

# BOARD OF APPEALS

Budget Presentation  
FY19 & FY20

# OVERVIEW

City departments must submit two-year budget proposals by February 21.

- Required by San Francisco Administrative Code Chapter 3.3(a)

Before the submittal deadline, the Board must adopt budgets for Fiscal Years (FYs) 2018-19 & 2019-20.

This presentation provides:

- An overview of the Board's budget structure
- An update on the current year's budget (FY18)
- Recommendations for FY19 & FY20 budgets
- Budget detail for FY19 & FY20

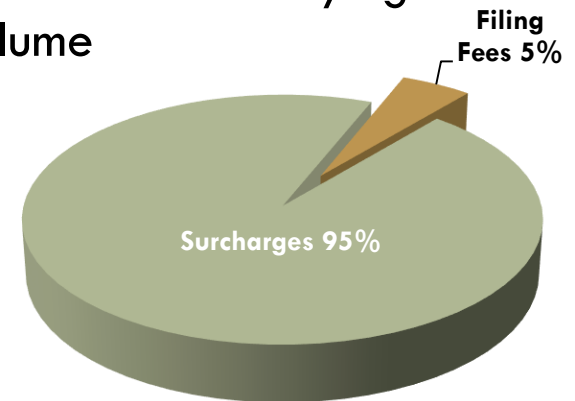
# OVERVIEW — REVENUE BUDGET

Surcharges = 95% of budget

- Collected on new and renewed permits
- Rates based on percentage of cases originating from each underlying department and anticipated permit application volume
- Rates analyzed annually and adjusted if needed

Filing Fees = 5% of budget

- Collected by Board when appeals are filed
- Amount collected fluctuates based on appeal volume and types filed each year



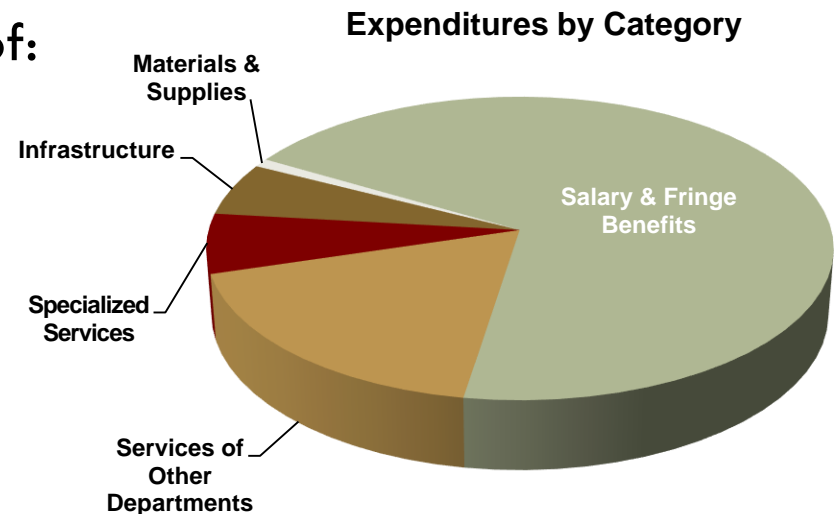
# OVERVIEW — EXPENDITURE BUDGET

Over two-thirds (69%) of the Board's expenditure budget covers salary & fringe benefit expenses.

Services provided by other departments comprise the next largest portion of the budget (18%).

The remainder of the budget consists of:

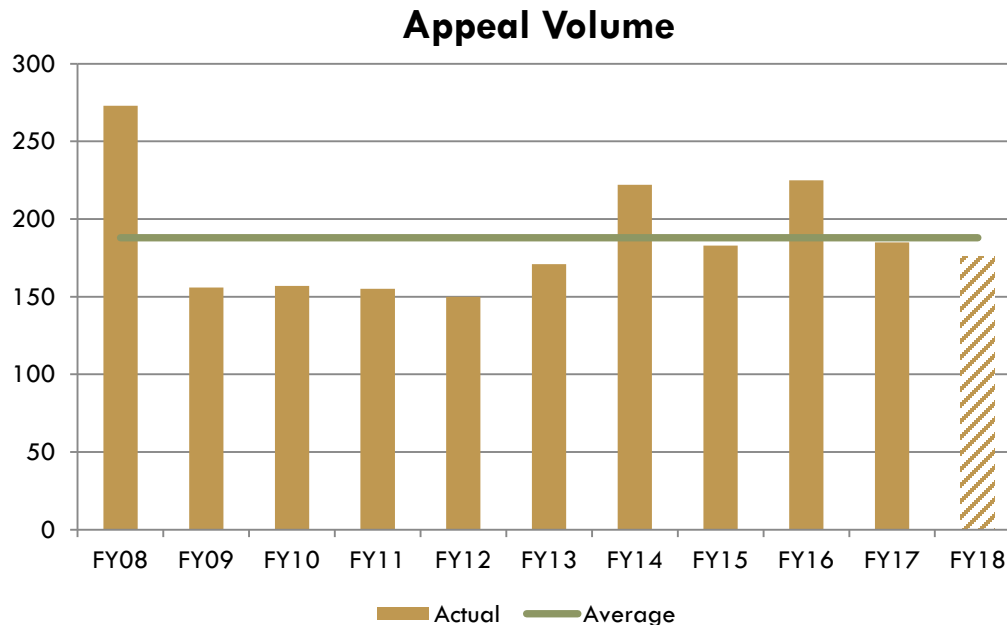
- Specialized Services (6%)
  - Neighborhood notification, interpreter & delivery services
- Infrastructure (6%)
  - Office lease, equipment rental, computer & telephone maintenance
- Materials & Supplies (1%)
  - Paper & other office supplies



# CURRENT FY UPDATE

## YEAR-END PROJECTION — APPEALS

Projected appeal volume for FY18 is 6.4% below the 10 year average of 188 appeals per year.



# CURRENT FY UPDATE

## YEAR-END PROJECTION – REVENUE

Six month actuals reflect a small surplus in filing fee revenue and surcharge revenue lower than projected.

- Filing fee revenue surplus ~ 4%
  - More appeals than projected filed at the higher filing fee levels
  
- Surcharge revenue deficit ~ 15%
  - Reduced collection anticipated: several surcharge rates lowered during FY18 budget process to prevent over collection
  - Any year-end shortage can be covered by Board’s reserve fund

<b>REVENUE</b>	<b>Current FY Budget</b>	<b>Six Month Actuals</b>	<b>Year End Projection</b>	<b>Projected Variance</b>
<b>Filing Fees</b>	46,037	23,975	47,950	1,913
<b>Surcharges</b>	992,533	422,145	844,290	(148,243)
<b>Total</b>	<b>1,038,570</b>	<b>446,120</b>	<b>892,240</b>	<b>(146,330)</b>

# CURRENT FY UPDATE

## YEAR-END PROJECTION – EXPENDITURES

Year-end expenditure savings of \$165,299 are projected, based on mid-year spending.

- Savings are anticipated in salaries, SFGovTV charges, and some non-personnel services line items

<b>EXPENDITURES</b>	<b>Current FY Budget</b>	<b>Six Month Actuals</b>	<b>Year End Projection</b>	<b>Projected Variance</b>
<b>Salaries &amp; Fringe Benefits</b>	718,798	316,717	633,434	85,364
<b>Services of Other Departments</b>	185,617	0*	160,617	25,000
<b>Specialized Services</b>	65,992	12,483	24,966	41,026
<b>Infrastructure</b>	58,765	247	50,748	8,017
<b>Materials &amp; Supplies</b>	9,398	1,753	3,506	5,892
<b>Total</b>	<b>1,038,570</b>	<b>331,200</b>	<b>873,271</b>	<b>165,299</b>

\*Billing for interdepartmental services has been delayed due to the City's conversion to a new financial system.

# CURRENT FY UPDATE

## YEAR-END PROJECTION – VARIANCE

Based on year-to-date revenue and expenditure information, the Board is expected to end the current fiscal year with a surplus of approximately \$18,969.

<b>VARIANCE</b>	<b>Current FY Budget</b>	<b>Year End Projection</b>	<b>Projected Variance</b>
<b>Revenue</b>	1,038,570	892,240	(146,330)
<b>Expenditures</b>	1,038,570	873,271	165,299
<b>Variance [Expenditure savings minus revenue deficit]</b>			<b>18,969</b>



# FY19 & FY20 BUDGETS

## REVENUE

Surcharge rates are designed to generate the revenue needed to cover operating expenses in both FYs.

Rates may be adjusted if deemed insufficient to cover expenses.

- Controller may adjust by CPI
- Legislation is required if an increase beyond CPI is needed
- Legislation may also be warranted to change the permit types upon which surcharges are levied
- Controller performs rate analysis after other departments submit permit data in April
- Board's reserve fund is available to offset increased expenditures
  - Fund currently at \$1,091,745

Surcharge rates will be analyzed for FY20 during next year's budget process.

No change is projected in filing fee revenue.

# FY19 & FY20 BUDGETS

## EXPENDITURES

Increased expenditures in both budget years:

- FY19 = 3.1% (\$31,991)
- FY20 = 3.2% (\$34,666)

Increases cover:

- Mandatory increases in salaries & fringe benefits
- Rent increase

<b>EXPENDITURES*</b>	<b>Current FY Budget</b>	<b>FY19 Proposed</b>	<b>Variance From FY18</b>	<b>FY20 Proposed</b>	<b>Variance From FY19</b>
<b>Salaries &amp; Fringe Benefits</b>	718,798	748,541	29,743	783,207	34,666
<b>Services of Other Departments</b>	185,617	185,126	(491)	185,126	0
<b>Specialized Services</b>	65,992	65,992	0	65,992	0
<b>Infrastructure</b>	58,765	61,504	2,739	61,504	0
<b>Materials &amp; Supplies</b>	9,398	9,398	0	9,398	0
<b>Total</b>	<b>1,038,570</b>	<b>1,070,561</b>	<b>31,991</b>	<b>1,105,227</b>	<b>34,666</b>

\*SEE APPENDIX A.2 FOR EXPENDITURE DETAIL

# FY19 & FY20 BUDGETS

## RECOMMENDATIONS

Work with Controller's Office and Mayor's Office to assess whether:

- Surcharge rate changes are warranted for FY19
- Legislation is needed to adjust the permit types upon which surcharges are levied

Use allocation from Board's reserve fund to:

- Offset any revenue shortfall in current year
- Cover the cost of a needed database conversion

Continue to closely manage operating expenses



# APPENDIX

Note: some of the figures in the attached budget detail may change as fringe benefit rates and other variables are finalized. The FY20 budget will be reconsidered during next year's budget process.

# APPENDIX A.1

## BUDGET DETAIL - REVENUE

REVENUE	Current FY Budget	FY19 Proposed	Variance From FY18	FY20 Proposed	Variance From FY19
FILING FEES	46,037	46,037	0	46,037	0
SURCHARGES	992,533	1,024,524	31,991	1,059,190	34,666
<b>TOTAL REVENUE</b>	<b>1,038,570</b>	<b>1,070,561</b>	<b>31,991</b>	<b>1,105,227</b>	<b>34,666</b>

# APPENDIX A.2

## BUDGET DETAIL – EXPENDITURES: PERSONNEL

SALARIES & FRINGE BENEFITS	Current FY Budget	FY19 Proposed	Variance From FY18	FY20 Proposed	Variance From FY19
PERMANENT SALARIES	455,934	469,224	13,290	488,022	18,798
PREMIUM PAY	2,704	2,704	0	2,704	0
OVERTIME	8,323	8,323	0	8,323	0
RETIREMENT	84,403	92,827	8,424	96,656	3,829
SOCIAL SECURITY	33,716	34,750	1,034	36,128	1,378
HEALTH SERVICE	117,406	123,887	6,481	133,787	9,900
DENTAL COVERAGE	6,687	6,852	165	7,107	255
UNEMPLOYMENT INSURANCE	1,259	1,295	36	1,347	52
OTHER FRINGE BENEFITS	5,866	6,179	313	6,633	454
TRAINING	2,000	2,000	0	2,000	0
EMPLOYEE EXPENSES	500	500	0	500	0
<b>TOTAL</b>	<b>718,798</b>	<b>748,541</b>	<b>29,743</b>	<b>783,207</b>	<b>34,666</b>

# APPENDIX A.2

## BUDGET DETAIL – EXPENDITURES: SERVICES OF OTHER DEPARTMENTS SPECIALIZED SERVICES

SERVICES OF OTHER DEPARTMENTS	Current FY Budget	FY19 Proposed	Variance From FY18	FY20 Proposed	Variance From FY19
CITY ATTORNEY	130,000	130,000	0	130,000	0
DEPT. OF TECHNOLOGY	1,587	1,587	0	1,587	0
SFGOVTV	52,661	52,661	0	52,661	0
REPRODUCTION	51	51	0	51	0
CONTROLLER FINANCIAL SYS. REPLACEMENT	531	0	(531)	0	0
ENTERPRISE AGREEMENT	787	827	40	827	0
<b>TOTAL</b>	<b>185,617</b>	<b>185,126</b>	<b>(491)</b>	<b>185,126</b>	<b>0</b>

SPECIALIZED SERVICES	Current FY Budget	FY19 Proposed	Variance From FY18	FY20 Proposed	Variance From FY19
PROFESSIONAL & SPECIALIZED SERVICES	65,992	65,992	0	65,992	0
<b>TOTAL</b>	<b>65,992</b>	<b>65,992</b>	<b>0</b>	<b>65,992</b>	<b>0</b>

# APPENDIX A.2

## BUDGET DETAIL – EXPENDITURES: INFRASTRUCTURE MATERIALS & SUPPLIES

INFRASTRUCTURE	Current FY Budget	FY19 Proposed	Variance From FY18	FY20 Proposed	Variance From FY19
PHOTOCOPIER/SCANNER RENTAL	5,700	5,700	0	5,700	0
COMPUTER SUPPORT	9,769	10,225	456	10,225	0
TELEPHONE SUPPORT	565	731	166	731	0
RENT	42,731	44,848	2,117	44,848	0
<b>TOTAL</b>	<b>58,765</b>	<b>61,504</b>	<b>2,739</b>	<b>61,504</b>	<b>0</b>

MATERIALS & SUPPLIES	Current FY Budget	FY19 Proposed	Variance From FY18	FY20 Proposed	Variance From FY19
MATERIALS & SUPPLIES	9,398	9,398	0	9,398	0
<b>TOTAL</b>	<b>9,398</b>	<b>9,398</b>	<b>0</b>	<b>9,398</b>	<b>0</b>



# APPENDIX B.1

## SURCHARGE RATES

PERMIT ISSUING DEPARTMENT	SURCHARGE
DEPARTMENT OF BUILDING INSPECTION	\$18.50
PLANNING DEPARTMENT	\$18.50
PUBLIC WORKS	\$6.50
DEPARTMENT OF PUBLIC HEALTH	\$43.00
MUNICIPAL TRANSPORTATION AGENCY (TAXI)	\$2.00
ENTERTAINMENT COMMISSION	\$4.00
POLICE DEPARTMENT	\$6.00

# APPENDIX B.2

## FILING FEES

DETERMINATION	FEE
ZONING ADMINISTRATOR DETERMINATION	\$600
PLANNING COMMISSION ACTION	\$600
DEPT. OF BUILDING INSPECTION ALTERATION, DEMOLITION OR OTHER PERMIT	\$175
DEPT. OF BUILDING INSPECTION RESIDENTIAL HOTEL OR APARTMENT CONVERSION PERMIT	\$525
DEPT. OF BUILDING INSPECTION IMPOSITION OF PENALTY	\$300
POLICE DEPT. & ENTERTAINMENT COMMISSION PERMIT ISSUED TO BUSINESS OWNER OR OPERATOR	\$375
POLICE DEPT. & ENTERTAINMENT COMMISSION PERMIT ISSUED TO EMPLOYEE OR CONTRACT WORKER	\$150
POLICE DEPT. & ENTERTAINMENT COMMISSION PERMIT REVOCATION OR SUSPENSION	\$375
SAN FRANCISCO PUBLIC WORKS TREE REMOVAL PERMIT ISSUED TO CITY	\$100
OTHER ORDER OR DECISION: TAXI, TOBACCO, MASSAGE, TREE REMOVAL, FOOD TRUCK, ETC.	\$300
REHEARING REQUEST & JURISDICTION REQUEST	\$150