



June 24, 2016

Re: Technical adjustments to the Mayor's Proposed Budget #3

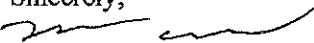
Dear Supervisor Farrell,

Per Charter Section 9.101, I am submitting the following technical adjustments to the Mayor's Proposed Budget for FY 2016-17 and FY 2017-18. These adjustments include:

- I. Increasing the size of the City's budget by \$16.0 million as a result of the following updates, of which \$12.9 million is revenue separate from savings identified by the Budget and Legislative Analyst:
- A one-time increase of \$9.5 million in realignment revenue received in FY 2016-17 by Zuckerberg San Francisco General Hospital related to repayment of Affordable Care Act implementation savings previously retained by the state.
 - Downward adjustments in hotel tax revenue of \$2.7 million and \$4.0 million in FY 2016-17 and FY 2017-18, respectively, due to the estimated impact of updated information on hotel bookings during the closure of Moscone facilities in mid-2017.
 - An increase in prior year fund balance due to \$1.9 million in additional utility user tax revenue available after successful resolution of litigation during FY 2015-16.
 - Application of required baseline and General Reserve allocation rules decreases available revenues by \$0.2 million in FY 2015-16, and increases available revenues by \$0.9 million in FY 2016-17, and \$0.7 million in FY 2017-18.
 - Appropriating \$278,534 in General Fund Budget Stabilization Incentive Reserve (BSIR).
 - Additional year-end savings identified by the Budget and Legislative Analyst totaling \$3,117,541, of which \$ 2,913,683 is General Fund and \$203,859 is Non-General Fund.
 - Additional current year project closeouts, in the amount of \$3.5 million, and cost neutral adjustments to fund balance between fiscal years, to facilitate Budget and Finance Committee budget adjustments.
 - Reallocating project funding from the Department of Technology to the Mayor's Office of Housing and Community Development to ensure funding is budgeted at the department most appropriate to administer particular programs.
 - The Controller's Office has updated projections of the value of a 0.75% transactions and use tax proposed for the November 2016 ballot based on updated information about the tax base. These updates increase revenue projections by \$599,400 in FY 2016-17 and \$2,464,200 in FY 2017-18.

In addition, the balance of the Mayor's Technical Adjustment Reserve, \$4,750,000, is available for appropriation.

Sincerely,


Melissa Whitehouse
Mayor's Budget Director, Acting

cc: Members of the Budget and Finance Committee
Harvey Rose, Budget and Legislative Analyst
Ben Rosenfield, Controller