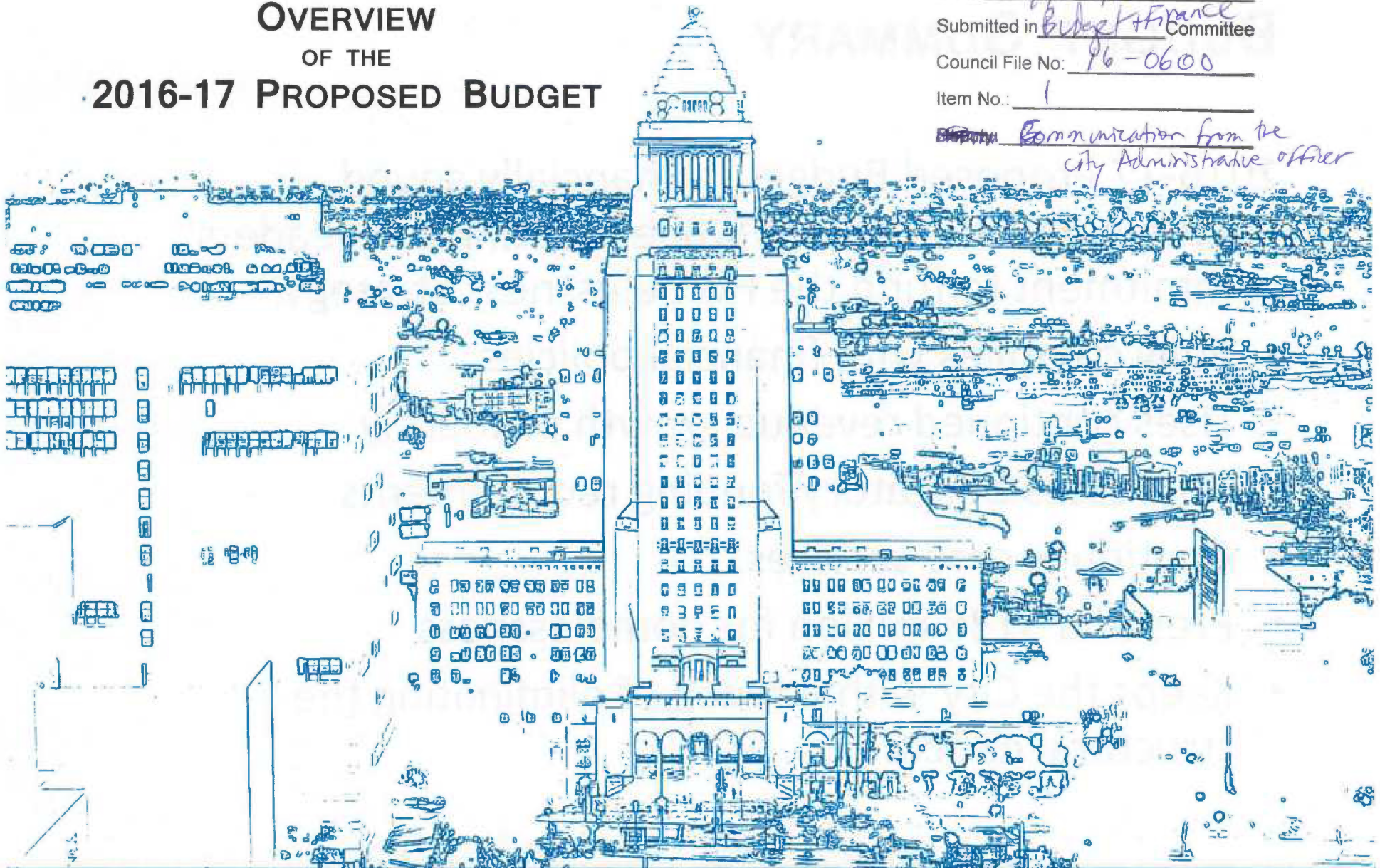


OVERVIEW OF THE 2016-17 PROPOSED BUDGET

Date: 4/27/16
Submitted in Budget & Finance Committee
Council File No: 16-0600
Item No.: 1

~~Item~~ Communication from the
City Administrative Officer



2016-17 Proposed Budget
April 27, 2016

Miguel A. Santana
City Administrative Officer

BUDGET SUMMARY

2016-17 Proposed Budget is financially sound, maintaining core services while meeting City leaders' commitment to fund the Homelessness Strategy.

- Fully complies with financial policies
- Uses continued revenue growth prudently
- Addresses obligatory funding requirements
- Continues core services
- Presents \$138 million for homelessness
- Keeps the City within reach of eliminating the structural deficit.



BUDGET SUMMARY

TOTAL PROPOSED 2016-17 CITY GOVERNMENT

	Appropriations (\$ Millions)	Authorized Positions
<u>I. Proprietary Departments</u>		
Airports	\$ 5,182.5	3,862
Harbor	\$ 1,154.7	999
Water and Power	\$ 8,325.2	10,014
Total \$	14,662.4	14,875
<u>II. General City Budget</u>		
General Fund	\$ 5,558.3	22,854 *
Special Funds	\$ 3,199.2	10,225
Total \$	8,757.6	33,079 **
<u>III. Grants and other Non-Budgeted Funds</u>		
Total \$	1,395.8	-
Grand Total \$	24,815.8	47,954

*Sworn staff represents 59 percent of General Fund positions.

**Regular positions.



2016-17 Proposed Budget
April 27, 2016

BUDGET SUMMARY

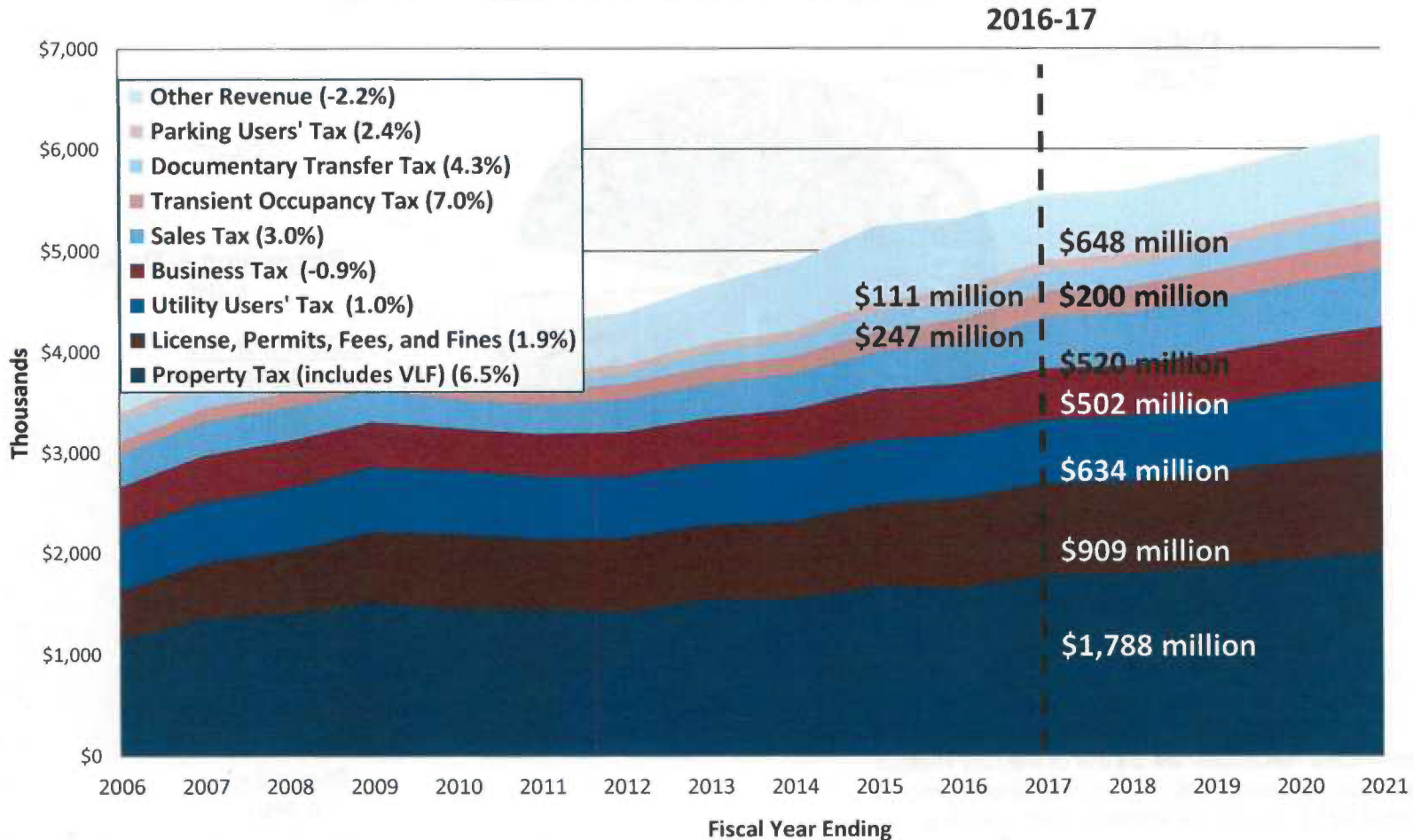
Budget Component	Budget (\$ Millions)			Authorized Positions		
	Adopted 2015-16	Proposed 2016-17	Percent Change	Adopted 2015-16	Proposed 2016-17	Percent Change
General Fund	\$ 5,410.4	\$ 5,558.3	2.7%	22,572	22,854	1.2%
Special Funds	\$ 3,172.2	\$ 3,199.2	0.9%	10,004	10,225	2.2%
Total	\$ 8,582.6	\$ 8,757.6	2.0%	32,576	33,079	1.5%



2016-17 Proposed Budget
April 27, 2016

BUDGET SUMMARY

CITY GENERAL FUND REVENUE

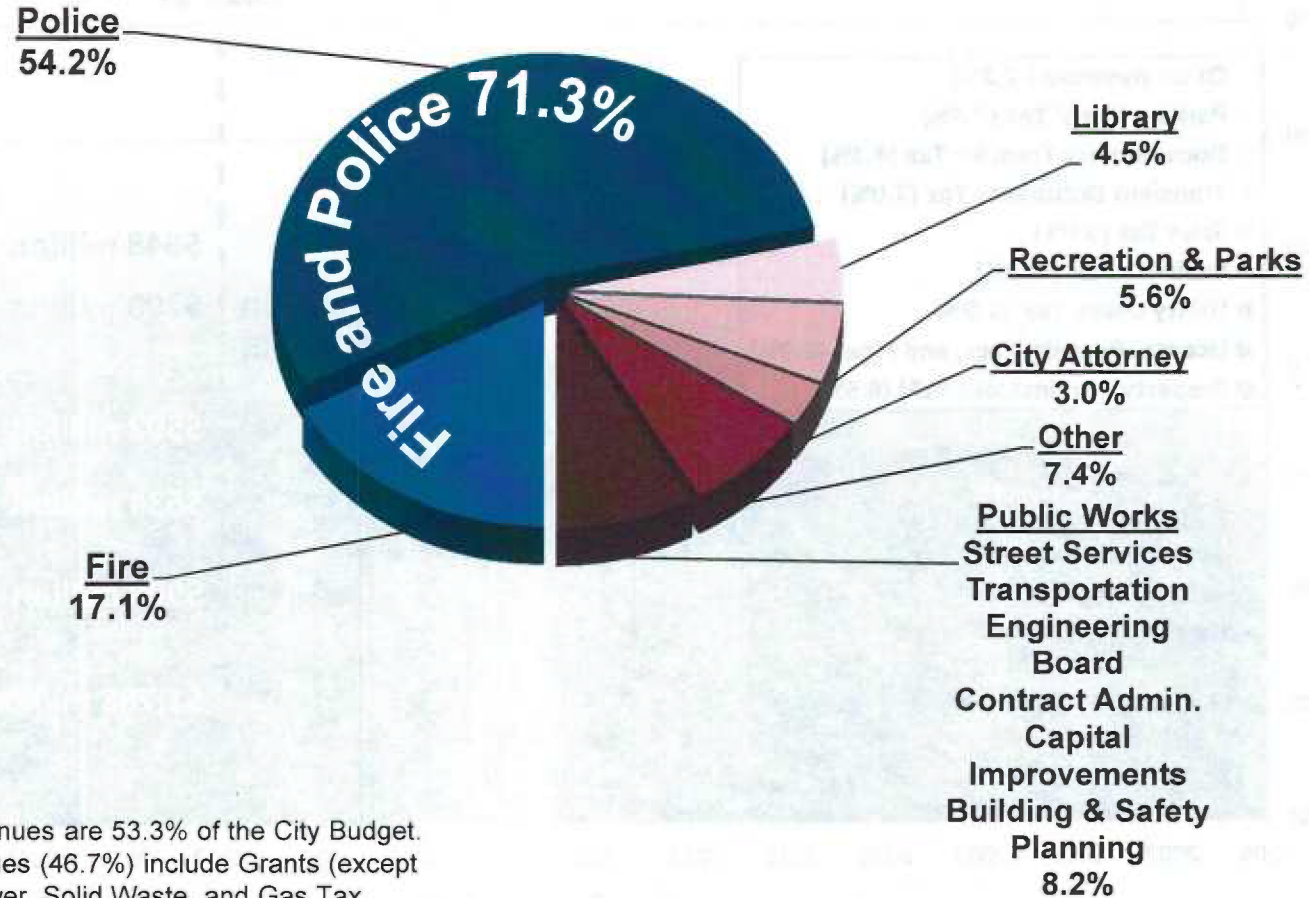


2016-17 Proposed Budget
April 27, 2016

BUDGET SUMMARY

2016-17 BUDGET UNRESTRICTED REVENUES

(\$4.67 Billion out of \$5.56 Billion Total General Fund)



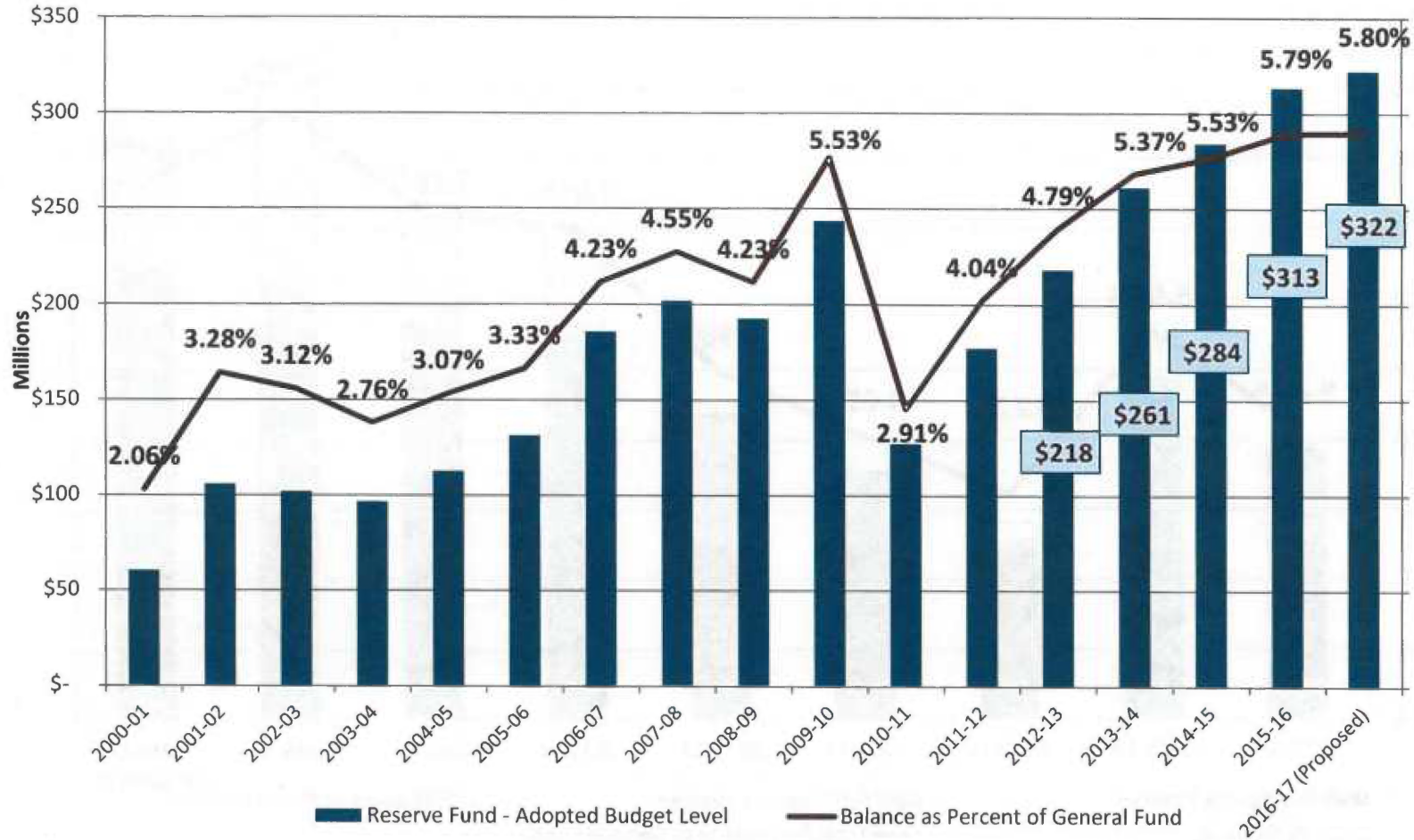
Unrestricted Revenues are 53.3% of the City Budget.
Restricted Revenues (46.7%) include Grants (except Police Dept.), Sewer, Solid Waste, and Gas Tax



2016-17 Proposed Budget
April 27, 2016

FINANCIAL POLICY COMPLIANCE

ADOPTED BUDGET RESERVE FUND POLICY

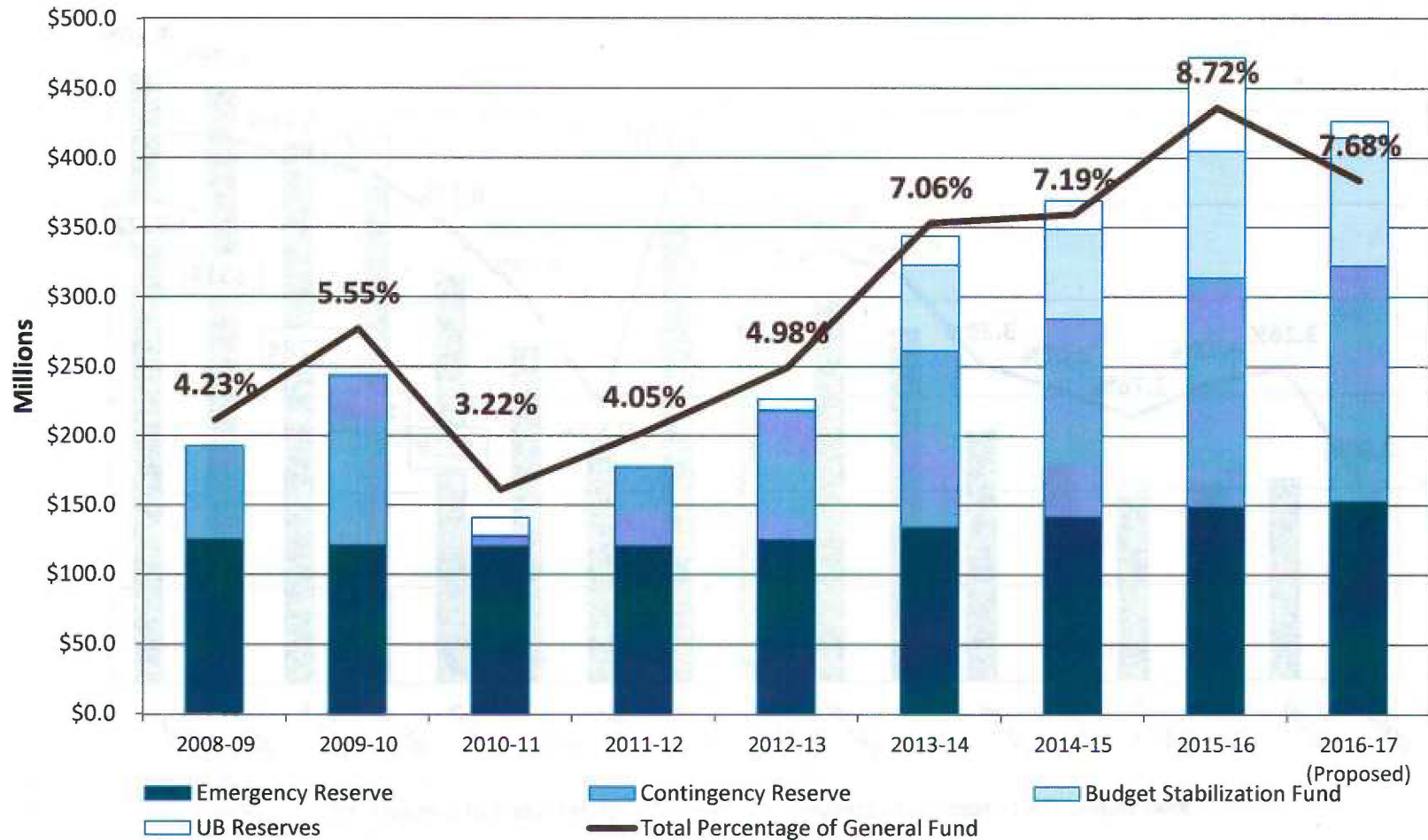


2016-17 Proposed Budget
April 27, 2016

FINANCIAL POLICY COMPLIANCE

ADOPTED BUDGET RESERVES

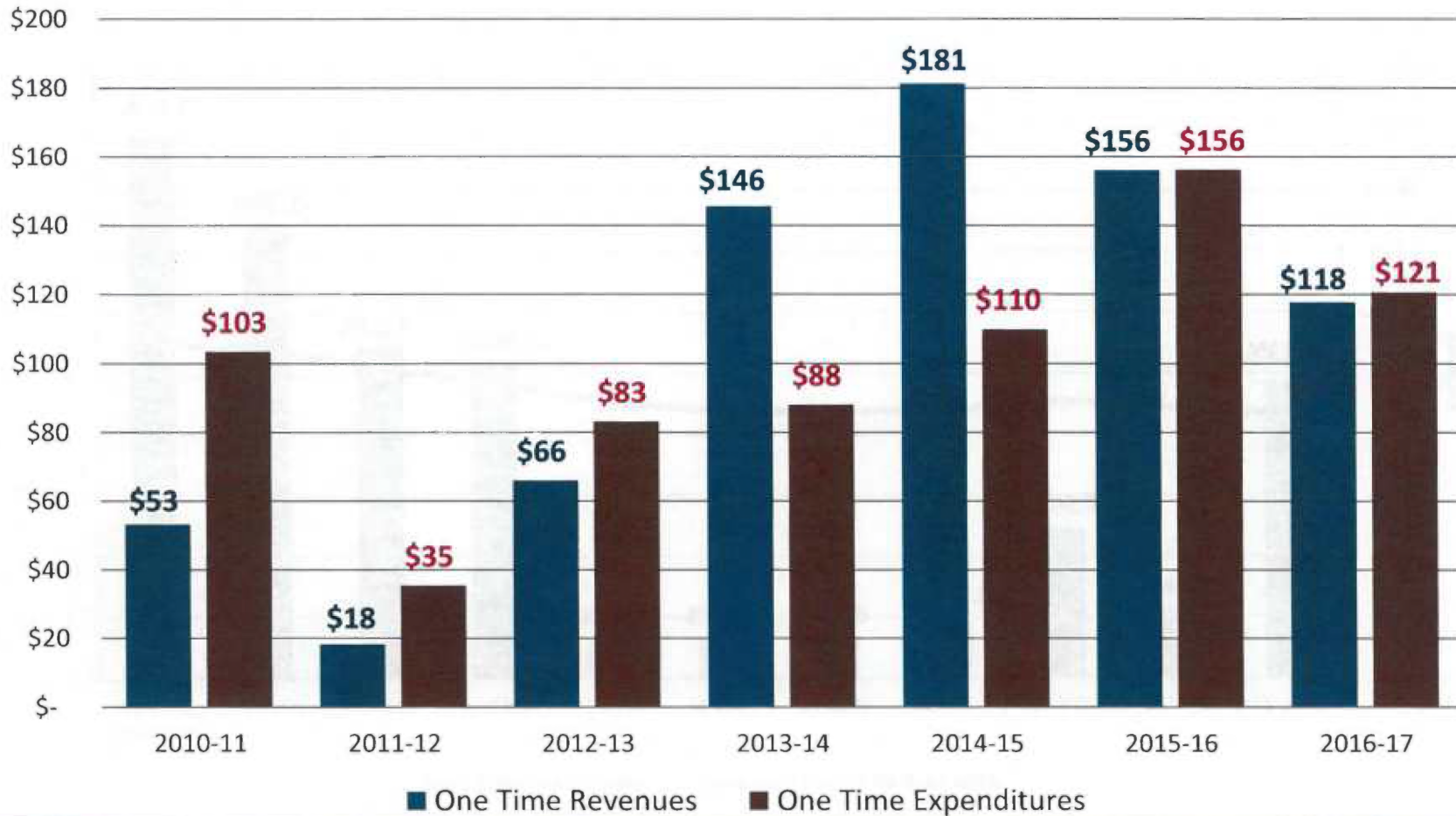
(Reserve Fund, Budget Stabilization Fund, and UB Reserves)



2016-17 Proposed Budget
April 27, 2016

FINANCIAL POLICY COMPLIANCE

ONE-TIME REVENUES VS. ONE-TIME EXPENDITURES POLICY (Proposed Budgets)

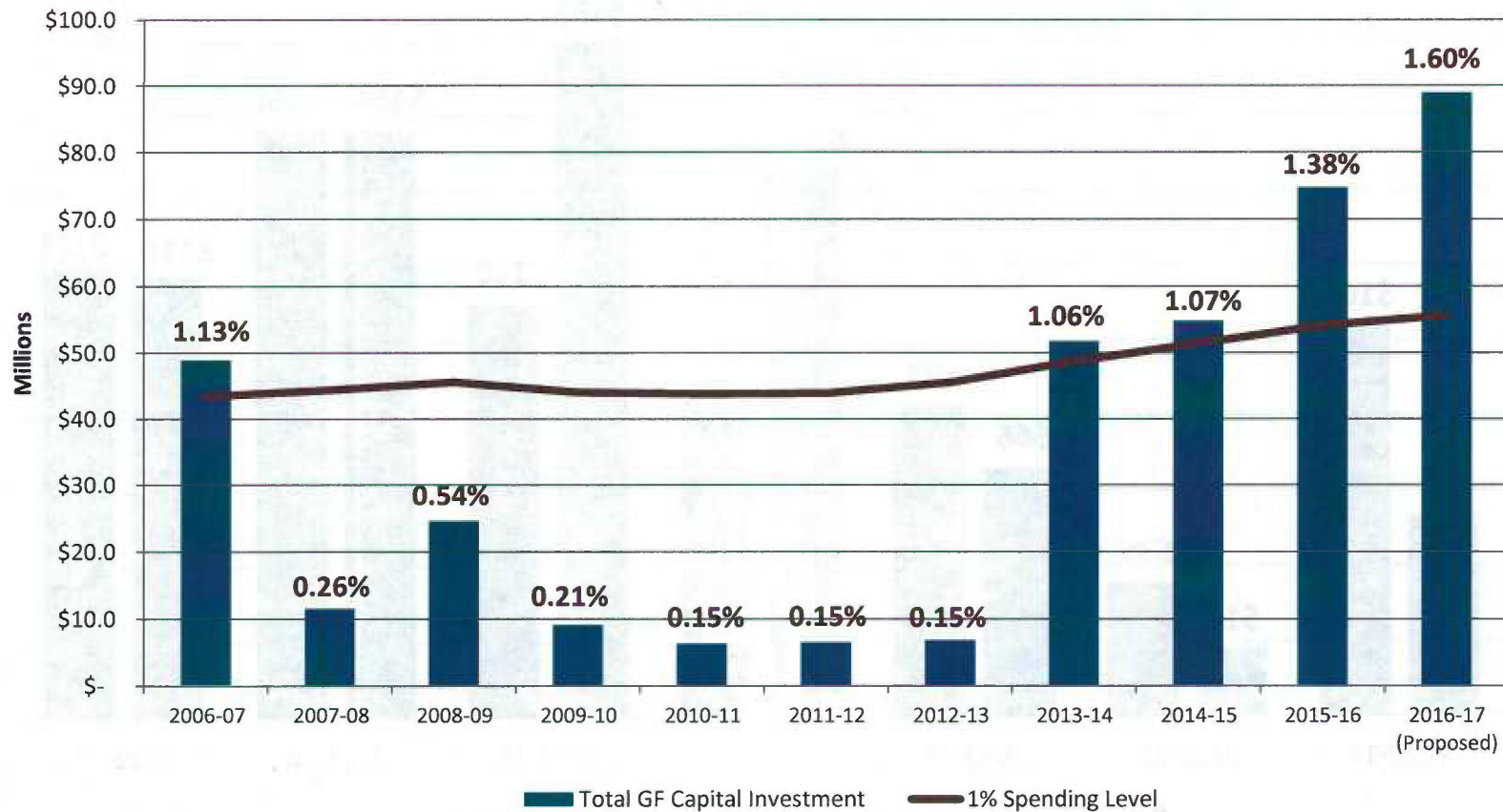


2016-17 Proposed Budget
April 27, 2016

FINANCIAL POLICY COMPLIANCE

CAPITAL AND INFRASTRUCTURE FUNDING POLICY

(Investment as Percentage of General Fund Revenue)



2016-17 Proposed Budget
April 27, 2016

CORE SERVICES: SUMMARY

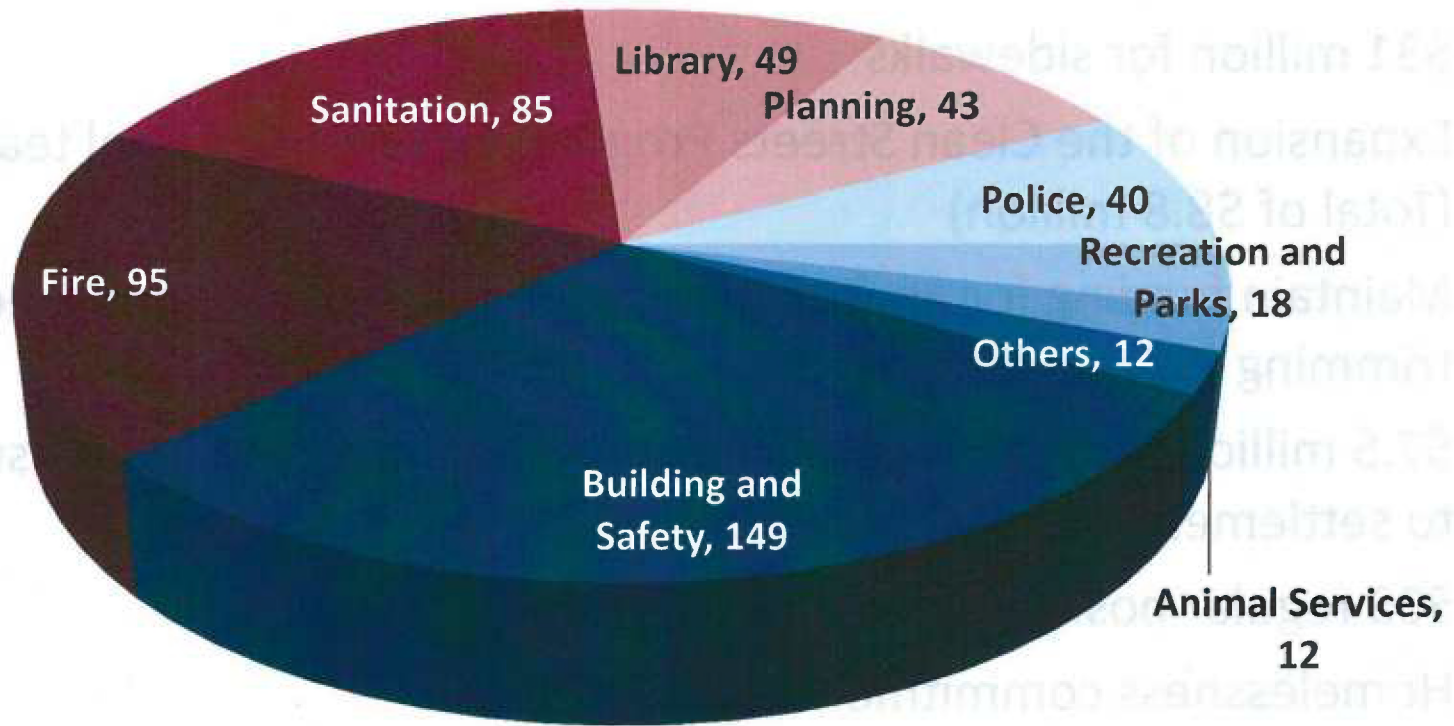
- Police Overtime Budget at \$90 million
- Four firefighter hiring classes at \$17.3 million
- 2,400 lane miles for street resurfacing
- \$31 million for sidewalks
- Expansion of the Clean Streets Program by one additional team (Total of \$8.8 million)
- Maintain funding for graffiti abatement (\$8.0 million) and tree trimming (\$7.5 million)
- \$7.5 million for job programs for former gang members, pursuant to settlement
- 503 regular positions added
- Homelessness commitment of \$138 million



CORE SERVICES: NEW POSITIONS

NET NEW POSITIONS BY DEPARTMENT

(Total New Positions: 503*)



* Includes net new and regularized positions.



CORE SERVICES: HOMELESS STRATEGY

HOMELESS BUDGET

FUNDING SOURCES	AMOUNT (MILLIONS)
General Fund	\$64.8
Departmental Special Funds	\$6.4
Affordable Housing Linkage Fee	\$20.0
City Properties	\$47.0
Total 2016-17 Proposed Budget	\$138.2

FUNDING CATEGORIES	AMOUNT (MILLIONS)
Capital	\$67.0
Alternate Housing	\$35.1
Services	\$24.6
Administrative Implementation	\$11.5
Total 2016-17 Proposed Budget	\$138.2



CORE SERVICES: HOMELESS STRATEGY

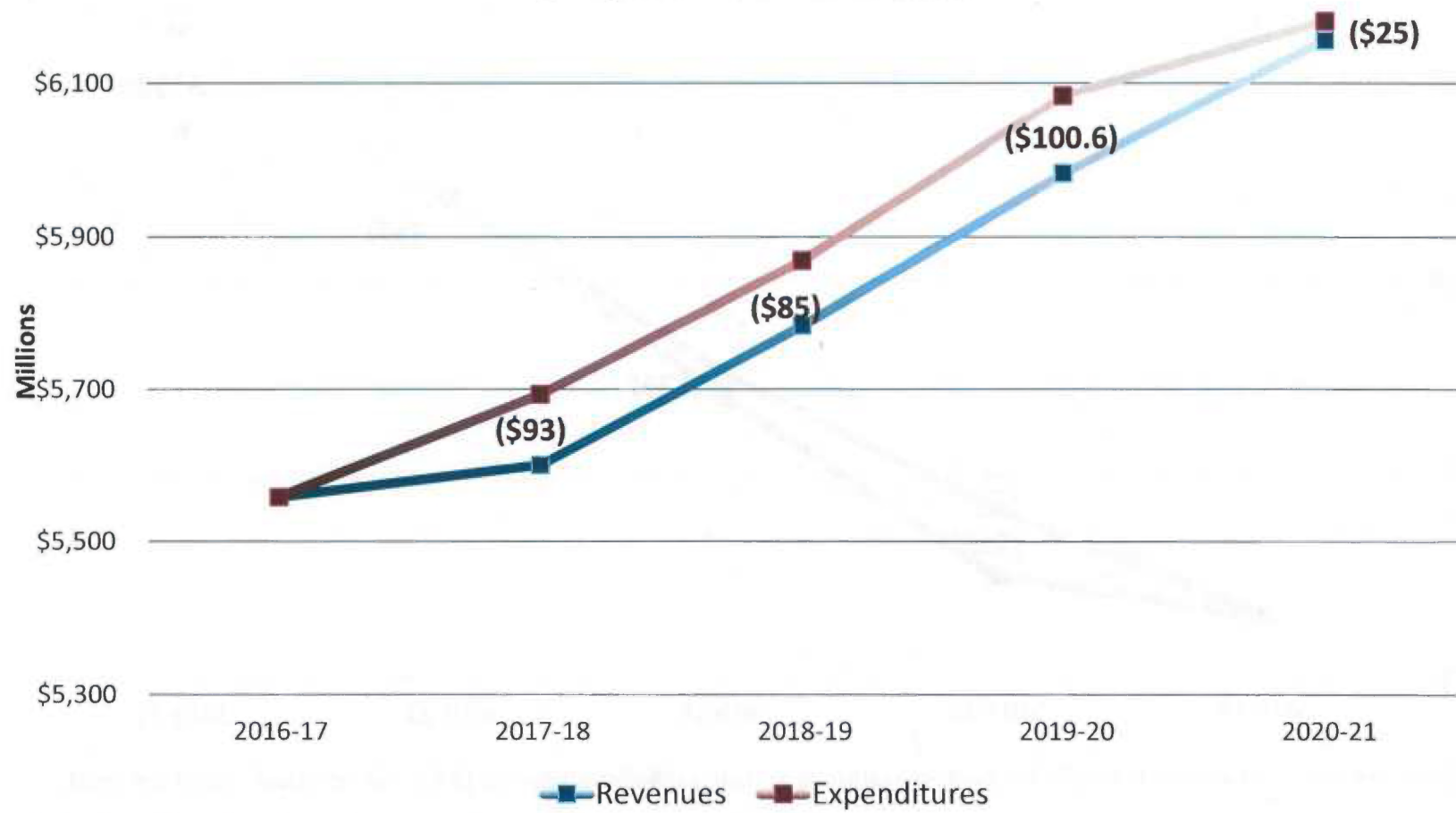
ANTICIPATED HOMELESS BUDGET PROGRAMMATIC OUTCOMES

- More than 2,500 Rapid Re-housing rental vouchers
- Approximately 1,500 annual shelter beds, 190 additional winter shelter beds, 32 sobering beds, & more than 500 annual domestic violence shelter beds
- Enhanced CES regional infrastructure
- Three outreach coordination sites
- Up to six Open Door Resource Centers providing storage, showers, and services
- At least 40 low income and/or homeless seniors provided job training and placement
- 4,000 spay/neuter certificates for low income/homeless pet owners
- Provide comprehensive workforce development training and job placement for more than 400 low-income/homeless individuals
- Enhanced cleaning at 35 park restroom facilities and expanded bathroom access for sites serving homeless individuals
- More than 600 units of accessible affordable and permanent supportive housing constructed
- Outreach to 2,200 encampments prior to Sanitation clean ups
- Provide six comprehensive and twelve spot cleanings as part of Operation Healthy Streets



THE STRUCTURAL DEFICIT

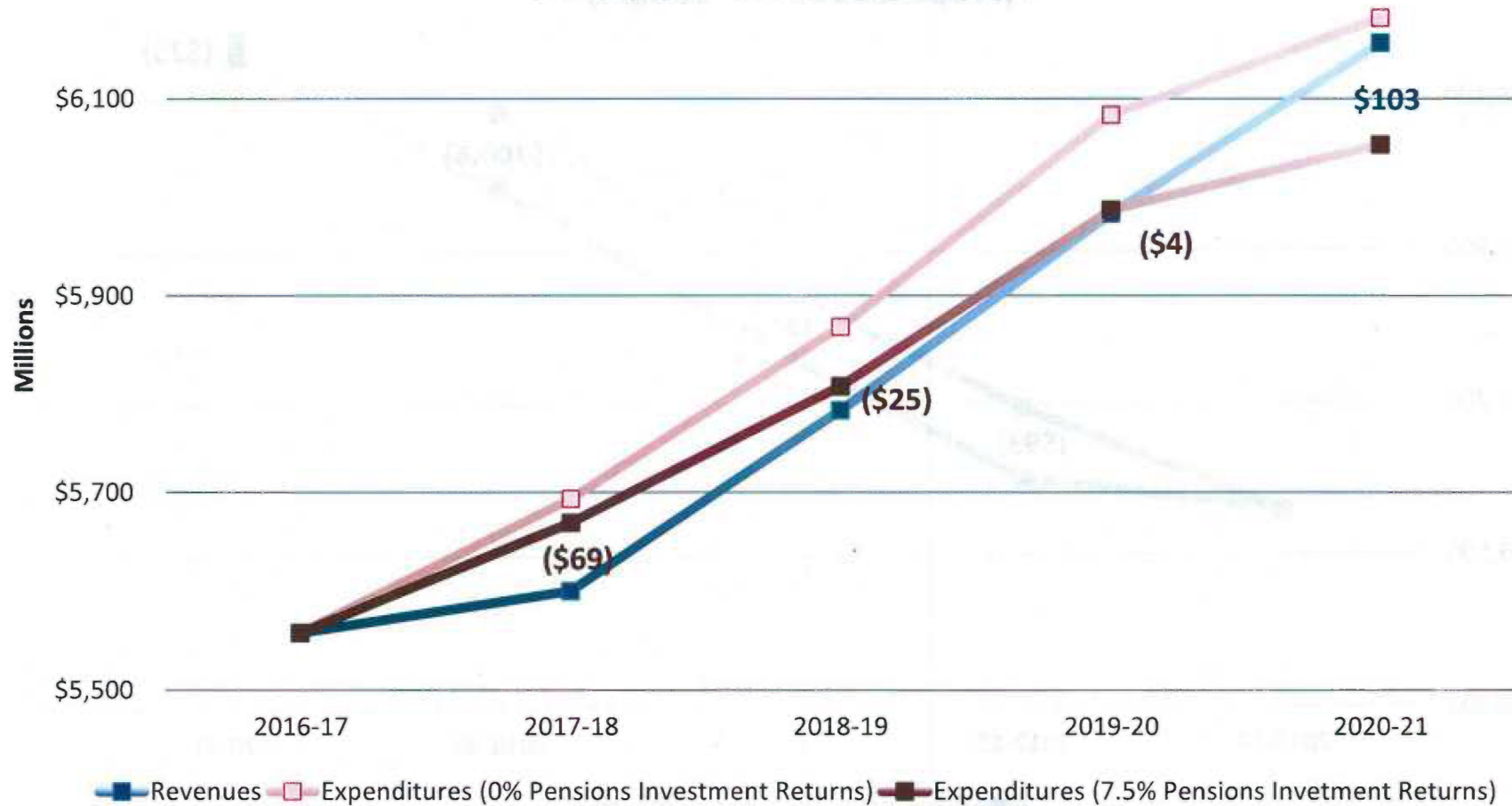
FOUR-YEAR BUDGET OUTLOOK (Proposed 2016-17 Budget)



2016-17 Proposed Budget
April 27, 2016

THE STRUCTURAL DEFICIT

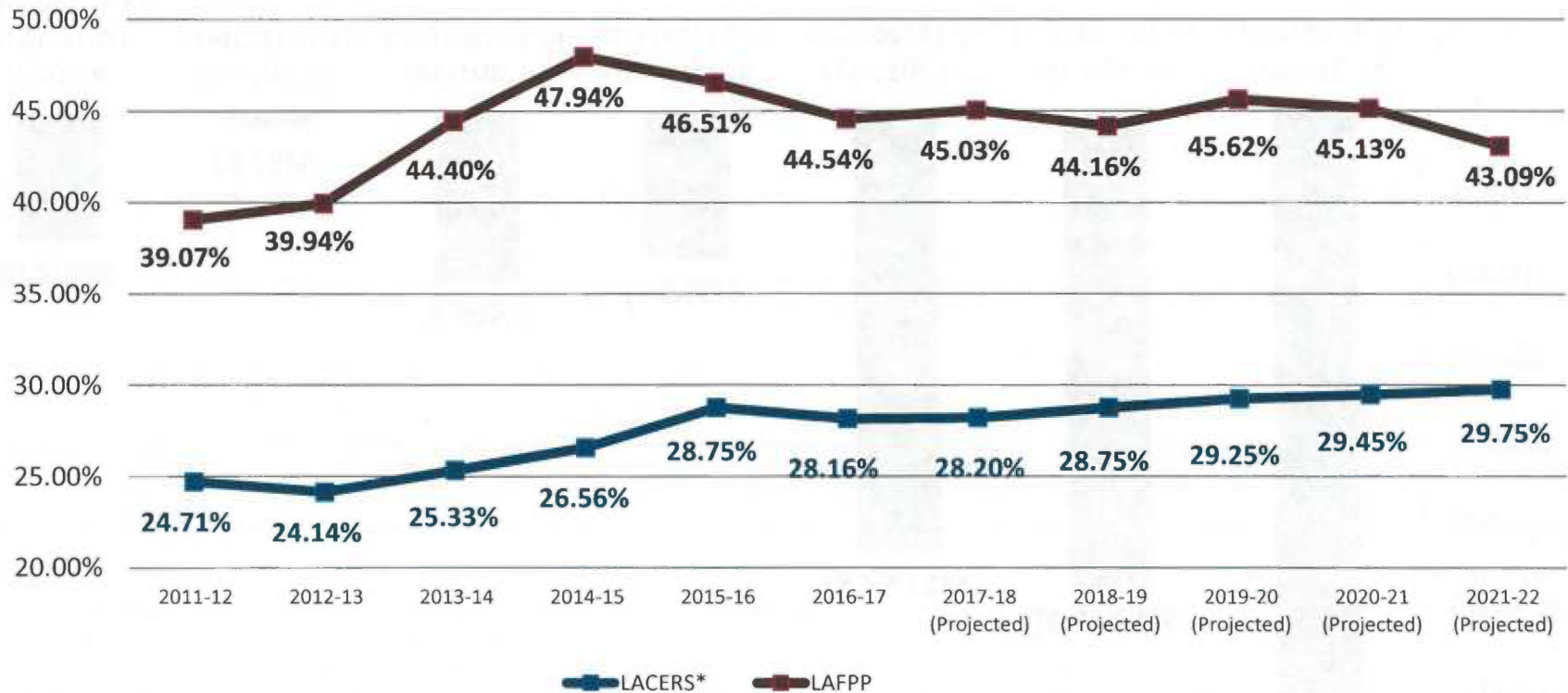
IMPACT OF 0% PENSION INVESTMENT RETURN ASSUMPTION ON FOUR-YEAR OUTLOOK



2016-17 Proposed Budget
April 27, 2016

THE STRUCTURAL DEFICIT

LACERS AND LAFPP CONTRIBUTION RATES**



*Includes Tier 1 only.

**Projections are based on an analysis by an actuary commissioned by the CAO.

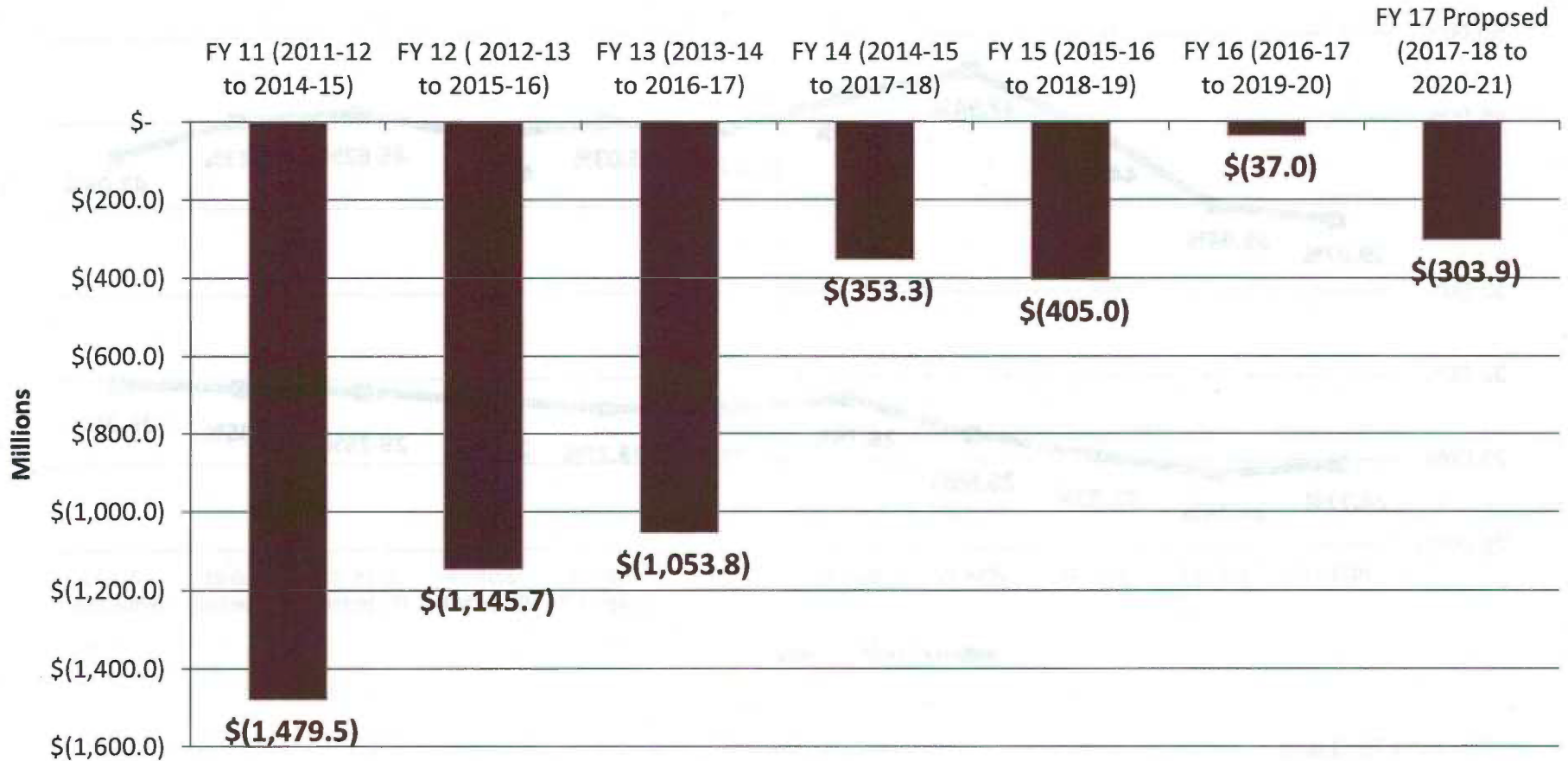


2016-17 Proposed Budget
April 27, 2016

THE STRUCTURAL DEFICIT

CUMULATIVE FOUR-YEAR DEFICIT BY YEAR OF OUTLOOK

(Fiscal Years Included in Outlook)



BUDGET CONCERNS

In addition to the continuing structural deficit, the Proposed 2016-17 Budget poses the following challenges:

- Ongoing litigation
- Liability claims funding
- Pending labor contracts
- Limited UB – Reserve for Mid-Year Adjustments
- Need for dedicated homelessness funding stream



BUDGET CONCERNS: LIABILITY CLAIMS

LIABILITY CLAIMS BY ACCOUNT

(Based on Five-Year Average)

Account Name	2016-17 Proposed Budget
Fire Liability Payouts	\$ 2,250,000
General Services Liability Payouts	\$ 1,000,000
Police Liability Payouts	\$ 30,750,000
Public Works, Engineering Liability Payouts	\$ 1,100,000
Public Works, Sanitation Liability Payouts	\$ 8,750,000
Public Works, Street Services Liability Payouts	\$ 8,500,000
Recreation and Parks Liability Payouts	\$ 1,150,000
Transportation Liability Payouts	\$ 4,200,000
Miscellaneous Liability Payouts	\$ 10,750,000
Total	\$ 68,450,000 *

* Includes \$60 million General Fund and \$8.45 million Special Funds

GENERAL FUND LIABILITY PAYOUTS

(Five-Year Average; Millions)

