MAYOR'S BUDGET OFFICE

BOARD OF SUPERVISORS BUDGET ANALYST

OFFICE OF THE CONTROLLER

March 14, 2002

The Honorable Willie L. Brown, Mayor
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Honorable Members of the Board of Supervisors
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: **Three-Year Budget Projection, FY 2002-2003 through FY 2004-2005**

Dear Mayor Brown and Members of the Board of Supervisors:

The San Francisco Charter requires a multi-year budget report to be issued annually by the Controller, the Mayor's Budget Director, and the Budget Analyst for the Board of Supervisors. This report projects revenues and expenditures for FY 2002-2003 through FY 2004-2005.

We are projecting a $154.1 million shortfall for FY 2002-2003. It should be noted that although we are projecting shortfalls for the next two fiscal years, all final budgets must be balanced and all projected shortfalls must be eliminated. Our projections reflect the estimated cost of providing the current level of City services through current business practices. These projections are not intended to commit the City to future spending levels. Actual funding decisions will be subject to availability of funds as well as policy decisions of the Mayor and Board of Supervisors. Table A below provides a summary of the projected revenues less expenditures. Please refer to Table B on the next page for a detailed breakdown of the budget projections for the next three years.

Table A
Summary of Projected General Fund Surplus/(Shortfall)
(in millions)

	FY 2002-2003	FY 2003-2004	FY 2004-2005
Projected Revenues less Expenditures	($154.1)	($44.0)	$23.2

Table B

Three-Year Budget Projection
Summary of Major Changes from Prior Year
(in millions $)

	FY 2002-03	FY 2003-04	FY 2004-05
Sources - Fund Balance			
Prior Year Fund Balance	(148.7)	(99.4)	(28.1)
Available in Budget Year	99.4	28.1	28.1
Closure of Reserves from Prior Years	(40.0)		
Subtotal, Year-end Balance	**(89.3)**	**(71.3)**	**0.0**
Sources - Revenues & Transfers			
Public Health Revenue Growth	38.6	(2.7)	(0.3)
Airport Transfer	(7.2)	1.9	1.6
Hetch Hetchy Transfer	0.0	0.0	0.0
DHS Revenue Offset	4.7	3.0	3.4
Other General Revenue Growth	(5.1)	74.9	83.3
Subtotal, Revenues & Transfers	**31.0**	**77.1**	**88.0**
Uses - Salaries and Benefits			
Annualize Partial-Year Positions	(2.9)		
Annualize Previous Year MOU Provisions	(19.6)	(13.9)	
Known MOU Provisions	(48.7)		
Unknown MOU Provisions		(27.7)	(31.1)
Health and Dental Rates	(8.2)	(2.0)	(2.3)
Change in Work Days	(2.7)	(2.8)	2.9
Subtotal, Salaries and Benefits	**(82.2)**	**(46.4)**	**(30.6)**
Uses - Other			
Baseline Requirements	2.4	(7.4)	(8.5)
Capital Program	18.5		
One-Time Programs	21.4		
Equipment Program	6.6	(0.6)	(1.4)
Non-Salary Inflation	(9.2)	(15.7)	(17.2)
GF Contribution to Convention Facilities	(9.2)	20.1	(0.9)
Rent Increases	(2.0)	(3.4)	(1.5)
Natural Gas Increases	4.9	(0.2)	(0.2)
Worker's Compensation	(3.3)	(3.5)	(3.2)
Emergency Communications Department	0.4	1.1	0.5
Police Department	(2.6)		
Sheriff Department	(3.4)		
Planning Department	2.4	(0.2)	(0.2)
Human Resources - Employee Relations	(2.0)	2.0	(2.0)
Human Services - General Assistance Aid	(14.1)	4.0	4.0
Public Health Expenditures	(20.1)		
Museum Operations	(2.9)	(0.6)	
Publicly Financed Elections (Prop O)	(1.3)	1.0	(1.0)
San Bruno Jail Debt Service			(2.5)
Subtotal, Non-Salary Uses	**(13.6)**	**(3.4)**	**(34.1)**
Projected Surplus / (Shortfall)	**(154.1)**	**(44.0)**	**23.3**

SUMMARY OF OUR PROJECTIONS

The discussions under the SOURCES and USES sections below provide descriptions of the corresponding section of Table B above.

SOURCES - Fund Balance

We are projecting an $89.3 million decrease in the FY 2001-2002 year-end balance that will be available as a source of funds for the FY 2002-2003 budget. This loss is attributable to (1) a decrease in the year-end balance from the $148.7 million used as a source of funs for the current FY 2001-2002 budget to our current projection of $99.4 million available to fund the FY 2002-2003 budget; and, (2) the depletion of $40.0 million in prior year reserves budgeted in FY 2001-2002.

- **Prior Year Fund Balance.** The FY 2001-2002 budget was balanced with $148.7 million from the prior year's fund balance. These funds were budgeted as a source in the current fiscal year and will not be available in FY 2002-2003.

- **Fund Balance Available In Budget Year.** We project that a General Fund balance of $99.4 million will be available at the end of this fiscal year as a source of funds for the FY 2002-2003 budget. The Controller's Six Month Budget Status Report projected an ending balance of $81.9 million. Our offices have revised this estimate to account for an additional $17.5 million in projected current year revenue, net of related increases in expenditures, in addition to the $81.9 million previously projected. These current year revenues include stronger than anticipated property tax growth of $26 million, less an estimated Payroll Tax revenue shortfall of $10 million, and growth in Department of Public Health and Department of Human Services subventions of $1.5 million.

- **Closure of Reserves from Prior Years.** The FY 2001-2002 budget was balanced using prior year reserves that remained unexpended, totaling $40.0 million. These funds were appropriated in the current year budget for, primarily, capital improvements and one-time programs. While these reserves will not be available to fund the 2002-2003 budget, there are projected corresponding savings in Capital Improvements and One-time programs in the Uses portion of Table B that partially offset the $40 million closure of reserves from prior years.

SOURCES - Revenues and Revenue Transfers to the General Fund

Overall, General Fund sources, including operating revenues and revenue transfers to the General Fund, are projected to exceed the current year budget by $31.0 million in FY 2002-2003. Significant revenue losses have been sustained in the current fiscal year. We are currently projecting that FY 2001-2002 revenues will be $29.1 million less than budgeted revenues. While this is a substantial loss of revenue, it is also an improvement over earlier estimates of revenue losses of between $60 and $100 million. Therefore, our revenue forecast for FY 2002-2003 represents growth of $60.1 million or 2.8 percent, above our current projection of revenues for FY 2001-2002 as shown in Attachment 1. We are also projecting revenue growth of $77.1 million in FY 2003-2004 and $88.0 million in FY 2004-2005.

Attachment 1 summarizes General Fund revenue sources for our three-year projection. Attachment 2 provides a growth comparison of the three-year projections over both the FY 2001-2002 revised budget and the current year-end projected revenues. Additional revenue details are as follows:

- **Public Health Revenue Growth.** The Department of Public Health is projected to have $38.6 million in revenue growth over its current year budget. This includes a $12.4 million increase at Laguna Honda Hospital to reflect increased Federal MediCal reimbursement rates for skilled nursing facilities and increased ancillary charges; increases of $10.5 million at San Francisco General Hospital to reflect an increase in patient census and adjustments to MediCal and Medicare reimbursement rates; $8.7 million for increased mental health and primary care MediCal revenues; and $7.0 million in other revenues and subventions. Incremental costs to fund, primarily, increased Department of Public Health Staff to care for the increase in patient census, of $20.1 million are included in the expenditure portion of this report.

- **Airport Transfer.** The General Fund receives an annual service payment from San Francisco International Airport based on concession revenues as well as reimbursement for Public Employees Retirement System costs. Given the dramatic reduction in air travel in the current fiscal year, the Airport transfer to the General Fund is projected to total $21.7 million in the current year, a loss of $7.6 million versus the FY 2001-2002 budget of $29.3 million. Based on an assumed gradual economic recovery, increased air traffic through San Francisco International Airport, and offset by the new FAA regulations limiting access to ticketed passengers, we are projecting growth in FY 2002-2003 of $0.4 million (2.0 percent growth) versus this current year projection. Given the current year loss, this assumption leads to a $7.2 million loss in FY 2002-2003 versus the FY 2001-2002 budget, followed by increases of $1.9 million in FY 2003-2004 and another increase of $1.6 million in FY 2004-2005.

- **Hetch Hetchy Transfer.** The FY 2001-2002 budget includes no Hetch Hetchy transfer. This is the same assumption used over the next three years. Historically, Hetch Hetchy's hydroelectric operations generate sufficient electricity during wet months to meet customer demands, but during drier months it must purchase electric power from wholesale market providers. Each year, certain profits from Hetch Hetchy's operations, as defined by the Charter, can be transferred to the City's General Fund. Due to the Public Utilities Commission's projection of continued high power costs and extensive capital rehabilitation needs, we do not expect Hetch Hetchy to transfer any surplus funds to the General Fund for the three-year projection period.

- **DHS Revenue Offset.** The Department of Human Services (DHS) receives reimbursement from the State and Federal governments for several programs. As a result, a portion of the projected cost increases incurred by the department will be supported by non-General Fund sources. For our report, this results in offsetting revenues of $4.7 million in FY 2002-2003. The following two fiscal years are projected to provide increased reimbursements of $3.0 million and $3.4 million respectively, which reflect lower inflation assumptions than in FY 2002-2003.

- **General Revenue Growth.** We are projecting modest general revenue growth (excluding those described above) over our projections in the current year. Given the losses in hotel, sales, business, and property transfer taxes in the current year, however, we are projecting a net decrease of $5.1 million in FY 2002-2003 versus the FY 2001-2002 budget. This estimate includes a loss of Planning Department fee revenue of $2.4 million that will be offset by reduced expenditures. Thereafter, FY 2003-2004 and FY 2004-2005 general revenues are projected to grow $74.9 million and $83.3 million respectively from the prior year projection. Details of these assumptions are available in Attachment 1.

USES – Salaries and Benefits

We are projecting increased labor costs of $82.2 million in FY 2002-2003, followed by increases of $46.4 million in FY 2003-2004 and $30.6 million in FY 2004-2005. These are the results of cost of living adjustments for City employees, mandated health benefit cost increases, and changes in the number of work-days in each fiscal year. The majority of costs for FY 2002-2003 are fixed based on approved memoranda of understanding with each of the City's bargaining units. Given that no contracts currently extend beyond the end of FY 2002-2003, costs for FY 2003-2004 and FY 2004-2005 are based on projections of cost of living adjustments.

- **Annualization of Partial-Year Positions.** In FY 2002-2003, the City will incur additional costs to annualize new positions added to the FY 2001-2002 budget. Since most of the new positions were funded for only three-quarters of a year, an additional $2.9 million in General Fund expenditures will be needed in FY 2002-2003 to fund these positions for a full year.

- **Annualization of Previous Year MOU Provisions.** The ongoing cost of partial-year salary increases granted during FY 2001-2002 will result in $19.6 million in additional General Fund cost in FY 2002-2003. For FY 2003-2004, the ongoing cost of approved January 2003 cost of living increase is $13.9 million.

- **Known MOU Provisions.** All bargaining units have previously negotiated contracts that extend through FY 2002-2003. Wage and benefit increases have been predetermined, and the approved provisions will cost the General Fund approximately $48.7 million in FY 2002-2003.

- **Unknown MOU provisions.** Since all bargaining units are up for negotiation for FY 2003-2004 and FY 2004-2005, we have projected that wages will increase by the same amount as the estimated increase in the Consumer Price Index for Wages[1]. Applying this index results in our projection of incremental costs of $27.7 million in FY 2003-2004 (a 2.0 percent increase) and $31.1 million in FY 2004-2005 (a 2.2 percent increase). **These estimates do not reflect the City's willingness or ability to pay, nor do they represent what will ultimately be negotiated.** Factors other than inflation, such as the adequacy of previous MOUs and the overall job market for similar job classifications, will also impact negotiations.

- **Health and Dental Costs.** The Charter requires the City's contribution for individual health coverage costs to increase based on a survey of California's ten largest counties. This survey resulted in a 15.3 percent increase and $5.8 million in increased General Fund costs in FY 2002-2003. In addition, the City's General Fund contribution to dependent health coverage, as required by MOUs, is estimated to increase by $2.4 million FY 2002-2003. For FY 2002-2003, we project no increase in the City's employer contribution for dental coverage. The net result is an increase of $8.2 million in General Fund costs in FY 2002-2003 for health and dental costs. Our projections for FY 2003-2004 and FY 2004-2005 are based on a 3.0 and 3.4 percent inflation assumption and amount to $2.0 and $2.3 million respectively.

- **Work Day Adjustment.** FY 2002-2003 has 261 workdays, compared to 260 for FY 2001-2002. FY 2003-2004 has 262, and FY 2004-2005 has 261. As a result, the City's General Fund will pay an estimated $2.7 million more in FY 2002-2003 for salary and benefits as compared to FY 2001-2002.

[1] The source of all estimates for prospective increases in the Consumer Price Indexes is the California Department of Finance.

FY 2003-2004 will cost an additional $2.8 million more than the prior year, and the City is projected to save $2.9 million in FY 2004-2005 due to one less workday in that fiscal year. The change in labor costs reflects both the impact of the change in the number of days in the fiscal year as well as the assumed cost of living adjustment for future fiscal years.

USES – Other Expenditures

We project other expenditure increases of $13.6 million in FY 2002-2003, $3.4 million in FY 2003-2004 and $34.1 million in FY 2004-2005. These projections reflect the following assumptions:

- **Baseline Requirements.** The Charter specifies that baseline funding levels for the Municipal Transportation Agency, Public Library and Children's Services be adjusted by any changes in aggregate City revenues. As a result of discretionary revenues losses to the General Fund discussed in the sources portion of this report, the required level of General Fund support for these baselines will decrease by an estimated $2.4 million in FY 2002-2003, followed by increased expenditures of $7.4 million in FY 2003-2004 and $8.5 million in FY 2003-2004. We note that the Charter requires that the Department of Parking & Traffic is to be added to the Municipal Transportation Agency baseline in FY 2002-2003, and this new baseline function is reflected in our projections.

- **Capital Improvement Program & Facilities Maintenance.** The FY 2001-2002 budget includes $43.5 million in General Fund capital improvements and facilities maintenance expenditures, partially funded by the closeout of prior year reserves discussed above. We are assuming an annual program of $25 million over the next three years, consistent with the typical level of funding in prior years, which will reduce expenditures for capital improvements and facilities maintenance by $18.5 million in FY 2002-2003.

- **One-Time Programs.** The FY 2001-2002 budget includes expenditures of $21.4 million for one-time programs which we assume will not continue in FY 2002-2003. These include several information system improvement projects, expiring leases, and a number of other programs added by the Mayor and the Board of Supervisors.

- **Equipment Program.** Over the past two fiscal years, when the City benefited from robust revenue growth, the City has budgeted to purchase all of its equipment with cash. The FY 2001-2002 original budget included cash expenditure of $16.6 million for equipment acquisition. We have assumed for our projection that the City will return to its past practice of purchasing $10 million of equipment with cash and $7.0 million through lease-financing. This results in savings of $6.6 million in FY 2002-2003 and additional debt service costs of $0.6 million in FY 2003-2004 and $1.4 million in FY 2004-2005.

- **Non-Salary Inflation.** We project that inflation of 1.2 percent will result in increased General Fund expenditures of $9.2 million for professional services and other non-salary items in FY 2002-2003 and similar increases thereafter. Of this total, $5.2 million is related to increased costs for services and materials and supplies in the Department of Public Health. For FY 2003-2004 an increase of $15.7 million is projected, and for FY 2004-2005 such estimated inflation results in an increase of $17.2 million. These latter increases represent inflation assumptions of approximately 2.1 percent and 2.3 percent respectively. These estimates of inflation are consistent with those published by the California Department of Finance for the coming three years.

- **General Fund Transfer to Convention Facilities for the Moscone Expansion Project.** We have projected a $20.8 million transfer to complete the Moscone West Expansion Project in FY 2002-2003, a $9.2 million increase over the $11.6 million budgeted in FY 2001-2002. We anticipate that limited transfers of $0.8 million and $1.6 million will be required for the facility in FY 2003-2004 and FY 2004-2005, resulting in savings of $20.1 million in FY 2003-2004.

- **Rent Increases.** A number of real estate leases, negotiated prior to the large increases in property rental rates during the latter part of the 1990s, are expiring over the three-year forecast period. In fact, about 25 percent of our Civic Center leases are due to expire in the coming four years, and all were negotiated prior to the peaks in office market rents. Even after factoring in the contraction in rental rates over the last several months, once these leases are renewed, we expect General Fund rent expenditures to increase by $2.0 million in FY 2002-2003, then $3.4 million in FY 2003-2004 and $1.5 million in FY 2004-2005.

- **Natural Gas Increases.** As was outlined in the Controller's Six Month Report, natural gas prices have come down significantly since the unexpected large increases during FY 2000-2001. In the current fiscal year, General Fund departments are projected to spend approximately $6.3 million for natural gas, or $5.1 million less than was originally budgeted. Based on existing inventories and projected supply, we are not expecting natural gas prices to return to the levels of last year, but instead increase more gradually over time. As a result, we are estimating a decrease from the current budget in FY 2002-2003 of $4.9 million, then increasing by $0.2 million in FY 2003-2004 and $0.2 million in FY 2004-2005 as prices rise generally.

- **Worker's Compensation Costs.** The passage of AB749 results in increases in most classes of workers' compensation benefits. Over the four-year phase-in period, the projected increases resulting from AB749 are estimated to total 22.8 percent, including both increased benefit levels and the number of claims. The projected impact of AB749 for the City is incremental costs of 3.5 percent due to increased benefit levels, or $1.1 million for FY 2002-2003. Additionally, recent trends in medical inflation and the number of claims will require an additional $2.2 million over the FY 2001-2002 budget. These two components result in $3.3 million in additional need in FY 2002-2003. For FY 2003-2004 and FY 2004-2005, our projection assumed growth of 7.4 percent and 5.7 percent respectively for the continued phasing in of AB749 as well as assumed inflation of 4.0 percent in each year. As has been mentioned in past Joint Reports and is readily apparent in this Joint Report, our City is exposed to significant risks of higher workers' compensation costs if the State enacts legislation that impacts disability benefits and utilization.

- **Emergency Communications Department Expenditures.** Given the proposed extension and expanded use of the 911 emergency response fee and accelerated hiring of civilian dispatchers at the City's Emergency Communications Department, we are projecting incremental savings of $0.4 million in FY 2002-2003, $1.1 million in FY 2003-2004, and $0.5 million in FY 2004-2005. This projection includes the costs of (1) civilianization of dispatchers less some savings resulting from the scheduled release of Fire Department personnel now assigned to the Emergency Communications Department, (2) expiration of warranties on equipment, and (3) incremental savings associated with diminishing annual scheduled debt service payments for the center and associated equipment.

- **Police Department Expenditures.** The Controller's Six Month Report projects that the Police Department will be on budget for the current year. However, *Community Oriented Policing* and *Cops in Schools* grant funding totaling $2.6 million will expire in June 2002 and August 2002 respectively. This results in an incremental $2.6 million need of General Fund support in FY 2002-2003 to maintain the existing level of police services.

- **Sheriff Department Expenditures**. The Controller's Six Month Report projects that the Sheriff will require a supplemental appropriation during the current year in the amount of $5.0 million for staffing costs, overtime, and worker's compensation costs. Of this total, $1.6 million is due to extraordinary workers compensation claims and some overtime costs that are not expected to recur. If the department's current spending pattern continues, we project that the ongoing cost of such increased spending by the Sheriff's Department will be an additional $3.4 million compared to their FY 2001-2002 budget.

- **Planning Department Revenues and Expenditures.** The Controller's Six Month Report highlighted the projected shortfall in Planning Department revenues and the corresponding expenditure reductions undertaken by the department. As noted above, the projected $5.1 million decrease in general revenue growth includes a decrease of $2.4 million decrease in Planning Department revenues. We anticipate that the department will reduce expenditures by $2.4 million for FY 2002-2003 versus the current year budget to offset the loss of revenue, and then increase costs by approximately $0.2 million in both FY 2003-2004 and FY 2004-2005.

- **Human Resources Department Expenditures.** The Human Resources Department is projected to have increased costs for Employee Relations due to upcoming MOU negotiations. This is projected to result in $2.0 million in additional General Fund expenditure in FY 2002-2003, then reduced expenditures of $2.0 in FY 2003-2004 and increased expenditures of $2.0 million again in FY 2004-2005.

- **Human Services Department Expenditures.** The Human Services Department is projecting increased costs in FY 2002-2003 of $14.1 million due to increased enrollment in County Adult Assistance Programs, including the General Assistance Aid Program. These increased costs are based upon the department's current projection of caseload increases and costs over the coming fiscal year, and account for increases associated with the slowdown in the local economy and rising unemployment.

- **Public Health Expenditures.** The Department of Public Health is projected to experience $20.1 million in increased costs in FY 2002-2003. These expenditures include $5.3 million to reflect the costs of an increased census at San Francisco General Hospital; $6.0 million to reflect increased costs of pharmacy services; $4.3 million for the annualization of insurance benefits; and $4.5 million in trauma and mental health services funded by Federal and State subventions.

- **Museum Operations.** With the opening of the new Asian Art Museum, we estimate that the General Fund contribution to this department will increase by $2.9 million in FY 2002-2003 for partial-year operation and increase further by $0.6 million in FY 2003-2004 to fund a full year of operation. These estimates could change if there are delays in the opening of the new Asian Art Museum or higher-than-expected growth in hotel tax revenue allocated to the Asian Art Museum.

- **Public Financing of Supervisorial Elections.** Proposition O, approved in November 2001, creates a publicly financed election program for supervisorial candidates starting in November 2002. The Ethics Commission has approved a budget for FY 2002-2003 of $1.3 million for this purpose. Of this total, $0.3M is staff costs that will recur. Our projection assumes savings in FY 2003-2004 of $1.0M as such expenditures will not be required since there will be no supervisorial elections, followed by an increase of $1.0 million to fund the public financing for supervisorial elections in FY 2004-2005.

- **San Bruno Jail Debt Service Payments.** Based on information provided by the Mayor's Office of Public Finance, debt service payments for the replacement jail at San Bruno will increase by $2.5 million in FY 2004-2005.

Items Not Included in Our Projection

As with all projections, unforeseen events may occur that will change the City's future financial condition. In addition, there are items we are aware of now that may have an impact on the City's finances over the next three years, but we are unable to predict what that effect might be at this time. Such items include:

- **New Development Projects.** There are several large, proposed projects that will likely result in both new tax revenues and associated costs. Our projections make no assumption regarding the net financial impact of these projects, which include Mission Bay, Bloomingdales, and development on Treasure Island.

- **Departmental Revenues.** In contrast to our projections for tax revenue growth, and with the exception of our discussion of the proposed extension and expanded use of 911 emergency response fees and the loss of Planning Department fee revenue, we have made no overall assumption in this report about departmental revenues increasing or decreasing versus our current year projections. To date, departments have been reviewing their service charges and fees; however, any changes to service charges and fees will require Mayor and Board of Supervisors approval and are not included in this review.

- **State and Federal Budget Changes.** We note that the State's Legislative Analyst has projected that a $5.0 billion revenue shortfall remains for the State's FY 2002-2003 budget assuming enactment of the Governor's January Budget. The State may reduce subventions to local government in an effort to eliminate any additional shortfall. However, the impact of potential changes in State and Federal budgets are unknown at this time and therefore not reflected in our report.

- **Litigation Reserves.** Each year the City is exposed to various risks related to lawsuits. We have assumed a litigation reserve of approximately $8.0 million comparable to the current fiscal year.

- **Elections.** The Elections department is projected to overspend their FY 2001-2002 budget by approximately $5.7 million in the current, two-election fiscal year. While only one election is scheduled for FY 2002-2003, considerable uncertainty remains regarding the department's cost to administer the November 2002 election. We have made no assumption regarding either increased or decreased costs compared to the Department of Elections current year budget.

SUMMARY

We project a $154.1 million revenue shortfall for FY 2002-2003. This assumes we continue to provide the current level of services, continue to maintain a $28.1 million General Fund reserve and provide for a $25 million capital improvement and facilities maintenance program. Our projected budget shortfall for FY 2003-2004 is $44.0 million, followed by a projected surplus of $23.3 million in FY 2004-2005.

The Charter requires that each budget must be balanced. Therefore, this report assumes that the revenue shortfalls will be eliminated in the year in which they first appear.

We acknowledge that projections of the City's financial condition over multiple years are far less certain than those for the immediate future. This report is based on the best information available at this time. All three of our offices will continue to work closely together in the coming months and will keep you apprised of any changes that occur.

Respectfully submitted,

Ben Rosenfield Budget Director Mayor's Office	Edward Harrington Controller	Harvey M. Rose Budget Analyst Board of Supervisors

Attachment 1: General Fund Revenues, FY 2002-2003 through FY 2004-2005
Attachment 2: General Fund Revenue Growth Rates, FY 2002-2003 through FY 2004-2005

cc: Gloria Young, Clerk of the Board