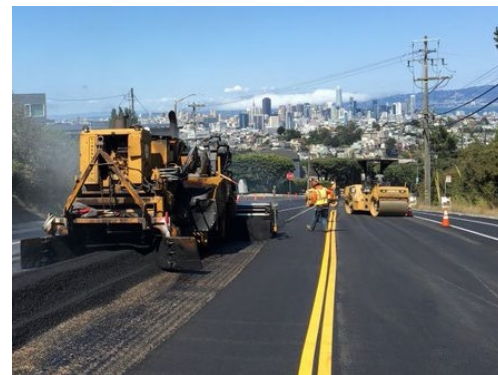
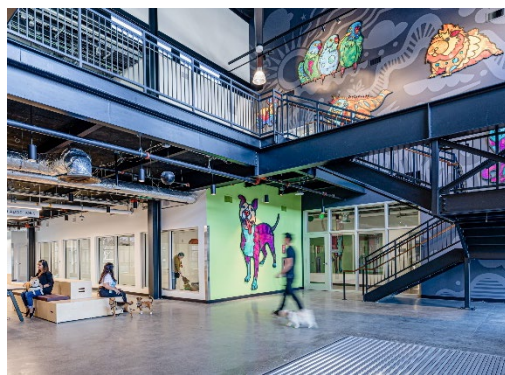
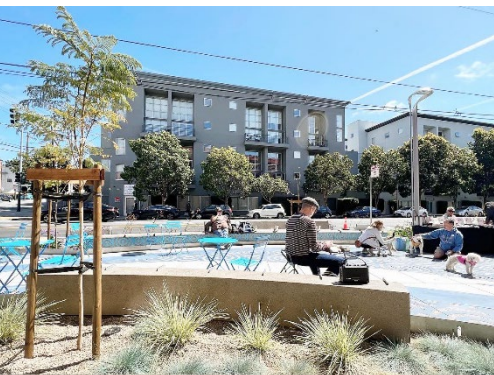


January 23, 2025

FY25/26 & FY26/27 Budget Overview

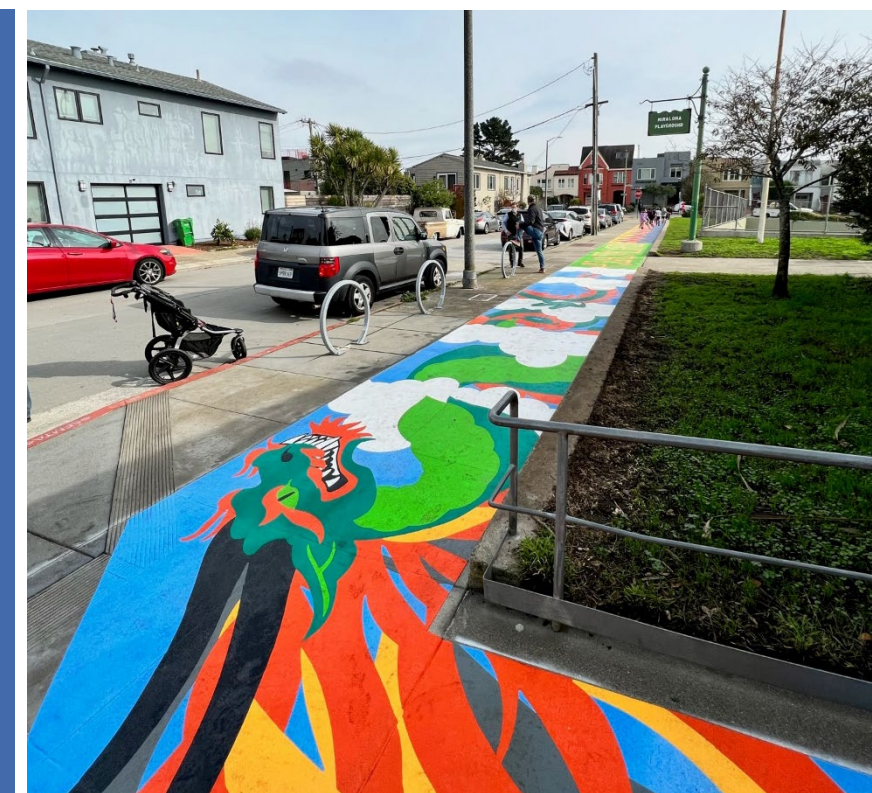
Bruce Robertson

Deputy Director of Financial Management and Administration





**FY 2024-2025
Adopted Budget:
\$452.9 Million**



FY25-26 & FY26-27 Budget Scenario

■ Mayor's Budget Instructions

- Reduce General Fund expenditures by 15%
- Financial impact: \$13.8M

■ Ending of Supplemental Appropriation from FY24

- \$16.7M for street cleaning over two years
- 20.0 FTE reduction
- Net result: Combined reduction going into the new fiscal year is closer to 20%

■ Potential Program Impacts

- Delayed response to street cleaning service orders
- Reduced proactive cleaning operations
- Decreased illegal vending enforcement operations
- Reduced or eliminated nonprofit workforce development programs

FY2024-25 Budget – Changes Since August

■ Mayor's Office Mid-Year Reductions

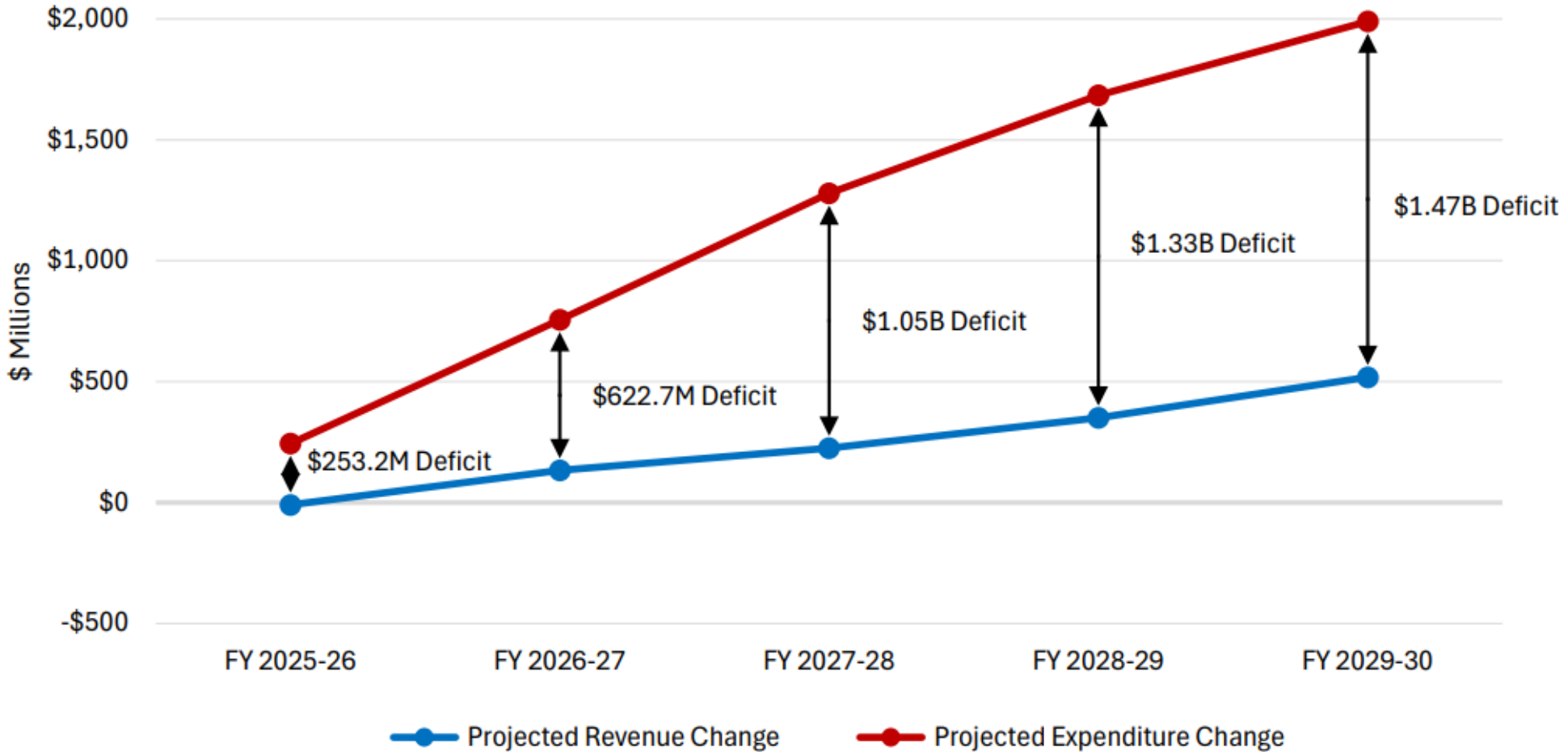
- \$3.4M reduction
 - Public Works absorbed \$2.4M for unfunded salaries due to late changes in labor negotiations
 - Corridor Workers (9916) and General Laborer Apprentice (7501) wage increase to \$25, from \$22.45
 - Street Inspector positions 2.5% base wage increase
 - Local 261 outreach (public contact) premium (1% premium for hours worked)
 - 7355 – Truck Driver hazmat premium pay (\$1.50 to Truck Drivers operating with hazmat placards)
 - \$1.0M requested for ongoing savings

FY25-30 General Fund-Supported Projected Budgetary Annual Shortfall

	Change from AAO Budget 2025-26	Projection				
		2025-26	2026-27	2027-28	2028-29	2029-30
SOURCES Increase / (Decrease)	(203.2)	(9.2)	132.9	225.8	350.4	518.6
Uses						
Baselines & Reserves	(1.5)	(53.6)	(147.1)	(232.1)	(255.8)	(254.0)
Salaries & Benefits	0.4	(175.7)	(350.4)	(607.0)	(795.3)	(943.1)
Citywide Operating Budget Costs	(7.0)	(18.7)	(125.0)	(235.4)	(316.1)	(392.5)
Departmental Costs	(41.8)	4.0	(133.1)	(204.6)	(317.8)	(400.2)
USES Decrease / (Increase)	(50.0)	(244.0)	(755.7)	(1,279.1)	(1,684.9)	(1,989.8)
 Projected Cumulative Surplus / (Shortfall)	 (253.2)	 (253.2)	 (622.7)	 (1,053.3)	 (1,334.5)	 (1,471.2)

Source: Five-Year Financial Plan, pg. 11

Projected Growth in General Fund Expenditures and Revenues



Source: Five-Year Financial Plan, pg. 12

Proposed Five-Year Financial Plan – Citywide Strategic Initiatives

Six priority areas for budget investments to focus on to achieve an equitable and vibrant economic recovery and future for San Francisco:

- Driving new and recovered economic activity and promoting small business development
- Exploring new tools in public safety, teamed with bolstering traditional approaches
- Investing in San Francisco's future through its children and families
- Decreasing homelessness, while increasing housing supply
- Continuing to build adaptable behavioral health systems of care and treatment
- Maintaining long-term core government operations, infrastructure and a high-talent workforce

Proposed Five-Year Financial Plan – Assumptions

■ Key Assumptions

- No major changes to the number of employees from the FY24-25 Adopted Budget
- Weak revenue growth
- Account for impact of November 2024 election measures
- Impact of new business tax structure (Prop. M)
- No change in approved City MOUs
- San Francisco Employees' Retirement System (SFERS) return of 7.2%
- Health insurance cost increases
- Non-labor operating cost increase by Consumer Price Index (CPI)
- Citywide: Ten-Year Capital Plan, Five-Year Information & Communication Technology (ICT) Plan increases

Proposed Five-Year Financial Plan – Uncertainties

■ Key Uncertainties

- Federal funding
- State funding
- Inflationary pressures
 - Slower or negative economic growth
 - Higher inflation and trade deficits
 - Higher interest rates
- New business tax structure
- New or proposed programs or legislation

FY25-26 & FY26-27 Mayor's Budget Instructions and Guidance

■ **Mayor's Priorities**

- Maintain core services, including public safety and clean streets
- Continue progress decreasing unsheltered homelessness
- Effective mental health treatment
- Proposed opportunities to improve efficiency in service delivery and City services reporting

■ **Mayor's Budget Instructions**

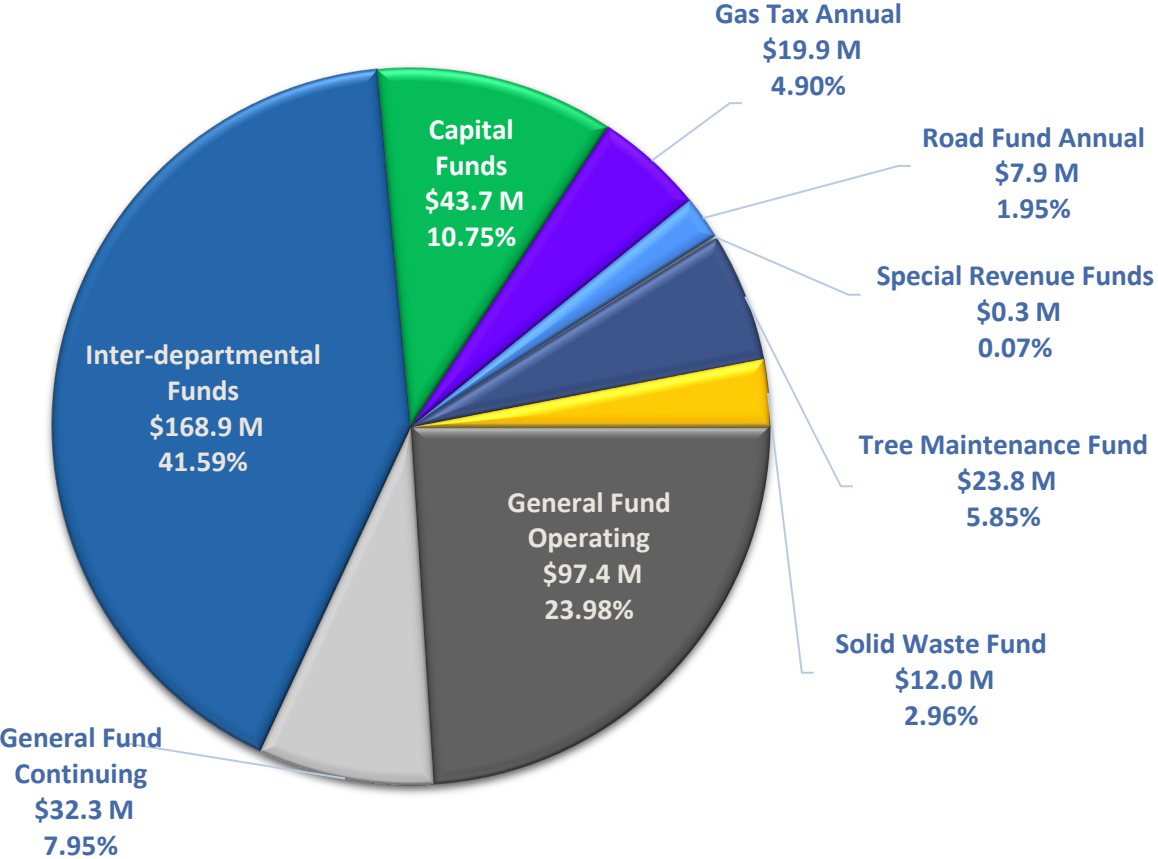
- 15% General Fund expenditure reduction (\$13.8M for Public Works)
- Assess community-based organization (CBO) grant allocations
- Examine all contractual services
- Eliminate vacancies; no new positions (FTEs)

■ **Additional Budget Instructions (issued January 9 by new mayoral administration)**

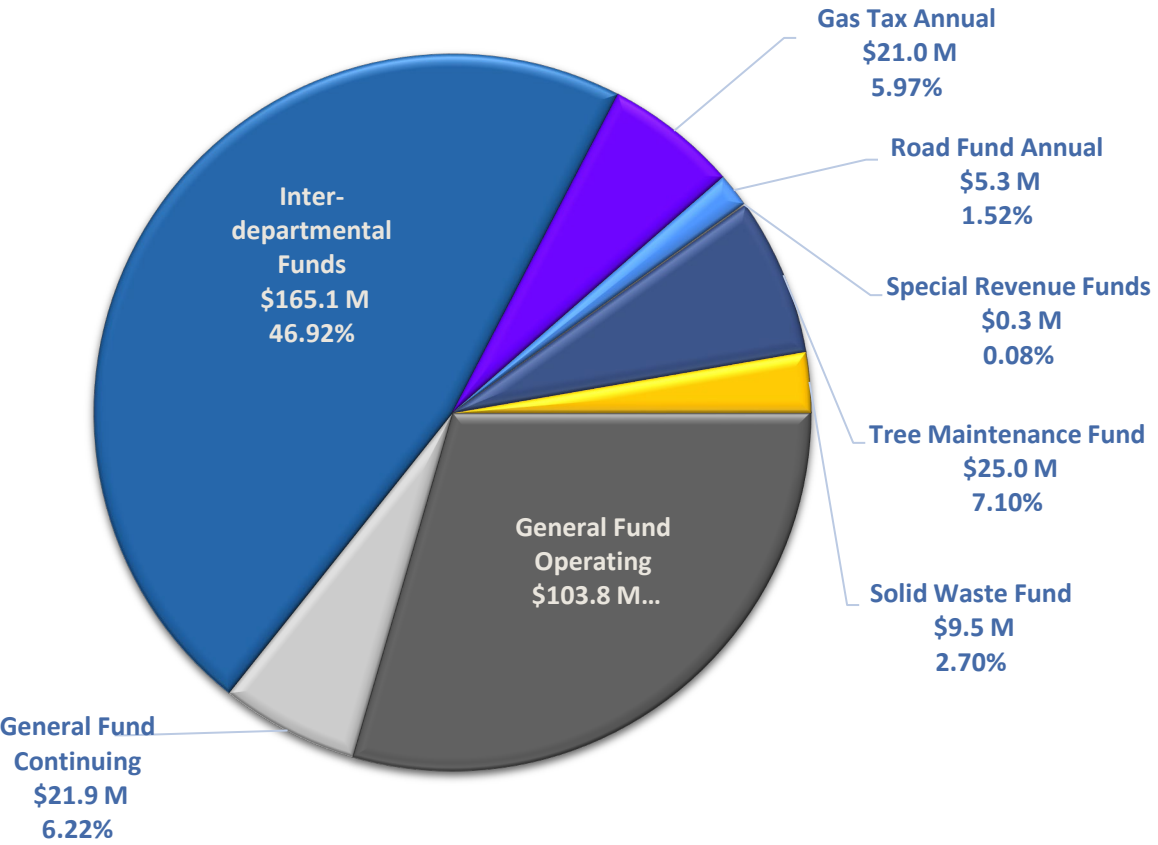
- Citywide hiring freeze
- Pause new contracts or programs not signed or implemented
- Do not submit a budget that is politically unacceptable

Department Sources

FY 2025-26 All Funds Total: \$406.0 M

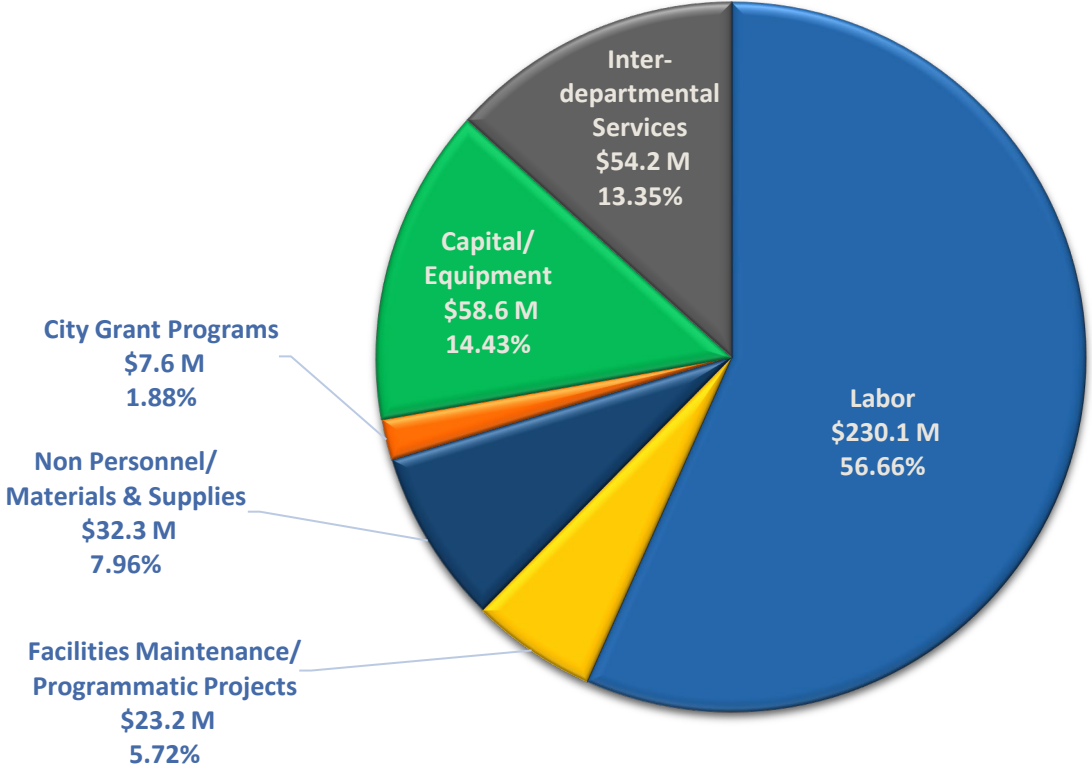


FY 2026-27 All Funds Total: 351.9 M

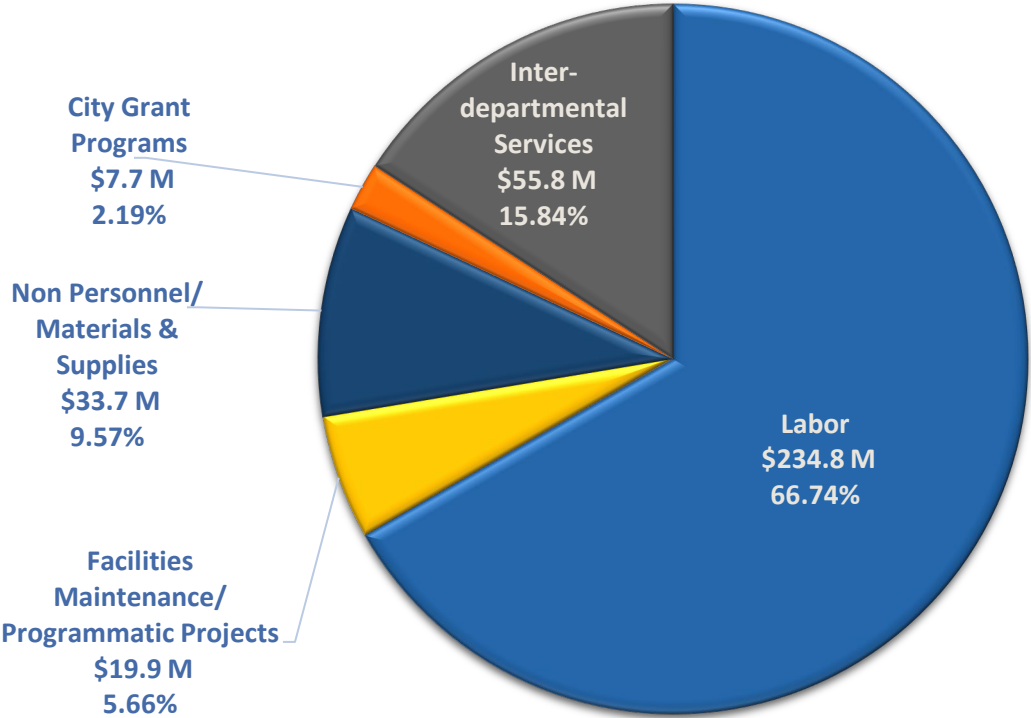


Department Uses

FY 2025-26 All Funds Total: \$406.0 M



FY 2026-27 All Funds Total: 351.9 M



Budget by Divisions and Bureaus

Division/Bureau (<i>\$ in Millions</i>)	Budget	Budget	% Change	Budget	% Change
	FY 2024-25	FY 2025-26	FY 2025-26	FY 2026-27	FY 2026-27
Building Design and Construction	\$47.8	\$32.6	-31.8%	\$34.1	4.7%
Infrastructure Design and Construction	\$137.7	\$107.2	-22.1%	\$57.1	-46.7%
Street-use and Mapping	\$33.8	\$36.7	8.7%	\$34.2	-6.9%
Building & Street Repair	\$53.6	\$55.8	4.2%	\$50.3	-9.9%
Urban Forestry	\$51.1	\$50.9	-0.4%	\$53.4	4.8%
Street Environmental Services	\$123.2	\$121.3	-1.5%	\$113.0	-6.8%
Commission	\$0.4	\$0.4	3.3%	\$0.4	3.8%
General Administration**	\$5.4	\$1.0	-80.9%	\$9.4	807.1%
Total Budget	\$453.0	\$406.0	-10.4%	\$351.9	-13.3%

*All budget amounts are subject to updates and revisions pending February 21, 2025, Department Budget Submission

** The General Administration budget is allocated to divisions through the indirect cost recovery plan

FTE by Divisions and Bureaus

Division/Bureau	FY 2024-25			FY 2025-26				FY 2026-27			
	Operating Positions	Project Positions	Total Positions	Operating Positions	Project Positions	Total Positions	Change	Operating Positions	Project Positions	Total Positions	Change
Building Design and Construction	34.00	239.00	273.00	34.00	239.00	273.00	-	34.00	239.00	273.00	-
Infrastructure Design and Construction	36.00	347.00	383.00	36.00	347.00	383.00	-	36.00	347.00	383.00	-
Street-use and Mapping	119.00	8.00	127.00	119.00	8.00	127.00	-	119.00	8.00	127.00	-
Building & Street Repair	203.00	6.00	209.00	203.00	6.00	209.00	-	203.00	6.00	209.00	-
Urban Forestry	189.00	11.00	200.00	189.00	11.00	200.00	-	189.00	11.00	200.00	-
Street Environmental Services	343.50	27.00	370.50	323.50	27.00	350.50	(20.00)	323.50	27.00	350.50	-
Commissions	12.00	-	12.00	12.00	-	12.00	-	12.00	-	12.00	-
General Administration	213.50	2.00	215.50	213.50	2.00	215.50	-	213.50	2.00	215.50	-
Grand Total	1,150.00	640.00	1,790.00	1,130.00	640.00	1,770.00	(20.00)	1,130.00	640.00	1,770.00	-

FY 25-26 Public Works General Fund Base Budget

Uses	Street Environmental Services	Street-Use and Mapping	Building and Street Repair	Commissions	Total
Salaries/Fringe/Overhead Recovery	\$ 70,269,688	\$ 10,450,477	\$ 3,082,504	\$ 415,458	\$ 84,218,127
Non-Personnel Services	\$ 727,249	35,500	82,500	9,957	855,206
Grants	\$ 5,194,148	0	0	0	5,194,248
Materials & Supplies	\$ 991,794	12,600	184,163	4,711	1,193,268
Workorders	\$ 3,304,412	0	2,586,444	0	5,890,856
Grand Total	\$ 80,487,291	\$ 10,498,577	\$ 5,935,611	\$ 430,126	\$ 97,351,605
Budgeted Positions	281	34	9	12	336

FY25-26 Supplemental Cleaning Appropriation Reduction

- **\$16.7M Supplemental Appropriation for Street Cleaning in FY23-24**

- Ending at the end of FY25 (June 30, 2025)
- Reduction of 20.00 budgeted FTE positions

Job Class	FTE	Amount
7514 General Laborer	15.00	\$1,958,220
6230 Street Inspector	2.00	325,640
7281 Street Environmental Svcs Ops Supervisor	1.00	189,052
7215 General Laborer Supervisor I	2.00	290,002
Total	20.00	\$2,762,914

- Reduced Temporary Salaries
 - \$1,884,314 (includes 8.65% fringe benefits)
 - Approximately 30 full-time 9916 positions
- Reduced Non-Labor Expenses
 - \$970K (\$500K for graffiti, \$370K for steamer rental, \$100K for materials and supplies)

FY25-26 & FY26-27 Mayor's Budget Instructions and Guidance

■ Mayor's Budget Instructions

- 15% General Fund expenditure reduction (\$13.8M for Public Works)
- Assess CBO grant allocations
- Examine all contractual services
- Eliminate vacancies; no new positions (FTEs)

■ Additional Budget Instructions (issued January 9)

- Citywide hiring freeze
- Pause new contracts or programs not signed or implemented
- Do not submit a budget that is politically unacceptable

■ Options

- General Fund
- Overhead Fund

■ Initiatives

- Enhanced Illegal Vending
- Special Event Support

FY25-26 & FY26-27 Mayor's Budget Instructions and Guidance

■ General Fund

- Funding for core services
 - Street Cleaning
 - Illegal Vending Enforcement
 - Building Maintenance
- 20.0 FTE reduction already in FY26 base budget
- 100% General Fund reduction

■ Overhead Fund

- 25% of reductions save General Fund monies
- To meet target of \$13.8M, over \$55M would need to be cut, or half of overhead budget.
- Overhead budget:
 - 54% are salaries
 - 40% of budget is non-negotiable workorders

Preliminary FY25-26 & FY26-27 Budget Reduction Scenarios

Program	Type	FTE	GF Savings	Operational Impact
Mid-Year FY25 Savings	TBD	-	\$1.0M	Likely met with hiring freeze announced on January 9
Pit Stop Program	CBO	-	\$3.0M	Reduced services at locations, some locations possibly closed
Block Sweeping	CBO	-	\$0.3M	Elimination of program
Sidewalk Steaming	CBO	-	\$0.5M	Elimination of program, includes one time savings for FY26
TL Clean	CBO	-	\$0.3M	Very slight reduction of services
Temporary Salaries	Labor	TBD	\$2.9M	Reduction in temporary staff
Block Sweepers	Labor	TBD	\$2.8M	Reduction in commercial corridor cleaning
Overhead Reduction	Various	TBD	\$1.5M	Equates to a \$6.0M reduction on Overhead expenditures, including deferring IT projects and reduced hiring
Reallocate staff to other funding sources	TBD	TBD	\$1.5M	Move some General Laborers to non-General Fund sources
Total			\$13.8M	

FY25-26 & FY26-27 Budget – Next Steps

■ Operating Budget

- Finalize cut targets
- Finalize fee increase proposal
- Update indirect cost plan
- Submit budget by February 21

■ Capital Budget

- 10-Year Capital Plan update to the Capital Planning Committee – January 27
- Determine how other departments' funding levels will impact Public Works' budget
- Determine impact of Prop. B bond funding on Public Works' budget

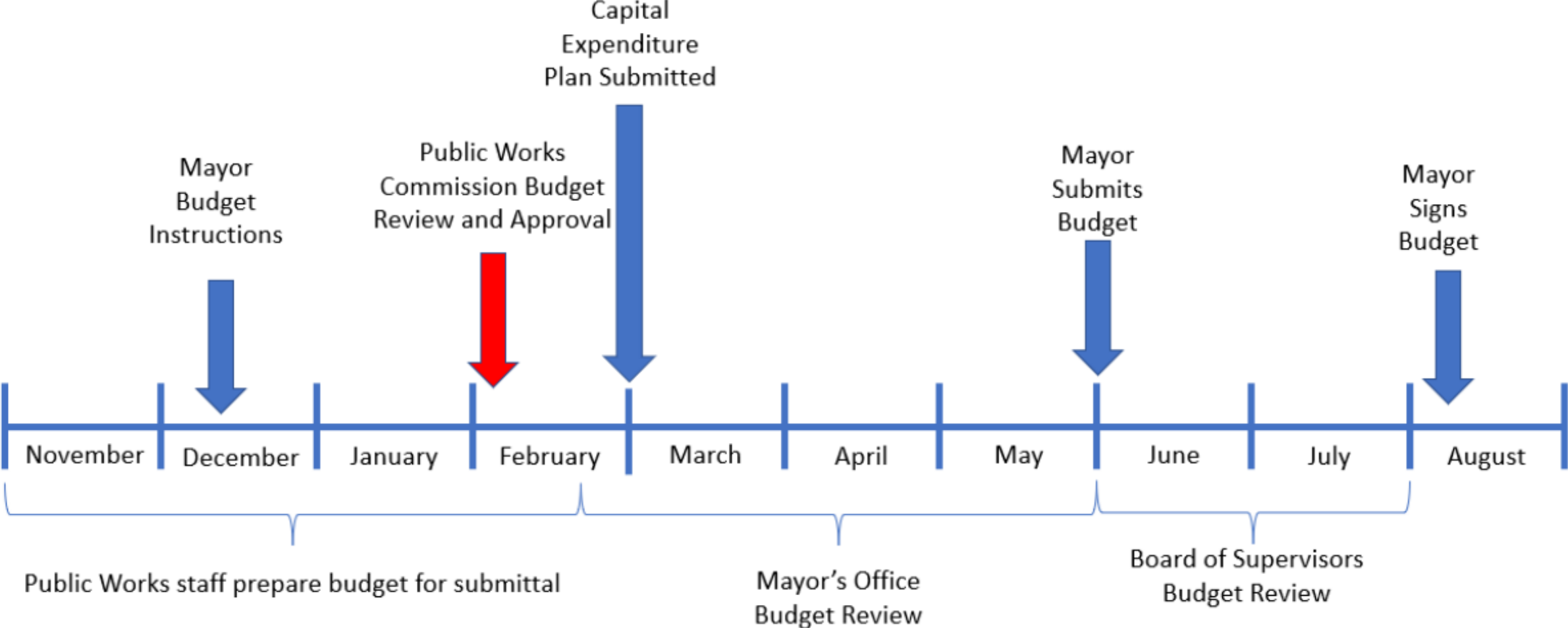
■ Commission Presentations

- Joint Public Works / SAS budget presentations – January 23 and February 13

■ Refuse Rate Board

- Presentation on Refuse Rate Impound Account – January 30

FY25-26 & FY26-27 Budget Processes and Timeline





QUESTIONS