



# CITY AND COUNTY OF SAN FRANCISCO OFFICE OF THE CONTROLLER

Edward Harrington  
Controller

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May 3, 2005

The Honorable Gavin Newsom  
Mayor, City and County of San Francisco  
Room 200, City Hall

The Honorable Board of Supervisors  
Room 244, City Hall

## Re: FY 2004-05 Nine-Month Budget Status Report

Dear Mayor Newsom, Ladies and Gentlemen:

Charter Section 3.105 directs the Controller to issue periodic or special financial reports during the fiscal year. This report is the Nine-Month Budget Status Report that is based on sources of funds received and uses of funds from July 1, 2004 through March 31, 2005. The purpose of the report is to apprise the City's policy makers of the current and projected budgetary status of the General Fund and select Special Revenue and Enterprise Funds.

### I. OVERVIEW

We project a surplus of \$124.20 million for the General Fund balance by the end of the fiscal year 2004-2005 (FY 2004-05). This represents an increased surplus of \$43.12 million (mainly due to revenues) from the Joint Report (3-Year Projection). This \$124.20 million is explained by four factors:

#### Nine-Month Report, High-Level Fund Balance Summary – FY 2004-05 (US\$ millions)

<b>Prior Year Fund Balance &amp; Reserves</b>	\$	29.33
<b>Current Year...</b>		
Revenues & Transfers Better Than Budget	\$	45.28
Departmental Savings, net		19.75
General Reserve, Remaining Balance		29.84
Subtotal		94.86
<b>Projected Year-End Balance</b>		<b>\$ 124.20</b>

The \$29.33 million in Prior Year Fund Balance & Reserves is due to the timing of vehicle license fee remittances from the State received in FY 2003-04. While these additional State revenues increased the beginning fund balance for FY 2004-05, they do not impact our three-year projection as these receipts were already assumed for August 2006. The \$45.28 million in Revenues & Transfers is explained primarily by a recovering economy as well as unprecedented levels of real property transfer tax related to a surge in commercial property sales. This is positive news for the current year, but with increasing interest rates these high levels are not sustainable going forward.

Departmental Savings overall explain \$19.75 million of the year-end balance. These savings are largely due to the mid-year savings plan implemented by the Mayor following voters' disapproval of Propositions J (¼% sales tax) and K (temporary 1/10<sup>th</sup> of 1% gross receipts business tax) in the November 2004 election. The remaining \$29.84 million is the unspent balance of the City's General Reserve – a reserve budgeted each year to provide for contingencies. For comparison purposes, the City ended FY 2003-04 with a \$55.01 million in available fund balance, so this \$124.20 million reflects substantial year-over-year improvement of \$69.19 million.

The projected year-end balance is based on current revenue patterns as well as planned savings and current spending patterns. The actual year-end balance may differ due to changes in revenues, spending rates, the amount of supplemental appropriations, and releases of reserves ultimately approved by the Mayor and/or the Board. The narrative on the following pages provides a summary of key revenue changes and departmental operations. **Key assumptions are: 1) that projected savings, largely due to the mid-year savings reductions related to the failure of Propositions J and K, are realized by departments by year-end, 2) that a gradual economic recovery continues, 3) that no further deterioration occurs in our Business Tax revenues, and 4) that no subsequent State shifts are made for either Health & Welfare Realignment or Motor Vehicle in Lieu revenues.**

Nine-Month Report, General Fund Budgetary Summary – FY 2004-05 (US\$ millions)

	AAO			
	Original Budget	Revised Budget	Year-End Projection	Savings / (Shortfall)
<b>SOURCES:</b>				
General Fund Beginning Balance	\$ 26.27	\$ 26.27	\$ 55.01	\$ 28.74
Prior-Year Reserves	\$ 36.56	\$ 36.56	\$ 37.16	\$ 0.60
Subtotal Sources - Prior Years	\$ 62.83	\$ 62.83	\$ 92.16	\$ 29.33
Current Revenues	\$ 2,137.28	\$ 2,147.60	\$ 2,193.53	\$ 45.93
Transfers, net	\$ 136.23	\$ 136.23	\$ 135.57	\$ (0.66)
Subtotal Sources - Current Year	\$ 2,273.51	\$ 2,283.83	\$ 2,329.10	\$ 45.28
Carryforwards & Transfers, net	\$ -	\$ 91.97	\$ 91.97	\$ -
<b>Total Sources</b>	<b>\$ 2,336.34</b>	<b>\$ 2,438.63</b>	<b>\$ 2,513.24</b>	<b>\$ 74.61</b>
<b>USES:</b>				
Departmental Operating Expenditures, net	\$ 1,873.05	\$ 1,964.12	\$ 1,938.22	\$ 25.90
Projects, Capital, Facilities Maintenance	\$ 106.99	\$ 116.89	\$ 116.07	\$ 0.81
Subtotal	\$ 1,980.04	\$ 2,081.01	\$ 2,054.30	\$ 26.71
General Fund Contribution Transfers	\$ 289.89	\$ 297.06	\$ 296.63	\$ 0.43
Subtotal	\$ 2,269.93	\$ 2,378.07	\$ 2,350.93	\$ 27.14
Reserves	\$ 36.40	\$ 30.73	\$ 30.73	\$ -
Required Set-Asides - Rec & Park Savings			\$ 0.49	\$ (0.49)
Required Set-Asides - Budget Savings			\$ 2.00	\$ (2.00)
Assumed Supplemental Appropriations			\$ 4.90	\$ (4.90)
<b>Total Uses</b>	<b>\$ 2,306.34</b>	<b>\$ 2,408.79</b>	<b>\$ 2,389.04</b>	<b>\$ 19.75</b>
<b>GENERAL FUND ENDING BALANCE</b>	<b>\$ 30.00</b>	<b>\$ 29.84</b>	<b>\$ 124.20</b>	<b>\$ 94.36</b>

**General Fund Beginning Balance & Prior Year Reserves**

At the time the budget for FY 2004-05 was prepared, we anticipated starting the current fiscal year with a General Fund Beginning Balance of \$26.27 million and Prior-Year Reserves of \$36.56 million. When the Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2004 was completed in December 2004, we confirmed that the ending balance from the previous fiscal year was \$55.01 million, along with Prior-Year Reserve balances of \$37.16 million. As a result, there is an additional \$29.33 million of prior-year sources available from FY 2003-04 that was not originally anticipated for FY 2004-05 budget year. These resources (related primarily to vehicle license fee remittances from the State) were already assumed in the City's most recent 3-Year Projection, but were received earlier than previously assumed. (See page 18, Note 22, for a multi-year reconciliation.)

### Current Revenues and Transfers In

We project revenues and transfers to be \$45.28 million better than the revised FY 2004-05 budget. Revenue surplus is primarily due to higher real property transfer tax, property tax, hotel room tax, health and welfare realignment, and sales tax revenues. Offsetting shortfalls to this good news include weakness in payroll tax, the defeat of Propositions J (¼% sales tax) and K (temporary 1/10<sup>th</sup> of 1% gross receipts business tax), property sale delays, and delays in anticipated court penalty revenues. Our revenue projections are based on realized revenues through the first nine months of FY 2004-05, posted activity through April 2005, discussions with industry and department experts, and analyses of key economic indicators and forecasts. Section II provides the revenue and transfer in detail. An abbreviated summary table highlighting key revenue changes is also provided below.

### **High-Level Summary of Revenues & Transfers In – FY 2004-05 (US\$ millions)**

	FY 2003-04 Year-End Actuals	FY 2004-05				sort order Surplus / (Shortfall) from Budget
		Revised Budget	6-Month Projection	Joint Report Projection	9-Month Projection	
<b>Revenues &amp; Transfers-In, US\$ Millions</b>						
Real Property Transfer Tax	\$ 78.85	\$ 70.00	\$ 93.58	\$ 96.58	\$ 106.54	\$ 36.54
Property Tax	\$ 546.81	\$ 645.50	\$ 660.50	\$ 660.50	\$ 676.20	\$ 30.70
Hotel Room Tax	\$ 98.46	\$ 94.42	\$ 105.65	\$ 105.65	\$ 110.28	\$ 15.86
Health & Welfare Realignment	\$ 137.70	\$ 145.09	\$ 156.11	\$ 156.11	\$ 156.11	\$ 11.02
Sales Tax	\$ 120.64	\$ 90.93	\$ 96.46	\$ 96.46	\$ 96.46	\$ 5.53
<b>Subtotal - Key Surpluses</b>	<b>\$ 982.46</b>	<b>\$ 1,045.94</b>	<b>\$ 1,112.29</b>	<b>\$ 1,115.29</b>	<b>\$ 1,145.58</b>	<b>\$ 99.65</b>
Motor Vehicle In Lieu	\$ 84.63	\$ 15.24	\$ 13.47	\$ 13.47	\$ 6.65	\$ (8.59)
Property Sales	\$ 11.76	\$ 20.98	\$ 12.23	\$ 12.23	\$ 12.23	\$ (8.75)
Business Payroll Tax	\$ 264.35	\$ 295.23	\$ 268.42	\$ 268.42	\$ 278.00	\$ (17.23)
Other Local Taxes (Prop J & K)	\$ -	\$ 25.00	\$ -	\$ -	\$ -	\$ (25.00)
<b>Subtotal - Key Shortfalls</b>	<b>\$ 360.73</b>	<b>\$ 356.45</b>	<b>\$ 294.12</b>	<b>\$ 294.12</b>	<b>\$ 296.88</b>	<b>\$ (59.57)</b>
All Other Sources	\$ 848.68	\$ 900.38	\$ 892.41	\$ 898.91	\$ 905.58	\$ 5.20
<b>Total Revenues &amp; Transfers In</b>	<b>\$ 2,191.87</b>	<b>\$ 2,302.76</b>	<b>\$ 2,298.82</b>	<b>\$ 2,308.32</b>	<b>\$ 2,348.04</b>	<b>\$ 45.28</b>

Improvement Occurring Throughout FY 2004-05 →

### Departmental Operating Expenditures & Transfers Out

Based on current spending patterns, we project \$27.14 million in net departmental expenditure and transfer out savings. A summary by department is provided on the following page. Some General Fund Supported departments are projected to have expenditure savings, while others have deficits. Additionally, some departments have revenue surpluses, while others have projected revenue shortfalls. To a large degree, departmental savings reported in this report are a reflection of the Mayor's \$97 million, 18-month savings plan, which was enacted following voters disapproval of Propositions J (¼% sales tax) and K (temporary 1/10<sup>th</sup> of 1% gross receipts business tax).

## Departmental Fiscal Performance – FY 2004-05 (US\$ millions)

Net Shortfall Departments				Sort Order
US\$ millions	SOURCES	USES	NET	Mayor's \$97M 18-Mo. Savings Plan, FY 04-05
	Surplus / (Short) Budget	Under / (Over) Budget	Savings / (Shortfall)	
Sheriff	\$ (2.60)	0.43	(2.17)	0.40
Public Works	(1.31)	0.38	(0.93)	1.00
Public Defender	(0.35)	(0.27)	(0.62)	0.20
Trial Courts	-	(0.26)	(0.26)	0.08
Adult Probation	(0.23)	(0.03)	(0.26)	0.03
Elections	(0.20)	0.11	(0.09)	0.00
Board of Appeals	(0.08)	-	(0.08)	-
<b>Total Net Projected Shortfall</b>	<b>\$ (4.77)</b>	<b>0.34</b>	<b>(4.43)</b>	<b>1.70</b>

Net Surplus Departments				Sort Order
US\$ millions	SOURCES	USES	NET	Mayor's \$97M Savings Plan
	Surplus / (Short) Budget	Under / (Over) Budget	Savings / (Shortfall)	
Human Services	\$ (3.05)	14.29	11.24	1.65
Public Health (DPH, SFGH, LHH)	1.52	5.48	7.00	3.50
Fire Department	(0.71)	3.10	2.39	3.10
General City Responsibilities	-	1.07	1.07	2.60
Economic & Workforce Development	-	0.95	0.95	0.95
Police	0.95	-	0.95	-
Assessor/Recorder	0.45	0.20	0.65	0.20
Treasurer / Tax Collector	-	0.60	0.60	0.60
Juvenile Probation	0.60	-	0.60	0.55
Children, Youth & Their Families	-	0.58	0.58	0.60
Controller	0.38	0.20	0.58	0.20
District Attorney	0.39	0.15	0.54	0.35
Recreation & Park	(2.90)	3.39	0.49	2.53
Administration Services	(0.03)	0.35	0.32	0.60
Mayor	-	0.28	0.28	0.30
Commission on the Status of Women	-	0.11	0.11	0.15
Asian Art Museum	-	0.10	0.10	0.10
Fine Art Museum	-	0.10	0.10	0.10
City Planning	0.10	-	0.10	-
Ethics Commission	0.08	-	0.08	-
Telecommunication & Info. Svcs.	-	0.06	0.06	0.18
Law Library	-	0.06	0.06	0.06
Human Rights Commission	-	0.05	0.05	0.08
City Attorney	-	-	0.00	-
Human Resources	-	-	0.00	-
<b>Total Net Projected Savings</b>	<b>\$ (2.22)</b>	<b>31.11</b>	<b>28.89</b>	<b>18.38</b>
<b>General Reserve</b>			<b>29.84</b>	<b>15.00</b>
<b>Citywide &amp; General Tax Revenues</b>	<b>52.26</b>	<b>-</b>	<b>52.26</b>	<b>8.05</b>
<b>Baselines - Municipal Railway</b>		<b>(2.46)</b>	<b>(2.46)</b>	<b>1.62</b>
<b>Baselines - Parking &amp; Traffic</b>		<b>(0.97)</b>	<b>(0.97)</b>	<b>0.58</b>
<b>Baselines - Library</b>		<b>(0.88)</b>	<b>(0.88)</b>	<b>0.53</b>
<b>Charter Mandated Reserves</b>			<b>(2.49)</b>	
<b>Assumed Supplemental Appropriations</b>			<b>(4.90)</b>	
<b>Net Impact on Fund Balance</b>	<b>\$ 45.28</b>	<b>27.14</b>	<b>94.86</b>	<b>45.85</b>

## **Contribution Transfers Out, Reserves & Required Set-Asides**

**Contribution Transfers Out - San Francisco General & Laguna Honda Hospitals:** Based on the current projected revenues and expenditures, San Francisco General will have a net surplus of \$5.19 million while Laguna Honda Hospital will experience a net deficit of \$0.46 million.

**Contribution Transfers Out – Baselines (Revenue Driven):** The Charter specifies that the Children's Services, Library Preservation, and Municipal Transportation (i.e. the Municipal Railway (MUNI) and Parking & Traffic) shall receive a minimum appropriation amount (baseline) from the General Fund. The required baselines are adjusted as discretionary revenues change throughout the budget year. The table below outlines the General Fund Appropriation, the Current Required Baseline, and the Projected Excess / (Deficit) Contribution needed given the projections outlined in this report.

After considering changes in discretionary revenues, **Children's Services** is currently projected to be funded \$2.90 million more than the required baseline level (after factoring in mid-year reductions). The Library, MUNI and Parking & Traffic baselines reflect the need for increasing contributions of \$0.88 million, \$2.46 million and \$0.96 million, respectively, due to increasing discretionary revenues.

### **Baseline Requirements – Revenue Driven**

Baseline	FY 2004-05			
	AAO Revised Budget General Fund Appropriation	Estimated Requirement as of the 9-Month Report	Estimated Excess/(Deficit) as of the 9-Month Report	After Including Mid-Year Departmental Reductions
<b>Revenue Driven</b>				
Children's Services	\$78.76	\$75.18	\$3.57	\$2.90
Library Preservation	\$31.99	\$32.87	(\$0.88)	not applicable
Municipal Railway	\$98.86	\$101.32	(\$2.46)	not applicable
Parking & Traffic	\$35.11	\$36.07	(\$0.96)	not applicable

**State Budget Impact:** The FY 2004-05 Adopted State Budget included discretionary revenue reductions of \$28.71 million related to the Governor's two-year, local government budget agreement and provisions outlined in Proposition 1A. The resulting estimated impact on the City for FY 2004-05 is summarized below. At this time, it appears that the calculation of the Vehicle License Fee clean-up payment will not occur until FY 2005-06. This results in the current estimated impact of \$32.05 million in revenues losses due to State shifts in FY 2004-05 compared to the \$28.71 million we assumed in the budget. These shifts are incorporated into the revenue projections included in this report.

	Budgeted	Actual	Better or
	Increase or	(Decrease) per	(Worse) due to
	(Decrease)	State	State Shifts &
		Controller	Flips
<b>State Revenue Shifts &amp; Flips</b>			
Property Tax - County Allocation	\$ 131.43	\$ 131.43	\$ -
Property Tax - ERAF III Diversion *	(28.71)	(25.17)	3.54
Subtotal - Property Tax	102.72	106.26	3.54
Sales Tax	(30.68)	(27.20)	3.48
Vehicle License Fees - Original Shift Estimate	(100.75)	(102.52)	(1.77)
Vehicle License Fees - Clean-up Calculation		(8.59)	(8.59)
<b>Subtotal - Discretionary Revenues</b>	<b>\$ (28.71)</b>	<b>\$ (32.05)</b>	<b>\$ (3.34)</b>

\* Educational Revenue Augmentation Fund, i.e. Property Taxes shifted to backfill State obligation.

**Required Set-Asides - Savings Incentive Account:** In addition, Section 3.17 of the Administrative Code requires the greater of \$2.00 million or 10 percent of departments' year-end appropriation savings to be set-aside in a **Savings Incentive Account**. Based on current projections, \$2.00 million will be needed to fund this account at year-end.

**Required Set-Asides - Recreation & Park:** Under Section 16.107 of the San Francisco Charter, the projected \$0.49 million in expenditure savings for the Recreation & Parks Department "shall be retained by the Department to be dedicated to one-time expenditures."

### **Supplemental Appropriations**

For the fiscal year to date, General Fund supplemental appropriation requests approved by the Board used \$0.16 million of the General Reserve. For General Fund supported operations, departments are generally projected to have sufficient revenues or related work order recoveries to fund cost overruns with only two exceptions: 1) the projected \$0.27 million over-expenditure at the Public Defender, and 2) the projected \$0.26 million over-expenditure at the Trial Courts for indigent defense related costs. Both of these shortfalls have been assumed in our projection, but will need to use General Fund Reserve funding to cover the shortfalls as no available departmental revenues are projected. Active and anticipated supplemental appropriation requests are summarized in **Appendix A**.

### **Expenditure Reserves**

Each year, the Board of Supervisors places certain budget items on reserve, requiring subsequent Board approval before these funds can be spent. **Appendix B** provides a status report on the Board reserves and their remaining balances. For projection purposes, this report assumes that all of these Board reserves are released, though it is important to note that since a number of departments also are projected to end the year with expenditure savings, some may not need to request a reserve release by year-end. In these cases, annual operating appropriation reserves will automatically be closed at year-end and a like amount of savings will result in fund balance (as already assumed in our projection).

### **General Fund Ending Balance**

Based on the current revenue and expenditure projections, the City's year-end General Fund balance would be \$124.20 million – in a net positive balance position. This represents a \$69.19 million increase from our actual FY 2004-05 beginning fund balance of \$55.01 million.



Section II. Sources of Funds, Revenues & Transfers In

GENERAL FUND (US\$ millions)	FY 2003-04	FISCAL YEAR 2004-05 (Current Year, CY)				Surplus / (Shortfall) from Revised	
	Prior Year (PY) Actuals	Original Budget	Revised Budget	9 -Month Projection			
PROPERTY TAXES	\$ 546.81	\$ 645.50	\$ 645.50	\$ 676.20	\$ 30.70	(1)	
BUSINESS TAXES:							
Business Registration Tax	\$ 8.05	\$ 6.99	\$ 6.99	\$ 6.99	\$ -	(2)	
Payroll Tax	\$ 256.30	\$ 288.24	\$ 288.24	\$ 271.01	\$ (17.23)	(3)	
Total Business Taxes	\$ 264.35	\$ 295.23	\$ 295.23	\$ 278.00	\$ (17.23)		
OTHER LOCAL TAXES:							
Sales Tax	\$ 120.64	\$ 90.93	\$ 90.93	\$ 96.46	\$ 5.53	(4)	
Hotel Room Tax	\$ 98.46	\$ 94.42	\$ 94.42	\$ 110.28	\$ 15.86	(5)	
Utility Users Tax	\$ 70.94	\$ 66.29	\$ 66.29	\$ 68.85	\$ 2.56	(6)	
Parking Tax	\$ 31.99	\$ 32.13	\$ 32.13	\$ 31.84	\$ (0.29)	(7)	
Real Property Transfer Tax	\$ 78.85	\$ 70.00	\$ 70.00	\$ 106.54	\$ 36.54	(8)	
Stadium Admission Tax	\$ 2.67	\$ 2.67	\$ 2.67	\$ 2.41	\$ (0.27)	(9)	
Other Local Taxes		\$ 25.00	\$ 25.00	\$ -	\$ (25.00)	(10)	
Total Other Local Taxes	\$ 403.55	\$ 381.45	\$ 381.45	\$ 416.38	\$ 34.93		
LICENSES, PERMITS & FRANCHISES							
Licenses & Permits	\$ 5.41	\$ 5.84	\$ 5.84	\$ 5.74	\$ (0.10)	(11)	
Franchise Tax	\$ 12.09	\$ 10.29	\$ 10.29	\$ 12.62	\$ 2.33	(12)	
Total Licenses, Permits & Franchises	\$ 17.50	\$ 16.13	\$ 16.13	\$ 18.36	\$ 2.23		
FINES, FORFEITURES & PENALTIES	\$ 29.73	\$ 12.11	\$ 12.11	\$ 10.42	\$ (1.69)	(13)	
INTEREST & INVESTMENT INCOME	\$ 7.59	\$ 6.30	\$ 6.30	\$ 8.95	\$ 2.65	(14)	
RENTS & CONCESSIONS							
Garages - Rec/Park	\$ 6.98	\$ 7.79	\$ 7.79	\$ 7.36	\$ (0.43)	(15)	
Rents and Concessions - Rec/Park	\$ 10.20	\$ 12.59	\$ 12.59	\$ 11.29	\$ (1.30)	(16)	
Other Rents and Concessions	\$ 0.32	\$ 1.48	\$ 1.48	\$ 1.60	\$ 0.12	(17)	
Total Rents and Concessions	\$ 17.50	\$ 21.86	\$ 21.86	\$ 20.24	\$ (1.62)		
INTERGOVERNMENTAL REVENUES							
Federal Government							
Social Service Subventions	\$ 152.37	\$ 172.27	\$ 188.66	\$ 189.26	\$ 0.60	(18)	
Other Grants & Subventions	\$ 10.68	\$ 3.79	\$ 3.79	\$ 3.79	\$ -		
Total Federal Subventions	\$ 163.05	\$ 176.06	\$ 192.45	\$ 193.05	\$ 0.60		
State Government							
Social Service Subventions	\$ 124.98	\$ 120.75	\$ 113.60	\$ 110.54	\$ (3.05)	(19)	
Health & Welfare Realignment	\$ 137.70	\$ 145.09	\$ 145.09	\$ 156.11	\$ 11.02	(20)	
Health/Mental Health Subventions	\$ 68.69	\$ 71.71	\$ 71.71	\$ 71.71	\$ -		
Public Safety Sales Tax	\$ 64.16	\$ 62.87	\$ 62.87	\$ 66.67	\$ 3.80	(21)	
Motor Vehicle In-Lieu	\$ 84.63	\$ 15.24	\$ 15.24	\$ 6.65	\$ (8.59)	(22)	
Other Grants & Subventions	\$ 17.04	\$ 18.47	\$ 18.60	\$ 20.92	\$ 2.32	(23)	
Total State Subventions	\$ 497.20	\$ 434.12	\$ 427.10	\$ 432.60	\$ 5.50		
CHARGES FOR SERVICES:							
General Government Service Charges	\$ 25.17	\$ 22.86	\$ 22.86	\$ 22.61	\$ (0.25)	(24)	
Public Safety Service Charges	\$ 15.07	\$ 17.61	\$ 17.61	\$ 16.76	\$ (0.85)	(25)	
Recreation Charges - Rec/Park	\$ 5.45	\$ 8.39	\$ 8.39	\$ 8.22	\$ (0.17)	(26)	
MediCal,MediCare & Health Service Charges	\$ 33.37	\$ 44.78	\$ 45.20	\$ 46.72	\$ 1.52	(27)	
Other Service Charges	\$ 6.59	\$ 7.94	\$ 8.36	\$ 8.36	\$ -		
Total Charges for Services	\$ 85.64	\$ 101.59	\$ 102.43	\$ 102.67	\$ 0.24		
RECOVERY OF GEN. GOV'T. COSTS	\$ 9.96	\$ 18.18	\$ 18.18	\$ 18.18	\$ -		
OTHER REVENUES	\$ 27.47	\$ 28.77	\$ 28.87	\$ 18.49	\$ (10.38)	(28)	
TOTAL REVENUES	\$ 2,070.35	\$ 2,137.28	\$ 2,147.60	\$ 2,193.54	\$ 45.93		
TRANSFERS INTO GENERAL FUND:							
Airport	\$ 26.73	\$ 19.22	\$ 19.22	\$ 19.56	\$ 0.34	(29)	
Other Transfers	\$ 94.78	\$ 135.95	\$ 135.95	\$ 134.95	\$ (1.00)	(30)	
Total Transfers-In	\$ 121.51	\$ 155.16	\$ 155.16	\$ 154.50	\$ (0.66)		
TOTAL GENERAL FUND RESOURCES	\$ 2,191.87	\$ 2,292.44	\$ 2,302.76	\$ 2,348.04	\$ 45.28		

**Notes to Sources of Funds Schedule:**

- (1) **Property Tax** revenues for the General Fund are projected to be \$30.70 million better than budget. This is due to five factors: 1) better supplemental tax collections, 2) better penalty collections, 3) better escaped<sup>1</sup> assessment collections, 4) lower State revenue shifts related to ERAF III<sup>2</sup>, and 5) assessment appeals experience to date. San Francisco’s assessed valuation growth remained strong in FY 2004-05 at 6.4 percent compared to 4.7 percent in FY 2003-04. Additionally, interest rates have remained low (albeit increasing over part of FY 2004-05), which has in turn helped to propel the number of property sales and subsequent supplemental tax receipts. ERAF III resulted in shifts to the School District and Community College of \$25.17 million versus the \$28.71 assumed in the budget. The projected increase in Property Tax revenues impacts the following funds:

**Funds Benefiting from Increasing Property Tax Revenues**  
(US\$ millions)

<b>General Fund</b>	<b>\$30.70 M Better than Budget</b>
<b>Children’s Fund</b>	<b>\$ 1.40 M Better than Budget</b>
<b>Library Preservation Fund</b>	<b>\$ 1.17 M Better than Budget</b>
<b>Open Space Fund</b>	<b>\$ 1.17 M Better then Budget</b>

**Assessment Backlog:** While working down the backlog of bigger transactions has in part helped in higher escaped assessments, some additional opportunities for revenue enhancement may exist in even further reducing the remaining assessment backlog, in particular regarding the processing of the new construction backlog. The Assessor reports that the department currently has a significant processing backlog, mostly related to new construction. Backlogs have significant potential revenue implications as the 8,100 deeds in queue have been estimated by the Assessor to have up to \$700 million in incremental roll value. Additionally, 13,500 construction permits may also yield up to \$900 million in incremental roll value. The table on the next page summarizes the backlog and assumes a 45 percent adjustment factor for processing deeds and a 50 percent adjustment factor for new construction permit activity, because not all items in the backlog will yield an actual incremental assessment. The table shows that if the backlog were processed, including assessment, billing and collection in FY 2004-05, the value to various funds would be approximately \$4.94 million, which includes a \$4.33 million increase to the General Fund. The current backlog levels of 21,600 with the Assessor’s Estimate of Incremental Roll Value of \$1.60 billion reflects improvement over FY 2003-04 when the Controller’s 9-Month Report showed a backlog of 17,800 with the Estimated Value at \$3.50 billion. While the count is higher, due mainly to new construction permit activity, the estimated incremental value has been worked down. The Department reports that a backlog of approximately 7,000 deeds represents a typical 2-3 month processing time.

<sup>1</sup> Escape assessments are assessment that a levied after the year of original tax liability. This occurs generally when there is a backlog in assessment processing.

<sup>2</sup> ERAF III – Educational Revenue Augmentation Fund, per California State Budget, FY 2004-05.

### Summary of Assessment Backlog

Backlog Type	Count	Assessor's Estimate of Incremental Roll Value (US\$ millions)	Assessor's Estimate of Revenue Yield	Adjusted Estimate of Incremental Roll Value (US\$ millions)
Deed Processing	8,100	\$ 700	45%	\$ 315
New Construction - Permit Activity	13,500	\$ 900	50%	\$ 450
<b>Total</b>	<b>21,600</b>	<b>\$ 1,600</b>		<b>\$ 765</b>

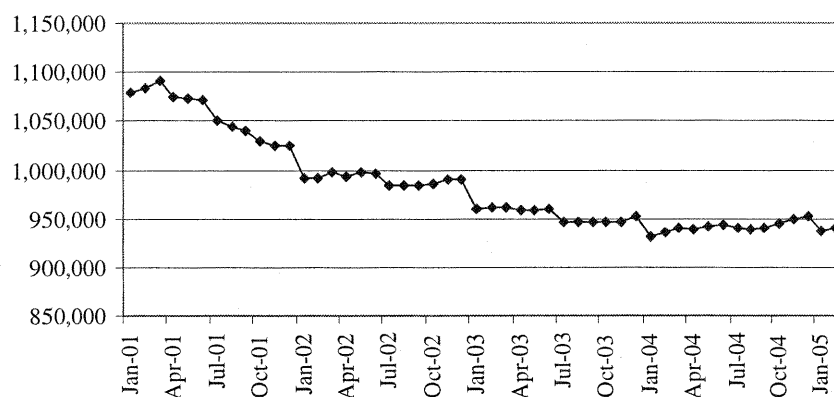
#### Potential Incremental Property Tax Revenue (in millions)

General Fund	\$ 4.33
Children's Fund	\$ 0.23
Library Fund	\$ 0.19
Open Space Fund	\$ 0.19
<b>Total - Above Funds</b>	<b>\$ 4.94</b>

- (2) **Business Registration** revenues are projected to be on budget based on business formations and renewals to date.
- (3) **Payroll Tax** revenues are projected to be \$17.23 million under budget currently. The budget assumed slow growth in employment with moderate wage increases. However, prior-year actuals were under budget, resulting in a lower starting point on top of continued labor weakness on average in calendar year 2004 (as compared to calendar year 2003). All combined, these factors foreshadow some continued weakness for the current year's budget.

For the 2004 calendar year, average job growth continued to be negative overall for our region, although some growth did occur in the latter half of the year. Nevertheless, the average for the year showed shrinkage of 0.4%. Since the payroll tax is calculated using calendar-year results, this has reduced revenues in the current fiscal year. The chart below shows the employment levels for the San Francisco Primary Metropolitan Statistical Area and is the most focused geographical area for which current data is available. The labor growth that was assumed in the budget does not appear to have materialized. We have based this projection on cash collections through April 2005 plus projected prepayments for calendar year 2005. These prepayments are projected using the most recent annual tax payment plus an automatic 2 percent required prepayment factor related to the 2005 tax year.

**Total Employment**  
All Industries for SF-San Mateo-Redwood City Metro Area



**Business Taxes (US\$ millions)**

<b>Fiscal Year</b>	<b>Business Taxes ** Revenue</b>	<b>\$ Change from Prior Year</b>	<b>% Change from Prior Year</b>
FY 1982-83	\$ 96.83		
FY 1983-84	\$ 99.08	\$ 2.25	2.3%
FY 1984-85	\$ 95.73	\$ (3.35)	-3.4%
FY 1985-86	\$ 112.36	\$ 16.63	17.4%
FY 1986-87	\$ 113.72	\$ 1.36	1.2%
FY 1987-88	\$ 120.64	\$ 6.93	6.1%
FY 1988-89	\$ 143.52	\$ 22.87	19.0%
FY 1989-90	\$ 153.00	\$ 9.48	6.6%
FY 1990-91	\$ 157.21	\$ 4.22	2.8%
FY 1991-92	\$ 142.57	\$ (14.64)	-9.3%
FY 1992-93	\$ 154.28	\$ 11.71	8.2%
FY 1993-94	\$ 164.34	\$ 10.06	6.5%
FY 1994-95	\$ 167.67	\$ 3.33	2.0%
FY 1995-96	\$ 175.31	\$ 7.64	4.6%
FY 1996-97	\$ 200.92	\$ 25.61	14.6%
FY 1997-98	\$ 222.90	\$ 21.98	10.9%
FY 1998-99	\$ 229.17	\$ 6.27	2.8%
FY 1999-00	\$ 267.20	\$ 38.03	16.6%
FY 2000-01	\$ 277.09	\$ 9.90	3.7%
FY 2001-02	\$ 274.13	\$ (2.97)	-1.1%
FY 2002-03	\$ 276.13	\$ 2.00	0.7%
FY 2003-04	\$ 264.35	\$ (11.77)	-4.3%
FY 2004-05 Budget	\$ 295.23	\$ 30.88	11.7%
FY 2004-05 Projection	\$ 278.00	\$ 13.65	5.2%

\*\* Business Taxes include Business Registration, Payroll Tax, and Gross Receipts Tax which was repealed in April 2001.

- (4) **Sales Tax** revenues are projected to be \$5.53 million better than original budget. As illustrated in the table below, San Francisco sales activity was positive during all quarters in 2004, whereas the 9-County Bay Area region had been positive since the 4<sup>th</sup> Quarter 2003, and California average since 3<sup>rd</sup> Quarter 2002. The current projection assumes average 3.7 percent growth for the entire fiscal year as well as the State revenue shift (i.e. the *Triple Flip*) being \$3.48 million better than assumed in the budget. [See State Budget section above for further details on overall State impact.] San Francisco's sales tax revenue continues to be more dependent on tourism than most other cities in California, any sustained increase in this revenue will be dependent on tourism, business travel and jobs growth.

**Sales Tax Activity Positive in San Francisco, Bay Area, and California**

<b>Fiscal Year</b>	<b>Calendar Quarter</b>	<b>San Francisco</b>	<b>9 County Bay Area</b>	<b>California</b>
<b>FY 2004-05</b>	<b>4<sup>th</sup> Quarter 2004</b>	6.30%	7.69%	11.36%
	<b>3<sup>rd</sup> Quarter 2004</b>	0.78%	1.67%	4.93%
<b>FY 2003-04</b>	<b>2<sup>nd</sup> Quarter 2004</b>	8.39%	6.61%	7.68%
	<b>1<sup>st</sup> Quarter 2004*</b>	3.00%	8.00%	10.19%
	<b>4<sup>th</sup> Quarter 2003*</b>	-0.84%	2.84%	4.23%
	<b>3<sup>rd</sup> Quarter 2003</b>	-1.55%	-1.40%	2.52%
<b>FY 2002-03</b>	<b>2<sup>nd</sup> Quarter 2003</b>	-3.30%	-2.30%	5.00%
	<b>1<sup>st</sup> Quarter 2003</b>	-1.98%	-3.01%	4.61%
	<b>4<sup>th</sup> Quarter 2002</b>	-1.70%	-4.40%	0.80%
	<b>3<sup>rd</sup> Quarter 2002</b>	-5.00%	-3.10%	3.10%
<b>FY 2001-02</b>	<b>2<sup>nd</sup> Quarter 2002</b>	-9.70%	-8.40%	-1.30%
	<b>1<sup>st</sup> Quarter 2002</b>	-17.80%	-12.70%	-3.70%
	<b>4<sup>th</sup> Quarter 2001</b>	-17.00%	-13.50%	-2.00%
	<b>3<sup>rd</sup> Quarter 2001</b>	-20.30%	-11.50%	-1.20%
<b>FY 2000-01</b>	<b>2<sup>nd</sup> Quarter 2001</b>	-8.70%	-5.00%	0.00%

Notes: \* SF growth reflects adjustment for prior CA BOE allocations.  
Source: CA BOE, HdL

- (5) **Hotel Room Tax** revenues allocated to the General Fund are projected to be approximately \$15.86 million better than original budget. Overall, hotel room tax revenues are projected to be approximately \$158.98 million, approximately 7.3 percent above prior-year levels of \$148.23 million. This revenue started to recover late last fiscal year – making the starting base higher for the current year. Hotel occupancy rates significantly strengthened in the early part of the fiscal year, and room rates stabilized. The tables on page 15 summarize Occupancy and Average Daily Room Rates (ADRs) by month.

Our projection is based on realized revenue collections-to-date and survey data representing 70 to 80 percent of the City's hotel room inventory, and assumes a continued, gradual economic strengthening and a slight increase in average daily room rates for FY 2004-05. Our current forecast assumes average annual occupancy rates of 73 to 74 percent and average annual daily room rates (ADRs) of \$144 to \$145. Hotel room tax revenues fluctuate primarily based on these two variables.

**Hotel Room Tax (US\$ millions)**

<b>Fiscal Year</b>	<b>Hotel Tax Revenue All Funds</b>	<b>\$ Change from Prior Year</b>	<b>% Change from Prior Year</b>	<b>Hotel Tax Rate</b>	<b>Notes</b>
FY 1978-79	\$ 19.01			8.00%	(1)
FY 1979-80	\$ 23.82	\$ 4.80	25.3%	8.00%	
FY 1980-81	\$ 32.56	\$ 8.74	36.7%	9.75%	(2)
FY 1981-82	\$ 36.86	\$ 4.30	13.2%	9.75%	
FY 1982-83	\$ 35.27	\$ (1.59)	-4.3%	9.75%	
FY 1983-84	\$ 38.32	\$ 3.05	8.7%	9.75%	
FY 1984-85	\$ 44.71	\$ 6.39	16.7%	9.75%	
FY 1985-86	\$ 47.98	\$ 3.27	7.3%	9.75%	
FY 1986-87	\$ 53.10	\$ 5.12	10.7%	9.75%	
FY 1987-88	\$ 60.92	\$ 7.82	14.7%	11.00%	(3)
FY 1988-89	\$ 67.10	\$ 6.18	10.1%	11.00%	
FY 1989-90	\$ 63.41	\$ (3.69)	-5.5%	11.00%	
FY 1990-91	\$ 69.56	\$ 6.14	9.7%	11.00%	
FY 1991-92	\$ 72.03	\$ 2.47	3.6%	11.00%	
FY 1992-93	\$ 76.25	\$ 4.21	5.9%	11.00%	
FY 1993-94	\$ 86.48	\$ 10.23	13.4%	12.00%	(4)
FY 1994-95	\$ 94.10	\$ 7.62	8.8%	12.00%	
FY 1995-96	\$ 102.96	\$ 8.86	9.4%	12.00%	
FY 1996-97	\$ 137.65	\$ 34.69	33.7%	14.00%	(5)
FY 1997-98	\$ 150.16	\$ 12.51	9.1%	14.00%	
FY 1998-99	\$ 161.52	\$ 11.36	7.6%	14.00%	
FY 1999-00	\$ 182.10	\$ 20.58	12.7%	14.00%	
FY 2000-01	\$ 188.38	\$ 6.28	3.4%	14.00%	
FY 2001-02	\$ 132.23	\$ (56.15)	-29.8%	14.00%	
FY 2002-03	\$ 128.59	\$ (3.64)	-2.7%	14.00%	
FY 2003-04	\$ 148.23	\$ 19.64	15.3%	14.00%	
FY 2004-05 Budget	\$ 143.12	\$ (5.11)	-3.4%	14.00%	
FY 2004-05 Projection	\$ 158.98	\$ 10.75	7.3%	14.00%	

Notes: (1) 8 % from July 1978 to June 1980, and 6 % prior to June 1978.

(2) 9.75% from July 1980 to December 1986

(3) 11 % from January 1987 to August 14, 1993

(4) 12 % from August 15, 1993 to July 31, 1996

(5) 14 % since August 1, 1996

## HOTEL OCCUPANCY RATES

MONTH	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
July	88.0%	87.5%	75.4%	68.7%	77.0%
August	81.3%	90.2%	80.8%	74.7%	83.5%
September	86.9%	88.5%	58.3%	68.1%	75.0%
October	82.7%	87.9%	61.1%	73.7%	76.1%
November	74.1%	72.7%	53.9%	60.9%	69.8%
December	62.1%	64.4%	50.0%	55.6%	56.9%
January	67.0%	63.5%	50.3%	51.3%	54.5%
February	79.7%	70.4%	56.9%	57.9%	63.6%
March	88.6%	72.9%	60.7%	59.4%	71.2%
April	84.7%	70.7%	67.8%	62.8%	70.2%
May	84.4%	76.9%	65.7%	68.7%	78.6%
June	91.7%	80.0%	74.5%	72.9%	80.1%
<b>AVG. OCC. RATE</b>	<b>80.9%</b>	<b>77.1%</b>	<b>63.0%</b>	<b>64.6%</b>	<b>71.4%</b>
% Rate Chg from PY	1.1%	-3.8%	-14.2%	1.6%	6.8%
% Change from PY	1.4%	-4.7%	-18.4%	2.6%	10.6%

**Fiscal Year Peak**

NOTE: Actuals based on a PKF industry sample representing 70-80% of all rooms and revenue.

**Recovery Taking Hold**

Significant  
Strengthening  
in SF Market  
by Fiscal  
Year-End

Overall  
Strengthening  
From  
Prior Year

FY 2004-05
80.9%
81.1%
81.3%
83.0%
64.0%
62.4%
58.7%
67.3%
70.0%
72.0%
79.0%
81.0%
73.4%
2.0%
2.8%
Estimated

## AVERAGE DAILY ROOM RATES (ADRs)

MONTH	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
July	\$ 154.98	\$ 175.56	\$ 156.14	\$ 140.65	\$ 136.72
August	\$ 150.06	\$ 165.89	\$ 159.01	\$ 134.34	\$ 133.63
September	\$ 158.09	\$ 180.33	\$ 157.35	\$ 140.18	\$ 141.04
October	\$ 153.22	\$ 191.46	\$ 166.56	\$ 156.21	\$ 158.28
November	\$ 148.02	\$ 169.40	\$ 151.08	\$ 140.01	\$ 141.82
December	\$ 146.22	\$ 162.24	\$ 136.65	\$ 129.56	\$ 129.33
January	\$ 153.17	\$ 174.24	\$ 146.41	\$ 140.60	\$ 133.75
February	\$ 156.25	\$ 181.78	\$ 146.09	\$ 143.65	\$ 138.73
March	\$ 164.96	\$ 179.18	\$ 143.95	\$ 138.06	\$ 150.83
April	\$ 164.39	\$ 168.79	\$ 156.06	\$ 140.30	\$ 139.73
May	\$ 168.41	\$ 191.63	\$ 152.38	\$ 149.66	\$ 150.39
June	\$ 175.50	\$ 173.72	\$ 160.85	\$ 135.91	\$ 145.69
<b>AVERAGE ADR</b>	<b>\$ 157.77</b>	<b>\$ 176.19</b>	<b>\$ 152.71</b>	<b>\$ 140.76</b>	<b>\$ 141.66</b>
\$ Change from PY	\$ 10.25	\$ 18.41	\$ (23.47)	\$ (11.95)	\$ 0.90
% Change from PY	6.9%	11.7%	-13.3%	-7.8%	0.6%

**Fiscal Year Peak**

NOTE: Actuals based on a PKF industry sample representing 70-80% of all rooms and revenue.

Year-over-Year  
Pricing  
Pressure  
Continued  
During  
Much of the  
Fiscal Year

... then, Stronger

FY 2004-05
\$ 138.35
\$ 136.73
\$ 145.14
\$ 161.71
\$ 138.50
\$ 138.79
\$ 139.77
\$ 146.36
\$ 147.00
\$ 147.00
\$ 150.00
\$ 150.00
\$ 144.95
\$ 3.28
2.3%
Estimated

Overall  
Price  
Firming  
From  
Prior Year

- (6) **Utility User Tax** revenues are projected to be \$2.56 million better than budget at this time. This is due to higher natural gas commodity prices than assumed in the budget, which resulted in additional tax revenue from commercial customers.
- (7) **Parking Tax** revenues are projected to be \$0.29 million under budget due to weakness in parking tax. On a related note, effective in FY 2004-05, the Human Services Agency's Aging & Adult Services no longer receives a parking tax revenue allocation, but is instead backfilled by a like amount of General Fund Support.
- (8) **Real Property Transfer Tax** revenues are projected to be \$36.54 million better than budget. The rate and volume of commercial building sales is unprecedented. Since this is good one-time news for the current year, these high levels are not sustainable over the long run. This revenue is one of the more volatile and is highly impacted by economic cycles and interest rates. Low mortgage rates have helped this revenue; however, the likelihood of rising interest rates by mid-2005 is also providing additional incentive for real estate transactions to occur sooner than later.

### Real Property Transfer Tax (US\$ millions)

		Annual Growth		
Real Property Transfer Tax				
Fiscal Year	Revenue	\$ Change	% Change	
FY 1982-83	\$ 11.85			
FY 1983-84	\$ 12.96	\$ 1.11	9.3%	
FY 1984-85	\$ 13.87	\$ 0.92	7.1%	
FY 1985-86	\$ 18.79	\$ 4.91	35.4%	
FY 1986-87	\$ 19.06	\$ 0.27	1.4%	
FY 1987-88	\$ 19.19	\$ 0.13	0.7%	
FY 1988-89	\$ 24.79	\$ 5.60	29.2%	
FY 1989-90	\$ 20.72	\$ (4.07)	-16.4%	
FY 1990-91	\$ 13.70	\$ (7.02)	-33.9%	
FY 1991-92	\$ 13.80	\$ 0.10	0.8%	
FY 1992-93	\$ 13.07	\$ (0.73)	-5.3%	
FY 1993-94	\$ 15.86	\$ 2.79	21.4%	
FY 1994-95	\$ 20.04	\$ 4.18	26.4%	
FY 1995-96	\$ 22.97	\$ 2.93	14.6%	
FY 1996-97	\$ 33.57	\$ 10.61	46.2%	
FY 1997-98	\$ 44.01	\$ 10.43	31.1%	
FY 1998-99	\$ 56.13	\$ 12.13	27.6%	
FY 1999-00	\$ 69.88	\$ 13.75	24.5%	
FY 2000-01	\$ 62.34	\$ (7.55)	-10.8%	
FY 2001-02	\$ 47.27	\$ (15.07)	-24.2%	
FY 2002-03	\$ 51.48	\$ 4.21	8.9%	
FY 2003-04	\$ 78.85	\$ 27.37	53.2%	
Budget FY 2004-05	\$ 70.00	\$ (8.85)	-11.2%	
Projection FY 2004-05	\$ 106.54	\$ 27.69	35.1%	



- (9) **Stadium Admission Tax** revenues are projected to be \$0.27 million under budget due to lower game ticket sales for the San Francisco 49<sup>ers</sup>.
- (10) **Other Local Taxes** revenue will not be realized as budgeted due to the voters disapproval of Propositions J (¼% sales tax) and K (temporary 1/10th of 1% gross receipts business tax) in the November 2004 election. These two revenues were budgeted at \$25.00 million in FY 2004-05. Immediately following the election, the Mayor's Office implemented spending reductions to bridge the shortfall created by the voters disapproving these two propositions.
- (11) **Licenses and Permit** revenues are projected to be \$0.10 million under budget due to:
- -\$0.15 million in lower Newsrack Fee revenue at Public Works, and
  - +\$0.05 million in higher Marriage License Fee revenues at the County Clerk.
- (12) **Franchise Tax** revenues are projected to be \$2.33 million better than budget. Higher natural gas commodity prices discussed above in the Utility Users Tax section contribute to the \$1.23 million increase. Additionally, cable franchise revenues are projected to be \$1.10 million better than budget.
- (13) **Fines, Forfeitures and Penalty** revenue is projected to be under budget by \$1.69 million due to the following items:
- -\$1.50 million in lower liquidated damage penalties assumed in the Sheriff's Department budget,
  - -\$0.67 million in lower False Alarm penalties in Police,
  - -\$0.03 million in lower Environmental Control fines in Public Works,
  - -\$0.02 million in lower Prevailing Wage Penalties at Administrative Service's Office of Contract Administration,
  - +\$0.08 million in lower ethics fines, and
  - +\$0.45 million in higher consumer protection fines collected by the District Attorney.
- (14) **Interest Income** is projected to be \$2.65 million better than budget. Since last June, the Fed has raised short-term interest rates seven times. Steadily increasing short-term rates have resulted in higher interest revenues. Higher rates increase our interest revenues, but eventually can also put downward pressure on others like the real property transfer tax. Higher short-term rates often translate into increasing longer-term rates over time, which in turn makes mortgage debt service more costly.
- (15) **Recreation & Parks Garage** revenues are projected to be \$0.43 million under budget. This net \$0.43 million shortfall includes \$0.10 million in higher Civic Center Garage revenue less \$0.53 million due to the absence of project reserve closeouts at the Portsmouth Square Garage, which were assumed in the budget.
- (16) **Rents and Concessions (Rec & Park)** revenues are projected to be \$1.30 million under budget due to weakness in park rentals, including Monster Park rentals and other special events at the Recreation & Parks Department.
- (17) **Other Rents & Concession** revenue is projected to be \$0.12 million better than budget due to higher City Hall rental revenues at Administrative Services.
- (18) **Federal Social Service** Subvention revenues are projected to be \$0.60 million more than budget due to higher Title IVe reimbursement claims at Juvenile Probation.

- (19) **State Social Service Subvention** revenues are projected to be \$3.05 million less than budget. However, this shortfall is more than offset by expenditure savings. See Note 17 on page 24 for a summary of net program savings.
- (20) **Health & Welfare Realignment** revenue is projected to be \$11.02 million more than budget due to stronger prior-year revenue growth allocations to the County than previously assumed in the budget. Statewide sales and vehicle license fee growth have continued to be strong – much stronger than our local region in fact. This has benefited the City given the Realignment allocation formulated by the State.
- (21) **Public Safety Sales Tax** revenues are projected to be \$3.80 million better than budget due to better statewide sales tax revenue growth. State growth is exceeding regional growth in sales activity and has been for some time. (See Sales Tax above for a comparison of San Francisco and statewide sales tax revenue growth.)
- (22) **Motor Vehicle in Lieu (MVL-VLF)** revenues are projected to be \$8.59 million under budget due to the elimination of the County portion of MVL-VLF per SB 1096. We will be working with the State Controller's Office to review the backfill and clean-up allocations during the year-end process. (See also the State Budget section above for further details on overall State impact.)

Given the number of shifts and adjustments made by the State in VLF revenue allocations over the last couple of years, we have provided a table below that summarizes those key changes in the context of our 3-Year Projection. Of particular note is the 'Adjustments for State Shifts' portion of the table. The line that shows *Actual Better / (Worse) than Estimated* principally explains why the City had surplus fund balance at the end of FY 2003-04 (as discussed previously in this report). However, the net impact to our 3-Year Projection is a net of zero, as only the timing of cash receipts changes was projected to change, not the underlying growth factors.

	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	
<b>Adjustments for State Shifts</b>					
Backfill Gap 'Loan' & Realignment Shifts - Estimated	\$ (58.78)	n/a	n/a	\$ 58.78	} Nets to '0' over 3-Year Projection
Backfill Gap 'Loan' & Realignment Shifts - Actual	\$ (29.74)	n/a	n/a	\$ 29.74	
<b>Actual Better / (Worse) than Estimated</b> →	<b>\$ 29.04</b>			<b>\$ (29.04)</b>	
Reduction to MVL-VLF due to Permanent Rollback of VLF Rates by State	\$ (102.52)	\$ (102.52)	\$ (102.52)	\$ (102.52)	
Increase to Property Tax due to lower ERAF Shifts by State	\$ 102.52	\$ 102.52	\$ 102.52	\$ 102.52	

- (23) **Other Grants & Subvention** revenues are projected to be \$2.32 million better than budget due to prior-year reimbursements related to various State-mandated programs.

(24) **Service Charges – General Government** revenues are projected to be \$0.25 million under budget due the following items:

- -\$0.35 million in lower Indigent Fee revenue at the Public Defender,
- -\$0.23 million in lower Probation Cost fee revenue at Adult Probation,
- -\$0.20 million in lower Paid Argument & Candidate Filing fee revenue at Elections,
- -\$0.08 million lower surcharge fees at the Board of Appeals.
- +\$0.05 million in higher filing fee revenue at Administrative Services-County Clerk,
- +\$0.10 million in higher City Planning fee revenues, and
- +\$0.45 million in higher Recording and Filing fee revenue at the Assessor/Recorder.

(25) **Service Charges - Public Safety** revenue is projected to be \$0.85 million under budget due the following items:

- -\$1.33 million in lower Asphalt Plant revenues at Public Works,
- -\$1.10 million in lower Prisoner Boarding revenues at the Sheriff's Department,
- -\$0.45 million in lower False Alarm Response fee revenues at the Fire Department,
- -\$0.12 million in lower Street Space Permit fee revenue at the Police Department,
- -\$0.11 million in lower Cremation and Medical Examiner fee revenues at Administrative Services – Medical Examiner,
- -\$0.10 million in lower Farmers Market fee revenue at Administrative Services – Real Estate,
- -\$0.06 million in lower Bad Check fee revenues at the District Attorney,
- -\$0.02 million in lower Public Pound fee revenues at Administrative Services – Animal Care & Control,
- +\$0.20 million in higher Street Space fee revenue at Public Works,
- +\$0.50 million in higher Inspection Permit fee revenue at the Fire Department, and
- +\$1.74 million in higher False Alarm Permit fee revenue at the Police Department.

(26) **Recreation Charges – Rec/Park** revenues are projected to be \$0.17 million under budget due to lower fee collections at Camp Mather. The season was not extended last summer as was previously assumed in the budget.

(27) **Service Charges – MediCal, Medicare, & Health Services** revenue is projected to be \$1.52 million better than budget due to higher revenue patient and targeted case management revenues in Primary Care. (A summary of all Public Health operations is included in the expenditure section below, Note 21 on page 25.)

(28) **Other Revenues are projected to be \$10.38 million under budget due to the followings:**

- -\$8.00 million in delayed property sales related to PUC parcels,
- -\$2.00 million in lower salary contributions from high-earners,
- -\$0.75 million in property sales assumed in the Fire Department's budget, and
- +\$0.38 million in Expired Check Cancellations at the Controller's Office.

(29) **Transfers In – Airport.** The General Fund 15% share of concession revenues at San Francisco International Airport is projected to be \$0.34 million better than budget due to slightly better than budgeted air traffic.

**San Francisco International Airport Enplanements** (in millions)

<b>Fiscal Year</b>	<b>Total</b>	<b>% Change</b>	<b>Domestic</b>	<b>% Change</b>	<b>International</b>	<b>% Change</b>
FY 1999-00	20.16		16.37		3.79	
FY 2000-01	19.44	-3.6%	15.32	-6.4%	4.12	8.8%
FY 2001-02	15.53	-20.1%	11.92	-22.2%	3.61	-12.4%
FY 2002-03	14.62	-5.9%	11.25	-5.6%	3.37	-6.8%
FY 2003-04	15.40	5.3%	11.71	4.0%	3.69	9.6%
Budget FY 2004-05	15.73	2.2%	11.93	1.9%	3.80	3.0%
Projection FY 2004-05	15.96	3.7%	12.10	3.4%	3.86	4.5%

- (30) **Transfers In – Other Transfers.** Other Transfers In are projected to be \$1.00 million under budget due to lower gift revenues assumed by Recreation & Park which appear not to be realizable as previously assumed.

**III. Uses of Funds**

	FY 2003-04		FY 2004-05					
GENERAL FUND (US\$ millions)	Actuals	Original Budget	Revised Budget	9-Month Projection	Surplus / (Shortfall)		Mayor's \$97M Plan	
PUBLIC PROTECTION								
Adult Probation	\$ 9.02	\$ 9.38	\$ 9.41	\$ 9.44	\$ (0.03)	1	\$ 0.03	
Courts - Trial Courts	34.27	33.74	33.97	34.23	(0.26)	2	0.08	
District Attorney	24.07	23.90	24.44	24.29	0.15	3	0.35	
Emergency Communications	23.55	32.81	35.17	35.17	-	4	-	
Fire Department	198.27	190.34	193.97	190.87	3.10	5	3.10	
Juvenile Probation	29.45	29.10	30.00	30.00	-	6	0.55	
Public Defender	15.26	16.34	16.71	16.99	(0.27)	7	0.20	
Police Department	253.82	251.81	253.79	253.79	-	8	-	
Sheriff	94.24	128.66	130.99	130.57	0.43	9	0.40	
Total Public Protection	\$ 681.95	\$ 716.07	\$ 728.46	\$ 725.35	\$ 3.11		\$ 4.70	
PUBLIC WORKS, TRANSPORTATION & COMMERCE								
Board of Appeals	\$ 0.42	\$ 0.47	\$ 0.47	\$ 0.47	\$ -	10	\$ -	
Economic & Workforce Development	1.59	1.91	2.70	1.75	0.95	11	0.95	
Municipal Transportation Agency	0.04	-	0.05	0.05	-	12	-	
Public Utilities Commission	0.20	0.20	0.24	0.24	-	13	-	
Public Works	30.18	24.86	31.58	31.21	0.38	14	1.00	
Telecommunications & Info. Services	1.49	1.32	2.14	2.08	0.06	15	0.18	
Total Public Works, etc.	\$ 33.91	\$ 28.75	\$ 37.17	\$ 35.79	\$ 1.39		\$ 2.13	
HUMAN WELFARE AND NEIGHBORHOOD DEVELOPMENT								
Children, Youth & Their Families	\$ 11.06	\$ 11.57	\$ 12.79	\$ 12.21	\$ 0.58	16	\$ 0.60	
Human Services (include Aging & Adult Services)	471.19	508.47	531.52	517.23	14.29	17	1.65	
Environment	2.71	0.86	6.01	6.01	-	18	0.40	
Human Rights Commission	1.67	1.18	1.34	1.28	0.05	19	0.08	
County Educational Office	0.07	0.07	0.07	0.07	-	-	-	
Comm. on the Status of Women	2.34	2.11	2.28	2.17	0.11	20	0.15	
Total Human Welfare, etc.	\$ 489.04	\$ 524.26	\$ 554.00	\$ 538.97	\$ 15.03		\$ 2.88	
COMMUNITY HEALTH								
Public Health	\$ 413.70	\$ 426.04	\$ 447.57	\$ 446.82	\$ 0.75	21	\$ 3.50	
							overall	
CULTURE AND RECREATION								
Asian Art Museum	\$ 6.03	\$ 5.84	\$ 6.01	\$ 5.91	\$ 0.10	22	\$ 0.10	
Arts Commission	5.81	5.77	7.97	7.97	-	-	-	
Fine Arts Museum	4.62	5.07	5.08	4.98	0.10	23	0.10	
Law Library	0.49	0.52	0.54	0.48	0.06	24	0.08	
Recreation and Park	58.83	62.94	64.66	61.28	3.39	25	2.53	
Academy of Sciences	1.86	1.67	1.67	1.67	-	-	-	
Total Culture & Recreation	\$ 77.62	\$ 81.82	\$ 85.92	\$ 82.28	\$ 3.64		\$ 2.80	
GENERAL ADMINISTRATION & FINANCE								
Administration Services	\$ 34.43	\$ 33.93	\$ 35.85	\$ 35.51	\$ 0.35	26	\$ 0.60	
Assessor/Recorder	8.31	9.24	9.63	9.43	0.20	27	0.20	
Board of Supervisors	8.74	9.32	9.99	9.99	-	28	-	
City Attorney	8.23	6.45	6.16	6.16	-	29	-	
Controller	19.57	18.42	21.15	20.95	0.20	30	0.20	
City Planning	12.27	15.62	16.05	16.05	-	31	-	
Civil Service	0.54	0.55	0.60	0.60	-	-	-	
Ethics Commission	0.87	1.72	1.83	1.83	-	32	-	
Human Resources	17.16	15.69	17.35	17.35	-	33	-	
Mayor	7.63	6.88	9.68	9.41	0.28	34	0.28	
Elections	15.20	7.11	10.36	10.25	0.11	35	-	
Retirement	0.39	0.34	0.92	0.92	-	-	-	
Treasurer/Tax Collector	17.48	18.46	19.30	18.70	0.60	36	0.60	
General City Responsibility	83.31	59.37	69.01	67.94	1.07	37	2.60	
Total General Admin. & Finance	\$ 234.14	\$ 203.10	\$ 227.88	\$ 225.09	\$ 2.79		\$ 4.48	
TOTAL GENERAL FUND EXPS.								
	\$ 1,930.37	\$ 1,980.04	\$ 2,081.01	\$ 2,054.30	\$ 26.71		\$ 20.48	
Baseline Transfer to MUNI (Municipal Railway)	\$ 99.26	\$ 98.86	\$ 98.86	\$ 101.32	\$ (2.46)	38	\$ 1.62	
Baseline Transfer Parking and Traffic	34.45	35.11	35.11	36.07	(0.97)	39	0.58	
Baseline Transfer Library	29.35	31.99	31.99	32.87	(0.88)	40	0.53	
Operating Transfer to SFGH (General Hospital)	62.16	83.61	88.90	83.71	5.19	41	see DPH	
Operating Transfer LHH (Laguna Honda Hospital)	31.29	35.05	36.93	37.39	(0.46)	42	see DPH	
Operating Transfer to Gas Tax Fund	4.58	5.28	5.28	5.28	-	14	see DPW	
TOTAL TRANSFERS OUT	\$ 261.09	\$ 289.89	\$ 297.06	\$ 296.63	\$ 0.43		\$ 2.73	
Reserves	0.00	66.40	60.57	60.57	-	-	15.00	
TOTAL GENERAL FUND USES	\$ 2,191.46	\$ 2,336.34	\$ 2,438.63	\$ 2,411.49	\$ 27.14		\$ 46.25	

\* Revised Budget includes approved supplemental appropriations, transfers and carryforwards of prior year encumbrances.

### Notes to Uses of Funds Schedule:

Most departments are managing their operations closely to budget; however, a number of departments warrant further discussion. Key issues are summarized below by Major Service Area. All projections highlighted in the table on the previous page are based on current spending patterns and identified savings plans when noted.

### Public Protection Departments

- (1) **Adult Probation** is projected to end the year \$0.03 million over budget. Higher workers' compensation projected costs is the main reason and is only being partially offset by salary and benefits savings. The department does not appear likely to meet the Mayor's \$0.03 million mid-year savings target. Additionally, the department is facing a projected revenue shortfall of \$0.23 million due to lower Probation Fee revenues, resulting in a projected net departmental shortfall of \$0.26 million by fiscal year-end. The Mayor's Office is working with the department to bring them into balance by fiscal year-end.
- (2) The **Trial Courts** is projected to be \$0.26 million over budget due to higher indigent defense costs of approximately \$0.34 million less \$0.08 million in projected personnel and work order savings. This department does not appear likely to meet the Mayor's mid-year savings target of \$0.08 million. **A supplemental appropriation request will be required from this department.**
- (3) The **District Attorney** is projected to have a surplus of \$0.15 million. This is principally attributed to savings in salaries and fringes resulting from eligible expenditure shifts to grants (i.e. General Fund Investigator positions) and the abatement of General Funding salary expenses to an eligible DPH work order. The Mayor's mid-year savings target was \$0.35 million for this department. The department has a projected revenue surplus of \$0.39 million related fine revenues, for a net surplus of \$0.54 million.
- (4) The **Emergency Communications** is projected to be within its appropriation budget by year-end. No planned expenditure savings was anticipated in the Mayor's mid-year savings plan.
- (5) The **Fire Department** is projected to have a surplus of \$3.10 million. This projected savings is due to personnel, worker's compensation and work order savings. The department has a projected revenue shortfall of \$0.71 million related to some property sales being delayed into FY 2005-06, for a net surplus of \$2.39 million. The Mayor's mid-year savings target is \$3.10 million for this department.
- (6) The **Juvenile Probation** department is projected to be within its appropriation budget by year-end, but not meeting the full \$0.55 million assumed in the Mayor's mid-year savings plan. Balancing to budget was predicated upon an aggressive cost management plan, including layoffs, overtime cost management, workers' compensation savings, lease purchase savings and work order savings. Absent this plan, the department would have had \$1.17 million expenditure shortfall by fiscal year-end. To date, three layoffs have occurred (effective January 15). This department is projected to have an additional \$0.60 million in additional Title IVe Federal Fostercare revenue by fiscal year-end. These factors result in a projected net surplus of \$0.60 million by fiscal year-end.

- (7) The **Public Defender** is projected to be \$0.27 million over budget due to not making the assumed attrition savings in their budget. The department reports more people returning to work sooner than previously expected from leaves of absence. Additionally, the department has a projected revenue shortfall of \$0.35 million in Indigent Defense Fee revenue, for a net shortfall of \$0.62 million. It is unlikely that this department will meet the Mayor's \$0.20 million mid-year savings target. **A supplemental appropriation request will be required from this department.**
- (8) The **Police** department is projected to end the year within its appropriation budget pending adherence to its departmental savings plan. Higher uniform and overtime personnel costs are being offset by a similar amount of savings in workers compensation costs (nearly \$3.1 million in savings). The department is also projected to have net surplus departmental revenues of \$0.95 million, for a net operating surplus of \$0.95 million by fiscal year-end. The Mayor's mid-year savings target for this department was to be on budget by fiscal year-end.
- (9) The **Sheriff** is projected to have a \$0.43 million savings related to the jail food program. However, the department has a projected revenue shortfall of \$2.60 million, for a net shortfall of \$2.17 million. The Mayor's mid-year savings target was \$0.40 million for the Department.

#### **Public Works, Transportation & Neighborhood Development Departments**

- (10) The **Board of Appeals** is projected to end the year within its appropriation budget. The department is also projected to have a revenue shortfall of \$0.08 million due to weakness in surcharge fees, resulting in a net operating shortfall of \$0.08 million by fiscal year-end.
- (11) The **Economic and Workforce Development** is projected to end the year with \$0.95 million in savings related to \$0.40 million from the suspension of the historic resource survey and \$0.55 million from the suspension/reduction of various economic development proposals and small business grants. The Mayor's mid-year savings target is \$0.95 million. While the department has a number of unfilled positions, these associated savings are offset by lower work order recoveries since the department cannot bill customer departments for staff they have not hired.
- (12) The **Municipal Transportation Agency's** remaining \$0.05 million of prior-year carryforward budget is projected to be expended by fiscal year-end. All new appropriation authority is consolidated in the MTA fund as designated by the voters.
- (13) The **Public Utilities Commission's** budget is projected to be fully expended and on budget by fiscal year-end. While most PUC appropriation is budgeted in their enterprise funds, the Earl P. Mills facility costs are shown here and are covered by the General Fund.
- (14) The **Department of Public Works** is projected to end the year with a savings of \$0.38 million. This is due principally to \$1.0 million in savings tied to higher recoveries from the Department of the Environment as well as personnel cost savings, less a partially offsetting \$0.62 million of fund balance weakness in the Gas Tax Fund. The department also has a projected revenue shortfall of \$1.31 million, for a net shortfall of \$0.93 million. The Mayor's mid-year savings target is \$1.00 million.

- (15) The **Telecommunication & Information Systems Department** is projected to end the year with approximately \$0.06 million in savings by year-end after factoring in reductions in television staffing costs (two layoffs, effective January 15; however, one of the two was later reversed). The Mayor's mid-year savings target is \$0.18 million.

### Human Welfare & Neighborhood Development Departments

- (16) **Children, Youth & Their Families** is projected to end the year with \$0.58 million in expenditure savings related to the closing out of unexpended prior-year grant program balances. The Mayor's mid-year savings target was \$0.60 million for this department by fiscal year-end.
- (17) The **Human Services Agency** (including both Human Services and Aging & Adult Services) is projected to have a net \$11.24 million surplus at year-end including \$3.05 million in revenue shortfalls and \$14.29 million in expenditure savings. A high-level summary of programs is provided below. Homeless aid savings related to the Human Services Care Fund has been assumed to be automatically re-appropriated as authorized under Administrative Code Section 10.100-77 for care services, so it is not included in the savings outlined below. A supplemental appropriation is also anticipated to cover CalWIN system implementation costs that will occur at the end of FY 2004-05 and FY 2005-06.

Human Services Aid & Operations Summary	Variance from Revised Budget		Net Program Surplus / (Shortfall)
	Sources Surplus / (Shortfall)	Uses Savings / (Shortfall)	
			<i>sort order</i>
IHSS - In Home Supportive Services	\$ 0.22	\$ 3.82	\$ 4.04
CAAP / PAES Aid (non-Homeless)	-	3.84	3.84
Prior Year Close-Outs	2.54	-	2.54
CalWORKS Aid & Operations	(2.35)	4.21	1.85
MediCAL Eligibility Operations	(1.01)	1.80	0.79
Vocational GF-Only	-	0.69	0.69
Homeless Services Operations (non-Human Services Care Fund)	1.09	(0.53)	0.57
FSET - Food Stamp & Employment Training	0.63	(1.21)	(0.58)
Fostercare Childcare Operations	(1.92)	1.00	(0.92)
Child Welfare Services	0.13	(2.60)	(2.47)
All Other Aid & Operations	(2.38)	3.27	0.89
<b>Total - Human Services Agency</b>	<b>\$ (3.05)</b>	<b>\$ 14.29</b>	<b>\$ 11.24</b>
Assumed CalWIN Supplemental Appropriation			(4.90)
<b>Total - Human Services Agency, net of Assumed Supplemental</b>			<b>\$ 6.34</b>

- (18) The **Environment** department is projected to be on budget by year-end. The department has reduced recycling expenditures by \$0.40 million in the Impound Account and transferred these savings (through a work order increase) to Public Works. This has the effect of increasing work order recoveries for Public Works and therefore creating a \$0.40 million in savings in the General Fund. See also Public Works, Note 14 above.
- (19) The **Human Rights Commission** is projected to end the year \$0.05 million savings due to savings in both personnel and profession services.



- (20) The **Commission on the Status of Women** is projected to end the year with \$0.11 million under budget due to savings in salaries and reductions in non-personal services, grants and work orders.

### Public Health Departments

- (21) The **Department of Public Health** is projected to end the year with a net operating surplus of \$7.00 million – principally due to net revenues being better than related costs at San Francisco General Hospital in particular. The \$7.00 million net operating surplus is outlined in the table below. This includes an appropriation surplus of \$0.75 million in the General Fund, along with appropriation operating shortfalls of \$18.30 million at the General Hospital and \$1.11 million at Laguna Honda. After factoring in operating revenue surpluses of \$1.52 million in the General Fund, \$26.58 million at the General Hospital, and \$0.66 million at Laguna Honda Hospital, less adjustments made for State Funding from the SB 855 Program. The projected General Fund net surplus of \$7.00 million is \$3.50 million better than the Mayor's \$3.50 million mid-year savings target for this department. Our projection assumes that the department will request and receive revenue-supported, supplemental appropriation of approximately \$16.68 million for operating shortfalls at the General Hospital and Laguna Honda Hospital by fiscal year-end.

Division	SOURCES			USES			TOTAL
	Revised Budget	Current Projection	Surplus/ (Deficit)	Revised Budget	Current Projection	Surplus/ (Deficit)	Surplus/ (Deficit)
SF General Hospital (SFGH)							
General Operations	\$ 445.44	\$ 472.03	\$ 26.58	\$ 445.44	\$ 463.74	\$ (18.30)	\$ 8.28
SB855 State Funding Transfer	98.23	70.38	(27.85)	98.23	73.47	24.75	(3.09)
<b>SFGH net of SB855 Transfer</b>	<b>\$ 543.67</b>	<b>\$ 542.41</b>	<b>\$ (1.26)</b>	<b>\$ 543.67</b>	<b>\$ 537.22</b>	<b>\$ 6.45</b>	<b>\$ 5.19</b>
<b>Laguna Honda</b>	<b>154.27</b>	<b>154.92</b>	<b>0.66</b>	<b>154.27</b>	<b>155.38</b>	<b>(1.11)</b>	<b>(0.46)</b>
<b>General Fund Operations</b>							
Mental Health	172.29	172.29	-	172.29	172.28	0.00	0.00
Public Health	91.45	91.15	(0.30)	91.45	90.55	0.90	0.60
Substance Abuse	65.11	65.11	-	65.11	64.76	0.35	0.35
Primary Care	42.19	44.29	2.11	42.19	42.77	(0.59)	1.52
Jail Health	22.08	21.98	(0.10)	22.08	21.98	0.10	-
Health at Home	7.67	7.48	(0.19)	7.67	7.69	(0.02)	(0.21)
<b>Subtotal - General Fun</b>	<b>400.77</b>	<b>402.29</b>	<b>1.52</b>	<b>400.77</b>	<b>400.02</b>	<b>0.75</b>	<b>2.27</b>
<b>Total DPH, including SB855</b>	<b>\$ 1,098.70</b>	<b>\$ 1,099.61</b>	<b>\$ 0.91</b>	<b>\$ 1,098.70</b>	<b>\$ 1,092.61</b>	<b>\$ 6.09</b>	<b>\$ 7.00</b>

### Culture & Recreation Departments

- (22) The **Asian Art Museum** is projected to end the year with a savings of \$0.10 million. This is due to savings in salaries, as well as facilities maintenance.
- (23) The **Fine Arts Museum** is projected to end the year with a savings of \$0.10 million. This is primarily due to savings in salaries and benefits, as well as work order savings.

- (24) The **Law Library** is projected to end the year with a savings of \$0.06 million. This is due to rent credits provided by the War Memorial as outlined in the Mayor's \$0.08 million mid-year savings plan for which \$0.06 was assumed to benefit the Law Library and the remaining \$0.02 million the Mayor's Office on Disability.
- (25) **Recreation and Park** is projected to end the year with a savings of \$3.39 million overall. This is related three main items: 1) \$2.57 million in salary and benefits costs savings in the General Fund due to vacancies as well as planned savings from closing centers one day a week, 2) \$1.70 million in additional savings due to General Fund budgeted costs being charged to the Open Space fund (which has net savings of \$1.70 million due to the delay in the revenue bond program), and 3) less \$0.88 million due to increased costs shifted onto the General Fund to cover the revenue shortfall in the Golf Fund. The department has a projected revenue shortfall of \$2.90 million in the General Fund, for a net General Fund surplus of \$0.49 million. This compares to the Mayor's \$2.53 million mid-year savings target.

#### **General Administration & Finance Departments**

- (26) The **Administration Services** department is projected to end the year with a savings of \$0.35 million in personnel and projects. The department also has a projected departmental revenue shortfall of \$0.03 million, for a net operating surplus of \$0.32 million projected for fiscal year-end. The Mayor's mid-year savings target is \$0.60 million.
- (27) The **Assessor/Recorder** is projected to end the year with a savings of \$0.20 million in salaries and fringes more than enough to offset deficits in telephone services and workers' compensation. The Mayor's mid-year savings target is \$0.20 million.
- (28) The **Board of Supervisors** is projected to end the year within appropriation. The Mayor's mid-year savings plan did not assume any savings by the Board.
- (29) The **City Attorney** intends to end the year within appropriation assuming it can bill and recover for all provided service. After reviewing the attorney's billings, outstanding accounts receivable and projected uncollectible accounts, the department appears likely to end the year on budget if the level of litigation costs are held in check. The Mayor's mid-year savings target was for this department to end on budget.
- (30) The **Controller** is projected to end the year with a surplus of \$0.20 million in salary savings. This is commensurate with the Mayor's mid-year savings plan.
- (31) The **City Planning** department is projected to end the fiscal year on budget after using some personnel cost savings to cover uncollected, prior year grant receivables from the Transportation Authority. This department has \$0.1 million in additional fee revenue by fiscal year end, resulting in a net operating surplus of \$0.1 million by fiscal year-end.
- (32) **Ethics Commission** is projected to end the year on budget. The department is also projected to have \$0.08 in additional revenues, for a net surplus of \$0.08 million by fiscal year-end.
- (33) The **Human Resources** department is projected to be on budget by year-end. The Mayor's mid-year savings target was to meet budget by fiscal year-end.

- (34) The **Mayor** is projected to have \$0.28 million in savings due to salary savings and project close-outs by fiscal year-end. This is consistent with the Mayor's mid-year savings target.
- (35) The **Department of Elections** is projected to end the year with \$0.11 million in expenditure savings after covering projected overruns in salaries and fringes through increased savings in other non-personal services, charging eligible expenditures to grant funds and receiving additional recoveries related to BART's Proposition AA costs. This department is also projected to be \$0.20 million under budget on their fee revenues, resulting in a net operating shortfall of \$0.09 million by fiscal year-end.
- (36) The **Treasurer/Tax Collector** is projected to have a savings of \$0.60 million in salaries and fringes. This compares to the \$0.60 million assumed in the Mayor's mid-year savings target.
- (37) **General City Responsibility** is projected to have a savings of \$1.07 million due to project closeouts assumed in the Mayor's mid-year savings plan, less some small department retiree health subsidy costs.

### Transfers Out

- (38) Pursuant to the Baseline Requirements, outlined on page 5, the **Transfer Out – Contribution to MUNI** is projected to be \$2.46 million more than budgeted due to the change in projected discretionary revenue.
- (39) Pursuant to the Baseline Requirements, outlined on page 5, the **Transfer Out – Contribution to Parking & Traffic** is projected to be \$0.97 million more than budgeted due to the change in projected discretionary revenue.
- (40) Pursuant to the Baseline Requirements, outlined on page 5, the **Transfer Out – Contribution to the Library** is projected to be \$0.88 million more than budgeted due to the change in projected discretionary revenue and State Library Funding.
- (41) The **Transfer Out – Contribution to SFGH** is projected to be \$5.19 million less than budget due to a net surplus in the San Francisco General Hospital's budget. This results in a net General Fund savings. See also Note #21 above – Department of Public Health.
- (42) The **Transfer Out – Contribution to LHH** is projected to be \$0.46 million more than budget due to a net deficit in Laguna Honda Hospital's budget. This results in a net General Fund cost. See also Note #21 above – Department of Public Health.

### Workers' Compensation Summary

Workers' compensation reforms are starting to take hold. Overall, the City's FY 2004-05 workers' compensation costs are projected to be approximately 4.4 percent less than FY 2003-04 actuals and 11.2 percent less than budget. General Fund Supported departments are doing even better than the citywide average (which includes MUNI). These declines are explained by lower numbers of reported claims as well as significant reductions in medical costs. New claims are responsible for about 20 percent of costs, compared to existing claims, which constitute the remainder, about 80 percent. This cost breakdown speaks to the importance of medical cost management as well as aggressive return to work programs – two areas the Workers

Compensation Council and Human Resources Workers' Compensation Division have focused their attention.

Savings this year is a stark contrast to the 14.2 percent growth in FY 2003-04, 4.3 percent growth in FY 2002-03 and 6.2 percent growth in FY 2001-02. Previous cost increases were mainly due to medical cost inflation as well as increasing benefit payments as mandated by the State. The estimates are based on actuals to date as well as prior-year spending patterns.

**Chart E: Worker's Compensation Summary (in thousands)**

<u>Fund/Service Area</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>			
	<u>Actual</u>	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Current Projection</u>	<u>Surplus/ (Deficit)</u>
<b><u>GENERAL FUND</u></b>				<i>sort order</i>	
Police Department	\$8,979	\$11,223	\$11,223	\$8,145	\$3,078
Fire Department	7,965	8,671	8,671	6,896	1,775
Recreation & Park	2,763	2,922	2,922	2,598	324
Human Services Agency (DSS & AGE)	2,421	1,876	1,876	2,235	(359)
Sheriff	2,120	2,244	2,244	1,969	276
Public Health	2,007	1,930	1,930	1,798	131
Juvenile	1,416	1,518	1,518	1,261	257
City Attorney	199	154	154	244	(90)
Assessor/Recorder	258	242	242	219	24
Treasurer/Tax Collector	165	147	147	173	(26)
Fine Arts Museum	67	168	168	102	66
Asian Art Museum	26	14	14	22	(8)
Economic & Workforce Development	-	3	3	3	(0)
Human Resources w/ All Other Small Depts.	2,101	1,838	1,838	1,779	59
<b>Subtotal General Fund (GF)</b>	<b>30,487</b>	<b>32,950</b>	<b>32,950</b>	<b>27,445</b>	<b>5,504</b>
<b><u>GENERAL FUND SUBSIDIZED</u></b>					
<b>Community Health</b>					
SF General Hospital	4,974	\$6,330	\$6,330	\$4,447	\$1,883
Laguna Honda Hospital	3,327	3,592	3,592	2,919	674
<b>Subtotal General Fund Subsidized</b>	<b>8,301</b>	<b>9,922</b>	<b>9,922</b>	<b>7,366</b>	<b>2,556</b>
<b>Subtotal General Fund &amp; Subsidized</b>	<b>\$38,788</b>	<b>\$42,872</b>	<b>\$42,872</b>	<b>\$34,811</b>	<b>\$8,061</b>
% Change from FY 2003-04 Actuals				-10.3%	
% Change from FY 2004-05 Original Budget				-18.8%	

<u>Fund/Service Area</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>			
	<u>Actual</u>	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Current Projection</u>	<u>Surplus/ (Deficit)</u>
<b><u>OTHER FUNDS</u></b>				<i>sort order</i>	
MTA - MUNI and Parking & Traffic	\$23,303	\$23,420	\$23,420	\$23,449	(28)
Public Works	2,952	3,094	3,094	3,441	(348)
Public Utilities Commission	3,290	4,238	4,238	3,248	990
Airport Commission	1,695	1,799	1,799	1,958	(160)
Public Library	701	764	764	830	(65)
Police Department (Airport)	731	570	570	466	104
War Memorial	359	364	364	357	6
Telecommunications & Info Svcs	293	375	375	335	39
Sheriff**	226	213	213	219	(5)
Administration Services	159	143	143	187	(45)
Child Support Services	105	104	104	172	(68)
Retirement System	52	49	49	58	(9)
Other Small Departments	1,194	1,535	1,535	1,091	443
<b>Subtotal Non-General Fund</b>	<b>35,059</b>	<b>36,667</b>	<b>36,667</b>	<b>35,812</b>	<b>855</b>
<b>GRAND TOTAL ***</b>	<b>\$73,847</b>	<b>\$79,539</b>	<b>\$79,539</b>	<b>\$70,623</b>	<b>\$8,916</b>
% Change from FY 2003-04 Actuals				-4.4%	
% Change from FY 2004-05 Original Budget				-11.2%	

\* The Municipal Railway contracts out its own Workers Compensation program with a third party administrator.

\*\* FY 2003-04 Actuals are based on a General Fund / Non-General Fund ratio determined by the department.

\*\*\* Trial Court actuals and budget are excluded from all years.

### **Energy – Natural Gas**

While higher natural gas prices helped on the sources or revenue-side of the budget, it also has resulted in higher heating costs for a number of City facilities. This adversely impacts a number of departments who are larger users of natural gas, including General Fund Supported departments like Public Health and the City Museums.

The expenditure projections in Section III reflect the impact for various General Fund Supported departments. Unless commodity prices drop appreciably in the second half of FY 2004-05, overall General Fund Supported departments are projected to be \$0.71 million over budgeted energy levels principally due to higher natural gas costs. This compares to an estimated \$3.79 million in additional Utility User Tax and Franchise Fee revenues related to higher commodity prices, for a net of \$3.08 million.

## **IV. OTHER FUND HIGHLIGHTS**

While this report has traditionally focused on the General Fund, we have summarized for policy makers key issues in other funds in the table below.

<b>Fund</b>	<b>Sources Higher / (Lower)</b>	<b>Uses Savings / (Shortfall)</b>	<b>Net Surplus / (Shortfall)</b>	<b>Description</b>
<b>Governmental</b>				
<b>911 Fund</b>	\$1.73 M	\$0.11 M	\$1.84 M	Total Sources are projected to be \$1.73 better than budget due to: 1) \$1.00 M in higher 911 Fee revenues, \$0.25 M in higher interest earnings, and 3) \$0.48 M of prior year fund balance. The 911 fee increase (effective November 2004). Expenditure savings of \$0.11 M are projected from debt service cost savings. These items result in a net surplus of \$1.84 M projected by fiscal year end.
<b>Building Inspection Fund – Annual Operations</b>	\$1.22 M	\$1.83 M	\$3.05 M	Building Inspection revenues are projected to be \$1.22 M better than budget mainly due to building permit activity. Expenditures savings of \$1.83 M are projected, related to \$1.33 M in personnel savings and \$0.50 M in lower operating costs (notably training). These factors result in a projected net operating surplus of \$3.05 M for FY 2004-05.

<b>Fund</b>	<b>Sources Higher / (Lower)</b>	<b>Uses Savings / (Shortfall)</b>	<b>Net Surplus / (Shortfall)</b>	<b>Description</b>
<b>Children &amp; Families Fund</b>	\$0.00 M	\$0.21 M	\$0.21 M	The Children & Families Commission is projected to have a net operating surplus of \$0.21 million for FY 2004-05 due to personnel cost savings. Revenues are tracking to budget at this time.
<b>Children's Fund</b>	\$1.40 M	\$0.08 M	\$1.48 M	The Children's Fund is projected to have a \$1.48 million net operating surplus for FY 2004-05 due to higher property tax revenues of \$1.40 million and personnel cost savings of \$0.08 million.
<b>Convention Facilities Fund – Convention Operations</b>	\$0.80M	\$0.18M	\$0.98M	Convention Facilities operations are projected to have a \$0.98M net surplus for FY 2004-05 due to higher than budgeted concession and service charge revenue of approximately \$0.80 M and expenditure savings of \$0.18M from lower contract costs.
<b>Convention Facilities Fund – Low Income Housing Subfund</b> (Low-Income Housing, Yerba Buena)	(\$3.17 M)	\$0.00M	(\$3.17 M)	The Low-Income Housing Program is presently over-committed by \$3.17M. This shortfall is related to Low-Income Housing commitments being made at unrealized, prior year budget allocation levels. The Mayor's Office of Housing is currently working with the Mayor's Budget Office to bridge their fund balance shortfall by year-end.
<b>Gas Tax Fund</b>	(\$0.62 M)	\$0.00 M	(\$0.62 M)	Available fund balance was \$0.62 M less than assumed in the FY 2004-05 budget. Public Works continues to work with the Mayor's Office to either identify General Fund savings, which could be used to offset this shortfall and/or determine which projects will be delayed.

<b>Fund</b>	<b>Sources Higher / (Lower)</b>	<b>Uses Savings / (Shortfall)</b>	<b>Net Surplus / (Shortfall)</b>	<b>Description</b>
<b>Golf Fund</b>	(\$0.93 M)	\$0.05 M	(\$0.88 M)	The Golf Fund is projected to have a net shortfall of \$0.88 million for FY 2004-05, mainly due to a \$0.93 M shortfall in golf fees at Lincoln and Sharp. A projected \$0.05 M in personnel cost savings will help mitigate some of the revenue shortfall. Additionally, this fund has insufficient prior-year fund balance to cover this year's shortfall, so Recreation & Park is planning to abate some expenditures against their General Fund savings to bring the fund into balance by year-end.
<b>Library Fund</b>	\$2.05 M	\$0.19 M	\$2.24 M	The Library Fund is projected to have a net operating surplus of \$2.24 M for FY 2004-05, mainly due to higher property tax revenues of \$1.17 M, increased Baseline Transfers In of \$0.88 M and \$0.19 M of net personnel cost savings.
<b>Neighborhood Beautification Fund</b>	(\$0.33 M)	\$0.33 M	\$0.00 M	Available fund balance was \$0.04 M less than assumed in the FY 2004-05 budget, and Payroll Taxes are projected to be \$0.29 M less than budget. A \$0.25 M reserve remains in force on expenditures to mitigate this projected revenue weakness. Additionally, Public Works reports that they intend to decrease their work order recovery by \$0.25 million in order to increase by like amount available funding for grants to outside agencies. This fund is projected to end the fiscal year in balance.
<b>Open Space Fund</b>	\$1.17 M	\$0.00 M	\$1.17 M	The Open Space Fund is projected to have a \$1.17 M net operating surplus due to higher property tax revenues of \$1.17 M. As for expenditures, the department is planning to use the \$1.70 M (i.e. \$2.00 M in debt service savings less a projected \$0.30 M in personnel cost overruns) to offset \$1.70 M of General Fund budgeted costs. See

<b>Fund</b>	<b>Sources Higher / (Lower)</b>	<b>Uses Savings / (Shortfall)</b>	<b>Net Surplus / (Shortfall)</b>	<b>Description</b>
<b>Open Space Fund</b> (continued)				Note 25 on page 26 for General Fund summary impact for Recreation & Park.
<hr/>				
<b>Enterprises</b>				
<b>Airport Operations Fund</b>	(\$0.53 M)	\$25.78 M	\$25.24 M	The Airport Operations Fund is projected to have a net operating surplus of \$25.24 M for FY 2004-05. Increased air travel has resulted in slightly better non-aviation revenues (namely parking & other concessions) with slightly more than offsetting reductions on the aviation side (namely Landing Fees due to lower landed weight than assumed in the budget). A projected \$25.78 M is expected in expenditure savings due largely to debt service savings, operating and personnel cost savings.
<b>MTA, MUNI &amp; Parking &amp; Traffic Operating Funds</b>	\$2.69 M	\$0.00 M	\$2.69 m	The MTA is projected to have a \$2.69 M net operating surplus for FY 2004-05 due to additional Baseline Transfers In of \$3.43 M, which offset other operating revenues weakness (namely fares). While the expenditure budget is showing approximately \$15.1 M in Platform cost and \$2.7 M in fuel cost overruns, the department has identified non-platform personnel savings of \$6.7 M, purchase order liquidations and other non-personnel appropriation savings to bridge the remainder of the cost overruns. Ending the year on expenditure budget will require deliberate fiscal management through year-end.



<b>Fund</b>	<b>Sources Higher / (Lower)</b>	<b>Uses Savings / (Shortfall)</b>	<b>Net Surplus / (Shortfall)</b>	<b>Description</b>
<b>Port Operating Fund</b>	\$2.73 M	\$1.22 M	\$3.95 M	The Port's Operating Fund is projected to have a net surplus of \$3.95 due to FY 2004-05 operations. Revenues are better in percentage rent, parking and cruise revenues. An estimated \$1.22 million of expenditure savings is projected, mainly resulting from debt service and personnel cost savings.
<b>PUC – Wastewater Fund</b> (AKA Clean Water Fund)	(\$1.40 M)	\$0.97 M	(\$0.43 M)	Wastewater is projected to have a \$0.43 M operating shortfall for FY 2004-05, due mainly to lower interest earnings than assumed in the budget less partially offsetting personnel cost savings of \$0.97 M.
<b>PUC – Hetch Hetchy Fund</b>	\$3.86 M	(\$8.10 M)	(\$4.24 M)	Hetch Hetchy is projected to have a projected \$4.24 M operating shortfall. This is due primarily to power-related costs exceeding revenues. Revenues are projected to be \$3.80 M more than budget primarily due to \$8.23 M in higher Western States Power Pool revenues with partially offsetting weakness of \$2.38 M in lower City billings, \$1.91 M in lower Modesto & Turlock Irrigation District billings and slightly lower billings in other non-City accounts. The lower City revenues include a credit to Moscone for refund of higher enterprise rates charged in the prior year. Enterprise billing rates are also tied to PG&E rates, which were slightly lower than what was assumed in the budget. Expenditures are projected to be \$8.10 M over budget due to \$2.50 M in higher power purchase costs, \$4.0 M in higher power scheduling coordinator services costs, \$1.4 M in higher litigation costs, less partially offsetting savings of \$0.50

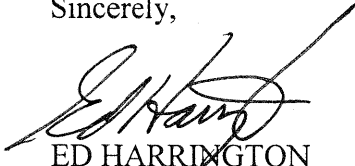
<b>Fund</b>	<b>Sources Higher / (Lower)</b>	<b>Uses Savings / (Shortfall)</b>	<b>Net Surplus / (Shortfall)</b>	<b>Description</b>
<b>PUC – Hetch Hetchy Fund</b> (continued)				M in personnel costs. A supplemental appropriation is needed to cover the appropriation cost overrun. The PUC is currently reviewing proposed sources of funding for that supplemental, which would likely include the surplus revenues noted above.
<b>PUC – Water Fund</b>	(\$1.40 M)	\$0.00 M	(\$1.40 M)	Water is projected to have a \$1.40 M operating shortfall for FY 2004-05, due mainly to lower interest earnings. Expenditures are tracking to budget after adjusting current-year activity to charge eligible personnel costs to capital projects. Previously, the PUC had indicated that they would need a supplemental appropriation for higher personnel costs for Water. This no longer appears to be the case.
<b>Internal Services</b>				
<b>Telecomm. &amp; Information Systems Fund</b>	\$0.00 M	\$0.04 M	\$0.04 M	Overall, the fund is projected to have a slight \$0.04 M surplus for FY 2004-05. Any surplus or shortfall is factored into a subsequent year's rates.

## V. CONCLUSION

Funds available are sufficient to carry the City through the remainder of the fiscal year and result in a projected year-end General Fund balance of \$124.20 million. While we have outlined the projected impact of key uncertainties and our assumptions, it is also critical that, at a minimum, a gradual economic recovery continues and that departments adhere to current savings plans.

My staff and I are available to respond to any comments or questions you may have at this time.

Sincerely,



ED HARRINGTON  
Controller

Attachments: Appendix A: Status of Supplemental Appropriations  
Appendix B: Status of Board Reserves

cc: Department Heads  
Ben Rosenfield, Mayor's Budget Office  
Harvey Rose, Budget Analyst

**APPENDIX A: Status of Supplemental Appropriations  
FY 2004-05  
As of May 1, 2005**

<u>GENERAL FUND SUPPLEMENTALS</u>	<u>APPROVED CHANGES</u>	<u>PENDING / POTENTIAL CHANGES</u>
<u>Approved Supplementals</u>		
DPW - Re-appropriate Earthquake Safety Bond funds and appropriate interest from Fire Bond	\$ 8,250,201	
DSS - Substitution of Parking Tax Revenue for GF Support	10,710,000	
DSS - Fund CalWorks, IHSS and MediCal Programs	5,988,448	
ETH - Public Financing of All Eligible ETH Commission Candidates (use of General Reserve) *	87,678 *	
(amended from \$423,750 by the Mayor's Office)		
REG - Ethnic Community Outreach (used General Reserve)*	75,000 *	
<b>Total Changes Approved</b>	<b>\$ 25,111,327</b>	
<b>* Total Changes Approved, Where General Reserve Was Used</b>	<b>\$ 162,678</b>	
<u>Supplementals Pending at the Board</u>		
DPH - Re-appropriate prior ECN fund to Public Health Nursing		\$ 168,621
ECN - De-appropriate Funds to Workforce & Economic Development		(168,621)
DPH - Increase appropriation for Public Health Staffing		307,379
DSS - De-appropriation CalWIN System Implementation		(1,000,000)
DSS - Wages Plus Program		196,027
<b>Total Supplementals Pending at the Board - General Fund Only</b>		<b>\$ (496,594)</b>
<u>Additional Anticipated General Fund Supported Supplemental Appropriations</u>		
DPH - SF General & Laguna Honda Hospitals (assumed use of higher hospital revenues to offset higher costs)		\$ 16,683,000
DSS - CalWIN System Implementation (assumed use of surplus DSS savings)**		\$ 4,900,000
CRT - Trial Courts, Indigent Defense (appear to need funding from General Reserve)*		\$ 262,000
PDR - Public Defender (appear to need funding from General Reserve)*		\$ 260,000
<b>Total Additional Anticipated Supplementals - General Fund Only</b>		<b>\$ 21,111,812</b>

Notes: \* Approved and included the use of the General Reserve.  
\*\* Pending or anticipated and reduces year-end balance.

**APPENDIX A: Status of Supplemental Appropriations**  
**FY 2004-05**  
**As of May 1, 2005**

<b>NON-GENERAL FUND SUPPLEMENTALS</b>	<b>APPROVED CHANGES</b>	<b>PENDING / POTENTIAL CHANGES</b>
<b>Approved Supplementals</b>		
PRT - Illinois Street Bridge Project	\$ 9,998,139	
PRT - Pier 35 Security Enhancement Project	980,849	
PUC - Electrical Reliability Power Project	2,666,667	
PUC - Funding for SFPUC's Capital Improvement Program	21,963,000	
REC - 2000 Academy of Science Bond - Capital Improvement	8,075,000	
REC - GO & Lease Revenue Bonds, with Project Reappropriation	98,588,973	
<b>Total Changes Approved - Non General Fund Only</b>	<b>\$ 142,272,628</b>	
<b>Supplementals Pending at the Board</b>		
DBI - Residential Preservation Hotel Conversion		\$ 300,000
LIB - Capital Improvements (2000 Branch Library Improvements 3rd Series)		35,801,823
MTA - Purchase and Modify 45 AC Transit Coaches		4,100,000
REC - Reappropriation of Lease Revenue Bond Proceeds Among Capital Projects		15,964,440
REC - Reappropriation of General Obligation Bond Proceeds Among Capital Projects		15,964,440
REC - Capital Improvements (Steinhart Aquarium 1995 Bond & Academy of Sciences 2nd Series 2005)		108,615,000
REC - Facility Improvements (1997 Zoo Facility 4th Series 2005)		7,505,000
<b>Supplementals Pending in the Mayor's Office</b>		
<b>Total Supplementals Pending - Non-General Fund Only</b>		<b>\$ 188,250,703</b>
<b>Additional Anticipated Supplementals</b>		
PUC - Hetch Hetchy		\$ 8,100,000
<b>Total Additional Anticipated Supplementals - Non General Fund Only</b>		<b>\$ 8,100,000</b>

**APPENDIX B: Status of Board Reserves**  
**As of May 1, 2005**

<b>GENERAL FUND RESERVES</b>	<b>BEGINNING BALANCE</b>	<b>RELEASED</b>	<b>REMAINING BALANCE</b>
<b>Children Youth &amp; Families</b>			
Children's Emergency Services (pending expenditure plan)	\$ 1,752,000	\$ 1,752,000	\$ -
<b>Controller</b>			
Salaries - pending City Services Auditor hiring plan	263,509	200,000	63,509
<b>Department of Public Health</b>			
Salaries for 6 months of administrative positions	331,363	331,363	-
<b>Department of Human Services</b>			
Senior Services Programs - pending expenditure plan	750,000	750,000	-
<b>Economic &amp; Workforce Development</b>			
Econ Development Proj. - 7 months of funding	823,367	728,002	95,365
Historic Preservation - pending expenditure plan	400,000	-	400,000
<b>Environment</b>			
Rents & Leases - pending new lease information	131,363	43,585	87,778
<b>Fire</b>			
Personnel Costs - pending hiring plan	1,500,000	-	1,500,000
<b>General Fund</b>			
Justice Tracking Info System (JUSTIS) Project	1,470,058	1,470,058	-
<b>Human Resources</b>			
Salaries for six months -- HR Director / Deputy Director	167,960	167,960	-
<b>Juvenile Probation</b>			
Five months of Administration	2,381,927	2,381,927	-
Salaries for Position Add-Backs	172,676	172,676	-
<b>Mayor</b>			
Violence Prevention for High Risk Areas Project	1,000,000	500,000	500,000
<b>Recreation &amp; Park</b>			
Naming Rights Revenue - personnel costs and project appropriation	3,000,000	-	3,000,000
<b>Telecommunication &amp; Information Services</b>			
Salaries for 9 months of Deputy Director III	116,462	38,821	77,641
<b>TOTAL GENERAL FUND RESERVES</b>	<b>\$ 14,260,685</b>	<b>\$ 8,536,392</b>	<b>\$ 5,724,293</b>

**APPENDIX B: Status of Board Reserves (continued)**  
**As of May 1, 2005**

<b>NON-GENERAL FUND RESERVES</b>	<b>BEGINNING BALANCE</b>	<b>RELEASED</b>	<b>REMAINING BALANCE</b>
<b>Building Inspection</b>			
Equipment - Permit Tracking System	\$ 509,250	\$ -	\$ 509,250
<b>Environment</b>			
Rents & Leases - pending new lease information	106,500	32,880	73,620 Closes at Year-end
<b>Library</b>			
Radio Frequency Identification Project	300,000	-	300,000
Salaries for 9 months of Deputy Librarian & Librarian IV	200,695	-	200,695
<b>Port Commission</b>			
Salaries for 6 months of Chief Stationary Engineer & Deputy Director	107,674	107,674	-
<b>Public Health</b>			
Salaries for 6 months of administrative positions	190,281	190,281	-
<b>Public Works</b>			
Youth Employment & Environmental Services Project	300,000	300,000	-
Neighborhood Beautification Fund	225,000	-	225,000
<b>PUC - Clean Water</b>			
Personnel Costs to CWP regarding sewer service rates	7,000,000	-	7,000,000
Flood Mitigation Project - pending project expenditure plan	1,971,000	1,971,000	-
Youth Employment & Environmental Services Project	600,000	600,000	-
Broadband Infrastructure	72,000	-	72,000
<b>PUC - Hetch Hetchy</b>			
Solar Power Project	1,520,000	-	1,520,000
Youth Employment & Environmental Services Project	274,000	143,581	130,419
Broadband Infrastructure	33,000	-	33,000
PG&E Electricity Reliability Program - pending 1 plant closures...	1	-	1
<b>PUC - Water Department</b>			
Youth Employment & Environmental Services Project	1,626,000	1,626,000	-
Broadband Infrastructure	195,000	-	195,000
<b>Recreation &amp; Park</b>			
Capital Projects funded through Revenue Bonds	2,000,000	2,000,000	-
<b>TOTAL NON-GENERAL FUND RESERVES</b>	<b>\$ 17,230,401</b>	<b>\$ 6,971,416</b>	<b>\$ 10,258,985</b>
<b>TOTAL BOARD RESERVES</b>	<b>\$ 31,491,086</b>	<b>\$ 15,468,987</b>	<b>\$ 16,022,099</b>