



MEMORANDUM

TO: Mayor Edwin Lee
Members of the Board of Supervisors

FROM: Ben Rosenfield, Controller
Melissa Whitehouse, Mayor's Budget Director
Severin Campbell, Budget & Legislative Analyst's Office

DATE: March 23, 2017

SUBJECT: The City's Five Year Financial Plan Update

Executive Summary

- This memo summarizes our offices' current projections of the City's General Fund revenues and expenditures for the coming five fiscal years, through Fiscal Year (FY) 2021-22. The projection updates the Plan that was jointly prepared in December 2016.
- As was the case in the December projection, projected expenditure growth will exceed revenue growth in all years, resulting in growing shortfalls during the forecast period. The Charter requires the City to balance each fiscal year's budget, and to the extent ongoing solutions are adopted in that process, shortfalls in future years will be reduced accordingly.
- This projection shows a \$288 million cumulative shortfall for the upcoming two fiscal years – the period for which the City is required to adopt a two-year budget in coming months. This represents an improvement of \$60 million versus the \$348 million projected following issuance of the Controller's Six Month Budget Status Report in February. These changes are detailed in the report, but are primarily driven by lower projected spending on debt service in the early years of the forecast.
- While the shortfalls during the first two years of the forecast have declined, those projected in out years of the forecast have increased. The shortfall for FY 2021-22, the final year of the projection, has increased from \$848 million in the December projection to \$907 million currently. These increases are driven primarily by increasing estimates of inflation during the five year period.
- Importantly, these forecasts do not assume any losses of federal or state revenues (except for formula-driven CalWORKS reductions), which together account for approximately 20% of City revenues. Although proposals that would have a significant negative impact on the City budget are pending at both the state and federal level, it is unclear which will ultimately be adopted and what the specific impacts will be. Our offices will continue to keep a close watch on potential state and federal budget changes over the coming months.

Five Year Financial Plan Update

On December 16, 2016, the Proposed Five Year Financial Plan for FY 2017-18 through FY 2021-22 was jointly released by the Controller’s Office, Mayor’s Office, and Board of Supervisors Budget and Legislative Analyst’s Office. This memo updates the Plan with the most recent information on the City’s fiscal condition.

The cost of City services is projected to outpace revenue growth. Total expenditures are projected to grow by \$1.4 billion over the next five years, which represents an increase of 30% over FY 2016-17 budgeted spending levels. In contrast, available General Fund sources are projected to grow 11%, or \$541.3 million over the same period. If the City does not take corrective action, the projected gap between revenues and expenditures will rise from \$87.1 million in FY 2017-18 to approximately \$907.4 million in FY 2021-22, as shown in Table 1 below.

**Table 1: Updated Base Case – Summary of FY 2018-22 General Fund-Supported
Projected Budgetary Cumulative Surplus / (Shortfall) (\$ in millions)**

Five Year Projection:	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	% Growth
<i>SOURCES Increase / (Decrease)</i>	170.4	399.1	296.8	428.0	541.3	
Baselines & Reserves	(54.1)	(112.2)	(150.8)	(190.2)	(213.6)	15%
Salaries & Benefits	(135.3)	(272.9)	(446.0)	(608.4)	(732.0)	51%
Citywide Operating Budget Costs	(48.7)	(182.7)	(268.4)	(362.3)	(450.6)	31%
Departmental Costs	(19.3)	(31.8)	(43.6)	(40.8)	(52.4)	4%
<i>USES Increase / (Decrease)</i>	(257.5)	(599.6)	(908.8)	(1,201.7)	(1,448.7)	100%
Projected Cumulative Surplus / (Shortfall)	(87.1)	(200.5)	(611.9)	(773.7)	(907.4)	

Since December, the City has seen changes to its fiscal outlook due to:

- Additional sources identified in the Controller’s FY 2016-17 Six-Month Budget Status Report and a revision of the City’s revenue projections based on recent information;
- Increased inflationary costs, as projected by the California Department of Finance and Moody’s; and
- Changes in projected expenditures for capital improvements, as recommend by the City’s Capital Plan, released in early March 2017.

Background

The Five Year Financial Plan is required under Proposition A, a Charter amendment approved by the voters in November 2009. The City Charter requires the plan to forecast expenditures and revenues during the five year period, propose actions to balance revenues and expenditures during each year of the plan, and discuss strategic goals and corresponding resources for City departments. The Proposed Five Year Financial Plan for FY 2017-18 through FY 2021-22 was jointly released by the Mayor’s Office, Controller’s Office and Budget and Legislative Analyst’s Office on December 16, 2016.

This memo updates projections in that Plan, and also addresses Charter Section 9.101, which requires the Controller to identify whether there will be significant increases in revenues or expenditures in FY 2017-18 for those departments with a fixed two-year budget: the Public Utilities Commission, the Port, the Airport, Child Support Services, and the Employees’ Retirement System. None of these departments are projected to have significant changes to their approved FY 2017-18 budgets.

Changes from the Five Year Financial Plan Projection Released in December 2016

Most of the key assumptions outlined in the Five Year Financial Plan released in December 2016 still apply to this memo, with the changes outlined below. Table 2 identifies changes from the prior plan. The City’s projected deficit decreased incrementally by \$31.9 million in FY 2017-18, decreased by an additional \$51.0 million in FY 2018-19, increased by \$110.1 million in FY 2019-20, increased further by \$33 million in FY 2020-21, and decreased by \$1.3 million in FY 2021-22.

Table 2: Summary Changes to Updated Projected Budgetary Surplus / (Shortfall)

	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22
<i>Incremental Changes To:</i>					
Sources - Revenue and Fund Balance	26.5	44.0	(86.0)	1.2	(4.2)
Uses - Baselines & Reserves	(7.4)	11.3	(4.3)	(0.9)	0.0
Uses - Salaries & Benefits	10.5	(10.3)	(17.9)	(16.7)	0.3
Uses - Citywide Operating Budget Costs	(0.2)	11.3	(4.8)	(18.3)	11.5
Uses Departmental Costs	2.6	(5.3)	2.9	1.7	(6.4)
Total Incremental Change	31.9	51.0	(110.1)	(33.0)	1.3

The changes from the December 2016 projections are described in more detail below:

SOURCES – Revenue and Fund Balance: Projected General Fund sources have increased by \$26.5 million in FY 2017-18 and \$44 million in FY 2018-19, then decreased by \$86 million in FY 2019-20, increased by \$1.2 million in FY 2020-21, and decreased by \$4.2 million FY 2021-22.

- Fund Balance** – On February 10, 2017, the Controller’s Office issued its FY 2016-17 Six-Month Budget Status Report. The report projected the FY 2016-17 ending fund balance to be \$71.8 million above the balance assumed in the Five Year Financial Plan. This update assumes use of this fund balance to be split one-third in FY 2017-18 and two-thirds in FY 2018-19. In addition, this update assumes \$60 million of unappropriated fund balance (“Reserve for Unknown Impacts”) is appropriated and split one-third in FY 2017-18 and two-thirds in FY 2018-19. In the December 2016 Plan, the entire reserve was assumed to be appropriated in FY 2017-18.
- Local Tax Revenue** – Based on input on the City’s underlying economic condition provided during February’s Municipal Finance Advisory Committee (MFAC) meeting as well as six months of collections in the current fiscal year, General Fund revenues are projected to grow faster in FY 2017-18 and slower in subsequent years compared to the December 2016 plan. The revenue increase in FY 2017-18 is due to higher than projected real property transfer and property tax, tempered by weakness in most other local taxes, notably declines in hotel tax. In FY 2018-19 and beyond, transfer tax is expected to return to lower, average historic levels, while other local taxes continue to grow but at even more moderate rates than previously assumed.
- CalWORKs Revenue** – The Human Services Agency anticipates an on-going \$6.6 million decline in State CalWORKs revenues beginning in FY 2017-18 due to statewide declining caseloads. Despite lower caseloads, the City will feel a cost impact because of its robust program which includes supplemental county-funded initiatives. The entire \$6.6 million revenue loss is assumed in the updated deficit projection.

USES – Baselines and Reserves: Increases to projected General Fund sources over the next five years result in corresponding increases to baseline and reserves in all five years except FY 2018-19. These costs increased by \$7.4 million in FY 2017-18, decreased by \$11.3 million in FY 2018-19, increased by \$4.3 million in FY 2019-20 and \$0.9 million in FY 2020-21, and remained steady in FY 2021-22.

- **Baselines** – Net increases in projected revenue increase baseline funding to the Municipal Transportation Agency, Library, Children’s and Public Education Enrichment Fund, Street Tree Maintenance Fund, and other baselines in all years except FY 2018-19.
- **Reserves** – Revenue increases also trigger additional General Reserve deposits. In addition, the Plan reflects replenishment of \$1.5 million to the General Reserve in FY 2017-18 related to the FY 2016-17 supplemental appropriation supporting funds for legal services for immigrants. The update does not assume any deposit to the Budget Stabilization or Rainy Day Reserves.

USES – Salaries and Benefits: Salary and benefit costs decreased by \$10.5 million in FY 2017-18, increased by \$10.3 million in FY 2018-19, increased by \$17.9 million in FY 2019-20, increased by \$16.7 million in FY 2020-21, and decreased by \$0.3 million in FY 2021-22, due to the following changes:

- **Labor Agreements** – Since the Five Year Financial Plan was released in December 2016, the City has reached a contract extension with many of the City’s unions for the upcoming two fiscal years. The contract extension includes salary increases of 3% on July 1, 2017 and an additional 3% increase on July 1, 2018 for most miscellaneous employees. In years where contracts are open, the report continues to assume CPI increases, which are revised in this plan and fully outlined below, including 3.43% in FY 2019-20, 3.19% in FY 2020-21, and 2.76% in FY 2021-22. The contract extension also includes triggers for a six month delay of the raise on July 1, 2018 if the City’s projected deficit for FY 2018-19 exceeds \$200 million.
- **Retirement Benefits – Employer Contribution Rates** – On February 8, 2017 the SFERS Retirement Board approved the results of the July 1, 2016 actuarial funding valuation. These results have been incorporated into this update, resulting in slightly lower SFERS contribution rates paid by the City for miscellaneous employees. Furthermore, on December 21, 2016, the CalPERS Board of Administration approved lowering the CalPERS discount rate assumption, the long-term rate of return, from 7.5% to 7% over the next three years. This memo reflects the contribution increases by the City for CalPERS employees as a result of the discount rate changes beginning in FY 2018-19. The projected rate increases are 1.47% higher in FY 2018-19, 3.27% higher in FY 2019-20, 6.99% higher in FY 2020-21, and 8.87% higher in FY 2021-22.
- **Health and Dental Benefits for Current Employees** – The update includes a revised assumption for the annual growth in health costs for current employees, increasing from 7% growth per year to 8% growth per year. This assumption has been revised due to several factors including the rising cost of pharmaceuticals and uncertainty in healthcare markets.

USES – Citywide Operating Costs: Citywide operating costs increased by \$0.2 million in FY 2017-18, then decreased by \$11.3 million in FY 2018-19, increased by \$4.8 million in FY 2019-20, increased further by \$18.3 million in FY 2020-21, and decreased by \$11.5 million in FY 2021-22. These changes are primarily due to:

- **Updates to the City’s Ten-Year Capital Plan** – Significant changes to Citywide Operating costs are related to the City’s long range capital planning efforts. On February 28, 2017, the City’s Proposed Ten-Year Capital Plan for 2018-2027 was introduced to the Board of Supervisors. The assumptions in the plan are reflected in this update. The changes most significant to this memo are related to the proposed schedule of issuances of Certificates of Participation (COPs), which has varied significantly from the schedule paid out in the previous Ten-Year Capital Plan. The new schedule results in General Fund savings, especially in the upcoming two budget years, as

large COP issuances are pushed further out and result in smaller debt service payments in the near term.

- **Inflation on Non-Personnel Costs** – This update assumes that the cost of materials and supplies, professional services, contracts with community-based organizations and other non-personnel operating costs will increase at the rate of the updated Consumer Price Index (CPI) projection, which results in increases of 3.43% in FY 2018-19 and FY 2019-20, 3.19% in FY 2020-21, and 2.76% in FY 2021-22.
- **Rebalancing Plan Expenditure Update** – This update assumes the full cost of the Mayor’s rebalancing plan that was released in December 2016. This includes funding for homelessness services, street trees, the Free City College program, and immigration services. This Plan also assumes additional costs above the rebalancing plan for the Free City College program and funding for immigration related services at the Public Defender’s Office to reflect later agreements made between the Mayor and the Board of Supervisors.

USES – Departmental Costs: Departmental costs decreased by \$2.6 million in FY 2017-18, increased by \$5.3 million in FY 2018-19, decreased by \$2.9 million in FY 2019-20, decreased by \$1.7 million in FY 2020-21, and increased by \$6.4 million in FY 2021-22. These changes are primarily due to changes related to the Moscone Convention Facility and the Local Operating Support Program (LOSP):

- **Convention Facilities Subsidy** – The estimated General Fund operating cost of the City’s Moscone Convention Center has decreased due to increased fund balance identified in the Controller’s Office Six-Month Report which can be used to decrease the General Fund support needed to operate the facility.
- **Hope SF and Local Operating Support Program** – The projected cost of the City’s Local Operating Support Program (LOSP), which provides operating subsidies and social services at affordable housing developments occupied by formerly homeless individuals, has increased. This is due to shifts in the estimated occupancy dates of upcoming developments as well as changes to the estimates for services provision and operating costs.

Key Factors that Could Affect the Forecast

As with all projections, uncertainties exist regarding key factors that could affect the City’s financial condition:

- **Changes in the Economic Cycle** – This projection assumes the economic recovery and expansion that began in FY 2009-10 will continue through the forecast period and will be reflected in tax revenue increases. The rapid rates of growth experienced in the early part of the recovery have slowed, and in some cases declined, and low rates of growth are expected to persist in the forecast period. Economic growth, and the revenue derived from it, is heavily dependent on changes in employment, business activity, and tourism. Physical and financial constraints are expected to limit this growth. This report does not assume any economic downturns or large changes in macroeconomic conditions; however, given the duration of economic expansions over the last century, it would be an historical anomaly if there were no recession during the forecast period.
- **Federal and State Budget Impacts** – Since December both the Governor and President have released proposed state and federal budgets. Aside from the formula changes to CalWORKS outlined in the revenue section, this report does not assume significant changes in funding at

the state and federal levels. While a number of proposals at both the state and federal levels that would have financial impacts on the City are pending, final legislative adoption of these proposals is uncertain. Additionally, specific federal budget details necessary to more fully estimate the impact on local programs are not yet available. Given this, this projection does not assume potential state and federal losses. However, the table below summarizes several significant pending proposals that are known at this time.

Table 3: Estimated Impacts of Known State and Federal Budget Proposals, Savings / (Cost) (\$ in millions)

	<u>FY 17-18</u>	<u>FY 18-19</u>	<u>FY 19-20</u>	<u>FY 20-21</u>	<u>FY 21-22</u>
State Proposals					
Cancel In-Home Supportive Services (IHSS) Maintenance of Effort (Governor's Proposed Budget)*	(43.4)	(54.9)	(68.4)	(68.4)	(68.4)
Funding for Transportation - Gas Tax and VRF (Senate Bill 1)	34.5	38.5	40.0	40.0	40.0
Federal Proposals					
Mayor's Office of Housing: Eliminate Community Development Block Grants (CDBG) and HOME Investment Partnerships Program Grants	-	(20.6)	(20.6)	(20.6)	(20.6)

* These estimates are subject to increase based on caseloads, wages, and other inflationary drivers, particularly in the later years of this projection.

- *State Budget* – On January 10, 2017, the Governor submitted a proposed budget to the California legislature. Based on the proposal, this projection assumes the formula-driven loss of \$6.6 million of revenue, related to decreased statewide CalWORKs caseloads. It does not assume the adoption of any other state budget proposal due to uncertainty. However, there are two proposals which would have a significant impact to the City should they be adopted in their current form: the elimination of the In-Home Supportive Services Maintenance of Effort (IHSS MOE) and the Transportation Funding legislation (SB1).

Eliminating the IHSS MOE, which was put in place in 2012 as part of the Coordinated Care Initiative (CCI), would shift \$43.4 million of costs from the State to the City in FY 2017-18, with growing costs in future years. Since 2012, the IHSS program costs have grown significantly as a result of: impacts of minimum wage laws (state or local); caseload growth (7% per year recently); medical inflation; and administrative cost increases. If the MOE is eliminated and returned to a cost sharing model, the City will have to pay for the full impact of these costs that have grown in the past five years. At this time, the Governor has indicated willingness to work with counties on the implementation of this policy change and the State Assembly has put forward a proposal that would mitigate the impact of the policy changes on counties.

Proposed Transportation Funding legislation (SB 1 Beall) would raise on-going funds through increased gas and diesel taxes, vehicle registration fee adjustments, a new vehicle registration fee for zero-emissions vehicles, and restoring weight fees. Additionally, the legislation accelerates the repayment of outstanding loans to counties, a one-time source. If adopted, these funds would support road and bridge repairs, as well as transit. As proposed, once fully phased in, the local impact is estimated to be \$40 million annually.

- *Federal Budget* – On March 16, 2017, the President released a preliminary budget blueprint (“skinny budget”), which proposed reductions to numerous federal agencies to fund growth

primarily at the Department of Defense and Department of Homeland Security. The proposed budget eliminates Community Development Block Grants and HOME Investment Partnership Program Grants, which would reduce City spending by \$20.6 million starting in FY 2018-19 if enacted as proposed.

On January 25, 2017 the President issued Executive Order 13,768 entitled, “Enhancing Public Safety in the Interior of the United States,” which proposes to withhold funds to “sanctuary jurisdictions.” Additionally, Congress is currently proposing legislation to “repeal and replace” the Affordable Care Act (ACA).

Changes to the ACA could significantly impact the Department of Public Health, the City’s safety net care provider. This update does not include assumptions about any federal budget proposals due to lack of concrete details and significant uncertainty regarding outcome; however, there is great reason to believe some reductions will move forward in the near term.

Conclusion

As noted above, after several years of higher than expected revenue growth, revenues in this update have changed only marginally from December projections, and future growth is curbed by housing, transportation, and other infrastructure constraints. While property-related revenues remain strong, economically sensitive sources, such as hotel, sales and parking taxes, are experiencing slow to negative growth. This shift, coupled with great uncertainty from the state and federal budgets, results in real downside risk to the City’s financial outlook.

While the projected shortfalls shown in the Proposed Five Year Financial Plan and this updated memo reflect the difference in projected revenues and expenditures if current service levels and policies continue, San Francisco’s Charter requires that each year’s budget be balanced. Balancing the budgets will require some combination of expenditure reductions and additional revenues. These projections assume no ongoing solutions are implemented. To the extent that budgets are balanced with ongoing solutions, future shortfalls will decrease.

**Appendix A: Updated Base Case – Key Changes to General Fund-Supported
Sources & Uses FY 2018-22 – INCREMENTAL CHANGE**

This appendix provides an updated version of Table 4 from the December Five Year Financial Plan.

Table A-1 Base Case Projection - Year-Over-Year Change

	2017-18	2018-19	2019-20	2020-21	2021-22
SOURCES Increase / (Decrease)					
General Fund Taxes, Revenues and Transfers net of items below	205.5	83.8	122.9	107.0	102.8
Change in One-Time Sources	(95.0)	99.9	(199.9)	-	-
Use of Reserves for One-time Impacts	20.0	20.0	(40.0)	-	-
Children's Fund Property Tax Setaside Revenue	13.6	9.7	3.4	3.2	3.4
Department of Public Health Revenues	(1.4)	7.3	6.8	14.3	2.7
OCII Tax Increment	(11.4)	(3.0)	(2.8)	1.5	(0.0)
November 2016 Election and Rebalancing Plan - Revenues (net of baselines)	37.0	5.7	(0.0)	(0.0)	-
Other General Fund Support	2.2	5.4	7.4	5.2	4.3
TOTAL CHANGES TO SOURCES	170.4	228.8	(102.3)	131.2	113.3
USES Decrease / (Increase)					
Baselines & Reserves					
Municipal Transportation Agency (MTA) Baselines	(15.7)	(12.9)	(17.7)	(17.2)	(13.3)
MTA New Central Subway	-	(10.4)	(3.5)	(0.4)	(0.4)
Children's Fund and Public Education Enrichment Fund	(20.1)	(20.4)	(12.7)	(9.4)	(9.8)
Housing Trust Fund	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)
Dignity Fund	(6.0)	(3.0)	(3.0)	(3.0)	(3.0)
Recreation and Parks Baseline	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)
All Other Baselines	(5.1)	(2.8)	(3.5)	(3.0)	(2.9)
Deposits to General Reserve	3.9	2.6	(1.5)	(0.2)	12.3
Other Contributions to Reserves	(5.3)	(5.5)	9.1	(0.5)	(0.5)
Subtotal Baselines & Reserves	(54.1)	(58.1)	(38.5)	(39.5)	(23.3)
Salaries & Benefits					
Annualization of Partial Year Positions	(20.3)	-	-	-	-
Previously Negotiated Closed Labor Agreements	(77.6)	(62.9)	-	-	-
Projected Costs of Open Labor Agreements	-	(28.9)	(104.3)	(103.9)	(88.8)
Health & Dental Benefits - Current & Retired Employees	(24.9)	(33.2)	(36.5)	(36.8)	(39.6)
Retirement Benefits - Employer Contribution Rates	(21.2)	(12.7)	(12.3)	(30.8)	5.9
Other Salaries and Benefits Savings / (Costs)	8.8	-	(19.9)	9.1	(1.1)
Subtotal Salaries & Benefits	(135.3)	(137.6)	(173.0)	(162.4)	(123.6)
Citywide Operating Budget Costs					
Minimum Wage	(6.7)	(10.3)	(3.2)	(0.6)	(0.6)
Capital, Equipment, & Technology	29.7	(40.8)	(10.7)	(12.8)	(23.1)
Inflation on non-personnel costs and grants to non-profits	(21.1)	(52.5)	(45.4)	(44.3)	(40.8)
Debt Service & Real Estate	(6.7)	(14.5)	(17.7)	(30.8)	(18.9)
Sewer, Water, and Power Rates	(1.9)	(4.3)	(1.5)	(1.6)	(1.5)
November 2016 Election and Rebalancing Plan - Expenditures	(42.4)	(8.5)	(3.9)	(0.6)	(0.6)
Other Citywide Costs	0.3	(3.2)	(3.5)	(3.2)	(2.9)
Subtotal Citywide Operating Budget Costs	(48.7)	(134.0)	(85.7)	(93.8)	(88.4)
Departmental Costs					
City Administrator's Office - Convention Facilities Subsidy	(9.6)	2.1	11.2	-	-
Elections - Number of Scheduled Elections	(0.8)	(0.3)	(5.4)	4.8	(0.3)
Ethics Commission - Public Financing of Elections	(1.3)	0.7	(0.7)	(0.0)	(0.0)
Golden State Warriors Event Center	0.7	(0.1)	(7.7)	(0.3)	(0.3)
Mayor's Office of Housing - HOPE SF and Local Operating Subsidy	(1.5)	(3.8)	(3.6)	(3.8)	(7.6)
Human Services Agency - Aid	(5.3)	(3.1)	(3.5)	(3.3)	(3.6)
Public Health - Operating and one-time costs for capital projects	(6.8)	(6.1)	0.0	8.6	0.8
All Other Departmental Savings / (Costs)	5.3	(1.9)	(2.1)	(3.1)	(0.6)
Subtotal Departmental Costs	(19.3)	(12.5)	(11.9)	2.8	(11.6)
TOTAL CHANGES TO USES	(257.5)	(342.2)	(309.1)	(292.9)	(247.0)
Projected Surplus (Shortfall) vs. Prior Year	(87.1)	(113.4)	(411.4)	(161.7)	(133.7)
Cumulative Projected Surplus (Shortfall)	(87.1)	(200.5)	(611.9)	(773.7)	(907.4)

**Appendix B: Updated Base Case – Key Changes to General Fund-Supported
Sources & Uses FY 2018-22 – CUMULATIVE CHANGE**

This appendix provides an updated version of Table 5 from the December Five Year Financial Plan.

	2017-18	2018-19	2019-20	2020-21	2021-22
SOURCES Increase / (Decrease)					
General Fund Taxes, Revenues and Transfers net of items below	205.5	289.3	412.1	519.1	621.9
Change in One-Time Sources	(95.0)	4.9	(195.0)	(195.0)	(195.0)
Use of Reserves for One-time Impacts	20.0	40.0	-	-	-
Children's Fund Property Tax Setaside Revenue	13.6	23.3	26.6	29.8	33.3
Department of Public Health Revenues	(1.4)	5.8	12.6	26.9	29.7
OClI Tax Increment	(11.4)	(14.4)	(17.2)	(15.7)	(15.7)
November 2016 Election - Revenues (net of baselines)	37.0	42.7	42.6	42.6	42.6
Other General Fund Support	2.2	7.6	15.0	20.2	24.5
TOTAL CHANGES TO SOURCES	170.4	399.1	296.8	428.0	541.3
USES Decrease / (Increase)					
Baselines & Reserves					
Municipal Transportation Agency (MTA) Baselines	(15.7)	(28.6)	(46.3)	(63.5)	(76.8)
MTA New Central Subway	-	(10.4)	(13.9)	(14.4)	(14.8)
Children's Fund and Public Education Enrichment Fund	(20.1)	(40.5)	(53.2)	(62.6)	(72.4)
Housing Trust Fund	(2.8)	(5.6)	(8.4)	(11.2)	(14.0)
Dignity Fund	(6.0)	(9.0)	(12.0)	(15.0)	(18.0)
Recreation and Parks Baseline	(3.0)	(6.0)	(9.0)	(12.0)	(15.0)
All Other Baselines	(5.1)	(7.9)	(11.4)	(14.4)	(17.3)
Deposits to General Reserve	3.9	6.6	5.1	4.9	17.3
Other Contributions to Reserves	(5.3)	(10.8)	(1.7)	(2.1)	(2.6)
Subtotal Baselines & Reserves	(54.1)	(112.2)	(150.8)	(190.2)	(213.6)
Salaries & Benefits					
Annualization of Partial Year Positions	(20.3)	(20.3)	(20.3)	(20.3)	(20.3)
Previously Negotiated Closed Labor Agreements	(77.6)	(140.5)	(140.5)	(140.5)	(140.5)
Projected Costs of Open Labor Agreements	-	(28.9)	(133.2)	(237.1)	(325.9)
Health & Dental Benefits - Current & Retired Employees	(24.9)	(58.1)	(94.6)	(131.4)	(171.0)
Retirement Benefits - Employer Contribution Rates	(21.2)	(33.9)	(46.2)	(77.0)	(71.1)
Other Salaries and Benefits Savings / (Costs)	8.8	8.8	(11.2)	(2.1)	(3.2)
Subtotal Salaries & Benefits	(135.3)	(272.9)	(446.0)	(608.4)	(732.0)
Citywide Operating Budget Costs					
Minimum Wage	(6.7)	(17.0)	(20.2)	(20.8)	(21.4)
Capital, Equipment, & Technology	29.7	(11.1)	(21.8)	(34.6)	(57.7)
Inflation on non-personnel costs and grants to non-profits	(21.1)	(73.5)	(118.9)	(163.2)	(204.0)
Debt Service & Real Estate	(6.7)	(21.1)	(38.8)	(69.6)	(88.5)
Sewer, Water, and Power Rates	(1.9)	(6.2)	(7.7)	(9.3)	(10.8)
November 2016 Election - Expenditures	(42.4)	(50.9)	(54.7)	(55.3)	(55.9)
Other Citywide Costs	0.3	(2.9)	(6.3)	(9.5)	(12.4)
Subtotal Citywide Operating Budget Costs	(48.7)	(182.7)	(268.4)	(362.3)	(450.6)
Departmental Costs					
City Administrator's Office - Convention Facilities Subsidy	(9.6)	(7.5)	3.7	3.7	3.7
Elections - Number of Scheduled Elections	(0.8)	(1.1)	(6.5)	(1.7)	(2.0)
Ethics Commission - Public Financing of Elections	(1.3)	(0.6)	(1.4)	(1.4)	(1.4)
Golden State Warriors Event Center	0.7	0.7	(7.1)	(7.4)	(7.7)
Mayor's Office of Housing - HOPE SF and Local Operating Subsidy	(1.5)	(5.3)	(9.0)	(12.8)	(20.4)
Human Services Agency - Aid	(5.3)	(8.3)	(11.9)	(15.2)	(18.8)
Public Health - Operating and one-time costs for capital projects	(6.8)	(12.9)	(12.8)	(4.2)	(3.4)
All Other Departmental Savings / (Costs)	5.3	3.4	1.3	(1.9)	(2.5)
Subtotal Departmental Costs	(19.3)	(31.8)	(43.6)	(40.8)	(52.4)
TOTAL CHANGES TO USES	(257.5)	(599.6)	(908.8)	(1,201.7)	(1,448.7)
Cumulative Projected Surplus (Shortfall)	(87.1)	(200.5)	(611.9)	(773.7)	(907.4)

Appendix C: Updated Base Case – Key Changes to General Fund-Supported Sources & Uses FY 2018-22

This appendix provides an updated version of Table 7 from the December Five Year Financial Plan.

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
	Actuals	Original Budget	Projection	Projection	Projection	Projection	Projection
Property Taxes	\$ 1,392.3	\$ 1,412.0	\$ 1,550.0	\$ 1,611.0	\$ 1,668.0	\$ 1,723.0	\$ 1,781.0
Business Taxes	659.1	669.5	712.7	743.5	773.4	802.9	826.8
Sales Tax	167.9	237.5	204.7	210.8	215.1	219.4	223.7
Hotel Room Tax	387.7	409.3	378.8	404.5	422.4	430.6	439.6
Utility Users Tax	98.7	94.3	97.8	98.8	99.9	101.0	102.1
Parking Tax	86.0	92.8	86.0	87.6	89.3	90.1	90.6
Real Property Transfer Tax	269.1	235.0	300.0	245.0	245.0	245.0	245.0
Sugar Sweetened Beverage Tax	-	-	7.5	15.0	15.0	15.0	15.0
Stadium Admission Tax	1.2	1.4	1.4	1.4	6.5	6.5	6.5
Access Line Tax	43.6	47.0	48.6	50.1	51.9	53.5	55.0
Subtotal - Local Tax Revenues	3,105.5	3,198.7	3,387.5	3,467.8	3,586.4	3,687.0	3,785.3
Licenses, Permits & Franchises	27.9	28.9	29.3	29.5	29.7	29.7	30.0
Fines, Forfeitures & Penalties	9.0	4.6	4.6	4.6	4.6	4.6	4.6
Interest & Investment Income	15.1	14.0	15.4	15.6	15.8	17.7	17.9
Rents & Concessions	18.2	16.1	15.8	15.8	15.8	15.8	15.8
Subtotal - Licenses, Fines, Interest, Rent	70.2	63.6	65.2	65.5	65.9	67.8	68.3
Social Service Subventions	243.6	250.6	260.7	260.7	260.7	260.7	260.7
Other Grants & Subventions	(5.8)	2.7	2.7	2.7	2.7	2.7	2.7
Subtotal - Federal Subventions	237.8	253.3	263.4	263.4	263.4	263.4	263.4
Social Service Subventions	204.6	218.9	206.2	204.4	207.8	211.2	214.7
Health & Welfare Realignment - Sales Tax	138.3	144.7	150.0	155.8	155.8	155.8	155.8
Health & Welfare Realignment - VLF	38.0	34.9	33.9	33.4	33.4	33.4	33.4
Health & Welfare Realignment - CalWORKs MOI	11.7	22.6	16.2	16.2	16.2	16.2	16.2
Health/Mental Health Subventions	111.2	120.4	124.0	124.0	124.0	124.0	124.0
Public Safety Sales Tax	97.0	102.0	103.8	106.3	109.4	113.0	116.1
Motor Vehicle In-Lieu (County & City)	0.6	-	-	-	-	-	-
Public Safety Realignment (AB109)	39.8	40.5	41.9	43.1	44.0	44.9	45.8
Other Grants & Subventions	24.6	16.3	16.3	16.3	16.3	16.3	16.3
Subtotal - State Subventions	665.9	700.3	692.3	699.5	706.9	714.7	722.2
General Government Service Charges	58.8	66.1	66.4	66.4	66.4	66.4	66.4
Public Safety Service Charges	46.9	41.8	40.7	40.7	40.7	40.7	40.7
Recreation Charges - Rec/Park	19.8	19.4	19.6	19.6	19.6	19.6	19.6
MediCal, MediCare & Health Svc. Chgs.	82.0	80.6	81.4	81.4	81.4	81.4	81.4
Other Service Charges	17.9	17.4	16.8	16.8	16.8	16.8	16.8
Subtotal - Charges for Services	225.4	225.2	224.9	224.9	224.9	224.9	224.9
Recovery of General Government Costs	9.7	10.9	10.9	10.9	10.9	10.9	10.9
Other General Fund Revenues	51.2	67.7	32.0	32.0	32.0	32.0	32.0
TOTAL REVENUES	4,365.6	4,519.7	4,676.2	4,764.1	4,890.3	5,000.6	5,107.0
Transfers in to General Fund							
Airport	42.5	43.6	44.5	45.6	49.2	50.7	51.7
Other Transfers	164.0	118.4	114.7	114.7	114.7	114.7	114.7
Total Transfers-In	206.5	162.0	159.2	160.3	163.9	165.4	166.4
TOTAL GF Revenues and Transfers-In	4,572.1	4,681.7	4,835.4	4,924.4	5,054.2	5,166.0	5,273.4