



# SAN FRANCISCO PLANNING DEPARTMENT

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## MEMORANDUM

To: Members, Planning Commission

From: John Rahaim, Director of Planning

Date: December 9, 2010

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

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### 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 four hearings at the Commission to seek guidance before the proposed budget is submitted to the Mayor's Office on February 22, 2011, with the following agendas:

December 9, 2010	FY 2010-11 Budget Status Update & FY 2011-12 Priority Considerations for Budget
January 13, 2011	Draft Department Goals and Work Program
January 27, 2011	Preliminary Budget with Balancing Options
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.

		A	B	C = A - B
Type	Fee or Permit Title	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)
<b>Total Permits and Fees</b>		<b>\$ 17,081,500</b>	<b>\$ 17,081,500</b>	<b>\$ 0</b>

### 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 \$6.1 million in grants, of which \$1.2 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 \$4.9 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
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
				<b>\$6,086,528</b>	<b>\$1,158,528</b>

- \$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
- \$83,500 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.

### **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, 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 Mayor's Budget Instructions and General Fund Target**

The Mayor's Budget Instructions and General Fund Target will be released at the beginning of December 1, 2010. Once staff has analyzed the impact on our budget, we will make this information available to the Commission.

### **Next Steps**

As noted above, staff will provide additional budget presentations to the Commission on January 13, 27, and February 10. These presentations will cover the details of the Department's proposed goals, work program, and budget, including proposed changes to salary and non-salary items. 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**

December 9, 2010

## Suggested Budget Review Schedule

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## Presentation Items

### FY 2010-11 Budget Status Update

- Revenue projection
- Expenditures
- Grants

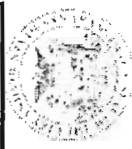
### Departmental Priorities for the FY 2011-12 Budget

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



# FY 2010-11 Budget Status Update

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