



# SAN FRANCISCO PLANNING DEPARTMENT

**MEMO**

RECORD ID: 2019-023608CRV

DATE: June 4, 2020

TO: Members, Planning Commission

FROM: Thomas DiSanto, Director of Administration

Deborah Landis, Deputy Director of Administration

RE: FY 2020-22 Budget – Update to the Proposed Budget

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## Introduction

In February, the Commission approved the budget that the Department submitted to the Mayor's Office. Given the changes and economic impacts of COVID-19 over the past few months, the Mayor's Office has instructed departments to propose changes for the Mayor's Office to make to department budgets. This memo reviews the new budget timeline and the proposed changes for the Planning Department's budget to reach the Mayor's Office goals.

Please let us know if you would like any additional information at any time during this process by contacting Deborah at [Deborah.Landis@sfgov.org](mailto:Deborah.Landis@sfgov.org).

## Mayor's Budget Instructions

In May 2020, the Mayor's Office released revised budget instructions for FY2020-22. Prior to these instructions, the budget timeline was pushed by two months from the Mayor releasing a budget on June 1<sup>st</sup> to an August 1<sup>st</sup> release. Given this schedule change, the City's budget will be adopted by the Board of Supervisors by October 1 instead of the usual August 1. An interim budget will be in place during July, August, and September.

The Mayor has instructed departments to prioritize meeting General Fund reduction requirements, to prioritize core services that provide critical government functions, to evaluate current operations for realignment with City outlined COVID operating measures and guidelines, and to prioritize services for vulnerable populations and providing equitable services for underserved populations. The Department has been asked to evaluate what operations can and should be performed remotely, what services need to be provided in person, and what services can be moved online. If any

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services do need to be provided in person, the Department must determine how to do that as safely as possible.

The General Fund Support (GFS) reduction for FY20-21 is now 10% off of that year's base budget, with a contingency of 5%. If the FY20-21 contingency is not used, the reduction for FY21-22 is an additional 5% on top of FY20-21's 10% reduction. For the February submission, the Mayor's Office had instructed departments to reduce GFS by 3.5% in each year and not to grow employee counts. The Department was able to reach the 3.5% (approximately \$272k) in February. This initial 3.5% reduction counts as part of the overall 10% reduction.

As a reminder, most of the Planning Department's operations are funded through the revenue collected from application fees and building permit reviews, which means the Department receives very little GFS.

## **February Proposed Revenue & Expenditure Budget**

### **Revenues**

<b>Revenues (All Funds)</b>	<b>FY19-20 Adopted Budget</b>	<b>FY20-21 Proposed Budget</b>	<b>FY21-22 Proposed Budget</b>
Charges for Services	\$42,890,072	\$45,418,270	\$46,834,919
Grants	\$1,988,594	\$2,756,000	\$590,600
Development Impact Fees	\$3,459,892	\$4,045,147	\$3,885,302
Expenditure Recovery	\$1,813,777	\$2,172,620	\$2,131,522
General Fund Support (GFS)	\$5,513,149	\$7,802,784	\$8,598,402
<b>Total Revenues</b>	<b>\$55,665,484</b>	<b>\$62,194,821</b>	<b>\$62,040,745</b>

**Expenditures**

<b>Expenditures (All Funds)</b>	<b>FY19-20 Adopted Budget</b>	<b>FY20-21 Proposed Budget</b>	<b>FY21-22 Proposed Budget</b>
Salary & Fringe	\$38,655,168	\$40,741,964	\$41,926,328
Overhead	\$656,755	\$656,755	\$656,755
Non-Personnel Services	\$3,139,484	\$3,734,822	\$5,145,822
Materials & Supplies	\$555,065	\$803,774	\$603,774
Capital Outlay & Equipment	\$10,475	\$10,405	\$0
Projects	\$5,366,988	\$8,043,654	\$5,499,282
Services of Other Departments	\$7,281,549	\$8,203,447	\$8,208,784
<b>Total Expenditures</b>	<b>\$55,665,484</b>	<b>\$62,194,821</b>	<b>\$62,040,745</b>

The February budget already reflected reductions of 3.5% in each year from the base. The FY20-22 base budgets changed slightly between February and May due to contractual salary and benefit cost adjustments. 10% of the new base GFS is approximately \$750k. We propose the following to achieve the 10% GFS reduction:

**Proposed May GFS Reduction**

<b>Reduction</b>	<b>FY20-21 Reduction</b>	<b>Description</b>
February Base Reduction	\$271,941	Already budgeted
Salaries & Fringe	\$317,382	Cut one vacant Admin. position, reverse proposed reclassifications, increase attrition
Non-Personnel Services	\$160,000	Reduce digitization and training budgets
<b>Total Expenditures</b>	<b>\$749,323</b>	

The 5% contingency in FY20-21 would come from additional attrition savings, if needed. The additional 5% in FY21-22 is proposed to be ongoing savings from the FY20-21 cuts and an additional \$92k in attrition savings. In the cuts that we're proposing to

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meet the Mayor’s request we have considered the racial and social equity prioritization matrix to ensure the cuts don’t negatively impact vulnerable populations.

At this point the Department is not recommending to the Mayor’s office to adjust the non-GFS revenue budget. In part, this is because the FY20-22 budget will be finalized in October 2020 as we begin the process to develop the FY21-23. We propose to monitor revenue and balance expenditures to meet the actual revenue over the next several months. Any changes to fee revenue would become part of the FY21-23 budget cycle. As part of that monitoring we would evaluate the budget impacts to ensure that any reductions wouldn’t disproportionately impact vulnerable communities.

The current adjusted proposal to the Mayor’s Office reflects some changes to the base budget to reflect a delayed salary increase as stipulated in labor contracts with the City and some benefits changes. The other proposed changes are the reductions listed above. The updated proposal to the Mayor’s Office includes the following revenue and expenditures.

## **June Proposed Revenue & Expenditure Budget**

### **Revenues**

<b>Revenues (All Funds)</b>	<b>FY19-20 Adopted Budget</b>	<b>FY20-21 Proposed Budget</b>	<b>FY21-22 Proposed Budget</b>
Charges for Services	\$42,890,072	\$45,418,270	\$46,834,915
Grants	\$1,988,594	\$2,756,000	\$590,600
Development Impact Fees	\$3,459,892	\$4,045,150	\$3,885,302
Expenditure Recovery	\$1,813,777	\$2,172,620	\$2,131,522
General Fund Support (GFS)	\$5,513,149	\$6,713,948	\$8,292,829
<b>Total Revenues</b>	<b>\$55,665,484</b>	<b>\$61,105,988</b>	<b>\$61,735,168</b>

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## Expenditures

<b>Expenditures (All Funds)</b>	<b>FY19-20 Adopted Budget</b>	<b>FY20-21 Proposed Budget</b>	<b>FY21-22 Proposed Budget</b>
Salary & Fringe	\$38,655,168	\$39,813,131	\$41,780,752
Overhead	\$656,755	\$656,755	\$656,755
Non-Personnel Services	\$3,139,484	\$3,601,840	\$5,012,840
Materials & Supplies	\$555,065	\$803,774	\$603,774
Capital Outlay & Equipment	\$10,475	\$10,405	\$0
Projects	\$5,366,988	\$8,043,654	\$5,699,282
Services of Other Departments	\$7,281,549	\$8,176,429	\$7,981,765
<b>Total Expenditures</b>	<b>\$55,665,484</b>	<b>\$61,105,988</b>	<b>\$61,735,168</b>

## FY 2020-22 Budget Calendar

Updated scheduled dates for the budget approval process are:

<b>Date</b>	<b>Budget Agenda Item</b>
01/15/20	Review draft of departmental budget, work program, and performance measures with the <b>Historic Preservation Commission</b>
01/23/20	Review draft of departmental budget, work program, and performance measures with the <b>Planning Commission</b>
02/05/20	Request recommendation of approval of the budget and work program with the <b>Historic Preservation Commission</b>
02/13/20	Requesting approval of the budget and work program with the <b>Planning Commission</b>
02/21/20	Budget Submission to the Mayor
06/12/20	Department budget reduction plans to the Mayor
08/01/20	Mayor proposes balanced budget to the Board of Supervisors
August 2020	Budget and Finance Committee
September 2020	Budget considered at Board of Supervisors

**Attachment: Draft Racial & Social Equity Criteria for Budget Revisions**

## RACIAL & SOCIAL EQUITY CRITERIA FOR BUDGET REVISIONS

The Office of Racial Equity Ordinance requires departments to use a budget equity assessment tool to determine whether budget requests and annual allocations benefit or burden communities of color.

Considering the COVID-19 impacts and likely shortened time frame for revising the budget, below are some proposed questions and criteria to help prioritize and advance equity in the budget revisions.

### Budget revisions questions

Use the questions below to help address racial equity ordinance requirements and inform the budget revision process:

*What contracts, programs and positions currently or could be modified to:*

- 1. proactively advance racial and social equity? (see issue areas in matrix below); and*
- 2. be targeted in communities of color and other vulnerable or historically marginalized groups? (see geography/population served in matrix)*

### Prioritization Matrix

The matrix below can assist in answering these questions by:

Identifying whether the non-personnel expenditure/contracts or division work program item meets the critical issue or vulnerable population served, or in which of the four boxes it could be placed.

Identifying towards which of the four boxes, the budgeted positions that are currently vacant would have directly or indirectly (e.g., administration) been allocated.

	Issue Area	
<b>Geography/ Population Served</b>	-High Need Geography/ Population Served  -Low Need Issue Area	-High Need Geography/ Population Served  -High Need Issue Area  <b>e.g. Housing Affordability Strategy</b>
	-Low Need Geography/ Population Served  -Low Need Issue Area	-Low Need Geography/ Population Served  -High Need Issue Area

**Geography/ Population Served:** Areas of the City that are most vulnerable or in need include the entire southeast side of the city and parts of the northeast: SoMa, Bayview, Potrero, Mission, Western Addition, Chinatown, Civic Center/Tenderloin, Excelsior/OMI. Populations that are also vulnerable or in need but harder to define geographically include, but are not limited to, people experiencing homelessness and Native Americans. When rating projects please consider not just the location and/or direct population served by the project but the impact of the project on local and citywide populations. For example, housing plans for western neighborhoods of the City may address exclusionary housing and alleviate demands on public services in less well-served areas of the city. Also, certain goods and services (such as affordable housing) are needed citywide and a greater amount is the better for the city. Other needs are more location specific (such as open space in areas with deficiencies).

*Useful data/maps:*

- Most affected by COVID-19 (SFDPH). Note: this map/data is changing daily and quickly: <https://data.sfgov.org/stories/s/bj8f-r6sy>
- Highest displacement risk (UC Berkeley): <https://www.urbandisplacement.org/map/sf>
- Communities of Concern (MTC/SFCTA) concentrations (vulnerable populations now and in the future): <https://coc-map.sfcta.org/>

**Issue Area:** The impacts of COVID-19 are exacerbating existing racial and social inequities. The issue areas that may require more attention over the next year or so for recovery may include, but are not limited to:

- Affordable housing - preservation and production, particularly given potential increases in homelessness, housing burden and future foreclosures;
- Small business/economic development due to business closures, increase in unemployment, potential commercial vacancies, and decreased tax revenue;
- Access to essential services, such as but not limited to: transportation (gaps and COVID-19 impacts to public transit), healthy/affordable food, quality open space for physical distancing, and medical care / public services.
- Projects that have an explicit focus on advancing racial and social equity (e.g., required Environmental Justice updates to the General Plan).

What these issue areas may look like in terms of outcomes/deliverables of a project: transit access for underserved populations, jobs that serve low-income workers, open space improvements to prioritize vulnerable populations, affordable housing units, etc.

*Useful data/maps:*

- SF Planning's Racial & Social Equity Action Plan Phase I external conditions section (statistics by race such as unemployment, home ownership, etc.): [https://default.sfplanning.org/Citywide/racial-social-equity/RSEAP\\_Action\\_Plan\\_Phase\\_1\\_Adopted\\_Dec2019.pdf](https://default.sfplanning.org/Citywide/racial-social-equity/RSEAP_Action_Plan_Phase_1_Adopted_Dec2019.pdf)
- SFMTA Equity Strategy and neighborhoods: [https://www.sfmta.com/sites/default/files/reports-and-documents/2018/03/2018\\_muni\\_service\\_equity\\_strategy\\_report.pdf](https://www.sfmta.com/sites/default/files/reports-and-documents/2018/03/2018_muni_service_equity_strategy_report.pdf)
- SF 2019 Community Health Needs Assessment (SFDPH): <http://www.sfhip.org/major-findings.html>
- The City's Recreation and Open Space Element of the General Plan high-needs maps #5-7 (SF Planning) [https://generalplan.sfplanning.org/Recreation\\_OpenSpace\\_Element\\_ADOPTED.pdf](https://generalplan.sfplanning.org/Recreation_OpenSpace_Element_ADOPTED.pdf);

- [SF Rec & Park's Equity Metrics/Areas](#) (SF RPD).
- SF 2017 Early Care & Education Needs Assessment (SF Child Care Planning & Advisory Council): [http://sfcpac.org/wp-content/uploads/2018/05/San-Francisco-CPAC\\_Early-Care-and-Education-Needs-Assessment-2017-FINAL.pdf](http://sfcpac.org/wp-content/uploads/2018/05/San-Francisco-CPAC_Early-Care-and-Education-Needs-Assessment-2017-FINAL.pdf)

OTHER CONSIDERATIONS: Other considerations that may be useful in combination with the above include:

1. If the project manager can alter the project to address a high need geography/population or high-need issue area;
2. Federal, State or local law requirements or specific consistency with other local goals and efforts such as alignment with Priority Development Areas, etc.;
3. Level of project completion;
4. Level of effort or cost (including a cost benefit analysis, as needed. For example, is a project producing very few of the desired outcomes/deliverables with a high level of effort relative to other projects?).

Note: the numerical/quantitative ranking of individual contracts and projects results in an initial way to organize and understand the information as a first step. Additional discussion at a wholistic and program-area level the next step to understand the citywide implications and the full work program picture. The initial rankings are not a final score on what to prioritize or cut from the work program.