

1 [Administrative Code - Budget Procedures and Reporting Requirements]

2
3 **Ordinance amending the San Francisco Administrative Code by amending**
4 **Sections 3.3, 3.4, 3.5, 3.6, 3.20, 22A.6, and 88.4, and by repealing Sections 88.8, and**
5 **88.10 to: 1) update budget procedures to accommodate two-year budget cycles and**
6 **five-year financial planning requirements; and 2) eliminate outdated and duplicative**
7 **reporting requirements.**

8 NOTE: Additions are *single-underline italics Times New Roman*;
9 deletions are ~~*strike-through italics Times New Roman*~~.
10 Board amendment additions are double-underlined;
Board amendment deletions are ~~strike-through normal~~.

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

12 Section 1. The San Francisco Administrative Code is hereby amended by amending
13 Sections 3.3, 3.4, 3.5, 3.6, and 3.20, and by repealing Section 3.7-1, to read as follows:

14 **SEC. 3.3. BUDGET TIMETABLE.**

15 (a) Each elected and appointing officer, agency, board or commission, shall, not later
16 than the twenty-first day of February of each year, file with the Controller, for check as to form
17 and completeness, copies of his, her or its budget estimate approved in accordance with the
18 provisions of the Charter.

19 (b) The Controller shall, not later than the first working day of March of each year,
20 consolidate such budget estimates and transmit the same to the Mayor, together with such
21 other material as is required.

22 (c) The Mayor shall, not later than the first working day of May of each year, transmit
23 to the Board of Supervisors proposed budgets for selected departments, as determined by the
24 Controller, in consultation with the President of the Board of Supervisors and the Mayor's
25 Budget Director. The criteria used by the Controller to determine which budgets will be

1 submitted to the Board of Supervisors by the first working day of May should include:
2 departments that are not supported by the City's general fund or departments that do not rely
3 on the State's budget submission in May for their revenue sources. ~~The May 1 deadline shall~~
4 ~~not apply in 2004.~~ The Mayor shall, not later than the first working day of June of each year,
5 transmit to the Board of Supervisors the complete City budget, including the remaining
6 departments' budgets and estimates of amounts required to meet bond interest and fixed
7 charges, together with his or her budget message and a draft of the annual appropriation
8 ordinance, prepared by the Controller.

9 (d) The Controller shall, as provided in Section 9.102 of the Charter, review the
10 estimated revenues and assumptions contained in the Mayor's submission of the budget and
11 provide an opinion regarding the accuracy and reasonableness of the economic assumptions
12 and revenue estimates on or before the fifth working day following submission of the Mayor's
13 budget to the Board. In addition, the Controller may also recommend to the Board such
14 reserves as he or she considers prudent given the proposed resources and expenditures
15 contained in the Mayor's budget.

16 (e) The Committee of the Board of Supervisors then having jurisdiction over the
17 budget according to the Rules of the Board shall review the budget and recommend an
18 Interim Appropriation and Salary Ordinance which shall reflect the budget transmitted by the
19 Mayor; provided, however, that any funds for equipment, capital improvements, new positions
20 of employment, or any other proposed expenditures may be placed in reserve until released
21 by the Board of Supervisors; and provided, further, that said ordinances shall reflect the rates
22 of compensation established pursuant to Charter Sections A8.403, A8.404, A8.409 and
23 A8.590-1 through A8.590-5.

24 (f) The Board of Supervisors shall not later than the thirtieth day of June, finally pass
25 the interim appropriation and salary ordinances.

1 (g) The Board of Supervisors shall not later than the last working day of July, adopt the
2 budget as proposed by the Mayor, or as amended by the Board of Supervisors.

3 (h) Not later than the last working day of September, the Board of Supervisors shall
4 adopt by ordinance the tax rate for the City and County including amounts required for debt
5 service.

6 (i) This Section shall not apply to departments entering the second year of a fixed two-year
7 budgetary cycle as provided in Charter Section 9.101(g).

8 (j) If any date shown in this Section falls on a nonbusiness day, the due date shall be
9 the next succeeding business day.

10 11 **SEC. 3.4. INTRODUCTION AND PUBLICATION OF BUDGET.**

12 The proposed budget and appropriation ordinance for all departments and offices for
13 each ensuing fiscal year, upon transmission to the Board of Supervisors by the Mayor by the
14 first working day in June of each year, shall be deemed to have been regularly introduced and
15 shall be published in a format which allows for the widest possible public understanding of the
16 resources, uses and proposed programs. ~~For each City neighborhood designated in Chapter 36 of~~
17 ~~the Administrative Code for which there is an Area Plan prepared by the Planning Department, the~~
18 ~~budget format shall also include a consolidation of those portions of the budgets of various~~
19 ~~departments and agencies that relate to implementation of the Area Plan for the ensuing year.~~

20 21 **SEC. 3.5. LONG-TERM DEPARTMENTAL AND AGENCY BUDGET PLANNING -** 22 **SETTING GOALS AND STRATEGIES, DEVELOPING STRATEGIC PLANS.**

23 The policies resulting from this Section are intended to help the Mayor, the Board of
24 Supervisors, the City's boards, commissions, and departments, the Redevelopment Agency
25 and the courts, to develop and effect clear policies that will promote the City's long-term

prosperity. So intended, these policies and documents shall not legally bind the Mayor, the Board of Supervisors, or any board, commission, or department to any specific action or course of action beyond their complying with this Section's requirements.

(a) Mission and Goals Statements.

(1) Each department, board, commission and agency shall submit a budget containing documentation which provides the following information:

(i) The overall mission and goals of the department;

(ii) Strategic plans that provide direction towards achieving the department's mission and goals.

(iii) Identification of policy outcome measures that reflect the mission and goals of the department and which can be used to gauge progress towards attaining these goals;

(iv) The specific programs and activities conducted by the department to accomplish its mission and goals and the customers or clients served;

(v) The total cost of carrying out each program or activity;

(vi) The department head shall certify the extent to which the department achieved, exceeded, or failed to meet its missions, goals, productivity and service objectives, during the prior fiscal year.

(b) Development of Strategic Plan. Commencing with fiscal year 1998-99, each department, board, commission and agency shall develop and ~~annually~~ review a strategic plan which contains at least a three-year forward plan to reflect policy outcomes from the operations of the respective department, board, commission or agency consistent with the then-approved budget. A City department, board, commission or agency ("department") shall be deemed to have satisfied the requirements of this subsection (b) if it has cooperated with the preparation of the City's most recent Five-Year Financial Plan under Charter Section 9.119 and specifically the preparation of the summary of the department's strategic goals, resources allocated in

1 the Plan to meet those goals, and changes in service levels expected given investment levels proposed
2 in the Plan.

3 The committee of the Board of Supervisors having jurisdiction over the budget may
4 waive any particular requirement of this Section upon the request of the Mayor.

5
6 **SEC. 3.6. FIVE-YEAR FINANCIAL PLAN ~~THREE-YEAR BUDGET PROJECTION.~~**

7 (a) By March 1 of each odd-numbered year, the Mayor shall submit to the Board of
8 Supervisors the five-year financial plan required by Charter Section 9.119. The plan shall include an
9 estimated summary budget or baseline projection for the General Fund of the City and County jointly
10 prepared by the Mayor, the Board's Budget Analyst, and the Controller. By May 1 of each odd-
11 numbered year, the Board of Supervisors shall review, amend, and adopt the five-year financial plan by
12 resolution.

13 (b) By March 1 of each even-numbered year, the Mayor, the Board's Budget Analyst, and the
14 Controller shall submit to the Board an updated estimated summary budget for the remaining four
15 years of the five-year financial plan. By May 1 of each even-numbered year, the Board of Supervisors
16 may review, amend, and adopt by resolution any revisions to the financial plan for the remaining four
17 years.

18 ~~Commencing in fiscal year 1998-99, following adoption of the annual budget by the Board of~~
19 ~~Supervisors the Mayor, Board's Budget Analyst and the Controller shall jointly prepare a three-year~~
20 ~~estimated summary budget for the City and County incorporating to the extent possible the strategic~~
21 ~~plans of each department, board, commission or agency developed pursuant to Section 3.5 of this Code.~~

22 ~~The Mayor shall review each board, commission, or department's mission and goals statement~~
23 ~~as part of the preparation of the Mayor's proposed budget for the City and County. The Mayor and~~
24 ~~Board of Supervisors shall consider the City and County's three-year budget plan when composing the~~
25 ~~City and County budget for the next fiscal year.~~

1
2 **~~SEC. 3.7-1. REPLACING GRANT-FUNDED POSITIONS.~~**

3 ~~The Mayor's proposed budget and appropriation ordinance shall include sufficient information~~
4 ~~to identify all positions that were funded by grants during the previous fiscal year, where the grant has~~
5 ~~since expired and the department proposes to fund the position or provide the same services with~~
6 ~~general fund monies for the upcoming fiscal year.~~
7

8 **SEC. 3.20. CAPITAL EXPENDITURE PLAN.**

9 By ~~May 1, 2006, and by~~ March 1 of each odd-numbered subsequent year, beginning with
10 March 1, 2013, the City Administrator shall ~~annually~~ submit to the Mayor and Board of
11 Supervisors a ten-year capital expenditure plan which shall include an assessment of the
12 City's capital infrastructure needs, investments required to meet the needs identified through
13 this assessment, and a plan of finance to fund these investments. By ~~August 1, 2006, and by~~
14 May 1 of the same ~~each subsequent~~ year, the Mayor and Board of Supervisors shall ~~annually~~
15 review, update, amend, and adopt by resolution the ten-year capital expenditure plan. The
16 Mayor and Board of Supervisors may update the plan as necessary and appropriate to reflect the City's
17 priorities, resources, and requirements.

18 The capital expenditure plan shall include all recommended capital project investments
19 for each year of the plan. The plan shall incorporate all major planned investments to
20 maintain, repair, and improve the condition of the City's capital assets, including but not
21 limited to city streets, sidewalks, parks, and rights-of-way; public transit infrastructure; airport
22 and port; water, sewer, and power utilities; and all City-owned facilities.

23 The capital expenditure plan shall include a plan of finance for all recommended
24 investments, including proposed uses of General and Enterprise Funds to be spent to meet
25

1 these requirements. Additionally, the plan shall recommend the use and timing of long-term
2 debt to fund planned capital expenditures, including General Obligation bond measures.

3 The capital expenditure plan shall include a summary of operating costs and impacts
4 on City operations that are projected to result from capital investments recommended in the
5 plan. This operations review shall include expected changes in the cost and quality of City
6 service delivery.

7 The plan shall also include a summary and description of projects deferred from the
8 ten-year capital expenditure plan given non-availability of funding necessary to meet
9 assessed capital needs.

10
11 Section 2. The San Francisco Administrative Code is hereby amended by amending
12 Section 22A.6, to read as follows:

13 **SEC. 22A.6. INFORMATION AND COMMUNICATION TECHNOLOGY ~~ICT CAPITAL AND~~**
14 **OPERATING PLAN.**

15 (1) By ~~May 1, 2011, and by~~ March 1 of each odd-numbered ~~subsequent~~ year, COIT shall
16 submit to the Mayor and Board of Supervisors a five-year Information and Communication
17 Technology ("ICT") plan which shall include an assessment of the City's enterprise and general
18 fund ICT capital and operating infrastructure, hardware and software needs, an estimate of
19 timelines and investments required to meet the needs identified through this assessment, and
20 recommendations to budget for or otherwise finance the investments.

21 (2) By ~~June 1, 2011, and by~~ May 1 of each odd-numbered ~~subsequent~~ year, the Mayor and
22 Board of Supervisors shall ~~annually~~ review, update, amend, and adopt by resolution the five-
23 year information technology plan and its corresponding budget request. The Mayor and Board
24 of Supervisors may update the plan as necessary and appropriate ~~Each year, the plan will be updated~~

1 to reflect the City's priorities, resources, and requirements as reviewed and approved by the
2 COIT.

3
4 Section 3. The San Francisco Code Administrative Code is hereby amended by
5 amending Section 88.4, to read as follows:

6 **SEC. 88.4. EFFICIENCY PLANS.**

7 (a) Beginning 2007 and each year thereafter, the head of each department shall
8 prepare and submit to the Mayor and to the Board of Supervisors by February 1st a
9 departmental efficiency plan. Each plan shall address the following elements and each plan
10 shall cover a period of not less than three years forward from the fiscal year in which it is
11 submitted.

12 1. **Strategic Planning.** This element shall include: a comprehensive mission
13 statement as required by Section 3.5 of the San Francisco Administrative Code; a description
14 of the department's major program areas or operational functions; outcome-related goals and
15 objectives for each; and a discussion of how current resource levels and resource levels
16 requested for the coming fiscal year impact the department's ability to achieve stated
17 objectives.

18 2. **Customer Service.** This element, which shall satisfy the requirements of
19 Charter Section 16.120, shall include: identification of internal and external customers; defined
20 benchmarks of quality customer service provision; and a discussion of the department's
21 success in meeting stated benchmarks.

22 3. **Performance Evaluation.** This element shall include: clearly defined
23 performance measurements for each departmental objective; prior fiscal year targets and
24 actual performance for each measure; current fiscal year targets and year to date actual
25

1 performance; proposed budget year performance targets; and a discussion of any variance
2 between targets and actual performance.

3 (b) In developing its efficiency plan, the department shall solicit and consider the views
4 and suggestions of those persons and entities potentially affected by or interested in the plan.
5 Departments are encouraged to conduct town meetings, open houses, or other public forums
6 during the development of the plan to solicit public comments and information.

7 (c) The Board of Supervisors may, with the concurrence of the Director of the Mayor's
8 Budget Office, excuse a department from particular requirements of this Chapter where
9 compliance would be inappropriate or impractical.

10 (d) A department may meet the requirements of this Section through annual budget
11 submissions, contributions to the City's Five Year Plan, or in coordination with other planning
12 documents.

13
14 Section 4. The San Francisco Code Administrative Code is hereby amended by
15 repealing Sections 88.9 and 88.10, in their entirety.

16 **~~SEC. 88.9. PILOT PROJECTS.~~**

17 **~~(a) Performance Plans and Reports.~~**

18 ~~1. The Director of the Mayor's Budget Office, after consultation with the head of each~~
19 ~~department, shall designate not less than six departments to participate in pilot projects in performance~~
20 ~~measurement for fiscal years 2000-2001 and 2001-2002. This group of six shall reflect a~~
21 ~~representative range of government functions and capabilities in measuring and reporting program~~
22 ~~performance. The reports prepared as part of the pilot program shall serve as models for other City~~
23 ~~departments when this Chapter is fully implemented.~~

24 ~~2. Pilot projects in the designated departments shall undertake the preparation of~~
25 ~~annual performance plans under Section 88.7 and performance evaluation reports under Section 88.8~~

1 ~~for one or more of the major functions and operations of the agency. A strategic plan under Section~~
2 ~~88.6 shall be used when preparing department performance plans during one or more years of the pilot~~
3 ~~period.~~

4 ~~3. No later than March 1, 2001, the Director of the Mayor's Budget Office shall submit~~
5 ~~a report to the Mayor and to the Board of Supervisors which shall:~~

6 ~~(A) Assess the benefits, costs, and usefulness of the plans and reports prepared~~
7 ~~by the pilot departments in meeting the purposes of the San Francisco Performance and Review~~
8 ~~Ordinance of 1999;~~

9 ~~(B) Identify any significant difficulties experienced by the pilot department in~~
10 ~~preparing plans and reports; and~~

11 ~~(C) Set forth any recommended changes in the requirements of the provisions of~~
12 ~~the San Francisco Performance and Review Ordinance of 1999.~~

13 ~~(b) **Performance Budgeting.**~~

14 ~~1. The Director of the Mayor's Budget Office, after consultation with the head of each~~
15 ~~department shall designate not less than three departments as pilot projects in performance budgeting~~
16 ~~for fiscal years 2000-2001 and 2001-2002. The departments shall be selected from those previously~~
17 ~~designated to participate in the pilot program under Section 88.9(a), and shall reflect a representative~~
18 ~~range of government functions and capabilities in measuring and reporting program performance. The~~
19 ~~budgets prepared as part of the pilot program shall serve as models for other City departments when~~
20 ~~this Chapter is fully implemented.~~

21 ~~2. Pilot projects in the designated departments shall cover the preparation of~~
22 ~~performance budgets. Such budgets shall present, for one or more of the major functions and~~
23 ~~operations of the department, the varying levels of performance, including outcome-related~~
24 ~~performance, that would result from different budgeted amounts.~~

1 3. ~~For the fiscal year 2001-2002, the Director of the Mayor's Budget Office and the~~
2 ~~Controller shall include the performance budgets of the designated departments as attachments to the~~
3 ~~proposed budget, as well as the regular budget information for the designated departments.~~

4 4. ~~No later than March 1, 2002, the Director of the Mayor's Budget Office shall~~
5 ~~transmit a report to the Mayor and to the Board of Supervisors on the performance budgeting pilot~~
6 ~~projects which shall:~~

7 (A) ~~Assess the feasibility and advisability of including a performance budget as~~
8 ~~part of the annual budget;~~

9 (B) ~~Describe any difficulties encountered by the pilot departments in preparing~~
10 ~~a performance budget;~~

11 (C) ~~Recommend whether legislation requiring performance budgets should be~~
12 ~~proposed and the general provisions of any legislation; and~~

13 (D) ~~Set forth any recommended changes in the other requirements of the San~~
14 ~~Francisco Performance and Review Ordinance of 1999.~~

15 5. ~~After receipt of the report required under subsection (b)(4), the Board of Supervisors~~
16 ~~may specify that a performance budget be submitted as part of the annual budget.~~

17
18 **~~SEC. 88.10. BOARD OF SUPERVISORS' OVERSIGHT AND LEGISLATION.~~**

19 (a) ~~**In General.** Nothing in this ordinance shall be construed as limiting the ability of the~~
20 ~~Board of Supervisors to establish, amend, suspend, or annul a performance goal.~~

21 (b) ~~**Controller's Report.** No later than July 1st, 2001, the Controller of the City and County of~~
22 ~~San Francisco shall report to the Board of Supervisors on the implementation of this ordinance,~~
23 ~~including the prospects for compliance by City departments beyond those participating as pilot~~
24 ~~projects.~~

1 Section 5. **Effective Date.** This ordinance shall become effective 30 days from the
2 date of passage.

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6
7 APPROVED AS TO FORM:
8 DENNIS J. HERRERA, City Attorney

9
10 By: _____
11 THOMAS J. OWEN
12 Deputy City Attorney