Department of Elections: Proposed Budgets for FY 2015–16 and FY 2016–17

1. **Introduction**

The mission of the Department of Elections (Department) is to conduct free, fair, and functional elections under the rules and regulations established by federal, state, and local laws; to facilitate an open process that ensures public confidence in the election system; to provide public outreach and education to all eligible voters in San Francisco; and to continuously improve services and streamline processes in anticipation of the future needs of San Francisco’s voters.

The number of elections scheduled in a fiscal year shapes the Department’s budgets, resulting in fluctuating revenues and expenses from year to year. Any election yields costs associated with seasonal employee salaries, professional services, postage, poll worker and polling place provider stipends, facility and vehicle rentals, and work order expenses, and generates revenues from the fees related to candidate filing and statements and ballot arguments. However, the Department’s baseline costs associated with salaries and fringe benefits of Permanent Civil Service employees, contractual obligations for services such as voting equipment maintenance, software licensing, warehouse rental, and work orders with some City departments remain consistent, with the exception of one-time expenditures (e.g., the relocation of the Department’s warehouse).

Following is information about the Department’s proposed budgets for FY 2015-16 and FY 2016-17; it is intended to serve as a guide for reviewing Form 2B and Form 3A of the enclosed budget packet. The aforementioned forms contain the Department’s projections for revenues and expenditures, respectively.

1. **Year One: FY 2015**–**16**

The Department’s proposed $21,569,034 budget assumes two scheduled elections in FY 2015-16: the November 2015 Municipal Election and the June 2016 Consolidated Presidential Primary Election.

The expenses contemplated in the budget are necessary to ensure services required to facilitate voting for approximately 450,000 San Francisco registrants in each election. For the November 2015 election, the Department will consolidate polling places and support approximately 420 sites and over 2,500 poll workers who administer voting on Election Day. State law allows the consolidation of polling places only for municipal elections; thus the Department will return to a full allotment of voting precincts and poll workers—576 and 3,000, respectively—for the June 2016 election. The consolidation of polling places for the November 2015 election will result in some election-related cost savings, which will partially offset the higher FY 2015-16 expenditures, compared to FY 2014-15.

* 1. **Budget Form 2B: Revenues**

The Department’s projected revenues, accompanied by the description of fees, the amounts, and the authorizing code citations, are presented on Form 2B of the enclosed budget packet.

The projected revenues—$386,984—will be generated from the candidate filing and statement and ballot argument fees collected during the two election cycles. Additionally, the Department anticipates reimbursement of $262,280 from the Community College District (CCD) in FY 2015-16, which constitutes the remainder of the actual costs associated with the November 2014 election.[[1]](#footnote-1)

There are no scheduled elections in FY 2015-16 for the Community College District (CCD), San Francisco Unified School District (SFUSD), or Bay Area Rapid Transit (BART), resulting in the overall decrease in revenues compared to FY 2014-15.

* 1. **Budget Form 3A. Expenditures**

The Department’s projected expenditures, accompanied by the explanation for each proposed increase or decrease compared to the previously adopted FY 2015-16 budget, are presented on form 3A of the enclosed budget packet. Following is a key to the columns with budget figures:

**FY 2014-15 Orig Budget** – Department’s final FY 2014-15 budget, which was adopted by the Board of Supervisors

**FY 2015-16 Base Budget** – Department’s FY 2015-16 budget, which was adopted by the Board of Supervisors last year

**FY 2015-16 Dept Proposed** – Department’s proposal for a revised FY 2015-16 budget, which the Department submits to the Mayor’s Budget Office for approval. (The Department has a variable two-year budget. During the second year of that budget, the Department may revise the budget that was previously adopted by the Board of Supervisors)

**Change from FY 2015-16 Base Budget** – Increase or Decrease reflected in the Department’s proposal for a revised FY 2015-16 budget, compared to FY 2015-16 budget, which was adopted by the Board of Supervisors last year

**FY 2016-17 Base Budget** – For the purpose of completing Form 3A, it is assumed that the Department’s proposal for a revised FY 2015-16 budget will be approved, adopted, and become the FY 2016-17 base budget

**FY 2016-17 Dept Proposed** – Department’s proposed FY 2016-17 budget, which the Department submits to the Mayor’s Budget Officefor approval

**Change from FY 2016-17 Base Budget** – Increase or Decrease reflected in the Department’s proposed FY 2016-17 budget, compared to the FY 2016-17 base budget.

Following are descriptions of the projected expenses budgeted under each object allocated in the Department’s budget.

**Permanent Salaries (Object 001)**

This object includes funding allocated to salaries associated with full-time permanent positions currently funded under the Annual Salary Ordinance for FY 2015-16.

**Temporary Salaries (Object 005)**

This object includes funding allocated to salaries associated with seasonal as-needed positions. Every election, the Department fills these 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 compensate 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 of the two scheduled elections.

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

These objects include costs of fringe benefits allocated to permanent employees in positions funded in the Annual Salary Ordinance for FY 2015-16.

The costs associated with temporary employees’ health benefits resulting from the City’s implementation of the provisions of the Patient Protection and Affordable Care Act (PPACA) are not yet included in the Health Service projections (Object 015).[[2]](#footnote-2) The Department estimates that approximately 75 temporary employees hired for any election cycle would receive this benefit coverage immediately upon appointment. The Department is awaiting further guidance on this matter from the Department of Human Resources and the Mayor’s Budget Office.

**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 education-related purposes; staff reimbursement for field expenses; membership in the California Association of Clerks and Election Officials (CACEO); and fees for LanguageLine Solutions, which allows year-round access to over-the-phone interpretation of over 200 languages, to assist voters. The projections also include permit fees for portable toilets at polling places and for parking during the week leading up and including Election Day.

**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 fees associated with services required to facilitate voting for approximately 450,000 San Francisco registrants in each election, such as assembly and mailing of over 240,000 vote-by-mail packets under Prop J [[3]](#footnote-3); typesetting and translation of the Voter Information Pamphlet (VIP) and Sample Ballot, produced in four languages; production of the VIP in alternative formats (large-print and audio); translation, transliteration, and review related to production of the Official Ballot in four languages; translation and production of facsimile ballots in three additional languages; assembly and mailing of approximately 440,000 copies of the VIP; stipends for over 2,500 poll workers who administer voting at the polls; and staffing agency fees for personnel who assist with the receipt of ballots at the Processing Center on election night.

**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 at outreach events (i.e., street fairs, community festivals), contracting more than 550 facilities to house polling places, parking to accommodate over 200 rental vehicles used on Election Day, classroom rental for poll worker training, warehouse rental, and rental of alternative space during election week if parking around the Pier 48 warehouse becomes unavailable.[[4]](#footnote-4)

A one-time expenditure of $500,000 was allocated in FY 2014-15 by the Mayor’s Budget Office for anticipated increases in warehouse rental costs, additional data processing equipment needs, and rental fees for two facilities should the build out of a new site require maintaining two facilities concurrently.[[5]](#footnote-5) It is unlikely that the Department will expend this funding in FY 2014-15, as a new site has not yet been identified. Therefore, the Department proposes to allocate $500,000 for the facility lease in FY 2015-16. The Department plans to determine the actual rental rates associated with a new lease in FY 2015-16. Once a new site is identified, the Department will revise its projections for warehouse rental in the FY 2016-17 budget accordingly.

**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 over 200 vehicles, from small cars to semi-trailers, 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 mailing of mandated voter notices and to allow voters to return their vote-by-mail ballots free of charge. Additionally, the projections in this object assume the 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 it maintains to facilitate mailing and receipt of election materials, including vote-by-mail ballots.

**Building and Construction Supplies, Safety, Food, and Other Materials and Supplies – (Object 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 shrink wrap used to secure ballots until expiration of the retention period; threshold mats and ramps used to achieve polling place accessibility; power strips and adapters for voting equipment; voting booth repairs; 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 purchase of warehouse staff uniforms and refreshments for the members of the Ballot Simplification Committee, attendees of the Poll Worker Network, Voter Information Network, and Voting Accessibility Advisory Committee meetings.

**Equipment Purchase – (Object 060)**

The Department requests approval of $191,000 to fund the purchase of new equipment, specifically:

* $98,000 to acquire additional ballot extraction equipment

The number of voters who vote by mail has increased steadily over the years and the Department anticipates this trend to continue. The two ballot extractors that the Department acquired last year were operating at maximum capacity to handle the number of vote-by-mail ballots received during the November 2014 election. In anticipation of the upcoming high-turnout elections with multi-card ballots, two additional ballot extractors are vital to the Department’s ability to provide timely results while meeting statutory requirements for processing vote-by-mail ballots.

This additional equipment would allow the Department to reduce overtime; thus, the funds necessary for this purchase are offset by a corresponding reduction to the previously approved overtime funding.

* $72,000 to purchase a high-speed scanner

The high-speed ballot scanner would allow for scanning and sorting of the ballots that outstack, for reasons such as overvotes, undervotes, or information that is not readable by the voting system. The Department currently uses equipment assembled in-house for this purpose. With the steady increase in vote-by-mail ballot volume, this improvised equipment is no longer sufficient.

* $22,000 to replace three obsolete servers

One new Dell PowerEdge R720 server would allow performance of CPU-intensive tasks such as video conversion and the processing of rosters of voters, which involves scanning and verifying each voter’s signature, as required under state law. The current servers cannot handle output from the scanners efficiently, making it challenging for the Department to meet election deadlines.

Two new Dell PowerEdge R420 servers are required to replace Department servers that are nearing the end of their useful life. Unless these servers are replaced before Microsoft discontinues its support for Windows Server 2003 in July 2015, the Department will be vulnerable to security threats and may find it difficult to find any necessary replacement parts.

**Warehouse Relocation – (Object 067)**

During last year’s budget cycle, a one-time capital expenditure in the amount of $2,000,000 was placed on a Budget and Finance Committee reserve, pending approval of the actual cost to relocate the Department’s warehouse and to build out a new space. As this relocation is unlikely to take place in FY 2014-15, the Department requests that the same funding is placed in reserve in FY 2015-16.

**Work Order Requests with City Departments – (Character 81, Subobjects 081C5– 081WB)**

The projections in these subobjects include expenses associated with 17 service work orders that the Department maintains with other City departments.

The work orders with Fleet, Reprographics, Sheriff, and Parking and Traffic have service level changes depending on the number of elections to be conducted in a fiscal year. The budgeted funding for these work orders is agreed to and balanced across both the performing Department and the Department of Elections.

The funding remains fixed in any fiscal year for work orders with Human Resources Client Services, Administrative General Services, and Youth Works.

The funding for work orders with the Department of Technology, Risk Management, Real Estate, and the Public Utilities Commission is authorized and loaded into the budget system by the Mayor’s Budget Office.

**Recoveries – (Character 86, Subobject 086RS)**

The Department’s projected recovery—$50,000—is the reimbursement for costs that the Department will incur for conducting the Retirement Board Election.

There is no Health Service System election scheduled in FY 2015-16.

1. **Year Two: FY 2016**–**17**

The Department’s proposed $14,141,699 budget assumes one scheduled election in FY 2016-17: the November 2016 Consolidated General Election.

An expense that the City is likely to incur in FY 2016-17 but which is not included in the Department’s proposed budget is a potential cost of a voting equipment and services contract; these costs are unknown at this time and may depend on policy decisions by the City. The Department plans to issue a Request for Information in FY 2014-15, followed by a Request for Proposal in FY 2015-16, seeking information and bids for voting equipment and services. The Department will revise its budget for FY 2016-17 accordingly during next year’s budget process.

As background, the City entered into a contract with Sequoia Voting Systems, Inc., in December 2007 for the purchase of voting equipment and services. The original contract term was four years, with two one-year extension options that were exercised by the City in 2011. In December 2013, the City extended the contract an additional three years with Dominion Voting Services, Inc., which had acquired Sequoia in 2010. This extension is scheduled to expire on December 11, 2016, allowing the City to consider policy decisions and potential costs related to San Francisco’s next voting system.

* 1. **Budget Form 2B: Revenues**

The Department's projected revenue for the year—$580,057—is $193,073, or 50%, higher than the FY 2015-16 revenue. With only one election scheduled, revenues from candidate filing, statement, and ballot argument fees are projected to decrease; however, these reductions will be offset by revenues from expected FY 2016-17 elections for the Community College District, BART, and San Francisco Unified School District.

The projected revenues, accompanied by the description of fees, the amounts, and the authorizing code citations, are presented on Form 2B of the enclosed budget packet.

* 1. **Budget Form 3A: Expenditures**

The FY 2016-17 budget is $7,427,335, or 34%, lower than the FY 2015-16 budget due to the one scheduled election in FY 2016-17, compared to two elections in FY 2015-16. Nevertheless, the proposed budget includes a relatively higher level of proposed staff and non-personnel expenditures, as higher voter turnout is anticipated in the November 2016 Presidential Election than in either of the two elections scheduled in FY 2015-16.

The projected expenses budgeted under each object are presented on form 3A of the enclosed budget packet and are consistent with the descriptions provided earlier in this document in the “Year One: FY 2015-16” section; thus, the descriptions are not repeated here.

* 1. **Budget Form Prop. J Contracting**

The Department seeks approval to contract out the services associated with the assembly and mailing of over 240,000 vote-by-mail ballot packets in FY 2016-17. The comparative analysis of costs of contracting out the services versus performing the same services with City resources is presented on Form Prop. J of the enclosed budget packet.

1. **Conclusion**

The proposed budget demonstrates the Department’s commitment to meet its obligations to the voters and to the City and to provide services of the highest possible quality in an effective, timely, and fiscally responsible manner.

The Department continuously strives to improve its processes in response to election law changes that often drive up the costs of conducting elections. The Department actively seeks out efficiencies whenever possible–from contracting out the assembly of vote-by-mail packets to automating vote-by-mail ballot processing–resulting in Department budget savings. Although the Department will face challenges in the next three years—finding and moving to a new warehouse site, exploring options related to the City’s voting system, implementing a statewide voter registration database, developing methods to allow for same-day voter registration—the Department remains committed to responsible budgeting and fiscal discipline.

Enclosures:

Chart 1 demonstrates the allocation of funds among major expenditure categories of the Department’s FY 2015-16 and FY 2016-17 budgets.

Chart 2demonstrates the proportion of revenue projected to be received from various sources in FY 2015-16 and FY 2016-17

**Chart 1 – Expenditures**

\*One-time $500,000 expense for increased rental fees and additional data processing equipment costs for a new warehouse, as well as rental fees for two facilities should the build-out of the new warehouse require maintaining two sites concurrently.

\*\* One-time $2,000,000 expense for warehouse relocation and build out.

**Chart 2 – Revenues**

1. For elections for seats on the Community College Board, the City and CCD have a standing agreement by which CCD is bound to pay half of the estimated costs in July of the year in which the Board election occurs and the remaining costs in July of the following year. [↑](#footnote-ref-1)
2. The PPACA requires employers to provide health coverage to most full-time employees.  Upon review of the PPACA and related regulations, the City has concluded that it must make coverage available, immediately upon appointment, to temporary exempt full-time and part-time employees, provided they are regularly scheduled to work 20 hours or more per week. [↑](#footnote-ref-2)
3. The Department has contracted out the assembly and preparation of vote-by-mail ballot packets under Prop J since FY 2007-08. The Department's contracting of these services in FY 2015-16 was approved during last year’s budget cycle and the assumptions and costs remain the same. [↑](#footnote-ref-3)
4. For the November 2014 election, the Department rented an alternative space for five days for the staging of nearly 200 vehicles intended for use by Deputy Sheriffs to retrieve ballots and voting materials from voting sites after the close of the polls. This unexpected need for space resulted from the Giants advancing to the World Series, which hindered the Department’s plans to use parking lots around Pier 48 (Lots A and C). [↑](#footnote-ref-4)
5. The lease with the Port of San Francisco will expire in December 2015, thus requiring the Department to locate a suitable site for its warehouse and election night processing center. [↑](#footnote-ref-5)