



FILE
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March 31, 1987

Honorable Dianne Feinstein, Mayor
City and County of San Francisco
Room 200, City Hall

Honorable Board of Supervisors
City and County of San Francisco
Room 235, City Hall

Attn: Finance Committee

Re: Revenue Projection Update for the Year Ended June 30, 1987
(As of February 28, 1987)

Ladies and Gentlemen:

Attached for your information are the revised revenue projections for the General Fund, budgeted Special Revenue Funds, and subsidized Enterprise Funds - Municipal Railway, San Francisco General Hospital, and Laguna Honda Hospital - for the Fiscal Year 1986-87, based on actual revenue through the eight months period ending February 28, 1987, and other information available to us through the date this report was prepared.

The General Fund favorable variance of \$5,549,000 includes \$3,771,000 which will not impact our June 30, 1987 fund balance. \$3,071,000 comes from the increase in the Hotel Tax Rate which is committed for convention facility expansion and \$700,000 are Social Services Subventions which reflect the increase in subsidized expenditures in Social Services programs. Increased revenues from Licenses, Fines and Penalties are offset by shortfalls from Sales Taxes and Hospital Service Charges. Budgeted Special Revenue Funds will be impacted by declining interest rates (Streets and Road Funds). Subsidized Enterprise Funds are projecting modest positive variances, except for the Municipal Railway which expects a shortfall of about \$900,000 due to anticipated reduction in MTC sales tax allocations.

	FY 86-87			VARIANCE FAVORABLE (UNFAVORABLE)
	ACTUAL FY 85-86	CURRENT PROJECTION	REVISED BUDGET	
<u>GENERAL FUND</u>				
(in thousands)				
REVENUES				
Property taxes	\$ 293,273	\$ 322,780	\$ 323,699	\$ (919)
Business taxes	112,360	117,500	117,000	500
Other local taxes	140,137	156,526	153,955	2,571
Grants & subventions	238,549	251,010 252,610	252,047	(1,027) -563
Licenses, fines & penalties	36,464	37,512	32,372	5,140
Interest & investment earnings	27,320	21,202	21,474	(272)
Charges for services	52,345	53,937	55,971	(2,034)
Other	<u>2,434</u>	<u>5,394</u>	<u>5,394</u>	<u>0</u>
Total revenues	\$ <u>902,882</u>	\$ <u>967,861</u>	\$ <u>961,912</u>	\$ <u>3,429</u> <u>5,549</u>

SPECIAL REVENUE FUNDS
 (in thousands)

REVENUES				
Property Taxes	\$ 8,340	\$ 9,220	\$ 8,830	\$ 390
Other local taxes	45,203	47,620	47,620	0
Grants & subventions	21,437	15,260	14,235	1,025
Licenses, fines & penalties	311	413	413	0
Interest & investment earnings	7,176	5,322	5,594	(272)
Charges for services	22,687	26,664	25,603	1,061
Other	<u>543</u>	<u>949</u>	<u>949</u>	<u>0</u>
Total revenues	\$ <u>105,697</u>	\$ <u>105,448</u>	\$ <u>103,244</u>	\$ <u>2,204</u>

MUNICIPAL RAILWAY
 (in thousands)

REVENUES				
Subventions	\$ 50,514	\$ 49,800	\$ 51,800	\$ (2,000)
Charges for services	<u>64,681</u>	<u>70,135</u>	<u>69,035</u>	<u>1,100</u>
Total revenues	\$ <u>115,195</u>	\$ <u>119,935</u>	\$ <u>120,835</u>	\$ <u>(900)</u>

	ACTUAL FY 85-86	FY 86-87		VARIANCE FAVORABLE (UNFAVORABLE)
		CURRENT PROJECTION	REVISED BUDGET	
<u>SAN FRANCISCO GENERAL HOSPITAL</u>				
(in thousands)				
REVENUES				
Subventions	\$ 49,484	\$ 46,782	\$ 47,781	\$ (999)
Charges for services	<u>64,250</u>	<u>69,414</u>	<u>68,231</u>	<u>1,183</u>
Total revenues	\$ <u>113,734</u>	\$ <u>116,196</u>	\$ <u>116,012</u>	\$ <u>184</u>

LAGUNA HONDA HOSPITAL

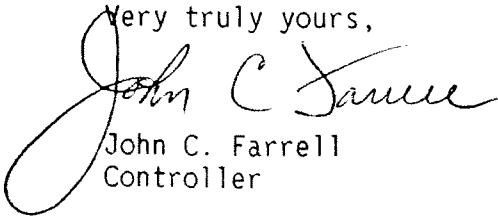
(in thousands)

REVENUES				
Subventions	\$ 2,844	\$ 1,248	\$ 1,248	\$ 0
Charges for services	<u>49,651</u>	<u>53,869</u>	<u>51,755</u>	<u>2,114</u>
Total revenues	\$ <u>52,495</u>	\$ <u>55,117</u>	\$ <u>53,003</u>	\$ <u>2,114</u>

Attached also are detailed exhibits identifying specific revenue accounts and footnotes to specific variances.

We would be pleased to further discuss any of our projections and procedures at your convenience.

Very truly yours,


 John C. Farrell
 Controller

JCF:TC:lm(#0389R)

Attachments

SCHEDULE OF BUDGETED AND PROJECTED REVENUES
 YEAR ENDED JUNE 30, 1987
 As of February 28, 1987
 (In Thousands)

D E T A I L

FY 86-87

GENERAL FUND	ACTUAL FY 85-86	CURRENT PROJECTION	REVISED BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
PROPERTY TAXES				
Current year - secured	\$ 250,944	\$ 273,300	\$ 274,857	\$ (1,557) (A)
Current year - unsecured	31,502	32,100	31,735	365 (A)
Other	10,827	17,380	17,107	273 (A)
Total property taxes	293,273	322,780	323,699	(919)
BUSINESS TAXES				
Business tax	14,808	15,500	15,000	500 (B)
Payroll tax	97,552	102,000	102,000	0 (B)
Total business taxes	112,360	117,500	117,000	500
OTHER LOCAL TAXES				
Franchise tax	4,881	5,400	5,400	0
Real property transfer tax	18,785	19,500	18,000	1,500 (C)
Parking tax	10,435	15,555	15,555	0
Utility users tax	26,991	29,500	28,500	1,000 (D)
Hotel room tax	8,243	12,071	9,000	3,071 (E)
Sales tax	70,802	74,500	77,500	(3,000) (F)
Total other local taxes	140,137	156,526	153,955	2,571
GRANTS AND SUBVENTIONS				
Homeowners property tax	5,937	5,899	5,899	0
Motor vehicle in lieu - county	26,849	28,500	28,500	0
Motor vehicle in lieu - city	20,480	21,700	21,700	0
Cigarette tax	2,750	2,550	2,700	(150) (G)
Mental health subventions	20,387	19,919 21,519	21,519	(1,600) (N)
Revenue sharing entitlements	20,021	3,338	3,325	13 (H)
County health services - state	7,685	14,062	14,062	0 (N)
Medically indigent adult	2,992	3,111	3,111	0 (N)
Social services subventions	123,362	145,825	145,125	700 (I)
Grants	1,130	558	558	0
Other	6,956	5,548	5,548	0
Total grants and subventions	238,549	257,018 252,610	252,047	(1037) 563

(Continued)

--See notes on pages 6 - 8--

SCHEDULE OF BUDGETED AND PROJECTED REVENUES
 YEAR ENDED JUNE 30, 1987
 As of February 28, 1987
 (In Thousands)

D E T A I L

GENERAL FUND (Continued)	FY 86-87			VARIANCE FAVORABLE (UNFAVORABLE)
	ACTUAL FY 85-86	CURRENT PROJECTION	REVISED BUDGET	
LICENSES, FINES AND PENALTIES				
Licenses	\$ 4,798	\$ 5,708	\$ 5,708	\$ 0
Traffic fines - parking	23,808	26,000	21,812	4,188 (J)
Traffic fines - moving	4,519	4,237	4,237	0
Unclaimed Bail	2,876	1,052	100	952 (J)
Other fines and penalties	463	515	515	0
Total licenses, fines and penalties	36,464	37,512	32,372	5,140
INTEREST AND INVESTMENT EARNINGS	27,320	21,202	21,474	(272) (K)
CHARGES FOR SERVICES				
Parking meter collections	6,424	6,800	6,600	200 (L)
General government service charges	10,509	11,557	11,021	536 (M)
Public safety service charges	11,130	12,459	12,459	0
Hospital service charges	14,240	15,215	17,669	(2,454) (N)
Other service charges	10,042	7,906	8,222	(316) (P)
Total charges for services	52,345	53,937	55,971	(2,034)
OTHER REVENUES	2,434	5,394	5,394	0
TOTAL REVENUES	\$ 902,882	\$ 967,461	\$ 961,912	\$ 5,549

--See notes on pages 6 - 8--

SCHEDULE OF BUDGETED AND PROJECTED REVENUES
YEAR ENDED JUNE 30, 1987
As of February 28, 1987
(In Thousands)

D E T A I L

SPECIAL REVENUE FUNDS	FY 86-87			
	ACTUAL FY 85-86	CURRENT PROJECTION	REVISED BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
PROPERTY TAXES				
Current year - secured	\$ 7,252	\$ 7,807	\$ 7,897	\$ (90) (A)
Current year - unsecured	900	917	907	10 (A)
Other	188	496	26	470 (A)
Total property taxes	8,340	9,220	8,830	390
OTHER LOCAL TAXES				
Admission tax	302	900	900	0
Parking tax	5,163	5,186	5,186	0
Hotel room tax	39,738	41,534	41,534	0
Total other local taxes	45,203	47,620	47,620	0
GRANTS AND SUBVENTIONS				
Motor vehicle fuel tax	4,884	5,300	5,105	195 (G)
Gas tax apportionment - county	6,631	7,000	6,352	648 (G)
Gas tax apportionment - city	2,725	2,600	2,418	182 (G)
Other	7,197	360	360	0
Total grants and subventions	21,437	15,260	14,235	1,025
LICENSES, FINES AND PENALTIES				
	311	413	413	0
INTEREST AND INVESTMENT EARNINGS				
	7,176	5,322	5,594	(272) (K)
CHARGES FOR SERVICES				
Recreation service charges:				
Candlestick Park	4,070	4,500	4,116	384 (M)
Other Recreation & Park facilities	10,121	11,994	11,597	397 (M)
Convention facilities	3,670	4,134	4,134	0
Cultural service charges	2,296	2,086	1,806	280 (M)
Other service charges	2,530	3,950	3,950	0
Total charges for services	22,687	26,664	25,603	1,061
OTHER REVENUES				
	543	949	949	0
TOTAL REVENUES	\$ 105,697	\$ 105,448	\$ 103,244	\$ 2,204

--See notes of pages 6 - 8--

SCHEDULE OF BUDGETED AND PROJECTED REVENUES
 YEAR ENDED JUNE 30, 1987
 As of February 28, 1987
 (In Thousands)

D E T A I L

	FY 86-87			
	ACTUAL FY 85-86	CURRENT PROJECTION	REVISED BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
MUNICIPAL RAILWAY				
SUBVENTIONS				
Sales tax allocation - MTC	\$ 39,702	\$ 46,000	\$ 48,000	\$ (2,000) (0)
Operating assistance	8,984	0	0	0
MTC bridge toll allocation	1,828	3,800	3,800	0
Total grants and subventions	50,514	49,800	51,800	(2,000)
CHARGES FOR SERVICES				
Passenger fares	62,169	67,500	66,900	600 (0)
Other	2,512	2,635	2,135	500 (0)
Total charges for services	64,681	70,135	69,035	1,100
TOTAL REVENUES	\$ 115,195	\$ 119,935	\$ 120,835	\$ (900)
SAN FRANCISCO GENERAL HOSPITAL				
SUBVENTIONS				
County health services	\$ 23,941	\$ 21,192	\$ 21,217	\$ (25) (N)
Medically indigent adult	25,543	25,590	26,564	(974) (N)
Total subventions	49,484	46,782	47,781	(999)
CHARGES FOR SERVICES				
Patient net revenue	62,580	67,988	66,855	1,133 (N)
Other	1,670	1,426	1,376	50 (N)
Total charges for services	64,250	69,414	68,231	1,183
TOTAL REVENUES	\$ 113,734	\$ 116,196	\$ 116,012	\$ 184

--See notes on pages 6 - 8--

SCHEDULE OF BUDGETED AND PROJECTED REVENUES
 YEAR ENDED JUNE 30, 1987
 As of February 28, 1987
 (In Thousands)

D E T A I L

	ACTUAL FY 85-86	FY 86-87		VARIANCE FAVORABLE (UNFAVORABLE)
		CURRENT PROJECTION	REVISED BUDGET	
LAGUNA HONDA HOSPITAL				
SUBVENTIONS				
County health services	\$ 2,844	\$ 1,248	\$ 1,248	\$ 0
Total subventions	2,844	1,248	1,248	0
CHARGES FOR SERVICES				
Hospital service charges	49,310	53,849	51,735	2,114 (N)
Other	341	20	20	0
Total charges for services	49,651	53,869	51,755	2,114
TOTAL REVENUES	\$ 52,495	\$ 55,117	\$ 53,003	\$ 2,114

--See notes on pages 6 - 8--

(L) PARKING METER COLLECTIONS

The last couple of months collections showed an upward trend. If this continues, the budget will be exceeded by year end by about \$200,000.

(M) GOVERNMENT/RECREATION SERVICE CHARGES

Government, recreational and cultural service charges show a favorable collection pattern; they will exceed estimated revenues.

(N) PUBLIC HEALTH PROJECTIONS

Department of Public Health staff provided us with estimates for the Central Office, Community Mental Health Services, Substance Abuse, San Francisco General Hospital and Laguna Honda Hospital. Their estimates are included in this report.

(O) MUNI RAILWAY

Improvement over budgeted operating revenues are reported by PUC financial staff. However, MTC sales tax allocations are expected to be less by \$2 million resulting in a net shortfall of about \$900,000. ~~An additional revenue of \$1,272,000 due from BART for payment to the City for transfer tickets between MUNI and BART systems will be realized. This amount is not reflected in the projection, pending approval by the Mayor.~~

4-6-67
TH

(P) OTHER SERVICE CHARGES

1. Boarding of Federal Prisoners

According to the Sheriff's Office, negotiations are underway regarding the transfer of Federal prisoners to other locations. Revenues for this fiscal year may be reduced by about \$210,000 as a result of this action.

2. Other Charges - Public Health

There is an anticipated decrease of about \$106,000 in the various miscellaneous revenue accounts.

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NOTES TO FISCAL YEAR 1986-87 REVENUE PROJECTIONS

(A) PROPERTY TAXES

Property Tax Projections are based on current year's levies and historical collection patterns. We expect a shortfall in property tax collections, especially the secured (SB 813) supplemental tax. This will be offset in part, however, by additional unsecured tax collections. Unless some major property exchanges are recorded and taxes are levied and collected, the projected shortfall will remain.

(B) BUSINESS TAXES

Analysis of collection data up to March 18, 1987, by the Tax Collector's Office staff showed that the business taxes budget will be slightly surpassed this year. Additional taxes on gross receipts will primarily account for this increase.

(C) REAL PROPERTY TRANSFER TAXES

A surge in the number of real estate transactions during December, 1986, due to changes in Federal Income Tax laws regarding treatment of capital gains will result in a favorable variance of approximately \$1.5 million.

(D) UTILITY USERS TAX

Elimination of tax charges on residential utility services commencing the 1st of January, 1987, have been reflected in the projected collection data. The adjusted data indicate the collections for the full fiscal year will be about \$1 million over the budget.

(E) HOTEL ROOM TAX

A 1.25% surcharge was approved by the Board of Supervisors in November, 1986. The 1.25% surcharge, which increases the Hotel Room tax rate from 9.75% to 11% effective January 1, 1987, is estimated to generate \$3,071,000 for the six month period ending June 30, 1987.

(F) SALES TAX

Various trend analyses of sales tax revenue and information from the State Board of Equalization point to a shortfall of \$3.0 million from estimated budget. However, our projection still reflects an increase of 5.2% over prior year's revenue.

(G) STATE SUBVENTIONS

Estimated year-end revenues are based on actual receipts from the State which were projected on the basis of historical trends.

(H) REVENUE SHARING ENTITLEMENT

The amount shown in the projected column represents actual collections for this year, since that was the last entitlement that we will receive.

(I) SOCIAL SERVICES SUBVENTIONS

Projection of this revenue account is primarily based on the results of the expenditures projections. The revenue increase of \$700,000 is projected matching a comparable increase in subsidized program expenditures.

(J) LICENSES, FINES AND PENALTIES

Traffic fines collections during the eight months period have been consistently high; we are estimating that total collections will exceed estimated revenue by \$4,188,000. Unclaimed bail close outs are expected to generate over \$1 million.

(K) INTEREST AND INVESTMENT EARNINGS

Projected earnings for the full fiscal year are based on actual for the first eight months and our estimate for the last four months. The significantly lowered interest rates existing and expected throughout 1987 results in \$1 million reduced earnings. This is offset partially by an increase in rental revenues.