

1 [Administrative, Business and Tax Regulation Codes - Controller’s Reports and Cash Reserve
2 Fund]

3 **Ordinance amending the Administrative, Business and Tax Regulation Codes to modify**
4 **when the Controller is required to issue various reports and conduct various program**
5 **audits and delete obsolete provisions regarding the cash reserve fund.**

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

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

11 Section 1. The Administrative Code is hereby amended by amending Sections 2.16,
12 2A.19, 3.3, 4.15-1, 10.02, 10.6-2, 10.100-77, and 10.170-1, to read as follows:

13 **SEC. 2.16. CONTROLLER'S ANNUAL REPORT ON CONTRACTING OUT.**

14 The Controller shall prepare a report to the Board of Supervisors by September 1 of each
15 even-numbered year ~~May 15 of each year~~ discussing the numbers and types of contracts that
16 have been approved for the prior year under Charter Section 10.104(15), how long each
17 affected service has been contracted out, the cost savings as realized for each contract
18 compared to the cost savings as projected at the time of certification, and how many new
19 contracts have been submitted for certification as of the date of preparation of the report.

20 **SEC. 2A.19. CONTROLLER'S REPORTS.**

21 The Controller shall annually make a complete financial report which shall be audited
22 and distributed as provided in Charter Section 2.115. The Controller shall also periodically
23 during a fiscal year produce reports that summarize City revenues and expenditures ~~make a quarterly~~
24

1 ~~report, not later than the 25th day of the month succeeding the last preceding quarter, showing a~~
2 ~~summary statement of revenues and expenditures for the preceding quarter and for that portion of the~~
3 ~~fiscal year ending on the last day of such preceding quarter.~~ Such summaries statement shall include
4 the General Fund and selected funds and accounts of the City and shall include all general and funding
5 ~~accounts and shall be detailed as to~~ assets, liabilities, income, expenditures, appropriations and
6 funds, in such manner as to show the financial condition of the City and County and of each
7 department, office, bureau or division thereof, for the period covered that portion of the fiscal year
8 ~~to and including the preceding quarter~~, and with comparative figures for the similar period in the
9 preceding fiscal year. The Controller shall at the same time prepare statements showing ~~at~~
10 ~~the end of each quarter~~ the cash position of the City and County (and the unencumbered
11 balance in each fund). The Controller shall periodically make such reports as may be
12 necessary to show the actual or projected financial conditions of the City and County and of
13 each department, office, bureau or division thereof. Further provided that the Controller shall
14 prepare such reports for at least the first six- and nine-month ~~eight-month~~ periods of each fiscal
15 year. The Controller ~~He~~ shall also prepare monthly and transmit to all department heads
16 concerned, reports showing the allowances, expenditures, encumbrances and unencumbered
17 balances of each revenue and expenditure appropriation. A copy of each such report and
18 special fiscal reports as requested, shall be transmitted to the Mayor and the Board of
19 Supervisors, and kept on file in the Controller's office.

20

21 **SEC. 3.3. BUDGET TIMETABLE.**

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

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

4 (c) The Mayor shall, not later than the first working day of May of each year, transmit
5 to the Board of Supervisors proposed budgets for selected departments, as determined by the
6 Controller, in consultation with the President of the Board of Supervisors and the Mayor's
7 Budget Director. The criteria used by the Controller to determine which budgets will be
8 submitted to the Board of Supervisors by the first working day of May should include:
9 departments that are not supported by the City's general fund or departments that do not rely
10 on the State's budget submission in May for their revenue sources. The Mayor shall, not later
11 than the first working day of June of each year, transmit to the Board of Supervisors the
12 complete City budget, including the remaining departments' budgets and estimates of
13 amounts required to meet bond interest and fixed charges, together with his or her budget
14 message and a draft of the annual appropriation ordinance, prepared by the Controller.

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

22 (e) The Committee of the Board of Supervisors then having jurisdiction over the
23 budget according to the Rules of the Board shall review the budget and recommend an
24 Interim Appropriation and Salary Ordinance which shall reflect the budget transmitted by the
25 Mayor; provided, however, that any funds for equipment, capital improvements, new positions

1 of employment, or any other proposed expenditures may be placed in reserve until released
2 by the Board of Supervisors; and provided, further, that said ordinances shall reflect the rates
3 of compensation established pursuant to Charter Sections A8.403, A8.404, A8.409 and
4 A8.590-1 through A8.590-5.

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

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

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

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

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

16
17 **SEC. 4.15-1. AUTHORIZING CONDUCT OF STORE IN LAGUNA HONDA HOSPITAL.**

18 The Administrator of Laguna Honda Hospital is hereby authorized to conduct a store or
19 stores within the confines of said institution for the sale of candies, soft drinks and other
20 foodstuffs, tobacco, and sundries, subject to the following conditions:

21 (a) The Administrator of Laguna Honda Hospital shall supervise the management and
22 operation of the store. He or she shall be the custodian or shall appoint from the hospital staff
23 a custodian of all funds, merchandise, property, and equipment of said store.

24 (b) The Administrator shall be authorized to collect and deposit all proceeds from the
25 store sales in a bank or banks as he or she may select.

1 (c) The Administrator and his or her representative may draw checks on the bank
2 accounts for the purchase of materials, supplies, equipment, contractual services, and other
3 obligations properly charged to the store operation.

4 (d) The Administrator shall be authorized to assign personnel from other services
5 within the hospital to operate the store, as required.

6 (e) The Administrator is also authorized to install vending machines with the approval
7 of the Director of Public Health and the City Purchaser in various locations throughout the
8 hospital for the convenience of the patients, visitors, and employees.

9 (f) Proceeds from the sales of said vending machines shall be deposited in the store
10 fund.

11 (g) The net proceeds arising from the operation of the store and vending machines
12 shall be used upon the recommendation of the Administrator of Laguna Honda Hospital and
13 the approval of the Director of Public Health for such things as may be for the general welfare
14 of the patients of Laguna Honda Hospital, directly or indirectly, which are not provided for
15 them by other appropriations.

16 (h) The Controller periodically may perform audits of the store's receipts, and the cost of such
17 audits may be charged to the store's receipts. An annual audit shall be made of the store's operations
18 by the Controller, and the cost of said audit shall be charged to the store receipts.

19
20 **SEC. 10.02. CASH RESERVE FUND AND SUPPLEMENTAL APPROPRIATIONS.**

21 Unused and unencumbered appropriations or unencumbered balances existing at the
22 close of any fiscal year in revenue or expense appropriations of the City and County for any
23 such fiscal year, including such balances in revenue and expense appropriations provided
24 under the provisions of Section 16.106 of the Charter for libraries, parks and squares,
25 playgrounds and civil services in any such fiscal year, but exclusive of revenue or money

1 required by law to be held in school, bond, bond interest, bond redemption, pension, trust,
2 utility or other specific funds, or to be devoted exclusively to specified purposes other than
3 annual appropriations, and together with revenues collected or accruing from any source
4 during any such fiscal year, in excess of the estimated revenue from such source as shown by
5 the annual budget and the appropriation ordinance for such fiscal year, shall be held as surplus.
6 ~~transferred by the Controller, at the closing of such fiscal year, to a "cash reserve fund" which is~~
7 ~~hereby created and which may be used only in the manner authorized by Section 10.08; provided,~~
8 ~~however, that when the balance in said cash reserve fund shall equal 10 per centum of the current or~~
9 ~~the last preceding tax levy no such transfer shall be made by the Controller except on the~~
10 ~~recommendation of said Controller, the approval of the Mayor and the authorization of the Board of~~
11 ~~Supervisors, by majority vote.~~

12 ~~Such unused and unencumbered appropriations, balance and revenue collections in excess of~~
13 ~~revenue estimates, as hereinbefore in this Section defined, when not transferred to the cash reserve~~
14 ~~fund as hereinbefore in this Section required or authorized, shall be held as surplus.~~

15 Such surplus shall be taken in to account as revenue of the ensuing fiscal year;
16 provided, however, that any such surplus created or existing in any fiscal year may be
17 appropriated by the Board of Supervisors by means of an ordinance designated as a
18 supplemental appropriation ordinance, in the same manner and subject to the same
19 conditions, except time, as provided in the Charter for the submission and approval of the
20 annual budget and the appropriation ordinance.

21 No ordinance or resolution for the expenditure of money, except the annual
22 appropriation ordinance, shall be passed by the Board of Supervisors unless the Controller
23 first certifies to such Board that there is a sufficient unencumbered balance in a fund that may
24 legally be used for such proposed expenditure, and that, in the judgment of the Controller,
25 revenues as anticipated in the appropriation ordinance for such fiscal year and properly

1 applicable to meet such proposed expenditure will be available in the treasury in sufficient
2 amount to meet the same as it becomes due.

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4 **SEC. 10.6-2. CONTROLLER'S AUDIT OF LEASES UNDER WHICH CITY IS LESSOR.**

5 The department, board, or commission that has management and control of, or
6 jurisdiction over, any leased property is responsible for ensuring that all tenants are paying the
7 correct rent to the City. The Controller is hereby authorized to audit departments to ensure
8 that they are adequately managing their leases. The cost of such audits shall be borne by the
9 respective department, board, or commission.

10 Pursuant to Section 3.105 of the Charter, the Controller is authorized and directed to
11 conduct audits, at regular intervals, of all leases of city-owned real property where rent of
12 \$500,000 ~~\$100,000~~ or more a year is to be paid to the City. Any department board, or
13 commission may elect to have audits conducted or contracted to be conducted by the
14 Controller. The cost of each such audit shall be borne by the department, board or
15 commission that has management and control of, or jurisdiction over, the leased real property.
16 Within 30 days after the completion of each such audit, the Controller shall file reports of the
17 audit with the Mayor and the Board of Supervisors and shall deliver a copy of the report to the
18 department, board or commission that has management and control of, or jurisdiction over,
19 the leased real property. The department, board or commission shall take corrective action to
20 comply with the audit recommendations and shall report to the Controller on the action taken
21 within 45 days of the receipt of the audit report and at the end of each six months thereafter
22 until the matters disclosed by the audit have been resolved.

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1 **SEC. 10.100-77. HUMAN SERVICES CARE FUND.**

2 (a) **Establishment of Fund.** The Department of Human Services Care Fund is
3 established as a category eight fund to receive, and account for the expenditure of, savings
4 realized through the implementation of Proposition N, or any other legislation that provides in-
5 kind benefits in lieu of a full cash grant.

6 * * * *

7 (c) **Revenues.** The Fund shall include the following revenues:

8 Category One: Each year, the Commission shall, as part of its budget, estimate the
9 number of homeless individuals it expects will participate in each of the separate CAAP
10 programs (GA, PAES, CALM, and SSIP) during the upcoming fiscal year. If those numbers
11 are less than the baseline figures, the City shall credit the Fund with the full amount of the
12 average annual maximum cash grant for each program, multiplied by the difference between
13 the baseline figure and the estimated number of homeless participants in each program for
14 the upcoming fiscal year.

15 Category Two: Each year, the Commission shall, as part of its budget, estimate the
16 number of homeless individuals in each of the separate CAAP programs (GA, PAES, CALM,
17 and SSIP) the Commission expects will be provided in-kind benefits in lieu of a full cash grant
18 for the upcoming fiscal year. The City shall credit the fund with the difference between the
19 average annual maximum cash grant for each program and the average annual special
20 allowance or other residual cash payment provided by the City, multiplied by the estimated
21 number of homeless individuals in the program that the Commission expects will be provided
22 in-kind benefits in lieu of a full cash grant during the year.

23 Fund revenues may also include any other monies donated or appropriated to the
24 Fund.

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1 (e) **Certification.** The Human Services Commission shall conduct a public hearing or
2 hearings and adopt findings prior to submitting the annual estimates required under
3 subsection (c).

4 No later than 30 days after the end of each *fiscal year quarter*, the Department of
5 Human Services shall report on whether the estimates under subsection (c) were accurate for
6 that *year quarter*. The Controller shall review that report, and the Human Services
7 Commission shall conduct a hearing and transmit its findings to the Board of Supervisors.
8 The Board may hold additional hearings and may adjust any appropriations to the Fund;
9 provided, however, that the Board may choose to reconcile the amounts in the Fund at the
10 end of the fiscal year.

11 (f) **Fund Limits.** The Controller shall alert the Department of Human Services, the
12 Board of Supervisors, and the Mayor any time the revenues received by the Fund for any
13 fiscal year exceed \$11.9 million. The Department may only expend monies from the Fund in
14 excess of the \$11.9 million amount in any fiscal year by appropriation ordinance.

15 At the same time that the Department submits any such proposed appropriation
16 ordinance in excess of the \$11.9 million cap, it must also submit to the Board of Supervisors a
17 plan explaining how the Department intends to spend the money. The plan must include, at a
18 minimum, estimates of the amounts to be spent for various purposes, as well as an
19 explanation of who is to benefit from these expenditures, how many people will benefit, and
20 how the proposed benefits will be provided. The Board shall approve the plan by resolution
21 before adopting the appropriation ordinance.

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1 **SEC. 10.170-1. GRANT FUNDS – ACCEPTANCE AND EXPENDITURE.**

2 * * * *

3 (k) **Certain Transportation Funds (Proposition 1B Funds).** The voters of California
4 adopted Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security
5 Bond Act of 2006, at the November 7, 2006 California General Election. Under the
6 Proposition, the State will appropriate two billion dollars (\$2,000,000,000) into the Local
7 Streets and Road Improvement, Congestion Relief, and Traffic Safety Account of 2006
8 ("Proposition 1B Local Street and Road Improvement Funds"). These funds will be distributed
9 to cities and counties for improvements to transportation facilities that will assist in reducing
10 local traffic congestion and further deterioration, improving traffic flows, or increasing traffic
11 safety that may include, but not be limited to, street and highway pavement, maintenance,
12 rehabilitation, installation, construction and reconstruction of necessary associated facilities
13 such as drainage and traffic control devices, or the maintenance, rehabilitation, installation,
14 construction and reconstruction of facilities that expand ridership on transit systems, safety
15 projects to reduce fatalities, or as a local match to obtain state or federal transportation funds
16 for similar purposes. The Proposition requires that the funds distributed to the City be
17 deposited in a local account that is designated for the receipt of state funds allocated for local
18 streets and roads.

19 (1) The Board of Supervisors finds that while there are a range of projects
20 involving various City departments that could benefit from the Proposition 1B Local Street and
21 Road Improvement Funds, implementing a coordinated planning process for use of those
22 funds will help ensure the effective and efficient expenditure of funds in a manner that will
23 maximize the benefit to the City and its residents.

24 (2) The Board of Supervisors further finds that given the range of projects and
25 the Citywide impact of transportation-related projects, it is appropriate for the Board to review

1 proposed expenditures of Proposition 1B Local Street and Road Improvement Funds, and to
2 be kept apprised of the progress on projects that are receiving Proposition 1B Local Street
3 and Road Improvement Funds.

4 (3) The Board of Supervisors shall not ~~to~~ appropriate any Proposition 1B Local
5 Street and Road Improvement Funds, as referenced above, until the Board has received from
6 the department or departments requesting the appropriations a specific and detailed spending
7 plan for the funds. The Spending Plan (the "Plan") shall set forth projects, programs and
8 other improvements to be funded over the next ten years (10) years by Proposition 1B Local
9 Street and Road Improvement Funds, and shall include a budget, scope, and schedule, as
10 well as any other information requested by the Board. The Plan should also address the
11 relative need or urgency, cost effectiveness, and fair geographic distribution of resources,
12 taking into account the various needs of San Francisco's neighborhoods. The Plan shall be
13 coordinated with other relevant City agencies including the Planning Department and the
14 Municipal Transportation Agency, as well as the San Francisco Transportation Authority. The
15 Plan should identify attempts to leverage or match Proposition 1B Local Street and Road
16 Improvement Funds with funding from other sources, including any other state or federal
17 funds. No City Department shall expend or encumber any Proposition 1B Local Street and
18 Road Improvement Funds without approval from the Board of Supervisors pursuant to this
19 ordinance. Any Proposition 1B Local Street and Road Improvement Funds received by the
20 City and County of San Francisco will be deposited into a local account named "The
21 Proposition 1B Local Account," and shall remain in such account until the Board of
22 Supervisors approves a department's specific spending plan. Under no circumstances will
23 Proposition 1B Local Street and Road Improvement Funds be mixed with other funds prior to
24 the approval of the spending plans as outlined in this paragraph. Proposition 1B Local Street
25 and Road Improvement Funds can be appropriated as part of the annual budget process only

1 if the requirements of this paragraph are met. The Board of Supervisors further encourages
2 any department seeking such an appropriation to consult and work with its commission if any,
3 the public, and the Board on the development of such spending plans.

4 (4) Any department that receives an appropriation of Proposition 1B Local
5 Street and Road Improvement Funds shall report back to the Board of Supervisors beginning
6 six months from the date of the appropriation, and at six-month intervals thereafter until the
7 appropriation has been spent. The report required by this Section shall state the amount of
8 Proposition 1B Local Street and Road Improvement Funds expended as of the reporting date
9 and shall describe the progress on the project, the projected date of completion, and such
10 additional information as the Board may require as a condition of the appropriation.

11 ~~(5) The Controller shall perform an audit every two years of all Proposition 1B Local~~
12 ~~Street and Road Improvement Funds that are allocated, whether expended or not, to determine what~~
13 ~~projects were actually funded. Any Department receiving Proposition 1B Local Street and Road~~
14 ~~Improvement Funds shall cooperate with the Controller's Office in the performance of the audit.~~

15
16 Section 2. The Business and Tax Regulations Code is hereby amended by amending
17 Section 515.01, to read as follows:

18 **SEC. 515.01. HOTEL TAX ALLOCATIONS.**

19 (a) All monies collected pursuant to the tax imposed by Section 502 of this Article
20 ("Hotel Tax Revenues") shall be allocated for the purposes specified in Subsection (b) in the
21 amounts prescribed in Subsection (c), subject to the adjustments and limitations prescribed in
22 Subsection (d). Any unexpended balances remaining in Allocations Number 1, 2, 3, 4, 5, 9
23 and 10 at the close of any fiscal year shall be deemed to be provided for a specific purpose
24 within the meaning of Section 9.113 of the Charter and shall be carried forward and
25 accumulated in said allocations for the purposes prescribed in Subsection (b). After the

1 specific purpose allocations and accumulations required by this Section, all remaining
2 revenues shall be transferred to the General Fund, of which an amount not to exceed two
3 tenths of one percent (0.2%) shall be appropriated to the Tax Collector for the administration
4 of the provisions of this Article.

5 * * * *

6 (d) **Adjustments to and Limitations on Allocation Amounts.** Notwithstanding the
7 provisions of Subsection (c), the allocation amounts shall be subject to the following
8 adjustments and limitations:

9 (1) Annual Adjustment: Prior to the calculation of any other adjustment
10 prescribed in this Subsection (d), each amount prescribed in Subsection (c) shall be adjusted
11 annually, commencing in fiscal year 1998-99, by the percentage increase or decrease in
12 actual hotel tax revenues compared with the prior fiscal year; provided, however, that the
13 amount of the annual adjustment pursuant to this Subparagraph (1) shall not exceed 10
14 percent.

15 (2) Limitation on Allocation Number 3 (Low-Income Housing in Yerba Buena
16 Redevelopment Area): Unexpended monies appropriated pursuant to priority (E) of Allocation
17 Number 3 shall be retained in a reserve fund which shall be allowed to accumulate in the
18 maximum annual amount of \$100,000 up to a maximum total amount of \$1,000,000.

19 (3) Limitation on Allocation Number 6 (Publicity/Advertising; Recurring Events):
20 Of the amount allocated for publicity and advertising for recurring events, \$650,000 in 1997-
21 1998; \$800,000 in 1998-1999 and \$400,000 in 1999-2000, thereafter adjusted by the annual
22 adjustment provided in Subparagraph (1) of this paragraph, shall be allocated to the Arts
23 Commission to support the City-owned community cultural centers.

24 (4) Adjustment to Allocation Number 6 (Publicity/Advertising; Recurring Events)
25 and Allocation Number 11 (Cultural Centers): In fiscal year 1998-99 and thereafter, no

1 amount allocated to support the City-owned community cultural centers shall be released to a
2 cultural center unless:

3 (A) The Arts Commission has received and approved an annual report
4 from the cultural center demonstrating that the cultural center has had an active community
5 support board dedicated to community outreach, fundraising, and advocacy on behalf of the
6 cultural center in the prior fiscal year. For purposes of this Section, an "active community
7 support board" shall mean a board that has convened on at least six occasions during the
8 year.

9 (B) The Arts Commission has received and approved an annual report
10 from the cultural center demonstrating that the cultural center has, in the prior fiscal year, met
11 the cultural center's revenue target from sources other than hotel tax revenues. For purposes
12 of this Section, a cultural center's revenue target shall be at least 20 percent of the cultural
13 center's total revenues, including hotel tax revenues, in fiscal year 1996-97 inflated annually
14 by a rate of three percent or by the rate of growth in the cultural center's hotel tax revenues,
15 whichever is lower. If the cultural center has not met its revenue target, the amount released
16 to the cultural center shall be reduced in the following year by an amount equivalent to the
17 difference between the revenue target and actual revenues collected from sources other than
18 hotel tax revenues. All revenue calculations required to effectuate this limitation shall be
19 certified by the Controller during the City's annual budget process.

20 ~~(C) The Controller has performed a financial review of the cultural center~~
21 ~~within the previous four years. An initial financial review shall be performed for each cultural center~~
22 ~~by the end of fiscal year 1998-99.~~

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24 Section 2. Effective Date. This ordinance shall become effective 30 days from the
25 date of passage.

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Section 3. This section is uncodified. In enacting this Ordinance, the Board intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation, charts, diagrams, or any other constituent part of the Administrative Code and Business and Tax Regulations Code that are explicitly shown in this legislation as additions, deletions, Board amendment additions, and Board amendment deletions in accordance with the "Note" that appears under the official title of the legislation.

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

By: _____
THOMAS J. OWEN
Deputy City Attorney

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