Management, the Controller, and the Deputy Controller to be the agents authorized to execute agreements for and on behalf of the City, for disaster and emergency assistance funding from State and federal agencies, for all open and future disasters.

Any remaining balances in the Give2SF-COVID-19 Fund, including amounts from previously identified and unidentifiable donors, are hereby appropriated for COVID-19 related costs and programs. Give2SF-COVID-19 Donation balances and uses of funds shall be included in the San Francisco Disaster and Emergency Response and Recovery Fund annual report to the Board of Supervisors, pursuant to Administrative Code Sec. 10.100-100(d).

SECTION 11.16 Interest on Grant Funds.

Whenever the City earns interest on funds received from the State of California or the federal government and said interest is specifically required to be expended for the

purpose for which the funds have been received, said interest is hereby appropriated in accordance with the terms under which the principal is received and appropriated.

SECTION 11.17 Treasurer – Banking Agreements.

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

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

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

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

SECTION 11.19 Generally Accepted Principles of Financial Statement Presentation.

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

SECTION 11.20 Fund Balance Reporting and Government Fund Type Definitions.

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

SECTION 11.21 State Local Public Safety Fund.

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

Said funds shall be allocated to support public safety department budgets, but not specific appropriation accounts, and shall be deemed to be expended at a rate of 75% of eligible

departmental expenditures up to the full amount received. The Controller is hereby directed to establish procedures to comply with state reporting requirements.

SECTION 11.22 Health Care Security Ordinance Agency Fund.

Irrevocable health care expenditures made to the City by employers on behalf of their employees pursuant to the provisions of Labor & Employment Code Articles 21 and 121, the Health Care Security Ordinance and the Health Care Accountability Ordinance are maintained in the Health Care Security Ordinance Fund, an agency fund maintained by the City for the benefit of City Option account holders. Interest earnings in the fund are hereby appropriated for the administrative costs incurred to manage participant accounts.

SECTION 11.23 Affordable Housing Loan Repayments and Interest Earnings.

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

SECTION 11.24 Development Agreement Implementation Costs.

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

SECTION 11.25 Housing Trust Fund.

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

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

SECTION 11.26 Refuse Rate Order Changes.

The Controller is authorized to adjust appropriations from the Solid Waste Impound Account to reconcile with the final adopted refuse rate order established by the Refuse Rate Board, provided that such adjustments shall not result in a total increase in appropriations from the fund.

SECTION 11.27 Behavioral Health Services Act (BHSA) Implementation.

Effective July 1, 2026, the State is transitioning the Mental Health Services Fund (MHSF) to the Behavioral Health Services Fund (BHSF). Pursuant to Welfare and Institutions Code Section 5893, counties are required to establish a local BHSF in which to allocate BHSA subventions and to spend funds consistent with their Three-Year Integrated Plan (IP) and related updates. On this date, any unspent local MHSF monies are considered “converted” into BHSA monies and must be expended consistent with the requirements of the BHSF. The Controller is authorized to transfer funds, including fund balance, and appropriation authority, between and within accounts related to former Mental Health Services Act funds and the new BHSF to comply with BHSA requirements.

SECTION 12. Special Situations.

SECTION 12.1 Revolving Funds.

Surplus funds remaining in departmental appropriations may be transferred to fund increases in revolving funds up to the amount authorized by the Board of Supervisors by ordinance.

SECTION 12.2 Interest Allocations.

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

SECTION 12.3 Property Tax.

Consistent with state Teeter Plan requirements, the Board of Supervisors elects to continue the alternative method of distribution of tax levies and collections in accordance with Revenue and Taxation Code Section 4701. The Board of Supervisors directs the Controller to maintain the Teeter Tax Losses Reserve Fund at an amount not less than 1% of the total of all taxes and assessments levied on the secured roll for that year for participating entities in the county as provided by Revenue and Taxation Code Section 4703. The Board of Supervisors authorizes the Controller to make timely property tax distributions to the Office of Community Investment and Infrastructure, the Treasure Island Development Authority, and City Infrastructure Financing Districts as approved by the Board of Supervisors through the budget, through development pass-through contracts, through tax increment allocation pledge agreements and ordinances, and as mandated by State law.

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

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

Bond Fund and the Controller is hereby authorized to pay this fee into the General Fund from the General Obligation Bond Fund.

SECTION 12.4 New Project Reserves.

Where the Board of Supervisors has set aside a portion of the General Reserve for a new project or program approved by a supplemental appropriation, any funds not required for the approved supplemental appropriation shall be returned to the General Fund General Reserve by the Controller. The Controller is authorized to allocate project budgets appropriated in Citywide accounts to the department where the expense will be incurred.

SECTION 12.5 Aid Payments.

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

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

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

SECTION 12.7 Municipal Transportation Agency.

Consistent with the provisions of Article VIIIA of the Charter, the Controller is authorized to make such transfers and reclassification of accounts necessary to properly reflect the provision of central services to the Municipal Transportation Agency in the books and accounts of the City. No change can increase or decrease the overall level of the City's budget.

SECTION 12.8 Treasure Island Authority.

Should the Treasure Island property be conveyed and deed transferred from the federal government, the Controller is hereby authorized to make budgetary adjustments necessary to ensure that there is no General Fund impact from this conveyance, and that expenditures of special assessment revenues conform to governmental accounting standards and requirements of the special assessment as adopted by voters and approved by the Board of Supervisors.

SECTION 12.9 Hetch Hetchy Power Stabilization Fund.

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

To limit Hetch Hetchy's risk from adverse market conditions in the future years of the contract, the Controller is authorized to establish a power stabilization account that reserves any excess revenues from power sales in the early years of the contract. These

funds may be used to offset potential losses in the later years of the contract. The balance in this fund may be reviewed and adjusted annually.

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

SECTION 12.10 Closure of Special Funds, Projects, and Accounts

In accordance with Administrative Code Section 10.100-1(d), if there has been no expenditure activity for the past two fiscal years, a special fund or project can be closed and repealed. The Controller is hereby authorized and directed to reconcile and balance funds, projects and accounts, and to close completed projects. The Controller is directed to create a clearing account for the purpose of balancing surpluses and deficits in such funds, projects and accounts, and funding administrative costs incurred to perform such reconciliations.

This budget ordinance appropriates fund balance from active project closeouts in continuing funds in the General Fund and a number of special revenue and enterprise funds. The Controller is directed to deappropriate projects to realize the fund balance used as a source in the adopted budget.

SECTION 12.11 Charter-Mandated Baseline Appropriations.

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

SECTION 12.12 Parking Tax Allocation.

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

SECTION 12.13 Former Redevelopment Agency Funds.

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

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

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

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

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

SECTION 12.14 CleanPowerSF.

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

SECTION 12.15 Unclaimed Funds Escheatment Noticing & Accounting Procedures

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

SECTION 12.16 City Attorney Gifts and Grants for Federal Response

The City Attorney is authorized to accept and expend gifts or grants of funds and gifts of in-kind services, including but not limited to in-kind outside counsel services and expert consultant or witness services, to support the City Attorney's legal advice, advocacy, and litigation in preparation for or response to policies, actions, threats, and other decisions by the federal government. The City Attorney shall report all such grants and gifts to the Controller and the Mayor's Budget Office, in addition to any other applicable reporting requirements in the Administrative Code and the Campaign and Governmental Conduct

Code. The City Attorney shall also provide a written report to the Board no later than July 1, 2026 and annually thereafter describing all gifts and grants accepted under this provision. This provision shall expire on January 20, 2029.

SECTION 14. Departments.

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

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

(b) There shall be a General Services Agency, headed by the City Administrator, including the Department of Telecommunication and Information Services, and the Department of Administrative Services. The City Administrator shall be considered one entity for budget purposes and for disbursement of funds.

(c) There shall be a Human Services Agency, which shall be considered one entity for budget purposes and for disbursement of funds. Within the Human Services Agency shall be two departments: (1) the Department of Human Services, under the Human Services Commission, and (2) the Department of Disability and Aging Services ("DAAS"), under the Disability and Aging Services Commission, which includes Adult Protective Services, the Public Administrator/Public Guardian, the Mental Health Conservator, the Department of Disability and Aging Services, the County Veterans' Service Officer, and the In-Home Supportive Services Program. This budgetary structure does not affect the legal status or structure of the two departments. The Human Resources Director and the Controller are authorized to transfer employees, positions, and funding in order to effectuate the transfer of the program from one department to the other. The consolidated agency will be recognized for purposes of determining employee seniority, position transfers, budgetary authority and transfers or reappropriation of funds.

The departments within the Human Services Agency shall coordinate with each other and with the Disability and Aging Services Commission to improve delivery of services, increase administrative efficiencies and eliminate duplication of efforts. To this end, they may share staff and facilities. This coordination is not intended to diminish the authority of

the Disability and Aging Services Commission over matters under the jurisdiction of the Commission.

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

(d) There shall be an Agency for Human Rights, which shall be considered one entity for budget purposes and for disbursement of funds. Within the Agency shall be two departments: (1) the Human Rights Commission, led by the Executive Director under its Commission, and (2) the Department on the Status of Women, led by the Director under the Commission on the Status of Women. This budgetary structure does not affect the legal status or structure of the two departments. The Human Resources Director and the Controller are authorized to transfer employees, positions, and funding in order to effectuate the transfer of the program from one department or division to the other. The consolidated agency will be reorganized for purposes of determining employee seniority, position transfers, budgetary authority and transfers or reappropriation of funds.

The Executive Director of the Human Rights Commission will lead the Agency for Human Rights. The Executive Director will ensure that the departments within the Agency shall coordinate with each other to improve delivery of services, increase administrative efficiencies, and eliminate duplication of efforts. To this end, they may share staff and facilities. This coordination is not intended to diminish the authority of the two commissions—the Human Rights Commission and the Commission on the Status of Women—over matters under their respective jurisdictions.

Neither the Executive Director of the Human Rights Commission nor the Director of the Department on the Status of Women shall receive additional compensation by virtue of their role in the Agency.

(e) The Local Agency Formation Commission (LAFCo) is a separate legal entity established under state law and is not a department or agency of the City. Because the City has a legal obligation to provide funds to LAFCo, this ordinance includes an appropriation for that purpose. Although LAFCo is not part of the Board of Supervisors or subject to the Board's oversight and direction, this ordinance includes appropriations to LAFCo in the Board of Supervisors budget for administrative reasons related to the format of this ordinance. Any transfers of funds to LAFCo from other appropriations in the budget are prohibited without approval by a subsequent ordinance. City staff, including but not limited to the Clerk of the Board of Supervisors, may not perform work for LAFCo, except as authorized by a memorandum of understanding between the City and LAFCo, subject to any required approvals.

SECTION 15. Travel Reimbursement and Cell Phone Stipends.

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

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

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

SECTION 15.1 State of California Travel Program.

To ensure cost effective rates and charges and reduce administrative burdens and costs associated with expense reimbursement for City business-related travel and field expenses, the Controller's Office is authorized to implement rules and regulations required of departments that participate in the State of California's Statewide Travel Program, administered by the California Department of General Services, which provides access to state-negotiated rates with hotel, airline, and car rental providers in adherence with the state's competitive procurement solicitation and contract award rules and regulations. In compliance with rules and regulations established by the Controller, which may be updated from time to time, departments are permitted to participate in the State of California Travel Program as per the pre-established terms and conditions required by the State for local governments. The Controller's Accounting Policies and Procedures manual shall include the State of California Travel Program rules and regulations. This provision shall satisfy San Francisco Administrative Code approval, including Section 21.16 Use of Purchasing Agreements and Reciprocal Agreements with Other Public and Non-Profit Agencies, for travel and related services procured through the State of California Travel Program.

SECTION 16. Contributed Revenue Reserve and Audit and Adjustment Reserve.

The Controller is hereby authorized to establish a Contributed Revenue and Adjustment Reserve to accumulate receipts in excess of those estimated revenues or unexpended appropriations stated herein. Said reserve is established for the purpose of funding the budget of the subsequent year, and the receipts in this reserve are hereby appropriated for said purpose. The Controller is authorized to maintain an Audit and Adjustment Reserve to offset audit adjustments and to balance expenditure accounts to conform to year-end balancing and year-end close requirements.

SECTION 17. Airport Service Payment.

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

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

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

SECTION 18. Pooled Cash, Investments.

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

SECTION 19. Matching Funds for Federal or State Programs.

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

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

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

SECTION 21. Advance Funding of Projects – Transportation Authority.

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

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

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

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

SECTION 22.1 Controller to Implement New Financial and Interfacing Subsystems.

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

SECTION 23. Transfer of State Revenues.

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

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

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

SECTION 25. Board of Supervisors Official Advertising Charges.

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

SECTION 26. Work Order Appropriations.

The Board of Supervisors directs the Controller to establish work orders pursuant to Board-approved appropriations, including positions needed to perform work order services, and corresponding recoveries for services that are fully cost covered, including but not limited to services provided by one City department to another City department, as well as services provided by City departments to external agencies, including but not limited to the Office of Community Investment and Infrastructure, the Treasure Island Development Authority, the School District, and the Community College District. Revenues for services from external agencies shall be appropriated by the Controller in accordance with the terms and conditions established to perform the service.

SECTION 26.1 Property Tax System

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

SECTION 26.2 Assessment Appeals System

In order to minimize appropriations to the online assessment appeals application filing system project, the Controller is authorized and directed to apply any operating balances from the Assessment Appeals Board of the Board of Supervisors to the project through Fiscal Year 2029-30.

SECTION 27. Revenue Reserves and Deferrals.

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

SECTION 28. Close-Out of Reserved Appropriations.

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

SECTION 28.1. Reserves Placed on Expenditures by Controller.

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

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

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

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

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

The Controller is authorized to shift sources among cash and Certificate of Participation (COP)-funded capital projects across General Fund departments to ensure the most efficient and cost-effective administration of COP funds, provided there is no net increase or decrease in project budgets.

The Controller is hereby authorized to revise COP debt service appropriations within General Fund supported COP debt service funds for authorized but unissued debt, in order to make final debt service payments due upon issuance of authorized debt. Such revisions shall not increase or decrease approved expenditure authority and shall only be done for the purpose of reducing interest costs in future years. Such revisions shall only be made if the Controller determines it is financially advantageous to do so.

SECTION 30. Business Improvement Districts.

Proceeds from all special assessments levied on real property included in the property-based business improvement districts in the City are hereby appropriated in the respective amounts actually received by the City in such fiscal year for each such district.

The Controller is authorized to disburse the assessment revenues appropriated by this section to the respective Owners' Associations (as defined in Section 36614.5 of the Streets and Highways Code) for such districts as provided in the management district plans, resolutions establishing the districts, annual budgets, and management agreements, as approved by the Board of Supervisors for each such district, for the purposes authorized therein. The Tourism Improvement District and Moscone Expansion Business Improvement District assessments are levied on gross hotel room revenue and are collected and distributed by the Tax Collector's Office.

SECTION 31. Infrastructure Financing, Infrastructure Revitalization and Financing, and Enhanced Infrastructure Financing Districts.

Within the City, the Board of Supervisors has formed certain voluntary tax increment financing districts under state legislation:

- Pursuant to California Government Code Section 53395 et seq. (IFD Law), the Board of Supervisors formed Infrastructure Financing Districts (IFD)
- Pursuant to California Government Code Section 53369 et seq. (IRFD Law), the Board of Supervisors formed Infrastructure and Revitalization Financing Districts (IRFD) within the City.
- Pursuant to California Government Code Section 55398.50 et seq. (EIFD Law), the Board of Supervisors and Enhanced Infrastructure Financing District Public Financing Authority No. 1 formed an Enhanced Infrastructure Financing District (EIFD).

The Board of Supervisors hereby authorizes the Controller to transfer funds and appropriation authority between and within accounts related to City and County of San Francisco IFDs, IRFDs, and EIFDs to serve accounting and state requirements, the latest approved Infrastructure Financing Plan for a District, and applicable bond covenants.

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

IFD/IRFD/EIFD No / Title	Ordinance/ Resolution	Estimated Tax Increment *	
		FY 2026-27	FY 2027-28
IFD 2 Port Infrastructure Financing District Subproject Area Pier 70 G-1 Historic Core	27-16	\$ 827,000	\$ 841,000
IFD 2 Port Infrastructure Financing District Subproject Areas Pier 70 G-2, G-3, and G-4	220-18	\$ 8,134,000	\$ 8,297,000
IFD 2 Port Infrastructure Financing District Subproject Area I (Mission Rock)	34-18	\$ 13,470,000	\$ 15,479,000
IRFD 1 Treasure Island Infrastructure and Revitalization Financing District	21-17	\$ 15,947,000	\$ 18,534,000
IRFD 2 Hoedown Yard Infrastructure and Revitalization Financing District	348-18	\$ 2,748,000	\$ 2,803,000
EIFD 1 Power Station Enhanced Infrastructure and Financing District	113-24	\$ 197,000	\$ 1,082,000

*Estimated tax increment per approved Infrastructure Financing Plans.

SECTION 32. Community Facilities and Special Tax Districts.

Pursuant to California Government Code 53311 et seq. (Mello-Roos Community Facilities Act of 1982) and Chapter 43, Article X of the San Francisco Administrative Code, which incorporates the Mello-Roos Community Facilities Act of 1982, the Board of Supervisors

formed Community Facilities Districts (CFDs) and Special Tax Districts (STDs) within the City. Proceeds from special taxes levied on property in the CFDs/STDs are hereby appropriated in the respective amounts actually received by the City in such fiscal year for each such district.

The Controller is authorized to disburse the special tax revenues appropriated by this section as provided in the Joint Community Facilities Agreements, Development Agreements, Disposition and Development Agreements, Resolutions of Formation, and Ordinances levying special taxes, as approved by the Board of Supervisors for each such district for the purposes authorized therein.

The Controller may transfer funds and appropriation authority between and within accounts related to CFDs and STDs to serve accounting requirements, pay authorized expenditures described in the Board of Supervisors approved Resolution of Formation for each district (as approved in the referenced Ordinances), and comply with applicable bond covenants.

The table below provides estimated special tax revenues for informational purposes; only amounts actually received by the City and County of San Francisco for each district in any given fiscal year are authorized to be expended.

District	Ordinance	Projected Special Tax Levy*	
		(FY 2026-27)	(FY 2027-28)
STD No. 2009-1 - Improvement Area No. 1	16-10	\$114,038	\$114,099
STD No. 2009-1 - Improvement Area No. 2	16-10	\$167,903	\$167,903
CFD No. 2014-1 (Transbay) (1)	001-15	\$34,713,891	\$35,408,168
CFD No. 2016-1 (Treasure Island) - Improvement Area No. 1 (2)(3)	022-17	\$3,802,676	\$3,878,729
CFD No. 2016-1 (Treasure Island) - Improvement Area No. 2 (2)(3)	022-17	\$3,266,183	\$3,331,507
CFD No. 2016-1 (Treasure Island) - Improvement Area No. 3 (2)(3)(4)	022-17	\$1,345,793	\$1,372,709
STD No. 2018-1 (Central SoMa)	021-19	-	-
<u>STD No. 2019-1 (Pier 70 Condos) (5)</u>	027-20		
Facilities Special Tax		\$1,253,193	\$1,278,257
Arts Building Special Tax			
Services Special Tax			
<u>STD No. 2019-2 (Pier 70 Leased) (6)</u>	028-20		
Facilities Special Tax		\$596,499	\$608,429
Arts Building Special Tax		-	-
Shoreline Special Tax		-	-
Services Special Tax		-	-
<u>STD No. 2020-1 (Mission Rock) (7)</u>	079-20		
Development Special Tax (8)		\$7,409,118	\$7,557,300
Office Special Tax		\$1,336,955	\$1,363,695
Shoreline Special Tax		\$1,267,322	\$1,292,669
Contingent Services Special Tax		-	-
STD No. 2022-1 (Power Station)	061-22	-	-

*Source: Goodwin Consulting Group, Inc. Preliminary; subject to change.

(1) Special tax projection are subject to change if additional properties issue a COO as of the fiscal year cut-off date.

(2) Based on building permits issued as of April 3, 2026. Actual special tax levy may be lower.

(3) Special tax projections are subject to change if additional parcels issue building permits prior to the June 30th cut-off date.

(4) Special tax estimates based on Attachment 2 of the RMA.

(5) Based on VDDA Execution Dates and COOs as of June 30, 2025. PKN is the only property that has had a VDDA Execution Date, no property has issued a COO. Special tax estimates based on Attachment 3 of the RMA.

(6) Based on VDDA Execution Dates and COOs as of June 30, 2025. Building 12 is the only property that has had a VDDA Execution Date and issued a COO.

(7) Based on Parcel Lease Execution Dates as of June 30, 2025.

(8) Reflects the maximum special tax on Developed Property. Does not reflect the potential offset of Assessed Parcels.

SECTION 32.1. Exclusion of Projected Unassigned Fund Balance from Budget Stabilization Reserve.

Two hundred sixty-one million, three hundred seventy-two thousand, eight hundred twelve dollars (\$261,372,812) of projected but unbudgeted, unassigned fund balance from fiscal year 2025-26 is designated for balancing future budget shortfalls in FY 2028-29 and after. This amount shall not be included in the calculations of deposits to the Budget Stabilization Reserve described in Administrative Code Section 10.60 (c).

SECTION 32.2. Emergency Housing Revenue Risk Reserve

Ninety-eight million dollars (\$98,000,000) of unappropriated Homelessness Gross Receipts Tax revenue in the Our City Our Home Fund (Administrative Code Sec. 10-100-164) is hereby assigned to a contingency reserve to manage revenue risks related to potential reductions in federal and state funding for the Continuum of Care (CoC), Emergency Housing Vouchers, Housing Choice Vouchers, and other programs that support stable housing for individuals experiencing, or at risk of experiencing, homelessness.

SECTION 32.3. Federal and State Revenue Risk Reserve.

Administrative Provision 32 of the fiscal year 2021-22 budget designated fund balance from fiscal year 2020-21 to the Federal and State Emergency Grant Disallowance Reserve for the purpose of managing revenue shortfalls related to reimbursement disallowances from the Federal Emergency Management Agency (FEMA) and other state and federal agencies. Administrative Provision 32.1 of the fiscal year 2021-22 budget designated fund balance from fiscal year 2020-21 to the Fiscal Cliff Reserve for the purpose of managing projected budget shortfalls following the spend down of federal and state stimulus funds and other one-time sources used to balance the fiscal year 2021-22 and fiscal year 2022-23 budget. The fiscal year 2024-25 ending balances of these reserves have been deposited into a budget contingency reserve for the purpose of managing revenue shortfalls related to changes in federal funding. In addition, all revenue escheated to the General Fund from City Option Medical Reimbursement Accounts in fiscal year 2025-26 or 2026-27 is hereby appropriated for deposits to this reserve. These revenues shall not be included in the calculations of deposits to the Budget Stabilization Reserve described in Administrative Code Section 10.60 (c).

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

The Controller is authorized to adjust federal and state sources appropriations to reflect eligible costs by authorized spending category, to ensure cost reimbursement recovery revenues are maximized, and to align eligible costs to the appropriate federal or state fund, provided there is no net increase or decrease to COVID-19 emergency response revenues or expenditures. Adjustments may be made across fiscal years.

SECTION 34. Transbay Joint Powers Authority Financing.

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

SECTION 35. Police Department and Sheriff's Department Overtime Reporting.

The Police Department and Sheriff's Department shall provide quarterly reports of overtime spending to the Board of Supervisors, including the types of activities performed on overtime.

APPROVED AS TO FORM:
DAVID CHIU, City Attorney

By: _____/s/_____
BRADLEY A. RUSSI
Deputy City Attorney