



December 9, 2008

TO: Board of Supervisors
FROM: Nani Coloretti
RE: Mid-Year Solutions
CC: Ben Rosenfield, Controller

Attached, please find three depictions of the mid-year cuts – all add up to \$118 million. The \$118 million shortfall is due to the following revenue and expenditures issues this year:

Shortfall

Mid-Year shortfall, most optimistic	(90.00)
Baseline allocation reductions	5.70
Revenue shortfalls due to hotel tax allocation	(3.79)
Current Year DPH Shortfall	(24.70)
Current Year Planning Dept. Shortfall	(3.50)
Other Shortfalls	(2.00)
<i>Total Shortfall to Close - Optimistic</i>	<u>(118.29)</u>

We have also identified an additional \$35 million in potential savings solutions, should we be at the Controller's \$125 million shortfall for FY 2008-2009.

While not shown here, these solutions reduce our FY 2010 shortfall by \$115 million, taking next year's shortfall down from \$576 million to \$461 million.

The first set of solutions show where we took the cuts in broad categories, with charts. The second one-pager shows all solutions with highlights. The final depiction of the \$118 million shows the balancing solutions by department.

Please contact me at 554-6293 or Jonathan Lyens at 554-6613 to set up a time to talk through the mid-year solutions.

SUMMARY OF MID-YEAR SOLUTIONS FY08-09 (\$ in Millions)

	\$	% of Citywide GF
Total General Fund Discretionary Budget ("Citywide GF")	\$1,214.0	100.0%
Total Solutions	\$118.3	9.7%
Remaining Funding	\$1,095.7	90.3%

	\$	% of Citywide GF (\$1,214.0)	% of Total Solutions (\$118.3)
<u>Solutions by Category</u>			
Revenue	\$47.1	3.9%	39.8%
State Service Reduction	\$1.2	0.1%	1.0%
Service Reduction	\$13.2	1.1%	11.1%
Non-Service Reduction	\$56.9	4.7%	48.1%
Total:	\$118.3	9.7%	100.0%

Solutions by Major Service Area (MSA)

Health, Human Welfare and Neighborhood Development	\$46.4	3.8%	39.2%
Public Protection	\$13.0	1.1%	11.0%
Culture and Recreation	\$0.5	0.0%	0.4%
General Administration and Finance	\$56.1	4.6%	47.4%
Public Works, Transit and Commerce	\$2.3	0.2%	1.9%
Total:	\$118.3	9.7%	100.0%

	\$	% of Citywide GF (\$1,214.0)	% of Total Solutions (\$118.3)	% of MSA
<u>MSA: Health, Human Welfare and Neighborhood Development</u>				
Revenue	\$13.6	1.1%	11.5%	29.3%
State Service Reduction	\$1.2	0.1%	1.0%	2.6%
Service Reduction	\$10.7	0.9%	9.1%	23.2%
Non-Service Reduction	\$20.8	1.7%	17.6%	44.9%
<i>Sub-Total:</i>	\$46.4	3.8%	39.2%	100.0%

MSA: Public Protection

Revenue	\$3.7	0.3%	3.1%	28.0%
State Service Reduction	\$0.0	0.0%	0.0%	0.0%
Service Reduction	\$1.5	0.1%	1.3%	11.6%
Non-Service Reduction	\$7.9	0.6%	6.7%	60.4%
<i>Sub-Total:</i>	\$13.0	1.1%	11.0%	100.0%

MSA: Culture and Recreation

Revenue	\$0.0	0.0%	0.0%	0.0%
State Service Reduction	\$0.0	0.0%	0.0%	0.0%
Service Reduction	\$0.0	0.0%	0.0%	0.0%
Non-Service Reduction	\$0.5	0.0%	0.4%	100.0%
<i>Sub-Total:</i>	\$0.5	0.0%	0.4%	100.0%

MSA: General Administration and Finance

Revenue	\$29.8	2.5%	25.2%	53.1%
State Service Reduction	\$0.0	0.0%	0.0%	0.0%
Service Reduction	\$0.0	0.0%	0.0%	0.0%
Non-Service Reduction	\$26.3	2.2%	22.2%	46.9%
<i>Sub-Total:</i>	\$56.1	4.6%	47.4%	100.0%

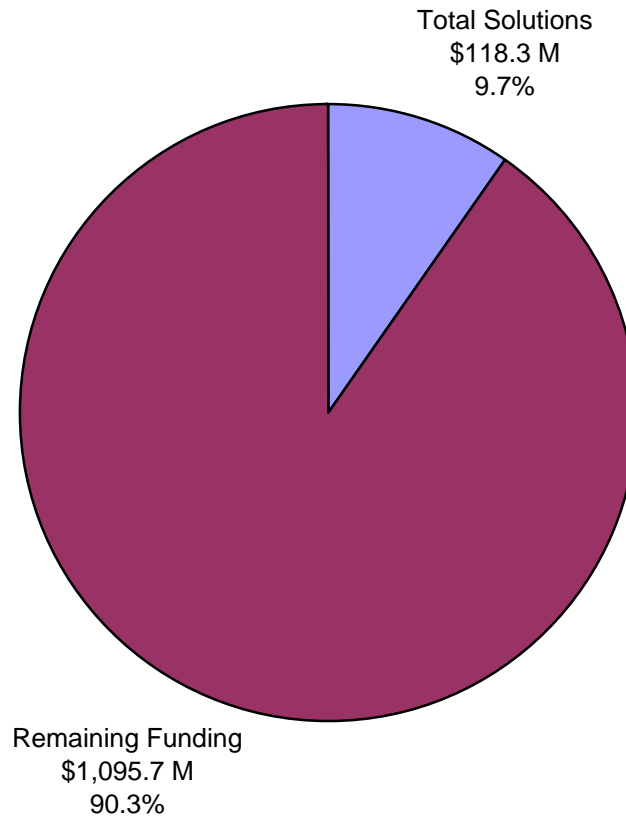
MSA: Public Works, Transit and Commerce

Revenue	\$0.0	0.0%	0.0%	0.0%
State Service Reduction	\$0.0	0.0%	0.0%	0.0%
Service Reduction	\$0.9	0.1%	0.8%	40.0%
Non-Service Reduction	\$1.4	0.1%	1.2%	60.0%
<i>Sub-Total:</i>	\$2.3	0.2%	1.9%	100.0%

TOTAL MSA SOLUTIONS: \$118.3 9.7% 100.0%

**Mid-Year Solutions and
CITYWIDE GENERAL FUND*
- CHART #1 -**

Total Citywide GF* = \$1,214.0 M



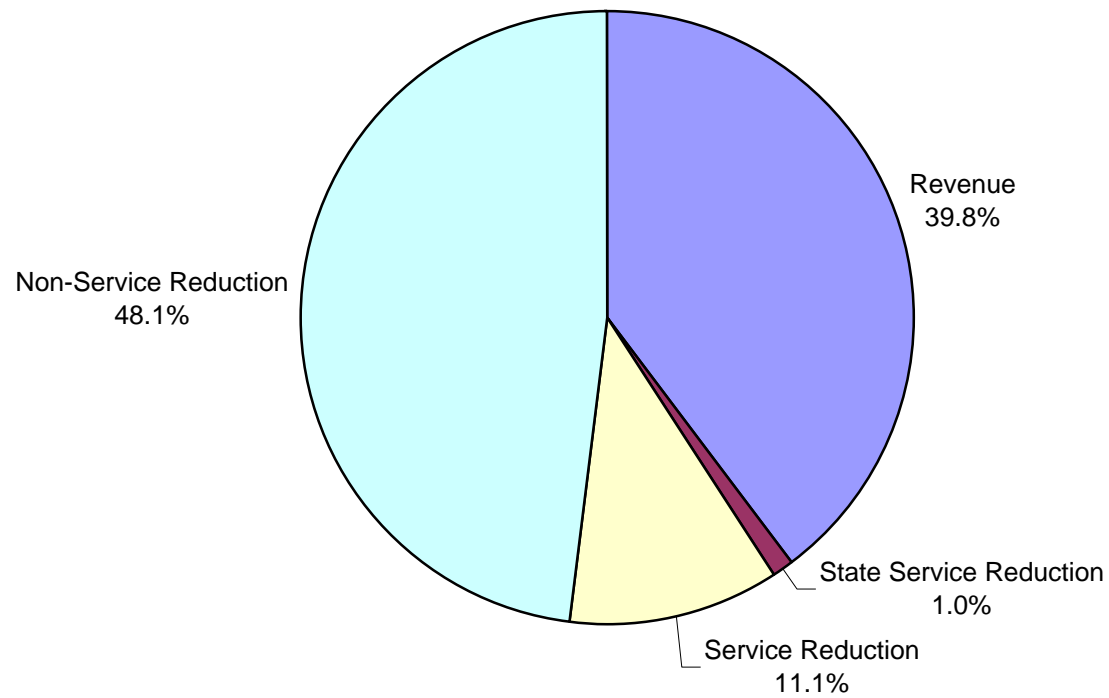
* The total discretionary portion of the General Fund budget

**CITYWIDE
Solutions by Category
- CHART #2 -**

Total Solutions = \$118.3 M

Total Citywide GF* = \$1,214.0 M

Solutions as % of Citywide GF = 9.7%



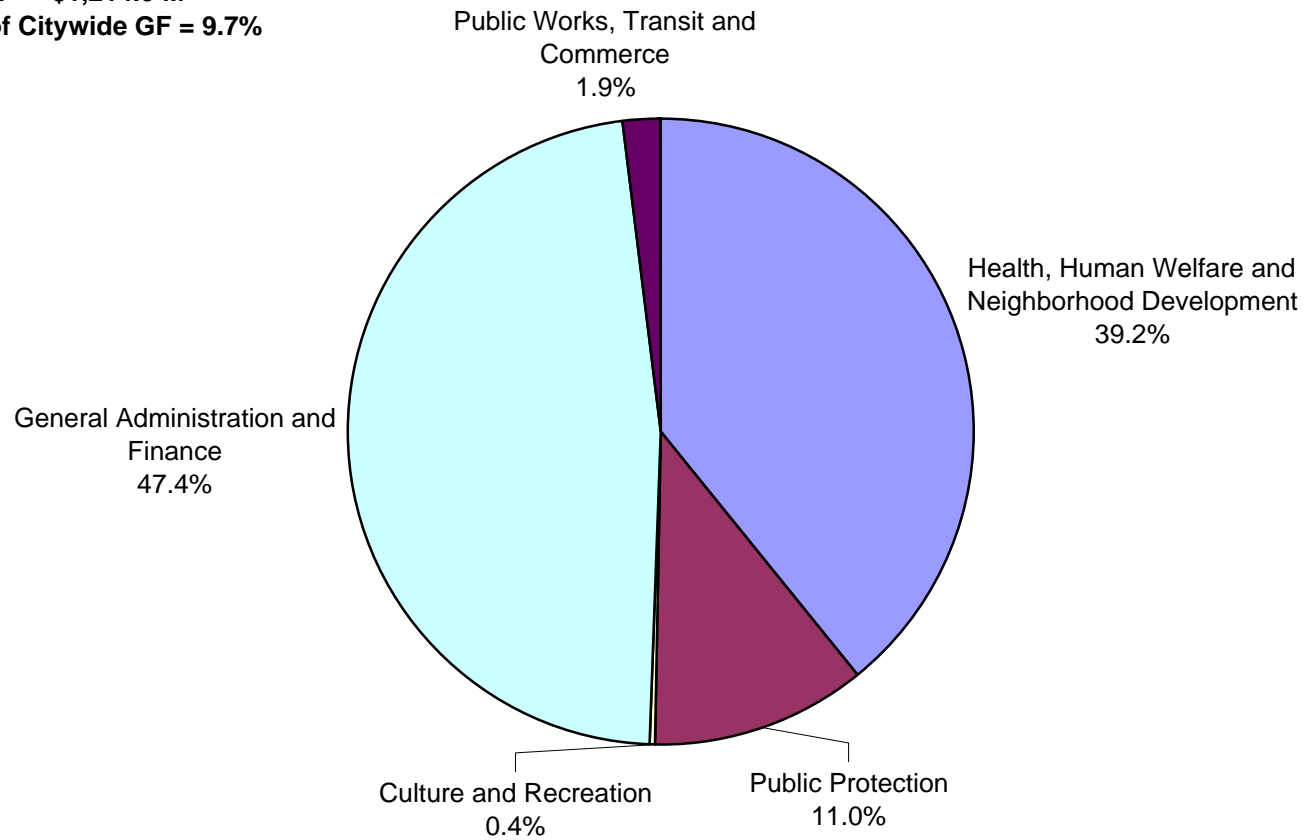
* The total discretionary portion of the General Fund budget

**CITYWIDE
Solutions by MSA
- CHART #3 -**

Total Solutions = \$118.3 M

Total Citywide GF* = \$1,214.0 M

Solutions as % of Citywide GF = 9.7%



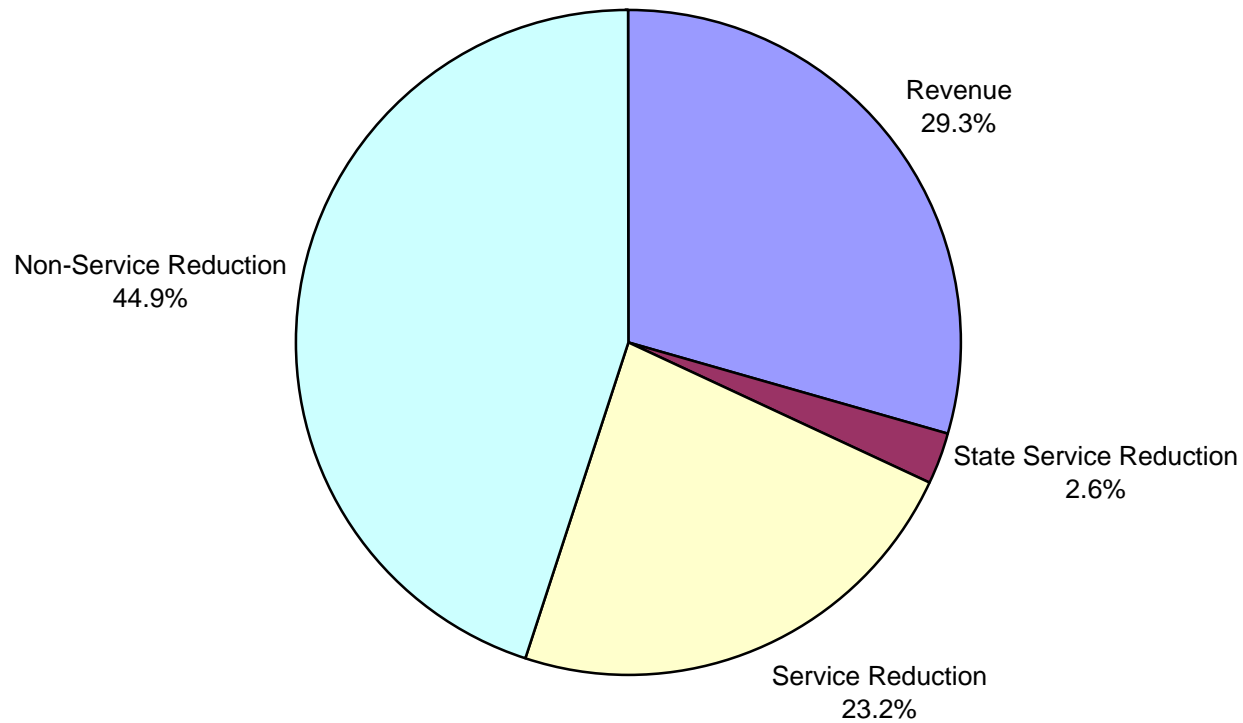
* The total discretionary portion of the General Fund budget

HEALTH AND HUMAN SERVICES

Solutions by Category

- CHART #4 -

Total HHS Solutions = \$46.4 M
% of Total Solutions = 39.2%
% of Citywide GF* = 3.8%



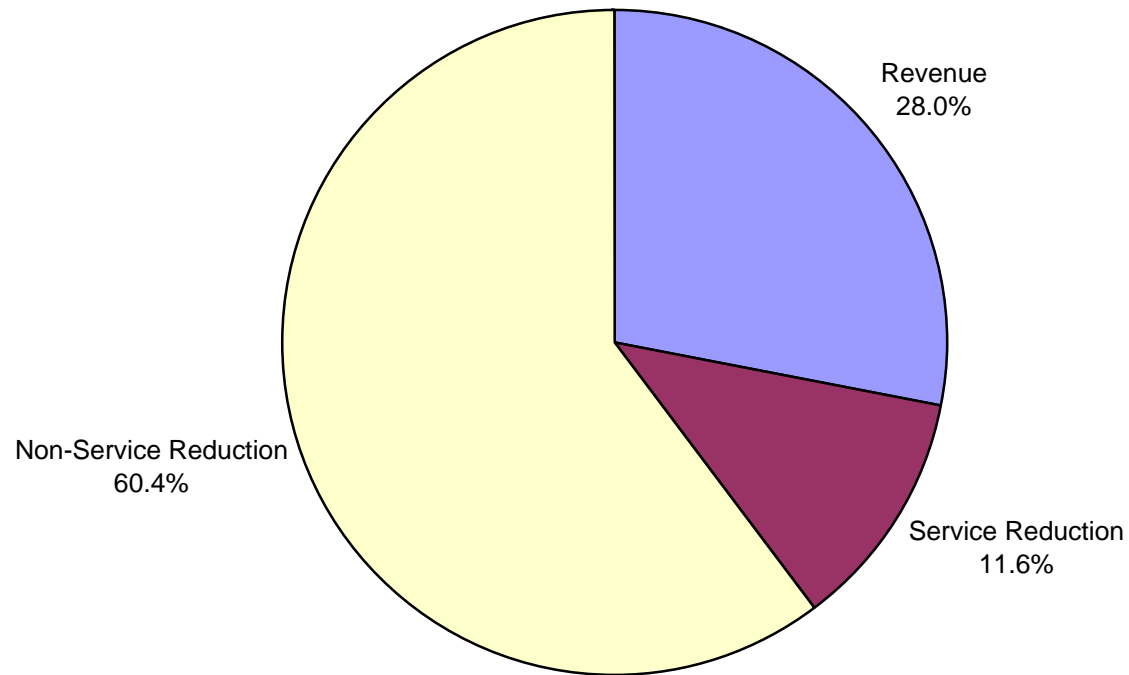
* The total discretionary portion of the General Fund budget

**PUBLIC PROTECTION
Solutions by Category
- CHART #5 -**

Total Public Protection Solutions = \$13.0 M

% of Total Solutions = 11.0%

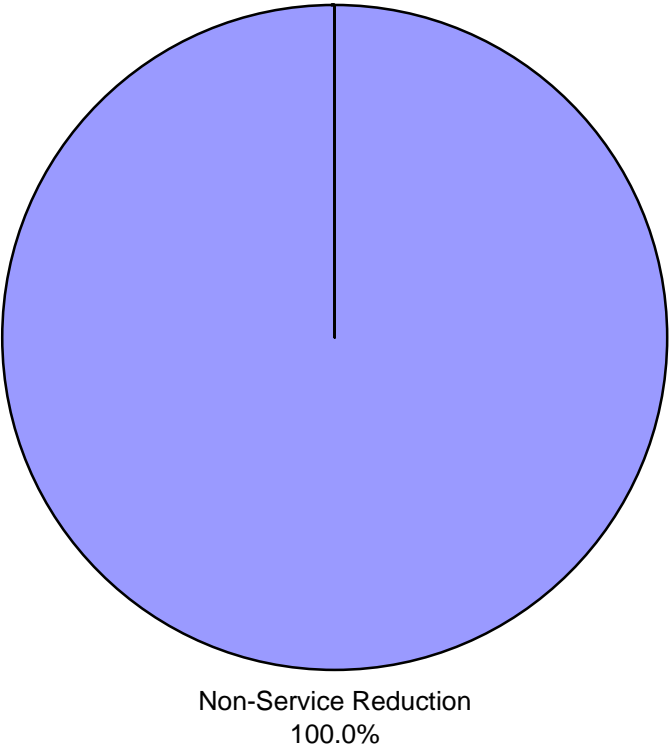
% of Citywide GF* = 1.1%



* The total discretionary portion of the General Fund budget

CULTURE AND RECREATION
Solutions by Category
- CHART #6 -

Total Cult&Rec Solutions = \$0.5 M
% of Total Solutions = 0.4%
% of Citywide GF* = 0.0%



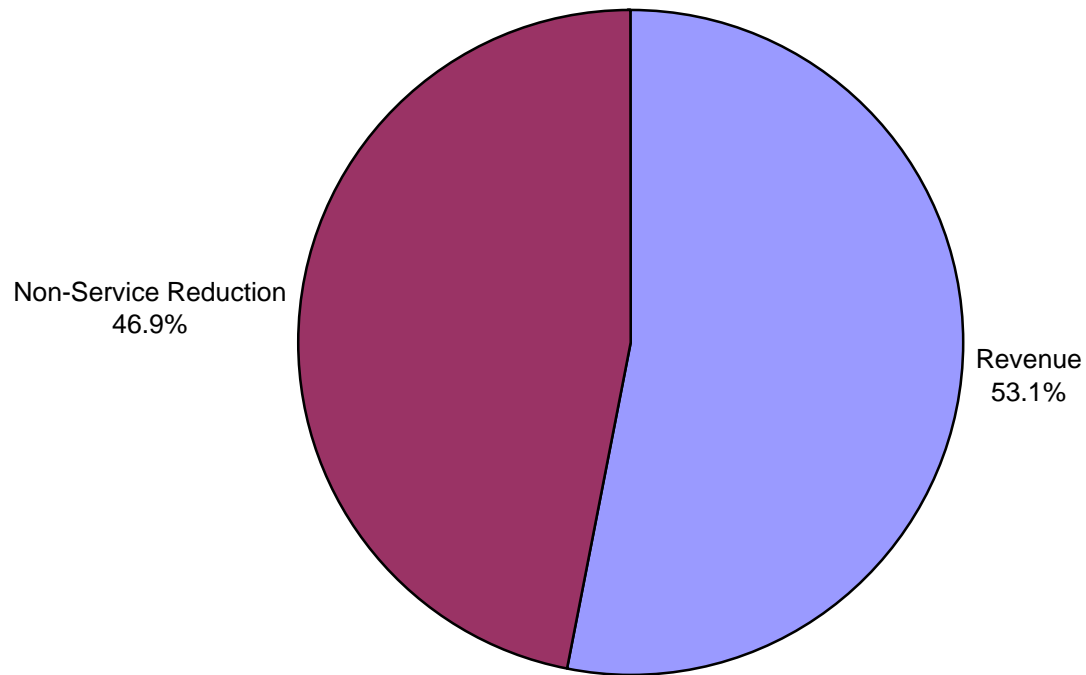
* The total discretionary portion of the General Fund budget

GENERAL ADMINISTRATION AND FINANCE
Solutions by Category
- CHART #7 -

Total Admin & Finance Solutions = \$56.1 M

% of Total Solutions = 47.4%

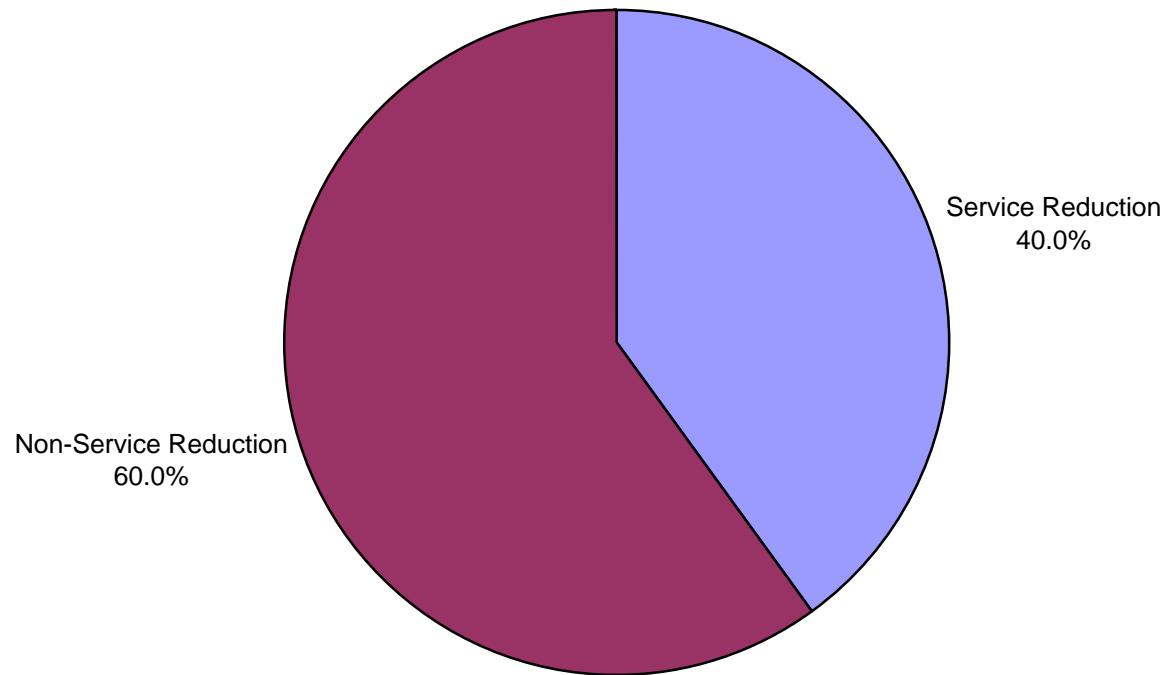
% of Citywide GF* = 4.6%



* The total discretionary portion of the General Fund budget

PUBLIC WORKS, TRANSIT AND COMMERCE
Solutions by Category
- CHART #8 -

Total PubWorks Solutions = \$2.3 M
% of Total Solutions = 1.9%
% of Citywide GF* = 0.2%



* The total discretionary portion of the General Fund budget

Mid-Year Adjustments to Close Shortfall - Revised 12.15.08*

Shortfall

Mid-Year shortfall, most optimistic	(90.00)
Baseline allocation reductions	5.70
Revenue shortfalls due to hotel tax allocation	(3.79)
Current Year DPH Shortfall	(24.70)
Current Year Planning Dept. Shortfall	(3.50)
Other Shortfalls	(2.00)
<i>Total Shortfall to Close - Optimistic</i>	<u>(118.29)</u>

Balancing Solutions

Revenue Total	47.08
<i>Better than expected FY 2008 revenue</i>	23.00
<i>DPH Revenue</i>	12.29
<i>Cost recoveries for police services</i>	3.40
<i>Increased revenue due to November ballot (mid-point)</i>	2.00
<i>Interest savings on bonds</i>	1.55
<i>Other new revenue and recoveries</i>	4.84

Non-Service Reduction Total 56.85

<i>Freeze capital programs (reserve and review)</i>	13.13
<i>DPH vacant salary savings</i>	9.15
<i>Other department salary savings and position reductions</i>	9.02
<i>Savings from delayed programs or those not yet started</i>	6.89
<i>Reduce equipment, technology, materials and supplies citywide</i>	4.39
<i>Freeze budgeted civilian positions at the Police department</i>	3.30
<i>DCYF reductions and non-salary savings</i>	1.80
<i>Fund certain capital and other projects with non General Fund revenue</i>	1.30
<i>Combine MOCI and OEWD and reduce staffing</i>	1.14
<i>Reduce 311 Call Takers, other savings in ADM</i>	0.56
<i>Ongoing reduction to largest five arts organizations</i>	0.25
<i>Other non-service reductions</i>	5.92

State-Funded Service Reduction Total 1.20

<i>State Elimination of California Children's Services</i>	1.20
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Service Reduction Total 13.16

<i>Restructure contracts and City operations for behavioral health services</i>	5.32
<i>Reduction in H.S.A staff in a variety of programs</i>	1.83
<i>Reduce UC Affiliation Agreement by 5%</i>	1.30
<i>Reduce and restructure juvenile probation contracts</i>	0.76
<i>Reduce certain low-priority HIV Prevention services</i>	0.57
<i>Delay last 2 FY09 Police academy classes</i>	0.56
<i>Reductions to tree maintenance - includes staffing reductions</i>	0.28
<i>Targeted STD testing reductions</i>	0.07
<i>Reduce recreation staffing and overtime (\$1 million value to take effect in FY10)</i>	0.00
<i>Other service reductions</i>	2.47

Subtotal Mid-Year Solutions 118.29

<i>Remaining to balance - optimistic projection</i>	0.00
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Pessimistic Revenue Shortfall (35.00)

Pessimistic Revenue Projection - Other Solutions 35.00

<i>Reduce Capital Projects Citywide</i>	17.37
<i>Option to withdraw from Rainy Day Fund</i>	11.00
<i>Other non-salary savings</i>	3.43
<i>Additional Fire Department savings</i>	2.70
<i>PUC - Energy Efficient Capital Investments</i>	0.50

Total Solutions 153.29

Total Pessimistic Shortfall (153.29)

Net Effect 0.00

* revised for technical corrections and additional savings solutions

Mid-Year Budget Adjustments: Details by Department 12.15.08*

Dept	Category	Description	FY 2008-09 (\$ in millions)
ADM - City Administrator			2.35
	Non-service Reduction		0.80
		Grant for the Arts reduction to largest arts organizations	0.25
		Salary reductions-including 9 vacant 311 calltakers.	0.56
	Revenue		1.55
		Interest savings on bonds	1.55
ADP - Adult Probation			0.25
	Revenue		0.25
		Actual revenue higher than budgeted	0.25
ART - Arts Commission			0.09
	Non-service Reduction		0.09
		Reduce unspent contract funds	0.09
ASR - Assessor / Recorder			0.78
	Non-service Reduction		0.78
		Salary savings	0.78
BOS - Board of Supervisors			0.21
	Non-service Reduction		0.21
		Salary Savings; increased LAFCO recovery	0.21
CAT - City Attorney			0.76
	Non-service Reduction		0.76
		2 Legal Secretaries (Vacant)	0.09
		6 Attorney Positions (Filled and Vacant)	0.57
		IT reduction	0.10
CHF - Dept. of Children Youth and Families			1.80
	Non-service Reduction		1.80
		Other savings ideas	0.88
		Safety Network	0.22
		SFUSD	0.26
		Work Orders to HSA and RPD	0.45
Citywide			46.42
	Non-service Reduction		17.92
		Freeze all one-time General Fund equipment and IT	2.00
		Alternate funding for PC Lease program	0.40
		Freeze select prior-year & current-year capital projects	13.13
		Citywide materials and supplies reductions	2.39
	Revenue		28.50
		Year-end close savings from FY 2007/2008	23.00
		Renewal of Moscone Center lease	0.50
		Savings from COLA for CAAP (result of State cut)	1.00
		Est. Savings from start-up of new TID	2.00
		Additional revenue from local propositions	2.00

* revised for technical corrections and additional savings solutions

Mid-Year Budget Adjustments: Details by Department 12.15.08*

Dept	Category	Description	FY 2008-09 (\$ in millions)
CON - Controller			0.73
	Non-service Reduction		0.30
		Salary reductions	0.30
	Revenue		0.43
		Increase recoveries	0.43
CPC - City Planning			3.63
	Non-service Reduction		3.30
		Deferred credit account	1.50
		Miscellaneous contract savings - net value	0.19
		Reduction in IT and Mat and Supplies Spending	0.05
		Salary Savings and Position Reductions	0.98
		Shift Staff from unfunded to funded projects	0.58
	Revenue		0.33
		Revenue increases	0.33
DAT - District Attorney			1.01
	Non-service Reduction		0.91
		One time reduction to programmatic project	0.21
		Salary savings	0.70
	Service Reduction		0.10
		Professional and specialized services	0.10
DPH - Department of Public Health			36.72
	Non-service Reduction		15.22
		Asthma Task Force - unspent implementation money	0.11
		Change job classifications where service can be provided at a lower cost	0.97
		Elimination of existing positions	1.17
		Salary Savings - vacant positions	9.15
		Savings resulting from delayed implementation of programs	1.82
		Shift Primary Care Service to Healthy SF	0.35
		SRO Collaborative - GF portion of funding	0.15
		Use NonGFS for GF capital project	1.00
		Program consolidation efficiencies - CASARC/TRC/RTC	0.34
		Materials and supplies savings from shelter program	0.16
	Revenue		12.29
		Revenue increases	12.29
	Service Reduction		8.01
		4C Clinic holidays	0.01
		Adult Day Health programs at Laguna Honda Hospital	0.20
		Close housing programs in need of facility renovations	0.08
		Complementary Therapies contracts	0.16
		Low-priority HIV Prevention services	0.57
		Medical High User program	0.15
		Reduce UC Affiliation Agreement by 5%	1.30
		Restructure contracts and City operations for Behavioral Health services	5.32

* revised for technical corrections and additional savings solutions

Mid-Year Budget Adjustments: Details by Department 12.15.08*

Dept	Category	Description	FY 2008-09 (\$ in millions)
DPH	Service Reduction	Selective STD Testing	0.07
		Shift EH and CRT patients to medical respite	0.15
	State Service Reduction		1.20
		Savings from local match for state funding cuts	1.20
DPW	Department of Public Works		1.47
	Non-service Reduction		0.68
		Dispatching: staffing reductions	0.25
		Engineering & Construction Management: salary savings	0.07
		Overhead: Salary reductions & other non labor savings	0.37
	Service Reduction		0.79
		Graffiti Contract	0.04
		Other salary and non-salary savings	0.47
		Tree Maintenance: includes staffing reductions	0.28
ECD	Emergency Communications		0.15
	Non-service Reduction		0.15
		Salary Reduction	0.15
ECN	Economic and Workforce Development		0.93
	Non-service Reduction		0.81
		Contract savings from ramping up program	0.13
		Replace GF workforce development grants with NonGFS revenue	0.30
		Salary savings (1 FTE)	0.10
		Reduce Workforce staffing for MOCI and OEWD merger	0.29
	Service Reduction		0.12
		Contract savings from delaying grants	0.12
ETH	Ethics Commission		0.08
	Non-service Reduction		0.08
		Delay of website enhancements; reduced training; cuts in temporary staffing	0.08
FIR	Fire Department		2.32
	Non-service Reduction		2.32
		Eliminate 15.1 FTE (vacant)	1.72
		Eliminate 2.2 FTE (filled)	0.23
		Savings in Materials, Supplies, Training Unit, and Other	0.37
H.S.A.	Human Services Agency		6.01
	Non-service Reduction		3.69
		CBO Contract Savings	1.00
		Eliminate funding for programs not started	0.09
		Reduce Foster Care Aid Expansion	1.69
		Start up savings in several supportive housing buildings	0.92
	Revenue		0.33
		Increase Federal and State Revenues	0.33

* revised for technical corrections and additional savings solutions

Mid-Year Budget Adjustments: Details by Department 12.15.08*

Dept	Category	Description	FY 2008-09 (\$ in millions)
H.S.A.	Service Reduction		1.99
		Eliminate 67 filled and 4 vacant positions	1.83
		Reduce Forensic Center in CY	0.16
HRC - Human Rights Commission			0.06
	Non-service Reduction		0.06
		Contract Savings	0.06
HRD - Dept. of Human Resources			0.40
	Non-service Reduction		0.40
		Salary reductions	0.40
HSS - Health Service System			0.13
	Non-service Reduction		0.13
		Salary and other savings	0.13
JUV - Juvenile Probation			0.76
	Service Reduction		0.76
		Reduce and restructure general fund contracts	0.76
MYR - Mayor			1.03
	Non-service Reduction		1.03
		Reduce grant funding (MOCI)	0.18
		Combine MOCI and OEWD	0.85
PDR - Public Defender			0.85
	Service Reduction		0.85
		Reduce salary and other ongoing costs	0.85
POL - Police Department			7.46
	Non-service Reduction		3.50
		Additional efficiencies in moving non-police work to appropriate departments	0.20
		Savings from freezing unfilled civilian hires for FY09	3.30
	Revenue		3.40
		Cost recoveries for police services	3.40
	Service Reduction		0.56
		Delay last 2 FY09 academy classes	0.56
REC - Recreation and Park Department			-
	Non-service Reduction		-
		Administrative overhead fund savings	-
		Savings achieved by not filling currently vacant positions (.90 in FY 09/10)	-
		Fund Operating Costs (GGP Gardeners) with GGP Concert Revenue (.25 in FY 09/10)	-
	Service Reduction		-
		Reduce "As-needed" Recreation Staffing	-
		Reduce Overtime Expenditures (.70 in 09/10)	-
		Eliminate Filled Positions (8.5 FTE) (.62 in FY 09/10)	-

* revised for technical corrections and additional savings solutions

Mid-Year Budget Adjustments: Details by Department 12.15.08*

Dept Category	Description	FY 2008-09 (\$ in millions)
REC -		
SCI - Academy of Sciences		0.14
	Non-service Reduction	0.14
	Salary savings	0.14
SHF - Sheriff		0.98
	Non-service Reduction	0.98
	Contract Savings	0.30
	Eliminate 1 Academy Class 08/09	0.23
	No Violence Alliance (NOVA) program expansion start-up savings	0.45
TTX - Treasurer / Tax Collector		0.71
	Non-service Reduction	0.71
	Misc Reductions	0.69
	Salary Reduction	0.03
WOM - Status of Women		0.05
	Non-service Reduction	0.05
	Salary reductions	0.05
Grand Total		118.29

* revised for technical corrections and additional savings solutions