BOARD of SUPERVISORS



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MEMORANDUM

TO: All City Department Heads via Sophia Kittler, Mayor's Office

Ben Ronsenfield, City Controller

FROM: Victor Young, Assistant Clerk

Rules Committee

DATE: October 30, 2019

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Rules Committee received the following proposed legislation on October 22, 2019:

File No. 191072

Ordinance amending the Administrative Code to modify the process for the City's adoption of the annual budget by requiring City agencies to hold at least two public hearings prior to submission of their proposed budgets to the Controller and the Mayor; requiring the Mayor to submit to the Board of Supervisors a description of the Mayor's budget priorities after holding a public hearing regarding those priorities; and requiring the Controller to maintain a public website with information about the City's budget process.

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: victor.young@sfgov.org.

c: Andres Power, Mayors, Office Todd Rydstrom, Controller's Office NOTE:

[Administrative Code - Budget Approval Process]

Ordinance amending the Administrative Code to modify the process for the City's adoption of the annual budget by requiring City agencies to hold at least two public hearings prior to submission of their proposed budgets to the Controller and the Mayor; requiring the Mayor to submit to the Board of Supervisors a description of the Mayor's budget priorities after holding a public hearing regarding those priorities; and requiring the Controller to maintain a public website with information about the City's budget process.

Unchanged Code text and uncodified text are in plain Arial font.

Additions to Codes are in single-underline italics Times New Roman font.

Deletions to Codes are in strikethrough italics Times New Roman font.

Board amendment additions are in double-underlined Arial font.

Board amendment deletions are in strikethrough Arial font.

Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

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

Section 1. Chapter 3 of the Administrative Code is hereby amended by revising Sections 3.2, 3.3, 3.4, 3.5, 3.7, 3.10, 3.11, 3.14, 3.15, and 3.16, and deleting Section 3.8, to read as follows:

SEC. 3.2. DEFINITIONS.

As used in this Chapter 3, names and titles shall have the following meaning:

AGENCYAgency. A City department, office, or other unit of government subject to the appropriation powers of the Board of Supervisors such as the Parking Authority and the Redevelopment Agency. Also, a grouping of employees with a similar purpose or function or a portion

of a department. For example, a subdivision of the Administrative Services Department could be designated as an agency for budget or fiscal control purposes.

Annual Salary Ordinance. An ordinance showing the number and rates of compensation for all positions continued or created in each annual budget and each annual and supplemental appropriation ordinance for all agencies. The Annual Salary Ordinance shall constitute the legal basis for check by the Department of Human Resources or Controller as to legality of the creation of any position in the City service and the rate of compensation fixed therefor in an approved Memorandum of Understanding with a recorgnized employee group.

APPOINTING OFFICERAppointing Officer. The executive or elected head of an department or agency with the power to appoint, discipline or terminate employees under his or her the supervision or control of that agency head.

APPROPRIATION Appropriation. Resources or expenditure authority made available by the Mayor and the Board of Supervisors by ordinance to an department, agency, board or commission in furtherance of a public or statutory purpose.

BOARD. Public body created by Charter or ordinance of the Board of Supervisors with the ability to recommend the appointment of a chief executive for the function over which it exerts guidance. (See also, "Commission.")

Board. The Board of Supervisors.

BUDGET Budget. The City's and County's plan of financial operation for a given period of time embodying an estimate of all proposed expenditures and the proposed means of financing them.

COMMISSION Commission. Public body created by Charter or ordinance of the Board of Supervisors with the abilitylegal authority to appoint or recommend the appointment of a chief executive of the function over which it exerts guidance. (See also "Board.")

SALARY ORDINANCE. An ordinance showing the number and rates of compensation for all positions continued or created by the Supervisors in adopting each annual budget and each annual and supplemental appropriation ordinance for all departments, agencies, boards and commissions of the City and County. The Salary Ordinance shall constitute the legal basis for check by the Human Resources Department or Controller as to legality of the creation of any position in the City and County service and the rate of compensation fixed therefor in an approved Memorandum of Understanding with a recognized employee group.

SEC. 3.3. BUDGET TIMETABLE.

- (a) Each year, the Mayor shall provide instructions to all City agencies regarding the Mayor's requests for the contents of all agencies' proposed budget submissions for the subsequent fiscal year(s) ("Budget Instructions"). On the same date the Mayor transmits the Budget Instructions to all other agencies, the Mayor shall transmit those instructions to the Clerk of the Board.
- (b) After the agencies receive Budget Instructions from the Mayor, there shall be a public meeting, as specified in subsections (b)(1) and (2), concerning each agency's budget priorities, at which members of the public may provide input regarding the budget priorities. The purpose of the meeting shall be to allow for public input into the agency's budget for the upcoming fiscal year(s) prior to the agency's preparing and finalizing a proposed budget.
- (1) For agencies subject to the oversight of a commission under the Charter or the Municipal Code, the commission may satisfy this subsection (b) by holding a hearing regarding budget priorities at a regular or special meeting of the commission at least 15 days prior to the commission's final approval of the agency's proposed budget. Meetings held under this subsection (b)(1) are subject to the Brown Act and the Sunshine Ordinance.
- (2) Agencies that are not subject to the oversight of a commission under the Charter or the Municipal Code shall provide notice of the meeting on the agency's website, and on the

meeting. Meetings held under this subsection (d) are not subject to the Brown Act or the Sunshine Ordinance.

- (ae) No later than February 21 each year, Eeach elected and appointing officer, agency, board or commission, shall, not later than the twenty-first day of February of each year, file with the Controller, for check as to form and completeness, copies of his, her or its budget estimate approved in accordance with the provisions of the Charter. The Mayor's Budget Office shall prescribe a format for all agency budget submissions under this subsection (e).
- (bf) No later than March 1 each year, the Controller shall, not later than the first working day of March of each year, consolidate such budget estimates and transmit the same to the Mayor and the Clerk of the Board, together with such other material as the Controller determines is appropriate is required.
- (g) No later than April 30 each year, the Mayor shall prepare and transmit to the Clerk of the Board a detailed description of the Mayor's budget priorities that the Mayor intends will guide the content of the proposed budgets for the next two fiscal years.
- (eh) No later than May 1 each year, the The Mayor shall, not later than the first working day of May of each year, transmit to the Board of Supervisors proposed budgets for selected departments, as determined by the Controller, in consultation with the President of the Board, the chair of the committee having jurisdiction over the budget under the Board's Rules of Order, of Supervisors and the Mayor's Budget Director. The criteria used by the Controller to determine which budgets will be submitted to the Board of Supervisors by the first working day of May 1 should include: departments agencies that are not supported by the City's general fund or departments that do not rely on the State's budget submission in May for their revenue sources. The Mayor shall, not later than the first working day of June 1 of each year, transmit to the Board of Supervisors the complete City budget, including. The complete City budget shall include the proposed Annual Appropriations Ordinance, including the remaining departments'

budgets <u>of agencies whose budgets the Mayor did not submit on May 1, and</u> estimates of amounts required to meet bond interest and fixed charges, <u>the proposed Annual Salary Ordinance, together</u> with his or her <u>and the Mayor's</u> budget message and a draft of the annual appropriation ordinance, prepared by the Controller.

- (di) The Controller shall, as provided in Section 9.102 of the Charter, review the estimated revenues and assumptions contained in the Mayor's submission of the budget and provide an opinion regarding the accuracy and reasonableness of the economic assumptions and revenue estimates on or before the tenth working day following submission of the Mayor's budget to the Board. In addition, the Controller may also recommend to the Board such reserves as he or she the Controller considers prudent given the proposed resources and expenditures contained in the Mayor's budget.
- (ej) The <u>Go</u>ommittee of the Board <u>of Supervisors</u> then having jurisdiction over the budget according to the <u>Board's</u> Rules of <u>Order the Board</u> shall review the <u>Mayor's proposed</u> budget and recommend <u>to the Board</u> an Interim Appropriation and Salary Ordinance which shall reflect the budget transmitted by the Mayor; provided, however, that any funds for equipment, capital improvements, new positions of employment, or any other proposed expenditures may be placed in reserve until released by the Board-<u>of Supervisors</u>; and provided, further, that said ordinances shall reflect the rates of compensation established pursuant to Charter Sections A8.403, A8.404, A8.409 and A8.590-1 through A8.590-5.
- (fk) The Board of Supervisors shall not later than the thirtieth day of June 30 each year, finally pass the interim appropriation and salary ordinances.
- (gl) The Board of Supervisors shall not later than the last working day of July 31 each year, adopt the Annual Appropriations Ordinance and Annual Salary Ordinance budget as proposed by the Mayor, or as amended by the Board of Supervisors.

- (hm) Not later than the last working day of September 30 each year, the Board of Supervisors shall adopt by ordinance resolution the property tax rate for the City, and County including amounts required for debt service.
- $(i\underline{n})$ This Section <u>3.3</u> shall not apply to departments entering the second year of a fixed two-year budgetary cycle as provided in Charter Section 9.101(g).
- $(j\underline{o})$ If any date shown in this Section 3.3 falls on a nonbusiness day, the due date shall be the next succeeding business day.

SEC. 3.4. *INTRODUCTION AND* PUBLICATION OF BUDGET *AND RELATED DOCUMENTS*.

- (a) Beginning March 1, 2020, the Controller shall maintain a website to facilitate public access to documents and schedules related to the budget. The Controller shall provide a mechanism for agencies to post documents and information on the website, including the Mayor's Budget Instructions; all agencies' budget submissions; the Mayor's proposed budget and all accompanying documents; schedules of agency or commission meetings required under Section 3.3; and all documents submitted to the Board by the Mayor, Controller, Budget and Legislative Analyst, or any agency in connection with the Board's consideration of the budget under Section 3.3 or in connection with the Board's consideration of supplemental appropriation ordinances. The website shall also include a calendar of deadlines, scheduled public meetings related to the budget, and other important dates related to the consideration and adoption of the budget.
- (b) The <u>Controller shall make available the</u> proposed budget <u>and appropriation</u>

 ordinance for all departments and offices for each ensuing fiscal year, upon transmission to the Board

 of <u>Supervisors transmitted</u> by the Mayor <u>under Section 3.3(g) in by the first working day in June of</u>

 each year, shall be deemed to have been regularly introduced and shall be published in a format

which allows for the widest possible public understanding of the *re*sources, uses and proposed programs.

(c) Each agency shall include on the home page of the agency's website a link to the page on the Controller's website that contains budget documents related to that agency.

SEC. 3.5. LONG-TERM DEPARTMENTAL AND AGENCY BUDGET PLANNING – SETTING GOALS AND STRATEGIES, DEVELOPING STRATEGIC PLANS.

The policies resulting from this Section <u>3.5</u> are intended to help the Mayor, the Board of Supervisors, the City's boards, agencies and commissions, and departments, the Redevelopment Agency Office of Community Investment and Infrastructure, and the courts, to develop and effect clear policies that will promote the City's long-term prosperity. So intended, these policies and documents shall not legally bind the Mayor, the Board of Supervisors, or any board, commission, or department to any specific action or course of action beyond their complying with this Section's requirements.

(a) Mission and Goals Statements.

- (1) Each *department, board, commission and* agency shall submit a budget containing documentation which provides the following information:
 - (Ai) The overall mission and goals of the *department* agency;
- (<u>B</u>ii) Strategic plans that provide direction towards achieving the <u>department's agency's</u> mission and goals-;
- (<u>Ciii</u>) Identification of policy outcome measures that reflect the mission and goals of the <u>department agency</u> and which can be used to gauge progress towards attaining these goals;
- $(\underline{D}iv)$ The specific programs and activities conducted by the $\frac{department}{department}$ agency to accomplish its mission and goals and the customers or clients served;

- (E_Y) The total cost of carrying out each program or activity; <u>and</u>
- (vi<u>F</u>) The <u>department head appointing officer</u> shall certify the extent to which the <u>department agency</u> achieved, exceeded, or failed to meet its missions, goals, productivity and service objectives, during the prior fiscal year.
- (b) **Development of Strategic Plan**. Commencing with fiscal year 1998-99, eEach department, board, commission and agency shall develop and review a strategic plan which contains at least a three-year forward plan to reflect policy outcomes from the operations of the respective department, board, commission or agency, consistent with the then-approved budget. An City department, board, commission or agency ("department") shall be deemed to have satisfied the requirements of this subsection (b) if it has cooperated with the preparation of the City's most recent Five-Year Financial Plan under Charter Section 9.119 and specifically the preparation of the summary of the department's agency's strategic goals, resources allocated in the Plan to meet those goals, and changes in service levels expected given investment levels proposed in the Plan.

The committee of the Board of Supervisors having jurisdiction over the budget may waive any particular requirement of this Section upon the request of the Mayor.

SEC. 3.7. BUDGET TO BE ACCOMPANIED BY LEGISLATION CONTAINING ALL PROPOSED FEE AND REVENUE INCREASES ANTICIPATED IN THE PROPOSED BUDGET; COMPLETE SCHEDULE OF EXISTING FEES.

(a) No later than June 1 each year, the Mayor shall transmit to the Board any Legislation which, if approved, would enact or submit to the voters, if necessary, all of the fee or revenue increases anticipated in the proposed budget shall also be transmitted to the Board of Supervisors by the Office of the Mayor by June 1st of each year. When a proposed fee or revenue increase requires, by law or by agreement, hearings, review or approval by other agencies or parties,

and this supplemental review and approval process will not allow the submission of the required legislation in final form by June 1st, then the Mayor shall submit the proposed fee or revenue increase shall be submitted to the Board of Supervisors in draft form by June 1st, and shall be subject to possible modification after June 1st and after the completion of the supplemental review and approval process.

(b) In addition to any other information required by the Mayor or the Board of Supervisors, departments agencies shall submit with their proposed agency budget a schedule showing each fee charged by said department agency, the revenues received from each such fee, except fees regulated by State or federal law, and the costs incurred in providing the services for which the fee is assessed.

SEC. 3.8. PUBLIC HEARINGS.

Agencies, boards and commissions shall make adequate provision for public participation in the budget process. Such public participation must include, at a minimum, a public hearing on the proposed budget before submission to the Controller for consolidation. The Mayor shall provide for public input on the budget before his or her submission to the Board of Supervisors. The Board shall hold at least one public hearing on the budget before adoption; however, said hearing may be held by the Board Committee then having jurisdiction over the budget.

SEC. 3.10. PREPARATION AND SUBMISSION OF ADMINISTRATIVE PROVISIONS OF ANNUAL SALARY ORDINANCE.

(a) The administrative provisions of the Annual Salary Ordinance for each ensuing fiscal year shall be prepared and submitted to the Board of Supervisors not later than the first working day in-June 1 each year by the Department of Human Resources Department. Upon submission thereof these provisions shall be automatically referred to the committee of the

Board of Supervisors then having jurisdiction over review of the annual budget, pursuant to the Board's Rrules of $\bullet O$ rder of said Board.

Said committee shall recommend an Annual Salary Ordinance which ordinance shall that reflects the rates of compensation established pursuant to Charter Sections A8.403, A8.404, A8.409, A8.590-1 through A8.590-5, and rates of compensation for court personnel, except judges, and shall follow the organizational format of the *Budget and Annual Appropriation* Ordinance.

SEC. 3.11. ANNUAL APPROPRIATION ORDINANCE, PREPARATION AND FORMAT.

The Controller shall prepare the Annual Appropriation Ordinance in a format which, to the extent possible, provides adequate controls over the various revenue and expenditure items by programs, departments, and priorities as set forth in the annual budget approved by the Mayor, <u>and</u> is consistent with generally accepted accounting principles and standards as well as the provisions of Charter Section 3.105. The Controller shall revise the <u>Annual</u> Appropriation Ordinance as required to reflect any changes to the budget <u>initiated adopted</u> by the Board <u>of Supervisors or its committees</u>.

SEC. 3.14. DEPARTMENTS TO OPERATE WITHIN AMOUNTS BUDGETED.

It shall be the policy of the Board of Supervisors that all departments and agencies of the City and County be required to conduct their departmental operations with such moneys as are provided in the various departmental and agency budgets. In conformance with Charter Section 9.115, the head appointing officer of each agency shall, within 30 days of the adoption enactment of the annual budget by the Board of Supervisors, by letter addressed to the Mayor, the Board, of Supervisors and the Controller, agree that the funding provided is adequate for his or

her department, board, commission or that agency unless otherwise specifically noted by the appointing officer-*and acknowledged in writing by the Board*.

SEC. 3.15. SUPPLEMENTAL APPROPRIATION ORDINANCES BUDGET, MODIFICATIONS.

Supplemental budget requests from any department, agency, board or commission subsequent to adoption of the annual budget for the current fiscal year shall follow the same process, except for time, as the annual budget process. The appointing authority department, agency, board or commission head shall submit the original copy of the supplemental appropriation request in such detail as the Controller may prescribe for check as to completeness and form and simultaneously deliver a copy to the Mayor's Budget Office. If any supplemental appropriation ordinance, recommended by any department, agency, board, commission or elective officer, subsequent to the adoption of the budget for the current fiscal year and prior to the close thereof, contains any item which has been rejected or reduced by the Mayor in his or her the Mayor's review of departmental budget estimates for said current or prior fiscal years or which had been rejected or reduced by the Board of Supervisors in its consideration of the Mayor's proposed budget for said current or prior fiscal years, the fact of such rejection shall be indicated on said supplemental appropriation ordinance, and the ordinance shall which will require two-thirds vote of the Board of Supervisors for passage.

SEC. 3.16. INTERIM POSITIONS, SALARY ADJUSTMENTS.

(a) When, in the opinion of the Director of Human Resources, the duties and responsibilities of a proposed new employment requested in any supplemental appropriation or department budget are not appropriate to any existing City and County position classification, the Director of Human Resources is authorized and directed to establish a new

interim classification with an appropriate rate of pay for the balance of the then-current fiscal year. The Director and <u>the</u> Clerk of the Board <u>of Supervisors</u> shall take such actions as may be necessary to amend the Annual Salary Ordinance accordingly.

(b) The Controller is hereby authorized and directed to amend the appropriation ordinance by transferring from any legally available funds amounts required for approved Memoranda of Understanding (MOU's), arbitration awards and/or judgments which adjust the rate of pay or benefits for any employee or group of employees during any fiscal year. The Controller and the Clerk of the Board of Supervisors shall take such actions as may be necessary to amend the Annual Salary Ordinance accordingly to reflect the revised rates of pay. Provided further that t The Controller shall report the total dollar amount of any amendments made in accordance with this subsection (b) annually to the Mayor, the Board-of Supervisors and the Human Resources Director.

Section 2. Effective Date. This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor's veto of the ordinance.

Section 3. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal Code that are explicitly shown in this ordinance as additions, deletions, Board amendment

additions, and Board amendment deletions in accordance with the "Note" that appears under the official title of the ordinance.

APPROVED AS TO FORM: DENNIS J. HERRERA, City Attorney

By:

Deputy City Attorney

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