

1 [Intent to Prioritize Funding a Cost of Doing Business Supplemental Appropriation]

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3 **Resolution to prioritize approval of a supplemental appropriation up to the amount of**
4 **\$3,400,000 during FY2014-2015 to fund a cost of doing business allocation for non-**
5 **profit agencies that contract with the City and County of San Francisco.**

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7 WHEREAS, From FY2008-2009 to FY2011-2012, nonprofits received flat funding from
8 the City of San Francisco, despite having to absorb the rising cost of healthcare, rent, and
9 other inflationary increases; and

10 WHEREAS, Because of these factors, flat funding amounted to a reduction for
11 nonprofits, negatively impacting vital City services, the clients who depend on them and the
12 workers who serve them; and

13 WHEREAS, In 2014, the nonprofit sector in Northern California reported a 13%
14 turnover rate for full-time employees and a 17% turnover rate for part-time employees, and

15 WHEREAS, City-wide appropriations for Professional and Contractual services will
16 amount to a 13.4% increase from FY2012-2013, in part because City for-profit contractors
17 receive annual increases, even during challenging economic times; and

18 WHEREAS, For-profit contractors with the City receive annual increases, either
19 indexed to CPI or fixed increases of 3% or more; and

20 WHEREAS, Until last year, Nonprofit Contractors had not received a CODB increase
21 since FY2007-2008; and

22 WHEREAS, There has been a steady demand for the social services provided by city-
23 funded nonprofit agencies, but the City has increased funding to its nonprofit contractors by
24 only 11.9 percent since 2004; such a low increase equals a cut to the agencies, which often

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1 have to choose between losing their lease, cutting programs or services, or laying off or
2 cutting the pay and benefits of their workforce; and

3 WHEREAS, Beginning July 1, 2014, all elected officials in San Francisco, including the
4 Mayor and all members of the Board of Supervisors, will receive a 2.6% salary increase; and

5 WHEREAS, The City's FY2014-2015 and FY2015-2016 budget appropriates
6 \$270,700,000 in projected ending balance available from FY2013-2014, largely resulting from
7 higher than anticipated revenue growth and expenditure savings; and

8 WHEREAS, The City's final audited ending balance for FY2013-2014, as reported in
9 the City's Comprehensive Annual Financial Report (CAFR), following final revenue receipts,
10 year-end expenditures, audit adjustments, and required reserve deposits, may be higher than
11 the projected ending balance assumed in the budget; and

12 WHEREAS, During the last four fiscal years, the variance between projected and final
13 ending balance has varied significantly from year to year, but averaged \$12,000,000 in
14 positive final results versus those appropriated in the subsequent budget; and

15 WHEREAS, The estimated cost of a .75% CODB increase is \$3,400,000 annually;
16 now, therefore, be it

17 RESOLVED, Upon release of the City's Comprehensive Annual Financial Report
18 (CAFR), the Controller shall report on the final audited ending General Fund balance versus
19 the level assumed in the adopted budget; and, be it

20 FURTHER RESOLVED, The Board of Supervisors shall prioritize approval of a
21 supplemental appropriation, up to the amount of \$3,400,000 during FY2014-2015, to fund a
22 cost of doing business allocation for non-profit agencies that contract with the City and County
23 of San Francisco; and, be it

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1 FURTHER RESOLVED, Any funding allocation for this purpose shall be contingent on
2 revenue and savings above projected estimates for FY2013-2014 to be found in sources such
3 as the City’s local tax, property tax, and real estate transfer tax.

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