

File No. 150573

Committee Item No. 12

Board Item No. 22

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date June 15, 2015

Board of Supervisors Meeting

Date July 14, 2015

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input type="checkbox"/> | <input type="checkbox"/> | Resolution |
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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER (Use back side if additional space is needed)

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| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>PUC four-point presentation</u> |
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Completed by: Linda Wong Date June 11, 2015
 Completed by: Linda Wong Date July 9, 2015

1 [Annual Appropriation Ordinance Amendment - Public Utilities Commission Operating Budget
2 - \$2,177,552 - FY2015-2016]

3 **Ordinance amending Ordinance No. 146-14 (Annual Appropriation Ordinance FYs 2014-**
4 **2015 and 2015-2016) by de-appropriating \$2,177,552 from fringe benefits, non-**
5 **personnel services, services of other departments, and general reserve and re-**
6 **appropriating funds to permanent salaries, City grant programs, capital outlay, and**
7 **overhead in the Public Utilities Commission operating budgets in FY2015-2016.**

8

9 Note: Additions are single-underline italics Times New Roman;
10 deletions are ~~strikethrough italics Times New Roman~~.
11 Board amendment additions are double underlined.
12 Board amendment deletions are ~~strikethrough normal~~.

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

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16 Section 1. Ordinance de-appropriating and re-appropriating \$2,177,552 of the Public
17 Utilities Commission adopted operating budget for FY2015-2016.

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1 Department: PUC: Public Utilities Commission

2 \$ Change from Adopted FY2015-2016 Budget

3 **USES De-Appropriation**

4 **Uses of Funds Detail De-Appropriation**

5 **OPERATING**

6 **5C AAA AAA: CWP-OPERATING-NON-PROJ-CONTROLLED FD**

7 013 MANDATORY FRINGE BENEFITS \$352,501

8 021 NON PERSONNEL SERVICES \$250,000

9 098 UNAPPROPRIATED REVENUE-DESIGNATED \$320,530

10 **SUB-TOTAL 5C AAA AAA \$923,031**

11
12 **5T AAA AAA: HETCHY OPERATING-NON-PROJ-CONTROLLED FD**

13 013 MANDATORY FRINGE BENEFITS \$178,305

14 **SUB-TOTAL 5T AAA AAA \$178,305**

15
16 **5W AAA AAA: SFWD-OPERATING-NON-PROJ-CONTROLLED FD**

17 013 MANDATORY FRINGE BENEFITS \$443,344

18 081 SERVICES OF OTHER DEPTS \$630,595

19 **SUB-TOTAL 5W AAA AAA \$1,073,939**

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21 **5W PUC OPF: PUC OPERATING FUND**

22 013 MANDATORY FRINGE BENEFITS \$2,277

23 **SUB-TOTAL 5W PUC OPF \$2,277**

24
25 **Total USES De-Appropriation \$2,177,552**

1 **USES Appropriation**

2 **Uses of Funds Detail Appropriation**

3 **OPERATING**

4 **5C AAA AAA: CWP-OPERATING-NON-PROJ-CONTROLLED FD**

5 001 SALARIES \$673,031

6 038 CITY GRANT PROGRAMS \$250,000

7 **SUB-TOTAL 5C AAA AAA \$923,031**

8

9 **5T AAA AAA: HETCHY OPERATING-NON-PROJ-CONTROLLED FD**

10 001 SALARIES \$178,305

11 **SUB-TOTAL 5T AAA AAA \$178,305**

12

13 **5W AAA AAA: SFWD-OPERATING-NON-PROJ-CONTROLLED FD**

14 001 SALARIES \$583,939

15 060 CAPITAL OUTLAY \$490,000

16 **SUB-TOTAL 5W AAA AAA \$1,073,939**

17

18 **5W PUC OPF: PUC OPERATING FUND**

19 020 OVERHEAD \$2,277

20 **SUB-TOTAL 5W PUC OPF \$2,277**

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22 **Total USES Appropriation \$2,177,552**

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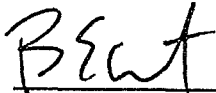
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1 Section 3. The Controller is authorized to record transfers between funds and adjust
2 the accounting treatment of uses appropriated in this ordinance as necessary to conform with
3 Generally Accepted Accounting Principles.
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6 APPROVED AS TO FORM:
7 DENNIS J. HERRERA, City Attorney

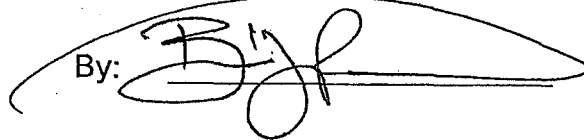
8 By:



9 BUCK DELVENTHAL
Deputy City Attorney

FUNDS AVAILABLE
BEN ROSENFELD, Controller

By:



OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE
MAYOR

To: Angela Calvillo, Clerk of the Board of Supervisors
From: Kate Howard, Mayor's Budget Director
Date: June 1, 2015
Re: Mayor's FY 2015-16 and FY 2016-17 Budget Submission

Madam Clerk,

In accordance with City and County of San Francisco Charter, Article IX, Section 9.100, the Mayor's Office hereby submits the Mayor's June 1st proposed budget, corresponding legislation, and related materials for Fiscal Year 2015-16 and Fiscal Year 2016-17.

In addition to the Annual Salary Ordinance and Annual Appropriation Ordinance, the following items are included in the Mayor's submission:

- The budget for the Treasure Island Development Authority for FY 2015-16 and FY 2016-17.
- The budget for the Office of Community Investment and Infrastructure for FY 2015-16.
- 19 separate pieces of legislation (see list attached).
- A Transfer of Function letter detailing the transfer of 1.0 position within the Executive Branch.
- An Interim Exception letter.
- A letter addressing funding levels for consumer price index increases for nonprofit corporations or public entities for the coming two fiscal years.

If you have any questions, please contact me at (415) 554-6515.

Best Regards,

A handwritten signature in black ink that reads "Kate Howard".

Kate Howard
Mayor's Budget Director

cc: Members of the Board of Supervisors
Harvey Rose
Controller

Legislation Introduced with the Mayor's Proposed FY 2015-16 and FY 2015-16 Budget			
DEPT	Description of Local Legislation	Type of Legislation	Budget & Finance Committee Calendar Date
AIR	Appropriation – \$2,673,349 to the Airport Commission - FY2015-2016	Ordinance	15-Jun
CON	Resolution Adjusting the Access Line Tax with the Consumer Price Index of 2015	Resolution	15-Jun
CON	Neighborhood Beautification and Graffiti Clean-up Fund Tax Designation Ceiling	Ordinance	15-Jun
CON	Designation of Hinderliter, de Llamas and Associates ("Contractor") as City's Authorized Representative in Sales and Use Tax Records Examination	Resolution	15-Jun
CON	Proposition J Contract Certification Specified Contracted-Out Services Previously Approved	Resolution	15-Jun
CPC	Administrative Code – California Environmental Quality Act Procedures and Fees (Fee Elimination)	Ordinance	15-Jun
CPC	Planning, Building Codes – Fee Waiver for Legalization of Secondary Dwelling Units	Ordinance	15-Jun
DBI	Building Code - Fees	Ordinance	18-Jun
DPH	Accept and Expend Grants- Recurring State Grant Funds - Department of Public Health- FY2015-2016	Resolution	18-Jun
DPH	Public Health Rates for FY 2015-16 and FY 2016-17	Ordinance	18-Jun
DPH	Administrative Code - Department of Public Health Group Purchasing Organizations	Ordinance	18-Jun
DPW	Public Works Code – Fees for Nighttime Work Permit and Preapplication Meetings	Ordinance	17-Jun
FIR	Business and Tax Regulations Code - Fire Department Licensing Fees	Ordinance	17-Jun
FIR	Fire Code – Fire Department Fines and Fees	Ordinance	17-Jun
H.S.A.	Approval of FY15-16 and FY16-17 Expenditure Plans for the Human Services Care Fund	Resolution	18-Jun
MOHCD	Administrative, Planning, Subdivision Codes - Citywide Affordable Housing Fund, Mayor's Housing Programs Fees Fund	Ordinance	15-Jun
MOHDC	Certificates of Participation – Housing Trust Fund – Reimbursement of Certain Expenditures	Resolution	15-Jun
PUC	Appropriation Amendment - \$2,177,552 to the Public Utilities Commission Operating Budget - FY2015-2016	Ordinance	15-Jun
PUC	Public Employment – Amendment to the Annual Salary Ordinance, FY2015-2016 and FY 2016-2017 – Public Utilities Commission Water Enterprise Department	Ordinance	15-Jun

Item 12 File 15-0573	Department: Public Utilities Commission (PUC)
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EXECUTIVE SUMMARY**Legislative Objectives**

- The proposed ordinance would amend the Public Utilities Commission's (PUC) adopted FY 2015-16 budget to (1) de-appropriate \$2,177,552 from fringe benefits, non-personnel services, services of other departments, and general reserve and (2) re-appropriate \$2,177,552 to permanent salaries, City grant programs, capital outlay, and overhead in the Public Utilities Commission operating budgets in FY 2015-16.

Key Points

- The Public Utilities Commission prepares a two-year operating budget, the last of which was performed for fiscal years 2014-15 and 2015-16. Changes to the operating budget are subject to Board of Supervisors approval.
- The PUC is requesting an amendment to the Annual Appropriations Ordinance to re-appropriate \$2,177,552 within various PUC Divisions.

Fiscal Impact

- The re-appropriation includes (1) \$1,435,275 to pay for 10 positions transferred from temporary to permanent status as a result of a grievance settlement between the City and Service Employees International Union, (2) \$250,000 to pay for grants to water customers, as part of the Floodwater Management Grant Program, (3) \$490,000 for two new utility trucks for the Water Installation Service program, and (4) \$2,277 as an adjustment to overhead charges.

Recommendation

- Approve the proposed.

MANDATE STATEMENT / BACKGROUND**Mandate Statement**

City Charter Section 9.105 states that amendments to the Annual Appropriation Ordinance are subject to Board of Supervisors approval by ordinance after the Controller certifies the availability of funds.

DETAILS OF PROPOSED LEGISLATION**File 15-0573**

The proposed ordinance would amend the Public Utilities Commission's (PUC) adopted FY 2015-16 budget to (1) de-appropriate \$2,177,552 from fringe benefits, non-personnel services, services of other departments, and general reserve and (2) re-appropriate \$2,177,552 to permanent salaries, City grant programs, capital outlay, and overhead in the Public Utilities Commission operating budgets in FY 2015-16.

FISCAL IMPACT

The PUC proposes to de-appropriate \$2,177,552 in surplus funds in the Water, Wastewater, and Hetch Hetchy Enterprises, and in the PUC's Operating Fund, as shown in Table 1 below.

Table 1: De-appropriation of Funds

Wastewater Enterprise	
Fringe Benefits	\$352,501
Non Personnel Services	\$250,000
Unappropriated Revenue	<u>\$320,530</u>
Subtotal	\$923,031
Hetch Hetchy Enterprise	
Fringe Benefits	\$178,305
Water Enterprise	
Fringe Benefits	\$443,344
Services of Other Departments	<u>\$630,595</u>
Subtotal	\$1,073,939
PUC Operating Fund	
Fringe Benefits	<u>\$2,277</u>
Total	\$2,177,552

The proposed ordinance would re-appropriate \$2,177,552 to the uses shown in Table 2 below.

Table 2: Re-appropriation of Funds

	Wastewater	Hetch Hetchy	Water	PUC Operating Fund	Total
Salaries	\$673,031	\$178,305	\$583,939		\$1,435,275
City Grant Program	\$250,000				\$250,000
Water Service Installation Program Trucks			\$490,000		\$490,000
Overhead				\$2,227	\$2,227
Total	\$923,031	\$178,305	\$1,073,939	\$2,227	\$2,177,552

Salary Needed to Convert Temporary Positions to Permanent Positions (\$1,435,275)

As part of a settlement agreement between the City and Service Employees International Union (SEIU) to settle a grievance filed in 2013, PUC is converting 10 positions from temporary to permanent status. The conversion includes five positions in Water Enterprise, two positions in Wastewater Enterprise, and three positions in Hetch Hetchy Enterprise, as shown in Table 3 below. The total re-appropriation for this purpose is \$1,435,275, or 65.9 percent of the total re-appropriation of \$2,177,552.

Table 3: Temporary to Permanent Job Conversions by PUC Enterprise Division

<u>Job Class</u>	<u>Job Title</u>	Wastewater <u>FTE</u>	Hetch Hetchy <u>FTE</u>	Water <u>FTE</u>	Total <u>FTE</u>
1406	Senior Clerk	2		1	3
1446	Secretary II			1	1
1632	Senior Account Clerk			1	1
1705	Communications Dispatcher II			1	1
1822	Administrative Analyst			1	1
2706	Housekeeper/Food Service Cleaner		3		3
Total		2	3	5	10

Floodwater Management Grant Program (\$250,000)

In previous years, Wastewater Enterprise has offered a Floodwater Management Grant Program to water customers to install eligible flood-prevention systems, including flood barriers for doors or garages and backflow preventers that stop wastewater from entering drainage pipes. The grant amount ranges from \$2,500 to \$6,000, depending on the type of system installed, and the total budget of this program has been \$250,000 in previous years. According to Mr. Carlos Jacobo, PUC Budget Manager, the PUC mistakenly did not fund the grant program in FY 2015-16. Funding for the Floodwater Management Grant Program is being re-appropriated from Wastewater Enterprise Non-Personnel Services. According to Mr. Jacobo, PUC has decided to reallocate funding to the grant program from professional services contracts.

Utility Trucks (\$490,000)

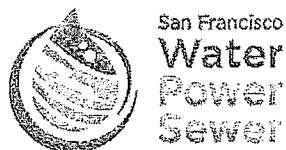
The Water Enterprise is expanding water installation services and adding two new water installation crews (see File 15-0575) due to new developments requiring water service installation. Each crew requires a specialized utility truck to travel to and from development sites with equipment and tools. Each truck has an estimated cost of \$245,000, and \$490,000 for two trucks.

Overhead Adjustment (\$2,277)

The Controller's Office has adjusted the overhead rate for PUC, resulting in the need for a re-appropriation for this purpose of \$2,277.

RECOMMENDATIONS

Approve the proposed ordinance.



File # 150573
Received in
Committee 6/15/15
J.W.

San Francisco Public Utilities Commission

Budget Overview

June 15, 2015

Harlan L. Kelly, Jr.
General Manager

1165



Our Approach to Fiscal Balancing

Core Priorities

- 1) Deliver High Quality 24/7 Essential Services
- 2) Maintain Critical Infrastructure to Ensure Our Assets are in a State of Good Repair
- 3) Preserve Ratepayer Affordability

Levers to Balance These Priorities

- Operating Budgets & Staffing
- Bond Financing
- Timing & Phasing of Capital Improvements



Annual Operating Budget

Enterprise	FY 2014-15	FY 2015-16
Water – Regional & In-City	\$484.5 M	512.8 M
Water – Up-Country (Hetch Hetchy)	\$35.0 M	41.3 M
Power (Hetch Hetchy)	\$146.7 M	147.2 M
Wastewater	\$273.4 M	287.5 M
TOTAL	\$939.6 M	\$988.8 M

1167



Recent Successes

Water

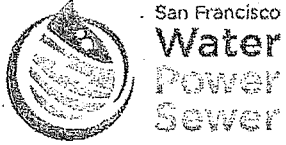
- Water System Improvement Program, over 85% Complete
- Water Conservation

Power

- Power bond rating
 - Fitch AA-, Standards & Poor's A+
- Power Strategic Business Plan
- Community Choice Aggregation

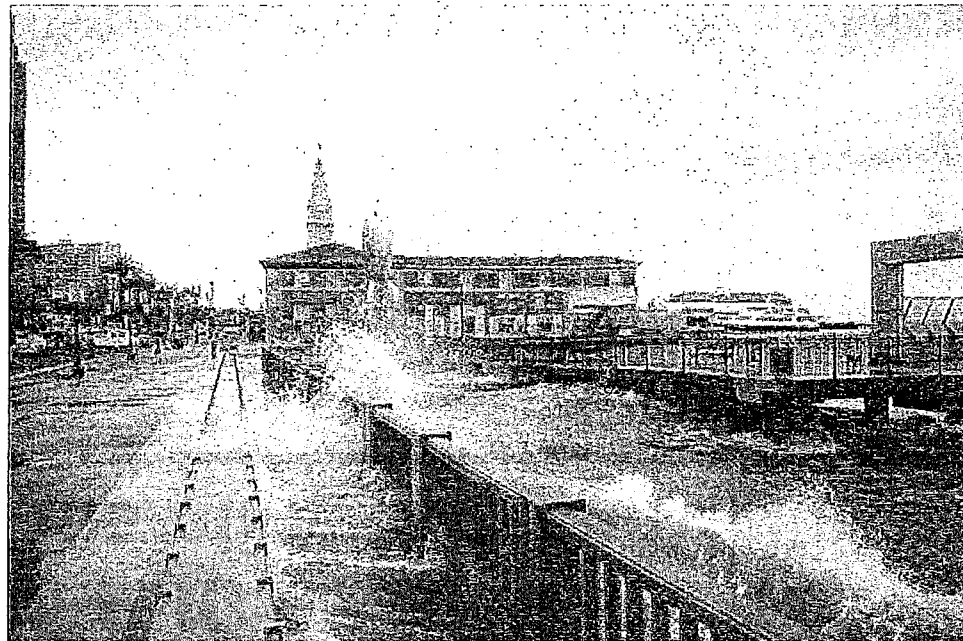
Sewer

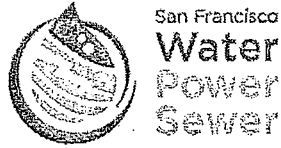
- Sewer System Improvement Program Phase 1 underway
- Digester design ahead of schedule



Challenges Ahead

- Revenue impacts of the drought
- Climate change impacts
- Keeping pace with development





SFPUC FY 2015-16 Operating Budget Adjustments

Revenues

- Voluntary Water Reduction resulting in lower water & sewer revenues
 - Water ↓\$9.6M – offset fund balance
 - Sewer ↓\$14.9M – offset unappropriated reserves

Expenditures – Supplemental Appropriation Request

- New Services Installation Support
 - Five new project-funded positions \$0.00M
 - Capital outlay 0.50M
- Salaries
 - Conversion of ten temporary positions to permanent 0.62M
 - MOU adjustments 0.80M
- Floodwater Management 0.25M
\$2.17M



San Francisco
Water
Power
Sewer

Budget & Finance Action Items

1. Mid-Cycle Budget Adjustment - \$2.17 M
2. CCA Supplemental Appropriation - \$4 M
3. CCA Release of Reserves - \$2.2 M



SAN FRANCISCO
Water
POWER
SEWER

Questions