



January 27, 2017

Department of Elections Proposed Budget: Fiscal Year 2017–18 and Fiscal Year 2018–19

Introduction

The San Francisco Department of Elections (Department) conducts all public federal, state, district, and municipal elections in a manner that is free, fair, and functional.

The Department is responsible for conducting elections under the rules and regulations established by federal, state, and local laws – notably, the Voting Rights Act, the Help America Vote Act, the Americans with Disabilities Act, and the City's Language Access Ordinance; maintaining an open process that inspires public confidence in the election system; providing and improving upon a public outreach and education plan to engage eligible potential voters in San Francisco; and continuing to improve its services by streamlining processes and anticipating the future needs of San Francisco voters.

Presently, the Department serves a registered-voter base of nearly 518,000 citizens, of whom nearly 298,000 permanently vote by mail and 9,000 are designated as military and overseas voters. For each federal, state, and local election, the Department facilitates the filing of candidate nomination papers, ballot measures, and the ballot arguments that appear in the Voter Information Pamphlet; produces and delivers voting materials, including San Francisco's official and sample ballots and Voter Information Pamphlet, in English, Chinese, Spanish, and Filipino; provides voter education and services to registered voters and potential registrants; administers the vote-by-mail program; facilitates early voting, starting 29 days before every election; secures and organizes approximately 580 polling places to administer voting on Election Day; recruits and trains nearly 3,000 poll workers to administer mandated procedures and serve a linguistically and culturally diverse voter population; organizes the collection of ballots and election results data on Election Night; provides for ballot tabulation and reporting of election results; and conducts the official canvass of votes cast to ensure the accuracy and validity of election results.

Following is an overview of the Department's proposed budget for FY2017-18 and FY2018-19. The overview is intended to facilitate review of the enclosed packet required for this year's budget submission and is organized according to the topics listed below:

1. Budget Process
2. Operating Budget and Revenue
 - 2.1. Fixed Operating Costs
 - 2.2. Variable Operating Costs
 - 2.3. Work Orders
 - 2.4. Revenue
3. Budget Forms
4. Conclusion

1. Budget Process

The Department's budget process follows the City's budget cycle, which is initiated in December, when the Mayor's Office and the Controller's Office issue budget instructions and forms to all City departments. Pursuant to these instructions, by February 21, 2017, the Department must provide the required budget-submission documents to the Mayor's Office of Public Policy and Finance and the Controller's Office as well as complete the entry of the budget proposal into the City's budget system.

The Controller's Office consolidates all proposed department budgets for review by the Mayor's Office of Public Policy and Finance. From March through June, the Mayor's Office analyzes and refines the departments' budgets. The Mayor presents the budget proposal for Enterprise departments on May 1 and for all other City departments, including the Department of Elections, on June 1. After the Board of Supervisors Budget and Finance Committee holds public hearings and makes recommendations on the departmental budget proposals, the entire budget is heard, voted on, and approved by the full Board by August 1. Finally, the budget returns to the Mayor for final approval and passage. Once the Annual Appropriation Ordinance—which provides the legal authority for the City to spend funds during the fiscal year—is adopted, the departments are responsible for executing their budgets.

2. Operating Budget and Revenue

The Department's proposed FY2017-18 and FY2018-19 budget contemplates the funding necessary for fixed operating expenses as well as variable expenses for services and programs associated with the two elections scheduled during the budget period: the June 5, 2018, Consolidated Statewide Direct Primary Election, and the November 6, 2018, Consolidated General Election.

2.1. Fixed Operating Costs

Among the fixed operating costs budgeted in FY2017-18 and FY2018-19 that are not associated with a specific election are costs related to salaries and fringe benefits of permanent staff; leasing Pier 31 for warehouse operations; contractual obligations established to provide and maintain the City's voting system, the Election Information Management System (EIMS) registration database, and the Agilis vote-by-mail ballot-sorting system; office expenses; vehicle fleet and equipment maintenance; etc.

Generally, the Department's fixed operating costs undergo minimal changes from one fiscal year to the next. However, this year's budget submission includes increases in fixed operating costs in both FY2017-18 and FY2018-19 totaling \$336,179 and \$379,179 respectively. The increases are largely due to increased rental rates associated with the Department's having to lease a new facility for its warehouse operations and higher election-services fees and annual license and maintenance fees under the contract with Dominion Voting Systems, Inc. (Dominion).

The Department's current lease to host warehouse operations at Pier 48 has expired; as such, the Department will likely begin a new lease at Pier 31 in May 2017. The Department's current rate at Pier 48, under holdover terms of the current Memorandum of Understanding (MOU) between the Port and the Department, is \$.92/square foot. The Department occupies 86,954 square feet at Pier 48, resulting in an annual expenditure of \$956,520. Under the MOU between the Port and the Department for the leasing of Pier 31, with 70,241 square feet being available to the Department at \$1.35/square foot, the annual

expenditure will amount to \$663,777 beginning May 2017 through December 2017, \$575,976 from January 2018 through the end of FY2017-18, and \$1,187,069 in FY2018-19.

Previously, a one-time expenditure of \$2,500,000 was appropriated into a continuing project fund to allow for the Department's warehouse-relocation expenditures; thus, the proposed budget does not seek any additional funding associated with this capital project.

Another increase in fixed operating expenses as compared to past budgets is attributed to higher costs contemplated in the contract with Dominion. These amount to increases in FY2017-18 and FY2018-19 totaling \$261,179 in each year.

In 2016, the Board of Supervisors approved a two-year extension of the agreement between the Department and Dominion, from December 11, 2016, through December 31, 2018. The City will pay Dominion \$662,004 for election services for each election encompassed by the agreement, and \$482,875 for annual maintenance and license fees.

The Department limited its extension request to two years because the current voting system is becoming obsolete, requiring additional resources for maintenance, testing, and Election Day troubleshooting. Additionally, Dominion indicated that the company is not amenable to extending the contract past this timeframe.

Prior to the approval of this fourth amendment to the existing agreement, the City had extended the contract for the current voting system with Dominion three times, for a total of eight years, without any increase in service costs. Over the course of eight years, the City paid Dominion \$497,400 for election services for each election and \$386,300 for annual maintenance and license fees.

The cost increases reflected in the extension are a result of a number of factors, including, but not limited to, Dominion staffing and personnel costs that have risen since 2008, the first year of the contract. The services provided by Dominion personnel include staging technical support in the field on Election Day, repairing, testing, and maintaining voting equipment, assisting with ballot development and processing, as well as delivery and retrieval of equipment. Additional support requirements under the contract—such as the addition of Filipino, the fourth language in which the Department must provide election services under San Francisco's Language Access Ordinance—have also resulted in higher operating costs.

The City has begun the process of developing an open source voting system. Specifically, the Mayor's Office has enlisted the Department of Technology to assist the Department with drafting a request for proposal (RFP) to identify a technical consultant who will develop a plan to follow in developing the system using software that will be based on open source and refine the associated costs.

The report regarding the development of a voting system, including possible budgetary requirements, is intended to be completed by January 2018. Since, to date, no other municipality has developed or implemented an open source voting system, it is uncertain at this time how much such a system would cost the City. Undoubtedly, the City would incur costs associated with the project; however, any future funding requests for developing an open source voting system are contingent upon findings presented in the aforementioned report.

Should the open source voting system not be ready when the current contract with Dominion expires in December 2018, the City may need to implement an interim voting system to enable the Department to conduct federal, state, and local elections during the development period.

In such case, rather than purchasing a new voting system, the Department would plan to lease a voting system, removing the need for a large expenditure to purchase voting equipment and also reflecting the time needed for the City to develop and implement a new voting system. The Department would undertake a competitive RFP process to explore leasing of new voting equipment and services in early 2018, should the City require this interim solution because the open source voting system is not completed by December 2018. The cost of leasing new voting equipment and services is unknown at this time, and any future funding requests are contingent upon results of the RFP process.

2.2. Variable Operating Costs

The Department's variable costs, including expenditures and revenues, vary considerably and are largely dependent on the number and type of elections held in a fiscal year (e.g., statewide general, statewide primary, or local). These costs are affected by many factors that are difficult to anticipate in the budget, such as implementation of new election laws and regulations; public interest in a scheduled election; the number of candidates and measures appearing on the ballot, which determines the length of the ballot and the Voter Information Pamphlet; and voter turnout, which determines the number of ballots the Department must process. Additionally, factors related to the ever-changing electorate (i.e., increases in the number of registered voters or those preferring to vote by mail, new language requirements, etc.) contribute to changes in the Department's processes, requiring expansion of programs and services, and new technologies to support these changes.

This year's budget submission includes increases in variable operating costs in FY2017-18 and FY2018-19, totaling \$635,982 and \$754,569, respectively. The factors that contributed to these increases are discussed below.

The variable costs contemplated in FY2017-18 and FY2018-19 include expenses associated with ballot production, including printing and assembly of vote-by-mail ballots; production and translation of the Voter Information Pamphlet; postage for the mailing of the vote-by-mail ballots and the Voter Information Pamphlets, return postage for the vote-by-mail ballots, reflecting United States Postal Service (USPS) price changes for First-Class Mail that become effective in 2017; publication of legal notices; polling place rental and supplies; poll worker and polling place provider stipends; drayage of equipment and supplies to and from polling places; seasonal employee salaries and overtime; fleet needed to provide troubleshooting support to polling places on Election Day and facilitate ballot pick-up by Sheriff's deputies on Election Night; and other miscellaneous expenses. These expenses were calculated for each fiscal year based on an analysis of several factors that include:

- The number and type of scheduled elections;
- Voter turnout data from similar prior elections, as well as the total projected number of registered poll and vote-by-mail voters by language preference prior to the date of the scheduled election;
- Expected ballot content—the offices appearing on the ballot, length of ballot, number of ballot types or styles—and Voter Information Pamphlet content—candidate statements, ballot measures and arguments, page count, number of printed copies for each mandated language;
- The expected number of polling places to be secured and the number of poll workers to be recruited and trained;
- The outreach program to be administered in the months preceding the scheduled election.

Additionally, when formulating its budget proposal, the Department considered the financial impact of local and state regulatory changes, including those resulting from passage of Proposition N (Non-Citizen Voting in School Board Elections),

Assembly Bill (AB) 1461 (California New Motor Voter Bill), AB 1436 (Voter Registration), and AB 2252 (Remote Accessible Vote By Mail Systems).

Proposition N, which was approved by San Francisco voters in the November 2016 election, amended the City Charter to allow any non-citizen parents, legal guardians, or legally recognized caregivers of a child living in the San Francisco Unified School District to vote for members of the Board of Education. These non-citizen voters would need to meet all other voter eligibility requirements under the California Constitution or state statute (e.g., be of legal voting age, not be committed to state prison).

Elections for members of the Board of Education are held in November of even-numbered years. Thus, the Department will need to implement Proposition N for the November 6, 2018, Consolidated General Election.

At the time of submission of this document, the Department has yet to consider the procedural and operational aspects of implementing this Charter amendment, including identifying eligible voters, facilitating registration, incorporating election procedures associated with non-citizen voting into the established election processes (e.g., creating and maintaining a separate registration process and database for voters eligible to vote only in school board elections, developing vote-by-mail and provisional voting materials for such voters, creating training for poll workers to address serving such voters on Election Day). Undoubtedly, the implementation of this measure will result in an additional expense.

Enacted in 2015, **AB 1461** provides for automatic voter registration through the Department of Motor Vehicles (DMV). Under the California New Motor Voter Act, the DMV will be required to electronically provide to the Secretary of State the records of each person who is issued an original or renewal of a driver's license or state identification card or who provides the DMV with a change of address. The person's motor vehicle records will constitute a completed affidavit of registration and the person will be registered to vote, unless the person affirmatively declines to be registered to vote during a DMV transaction, the person attests that he or she does not meet all voter eligibility requirements, or the Secretary of State determines that the person is ineligible to vote.

Under this act, the Secretary of State and the DMV are required to commence implementation of the California New Motor Voter Program no later than one year after the Secretary of State certifies that California has a statewide voter registration database that complies with the Help America Vote Act (HAVA). The State certified the VoteCal database as the official system of record on September 26, 2016, and accordingly, the program will begin in 2017.

The rollout of this program will likely increase voter rolls, leading to expansion of many Department programs serving new registrants and resulting in additional costs to serve these new registrants. Accordingly, the expenses contemplated in the budget include increases in costs for printing additional poll ballots; printing, assembly, and mailing of additional vote-by-mail ballots; printing and mailing of additional copies of the Voter Information Pamphlet; additional staffing resources to process registration records and vote-by-mail requests, conduct outreach to and expand in-language assistance for newly registered individuals, and process and count a larger number of voted ballots.

Another legislative change that will contribute to an increase in voter rolls is **AB 1436**, which establishes Conditional Voter Registration (CVR), giving Californians the right to register and to vote a provisional ballot at the county elections office up until Election Night, rather than the previous deadline of 15 days prior to an election. CVR was enacted in 2012,

promulgating for the law to become operative on January 1 following the certification of the VoteCal database. As previously stated, VoteCal was certified on September 26, 2016; therefore, CVR became operative January 1, 2017.

The expenses contemplated in the Department's budget proposal that are associated with implementation of this law include development and production of new voter materials and polling place signage, procurement of additional ballots and provisional envelopes, and staffing resources to process additional registration requests and CVR ballots.

Enacted in 2016, **AB 2252** makes statutory changes to allow voters with disabilities to receive a vote-by-mail ballot that they can mark privately and independently. Under the new law, voters with disabilities may use a mechanical, electro-mechanical, or electronic system and its software to mark an electronic vote-by-mail ballot remotely, outside a polling location.

In implementing this law, the Department anticipates additional expenses associated with providing web-based, accessible vote-by-mail and sample ballots that meet Americans with Disabilities Act (ADA) requirements.

2.3. Work Orders

The Department maintains 21 work orders with other City departments, of which 20 are with the departments who provide services to Elections and one under which the Department performs election services for the Retirement System. These work orders take two forms: citywide work orders that are centrally loaded by the Mayor's Office, which contribute to the Department's fixed operating costs, and service work orders specific to the Department, for which the funding fluctuates based on the factors described in section 2.2. Variable Operating Costs.

Among the centrally loaded work orders are pass-through charges that the Department of Technology incurs on behalf of the Department; Public Utilities Commission's costs for light, heat, and power; General Services Agency's costs associated with maintaining the City's Risk Management Program; costs associated with the City's 311 customer service call center under the General Services Agency; costs incurred by Central Shops for maintaining the Department's fleet; etc.

The work orders that involve election-related services and therefore fluctuate depending on the type and number of scheduled elections include the Reproduction and Mail Services Division's costs for printing and reproduction of election materials and mailers; costs associated with ballot security and collection services provided by the Sheriff's Department; costs incurred by the Department of Parking and Traffic during Election Night collection of memory packs and results cartridges; costs of the services provided by SFGTV related to outreach video production; etc.

When budgeting for work order services, the Department consults with the performing departments to ensure the costs of their services are estimated accurately.

2.4. Revenue

The Department's projected expenses will be partially offset by its projected revenue, decreasing the General Fund contribution to the Department. During each election cycle, the Department generates revenue primarily through candidate filing and statement fees and fees associated with submission of paid ballot arguments, all of which are imposed by state or local laws. In even-numbered years, when the San Francisco Unified School District (SFUSD), Community College District (CCD), and Bay Area Rapid Transit District (BART) consolidate their elections with the November general elections, the

Department realizes additional revenue from these districts for administering their elections. Therefore, the Department's revenue will fluctuate from FY2017-18 to FY2018-19, with an increase in revenue in FY2018-19.

Table 1 below provides a snapshot of the Department's proposed operating budget, including projected expenditures and revenue, and the resulting General Fund support needed to conduct the Department's operations.

Table 1: Snapshot of the Department's proposed operating budget

	FY2017-18	FY2018-19
Total Expenditures	\$15,410,759	\$15,758,978
Total Revenue & Recovery	(\$88,325)	(\$724,237)
Total General Fund Support	\$15,322,434	\$15,034,741

3. Budget Forms

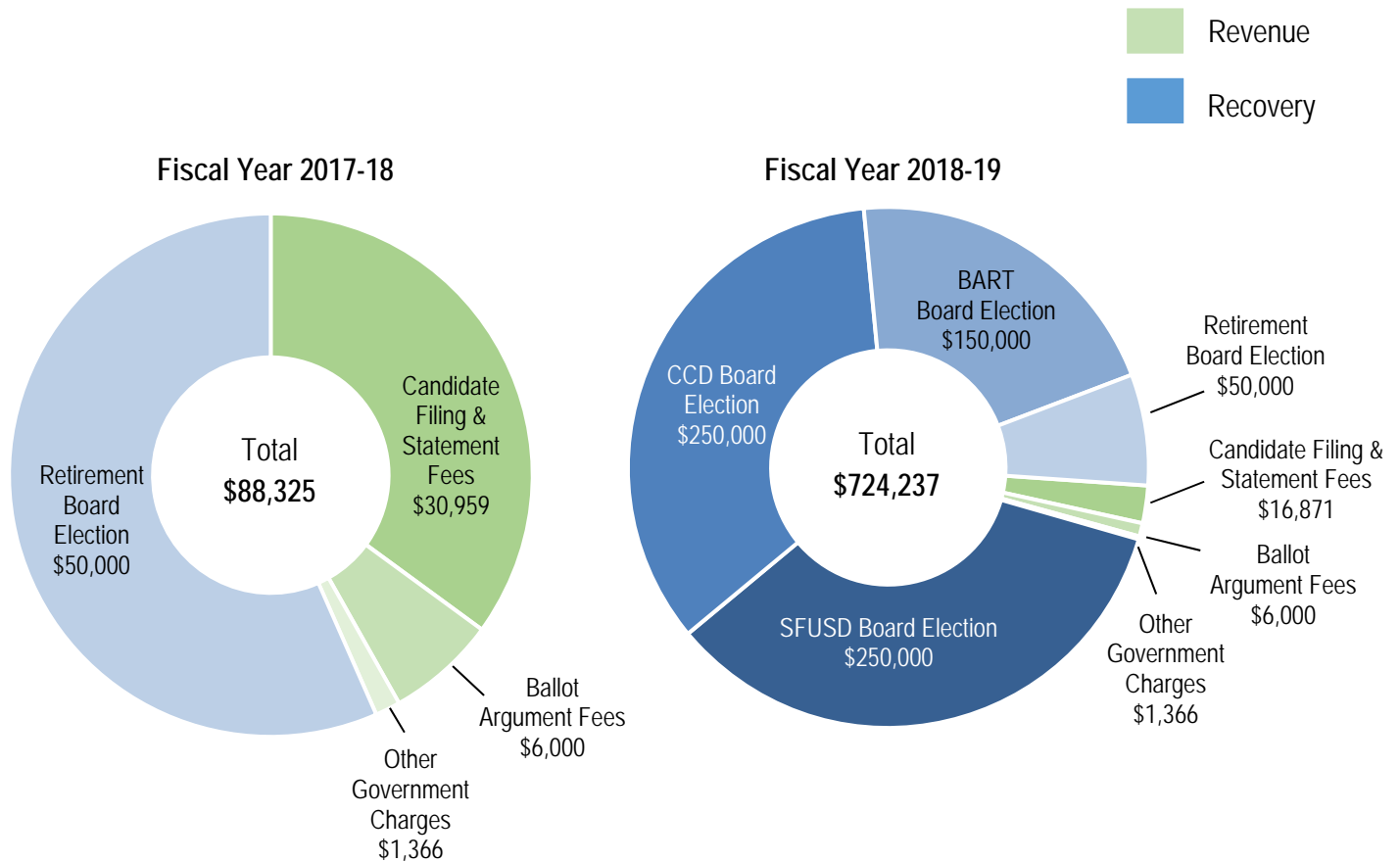
As in previous years, the Mayor's Office is requesting that departments complete a number of forms providing information about their proposed budgets; a list follows. Those forms that are applicable to the Department's budget submission are indicated in bold font. Enclosed with this document, the forms contain information related to the Department's proposed budget for FY2017-18 and FY2018-19 and are discussed in this section.

- Form 1A - Summary of Major Changes Reflected in the Department's Proposed Budget
- **Form 2A - Department Revenue Report**
- **Form 2B - Schedule of Licenses, Permits, Fines and Service Charges**
- Form 2C - Fee Cost Recovery Form
- **Form 2D - Local Legislative Changes Assumed in Budget Submission**
- **Form 3A - Program Expenditure Report**
- Form 3B - Work Order Balancing Report
- **Form 3C - Position Changes**
- **Form 4 - Equipment and Fleet**
- Form 4D - Fleet Vehicle Acquisition Request Form
- Form 5 - IT Requests
- Form 6 - Capital Budget Request Form (submitted online)
- **Form 7A - Major Contract Changes (Non-ICT)**
- **Form 7B - Major Contract Changes – Enterprise IT and Telecom Contracts**
- Form 8A - FAMIS Project Coding Request
- Form 8B- FAMIS Index Code Coding Request
- **Prop J - Several forms for proposals to contract out services**

Form 2A - Department Revenue Report reflects the projected revenue to be received by the Department in FY2017-18 and FY2018-19 through collection of candidate filing and statement fees, fees associated with submission of paid ballot arguments, and district election reimbursements. As provided in the budget instructions, this form also lists the actual revenue collected by the Department in FY2015-16, along with the revenue previously budgeted to be received in FY2016-17 and changes in revenue over the course of four fiscal years, FY2015-16, FY2016-17, FY2017-18, and FY2018-19.

Form 2B - Schedule of Licenses, Permits, Fines and Service Charges provides a breakdown of projected revenue and recoveries to be received by the Department in FY2017-18 and FY2018-19, accompanied by fee descriptions, amounts, and authorizing code citations. The form also includes revenue and recoveries previously budgeted for FY2016-17, as well as the Department's FY2016-17 year-end projections. Figure 1 below illustrates the Department's projected revenue, recoveries and associated sources.

Figure 1: Total Projected Revenue and Recoveries by Main Source

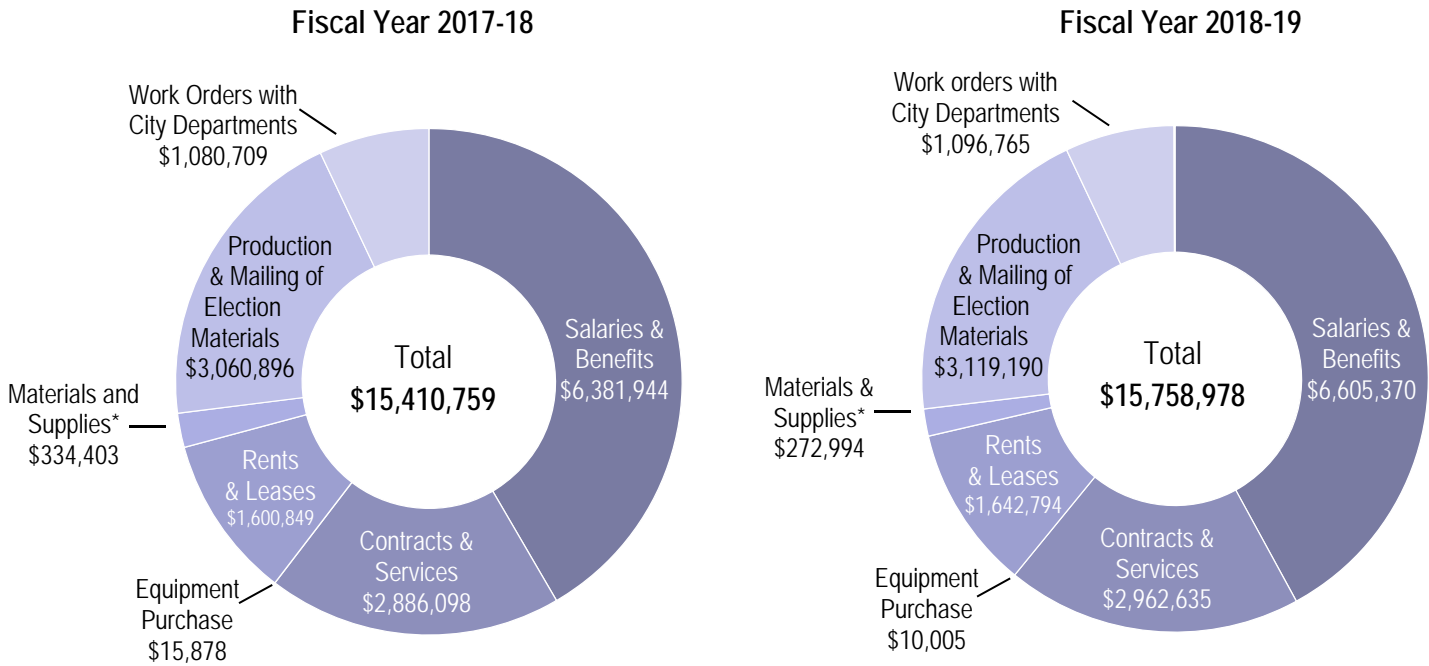


Form 2D - Local Legislative Changes Assumed in Budget Submission provides information on local and state legislative changes assumed in the Department's budget submission.

Form 3A - Program Expenditure Report provides information on the Department's projected expenditures for FY2017-18 and FY2018-19 (Columns K and N), with an explanation of each projected change (Columns L, O, and P) compared to the base budget (Column J). The base budget, the funds provided to the Department at the start of each budget period, is derived from the previous year's adopted budget (Column I).

Expenditures in the Department's Operating Budget fall into six major categories: Salaries and Benefits, Contracts and Other Services, Rents and Leases, Materials and Supplies, Production and Mailing of Election Materials, Equipment Purchases, and Work Orders with City Departments. Figure 2 below illustrates the Department's projected expenditures associated with each category.

Figure 2: Total Projected Expenditures



*Includes expenses associated with conducting the Retirement Board Election

The projected expenditures listed on the form are presented in accordance with the City's Object Classification Structure provided in the Chart of Accounts. As such, they are organized into character and object codes, which indicate what type of expenditure is included. The following is a subset of Expenditures and Work Order Object Codes present in the Department's budget, accompanied by descriptions of programs/goods/services funded in each Object.

Permanent Salaries (Object 001)

This object includes funding allocated to salaries of existing permanent positions authorized under the Annual Salary Ordinance.

Temporary Salaries (Object 005)

This object includes funding allocated to salaries associated with seasonal as-needed positions. Every election, the Department fills as-needed positions with seasonal personnel for periods ranging from one day to four months, to meet multiple statutory deadlines imposed by federal, state, and municipal laws, as well as various vendors' production schedules.

Premium Pay (Object 009)

This object includes funding allocated to compensation of employees who provide bilingual services to the Department's customers.

Overtime Pay and Holiday Pay (Object 011–012)

These objects include the Department's projections for the overtime and work on legal holidays that will likely be required from permanent and temporary staff to meet deadlines for the two scheduled elections.

Retirement, Social Security, Health Service, Dental Coverage, Unemployment Insurance, Other Fringe Benefits (Objects 013–019)

These objects include costs of mandatory fringe benefits based on the position detail and amounts in salary objects, which are calculated automatically by the budget system.

Travel, Training, Employee Expenses and Fees (Objects 021–026)

The Department's projections in these objects include costs associated with staff attendance of workshops and seminars for educational purposes; staff reimbursement for field expenses; and membership fees for the California Association of Clerks and Election Officials (CACEO).

Professional and Specialized Services (Object 027)

The Department's projections in this object include fees for annual maintenance, licenses, and election-related services and support for the Election Information Management System (EIMS) database, the City's voting system, and the Agilis ballot-sorting system. The projections also include costs associated with other services required to facilitate voting for over half a million San Francisco registrants in each election, such as:

- translation, transliteration, and review related to production of the official ballot in four languages and facsimile ballots in three additional languages;
- production and assembly of nearly 350,000 vote-by-mail packets;
- typesetting, translation, printing, and assembly of approximately 540,000 copies of the Voter Information Pamphlet and Sample Ballot, produced in four languages and several alternative formats (large print, audio, HTML and XML formats);
- stipends for over 2,500 poll workers who administer voting at the polls;
- staffing agency fees for personnel who assist with the receipt of ballots at the Processing Center on Election Night; and
- contracting with LanguageLine Solutions, which allows year-round access to over-the-phone interpretation of over 200 languages to assist voters.

Maintenance Services – Buildings and Structures; Equipment (Object 028–029)

The Department's projections in these objects include expenses associated with the shredding and recycling of ballots and other election-related materials as required by state law, monthly trash disposal at the Department's warehouse, and annual inspection of fire extinguishers.

Rents and Leases – Buildings and Structures (Object 030)

The Department's projections in this object include fees associated with space rental for outreach events; contracting more than 550 facilities to house polling places; parking to accommodate nearly 250 rental vehicles used on Election Day; warehouse rental, and rental of alternative space during election week when parking around the Department's warehouse becomes unavailable.

Rents and Leases – Equipment (Object 031)

The Department's projections in this object include rental fees associated with forklifts and pallet jacks for staging equipment and supplies prior to delivery to polling places; rental of nearly 250 vehicles, from small cars to box trucks, to transport voting machines and ballots; and rental fees for portable toilets provided at polling places on Election Day.

Other Current Expenses (Object 035)

This object includes expenses primarily associated with printing of election materials, such as the official ballots; poll worker training materials; voter educational materials; posters to advertise election information in or on Muni busses, BART stations, and newspapers; various envelopes to preserve secrecy of the ballots; polling place signage; and rosters of voters. This object also includes funding for postage to mail mandated voter notices and the projected 350,000 vote-by-mail packets and 540,000 Voter Information Pamphlets in every election cycle, and to allow voters to return their vote-by-mail ballots free of charge, as required by San Francisco law. Additionally, the projections in this object include funding for publication of legal notices, software licensing fees, and server support.

Taxes; Licenses and Permits (Object 052)

The Department's projections in this object include annual fees associated with the USPS permits that are maintained to facilitate mailing and receipt of vote-by-mail ballots and other election materials. The projections also include permit fees paid to the Department of Public Works associated with placing of portable toilets at polling places on Election Day.

Building and Construction Supplies, Safety, Food, and Other Materials and Supplies (Objects 042–043, 045–046, 049)

The Department's projections in these objects include costs associated with polling place, office, IT, and hardware supplies. The requested funding reflects the anticipated need to replace or replenish supplies, such as ballot test decks needed for Logic & Accuracy testing of voting equipment; boxes for post-election ballot storage; shrink-wrap used to secure ballots during the retention period; threshold mats and ramps used to achieve polling place accessibility; power strips and adapters for voting equipment; voting booth repairs; mandated tamper-evident security seals for voting equipment; ballot pens; "I Voted" stickers and required poll worker name badges; and office paper.

The projections also include expenses associated with the conduct of elections for the City's Retirement Board and hosting of various meetings such as the Ballot Simplification Committee, Poll Worker Network, Voter Information Network, and Voting Accessibility Advisory Committee meetings.

Equipment Purchase (Object 060)

The Department is requesting approval of \$25,883 to fund the purchase of new/replacement equipment, specifically:

- \$8,510 to acquire a Dell Power Edge R720 Server

This database and application server for the Department's RFID system will manage an inventory of voting machines and associated parts and will facilitate security system monitoring and remote management at the Department's new warehouse facility. If this purchase is not approved, the Department will have to rely on workstation-grade computers to run the RFID system, greatly reducing the reliability, performance, capacity, and throughput of the system.

- \$7,368 to purchase a Canon DR-G1100 Production Document Scanner

This scanner is needed to scan voter registration forms and associated voter correspondence to attach to voter records in the Election Information Management System. The scanner will replace an older model that has been in daily use for

over six years. The older model will continue to be used when increased capacity is needed, typically during the four months preceding an election. If this purchase is not approved, the Department risks downtime and delay in voter registration processing.

- \$10,005 to purchase a Dell Power Edge R730 Rack Server

This server is needed to perform a multitude of tasks, including file services, application web server, virtualization hosting, and disaster recovery functions. The server will also serve as a primary or backup vote tabulation server. Exact functions of the server depend on specific needs at the time of purchase. If this purchase is not approved, the Department risks interruption to continuity of operations, data loss, and performance reduction by running production applications on end-of-life server hardware. This purchase aligns with the City's disaster recovery goals by ensuring availability of replacement hardware for servers running mission critical applications.

Equipment Lease/Purchase (Object 064)

Costs budgeted under this object are determined by the Controller's Office and are associated with lease-purchase obligations through the Finance Corporation.

Work Order Requests with City Departments (Subobjects 081C5– 081WB)

The projections in these subobjects include expenses associated with 21 work orders that the Department maintains with other City departments.

Form 3C - Position Changes is used to indicate any changes associated with the staffing structure of the Department. The Department does not propose changes to the number of budgeted positions but requests several substitutions which result in no increase in permanent salaries.

Form 4 - Equipment and Fleet is used to seek approval of new or replacement equipment. As discussed above (see Equipment Purchase, Object 060), the Department is requesting funding for the purchase of two servers and a scanner.

Form 7A - Major Contract Changes (Non-ICT) and **Form 7B - Major Contract Changes – Enterprise IT and Telecom Contracts** provide information about all contracts assumed in the Department's budget.

Prop J - Several forms are used for proposals to contract out services. During last year's budget cycle, the Department received approval to contract out the services associated with the assembly and mailing of vote-by-mail ballot packets for the June 2018 Consolidated Statewide Direct Primary Election; therefore, this information is not included in the current budget submission. The Department now seeks to contract out the same services for the November 2018 Consolidated General Election. The comparative cost analysis for contracting out the services versus performing the same services with City resources is presented on the Prop J form of the enclosed budget packet.¹

¹ The City Charter requires that all needed services be performed by Civil Service employees instead of being outsourced to contractors, unless an exception can be justified. Proposition J, approved by voters in November 1976, authorizes outside contracting whenever a service can be performed by a private contractor at a cost lower than the same service performed by City employees. City departments must submit contracting-out information to the Controller's Office. The Controller's determination is submitted to the Board of Supervisors for review and approval along with adoption of the Annual Appropriation Ordinance. The Department has contracted out the assembly and preparation of vote-by-mail ballot packets under Prop J since FY2007-08.

4. Conclusion

The Department of Elections' proposed FY2017-18 and FY2018-19 budget reflects its continuous efforts to maximize the reach and effectiveness of its resources while continually improving the level and quality of services to meet the diverse needs of all current and potential San Francisco voters and other members of the public.

The Department continues to exercise responsible budgeting and fiscal discipline and to seek added efficiencies whenever possible. This is especially important in light of the diverse and ever-changing San Francisco electorate and the constantly-evolving nature of election administration. With every election, there is a rising of the bar: new regulations and requirements intended to increase voter engagement and participation go into effect, and the Department's continual refinement of San Francisco election processes raises the public's expectations of the standard of service the Department must provide for the next election. These constant efforts to better serve and ensure access for all voters and potential voters result in an ongoing need for expansion of programs and services, more advanced technology, more detailed training, and more efforts to educate and encourage voters to participate, all of which drive up the costs of conducting elections.

Consistent General Fund support remains a crucial factor in the Department's ability to meet the goals set under its mission. The Department believes that the proposed FY2017-18 and FY2018-19 budget provides the resources needed to support the Department's programs and services in preparation for and associated with the two scheduled elections encompassed by the budget period.