

Nine-Month Budget Status Report

Board of Supervisors

Budget & Finance Committee

May 20, 2015



General Fund Overview

- Projected ending balance of \$337.1M at close of current year is an improvement of approximately \$80.6 million versus the assumptions contained in the Six-Month report.
- Improvement versus budget driven largely by tax revenue improvement and savings in health and human services departments.
- Projected revenue growth results in a \$60.4 million deposit to the Rainy Day Economic Stabilization and One-Time reserves. Economic reserves are projected to total \$273.4 million at year end, or 6.8% of General Fund revenues.



General Fund Citywide Revenue Projections

\$ Millions

Controller's Office

	Revised Budget	6-Month Projection	9-Month Projection	Surplus (Shortfall)
Property Taxes	1,232.9	1,245.0	1,252.0	19.1
Business Taxes	572.4	595.3	612.4	40.0
Sales Tax - Local 1% and Public Safety	227.5	232.9	236.4	9.0
Hotel Room Tax	318.4	337.2	341.6	23.3
Utility User & Access Line Taxes	134.8	136.4	140.4	5.6
Parking Tax	84.9	84.9	86.5	1.7
Real Property Transfer Tax	235.0	267.0	304.0	69.0
Interest Income	6.9	8.9	10.1	3.3
Citywide Realignment Revenue	194.7	196.3	196.0	1.3
Motor Vehicle In-Lieu	-	0.6	0.6	0.6
Franchise Taxes	17.0	16.6	16.6	(0.4)
Transfers In from Other Funds	179.3	179.3	192.6	13.3
Total Citywide Revenues	3,203.6	3,300.4	3,389.3	185.7



Baseline Transfers and Property Tax Set-Asides

\$ Millions

Controller's Office

	Revised Budget	6-Month Projection	9-Month Projection	Variance
Aggregate Discretionary Revenues (ADR)	2,737.0	2,790.3	2,867.7	130.7
				-
MTA Baseline 9.2% ADR	251.6	256.5	263.6	12.0
Library Baseline 2.3% ADR	62.6	63.2	62.6	0.1
Public Education Fund Baseline 0.3% ADR	4.0	4.0	4.2	0.2
Total Baseline Transfers	318.1	323.7	330.4	12.3
80% Parking Tax in Lieu Transfer to MTA	68.6	67.9	69.2	0.6
Total Baselines and In-Lieu Transfers	386.7	391.6	399.6	12.9



Departmental Projections

\$ Millions

	Revenue Surplus / (Shortfall)	Uses Savings / (Deficit)	Net Surplus / (Shortfall)
Net Shortfall Departments			
General City Responsibility (1)	(11.6)	-	(11.6)
Fire Department	(4.0)	-	(4.0)
City Attorney	(0.5)	-	(0.5)
Subtotal Departments with Net Deficits	\$ (16.1)	\$ -	\$ (16.1)
Net Surplus Departments			
Public Health	8.4	19.8	28.2
Public Works (1)	4.6	12.4	16.9
Human Services Agency	(13.5)	31.3	17.8
Police	(0.7)	4.5	3.8
City Administrator	0.3	3.0	3.2
Recreation & Parks	2.3	-	2.3
City Planning	1.3	0.1	1.4
Sheriff	0.1	1.1	1.2
Treasurer/Tax Collector	(0.5)	1.5	1.0
Elections	0.1	0.9	1.0
Other Net Surplus	0.1	4.2	4.3
Subtotal Departments with Net Surplus	\$ 2.5	\$ 78.6	\$ 81.1
TOTAL	\$ (13.6)	\$ 78.6	\$ 65.0

(1) Variances in these departments are offsetting. \$11.6 million in bond reimbursements budgeted in GEN will be recognized as expenditure savings in DPW, at a level of \$12.5 million, for a net General Fund impact of \$0.9 million.



Supplemental Appropriations

Controller's Office

- Three General Fund supplemental appropriations have been approved year to date: \$2.1 million for legal support for immigrant youth, \$0.3 million for HIV prevention, and \$0.2 million for portable restrooms.
- The Board has approved a re-appropriation of permanent salaries for overtime spending at Emergency Management, Public Health, Fire, the Sheriff and the PUC.



Major Reserve Status

Controller's Office

	FY 2014-15				FY 2015-16			
	Starting Balance	Projected Deposits	Projected Withdrawals	Projected Ending Balance	Budgeted Deposits	Budgeted Withdrawals	Projected Ending Balance	
General Reserve	\$ 58.0	\$ -	\$ (2.4)	\$ 55.6	\$ 11.5	\$ -	\$ 67.1	
Rainy Day Economic Stabilization City Reserve	24.6	30.2	-	54.8	-	-	54.8	
Rainy Day One-Time Reserve	22.9	20.1	(12.2)	30.8	-	(2.7)	28.1	
Budget Stabilization Reserve	132.3	-	-	132.3	14.9	-	147.2	
Subtotal Economic Stabilization Reserves	\$ 237.8	\$ 50.3	\$ (14.7)	\$ 273.4	\$ 26.4	\$ (2.7)	\$ 297.1	
Percent of General Fund Revenues				6.8%				
Rainy Day Economic Stabilization SFUSD Reserve	35.7	10.1	(11.1)	34.6	-	-	34.6	
Budget Savings Incentive Fund	32.1	15.8	(28.4)	19.5	-	-	19.5	
Recreation & Parks Savings Incentive Reserve	12.9	2.3	(5.9)	9.2	-	(1.8)	7.5	
Salary and Benefits Reserve	24.3	-	(24.3)	-	14.0	(14.0)	-	
Total, All Reserves	\$ 342.7	\$ 78.5	\$ (84.4)	\$ 336.9	\$ 40.4	\$ (18.5)	\$ 358.7	



Projection Uncertainty

- Continued pace of economic growth and activity, particularly the effect on transfer and business taxes.
- Federal revenue uncertainty, particularly ACA revenues at DPH.
- Prop C appeals court decision: changes to supplemental COLAs adopted by voters can not be applied to current employees and those who retired after November 1996, only to those who retired before November 1996. If upheld this could increase the City's pension liability and contribution rates.



Other Special Funds

A host of other special funds are reviewed in the report.

- **Improving:**
DBI, Convention Facilities, Airport, MTA, Port
- **Worsening:**
Courthouse Construction, Street Artist, Gas Tax, Water
- **Uncertain:**
Hetch Hetchy



Closing

- Current year benefit from additional revenues limited by required Rainy Day Reserve deposits.
- Revised updates for future year revenues will be provided to the Mayor's Office for inclusion in the Mayor's Proposed Budget in June.

