



SAN FRANCISCO PLANNING DEPARTMENT

MEMORANDUM

To: Members, Historic Preservation Commission

From: John Rahaim, Director of Planning

Date: For presentation on December 15, 2010

Subject: **FY 2010-2011 Budget Status Update and FY 2011-12 Priority Considerations**

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Introduction

The Department is currently administering its fiscal year (FY) 2010-2011 budget and beginning the process of developing the FY 2011-2012 budget proposal. The FY 2010-11 budget marks our second year addressing the recession and downturn in the real estate market, which has significantly reduced the volume of applications and revenues for the Department's operations. We are coming to the Commission now to provide a status update of the current year and for early consideration of next year's priorities.

We are suggesting several hearings at both Commissions to seek guidance before the proposed budget is submitted to the Mayor's Office on February 22, 2011, with the following agendas:

PC: December 9, 2010	FY 2010-11 Budget Status Update & FY 2011-12 Priority Considerations for Budget
HPC: Dec. 15, 2010	FY 2010-11 Budget Status Update & FY 2011-12 Priority Considerations for Budget
PC: January 13, 2011	Draft Department Goals and Work Program
HPC: Jan. 19, 2011	Overview of Department Goals and Work Program, Discussion of Preservation Budget Options
PC: January 27, 2011	Preliminary Budget with Balancing Options
HPC: Feb. 2: 2011	Approval of Proposed Preservation Budget and Work Program (Action Item)
PC: February 10, 2011	Approval of Proposed Budget and Work Program (Action Item)

FY 2010-11 Budget Status Update

FY 2010-11 Revenues and Expenditures Expected to be on Budget

The Planning Department is expected to be on budget in FY 2010-11. This means that we expect to collect all the revenues we projected to collect as assumed in the FY 2010-11 budget and that all expenditures are projected to be on target. This projection includes several assumptions.

Revenues

The projected actual revenues assumes that we receive the average of the first four months' revenue for the remaining 8 months of the fiscal year. Based on this method, the total projected shortfall in fee revenue is \$1.3 million due primarily to a \$2.1 million shortfall in environmental review fees. The environmental review fee revenue shortfall is due to falling short of the budgeted increase of 59% over the prior year's budget.

The fee revenue shortfall is projected to be offset by a \$1.3 million surplus in permit revenue, including a projected \$880 thousand surplus in Building Permit Alterations and a projected \$403 thousand surplus in New Construction Building Permits. The projected surplus is due to an increase in permit applications filed between June and October 2010 compared to the same period last year.

Type	Fee or Permit Title	A	B	C = A - B
		FY 2010-11 Budget	FY 10-11 Projected Actual	FY 2010-11 Surplus/ (Shortfall)
Permits	BUILDING PERMIT ALTERATIONS	\$ 7,950,827	\$ 8,831,184	\$ 880,357
Permits	NEW CONSTRUCTION BUILDING PERMITS	788,263	1,191,581	403,318
		8,739,090	10,022,766	1,283,676
Fees	PLANNING - ENVIRONMENTAL REVIEW FEES	\$ 5,470,919	\$ 3,324,076	\$ (2,146,843)
Fees	OTHER SHORT RANGE CITY PLANNING FEES	1,056,018	1,349,690	293,672
Fees	PLANNING - CONDITIONAL USE FEES	1,253,055	1,170,195	(82,860)
Fees	PLANNING - CATEGORICAL EXEMPTION FEES		585,036	585,036
Fees	PLANNING - VARIANCE FEES	416,021	490,173	74,152
Fees	CITY PLANNING HEALTH FEES	-	142,242	142,242
Fees	PLANNING - CERT OF APPROPRIATENESS FEES	146,397	142,264	(4,133)
Fees	PLANNING - MEDICAL CANNABIS DISPENSARY		-	-
Fees	CITY PLANNING APPLICATION REFUNDS	-	(144,941)	(144,941)
		\$ 8,342,410	\$ 7,058,735	\$ (1,283,675)
Total Permits and Fees		\$ 17,081,500	\$ 17,081,500	\$ 0

Expenditures

FY 2010-11 actual expenditures are projected to be on budget, even after accounting for the Budget & Finance Committee's \$367,912 reserve on salaries and fringe benefits. This reserve was placed by the Committee pending the receipt of uncertain revenues that the Controller's Office identified. Savings in salaries and fringe benefits will be used to cover the reserve requirement. All other expenditures are expected to be on budget.

Grants

As stated in the October 20, 2010 memo to the Planning Commission and updated based on new awards, the Planning Department has received a total of \$7.1 million in grants, of which \$1.6 million will support the Department's operations. These funds, from local, state, and federal agencies, will support a variety of projects across several fiscal years. Although the Planning Department is the lead agency on these projects, more than \$5.5 million of the grant funds support the work of other City agencies, such as the Department of Public Works, the Metropolitan Transportation Agency, and the Public Utilities Commission, and local nonprofits that are involved in these projects. The Planning Department's current grants are summarized in the following table and detailed below.

Funder	Funding Program	Project Title / Focus	Lead Agency	Total Award Amount	Planning Dept Budgeted Amt
Cal Natural Resource Agency for Strategic Growth Council	Urban Greening for Sustainable Communities	Cesar Chavez	Planning	\$1,000,000	\$450,000
Strategic Growth Council (SGC)	California Sustainable Communities Grant Program (Prop 84)	Area 1: Green Connections--Linking EDCs to Community Amenities and Open Space	Planning	\$633,000	\$500,000
National Park Service	Preserve America	Market and Octavia Historic Resource Designation and Promotion Project	Planning	\$83,528	\$83,528
Cal Natural Resource Agency for Strategic Growth Council	Urban Greening for Sustainable Communities	Urban Forest Plan	Planning	\$250,000	\$100,000
Transportation Planning Grant Program FY 2010/11 (Caltrans)	Environmental Justice	Chinatown Broadway Streetscape Improvement Design Plan	Planning	\$250,000	\$75,000
Transportation Planning Grant Program FY 2010/11 (Caltrans)	Community-Based Transportation Planning	Central Corridor Growth Strategy and Design Plan	Planning	\$250,000	75000
EPA	San Francisco Bay Area Water Quality Improvement Fund	Cesar Chavez	Planning	\$1,200,000	\$110,000
Caltrans Transportation Planning Grant Program FY 2009/10 (Caltrans)	Environmental Justice: Context Sensitive Planning Program	Cesar Chavez Phase II	Planning	\$250,000	\$115,000
ABAG (via EPA)	San Francisco Bay Area Water Quality Improvement Fund	ABAG-Newcomb Model Block Project	Planning	\$470,000	\$75,000
State Parks		Local and Regional Parks (17th and Folsom Park)	Rec/Park	\$2,700,000	\$25,000
				\$7,086,528	\$1,608,528

- \$1,000,000 from California's Sustainable Growth Council to support greening along Cesar Chavez
- \$633,000 from California's Sustainable Communities Grant Council to support the planning for greening focused around HOPE SF sites, a partnership with the Mayor's Office of Housing, and we will be working with Public Utilities Commission (PUC), MTA, Public Works (DPW), Port Commission (PRT), and Public Health (DPH), and Environment and other community benefit organizations
- \$83,528 from the National Park Service's Preserve America program to support historical preservation efforts in the Market and Octavia area
- \$250,000 from California's Sustainable Growth Council to support the completion of an Urban Forest Master Plan, a collaborative effort with the Bureau of Urban Forestry (DPW) and Friends of the Urban Forest
- \$250,000 from Caltrans Environmental Justice grant of for a streetscape improvement design plans on Broadway Avenue in Chinatown, a joint project with the Chinatown Community Development Center and with support from MTA and DPW
- \$250,000 from Caltrans Community-Based Transportation Planning grant of to engage local involvement in creating a central corridor growth strategy and design plan for the SOMA segment of the central subway; MTA and Office of Workforce and Development (OEWD) will contribute technical assistance to the project
- \$1,200,000 from the federal Environmental Protection Agency for Cesar Chavez Street capital improvements; PUC, MTA and DPW are significantly involved in leading and implementing this work
- \$250,000 from a Caltrans Environmental Justice grant to work with local neighbors and businesses to design street improvements along eastern Cesar Chavez; local neighborhoods associations, CC Puede, WalkSF, and the Bicycle Coalition will contribute to the project and public agencies (MTA, PUC, and DPW) are also involved
- \$470,000 from the Environmental Protection Agency, via the Association of Bay Area Governments (ABAG), to implement street changes along Newcomb Avenue; the capital improvements are being managed by DPW
- \$2,700,000 from California State Parks to construct a brand new park at 17th and Folsom Streets; the Recreation and Parks Department will oversee this work, which will also involve DPW and the PUC

The Planning Department is also supporting other City agencies in their efforts to seek grant funds; and these collaborations have successfully generated another \$5 million in grant revenue for fiscal years 2010 through 2014. These funds will pay for the implementation of

transportation plans, stormwater management projects, and other planning-related efforts. These funds are being widely distributed among City agencies and local nonprofits.

These accomplishments are significant in both the grant dollars generated—more than double what the Planning Department earned in grants from 2007-2009—and in its demonstration of successful interagency collaboration. The Department has a new grant writer dedicated to looking for more grant opportunities, whose position is also funded by one of our grants. These grant funds decrease the City's budgeted expenses and enable the implementation of projects which would otherwise not go forward. In addition, as more funders look for opportunities to increase the impact of their dollar, these joint efforts make San Francisco more competitive among applicants and ultimately provide more benefits to the City residents.

The Department and partner City agencies are currently waiting for notification on six pending requests for funding. If awarded, these grants would provide more than \$6 million in funding for parks, transportation, and planning projects, including street greening and traffic calming in HOPE SF neighborhoods and a regional effort to identify growth and investment strategies.

Looking ahead, we have already identified a number of funding prospects to pursue in coming months, which could fund model water quality improvement efforts, historical preservation, and transit station improvements.

Historic Preservation Work Program and Budget

The FY 2010-11 Historic Preservation Work Program and Budget includes 7.02 full-time equivalents (FTEs) for preservation-related work. These positions are distributed according to the chart below:

Historic Preservation (Total # of Preservation Planners = 11)	7.02
A. Preservation Survey Programs	1.07
B. Historic Resource Evaluation Requests/Reports	1.80
C. Certificates of Appropriateness, Permits to Alter, Mills Act, Section 106, and other Preservation Applications	1.90
D. Review of building permits by preservation technical specialist: (<i>Embedded in a different section of the work program as part of Application Review and Processing for all Neighborhood planners</i>)	0
E. Historic Preservation Commission action items including landmark designations	1.00
F. Landmarks and Historic District Initiations (privately initiated)	0.05
G. Articles 10 & 11 re-write	0.20
H. Preservation staff training and Professional Development (<i>Embedded in a different section of the work program as part of Staff Training and Prof. Devt. for all Neighborhood Planning staff</i>)	0
I. Preservation project review meetings (internal) + bi-weekly staff mtgs	1.00

As stated above, the Department was awarded an \$83,528 from the National Park Service's Preserve America program to support historical preservation efforts in the Market and Octavia area. The term of the grant is August 1, 2010 through August 31, 2010. The resolution to accept and expend the grant is currently pending Board of Supervisors approval and is scheduled to be heard on December 13, 2010 at the Land Use & Economic Development Committee.

Priorities for the FY 2011-12 Budget

We have a preliminary list of priorities for inclusion in the FY 2011-12 Budget for the Commission's consideration. Once we have more information on the estimated amount of work and corresponding cost of these priorities, we will provide this information to the Commission. The list includes the following:

- Health Care Master Plan, for plan creation and environmental review
- America's Cup environmental review
- Golden Gate Park Historic Designation
- India Basin redevelopment area, for completion of plan and environmental review
- Mid-Market Redevelopment Area, for urban design and historic preservation support, and environmental review
- Grant match funding to support upfront design work or other grant matching requirements

FY 2011-12 Mayor's Budget Instructions and General Fund Target

\$380 Million Projected Shortfall for FY 2011-12

The Mayor's Budget Office projects a \$379.8 million shortfall for FY 2011-12. The following table shows contributing factors to the shortfall:

\$	(23.5)	Net Change in Starting Fund Balance
	(126.6)	Loss of State and Federal Revenues
	79.9	General Tax Revenue Improvement
	(16.3)	Other Revenues
\$	(86.4)	Total Revenue Shortfall
\$	(101.2)	Employee Benefit and Salary Costs
	(32.1)	Baseline Funding Increases
	(86.7)	Loss of Key One-Time Expenditure Savings
	(73.4)	Other Expenditure increases
\$	(293.4)	Total Expenditure Shortfall
\$	(379.8)	Total FY 2011-12 Projected Shortfall

FY 2011-12 Budget Instructions

In order to close the \$379.8 million gap, the Mayor's budget office has asked Departments to provide a 10% General Fund reduction from current and next fiscal year and another 10% contingency list of reductions. A 10% reduction for the Planning Department is \$143,144. This reduction is to be made up of either expenditure savings or revenue increases. Of the 10% reduction, the on-going portion should be 7%, or \$100,200. At least 2.5% of the 10%, or

\$35,786, must come from the current year, and is due to the Mayor's budget office on December 21, 2010. The remaining 7.5% reduction, or \$107,358, will be submitted with our FY 2011-12 budget submission due on February 22, 2011. The other 10% contingency reduction, another \$143,144, will be submitted to the Mayor's budget office on February 22, 2011 for a total 20% reduction of \$286,288.

Next Steps

As noted above, staff will provide additional budget presentations to the Historic Preservation Commission on January 19 and February 2. These presentations will provide an overview of the Department's Goals and Work Program, discussion of the Preservation budget options, and approval of the proposed Preservation Budget and Work Program. Upon completion of the Commission's review of the proposed budget, staff will submit the proposed budget to the Mayor's Office for its review and consideration on February 22, 2011.

FY 2010-2011 Budget Status Update &

Priority Considerations for FY 2011-12 Budget

Historic Preservation Commission

December 15, 2010

SAN FRANCISCO
PLANNING DEPARTMENT



Suggested Budget Review Schedule

- | | |
|-----------------------|---|
| PC: December 9, 2010 | FY 2010-11 Budget Status Update & FY 2011-12
Priority Considerations for Budget |
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Presentation Items

FY 2010-11 Budget Status Update

- Revenue projection
- Expenditures
- Grants

Historic Preservation Work Program & Budget

Departmental Priorities for the FY 2011-12 Budget

FY 2011-12 Mayor's Financial Outlook, Instructions, & General Fund Support



FY 2010-11 Budget Status Update

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C. Certificates of Appropriateness, Permits to Alter, Mills Act, Section 106, and other Preservation Applications	1.90
D. Review of building permits by preservation technical specialist: <i>(Embedded in a different section of the work program as part of Application Review and Processing for all Neighborhood planners)</i>	0
E. Historic Preservation Commission action items including landmark designations	1.00
F. Landmarks and Historic District Initiations (privately initiated)	0.05
G. Articles 10 & 11 re-write	0.20
H. Preservation staff training and Professional Development <i>(Embedded in a different section of the work program as part of Staff Training and Prof. Devt. for all Neighborhood Planning staff)</i>	0
I. Preservation project review meetings (internal) + bi-weekly staff mtgs	1.00



Priorities for FY 2011-12 Budget

- **Health Care Master Plan**, for plan creation and environmental review
- **America's Cup Environmental Review**
- **Golden Gate Park Historic Designation**, requires additional staff for designation process, guidelines, and project reviews
- **India Basin Redevelopment Area**, for completion of plan and environmental review
- **Mid-Market Redevelopment Area**, for urban design support and environmental review
- **Grant match funding** to support upfront design work or other grant matching requirements



FY 2011-12 Projected \$380 M shortfall

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\$ (86.4) Total Revenue Shortfall

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 (32.1) Baseline Funding Increases
 (86.7) Loss of Key One-Time Expenditure Savings
 (73.4) Other Expenditure increases

\$ (293.4) Total Expenditure Shortfall

\$ (379.8) Total FY 2011-12 Projected Shortfall



FY 2011-12 Mayor's Budget Instructions

10% General Fund reduction (at least 7% on-going)

- At least 2.5% from current year (FY 10-11) – due Dec. 21st
- Remaining 7.5% from budget year (FY 11-12) – due Feb. 22nd

+10% Additional Contingency submitted in FY 11-12
Budget Forms – due Feb. 22nd

20% Total Reduction



Impact on Planning Department

The Planning Department's FY 2010-11 General Fund Support (GFS) is \$1,431,435. A 10% reduction is \$143,144. The on-going 7% is \$100,200.

\$ 35,786	2.5% FY 2010-11 GFS Reduction
\$ 107,358	7.5% FY 2011-12 GFS Reduction
\$ 143,144	10.0% Total

\$ 143,144 10.0% FY 2011-12 GFS Reduction Contingency

\$ 286,287 20.0% Total Reduction



Suggested Budget Review Schedule

- Dec. 15, 2010 FY 2010-11 Budget Status Update & FY 2011-12
Priority Considerations for Budget
- Jan. 19, 2011 Overview of Department Goals and Work Program,
Discussion of Preservation Budget Options
- Feb. 2, 2011 Approval of Proposed Preservation Budget & Work
Program

