

<p><b>Items 15-0554 and 15-0556</b>  <b>Files 15-0554 &amp; 15-0556</b></p>	<p><b>Department:</b></p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p>	
<ul style="list-style-type: none"> <li>• The proposed legislation would approve for FY 2015-16: (a) the Interim Annual Appropriation Ordinance (File 1515-0554), and (b) the Interim Annual Salary Ordinance (File 15-0556).</li> </ul>	
<p style="text-align: center;"><b>Key Points</b></p>	
<ul style="list-style-type: none"> <li>• Under Administrative Code Section 3.3, the Board of Supervisors must approve an Interim Annual Appropriation Ordinance (AAO) and Annual Salary Ordinance (ASO) for FY 2015-16 by June 30, 2015 in order to provide position and expenditure authorization for the various City departments prior to approval by the Board of Supervisors by July 31, 2015.</li> <li>• Interim exceptions - new positions, programs, capital improvements and equipment during the interim budget period - are subject to Board of Supervisors approval. The Mayor’s Office has submitted a request to the Board of Supervisors to fill various new positions as of July 1, 2015, which the Budget and Legislative Analyst’s Office will review and make recommendations to the Budget and Finance Committee during the Board of Supervisors annual budget process.</li> </ul>	
<p style="text-align: center;"><b>Policy Consideration</b></p>	
<ul style="list-style-type: none"> <li>• The Administrative Provisions of the AAO and ASO contain new language that allows the Director of Human Resources to create new positions in a City department and allows the Controller to re-allocate funds from professional services to salaries and fringe benefits under specific circumstances if existing Office of Community Infrastructure and Investment (OCII) staff are not available to provide services to City departments. Because the creation of positions and allocation of funds to salaries and benefits would not require Board of Supervisors approval under these specific circumstances, the Budget and Legislative Analyst recommends deletion of these provisions.</li> </ul>	
<p style="text-align: center;"><b>Recommendations</b></p>	
<ul style="list-style-type: none"> <li>• Amend the AAO to delete the new provision in AAO Section 12.13 because it allows the Controller to re-allocate funds in a specific City department’s budget from OCII staff services to salaries and benefits without Board of Supervisors appropriation approval.</li> <li>• Amend the ASO to delete the new provision in ASO Section 1.1B.L because it allows the Director of Human Resources to authorize new positions in a City department to provide services to OCII without Board of Supervisors approval.</li> <li>• Except for potential exceptions to the Interim AAO, approve (a) the FY 2015-16 and FY 2016-17 Interim Annual Appropriation Ordinance (File 15-0554) as amended, and (b) the FY 2015-16 and FY 2016-17 Interim Annual Salary Ordinance (File 15-0556) as amended.</li> </ul>	

## MANDATE STATEMENT

Under Administrative Code Section 3.3, the Board of Supervisors must approve an Interim Annual Appropriation Ordinance (AAO) and Annual Salary Ordinance (ASO) for FY 2015-16 by June 30, 2015. The purpose of these interim ordinances is to provide position and expenditure authorization for the various City departments prior to approval of the FY 2015-16 budget by the Board of Supervisors by July 31, 2015.

Exceptions to the Interim AAO and ASO for new positions, programs, capital improvements and equipment during the interim budget are subject to Board of Supervisors approval. The Mayor's Office has submitted a request to the Board of Supervisors to fill various new positions as of July 1, 2015, which the Budget and Legislative Analyst's Office will review and make recommendations to the Budget and Finance Committee during the Board of Supervisors annual budget process.

## DETAILS OF PROPOSED LEGISLATION

The proposed legislation would approve for FY 2015-16: (a) the Interim Annual Appropriation Ordinance (File 15-0554), and (b) the Interim Annual Salary Ordinance (File 15-0556).

### AAO Administrative Provisions

The Controller has recommended the following revised language to the AAO's Administrative Provisions:

- Section 11.1: Allows the Controller to adjust transfers to the San Francisco Capital Planning Fund to account for final capital project planning expenditures reimbursed from the sale of bonds, certificates of participation (COPS), or other long term financing.<sup>1</sup>
- Section 12.3: Allows the Controller to adjust the budget to conform to assumptions in final approved property tax rates and to make debt service payments for approved general obligation bonds.
- Section 12.13: If the Office of Community Investment and Infrastructure (OCII) has an agreement with a specific City department for OCII staff to provide services to the department, but no longer has sufficient staff to provide the services, the Controller would be authorized to re-allocate the City department's budgeted funds, which had previously been allocated to OCII services, to the City department's salary and employee benefits budget. The Budget and Legislative Analyst recommends deletion of this provision because it allows the re-allocation of funds in a specific City department's

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<sup>1</sup> Administrative Code Section 10.100-286 established the Capital Planning Fund to provide for General Fund, bond or COPS proceeds, or other long-term debt funds to pay for design, planning and cost-estimating of capital projects.

budget from OCII staff services to salaries and benefits without Board of Supervisors appropriation approval. The City has sufficient procedures in place to provide for approval of new salaries and benefits in a City department's budget.

- Section 24: Allows the Controller to re-allocate unappropriated funds in the Building Inspection Fund at the end of FY 2014-15 into two reserves: (1) the stabilization reserve in an amount not to exceed \$41 million; and (2) the retiree healthcare reserve in an amount not to exceed \$32 million. Use of either reserve shall require appropriation approval by the Board of Supervisors.

### **Business Improvement Districts**

The Attachment to this report shows the FY 2015-16 and FY 2016-17 Business Improvement District assessments. These assessments are levied on real property in the Business Improvement Districts, established by ordinance of the Board of Supervisors, and are used for purposes defined in the district plans, budgets, and management agreements, as previously approved by the Board of Supervisors.

### **ASO Administrative Provisions**

The ASO Administrative Provisions have the following revisions:

- Section 1.1B.H: Increases the minimum hourly rate for Class 1229 Special Examiner from \$44.15 to \$51.63 and the maximum hourly rate from \$66.04 to \$76.71.
- Section 1.1B.L: Allows the Director of Human Resources to authorize new positions in a specific City department to provide services to OCII, provided that the Controller certifies that sufficient OCII funds are available to support the position. The Budget and Legislative Analyst recommends deletion of this provision because the City has sufficient procedures in place to provide for approval of new positions in a City department's budget.

## **RECOMMENDATIONS**

1. Amend the AAO to delete the new provision in AAO Section 12.13 because it allows the Controller to re-allocate funds in a specific City department's budget from OCII staff services to salaries and benefits without Board of Supervisors appropriation approval.
2. Amend the ASO to delete the new provision in ASO Section 1.1B.L because it allows the Director of Human Resources to authorize new positions in a City department to provide services to OCII without Board of Supervisors approval.
3. Except for potential exceptions to the Interim AAO, approve (a) the FY 2015-16 and FY 2016-17 Interim Annual Appropriation Ordinance (File 15-0554) as amended, and (b) the FY 2015-16 and FY 2016-17 Interim Annual Salary Ordinance (File 15-0556) as amended.