



OFFICE OF THE CONTROLLER

CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

Public Budget Meeting

Tuesday, February 14, 2024

11:30 AM to 12:00 PM

VIRTUAL WEBEX MEETING

Webinar Link: <https://sfpublic.webex.com/sfpublic/j.php?MTID=m3bea04e2625cafb81653ca41e27c6649>

Webinar Password: con-pub (2660782 from phone)

Webinar number: 2662 492 6568 (Access code)

Join by phone: 415-655-0001

AGENDA

1. Review of the Controller's Office Proposed Budget Priorities for FY 2024-25 & FY 2025-26
2. Public Comment:
 - To submit oral public comments by phone:
 - Dial 415-655-0001 and use access code 2662 492 6568, then '#' and then '#' again.
 - Dial *3 to line up to speak.
 - A system prompt will indicate you have "raised your hand," please wait until the system indicates "you have been unmuted" and you may begin your comments.
 - You will have 2 minutes to speak.
 - To submit oral public comments in WebEx:
 - Raise your hand or indicate in chat you would like to provide public comments.
 - To submit written public comments, before, during or after the meeting use the City & County of San Francisco's NextRequest portal:
<https://sanfrancisco.nextrequest.com/requests/new>
3. Adjournment

Our Office welcomes feedback throughout the year. For more information on how to contact the Controller's Office, please reference our Contact Us page: <https://www.sf.gov/departments/controllers-office>

Controller's Office

Proposed Budget, FY 2024-2025 and FY 2025-2026

Public Access, Input & Materials

2/14/2024 Online Meeting, WebEx Link:

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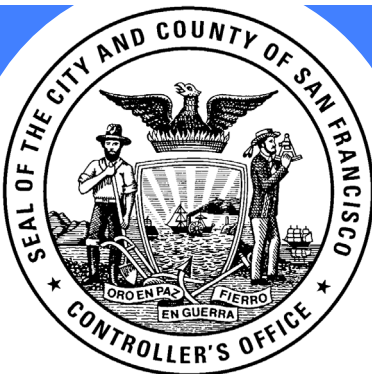
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Controller's Office Proposed Budget Information is located at: <https://sfcontroller.org/about-controller%E2%80%99s-office>



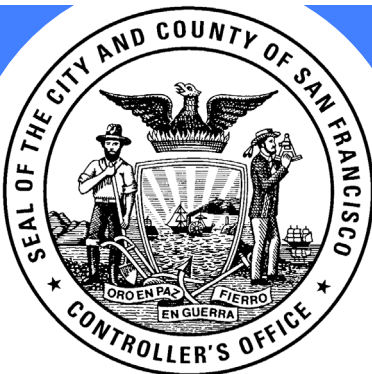
CITY & COUNTY OF SAN FRANCISCO

Office of the Controller

February 14, 2024

Proposed Budget

FY 2024-25 and 2025-26



CITY & COUNTY OF SAN FRANCISCO

Office of the Controller

February 14, 2024

Mission and Key Strategic Goals

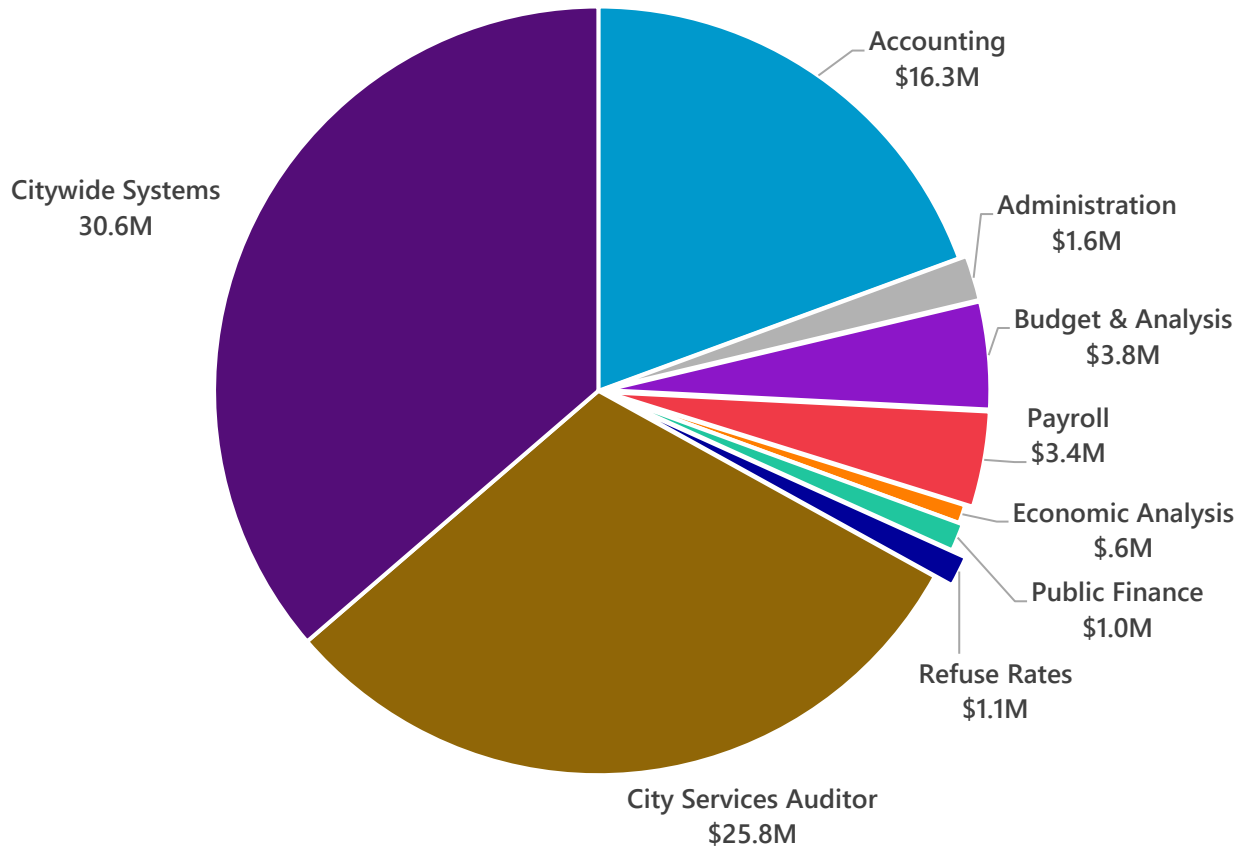
Our Mission:

We ensure the City's financial integrity and promote efficient, effective, and accountable government.

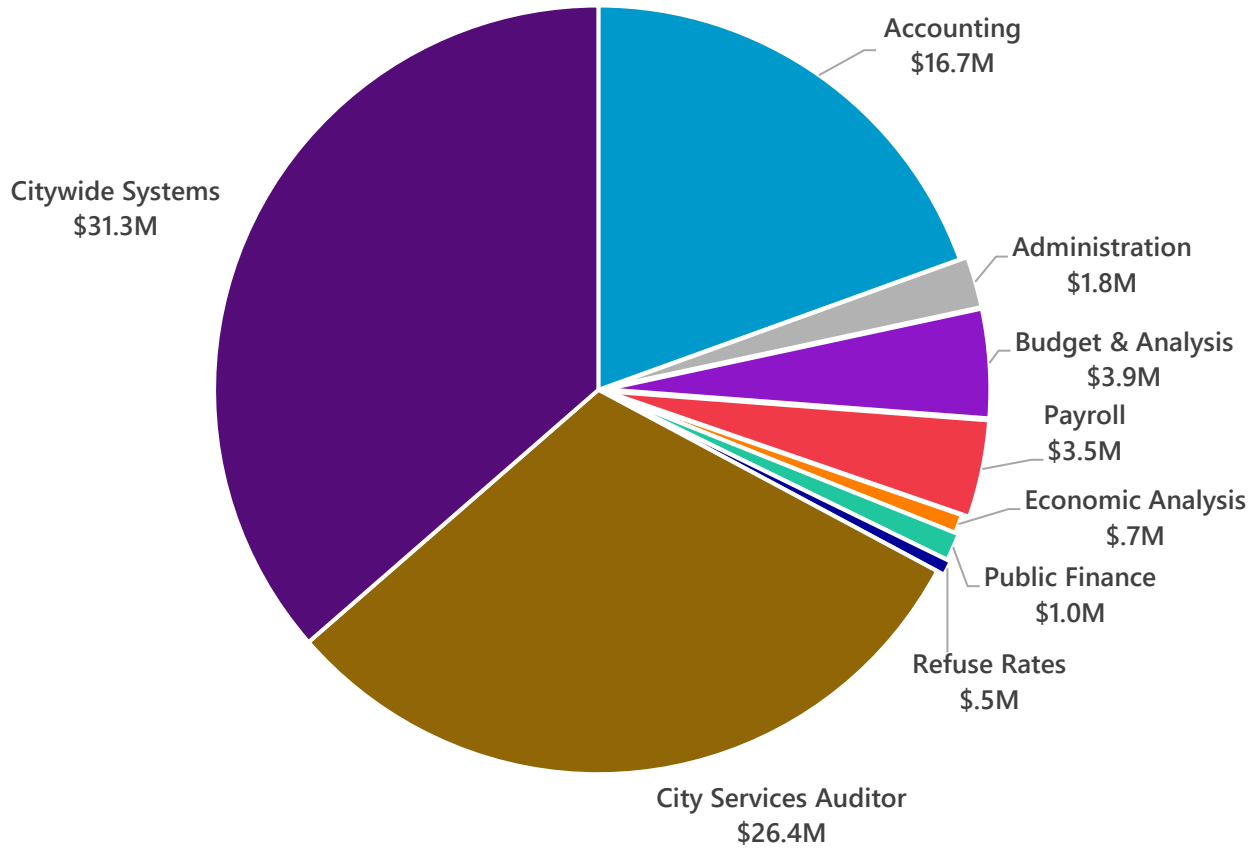
Our Key Strategic Goals:

- Promote Best Practices and Accountability in City Government
- Support Informed Policy Decisions
- Safeguard the City's Long-Term Financial Health
- Provide High-Quality Financial Services
- Support the City's Financial Systems and Infrastructure
- Sustain the City's Financial Operations in a Disaster
- Increase Public Access and Useful and Timely Information
- Invest and Value our Employees
- Manage the Controller's Office Effectively

FY 2024-25 Base Budget by Division \$84.2M



FY 2025-26 Base Budget by Division \$85.9M



Controller's Office Budget Snapshot

	FY 2023-24 Approved	FY 2024-25 Base	FY 2025-26 Base
Total Budget	\$83.9M	\$84.2M +\$0.3M	\$85.9M +\$1.7M
General Fund Support	\$12.3M	\$10.5M -\$1.8M	\$13.3M +\$2.8M
AAO Funded Positions (FTEs)	268	268	268
Off-Budget Positions (FTEs)	61	61	61
Base Attrition Savings (FTEs)	-26.4	-24.8	-24.8
Base Attrition Savings (\$)	-\$4.7M	-\$4.5M	-\$4.5M

Controller's Office Budget Comparison

	Budget Amount
FY 2023-24 Approved	\$83.9M
FY 2024-25 Base	84.2M
FY 2024-25 Base Budget Increase	0.3M
Salary & Fringe	1.9M
Services from Other Depts	0.2M
Professional Services	(0.8M)
Materials & Supplies	(0.1M)
Programmatic Projects – FAST & CSA	(0.9M)

Budget Change Proposals

General Fund Support (GFS)	FY 2024-25	FY 2025-26
GFS Budget Reduction Target	\$1.06M	\$1.06M

- Eliminate three budgeted positions and two off-budget positions.
- Increase attrition savings.
- Reduce professional services budget.
- Utilize current year savings.
- Balance Refuse Rates Administration budget pursuant to the Rate Board's approved Rate Order.

Budget Priorities and Key Projects

Public Integrity, Transparency & Accountability

- Promote accountability and transparency through compliance and performance audits and whistleblower investigations:
 - Publish audits and assessments to improve transparency, effectiveness, efficiency and equity of city operations.
 - Publish prior public integrity assessments' implementation statuses of all recommendations.
 - Manage and promote the City's whistleblower hotline.
 - Ensure timely compliance audit reporting, identify recommendations and report on the implementation of corrective actions.
 - Work with City departments to further develop and implement plans to better meet departments' contracting, oversight, reporting and other business needs.

Government Operations Initiatives & Performance

- Implement system and user interface improvements to reduce redundancy and streamline financial, hiring, and contracting processes.
- Support efforts of the City Administrator, Department of Human Resources, and Controller's Office to plan, implement, and communicate initiatives to reduce barriers to hiring and contracting processes.

Budget Priorities and Key Projects

Racial Equity, Gender Equity, Inclusion and Diversity

- Provide and support citywide reporting for Workforce and Contracts reporting.
- Support the Citywide Contracts Report, Supplier Inclusion Implementation Plan.
- Implement Controller's Office Racial Equity Action Plan:
 - Administer biennial staff survey on racial equity and present results.
 - Initiate and administer new staff mentorship cohort and complete evaluation of current mentorship cohort.
 - Standardize selection interview process, including incorporation of diversity, equity, and inclusion (DEI) questions.
 - Address barriers to employment by changing minimum qualifications of entry level classifications.

Systems Budget Priorities and Key Projects

- Support Citywide Government Operations Initiative
- Leverage Cloud Infrastructure to Streamline Operations
 - Develop and execute cloud infrastructure plan, strategically moving components of CON Systems infrastructure from City data centers to the cloud.
- Develop Data Sharing & Reporting Strategy based on Citywide Needs
 - Gather feedback from key department and central agency stakeholders to develop and recommend data sharing and reporting strategy to inform long-term technology investments.
- Consolidate Employee Self-Service Functions
 - Transition access to employee self-service from the legacy portal to the new Employee Service Center.
 - Identify opportunities and implement improvements the employee self-service transactions and user interfaces.
- Train and Support Employees to further achieve operating efficiencies resulting from greater PeopleSoft Module/Functionality adoption and use.
 - Leverage digital adoption tools to more efficiently and effectively help employees do their work.

Budget Priorities and Key Projects

Public Financing

- Implement the City's new Infrastructure Financing District (IFD) policy.
- Coordinate with OEWD on the formation of the Power Station Enhanced Infrastructure Financing District (EIFD) and the evaluation and potential formation of other EIFDs.
- Provide ongoing management of formed EIFDs and the Public Financing Authority (PFA), a new governing body for EIFDs consisting of three members of the Board of Supervisors and two members of the public.
- Assist with the issuance of \$1.5 billion General Obligation Bonds, Commercial Paper and Certificates of Participation, as needed, over FY25 and FY26 to meet project funding requirements and/or to provide refunding savings.

Financial Professionals Development and Training Programs

- Implement expansion of Controller's Office programs for financial standards and proficiency training.
- Create pipelines of financial professionals with key skills and knowledge:
 - Pilot program for senior-level accounting managers.
 - Budget Academy to develop trained budget analyst professionals.

Budget Priorities and Key Projects

Refuse Rates Administration

- In 2022, voters approved Proposition F, which among other amendments made the Controller the Refuse Rates Administrator, replacing the Director of Public Works as the party responsible for monitoring and proposing new rates to the Refuse Rates Board.
- In 2023, the Refuse Rates Administrator conducted its inaugural rate-setting process and proposed a new Rate Order for Rate Years 2023-24 and 2024-25, which was approved by the Refuse Rate Board in August 2023, saving Ratepayers \$8.7 million compared to Recology's requested increase.
- The approved Rate Order included budgetary funding support for the Refuse Rate Administrator's work, including analytical and audit cost.
- The Rate Order outlines several analytical projects to be conducted by the Refuse Rate Administrator
 - Capital Plan
 - Cost allocation analysis
 - Refuse collection regulations, licenses, and permits review

Planning & Measuring Results

OFFICE OF THE CONTROLLER STRATEGIC PLAN

FY 2016-2017
FY 2020-2021

OUR MISSION We ensure the City's financial integrity and promote efficient, effective, and accountable government.

PROMOTE BEST PRACTICES AND ACCOUNTABILITY IN CITY GOVERNMENT

- ☐ Help improve City procurement practices.
- ☐ Help improve Citywide hiring and employment practices.
- ☐ Support efforts to strengthen the City's approach to technology security and solutions.
- ☐ Expand approaches and tools to help departments improve performance measurements, operations, and management practices.

SUPPORT INFORMED POLICY DECISIONS

- ☐ Provide analysis and review to support key Citywide decisions.
- ☐ Facilitate and expand Citywide use and sharing of data.
- ☐ Highlight key areas for further research and policymaker awareness.

PROVIDE HIGH-QUALITY FINANCIAL SERVICES

- ☐ Conduct effective Citywide training to ensure heightened compliance and fewer post-audit findings.
- ☐ Promote financial best practices among City departments.
- ☐ Eliminate paper forms in Accounting, Budget, and Payroll processes and adopt a paperless office operation.

SUPPORT THE CITY'S FINANCIAL SYSTEMS AND INFRASTRUCTURE

- ☐ Replace and modernize the City's financial, procurement, and reporting systems.
- ☐ Co-locate and integrate systems support staff into a single division with effective shared service and support delivery.
- ☐ Develop and implement key application enhancements to ensure effective Citywide use and customer satisfaction.
- ☐ Consolidate PeopleSoft and Business Intelligence infrastructure platforms and support services.

INCREASE PUBLIC ACCESS TO USEFUL AND TIMELY INFORMATION

- ☐ Conduct public opinion research to improve the form, value, and reach of our public information products.
- ☐ Provide new and improved web-based analytical tools.

INVEST IN AND VALUE OUR EMPLOYEES

- ☐ Enhance the department's professional development program.
- ☐ Incorporate programs to support employee health, safety, and well-being into performance plan.
- ☐ Expand 360 pilot program.

MANAGE THE CONTROLLER'S OFFICE EFFECTIVELY

- ☐ Initiate space planning and strategic co-location of department divisions following the go-live of the new

OFFICE OF THE CONTROLLER

ANNUAL REPORT
FISCAL YEAR 2017-2018

SAFEGUARD THE FINANCIAL HEALTH

- ☐ Monitor and refine financial resiliency
- ☐ Review long-term
- ☐ Enhance the use of
- ☐ Develop and execute

Performance Plans

FY18-19 Performance Plan

Home + new item

Five-Year Strategic Plan

FY18-19 Performance Plan

Mid-Year Updates

FY17-18 Annual Report

FY17-18 Performance Plan

Prior Year Plans

Prior Year Annual Reports

FY18-19 All Division - Accounting Division - Admin ...

✓ Edit Measure

➤ Goal 1: Promote best practices and accountability in City government (36)

➤ Goal 2: Support informed policy decisions (11)

➤ Goal 3: Safeguard the City's long term financial health (10)

- ☐ Monitor and enforce adopted reserve and debt management policies, and report on status on regular financial reports.
- ☐ Prepare COWCAP calculation; approve and monitor GEN expenditures, including MOU and litigation reserves; facilitate participatory budgeting.
- ☐ Implement all voter-approved spending requirements and revenue transfer requirements (including reserves), and report quarterly on compliance with adopted rules. Inform disc
- ☐ Prepare state revenue reports and allocations, fee certifications, and development impact fee reports using tools updated for PeopleSoft.
- ☐ Percentage variance between budgeted and actual revenues. Target: 2.00%
- ☐ Percentage by which actual revenues vary from mid-year estimates. Target: 1.5%
- ☐ Support labor contract negotiations with all employee organizations except Police and Fire, including support developing and costing proposals; developing financial condition pr
- ☐ Support the update of the City's adopted five-year financial plan by March 1, 2019, including modifications and enhancements developed with the Mayor's Budget Office in Fall 20
- ☐ General obligation bond rating (Moody's). Target: Aaa
- ☐ Unreserved fund balance as a percentage of revenues. Target: 16.7%
- ☐ Stabilization reserve balance as a percentage of revenues. Target: 10.0%
- ☐ Percent funded, pension and retiree health liabilities. Target for pension: 90%; Target for retiree health: 3%
- ☐ Refresh retiree health liability analysis by March 1st, 2019. Continue to develop and cost pension reform concepts as part of ongoing city staff pension working group. Enhance re
- ☐ Propose new financial policies by October 1. In FY 2018-19, develop recommended reserve policies for three departments with special revenue funds (REC, LIB, and OCEC) and a po
- ☐ Develop set of key economic indicators to track and report each quarter, to monitor local economic risks, by October 2018.
- ☐ Support the development of the City's Ten-Year Capital Plan, including modeling of capacity for G.O. bonds and General Fund debt and as-needed assistance to fund identified pr

➤ Goal 4: Provide high-quality financial services (43)

- ☐ Refine business and system processes for an effective submission of Annual Financial Transactions Report to State Controller's Office in January 2019, and complete other required state reports.
- ☐ Issue Single Audit report by March 2019.
- ☐ Number of audit findings with questioned costs in annual Single Audit of federal grants. Target: 4
- ☐ Complete first year-end closing process in the new financial system, conduct debrief sessions to suggest system and business process changes for future year closing processes, and produce findings document by March 2019.
- ☐ City receives certificate of achievement for excellence in financial reporting from Government Finance Officers Association (1 equals yes). Target: 1
- ☐ Timely completion of the City's annual financial report (CAFR) for FY17-18. Target: 300 days
- ☐ Maintain no material weaknesses in the City's financial statement audit. Target: 0
- ☐ Identify and resolve PeopleSoft related bank reconciliation issues with Treasurer, the City's selected banks and city departments by the end of each fiscal year-end closing process. Review bank reconciliation process following first year use of the new system, and recom
- ☐ the efficiency of the process by January 2019.
- ☐ Resolve and reconcile remaining data conversion issues resulting from cut-over to the new financial system. In FY18-19, complete clean-up of 100% of cash and debt entries and 30% of grant entries.
- ☐ Update and refine Controller's accounting guidelines for the new PeopleSoft Financial System.

Racial Equity Action Plan

January 1, 2021 through December 31, 2023

December 31, 2020
City & County of San Francisco
Office of the Controller

Key Performance Measures

Provide High-Quality Financial Services	2020-21 Actual	2021-22 Actual	2022-23 Actual	2023-24 Projected	2024-25 Target	2025-26 Target
Number of days to complete the City's Annual Comprehensive Financial Report (ACFR) for the previous fiscal year	241	217	231	150	150	150
City receives certificate of achievement for excellence in financial reporting from Government Finance Officers Association	Yes	Yes	Yes	Yes	Yes	Yes
Number of findings of material weakness in annual City audit	2	0	0	0	0	0
Percent of payroll transactions not requiring correction	98.7%	98.2%	98.09%	99.0%	99.0%	99.0%
Provide High-Quality Financial Systems	2020-21 Actual	2021-22 Actual	2022-23 Actual	2023-24 Projected	2024-25 Target	2024-25 Target
Percent of scheduled time that financial systems are available for departmental use	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%
Percent of scheduled time that human capital systems are available for departmental use	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%
Safeguard the City's Long-Term Financial Health	2020-21 Actual	2021-22 Actual	2022-23 Actual	2023-24 Projected	2024-25 Target	2024-25 Target
Percentage by which actual revenues vary from mid-year estimates	-3.6%	0.5%	9.5%	1.5%	1.5%	1.5%
Percentage by which actual General Fund revenues vary from prior year revised budget estimates	-4.4%	1.8%	8.5%	5.6%	2.0%	2.0%
Stabilization reserve balance as a percentage of General Fund revenues	10.0%	6.7%	6.0%	6.5%	6.5%	6.5%
Ratings of the City's General Obligation Bonds from Moody's	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa

Key Performance Measures

Ensure Government is Accountable to City Residents	2020-21 Actual	2021-22 Actual	2022-23 Actual	2023-24 Projected	2024-25 Target	2025-26 Target
Percent of audit recommendations implemented within 2 years after report issuance.	94%	95%	95%	90%	85%	85%
Percent of auditee ratings that are good or excellent	69%	94%	88%	90%	85%	85%
Percent of client ratings for technical assistance projects that are good or excellent	N/A	100%	100%	100%	95%	95%
Support Informed Policy Decisions	2020-21 Actual	2021-22 Actual	2022-23 Actual	2023-24 Projected	2024-25 Target	2024-25 Target
Percentage of OEA economic impact reports completed by the hearing date	100%	100%	100%	100%	100%	100%
Completion rate of ballot analysis by hearing date	100%	100%	100%	100%	100%	100%
Number of Data Academy Training Participants	N/A	72	632	300	300	300

Questions?

Controller's Office

Proposed Budget, FY 2024-2025 and FY 2025-2026

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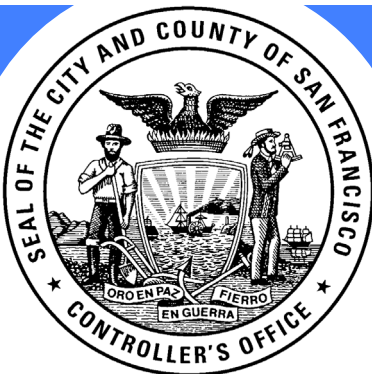
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Interested in additional information?

- In addition to the budget information contained in this presentation, the Public can also access Budget, Contract, Supplier Payment, Audit & Other Controller's Office Reports, 24/7 online at:
 - SFOpenBook at <https://openbook.sfgov.org/>
 - DataSF at <https://datasf.org/opendata/>
 - SFController at <https://sf.gov/departments/controllers-office>