Ordinance amending the Administrative, Business and Tax Regulation Codes to modify when the Controller is required to issue various reports and conduct various program audits and repealing obsolete provisions regarding the cash reserve fund.

NOTE: Additions are single-underlined 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 Administrative Code is hereby amended by amending Sections 2.16, 2A.19, 3.3, 4.15-1, 10.02, 10.6-2, 10.100-77, and 10.170-1, to read as follows:

SEC. 2.16. CONTROLLER'S ANNUAL REPORT ON CONTRACTING OUT.

The Controller shall prepare a report to the Board of Supervisors by September 1 of each even-numbered year May 15 of each year discussing the numbers and types of contracts that have been approved for the prior year under Charter Section 10.104(15), how long each affected service has been contracted out, the cost savings as realized for each contract compared to the cost savings as projected at the time of certification, and how many new contracts have been submitted for certification as of the date of preparation of the report.

SEC. 2A.19. CONTROLLER'S REPORTS.

The Controller shall annually make a complete financial report which shall be audited and distributed as provided in Charter Section 2.115. The Controller shall also periodically during a fiscal year produce reports that summarize City revenues and expenditures make a quarterly
report, not later than the 25th day of the month succeeding the last preceding quarter, showing a
summary statement of revenues and expenditures for the preceding quarter and for that portion of the
fiscal year ending on the last day of such preceding quarter. Such summaries statement shall include
the General Fund and selected funds and accounts of the City and shall include all general and funding
accounts and shall be detailed as to assets, liabilities, income, expenditures, appropriations and
funds, in such manner as to show the financial condition of the City and County and of each
department, office, bureau or division thereof, for the period covered that portion of the fiscal year
to and including the preceding quarter, and with comparative figures for the similar period in the
preceding fiscal year. The Controller shall at the same time prepare statements showing at
the end of each quarter the cash position of the City and County (and the unencumbered
balance in each fund). The Controller shall periodically make such reports as may be
necessary to show the actual or projected financial conditions of the City and County and of
each department, office, bureau or division thereof. Further provided that the Controller shall
prepare such reports for at least the first six- and nine-month eight-month periods of each fiscal
year. The Controller He shall also prepare monthly and transmit to all department heads
concerned, reports showing the allowances, expenditures, encumbrances and unencumbered
balances of each revenue and expenditure appropriation. A copy of each such report and
special fiscal reports as requested, shall be transmitted to the Mayor and the Board of
Supervisors, and kept on file in the Controller’s office.

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 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 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 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 property 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).

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

SEC. 4.15-1. AUTHORIZING CONDUCT OF STORE IN LAGUNA HONDA HOSPITAL.

The Administrator of Laguna Honda Hospital is hereby authorized to conduct a store or stores within the confines of said institution for the sale of candies, soft drinks and other foodstuffs, tobacco, and sundries, subject to the following conditions:

(a) The Administrator of Laguna Honda Hospital shall supervise the management and operation of the store. He or she shall be the custodian or shall appoint from the hospital staff a custodian of all funds, merchandise, property, and equipment of said store.

(b) The Administrator shall be authorized to collect and deposit all proceeds from the store sales in a bank or banks as he or she may select.
(c) The Administrator and his or her representative may draw checks on the bank accounts for the purchase of materials, supplies, equipment, contractual services, and other obligations properly charged to the store operation.

(d) The Administrator shall be authorized to assign personnel from other services within the hospital to operate the store, as required.

(e) The Administrator is also authorized to install vending machines with the approval of the Director of Public Health and the City Purchaser in various locations throughout the hospital for the convenience of the patients, visitors, and employees.

(f) Proceeds from the sales of said vending machines shall be deposited in the store fund.

(g) The net proceeds arising from the operation of the store and vending machines shall be used upon the recommendation of the Administrator of Laguna Honda Hospital and the approval of the Director of Public Health for such things as may be for the general welfare of the patients of Laguna Honda Hospital, directly or indirectly, which are not provided for them by other appropriations.

(h) The Controller periodically may perform audits of the store’s receipts, and the cost of such audits may be charged to the store’s receipts. An annual audit shall be made of the store’s operations by the Controller, and the cost of said audit shall be charged to the store receipts.

SEC. 10.02. CASH RESERVE FUND AND SUPPLEMENTAL APPROPRIATIONS.

Unused and unencumbered appropriations or unencumbered balances existing at the close of any fiscal year in revenue or expense appropriations of the City and County for any such fiscal year, including such balances in revenue and expense appropriations provided under the provisions of Section 16.106 of the Charter for libraries, parks and squares, playgrounds and civil services in any such fiscal year, but exclusive of revenue or money
required by law to be held in school, bond, bond interest, bond redemption, pension, trust, utility or other specific funds, or to be devoted exclusively to specified purposes other than annual appropriations, and together with revenues collected or accruing from any source during any such fiscal year, in excess of the estimated revenue from such source as shown by the annual budget and the appropriation ordinance for such fiscal year, shall be held as surplus.

transferred by the Controller, at the closing of such fiscal year, to a "cash reserve fund" which is hereby created and which may be used only in the manner authorized by Section 10.08; provided, however, that when the balance in said cash reserve fund shall equal 10 per centum of the current or the last preceding tax levy no such transfer shall be made by the Controller except on the recommendation of said Controller, the approval of the Mayor and the authorization of the Board of Supervisors, by majority vote.

Such unused and unencumbered appropriations, balance and revenue collections in excess of revenue estimates, as hereinbefore in this Section defined, when not transferred to the cash reserve fund as hereinbefore in this Section required or authorized, shall be held as surplus.

Such surplus shall be taken in to account as revenue of the ensuing fiscal year; provided, however, that any such surplus created or existing in any fiscal year may be appropriated by the Board of Supervisors by means of an ordinance designated as a supplemental appropriation ordinance, in the same manner and subject to the same conditions, except time, as provided in the Charter for the submission and approval of the annual budget and the appropriation ordinance.

No ordinance or resolution for the expenditure of money, except the annual appropriation ordinance, shall be passed by the Board of Supervisors unless the Controller first certifies to such Board that there is a sufficient unencumbered balance in a fund that may legally be used for such proposed expenditure, and that, in the judgment of the Controller, revenues as anticipated in the appropriation ordinance for such fiscal year and properly
applicable to meet such proposed expenditure will be available in the treasury in sufficient
amount to meet the same as it becomes due.

SEC. 10.6-2. CONTROLLER'S AUDIT OF LEASES UNDER WHICH CITY IS LESSOR.

The department, board, or commission that has management and control of, or
jurisdiction over, any leased property is responsible for ensuring that all tenants are paying the
correct rent to the City. The Controller is hereby authorized to audit departments to ensure
that they are adequately managing their leases. The cost of such audits shall be borne by the
respective department, board, or commission.

Pursuant to Section 3.105 of the Charter, the Controller is authorized and directed to
conduct audits, at regular intervals, of all leases of city-owned real property where rent of
$500,000 or more a year is to be paid to the City. Any department board, or
commission may elect to have audits conducted or contracted to be conducted by the
Controller. The cost of each such audit shall be borne by the department, board or
commission that has management and control of, or jurisdiction over, the leased real property.
Within 30 days after the completion of each such audit, the Controller shall file reports of the
audit with the Mayor and the Board of Supervisors and shall deliver a copy of the report to the
department, board or commission that has management and control of, or jurisdiction over,
the leased real property. The department, board or commission shall take corrective action to
comply with the audit recommendations and shall report to the Controller on the action taken
within 45 days of the receipt of the audit report and at the end of each six months thereafter
until the matters disclosed by the audit have been resolved.
SEC. 10.100-77. HUMAN SERVICES CARE FUND.

(a) Establishment of Fund. The Department of Human Services Care Fund is established as a category eight fund to receive, and account for the expenditure of, savings realized through the implementation of Proposition N, or any other legislation that provides in-kind benefits in lieu of a full cash grant.

* * * *

(c) Revenues. The Fund shall include the following revenues:

Category One: Each year, the Commission shall, as part of its budget, estimate the number of homeless individuals it expects will participate in each of the separate CAAP programs (GA, PAES, CALM, and SSIP) during the upcoming fiscal year. If those numbers are less than the baseline figures, the City shall credit the Fund with the full amount of the average annual maximum cash grant for each program, multiplied by the difference between the baseline figure and the estimated number of homeless participants in each program for the upcoming fiscal year.

Category Two: Each year, the Commission shall, as part of its budget, estimate the number of homeless individuals in each of the separate CAAP programs (GA, PAES, CALM, and SSIP) the Commission expects will be provided in-kind benefits in lieu of a full cash grant for the upcoming fiscal year. The City shall credit the fund with the difference between the average annual maximum cash grant for each program and the average annual special allowance or other residual cash payment provided by the City, multiplied by the estimated number of homeless individuals in the program that the Commission expects will be provided in-kind benefits in lieu of a full cash grant during the year.

Fund revenues may also include any other monies donated or appropriated to the Fund.

* * * *
(e) **Certification.** The Human Services Commission shall conduct a public hearing or hearings and adopt findings prior to submitting the annual estimates required under subsection (c).

No later than 30 days after the end of each fiscal year, the Department of Human Services shall report on whether the estimates under subsection (c) were accurate for that year. The Controller shall review that report, and the Human Services Commission shall conduct a hearing and transmit its findings to the Board of Supervisors. The Board may hold additional hearings and may adjust any appropriations to the Fund; provided, however, that the Board may choose to reconcile the amounts in the Fund at the end of the fiscal year.

(f) **Fund Limits.** The Controller shall alert the Department of Human Services, the Board of Supervisors, and the Mayor any time the revenues received by the Fund for any fiscal year exceed $11.9 million. The Department may only expend monies from the Fund in excess of the $11.9 million amount in any fiscal year by appropriation ordinance.

At the same time that the Department submits any such proposed appropriation ordinance in excess of the $11.9 million cap, it must also submit to the Board of Supervisors a plan explaining how the Department intends to spend the money. The plan must include, at a minimum, estimates of the amounts to be spent for various purposes, as well as an explanation of who is to benefit from these expenditures, how many people will benefit, and how the proposed benefits will be provided. The Board shall approve the plan by resolution before adopting the appropriation ordinance.
SEC. 10.170-1. GRANT FUNDS – ACCEPTANCE AND EXPENDITURE.

* * *

(k) Certain Transportation Funds (Proposition 1B Funds). The voters of California adopted Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, at the November 7, 2006 California General Election. Under the Proposition, the State will appropriate two billion dollars ($2,000,000,000) into the Local Streets and Road Improvement, Congestion Relief, and Traffic Safety Account of 2006 ("Proposition 1B Local Street and Road Improvement Funds"). These funds will be distributed to cities and counties for improvements to transportation facilities that will assist in reducing local traffic congestion and further deterioration, improving traffic flows, or increasing traffic safety that may include, but not be limited to, street and highway pavement, maintenance, rehabilitation, installation, construction and reconstruction of necessary associated facilities such as drainage and traffic control devices, or the maintenance, rehabilitation, installation, construction and reconstruction of facilities that expand ridership on transit systems, safety projects to reduce fatalities, or as a local match to obtain state or federal transportation funds for similar purposes. The Proposition requires that the funds distributed to the City be deposited in a local account that is designated for the receipt of state funds allocated for local streets and roads.

(1) The Board of Supervisors finds that while there are a range of projects involving various City departments that could benefit from the Proposition 1B Local Street and Road Improvement Funds, implementing a coordinated planning process for use of those funds will help ensure the effective and efficient expenditure of funds in a manner that will maximize the benefit to the City and its residents.

(2) The Board of Supervisors further finds that given the range of projects and the Citywide impact of transportation-related projects, it is appropriate for the Board to review
proposed expenditures of Proposition 1B Local Street and Road Improvement Funds, and to be kept apprised of the progress on projects that are receiving Proposition 1B Local Street and Road Improvement Funds.

(3) The Board of Supervisors shall not appropriate any Proposition 1B Local Street and Road Improvement Funds, as referenced above, until the Board has received from the department or departments requesting the appropriations a specific and detailed spending plan for the funds. The Spending Plan (the "Plan") shall set forth projects, programs and other improvements to be funded over the next ten years (10) years by Proposition 1B Local Street and Road Improvement Funds, and shall include a budget, scope, and schedule, as well as any other information requested by the Board. The Plan should also address the relative need or urgency, cost effectiveness, and fair geographic distribution of resources, taking into account the various needs of San Francisco's neighborhoods. The Plan shall be coordinated with other relevant City agencies including the Planning Department and the Municipal Transportation Agency, as well as the San Francisco Transportation Authority. The Plan should identify attempts to leverage or match Proposition 1B Local Street and Road Improvement Funds with funding from other sources, including any other state or federal funds. No City Department shall expend or encumber any Proposition 1B Local Street and Road Improvement Funds without approval from the Board of Supervisors pursuant to this ordinance. Any Proposition 1B Local Street and Road Improvement Funds received by the City and County of San Francisco will be deposited into a local account named "The Proposition 1B Local Account," and shall remain in such account until the Board of Supervisors approves a department's specific spending plan. Under no circumstances will Proposition 1B Local Street and Road Improvement Funds be mixed with other funds prior to the approval of the spending plans as outlined in this paragraph. Proposition 1B Local Street and Road Improvement Funds can be appropriated as part of the annual budget process only
if the requirements of this paragraph are met. The Board of Supervisors further encourages any department seeking such an appropriation to consult and work with its commission if any, the public, and the Board on the development of such spending plans.

(4) Any department that receives an appropriation of Proposition 1B Local Street and Road Improvement Funds shall report back to the Board of Supervisors beginning six months from the date of the appropriation, and at six-month intervals thereafter until the appropriation has been spent. The report required by this Section shall state the amount of Proposition 1B Local Street and Road Improvement Funds expended as of the reporting date and shall describe the progress on the project, the projected date of completion, and such additional information as the Board may require as a condition of the appropriation.

(5) The Controller shall perform an audit every two years of all Proposition 1B Local Street and Road Improvement Funds that are allocated, whether expended or not, to determine what projects were actually funded. Any Department receiving Proposition 1B Local Street and Road Improvement Funds shall cooperate with the Controller's Office in the performance of the audit.

Section 2. The Business and Tax Regulations Code is hereby amended by amending Section 515.01, to read as follows:

SEC. 515.01. HOTEL TAX ALLOCATIONS.

(a) All monies collected pursuant to the tax imposed by Section 502 of this Article ("Hotel Tax Revenues") shall be allocated for the purposes specified in Subsection (b) in the amounts prescribed in Subsection (c), subject to the adjustments and limitations prescribed in Subsection (d). Any unexpended balances remaining in Allocations Number 1, 2, 3, 4, 5, 9 and 10 at the close of any fiscal year shall be deemed to be provided for a specific purpose within the meaning of Section 9.113 of the Charter and shall be carried forward and accumulated in said allocations for the purposes prescribed in Subsection (b). After the
specific purpose allocations and accumulations required by this Section, all remaining
revenues shall be transferred to the General Fund, of which an amount not to exceed two
tenths of one percent (0.2%) shall be appropriated to the Tax Collector for the administration
of the provisions of this Article.

** * ** *

(d) Adjustments to and Limitations on Allocation Amounts. Notwithstanding the
provisions of Subsection (c), the allocation amounts shall be subject to the following
adjustments and limitations:

(1) Annual Adjustment: Prior to the calculation of any other adjustment
prescribed in this Subsection (d), each amount prescribed in Subsection (c) shall be adjusted
annually, commencing in fiscal year 1998-99, by the percentage increase or decrease in
actual hotel tax revenues compared with the prior fiscal year; provided, however, that the
amount of the annual adjustment pursuant to this Subparagraph (1) shall not exceed 10
percent.

(2) Limitation on Allocation Number 3 (Low-Income Housing in Yerba Buena
Redevelopment Area): Unexpended monies appropriated pursuant to priority (E) of Allocation
Number 3 shall be retained in a reserve fund which shall be allowed to accumulate in the
maximum annual amount of $100,000 up to a maximum total amount of $1,000,000.

(3) Limitation on Allocation Number 6 (Publicity/Advertising; Recurring Events):
Of the amount allocated for publicity and advertising for recurring events, $650,000 in 1997-
1998; $800,000 in 1998-1999 and $400,000 in 1999-2000, thereafter adjusted by the annual
adjustment provided in Subparagraph (1) of this paragraph, shall be allocated to the Arts
Commission to support the City-owned community cultural centers.

(4) Adjustment to Allocation Number 6 (Publicity/Advertising; Recurring Events)
and Allocation Number 11 (Cultural Centers): In fiscal year 1998-99 and thereafter, no
amount allocated to support the City-owned community cultural centers shall be released to a cultural center unless:

(A) The Arts Commission has received and approved an annual report from the cultural center demonstrating that the cultural center has had an active community support board dedicated to community outreach, fundraising, and advocacy on behalf of the cultural center in the prior fiscal year. For purposes of this Section, an "active community support board" shall mean a board that has convened on at least six occasions during the year.

(B) The Arts Commission has received and approved an annual report from the cultural center demonstrating that the cultural center has, in the prior fiscal year, met the cultural center's revenue target from sources other than hotel tax revenues. For purposes of this Section, a cultural center's revenue target shall be at least 20 percent of the cultural center's total revenues, including hotel tax revenues, in fiscal year 1996-97 inflated annually by a rate of three percent or by the rate of growth in the cultural center's hotel tax revenues, whichever is lower. If the cultural center has not met its revenue target, the amount released to the cultural center shall be reduced in the following year by an amount equivalent to the difference between the revenue target and actual revenues collected from sources other than hotel tax revenues. All revenue calculations required to effectuate this limitation shall be certified by the Controller during the City's annual budget process.

(C) The Controller has performed a financial review of the cultural center within the previous four years. An initial financial review shall be performed for each cultural center by the end of fiscal year 1998-99.

Section 2. Effective Date. This ordinance shall become effective 30 days from the date of passage.
Section 3. This section is uncodified. In enacting this Ordinance, the Board intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation, charts, diagrams, or any other constituent part of the Administrative Code and Business and Tax Regulations Code that are explicitly shown in this legislation as additions, deletions, Board amendment additions, and Board amendment deletions in accordance with the "Note" that appears under the official title of the legislation.

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

By:
THOMAS J. OWEN
Deputy City Attorney
Ordinance amending the Administrative, Business and Tax Regulation Codes to modify when the Controller is required to issue various reports and conduct various program audits and repealing obsolete provisions regarding the cash reserve fund.

June 21, 2013 Budget and Finance Committee - RECOMMENDED

June 17, 2013 Budget and Finance Committee - CONTINUED

July 16, 2013 Board of Supervisors - PASSED, ON FIRST READING
   Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

July 23, 2013 Board of Supervisors - FINALLY PASSED
   Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 7/23/2013 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Mayor

Date Approved

8/21/2013