

**CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST**

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TO: Budget and Finance Committee
FROM: Budget and Legislative Analyst 
SUBJECT: June 8, 2017 Budget and Finance Committee Meeting

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Items 13 and 14 Files 17-0653 and 17-0654	Controller
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MANDATE STATEMENT/ DETAILS OF PROPOSED LEGISLATION

The proposed legislation would approve the FY 2017-18 and FY 2018-19 Annual Appropriation Ordinance (File 17-0653) and Annual Salary Ordinance (File 17-0654). The proposed ordinances contain the administrative provisions governing the Annual Appropriation Ordinance and Annual Salary Ordinance.

Administrative Provisions of the Annual Appropriation Ordinance

Major revisions recommended by the Controller to the Administrative Provisions of the Annual Appropriation Ordinance (AAO) are as follows:

- Section 26.1: This is a new provision authorizing the Controller to apply operational savings in the budgets of the Tax Collector, Assessor, and Controller to the Property Tax System Replacement Project, in order to minimize new appropriations. We recommend that the Controller report to the Budget and Legislative Analyst's Office and Budget and Finance Committee, no later than June 1, 2018 for the FY 2018-19 budget review, the specific amount of operational savings, including details on the source of such savings, in the budgets of Tax Collector, Assessor, and Controller that are re-allocated to the Property Tax System Replacement Project.
- Section 32: The FY 2016-17 AAO allocated \$60,000,000 to a budget contingency reserve for the purpose of managing cost and revenue uncertainty in the FY 2017-18 (the second year of the two-year FY 2016-17 and FY 2017-18 budget). This provision is revised to reduce the budget contingency reserve in FY 2017-18 to \$50,000,000 and specify that the budget contingency reserve is designated for the Zuckerberg San Francisco General Hospital Operating Fund for the purpose of managing cost and revenue uncertainty related to federal and state changes to the administration and funding of the Affordable Care Act during the term of proposed budget.
- Section 33: This is a new provision allocating \$10,000,000 of unassigned fund balance from FY 2016-17 to a budget contingency reserve in FY 2018-19 (the second year of the two-year FY 2017-18 and FY 2018-19 budget) for the purpose of managing state and federal revenue uncertainty. This assignment shall not be included in the calculations of deposits to the Budget Stabilization Reserve as required in Administrative Code Section 10.60 (c).
- Section 35: This is a new provision covering allocation of funding from the general purpose tax on the distribution of sugar-sweetened beverages effective January 1, 2018 to programs to reduce the consumption of sugar-sweetened beverages in San Francisco. Under this provision, the Controller shall allocate program funds according to

the recommendations of the Sugary Drinks Distributor Tax Advisory Committee (as established by the voters in Proposition V in November 2016), subject to approval of the Mayor's Budget Director and Chair of the Board of Supervisors Budget Committee. The Budget and Legislative Analyst recommends revising the proposed provision to require Board of Supervisors approval of funding allocations.

Administrative Provisions of the Annual Salary Ordinance

The Annual Salary Ordinance (ASO) administrative provisions have the following revisions:

- Section 2.1 increases the stipend paid to Public Utilities Commission and Recreation and Park Department employees who live outside of the areas served by Health Service System plans other than the City Health Plan. The stipend for (a) such Public Utilities Commission and Recreation and Park Department employees increases from \$191.14 to \$982.44 per month for family coverage; and (b) Public Utilities Commission employees increases \$66.79 to \$700.73 per month for employee plus one dependent. In FY 2016-17 the Health Service System Board approved subsidizing the City Health Plan rates, using claims reserve funds. Such subsidies are not available in FY 2017-18, resulting in an increase in the stipend.

Recommendations

- Amend File 17-0653 to (a) revise Section 26.1 for the Controller to report to the Budget and Legislative Analyst's Office and Budget and Finance Committee no later than June 1, 2018 for the FY 2018-19 budget review on the specific amount of operational savings, including details on the source of such savings, in the budgets of Tax Collector, Assessor, and Controller that are re-allocated to the Property Tax System Replacement Project; and (b) revise Section 35 to require Board of Supervisors approval of allocation of funding from the general purpose tax on the distribution of sugar-sweetened beverages to programs to reduce the consumption of sugar-sweetened beverages in San Francisco.
- The Board of Supervisors will be considering the first reading of the FY 2017-18 Interim Annual Appropriation Ordinance (AAO) (File 17-0651) and Interim Annual Salary Ordinance (ASO) (File 17-0652) on June 13, 2017, which contain these administrative provisions. The Budget and Legislative Analyst recommends approving the administrative provisions to the Interim AAO and Interim ASO, as amended.