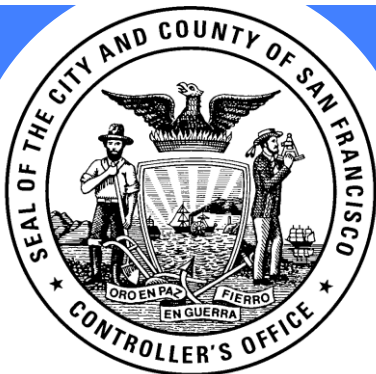


FY 2021-22 Six Month Budget Status Report



CITY & COUNTY OF SAN FRANCISCO

Office of the Controller

02.16.2022

Summary

	Prior Projection	6-Month	Change
A. Prior Year Fund Balance Above Budgeted Levels	31.8	31.8	-
Citywide Revenue	9.9	(5.4)	(15.4)
Baseline Contributions	(35.4)	(26.6)	8.8
Departmental Operations	31.1	77.8	46.7
B. Current Year Revenues and Expenditures	5.7	45.8	40.1
General Reserve Appropriated - Source	-	9.4	9.4
Fiscal Cliff Reserve Appropriated - Source	-	64.2	64.2
Supplemental Appropriations - Expenditures	-	(73.6)	(73.6)
FY 2021-22 Mid-Year Appropriation of Fund Balance	-	(7.4)	(7.4)
C. Approved Supplementals + Mid-Year Appropriations	-	(7.4)	(7.4)
Use of Business Tax Prepayment Reserve	26.0	26.0	-
D. Withdrawals from / (Deposits) to Reserves	26.0	26.0	-
E. FY 2021-22 Projected Ending Balance	63.4	96.2	32.7

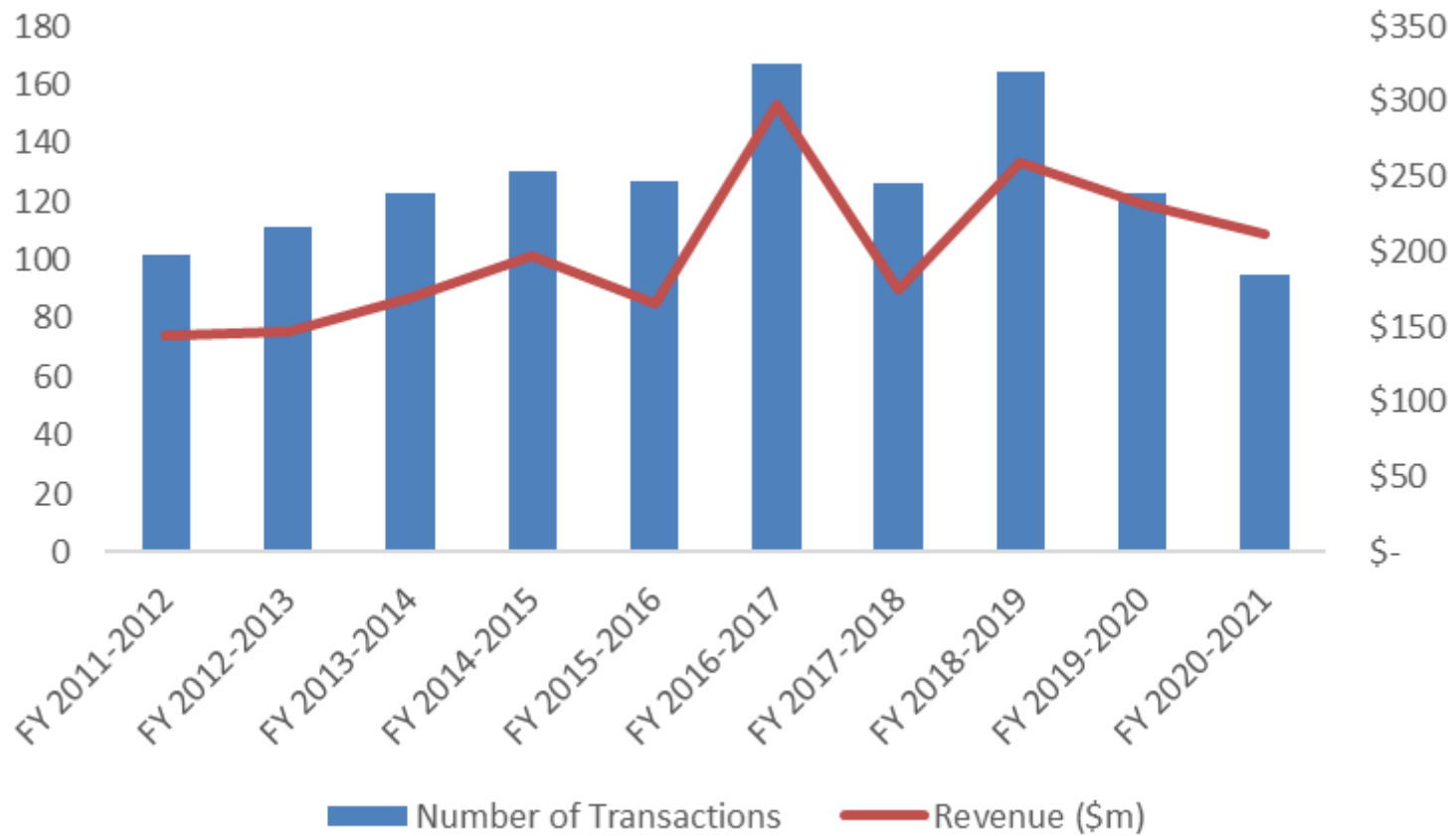
Summary

- Overall improvement of \$32.2 million, resulting in a projected General Fund ending balance of \$96.2 million
- Net revenue reduction of \$15.4 million as higher transfer taxes and airport concession revenues are offset by the use of \$48.2 million FEMA revenue.
- \$46.7 million improvement in departments' net operating balances, primarily because of revenue improvements in the Department of Public Health and Human Services Agency, partially offset by emergency response and public safety department cost overages
- High levels of staff absences due to the recent Omicron surge and ongoing vacancies across departments have resulted in the use of overtime, temporary and contract staff.
- Projections include estimated costs of COVID response through year end, including additional need of \$10.1 million in Public Health.
- Projections do not include the cost to backfill extended COVID sick leave of up to 80 hours, projected at \$11.6 million - \$18.6 million, not including costs at the hospitals.

Revenues

	Actuals	Budget	5-Yr	6-Mo	Vs Budget	Vs 5-Yr
Property Taxes	2,344.0	2,115.6	2,217.5	2,217.5	101.9	-
Property Tax	1,974.0	1,870.6	1,955.0	1,955.0	84.4	-
Excess ERAF	369.9	245.0	262.5	262.5	17.5	-
Business Taxes	722.6	957.1	885.4	878.4	(78.7)	(7.0)
Sales Tax - Local 1%	146.9	145.7	174.9	174.8	29.0	(0.1)
Hotel Room Tax	33.2	78.5	120.2	114.0	35.5	(6.2)
Utility User & Access Line Taxes	126.1	127.3	138.2	134.6	7.3	(3.6)
Parking Tax	47.6	55.9	66.9	66.9	11.0	-
Real Property Transfer Tax	344.7	350.1	418.2	459.0	108.8	40.7
Sugar Sweetened Beverage Tax	10.4	12.2	12.2	11.6	(0.6)	(0.6)
Stadium Admissions Tax	0.2	3.6	3.6	3.6	-	-
Cannabis Tax	-	4.4	-	-	(4.4)	-
Franchise Taxes	14.9	14.3	14.3	14.3	-	-
Interest Income	31.7	36.2	24.3	24.3	(11.9)	-
FEMA Disaster Relief	(22.3)	164.6	249.0	249.0	84.4	(48.2)
ARPA	312.4	324.8	12.4	12.4	(312.4)	-
Public Safety Realignment	38.4	51.5	58.5	58.8	7.3	0.3
Public Safety Sales Tax	105.0	82.0	88.9	91.5	9.5	2.6
Airport Transfer In	15.0	23.0	23.0	29.7	6.7	6.7
Commercial Rent Tax Transfer In	74.1	32.8	34.0	34.0	1.2	-
Total Citywide Revenues	4,344.7	4,579.7	4,541.4	4,574.3	(5.4)	(15.4)

Property Transfer Tax: Transfers >\$10M



Departments

	Revenue Surplus / (Shortfall)	Uses Savings / (Deficit)	Net Surplus / (Shortfall)
Fire Department	(0.4)	(19.1)	(19.5)
Police	-	(8.0)	(8.0)
Public Works	(4.1)	0.1	(4.0)
Sheriff	(0.1)	(1.7)	(1.8)
Other	(1.4)	0.1	(1.4)
Subtotal Departments with Net Sho	(6.0)	(28.6)	(34.7)
Public Health	64.1	(10.1)	53.9
Human Services Agency	14.1	32.0	46.0
City Administrator	(2.5)	4.9	2.4
Superior Court	-	2.3	2.3
Sheriff Accountability	-	1.0	1.0
City Attorney	(7.0)	8.0	1.0
Ethics Commission	-	1.0	1.0
Subtotal Departments with Net Surp	68.6	39.0	107.6
All Other	(14.7)	19.5	4.8
Total	47.9	29.9	77.8

Employee Absences and Position Vacancies

- Record absences during December-January Omicron surge resulted in the costly use of overtime, temporary, and contract employees to staff critical health and safety functions.
- Absences exacerbate widespread staffing shortfalls that have built over the course of the pandemic, starting with hiring freezes in early 2020 and growing since then due to the tight labor market and shift of human resources staff time toward implementation of health and safety measures
- Aside from service degradation and high employee leave balances, costs include worker's compensation expenditures over budget by \$11.4 million:

Fire	(4.5)
Public Health	(3.1)
Sheriff	(1.9)
Recreation & Parks	(1.3)

Emergency Response Budgets

COVID Emergency Response

- \$164.6 million FEMA revenue appropriated for FY 2021-22 to date:

Original Budget	49.5
November 2021 SIP	40.2
December 2021 SIP	26.8
January 2022 Public Safety, RTR	48.2
FEMA Appropriations	164.6

- Supplemental appropriation of \$32.3 million state Project RoomKey revenue pending approval at the Board is assumed approved.

Tenderloin Emergency Response

- \$7.4 million FY 2020-21 ending balance appropriated for community outreach and ambassador expenditures at the Department of Economic + Workforce Development.
- \$2.0M million of COVID budget in Department of Emergency Management transferred to Tenderloin Emergency.

Key Current Year Uncertainties

- Shape of the pandemic and pace economic recovery.
- Economically sensitive revenues, including business and hotel taxes, remain subject to high levels of uncertainty given the course of the pandemic and reopening efforts.
- March projections will reflect updated information about the recovery of the hospitality industry and downtown office-using sectors.

Coming Updates

- March: Five Year Financial Plan budget forecast update
- May: Update to current year projections (Nine-Month Report)