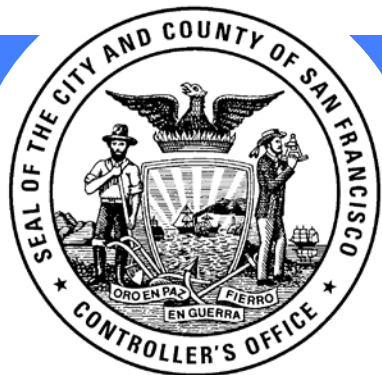


Controller's Office

Q1 Budget Status Update

FY 20-21



CITY & COUNTY OF SAN FRANCISCO

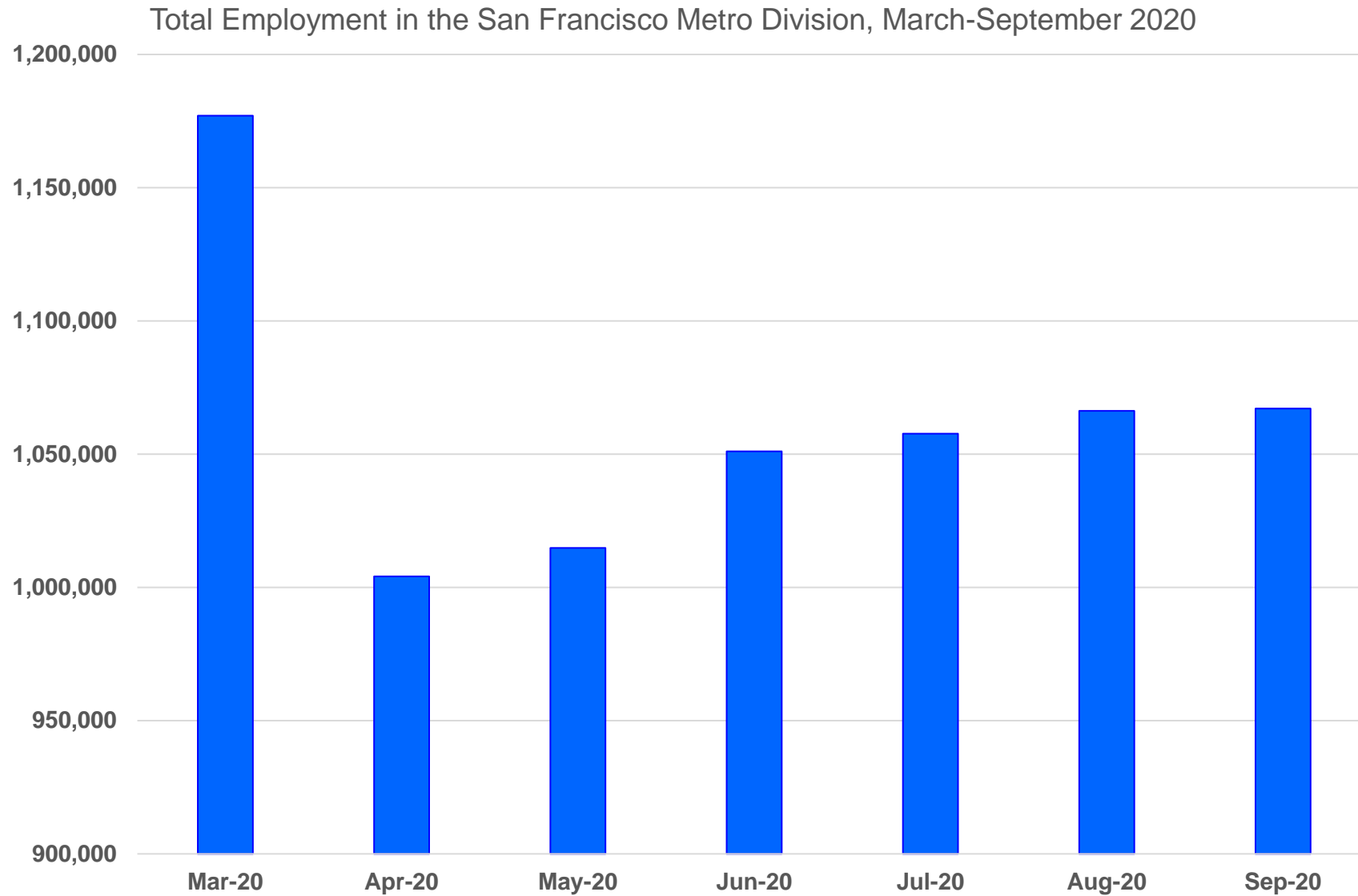
Office of the Controller

November 2020

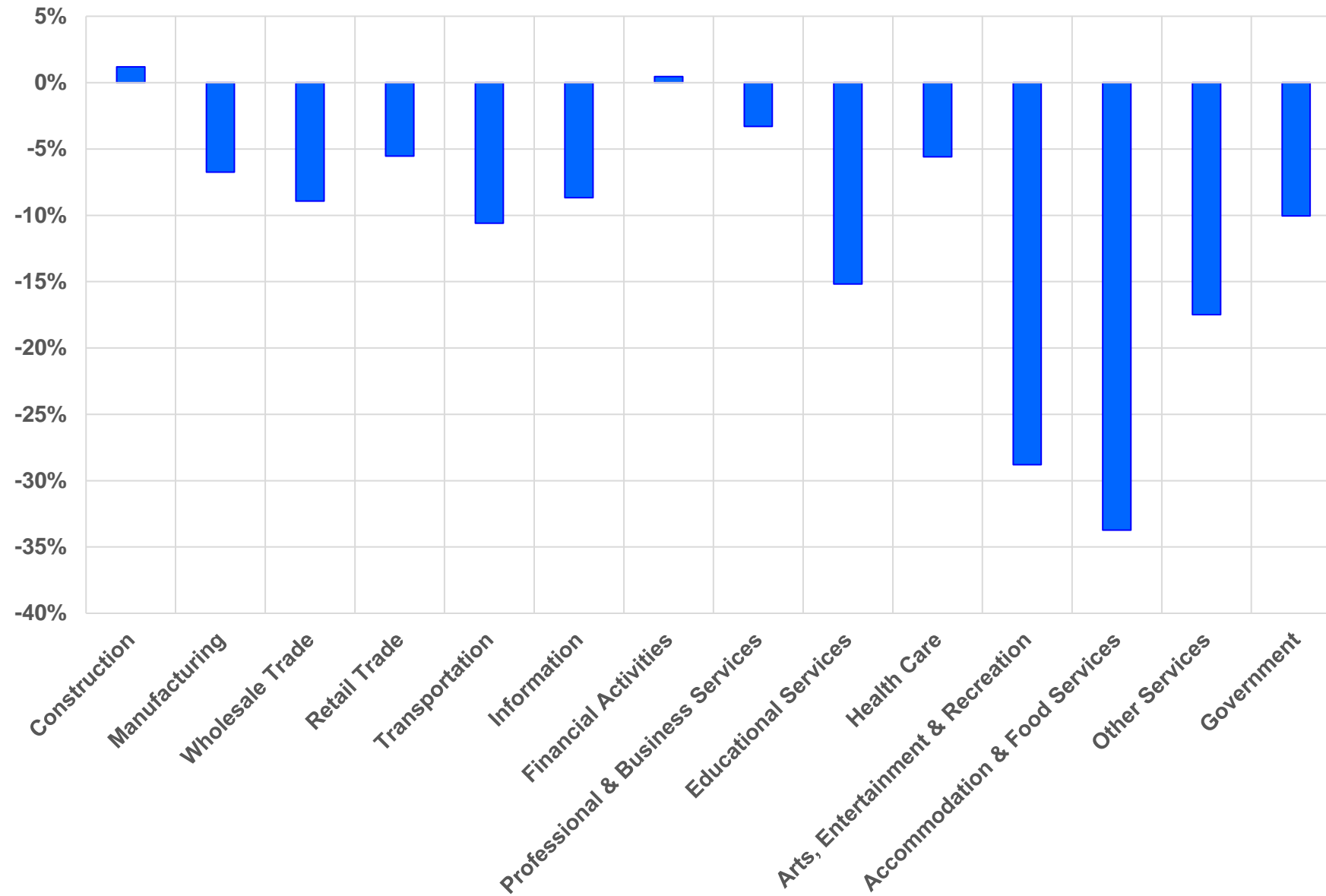
Summary

- a. Revenue weakness in key revenue sources, driven by slower economic rebound than assumed in our last projections.
- b. Significant department shortfalls in several agencies – revenues shortfalls in some and expenditure overages in others.
- c. This current year weakness is partially offset by better than anticipated good news in the prior year. Statutory reserve deposits also higher than previously projected.
- d. Positive financial news on the local ballot – Business tax revamp (Prop F) – removes a risk given its assumption in the budget. Transfer tax (Prop I) will provide some good news.
- e. Extraordinary uncertainty remains, driven by the future shape of the public health emergency and associated Federal support, and the pace of the local economic recovery.
- f. This current year challenge is expected to worsen in future years. Five-year forecast due in December.

Local Jobs Stalling: 800 Jobs Added in September

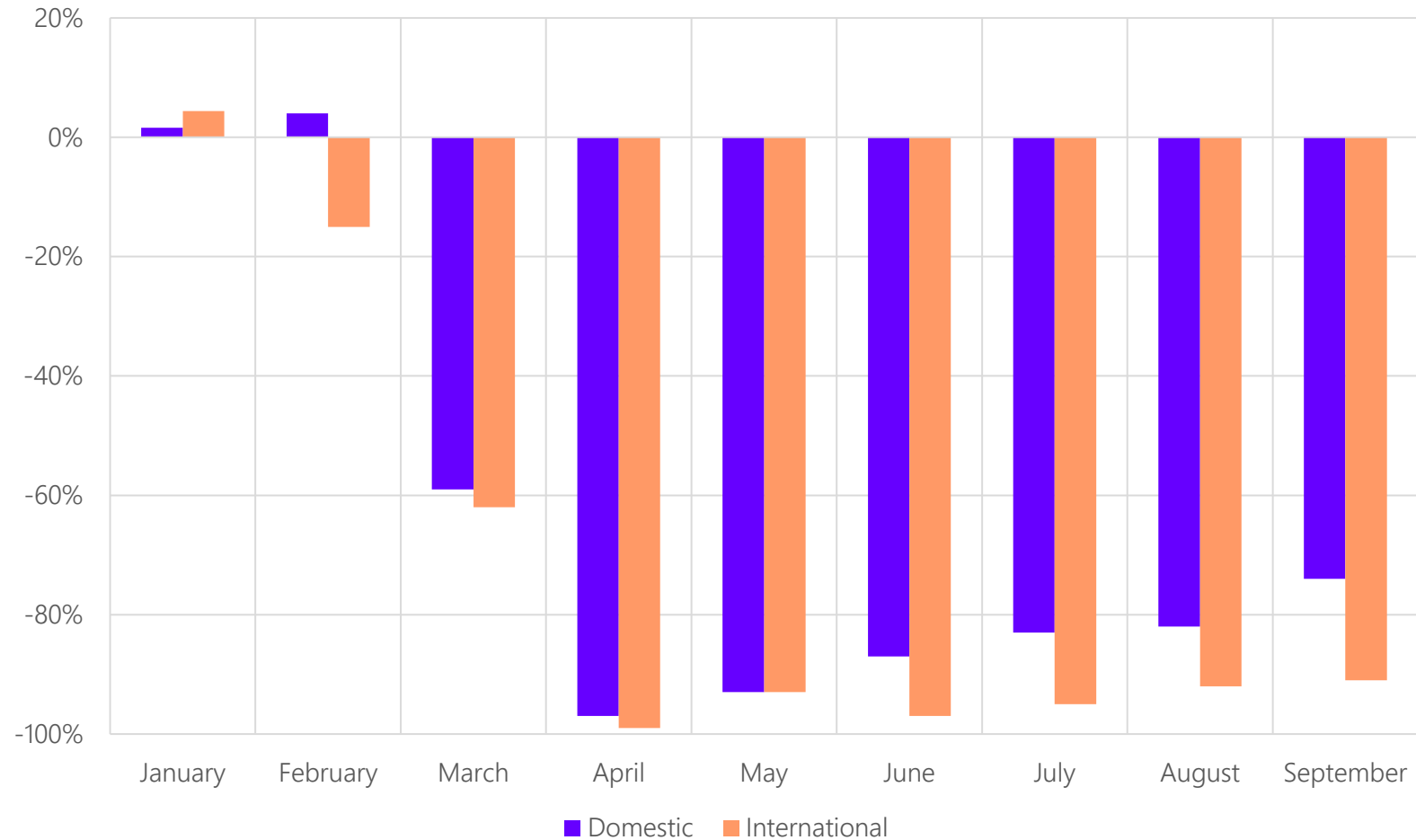


Tourism Hit Hardest – Office Jobs the Least

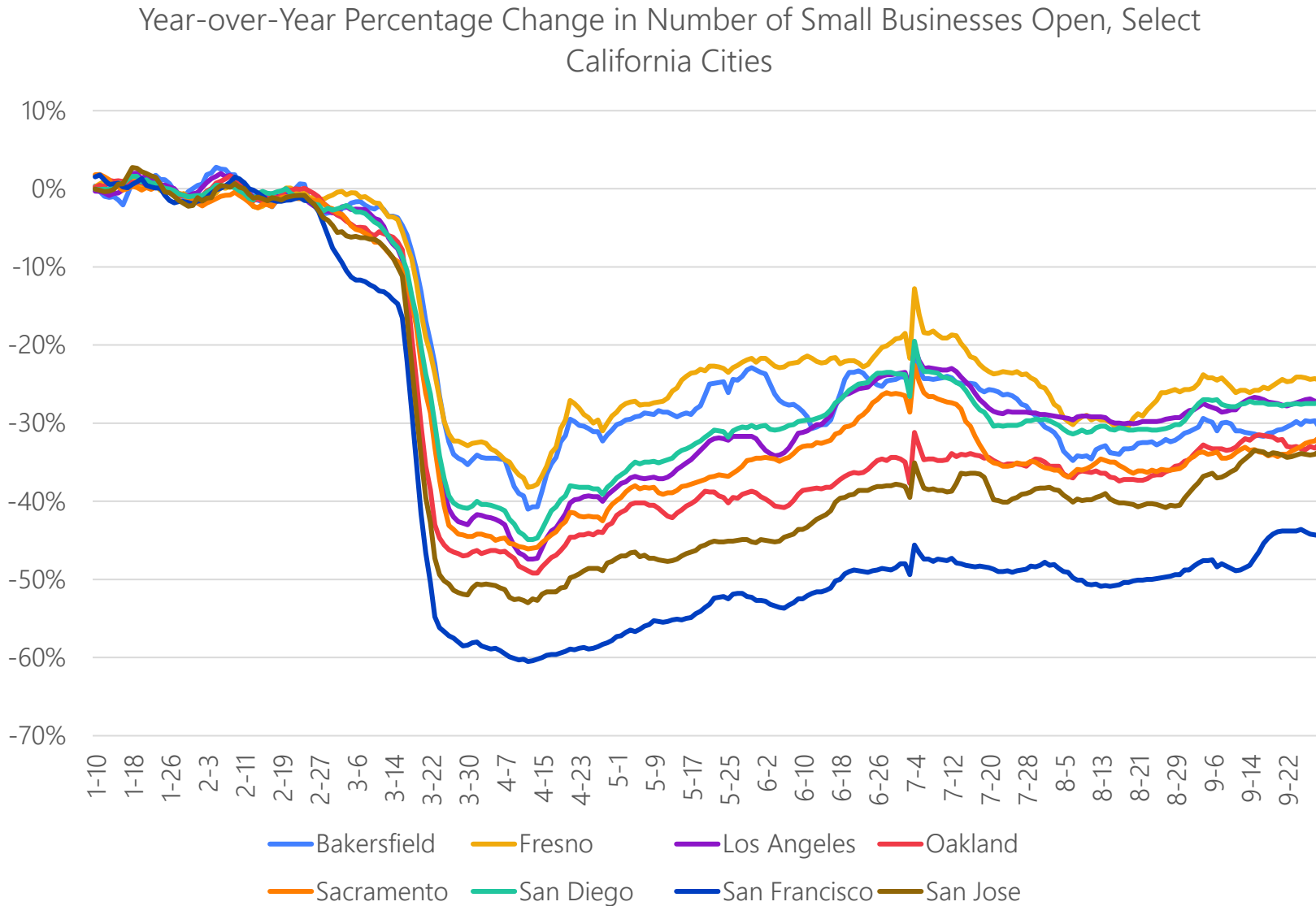


Little Recovery in SFO Enplanements through September

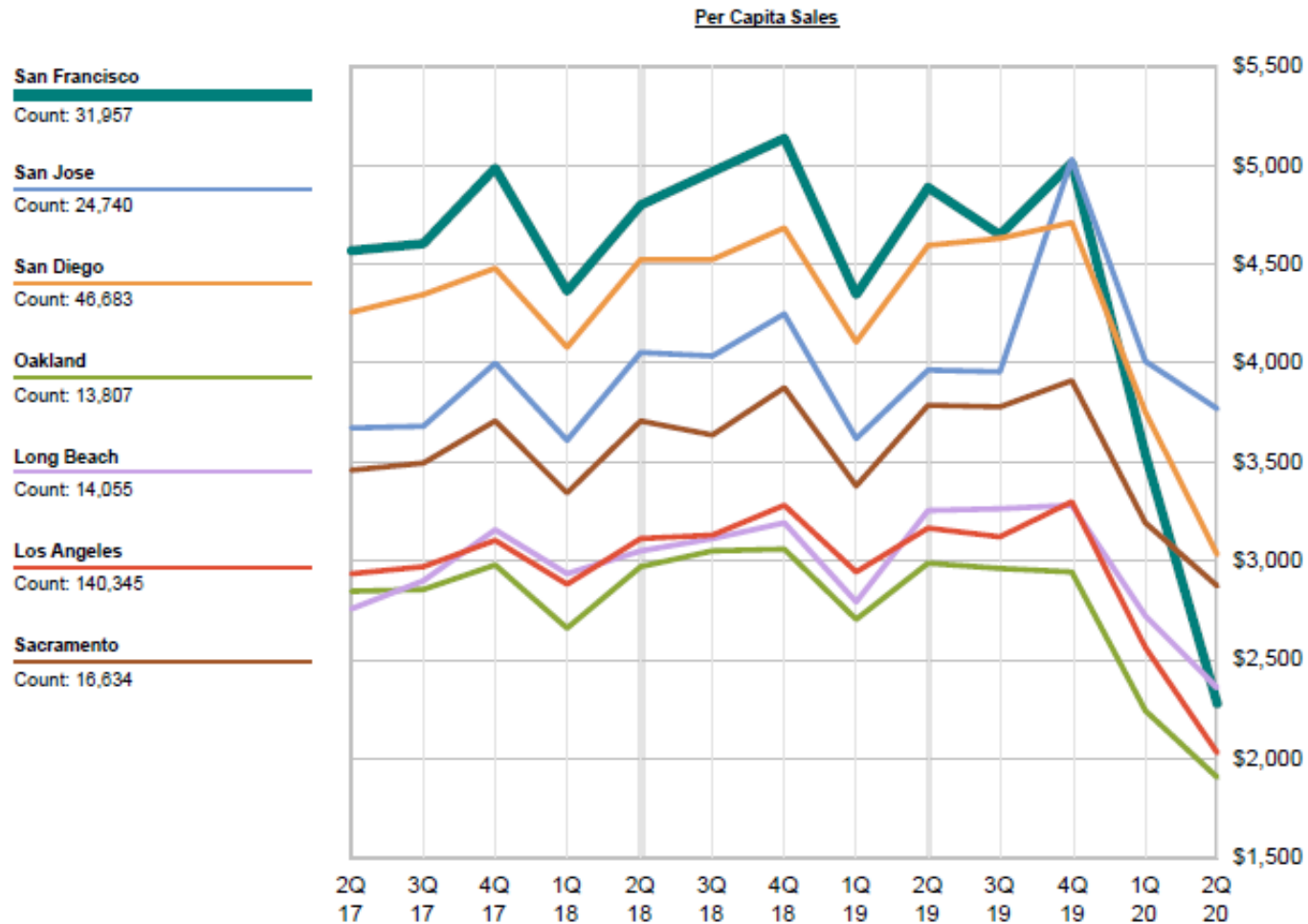
Monthly Domestic & International Enplanements at San Francisco International Airport,
Through August 2020: Percent Change from 1 Year Ago



SF Small Business Closures Higher than Others



Q2: 43% Annual Drop in Sales Tax: Worst in State



Large Brick and Mortar Losses – No Online Sales Gain



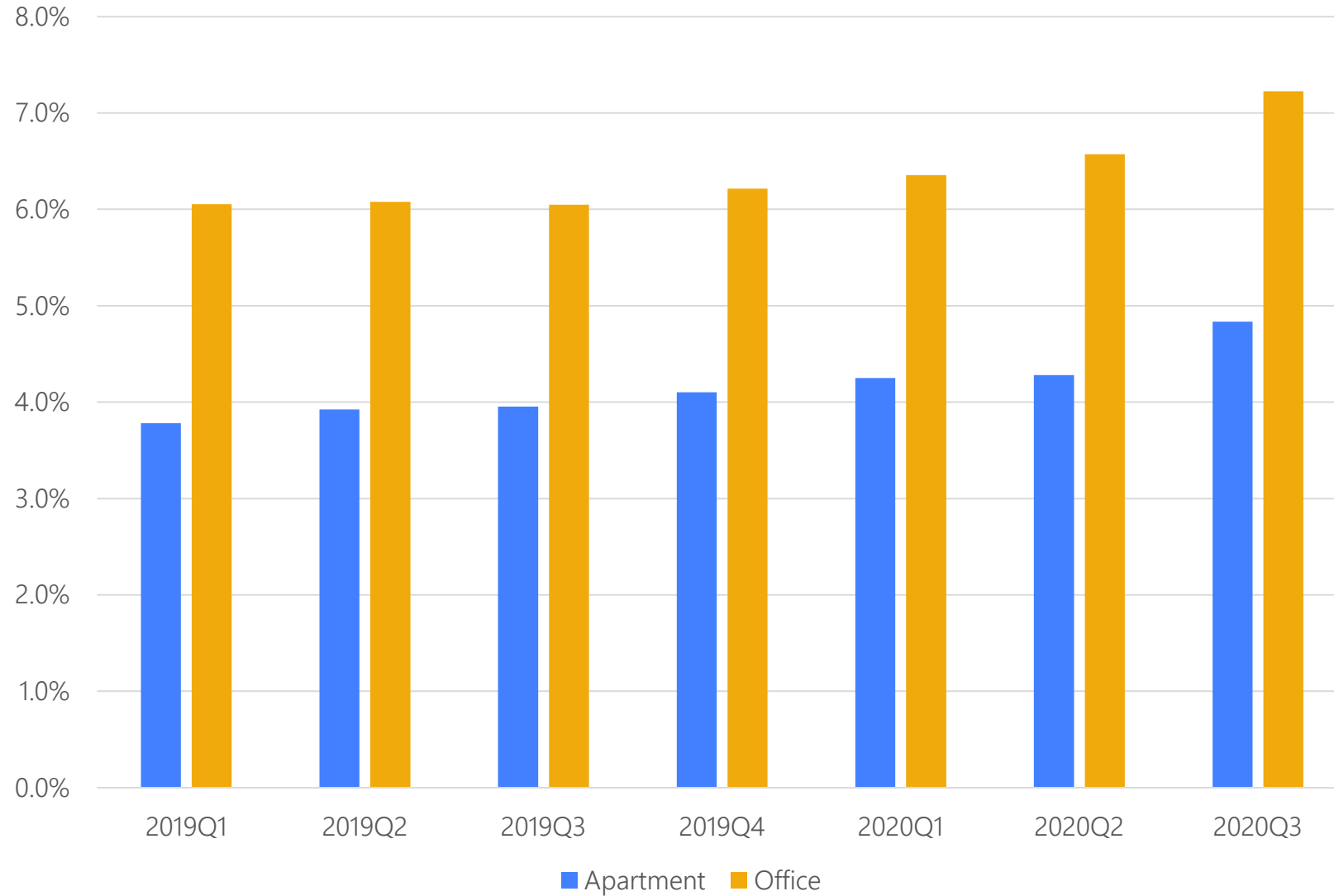
CITY OF SAN FRANCISCO MAJOR INDUSTRY GROUPS

Page 15

<u>Major Industry Group</u>	<u>Count</u>	<u>2Q20</u>	<u>2Q19</u>	<u>\$ Change</u>	<u>% Change</u>
State and County Pools	-	10,343,487	10,237,656	105,811	1.0%
Restaurants and Hotels	5,683	5,145,716	14,527,526	(9,381,810)	-64.6%
General Consumer Goods	13,217	3,734,432	10,714,327	(6,979,894)	-65.1%
Business and Industry	9,043	3,665,864	6,927,721	(3,261,857)	-47.1%
Food and Drugs	1,541	2,881,773	3,141,360	(259,587)	-8.3%
Building and Construction	682	2,378,572	3,166,378	(787,806)	-24.9%
Autos and Transportation	833	1,932,742	2,485,940	(553,198)	-22.3%
Fuel and Service Stations	139	624,989	2,445,216	(1,820,227)	-74.4%
Transfers & Unidentified	819	82,803	144,347	(61,545)	-42.6%
Total	31,957	30,790,357	53,790,470	(23,000,113)	-42.8%

Rising Apartment and Office Vacancies

San Francisco Office and Apartment Vacancy Rates, 2019-2020



Summary

FY20-21 Q1 Budget Status Report General Fund (\$ Millions)

1	Citywide revenues	(143.5)
2	Baseline Offsets	46.4
3	Department operations	(51.3)
4	November 2020 ballot	11.3
5	Prior year ending balance	21.3
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6	Q1 surplus / (shortfall)	(115.9)

Summary

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5	Prior year ending balance	21.3
<hr/>		
6	Q1 surplus / (shortfall)	(115.9)
7	Budget stabilization reserve	48.6
<hr/>		
8	Net if reserve applied	(67.3)

Revenues

FY20-21 Citywide General Fund Revenues (\$ Millions)

1	Property tax	48.0
2	Business taxes	(99.0)
3	Sales tax	(12.4)
4	Hotel tax	(43.4)
5	Parking tax	(17.8)
6	Other	(18.9)
<hr/>		
	Q1 revenue surplus / (shortfall)	(143.5)

Departments

FY20-21 Department Operations, General Fund (\$ millions)

1	City Administrator - Moscone	(9.1)
2	City Planning	(15.7)
3	Fire	(13.1)
4	Human Services	10.2
5	Recreation & Parks	(12.4)
6	Sheriff	(11.5)
7	Public Works	(1.8)
8	Public Health	2.2
<hr/>		
	Q1 revenue surplus / (shortfall)	(51.3)

COVID Emergency Response

Projected revenue and spending within \$580M budgeted levels.

Lower than Budget

Protective equipment

Hygiene programs

Surge allowance

Higher than Budget

Testing

Shelter-in-place hotels

Feeding programs

Risks / Unknowns

Surge expenses

FEMA – Overall, program-specific, changes to eligibility

Future federal or state sources

Changes to budget assumptions for SIP, feeding, other programs

Vaccination program

Schools and hubs

Risks

a. Key risks to monitor:

- Pace of local economic recovery, particularly for hospitality and office sectors.
- Outcome of State Controller's Excess ERAF guidelines in December.
- Level and duration of federal emergency support & emergency response

b. Next reporting:

- December: Five-year budget forecast and Mayor's budget instructions.
- February: Update to current year projections (Six Month Report).