[Administrative Code - Budget Procedures and Reporting Requirements]

Ordinance amending the San Francisco Administrative Code by amending Sections 3.3, 3.4, 3.5, 3.6, 3.20, 22A.6, 88.4, and by repealing Sections 88.8, and 88.10 to: 1) update budget procedures to accommodate two-year budget cycles and five-year financial planning requirements; and 2) eliminate outdated and duplicative reporting requirements.

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 strikethrough 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 amending Sections 3.3, 3.4, 3.5, 3.6, and 3.20, and by repealing Section 3.7-1, to read as follows:

SEC. 3.3. BUDGET TIMETABLE.

(a) Each 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.

(b) 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, together with such other material as is required.

(c) 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 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 should include:

- departments 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 May 1 deadline shall not apply in 2004.* The Mayor shall, not later than the first working day of June of each year, transmit to the Board of Supervisors the complete City budget, including the remaining departments' budgets and estimates of amounts required to meet bond interest and fixed charges, together with his or her budget message and a draft of the annual appropriation ordinance, prepared by the Controller.

(d) 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 fifth 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 considers prudent given the proposed resources and expenditures contained in the Mayor's budget.

(e) The Committee of the Board of Supervisors then having jurisdiction over the budget according to the Rules of the Board shall review the budget and recommend 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 of Supervisors; 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.

(f) The Board of Supervisors shall not later than the thirtieth day of June, finally pass the interim appropriation and salary ordinances.
(g) The Board of Supervisors shall not later than the last working day of July, adopt the budget as proposed by the Mayor, or as amended by the Board of Supervisors.

(h) Not later than the last working day of September, the Board of Supervisors shall adopt by ordinance the tax rate for the City and County including amounts required for debt service.

(i) This Section shall not apply to departments entering the second year of a fixed two-year budgetary cycle as provided in Charter Section 9.101(g).

(ii) If any date shown in this Section falls on a nonbusiness day, the due date shall be the next succeeding business day.

SEC. 3.4. INTRODUCTION AND PUBLICATION OF BUDGET.

The proposed budget and appropriation ordinance for all departments and offices for each ensuing fiscal year, upon transmission to the Board of Supervisors by the Mayor by the first working day in June of 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 resources, uses and proposed programs. For each City neighborhood designated in Chapter 36 of the Administrative Code for which there is an Area Plan prepared by the Planning Department, the budget format shall also include a consolidation of those portions of the budgets of various departments and agencies that relate to implementation of the Area Plan for the ensuing year.

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

The policies resulting from this Section are intended to help the Mayor, the Board of Supervisors, the City's boards, commissions, and departments, the Redevelopment Agency 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:

(i) The overall mission and goals of the department;
(ii) Strategic plans that provide direction towards achieving the department's mission
and goals.

(iii) A translation of policy outcome measures that reflect the mission and goals of the
department and which can be used to gauge progress towards attaining these goals;

(iv) The specific programs and activities conducted by the department to accomplish
its mission and goals and the customers or clients served;

(v) The total cost of carrying out each program or activity;

(vi) The department head shall certify the extent to which the department 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, each
department, board, commission and agency shall develop and annually 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. A 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 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. 3.6. FIVE-YEAR FINANCIAL PLAN THREE-YEAR BUDGET PROJECTION.

(a) By March 1 of each odd-numbered year, the Mayor shall submit to the Board of
Supervisors the five-year financial plan required by Charter Section 9.119. The plan shall include an
estimated summary budget or baseline projection for the General Fund of the City and County jointly
prepared by the Mayor, the Board's Budget Analyst, and the Controller. By May 1 of each odd-
numbered year, the Board of Supervisors shall review, amend, and adopt the five-year financial plan by
resolution.

(b) By March 1 of each even-numbered year, the Mayor, the Board's Budget Analyst, and the
Controller shall submit to the Board an updated estimated summary budget for the remaining four
years of the five-year financial plan. By May 1 of each even-numbered year, the Board of Supervisors
may review, amend, and adopt by resolution any revisions to the financial plan for the remaining four
years.

Commencing in fiscal year 1998-99, following adoption of the annual budget by the Board of
Supervisors the Mayor, Board’s Budget Analyst and the Controller shall jointly prepare a three-year
estimated summary budget for the City and County incorporating to the extent possible the strategic
plans of each department, board, commission or agency developed pursuant to Section 3.5 of this Code.

The Mayor shall review each board, commission, or department’s mission and goals statement
as part of the preparation of the Mayor’s proposed budget for the City and County. The Mayor and
Board of Supervisors shall consider the City and County’s three-year budget plan when composing the
City and County budget for the next fiscal year.
SEC. 3.7-1. REPLACING GRANT-FUNDED POSITIONS.

The Mayor's proposed budget and appropriation ordinance shall include sufficient information to identify all positions that were funded by grants during the previous fiscal year, where the grant has since expired and the department proposes to fund the position or provide the same services with general fund monies for the upcoming fiscal year.

SEC. 3.20. CAPITAL EXPENDITURE PLAN.

By May 1, 2006, and by March 1 of each odd-numbered subsequent year, beginning with March 1, 2013, the City Administrator shall annually submit to the Mayor and Board of Supervisors a ten-year capital expenditure plan which shall include an assessment of the City's capital infrastructure needs, investments required to meet the needs identified through this assessment, and a plan of finance to fund these investments. By August 1, 2006, and by May 1 of the same each subsequent year, the Mayor and Board of Supervisors shall annually review, update, amend, and adopt by resolution the ten-year capital expenditure plan. The Mayor and Board of Supervisors may update the plan as necessary and appropriate to reflect the City's priorities, resources, and requirements.

The capital expenditure plan shall include all recommended capital project investments for each year of the plan. The plan shall incorporate all major planned investments to maintain, repair, and improve the condition of the City's capital assets, including but not limited to city streets, sidewalks, parks, and rights-of-way; public transit infrastructure; airport and port; water, sewer, and power utilities; and all City-owned facilities.

The capital expenditure plan shall include a plan of finance for all recommended investments, including proposed uses of General and Enterprise Funds to be spent to meet
these requirements. Additionally, the plan shall recommend the use and timing of long-term
debt to fund planned capital expenditures, including General Obligation bond measures.

The capital expenditure plan shall include a summary of operating costs and impacts
on City operations that are projected to result from capital investments recommended in the
plan. This operations review shall include expected changes in the cost and quality of City
service delivery.

The plan shall also include a summary and description of projects deferred from the
ten-year capital expenditure plan given non-availability of funding necessary to meet
assessed capital needs.

Section 2. The San Francisco Administrative Code is hereby amended by amending
Section 22A.6, to read as follows:

SEC. 22A.6. INFORMATION AND COMMUNICATION TECHNOLOGY ICT CAPITAL AND
OPERATING PLAN.

(1) By May 1, 2011, and by March 1 of each odd-numbered subsequent year, COIT shall
submit to the Mayor and Board of Supervisors a five-year Information and Communication
Technology ("ICT") plan which shall include an assessment of the City's enterprise and general
fund ICT capital and operating infrastructure, hardware and software needs, an estimate of
timelines and investments required to meet the needs identified through this assessment, and
recommendations to budget for or otherwise finance the investments.

(2) By June 1, 2011, and by May 1 of each odd-numbered subsequent year, the Mayor and
Board of Supervisors shall annually review, update, amend, and adopt by resolution the five-
year information technology plan and its corresponding budget request. The Mayor and Board
of Supervisors may update the plan as necessary and appropriate. Each year, the plan will be updated
to reflect the City's priorities, resources, and requirements as reviewed and approved by the COIT.

Section 3. The San Francisco Code Administrative Code is hereby amended by amending Section 88.4, to read as follows:

SEC. 88.4. EFFICIENCY PLANS.

(a) Beginning 2007 and each year thereafter, the head of each department shall prepare and submit to the Mayor and to the Board of Supervisors by February 1st a departmental efficiency plan. Each plan shall address the following elements and each plan shall cover a period of not less than three years forward from the fiscal year in which it is submitted.

1. **Strategic Planning.** This element shall include: a comprehensive mission statement as required by Section 3.5 of the San Francisco Administrative Code; a description of the department's major program areas or operational functions; outcome-related goals and objectives for each; and a discussion of how current resource levels and resource levels requested for the coming fiscal year impact the department's ability to achieve stated objectives.

2. **Customer Service.** This element, which shall satisfy the requirements of Charter Section 16.120, shall include: identification of internal and external customers; defined benchmarks of quality customer service provision; and a discussion of the department's success in meeting stated benchmarks.

3. **Performance Evaluation.** This element shall include: clearly defined performance measurements for each departmental objective; prior fiscal year targets and actual performance for each measure; current fiscal year targets and year to date actual
performance; proposed budget year performance targets; and a discussion of any variance between targets and actual performance.

(b) In developing its efficiency plan, the department shall solicit and consider the views and suggestions of those persons and entities potentially affected by or interested in the plan. Departments are encouraged to conduct town meetings, open houses, or other public forums during the development of the plan to solicit public comments and information.

(c) The Board of Supervisors may, with the concurrence of the Director of the Mayor's Budget Office, excuse a department from particular requirements of this Chapter where compliance would be inappropriate or impractical.

(d) A department may meet the requirements of this Section through annual budget submissions, contributions to the City's Five Year Plan, or in coordination with other planning documents.

Section 4. The San Francisco Code Administrative Code is hereby amended by repealing Sections 88.9 and 88.10, in their entirety.

SEC. 88.9. PILOT PROJECTS.

(a) Performance Plans and Reports.

1. The Director of the Mayor's Budget Office, after consultation with the head of each department, shall designate not less than six departments to participate in pilot projects in performance measurement for fiscal years 2000-2001 and 2001-2002. This group of six shall reflect a representative range of government functions and capabilities in measuring and reporting program performance. The reports prepared as part of the pilot program shall serve as models for other City departments when this Chapter is fully implemented.

2. Pilot projects in the designated departments shall undertake the preparation of annual performance plans under Section 88.7 and performance evaluation reports under Section 88.8.
for one or more of the major functions and operations of the agency. A strategic plan under Section 88.6 shall be used when preparing department performance plans during one or more years of the pilot period:

3. No later than March 1, 2001, the Director of the Mayor's Budget Office shall submit a report to the Mayor and to the Board of Supervisors which shall:

(A) Assess the benefits, costs, and usefulness of the plans and reports prepared by the pilot departments in meeting the purposes of the San Francisco Performance and Review Ordinance of 1999;

(B) Identify any significant difficulties experienced by the pilot department in preparing plans and reports; and

(C) Set forth any recommended changes in the requirements of the provisions of the San Francisco Performance and Review Ordinance of 1999.

(b) Performance-Budgeting:

1. The Director of the Mayor's Budget Office, after consultation with the head of each department, shall designate not less than three departments as pilot projects in performance budgeting for fiscal years 2000-2001 and 2001-2002. The departments shall be selected from those previously designated to participate in the pilot program under Section 88.9(a), and shall reflect a representative range of government functions and capabilities in measuring and reporting program performance. The budgets prepared as part of the pilot program shall serve as models for other City departments when this Chapter is fully implemented.

2. Pilot projects in the designated departments shall cover the preparation of performance budgets. Such budgets shall present, for one or more of the major functions and operations of the department, the varying levels of performance, including outcome-related performance, that would result from different budgeted amounts.
3. For the fiscal year 2001-2002, the Director of the Mayor's Budget Office and the Controller shall include the performance budgets of the designated departments as attachments to the proposed budget, as well as the regular budget information for the designated departments.

4. No later than March 1, 2002, the Director of the Mayor's Budget Office shall transmit a report to the Mayor and to the Board of Supervisors on the performance budgeting pilot projects which shall:

(A) Assess the feasibility and advisability of including a performance budget as part of the annual budget;

(B) Describe any difficulties encountered by the pilot departments in preparing a performance budget;

(C) Recommend whether legislation requiring performance budgets should be proposed and the general provisions of any legislation; and

(D) Set forth any recommended changes in the other requirements of the San Francisco Performance and Review Ordinance of 1999.

5. After receipt of the report required under subsection (b)(4), the Board of Supervisors may specify that a performance budget be submitted as part of the annual budget.

SEC. 88.10. BOARD OF SUPERVISORS' OVERSIGHT AND LEGISLATION.

(a) In General. Nothing in this ordinance shall be construed as limiting the ability of the Board of Supervisors to establish, amend, suspend, or annul a performance goal.

(b) Controller's Report. No later than July 1st, 2001, the Controller of the City and County of San Francisco shall report to the Board of Supervisors on the implementation of this ordinance, including the prospects for compliance by City departments beyond those participating as pilot projects.
Section 5. **Effective Date.** This ordinance shall become effective 30 days from the date of passage.

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

By: THOMAS J. OWEN
Deputy City Attorney
Ordinance amending the San Francisco Administrative Code Sections 3.3, 3.4, 3.5, 3.6, 3.20, 22A.6, 88.4, and by repealing Sections 88.8, and 88.10 to: 1) update budget procedures to accommodate two-year budget cycles and five-year financial planning requirements; and 2) eliminate outdated and duplicative reporting requirements.

October 26, 2011 Budget and Finance Committee - RECOMMENDED

November 01, 2011 Board of Supervisors - PASSED, ON FIRST READING
Ayes: 11 - Avalos, Campos, Chiu, Chu, Cohen, Elsbernd, Farrell, Kim, Mar, Mirkarimi and Wiener

November 08, 2011 Board of Supervisors - FINALLY PASSED

File No. 111001

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 11/8/2011 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Mayor Edwin Lee

Date Approved

11/15/11