



## Memorandum

**To: Elections Commission**

**From: John Arntz, Director**

**Date: January 29, 2014**

**RE: Budget Forms for FY 14/15 and FY 15/16**

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Attached to this memorandum are the current drafts of the forms that the Department will submit to the Mayor's office associated with the FY 14/15 and FY 15/16 proposed budgets. All City Departments now provide two-year budget estimates. Since the Department's funding varies considerably depending on the number of elections that the Department is required to conduct each fiscal year, the base budgets from year-to-year are dissimilar. Yet, when inputting information into the forms, the numbers from the first fiscal year are automatically set as the default numbers for the second fiscal year. This formatting feature is most noticeable when viewing form 3A.

### ***Year One: FY 2014-15***

#### *Expenditures:*

The FY 2014-15 proposed budget of \$13,474,885 is \$3,051,260 or 18.5% lower than the FY 2013-14 budget of \$16,526,145. A significant portion of this decrease is due to there being one scheduled election in FY 2014-15 compared to the two elections in FY 2013-14. The one scheduled election in FY 2014-15 is the November 4, Consolidated General Election.

Because the November 4 election is anticipated to result in higher voter turnout and there are anticipated to be more candidates and propositions on the ballot, the FY 2014-15 proposed budget includes a relatively higher level of temporary salaries, overtime, professional services, printing, postage and work order expenses than an average consolidated general election would require.

The FY 2014-15 budget, while not reflected in the total, includes \$2,500,000 that were placed on Budget and Finance Committee Reserve pending approval of a new lease and determination of the actual costs to relocate the Department's Warehouse from Pier 48.

The FY 2014-15 proposed budget of \$13,474,885 is \$857,373 or 6.8 % higher than the FY 2014-15 base budget largely due to:

- Increases in salary and fringe benefits due to the Department's plan to fill all permanent positions rather than retain year-round employees in temporary positions;
- Increases in temporary salaries and professional services contracts costs to support an estimated increase in the number of ballot cards in the November 4 election;
- Proposal to replace two vehicles used by employees in the performance of assigned duties and during work-related travel; purchase equipment to expedite processing of ballots (two ballot extraction machines, to expedite the processing of vote-by-mail ballots; and one sheet-counting machine, to expedite the counting of ballots in the post-election Canvass); purchase one electric utility cart to facilitate the movement of staff and materials at the Warehouse.

*Revenues:*

The Department's non-General Fund estimated revenues of \$770,000 in FY 2014-15 are \$600,000 or 352.9% more than FY 2013-14 estimated non-General Fund revenues of \$170,000. Increases in revenues are from the Health Service System and the Retirement System for elections scheduled in FY 2014-15. Additionally, elections are scheduled for the Community College, BART and the San Francisco Unified School District in FY 2014-15.

***Year Two: FY 2015-16***

*Expenditures:*

The FY 2015-16 proposed budget of \$18,569,053 is \$5,094,168 or 37.8% higher than the Department's FY 2014-15 base budget of \$13,474,885. As noted previously, for the purpose of completing Budget Forms, it is assumed that the Department's FY 2014-15 proposed budget will be adopted and become FY 2014-15 base budget, which will be provided to the Department at the onset of the next budget period.

A significant portion of this increase is due to there being two scheduled elections in FY 2015-16 – the November 3, 2015 Municipal Election and the June 7, 2016 Presidential Primary Election – compared to the one election in FY 2014-15. For the November 3 election, the Department will consolidate polling places to achieve savings in poll worker stipends and polling place fees, costs for Parking and Traffic to retrieve ballots, Sheriff's security costs and some nonpersonnel expenses (e.g., vehicle rentals, supplies).

In accordance with California Elections Code Section 12241, the consolidation of polling places is only allowed for municipal elections, thus the Department will return to a full allotment of voting precincts for the June 7 election. This will create an increase in operational and staffing costs.

*Revenues:*

The Department's non-General Fund estimated revenues of \$55,000 in FY 2015-16 are \$715,000 or 92.9% less than FY 2014-15 estimated non-General Fund revenues of \$770,000. Reduction in revenues received from the Retirement System and Health Service System because these agencies do not have elections scheduled in FY 2015-16. Similarly, there are no scheduled Community College, BART or Unified School District elections scheduled in FY 2015-16, which were held in FY 2014-15, reducing the Department's revenue recoveries. This reduction is partially offset by revenues from the Retirement Board election scheduled in FY 2015-16.