

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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TO: Budget and Appropriations Committee

FROM: Budget and Legislative Analyst



SUBJECT: June 15, 2022 Budget and Appropriations Committee Meeting

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MANDATE STATEMENT/DETAILS OF PROPOSED LEGISLATION

File 22-0694: Administrative Provisions of the Annual Appropriation Ordinance

The proposed FY 2022-23 and FY 2023-24 Annual Appropriation Ordinance (AAO) contains the administrative provisions governing the appropriation ordinance. The proposed AAO for FY 2022-23 and FY 2023-24 contain the following major changes to the administrative provisions:

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 proposed ordinance extends authorization to receive and expend grant funds for their target populations. The existing ordinance authorizes the Departments of Disability and Aging Services as well as the Department of Child Support Service to expend grant funds and federal and state contributions for their target populations. The existing ordinance further authorizes the Controller to make appropriate entries to reflect such receipts and expenditures.

The proposed changes would authorize the Department of Children, Youth and Their Families (DCYF) to receive and expend funds in instances where funds from grants appropriated are not fixed and exceed the estimates contained in the budget. According to Michelle Allersma from the Controller's Office, this change is being proposed to accommodate DCYF's summer feeding programs, which are funded by annually budgeted grant that frequently fluctuates. This change would allow DCYF to receive and expend such funds without having to obtain approval to accept and expend grant funds from the Board of Supervisors.

Section 14(d) and (e)- Departments

The proposed ordinance adds two new subsections- (d) and (e) -to Section 14, which establishes and defines the responsibilities for several City departments for budgetary purposes.

The proposed subsection (d) establishes the Department of Sanitation and Streets for budgetary purposes. The proposed language states that the new department will come into existence on October 1, 2022. The proposed subsection also gives the Controller authorization to adjust budgets between the Department of Public Works and the Department of Sanitation and Streets during the fiscal year to achieve the purposes of Charter Section 4.138, which was approved by voters on November 3, 2020, so long as such adjustments do not change cumulative total expenditure budgets across the two departments. The proposed ordinance further authorizes the adjustment of the two departments' budgets if voters amend the Charter in November 2022 to eliminate the Department of Sanitation and Streets. However, the proposed ordinance does not remove the Department of Public Works from the General Services Agency, which is headed by the City Administrator even though a new commission will be set up to oversee the Department of Public Works.

The proposed subsection (e) pertains to the new Department of Early Childhood (DEC), which is to be established through the consolidation of the Office of Early Care and Education (OECE) and the First Five Commission (CFC). The proposed subsection authorizes appropriations for DEC to be authorized for the use of OECE and CFC until the Board of Supervisors approves final legislation to consolidate the two departments.

Section 29- Appropriation Control of Capital Improvement Project and Equipment

The proposed ordinance authorizes the Controller to shift sources among cash and Certificate of Participation (COP)-funded capital projects across General Fund departments. According to Allersma, this change would allow for a more efficient allocation of COP funding by consolidating COP-funding for larger projects thereby minimizing transaction costs (i.e., disclosure and reporting requirements).

Section 32.1- Exclusion of Projected Unassigned Fund Balance from Budget Stabilization Reserve

The proposed ordinance stipulates that \$163,400,000 of projected, but unassigned fund balance from FY 2021-22 should not be included in the calculations of deposits to the Budget Stabilization Reserve, which is described in Administrative Code Section 10.60(c). This projected amount of fund balance was assumed to be used to balance the FY 2024-25 and FY 2025-26 budgets in the City's Five-Year Financial Plan. This change would avoid the withdrawal restrictions on such funds if they were to be put into the Budget Stabilization Reserve.

File 22-0695: Administrative Provisions of the Annual Salary Ordinance

The proposed FY 2022-23 and FY 2023-24 Annual Salary Ordinance (ASO) contains the administrative provisions governing the salary ordinance. The changes to the proposed ASO for FY 2022-23 and FY 2023-24 are mostly related to updating compensation provisions to account for changes in inflation, specifically for stipends to employees permanently assigned to Hetch Hetchy and Camp Mather and for moving expenses for new employees in the Manager IV classification or higher. In addition, the proposed ASO adds language in Section 1.1E that expands the authorization of the Human Resources Director to convert temporary positions to permanent positions.

The current ordinance authorizes the Human Resources Director, with concurrence of the Controller, to convert temporary positions to permanent positions when sufficient funding is available, and conversion is needed either (a) to maintain services when elimination of temporary positions is consistent with the terms of Memoranda of Understanding or (b) to address City staffing needs created by the San Francisco Housing Authority's changing scope of work. The proposed language expands this authorization to include when the Human Resources Director determines that conversion is warranted, and the Controller certifies that the conversion will not require additional salary appropriation in that fiscal year.

POLICY CONSIDERATION**Public Works Commission**

Proposition B, passed by voters in November 2022, established a Public Works Commission to oversee the Department of Public Works. The proposed AAO establishes the Department of Sanitation and Streets for budgetary purposes and authorizes the Controller to make adjustments between the new department and the Department of Public Works. However, it does not make changes to reflect the removal of the Department of Public Works from the General Service Agency, which is headed by the City Administrator.

Expanded Authority for Director of Human Resources

The proposed ASO provides new authorization to the Human Resources Director to convert a temporary position to a permanent position when the Human Resources Director, “determines the conversion is warranted” and “the Controller certifies that the conversion will not require additional salary appropriation in that fiscal year.” According to the May 25, 2022 memorandum from the City Administrator, the Human Resources Director, and the Controller regarding the Government Operations Recovery Initiative, the provision allows the Department of Human Resources to develop a streamlined process for departments to permanently hire exempt employees where a permanent position exists, in accordance with the 48th Supplement to the Mayor’s Emergency Declaration. However, the 48th Supplement, dated May 22, 2022, does not explicitly state this. According to the 48th Supplement, the Human Resources Director is authorized to (a) temporarily modify Civil Service Rules to establish streamlined competitive examination processes for employees who have served for at least one year in an exempt status, and (b) simultaneously submit to the Civil Service Commission permanent rule modifications. Any eligible list adopted under this process would be in effect for no more than one year. The 48th Supplement also authorizes the Human Resources Director to extend the three-year term of exempt employees for up to one additional year.

The proposed provision should be amended to explicitly state that conversion from a temporary position is to an *existing* permanent position. Because the proposed new authorization is an expansion of the authority of the Human Resources Director and is not specific to the provisions of the 48th supplement, we consider approval of this provision to be a policy matter for the Board of Supervisors.

RECOMMENDATIONS

1. Amend Section 14(b) of the proposed administrative provisions of the AAO to remove the Department of Public Works from the General Services Agency.
2. Amend Section 1.1E of the proposed administrative provisions of the ASO to explicitly state that conversion from a temporary position is to an *existing* permanent position.
3. Approval of ASO Section 1.1E is a policy matter for the Board of Supervisors.

4. Approve File 22-0694, as amended.
5. Approve File 21-0695, as amended, with the exception of ASO Section 1.1E, which is a policy matter for the Board of Supervisors.