

Date: February 13, 2015  
Subject: Additional Budget Info in Response to BOPEC

The information below was provided by Director Arntz in response to the budget discussion that occurred during the February 4, 2015 BOPEC meeting. It answers some of the questions that arose during the discussion and describes two of the files that are being included in the agenda packet for the February 18, 2015 Commission meeting in response to that discussion.

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The attached file includes three worksheets that Nataliya prepared that are responsive to questions from BOPEC. Each worksheet has a descriptive header somewhat descriptive tabs that ought to be clear in indicating for which questions that each worksheet provides information.

The first tab on the left corresponds with the list of items that are budgeted in Object 035 as noted in Budget Form 3A.

The middle tab provides a comparison of projected costs against actual expenditures for FY 13/14.

The tab on the right provides information that compares costs that the Department projected for FY 15/16 from budget preparations during the last calendar year, when developing the previous two-year budget, to costs the Department is projecting for the FY 15/16 budget the Department will submit at the end of February.

Also attached is the contract with DFM regarding its software and related services associated with DFM's Election Management Information System, or, EIMS.

Next, Nataliya drafted an explanation of how department must determine costs under Prop J for work undertaken by City employees and compare those costs to potential costs associated with using a contractor for the same work. Additionally, Nataliya added info regarding cost thresholds that trigger COIT's involvement.

#### Background on Prop J

The City Charter requires that all needed services be performed by Civil Services employees instead of being outsourced to contractors, unless an exception can be justified. For a services contract to be approved, an exemption in one of two categories, temporary services or "Proposition J," is required. Temporary services exemptions are approved when the work is temporary in nature, there are no existing City classifications that could be expected to perform the work, and the establishment of a new City classification is not practical. "Prop J" contracting, takes its name from Proposition J that was passed by voters in the November 1976 election. Prop J authorizes outside contracting of services, whenever a service can be performed by a private contract at a cost lower than the same service performed by City employees. The City departments must obtain the authorization by having the Controller's Office determine that positions performing the service are less expensive when provided through contracting out than if performed through civil service employees. The Board of Supervisors then adopt this determination through a resolution authorizing the department to

contract for the services; this process is required on an annual basis. If the Department was to outsource an IT project, it would have to prepare a cost analysis that finds that the outside contractor vs. City employees is less expensive, and have these findings reviewed and certified by the Controller's Office.

The proposal for pilot program of electronic poll books was submitted to the Budget and Performance Subcommittee of the Mayor's Budget Office. The Budget and Performance Subcommittee evaluates all requests and makes recommendations to the Committee On Information Technology (COIT) for the approval and funding of IT projects. COIT's mission is setting policies and the overall direction of the City's Information Technology. COIT oversees and grants approval of:

#### Technology projects

1. A new technology initiative that would increase the one-time or annual ongoing costs to the City by more than \$100,000; or
2. A project with a total project cost of more than \$100,000.

#### Technology Equipment

Expenditures related to maintenance of ICT systems or replacement of existing ICT equipment.

#### Technology Materials and Supplies

PC Refresh