

File No. 230483

Committee Item No. 1

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date October 4, 2023

Board of Supervisors Meeting Date _____

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OTHER (Use back side if additional space is needed)

- FYI Referral 5/1/2023
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Completed by: Brent Jalipa Date September 28, 2023

Completed by: Brent Jalipa Date _____

1 [Administrative Code - Preparation of the City Budget and City Policy Regarding Multi-Year
2 Grants]

3 **Ordinance amending the Administrative Code to require the Controller to prepare an**
4 **initial base budget to guide each City agency in preparation of its proposed two-year**
5 **budget; to provide that these base budgets must include anticipated cost increases in**
6 **agreements with nonprofit organizations to reflect inflation; and to adopt a City policy**
7 **that departments will enter into multi-year grants when the need for a grant program**
8 **will extend beyond a single year.**

9
10 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
11 **Additions to Codes** are in *single-underline italics Times New Roman font*.
12 **Deletions to Codes** are in ~~*italics Times New Roman font*~~.
13 **Board amendment additions** are in Arial font.
14 **Board amendment deletions** are in ~~Arial font~~.
15 **Asterisks (* * * *)** indicate the omission of unchanged Code
16 subsections or parts of tables.

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

18 Section 1. Chapters 3 and 21G of the Administrative Code are hereby amended by
19 revising Section 3.3 and adding Section 21.G14, to read as follows:

20 **SEC. 3.3. BUDGET TIMETABLE.**

21 (a) Each year, the Mayor shall provide instructions to all City agencies regarding the
22 Mayor's requests for the contents of all agencies' proposed budget submissions for the
23 subsequent fiscal year(s) ("Budget Instructions"). On the same date the Mayor transmits the
24 Budget Instructions to all other agencies, the Mayor shall transmit those instructions to the
25 Clerk of the Board. To assist City agencies with the formulation of proposed budgets, the Controller
shall prepare a base budget for each agency for the subsequent two fiscal years. The base budget shall

1 incorporate such changes in the cost of City services that the Controller determines are necessary for
2 planning purposes, including reflecting the cost of labor agreements and the anticipated changes in the
3 expected cost of City services delivered by nonprofit organizations to reflect annual inflation increases.
4 City agencies, the Mayor, and the Board of Supervisors may modify these base budgets following the
5 processes set forth in this Section 3.3 and Article IX of the Charter.

6 (b) ~~Each year beginning on December 1, 2020, a~~After the agencies receive Budget
7 Instructions from the Mayor each year, there shall be a public meeting, as specified in
8 subsections (b)(1) and (2), concerning each agency's budget priorities, excluding Designated
9 Agencies, at which members of the public may provide input regarding the budget priorities.
10 The purpose of the meeting shall be to allow for public input into the agency's budget for the
11 upcoming fiscal year(s) prior to the agency's preparing and finalizing a proposed budget.
12 Designated Agencies are not required to hold a public meeting under this subsection (b), but
13 each such agency shall provide an alternative method for the public to provide input on its
14 proposed budget priorities, and shall provide a written description of the agency's proposed
15 budget priorities and a format for public input on the agency's website.

16 (1) For agencies subject to the oversight of a commission under the Charter or the
17 Municipal Code, the commission may satisfy this subsection (b) by holding a hearing
18 regarding budget priorities at a regular or special meeting of the commission at least 15 days
19 prior to the commission's final approval of the agency's proposed budget. Meetings held
20 under this subsection (b)(1) are subject to the Brown Act and the Sunshine Ordinance.

21 (2) Agencies that are not subject to the oversight of a commission under the
22 Charter or the Municipal Code shall provide notice of the meeting on the agency's website,
23 and on the Controller's budget web page required by Section 3.4, at least 72 hours in
24 advance. The meeting shall be open to the public. All members of the public attending the
25 meeting shall have the opportunity to provide at least two minutes of oral public comments

1 during the meeting and to provide written comments before, during, or after the meeting.
2 Meetings held under this subsection (b)(2) are not subject to the Brown Act or the Sunshine
3 Ordinance.

4 (3) If the Board of Supervisors or any of its committees holds a hearing regarding
5 an agency's budget priorities during the period set forth in this subsection (b) and presenting
6 the content required by this subsection, the agency shall be deemed to have satisfied the
7 meeting requirement in this subsection.

8 (c) By no later than February 14 each year, there shall be a public meeting, as
9 specified in subsections (c)(1) and (2), concerning each agency's proposed budget. The
10 proposed budget that the agency presents at this meeting shall provide the following
11 information, if applicable to the agency: all agency divisions; budget totals and major changes
12 including new or reduced initiatives and staffing changes; changes in service levels; projected
13 salary savings; and how the agency is meeting budget instruction targets. The purpose of this
14 meeting shall be to allow for public input into the agency's budget for the upcoming fiscal
15 year(s) prior to the agency's submission of a proposed budget to the Controller. For agencies
16 required to hold a public meeting under subsection (b), the meeting required under this
17 subsection (c) shall occur at least 15 days after the public meeting required under subsection
18 (b).

19 (1) For agencies subject to the oversight of a commission under the Charter or the
20 Municipal Code, the commission may satisfy this subsection (c) at a regular or special
21 meeting at which it considers final approval of the agency's proposed budget. Meetings held
22 under this subsection (c)(1) are subject to the Brown Act and Sunshine Ordinance.

23 (2) Agencies that are not subject to the oversight of a commission under the
24 Charter or the Municipal Code shall provide notice of the meeting and a draft of the agency's
25 proposed budget on the agency's website, and on the Controller's budget web page required

1 by Section 3.4, at least 72 hours in advance. The meeting shall be open to the public. All
2 members of the public attending the meeting shall have the opportunity to provide at least two
3 minutes of oral public comments during the meeting and to provide written comments before,
4 during, or after the meeting. Meetings held under this subsection (c)(2) are not subject to the
5 Brown Act or the Sunshine Ordinance.

6 (3) The City Administrator shall hold a separate public meeting under subsection
7 (c)(2) regarding the budget of the Department of Public Works and a separate public meeting
8 under subsection (c)(2) regarding the budget of the Department of Technology. For all other
9 agencies under the direction of the City Administrator, the City Administrator may hold a
10 single public meeting under subsection (c)(2) to receive input on all such agencies or, in the
11 City Administrator's discretion, may hold separate public meetings to receive input on one or
12 more specific agencies.

13 (4) If the Board of Supervisors or any of its committees holds a hearing regarding
14 an agency's proposed budget during the period set forth in this subsection (c) and presenting
15 the content required by this subsection, the agency shall be deemed to have satisfied the
16 meeting requirement in this subsection.

17 * * * *

18
19 **SEC. 21G.14. MULTIPLE YEAR GRANTS.**

20 (a) When the City anticipates that the need for a Grant program will extend beyond a single
21 fiscal year, subject to the budgetary and fiscal provisions of the Charter, it shall be the policy of the
22 City that Granting Agencies shall enter into Grants with terms of multiple years. If the duration of the
23 service is unknown at the time the agreement is executed, Granting Agencies shall enter into Grants
24 that include options to extend the term of the Grant unless infeasible. The Granting Agencies shall
25 promptly inform Grantees of planned renewals or extensions.

1 (b) In negotiation and development of multiple year Grants, Granting Agencies shall consider
2 the cost of inflation in subsequent years of the Grant, as well as other necessary programmatic or
3 operational changes in costs. The Controller shall provide guidance to Granting Agencies regarding
4 cost topics such as inflation, the treatment of blended funding, exceptions to costs that might receive an
5 increase, the treatment of new funding sources, and other concerns that relate to sustainable and
6 appropriate funding structures.

7 (c) Before amendment, renewal, or extension, of a Grant, Granting Agencies and Grantees will
8 negotiate and communicate regarding compensation relating to modified scopes of services.

9 Section 2. Effective Date. This ordinance shall become effective 30 days after
10 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
11 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
12 of Supervisors overrides the Mayor’s veto of the ordinance.

13
14 Section 3. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
15 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
16 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
17 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
18 additions, and Board amendment deletions in accordance with the “Note” that appears under
19 the official title of the ordinance.

20
21 APPROVED AS TO FORM:
22 DAVID CHIU, City Attorney

23 By: /s/ Gustin R. Guibert
24 GUSTIN R. GUIBERT
25 Deputy City Attorney

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LEGISLATIVE DIGEST

[Administrative Code - Preparation of the City Budget and City Policy Regarding Multi-Year Grants]

Ordinance amending the Administrative Code to require the Controller to prepare an initial base budget to guide each City agency in preparation of its proposed two-year budget; to provide that these base budgets must include anticipated cost increases in agreements with nonprofit organizations to reflect inflation; and to adopt a City policy that departments will enter into multi-year grants when the need for a grant program will extend beyond a single year.

Existing Law

Chapter 3 of the Administrative Code address the budget process and procedures. Chapter 21G governs the procurement and award of grants. Neither account for cost of living or other service costs relating to inflation in multiple years. The desired term length of grants is not addressed.

Amendments to Current Law

The Controller will now assist departments in two-year base budget development by anticipating cost increases relating to agreements with nonprofit for services in subsequent years. The City policy is now that grant agreement durations will be for multiple years when the anticipated need will exceed a one-year period. Departments issuing grants will consider inflation costs in developing and negotiating the grant plans.

Background Information

Historically many city grants have been issued on a year to year basis, despite the services being reoccurring and the awards made to the same grantees. City contracts are often awarded on a multiple year basis in order to better plan and budget for both parties. The City's Minimum Compensation Ordinance and other inflation related costs affect grants, and neither the City nor the grantees are as prepared as they could be. This legislation assists the departments in receiving more information about expected costs and anticipates better long term planning. To increase stability, grants will be awarded on a multiple year basis, and grantees will be notified of anticipated renewals or extensions earlier, increasing transparency. These changes also align with statewide efforts to extend and stabilize grants terms as well as account for inflation.

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BOARD of SUPERVISORS



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MEMORANDUM

TO: Ben Rosenfield, City Controller, Office of the Controller
Anna Duning, Acting Budget Director, Mayor's Office of Public Policy and Finance
Tom Paulino, Liaison to the Board of Supervisors, Mayor's Office

FROM: Brent Jalipa, Assistant Clerk, Budget and Finance Committee

DATE: May 1, 2023

SUBJECT: PROPOSED ORDINANCE INTRODUCED

The Board of Supervisors' Budget and Finance Committee has received the following proposed Ordinance, introduced by Supervisor Hillary Ronen:

File No. 230483

Ordinance amending the Administrative Code to require the Controller to prepare an initial base budget to guide each City agency in preparation of its proposed two-year budget; to provide that these base budgets must include anticipated cost increases in agreements with nonprofit organizations to reflect inflation; and to adopt a City policy that departments will enter into multi-year grants when the need for a grant program will extend beyond a single year.

If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Todd Rydstrom, Office of the Controller
Xang Hang, Mayor's Office of Public Policy and Finance
Andres Power, Mayor's Office

Introduction Form

(by a Member of the Board of Supervisors or the Mayor)



I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee (Ordinance, Resolution, Motion or Charter Amendment)
- 2. Request for next printed agenda (For Adoption Without Committee Reference)
(Routine, non-controversial and/or commendatory matters only)
- 3. Request for Hearing on a subject matter at Committee
- 4. Request for Letter beginning with "Supervisor inquiries..."
- 5. City Attorney Request
- 6. Call File No. from Committee.
- 7. Budget and Legislative Analyst Request (attached written Motion)
- 8. Substitute Legislation File No.
- 9. Reactivate File No.
- 10. Topic submitted for Mayoral Appearance before the Board on

The proposed legislation should be forwarded to the following (please check all appropriate boxes):

- Small Business Commission Youth Commission Ethics Commission
- Planning Commission Building Inspection Commission Human Resources Department

General Plan Referral sent to the Planning Department (proposed legislation subject to Charter 4.105 & Admin 2A.53):

- Yes No

(Note: For Imperative Agenda items (a Resolution not on the printed agenda), use the Imperative Agenda Form.)

Sponsor(s):

Subject:

Long Title or text listed:

Signature of Sponsoring Supervisor: