

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

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292
FAX (415) 252-0461

June 7, 2019

TO: Budget and Finance Committee

FROM: Budget and Legislative Analyst



SUBJECT: June 12, 2019 Budget and Finance Committee Meeting

TABLE OF CONTENTS

Item	File		Page
3 & 4	19-0619	Budget and Appropriation Ordinance for Departments - FYs 2019-2020 and 2020-2021	
	19-0620	Annual Salary Ordinance - FYs 2019-2020 and 2020-2021	1

<p>Items 3 and 4 Files 19-0619 and 19-0620</p>	<p>Controller</p>
--	--------------------------

MANDATE STATEMENT/ DETAILS OF PROPOSED LEGISLATION

The proposed FY 2019-20 and FY 2020-21 Annual Appropriation Ordinance (File 19-0619) and Annual Salary Ordinance (File 19-0620) contain the administrative provisions governing these ordinances.

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 32 – Fund Balance Drawdown Reserve:** The FY 2019-20 AAO allocates \$213 million of unassigned fund balance from FY 2018-19 to the Fund Balance Drawdown Reserve to be used as a source of funds to balance the FY 2021-22 budget. The Controller’s Office estimates an unassigned fund balance of \$649.9 million, of which \$154.4 million is allocated to FY 2019-20, \$282.5 million is allocated to FY 2020-21, and \$213 million is available for allocation in FY 2021-22.

The \$213 million Fund Balance Drawdown Reserve replaces \$70 million in the prior year Labor Cost Contingency Reserve that was not used.

- **Section 33 – Housing Authority Contingency Reserve:** The City is in the process of negotiating a Memorandum of Understanding with the federal Department of Housing and Urban Development (HUD) for the City to assume the essential functions of the San Francisco Housing Authority. The FY 2019-20 AAO allocates \$5 million of unassigned fund balance from FY 2018-19 to the Housing Authority Contingency Reserve to mitigate potential funding shortfalls in HUD funding.
- **Section 35 – Administration of Appropriation Advances to Contested Taxes:** Three measures to increase taxes were approved by San Francisco voters but have not been implemented pending litigation: June 2018 Proposition C Early Care and Education Commercial Rents Tax ordinance, June 2018 Proposition G Living Wage for Educators Parcel Tax, and November 2018 Proposition C Homelessness Gross Receipts Tax ordinance. If the Board of Supervisors appropriates General Fund monies in the budget for expenditures that could be legally funded by these tax revenues, the General Fund appropriations will be treated as advances to address the policy goals of these measures pending the outcome of this litigation. Should the City prevail in litigation, the General Fund will be reimbursed for these advances.

Administrative Provisions of the Annual Salary Ordinance

Major revisions to the Annual Salary Ordinance (ASO) administrative provisions include:

- Section 1.1E – Currently, the ASO provides for the Human Resources Director and Controller to revise the ASO to allow for temporary positions to be converted to permanent positions when funding is available and conversion is needed to maintain services and is consistent with collective bargaining agreements between the City and respective labor unions. The proposed ASO revises this provision to add that conversion would be allowed to address the City’s staffing needs due to the City’s assumption of the essential functions of the San Francisco Housing Authority.
- Section 2.6 – The proposed ASO deletes the provision that allows employees to receive a stipend for use of their personal cell phone for City business.

Recommendation

- Approve the administrative provisions to the AAO and the administrative provisions to the ASO.