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Six-Month Budget Status Report Update



CITY & COUNTY OF SAN FRANCISCO

Office of the Controller

3.15.2018

General Fund Overview

- Projected FY 2017-18 ending balance of \$419.3 million is an improvement of \$61.6 million versus the assumptions contained in the December 2017 update to the Five Year Financial Plan.
- Total FY 2018-19 and FY 2019-20 shortfall reduced from \$261.6 million to \$200.0 million.
- Improvement is largely driven by overall property and business tax growth beyond budget, offset by sales, hotel and property transfer tax weakness. Increases in patient census and Medi-Cal expansion population are driving increases in Public Health Revenue.
- No projected deposits to the Rainy Day Reserve, Budget Stabilization Reserve, or Recreation and Park Savings Incentive Reserve.
- Economic reserves, including the Budget Stabilization Reserve and the City's portion of the Rainy Day Reserve, are projected to total 9.3% of General Fund revenues versus the 10% target.

General Fund Citywide Revenue Projections

\$ Millions

	Revised Budget	6-Month Projection	Surplus (Shortfall)
Property Taxes	1,557.0	1,624.0	67.0
Business Taxes	750.8	800.4	49.6
Sales Tax - Local 1% and Public Safety	301.6	293.9	(7.6)
Hotel Room Tax	372.3	368.6	(3.8)
Utility User & Access Line Taxes	149.3	149.8	0.5
Parking Tax	82.2	83.4	1.3
Real Property Transfer Tax	300.0	288.0	(12.0)
Sugar Sweetened Beverage Tax	7.5	7.5	-
Interest Income	18.2	24.4	6.2
Public Safety Realignment	41.3	37.6	(3.8)
Motor Vehicle In-Lieu and All Other	-	-	-
Stadium Admissions Tax	1.4	1.2	(0.2)
Franchise Taxes	17.2	17.3	0.1
Airport Transfer-In	45.6	45.3	(0.3)
Total Citywide Revenues	3,644.3	3,741.4	97.1

Baseline Transfers and Property Tax Set-Asides

\$ Millions

	Original Budget	6-Month Projection	Variance
Aggregate Discretionary Revenues (ADR)	3,411.3	3,496.8	85.5
MTA Baseline 9.2% ADR	313.6	321.4	7.9
MTA Population Change Baseline	39.1	43.3	4.3
80% Parking Tax In-Lieu Transfer to MTA	65.7	66.7	1.0
MTA Baseline Transfers	418.4	431.5	13.1
Library Baseline 2.3% ADR	78.0	77.3	(0.7)
Public Education Fund Baseline 0.3% ADR	4.9	5.1	0.1
Total Baseline Transfers	501.3	513.9	12.5
Children's Fund	86.4	89.7	3.3
Open Space Fund	57.6	59.8	2.2
Library Preservation Fund	57.6	59.8	2.2
Total Property Tax Set-Asides	201.5	209.3	7.8
Total Baseline Transfers and Property Tax Set-Asides	702.88	723.18	20.30

Departmental Projections

\$ Millions

	Revenue Surplus / (Shortfall)	Uses Savings / (Deficit)	Net Surplus / (Shortfall)
Net Shortfall Departments			
Fire Department	(1.1)	-	(1.1)
City Attorney	(0.2)	(0.3)	(0.5)
Subtotal Departments with Net Deficits	\$ (1.3)	\$ (0.3)	\$ (1.6)
Net Surplus Departments			
Public Health	37.1	(5.0)	32.2
General City Responsibility	-	1.1	1.1
Human Services	(27.4)	28.3	0.9
Homelessness & Supportive Housing	-	0.9	0.9
Board of Supervisors	(0.0)	0.7	0.6
Juvenile Probation	(0.4)	1.0	0.6
Other Net Surplus	(13.2)	14.1	1.0
Subtotal Departments with Net Surplus	\$ (3.9)	\$ 41.1	\$ 37.2
TOTAL	\$ (5.2)	\$ 40.8	\$ 35.6

Supplemental Appropriations

- \$1.3 million approved for immigration-related legal services
- \$2.5 million proposed for street and sidewalk cleaning
- Reappropriation of savings within Emergency Management, Police and Sheriff to cover increased overtime expenditures.
- Reappropriation of savings within the Department of Public Health to address projected salary over-expenditures at Zuckerberg San Francisco General Hospital.

Projection Uncertainty

- Continued fluctuations in transfer and business taxes, and economically sensitive hotel, sales and parking tax revenues.
- Volatility among revenue sources at Zuckerberg San Francisco General Hospital, with increases in net patient and capitation revenues, offset by a shortfall in the Medi-Cal waiver program.
- Unknown net effects of federal tax reform, limits to state and local tax exemptions that may impact residents' discretionary spending.

Upcoming Reports

- Late March: Update to the Five Year Financial Plan projections prepared by the Mayor, Budget Analyst and Controller's Office for FY 2018-19 through FY 2021-22.
- Early May: FY 2017-18 budget status updated in the Controller's Nine-Month Report.

Questions?

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