[Creation of Budget Savings Incentive Fund.]

Ordinance amending the San Francisco Administrative Code by repealing Section 3.17 and by adding Section 10.20, to create a Budget Savings Incentive Fund to implement cost-saving strategies and to allow for the reinvestment of those savings in one-time expenditures.

Note: Additions are *single-underline italics Times New Roman*, deletions are *strike-through italics Times New Roman*. Board amendment additions are *double underlined*, Board amendment deletions are *strike-through normal*.

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

Section 1. The San Francisco Administrative Code is hereby amended by repealing Section 3.17 in its entirety.

SEC. 10.20. BUDGET SAVINGS INCENTIVE ACCOUNT.

(a) Establishment and Purpose of Savings Incentive Account. The Savings Incentive Account is hereby established for the purpose of making additional revenue available for items and services that will improve the efficient operations of departments. Appropriations from the account may only be made to departments to reduce the cost of service delivery and make departmental activities more efficient.

(b) Funding of Savings Incentive Account. It shall be the policy of the City and County of San Francisco that a Savings Incentive Account ("the account") be annually funded and available by October 1st of each year. The amount appropriated to the account shall be either $2,000,000 or not more than 10 percent of the appropriations closed to General Fund balance for the preceding fiscal year as determined by the Controller whichever is greater.

(c) Request and Approval of Appropriation. Beginning July 1, 1996, any department funded in whole or in part from the General Fund may submit a request to the Mayor for an appropriation from Mayor Newsom
BOARD OF SUPERVISORS
the account. The Mayor, after consulting with the Controller, may recommend to the Board of
Supervisors that it approve a department request for an appropriation from the account.

(d) Balances remaining in the account at the close of any fiscal year shall be deemed to have
been appropriated for a specific purpose and shall be carried forward and accumulated in said account
for the purposes recited herein.

Section 2. The San Francisco Administrative Code is hereby amended by adding
Section 10.20, to read as follows:

SEC. 10.20. BUDGET SAVINGS INCENTIVE FUND

(a) Establishment and Purpose of Budget Savings Incentive Fund. The Budget Savings
Incentive Fund ("the Fund") is hereby established as a category eight fund for the purpose of
encouraging City departments to implement cost-saving strategies and to allow for the reinvestment of
those savings in one-time expenditures. Disbursements from the Fund shall be made only to those
departments that generated net year end expenditure savings at the close of the most recent prior fiscal
year, as certified by the Controller, and only for the purpose of supporting one-time costs, including but
not limited to expenditures that improve the efficiency of departmental operations, reduce the cost of
service delivery, generate additional revenue or meet deferred maintenance needs.

(b) Funding of Budget Savings Incentive Fund. It shall be the policy of the City and County
of San Francisco that a Budget Savings Incentive Fund be annually funded and available by November
1st of each year. At the end of each fiscal year, up to 25 percent of the total appropriation closed to
General Fund balance by General Fund departments and the Department of Public Health’s hospital
funds shall be appropriated into the Fund (the “carry forward amount”) and placed on Controller’s
reserve. The Controller may suspend the carry forward amount in years when the Controller
determines that the City’s financial condition cannot support deposits into the Fund.
(c) Request and Approval of Appropriation. Any department funded in whole or in part from the General Fund may submit a request in writing to the Controller's Office for a disbursement from the Fund. Requests shall be reviewed and recommended for funding by a working group comprised of the Mayor's Budget Director, the City Controller and the President of the Board of Supervisors, or their designees. Recommendations of the working group shall be submitted to the Board of Supervisor's Finance Committee for review, and subsequently submitted in the form of a resolution to the Board of Supervisors for approval, until which time the Controller shall not release the reserve on monies deposited to the Fund. This subsection shall go into effect in fiscal year 2006-2007, provided that year end General Fund savings from the preceding year are of an amount sufficient to meet the savings incentive reserve assumptions of the 2006-2007 budget pursuant to the pre-existing Section 3.17 of the Administrative Code.

(d) Upon approval of funding requests, the Controller shall have the authority to administratively transfer appropriations from the Fund to the department(s) for which requests were approved.

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

By:
LINDA ROSS
Deputy City Attorney
Ordinance amending the San Francisco Administrative Code by repealing Section 3.17 and by adding Section 10.20, to create a Budget Savings Incentive Fund to implement cost-saving strategies and to allow for the reinvestment of those savings in one-time expenditures.

July 11, 2006 Board of Supervisors — CONTINUED
Ayes: 11 - Alioto-Pier, Ammiano, Daly, Dufty, Elsbernd, Ma, Maxwell, McGoldrick, Mirkarimi, Peskin, Sandoval

July 18, 2006 Board of Supervisors — AMENDED
Ayes: 11 - Alioto-Pier, Ammiano, Daly, Dufty, Elsbernd, Ma, Maxwell, McGoldrick, Mirkarimi, Peskin, Sandoval

July 18, 2006 Board of Supervisors — PASSED ON FIRST READING AS AMENDED
Ayes: 11 - Alioto-Pier, Ammiano, Daly, Dufty, Elsbernd, Ma, Maxwell, McGoldrick, Mirkarimi, Peskin, Sandoval

July 25, 2006 Board of Supervisors — FINALLY PASSED
Ayes: 11 - Alioto-Pier, Ammiano, Daly, Dufty, Elsbernd, Ma, Maxwell, McGoldrick, Mirkarimi, Peskin, Sandoval
I hereby certify that the foregoing Ordinance was FINALLY PASSED on July 25, 2006 by the Board of Supervisors of the City and County of San Francisco.

Gloria L. Young
Clerk of the Board

Mayor Gavin Newsom