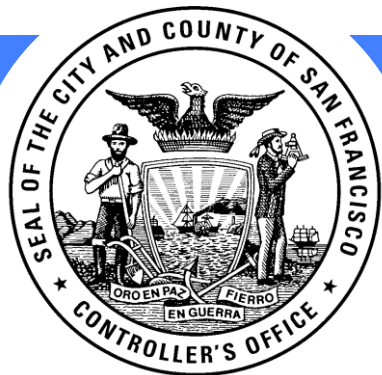


FY 2020-21 Nine-Month Budget Status Report



CITY & COUNTY OF SAN FRANCISCO

Office of the Controller

May 19, 2021

Summary

Net improvement of \$157 million versus our Six-Month Report projection, driven by a small number of large property transactions driving transfer tax and new Excess ERAF guidance from the State Controller.

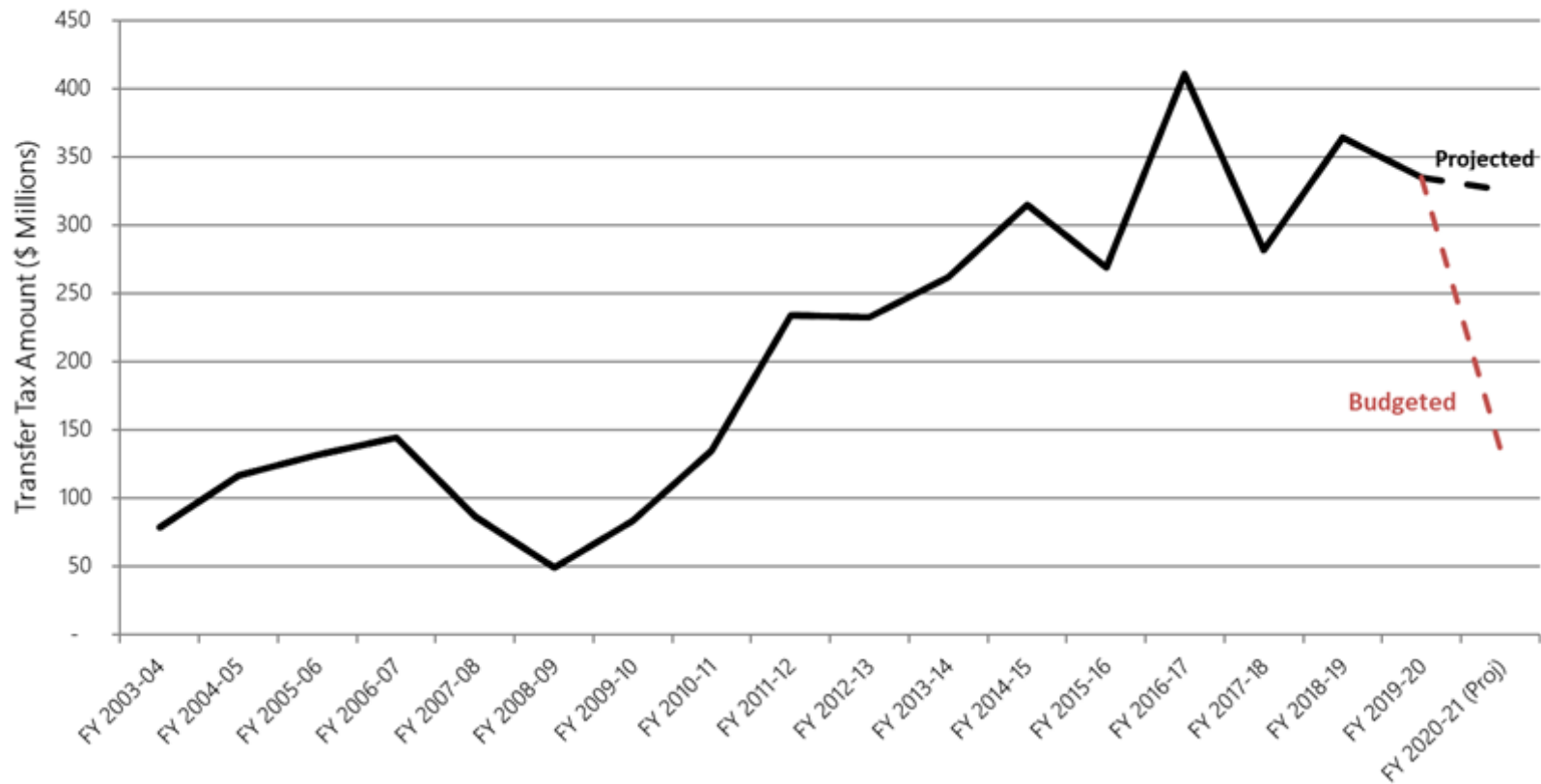
Modest weakening in other local taxes since our last projection, which is offset by improvement in department operations. No departments projected to overspend their General Fund budget in the current year.

A projected ending balance of \$53 million in the City's emergency response project will be available to support continuing operations in the budget year. This represents a \$23 million reduction in the expected balance from our prior report.

Revenues

	FY 2019-20	FY 2020-21					Variance	
	Actuals	Original Budget	3-Mo	6-Mo	Revised Budget	9-Mo	Vs Budget	Vs 6-Mo
Property Taxes	2,071.9	2,019.6	2,067.6	2,215.2	2,161.9	2,311.6	149.7	96.4
Property Tax	1,833.6	1,832.6	1,860.0	1,922.0	1,974.9	1,935.0	(39.9)	13.0
Excess ERAF	238.3	187.0	207.6	293.2	187.0	376.6	189.6	83.4
Business Taxes	822.2	826.4	727.5	668.1	798.2	632.4	(165.9)	(35.7)
Sales Tax - Local 1%	180.2	183.7	171.3	140.2	183.7	132.2	(51.5)	(8.0)
Hotel Room Tax	252.2	126.2	82.8	27.9	126.2	20.6	(105.6)	(7.2)
Utility User & Access Line Taxes	143.9	130.0	126.8	124.4	130.0	122.5	(7.5)	(2.0)
Parking Tax	69.5	59.4	41.5	41.5	59.4	43.0	(16.4)	1.5
Real Property Transfer Tax	334.5	138.0	138.0	253.8	138.0	326.3	188.3	72.5
Sugar Sweetened Beverage Tax	13.2	14.0	10.5	10.5	14.0	10.5	(3.5)	-
Stadium Admissions Tax	2.8	2.5	-	-	2.5	0.2	(2.3)	0.2
Cannabis Tax	-	4.3	4.9	-	4.3	-	(4.3)	-
Franchise Taxes	16.0	15.6	14.1	14.1	15.6	14.7	(1.0)	0.6
Interest Income	78.8	23.5	21.9	32.4	23.5	34.7	11.2	2.3
Public Safety Realignment	41.1	36.0	33.2	38.8	36.0	38.8	2.8	-
Public Safety Sales Tax	103.9	97.1	103.6	103.9	97.1	107.6	10.5	3.6
Airport Transfer In	33.5	25.1	15.2	12.3	25.1	13.2	(11.9)	0.9
Commercial Rent Tax Transfer In	-	70.0	70.0	70.0	70.0	62.7	(7.3)	(7.3)
Total Citywide Revenues	4,163.6	3,771.4	3,628.9	3,753.0	3,885.5	3,870.9	(14.6)	117.9

Transfer Tax Volatility



Revenue depends on highest value transactions:

FY 2019-20
4% of transactions generated 77% of revenue

FY 2020-21 YTD
3% of transactions generated 75% of revenue

Property Tax Dependent on State Changes

(\$ millions)	<u>Budget</u>	<u>6-Month</u>	<u>9-Month</u>	<u>Change</u>
Primary allocation	1,833	1,922	1,935	13
Excess ERAF	187	293	377	83
Total Property Tax	2,020	2,215	2,312	96

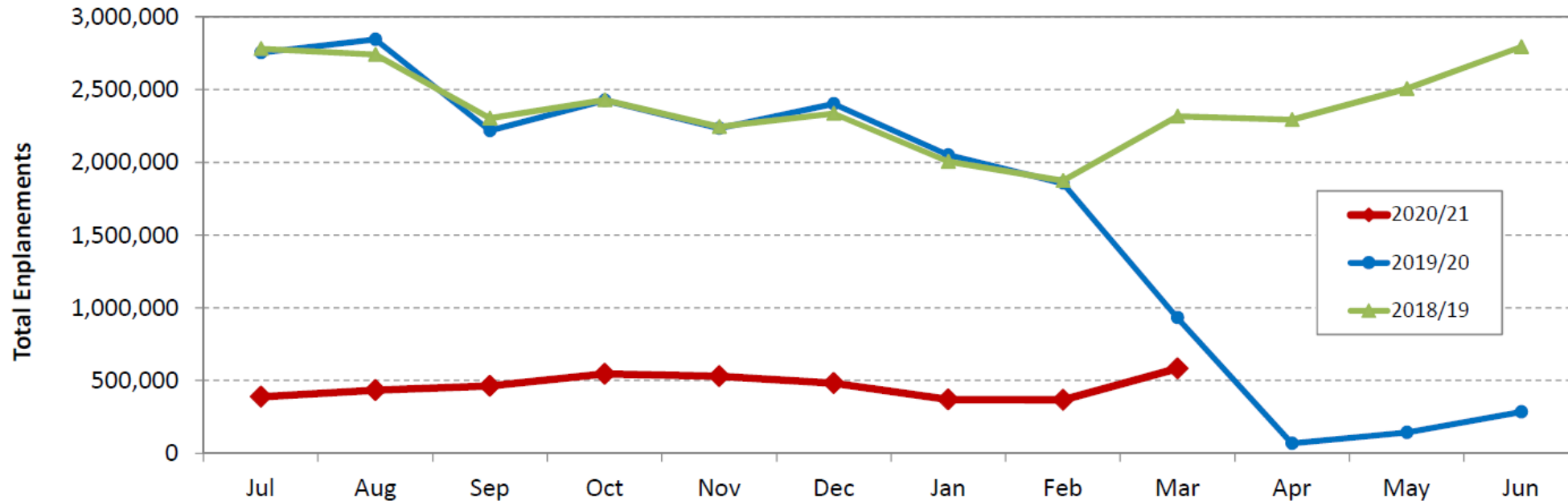
- Delay in current year refunds payable (SB 1431 calamity appeals expired in committee)
- CA Department of Finance rule change on OCII banking redevelopment tax increment
- State Controller's Office guidance on allocation of ERAF to charter schools and definition of redevelopment tax increment.

Nascent Recovery in SFO Enplanements

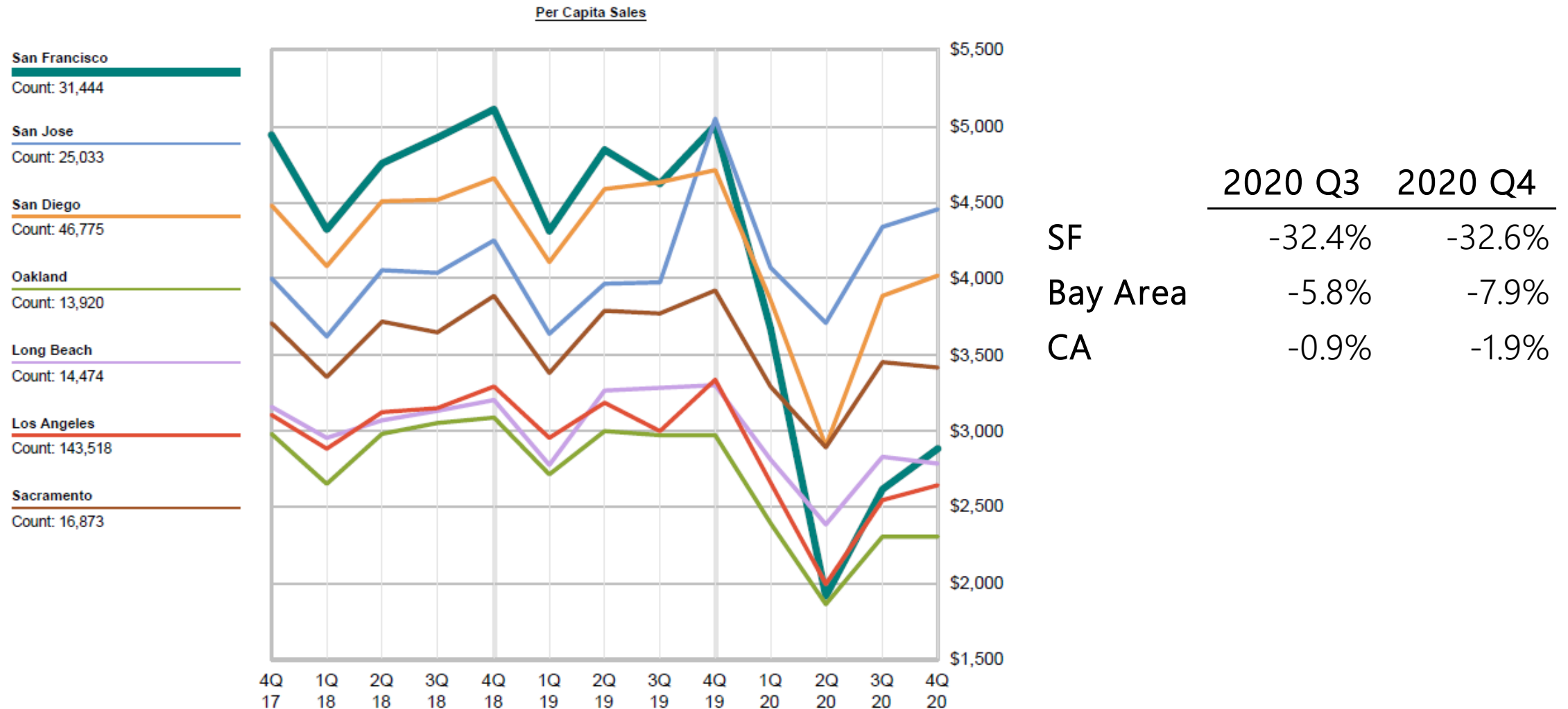
March and Fiscal Year 2020/21 Air Traffic Dashboard

FY 2020/21 vs. 2019/20 Enplanements

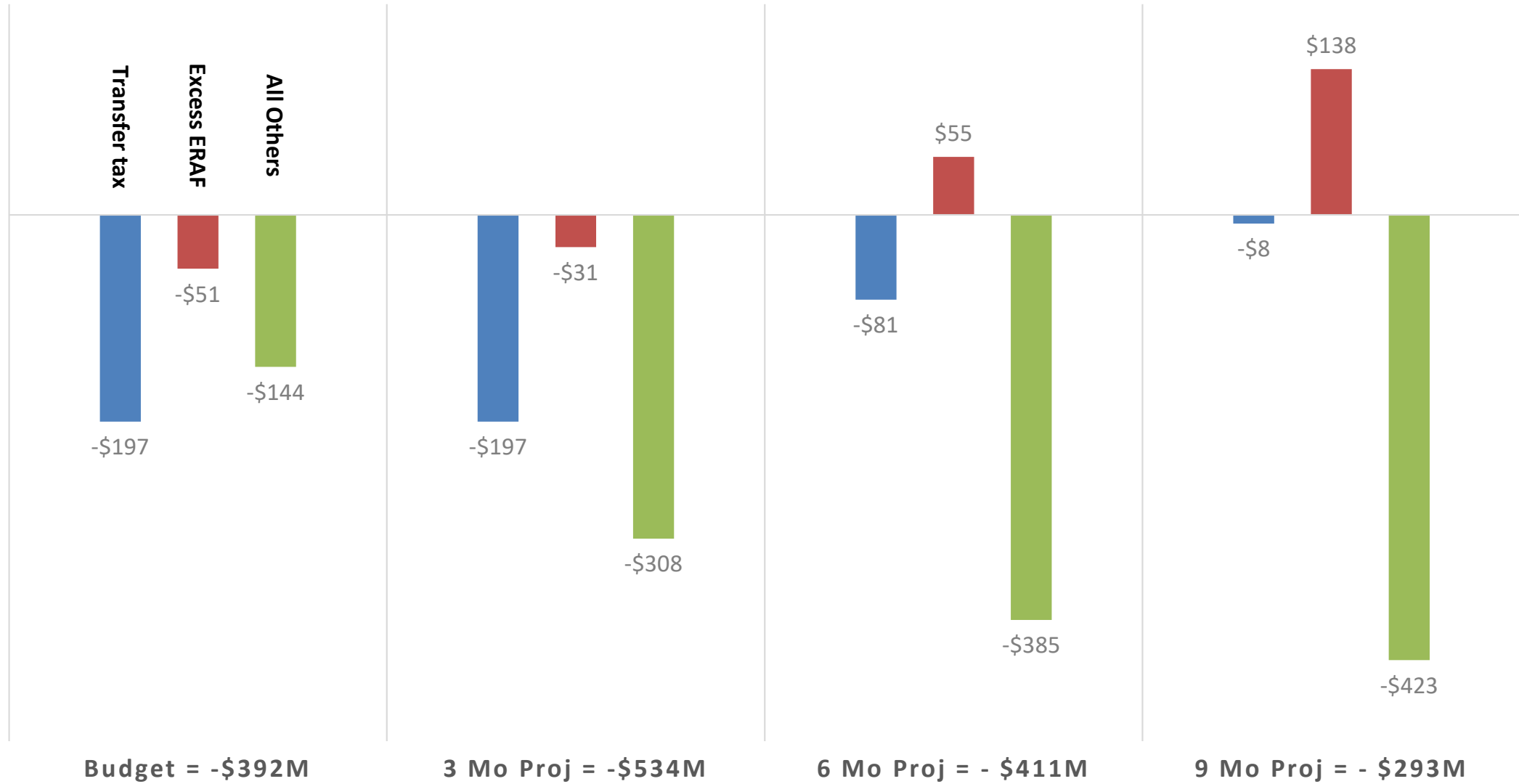
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2020
Domestic	-82.9%	-82.1%	-74.3%	-73.1%	-72.3%	-77.4%	-79.1%	-77.5%	-27.3%				-75.2%
International	-94.5%	-92.4%	-91.4%	-90.0%	-87.5%	-86.6%	-89.6%	-89.2%	-70.5%				-89.5%
Total	-85.9%	-84.7%	-79.1%	-77.5%	-76.3%	-79.9%	-82.0%	-80.1%	-37.4%				-78.9%



Sales Tax Results Show Importance of Visitors



Citywide Revenue Changes vs. Prior Year Actuals (\$M)



Department Surplus +\$29M from 6-Month

	Revenue Surplus / (Shortfall)	Uses Savings / (Deficit)	Net Surplus / (Shortfall)
Net Shortfall Departments			
Recreation and Park	(9.5)	6.1	(3.4)
Fire Department	(7.4)	-	(7.4)
Public Works	(4.1)	1.0	(3.1)
All Other	(8.0)	4.5	(3.6)
Subtotal, Net Shortfall	(29.0)	11.6	(17.5)
Net Surplus Departments			
Public Health	83.6	0.2	83.8
Human Services Agency	1.0	32.8	33.8
Homelessness & Supportive Housing	-	6.8	6.8
General City Responsibility	2.0	-	2.0
Superior Court	-	1.9	1.9
City Administrator	(2.3)	4.0	1.7
Mayor	-	1.6	1.6
All Other	(17.0)	23.0	6.0
Subtotal, Net Surplus	67.3	93.3	143.6
TOTAL	38.3	104.9	120.3

COVID Emergency Response

- **Projected General Fund Balance of \$53.0 million**
 - Down \$24.3 million from Six-Month Report
 - Available for continuing COVID response in FY 2021-22
- **FEMA Claims Timeline**
 - We project that the City will have incurred FEMA-eligible costs totaling \$462.4 million by the end of this fiscal year, including \$77.3 million incurred in the prior fiscal year.
 - The City has submitted claims of \$154.9 million to date, of which FEMA has approved and obligated \$23.7 million.
 - The balance of \$438.7 million remains subject to both timing and approval risks.

Baselines, Other Funds, & Reserves

- Surpluses in funds fed by General Fund discretionary revenue

Children's Fund, Public Education, Library Preservation, Open Space

- Revenue shortfalls elsewhere offset by operating savings

Convention Facilities, Gas Tax, Hotel Tax for Arts, Museum Admissions, and all operating funds of the Airport, MTA, Port and PUC.

- No significant changes to reserves since our prior projection

Current Year Risks & Issues

- Key risks to monitor

- FEMA claiming, obligations, & disallowances
- ARPA stimulus payments
- Business tax

- Next reporting

Update future year revenue forecasts given this latest current year information

Reserves

	FY19-20	FY 2020-21			FY 2021-22			Note
	Ending Balance	Deposits	Withdrawals	Projected Ending Balance	Deposits	Withdrawals	Projected Ending Balance	
General Reserve	78.5	-	(0.2)	78.3	6.8	-	85.2	1
Rainy Day Economic Stabilization City Reserve	229.1	-	(114.5)	114.5	-	(57.3)	57.3	2
Budget Stabilization Reserve	307.8	-	(42.0)	265.8	-	(130.6)	135.2	3
Subtotal Economic Stabilization Reserves	536.8	-	(156.5)	380.3	-	(187.9)	192.4	
Percent of General Fund Revenues	10.0%			6.9%			3.3%	
COVID Response and Economic Loss Reserve	507.4	-	-	507.4	-	-	507.4	4
Budget Stabilization Reserve - One Time Reserve	54.8	-	-	54.8	-	-	54.8	3
Business Tax Stabilization Reserve	-	149.0	-	149.0	-	(149.0)	-	5
Public Health Management Reserve	111.1	-	(51.7)	59.5	-	-	59.5	6
Rainy Day Economic Stabilization SFUSD Reserve	34.5	-	(33.5)	1.0	-	-	1.0	2
Recreation & Parks Savings Incentive Reserve	0.8	-	-	0.8	-	-	0.8	
Free City College Reserve	2.0	-	-	2.0	-	-	2.0	
Mission Bay Transportation Improvement Fund - Overlapping Event Reserve	1.0	-	-	1.0	-	-	1.0	
Urgent Needs Reserve	-	6.5	-	6.5	-	-	6.5	
Hotel Tax Loss Contingency Reserve	-	6.0	-	6.0	-	-	6.0	
Subtotal	711.7	161.5	(85.2)	788.0	-	(149.0)	639.0	
Annual Operating Reserves								
Litigation Reserve	49.2	11.0	(60.2)	-	11.0	(11.0)	-	
Salary and Benefits Reserve	25.4	23.5	(48.8)	-	35.5	(35.5)	-	7
Annual Operating Reserves	74.6	34.5	(109.0)	-	46.5	(46.5)	-	
Total, All Reserves	1,323.1	196.0	(350.7)	1,168.4	46.5	(383.4)	831.5	

COVID Emergency Response

Department - Project	Revised Budget				9-Month Projections				Surplus/ (Deficit)		
	Exp	FEMA	Special Rev	General Fund	Exp	FEMA	Special Rev	General Fund	General Fund	Special Rev	Total
FY 2019-20 Increased FEMA Reimbursement									16.5	1.8	18.3
DEM - COVID Command, Joint Info & Oth.	15.5	7.7	-	7.7	17.9	16.4	-	1.5	6.2	-	6.2
DEM/DPH - Vaccination	3.4	3.4	-	-	26.8	26.8	-	-	-	-	-
DPH - Isolation & Quarantine	19.5	8.3	-	11.2	22.3	7.4	-	14.9	(3.7)	-	(3.7)
DPH - PPE & Scarce Resources	63.6	-	-	63.6	35.7	-	22.8*	12.9	50.7	-	50.7
DPH - Testing	63.0	28.0	-	35.1	57.8	38.5	-	19.3	15.8	-	15.8
DPH - All Other	125.2	41.9	7.0	76.3	126.3	60.6	7.0	58.7	17.7	-	17.7
DPW - Expanded Pit Stops & Oth.	17.5	8.0	-	9.5	14.1	3.3	-	10.8	(1.3)	-	(1.3)
HOM - SIP Hotels	278.9	196.9	77.0	5.0	212.8	194.8	18.0	-	5.0	59.1	64.0
HOM - RVs, Shelter & Safe Sleeping	52.1	19.5	28.0	4.6	36.6	6.4	26.9	3.3	1.3	1.1	2.4
HOM - Medical Support, Staffing, Oth.	9.5	7.3	0.4	1.8	1.3	-	0.4	0.9	0.9	-	0.9
HSA - Feeding	74.5	25.8	3.9	44.8	81.1	30.9	2.5	47.7	(2.9)	-	(2.9)
Subtotal									106.1	62.0	168.2
<i>Offset for Potential Claiming and Disallowances</i>						(53.1)			(53.1)	-	(53.1)
<i>Available for Continuing COVID Response</i>									(53.0)	(62.0)	(115.0)
Total	722.7	346.8	116.3	259.5	632.6	332.0	77.6	169.9	0.0	-	0.0