

# PUBLIC WORKS BUDGET OVERVIEW

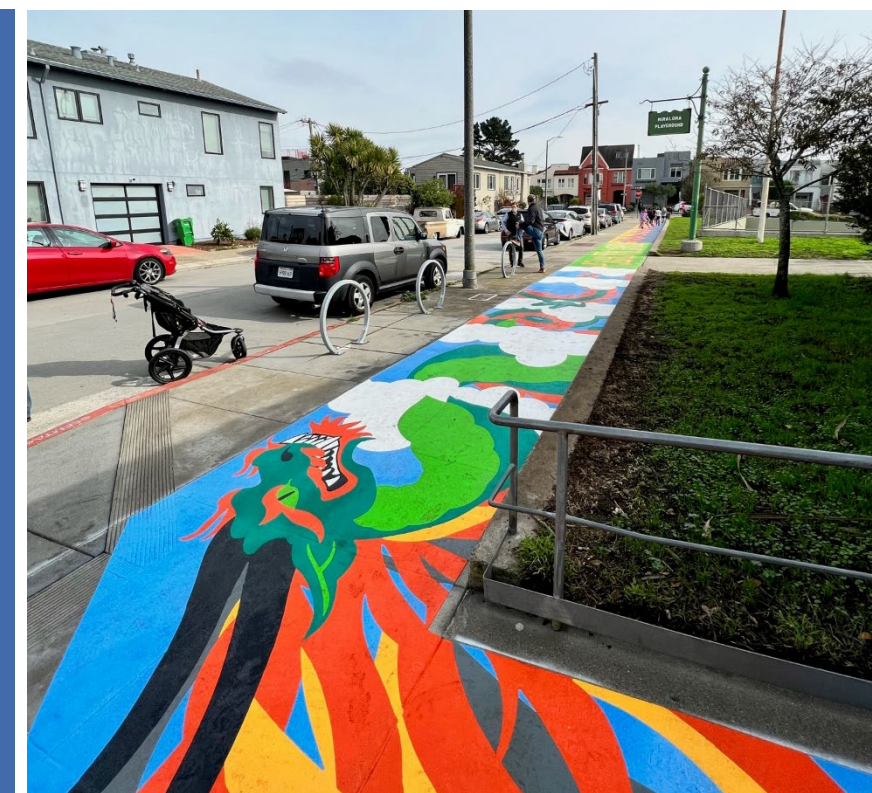
FY 2024-25

BRUCE ROBERTSON, DEPUTY DIRECTOR, FEBRUARY 12, 2024





**FY 2023-2024  
Adopted Budget:  
\$453.23 Million**



# FY 23-24 CITYWIDE BUDGET UPDATE

## Changes Since July

- Reduced revenue
  - Transfer tax, hotel tax and sales tax
- Increased health care costs
  - 9% projected health rate growth in FY24-25
- Community-based organization grants – inflationary growth

## Forecasted Assumptions

- Decline or nominal revenue growth
  - Property tax, slow hospitality sector rebound, slow business tax growth
  - High office vacancies
- Increased expenditures
  - Salary and benefits, non-salary costs

# FY 23-24 CITYWIDE BUDGET UPDATE

## Citywide Five-Year Report Update - Summary

	Projection	Projection	Projection	Projection
	2024-25	2025-26	2026-27	2027-28
<b>SOURCES Increase / (Decrease)</b>	<b>(9.6)</b>	<b>181.0</b>	<b>153.9</b>	<b>172.8</b>
<b>Uses</b>				
Baselines & Reserves	(13.3)	(78.3)	(150.4)	(264.1)
Salaries & Benefits	(163.3)	(336.2)	(447.4)	(593.0)
Citywide Operating Budget Costs	(95.2)	(301.7)	(396.0)	(496.3)
Departmental Costs	36.8	(19.3)	(105.3)	(169.0)
<b>USES Decrease / (Increase)</b>	<b>(235.1)</b>	<b>(735.5)</b>	<b>(1,099.1)</b>	<b>(1,522.5)</b>
<b>Projected Cumulative Projected Surplus / (Shortfall)</b>	<b>(244.7)</b>	<b>(554.5)</b>	<b>(945.1)</b>	<b>(1,349.7)</b>
<b>Two-Year Deficit</b>	<b>(799.2)</b>			

# FY 23-24 CITYWIDE BUDGET UPDATE

## Future Risks and Uncertainties

- Interest rates
  - Impacts could dampen business investments, real estate transactions and borrowing costs
- Property tax assessment appeals
- State budget shortfall
  - \$68 billion deficit
  - Funding impact on City programs and grants unknown

# FY 23-24 MID-YEAR CITYWIDE BUDGET REDUCTIONS

## Mid-Year Budget Reductions

- Mayor directed current year budget reductions on Dec. 1, 2023
  - Pause uninitiated programs, eliminate vacant positions and scale back some programs
  - Leave intact basic City services and priorities
  - Focus on cleaning City streets, hiring police officers, expanding shelter beds, advancing behavioral health initiatives
- Citywide General Fund reductions
  - FY24 – \$75.3M
  - FY25 – \$37.5M
  - FY26 – \$35.6M

# FY 23-24 MID-YEAR BUDGET REDUCTIONS

## Public Works Mid-Year Budget Reduction

	FY 2023-24	FY 2024-25	FY 2025-26
Description of General Fund Savings	Savings	Savings	Savings
Savings from current Pit Stop operations	1,121,566	86,566	86,566
10 Vacant FTE	1,000,000	1,034,519	1,060,382
Uninitiated employment services program	360,000	360,000	360,000
FY24 Addback – District 9: Pit Stop expansion in Bernal Heights	350,000	300,000	300,000
Temporary salary reduction	150,000	150,000	153,750
FY24 Addback – District 10: Portola neighborhood greening	100,000	100,000	100,000
<b>Total Savings</b>	<b>\$ 3,081,566</b>	<b>\$ 2,031,085</b>	<b>\$ 2,060,698</b>

# FY 24-25 / FY 25-26 MAYOR'S BUDGET INSTRUCTIONS

## Mayor's Priorities

- Improving public safety and street conditions
- Citywide economic vitality
- Reducing homelessness and transforming mental health services
- Accountability and equity in services and spending



# FY 24-25 / FY 25-26 MAYOR'S BUDGET INSTRUCTIONS

## Mayor's Instructions to Departments

- Reduce General Fund support (10%)
- Contingency proposals of ongoing (5%)
- Consider citywide solutions and strategies
- Implement ongoing mid-year cuts in FY 24-25 & 25-26
- No new positions
- Focus on core operations and services
- Eliminate costs supporting non-essential, discretionary or redundant service areas

# FY 24-25 / FY 25-26 MAYOR'S BUDGET INSTRUCTIONS

## Mayor's Instructions to Departments – Impact on Public Works

- Reduce General Fund support
  - 10% in FY 24-25 (\$9.66M)
  - 10% in FY 25-26 (\$9.66M)
- Contingency proposals
  - 5% in FY 24-25 (\$4.83M)
  - 5% in FY 25-26 (\$4.83M)
- Consider citywide solutions and strategies
  - Options under review and consideration
- Implement ongoing mid-year cuts in FY 24-25 & 25-26
  - \$2.0M in FY 24-25 and \$2.1M FY 25-26
- No new positions
- Focus on core operations and services
- Eliminate costs supporting non-essential, discretionary or redundant service areas

# FY 24-25 / FY 25-26 BUDGET REDUCTION EFFORTS

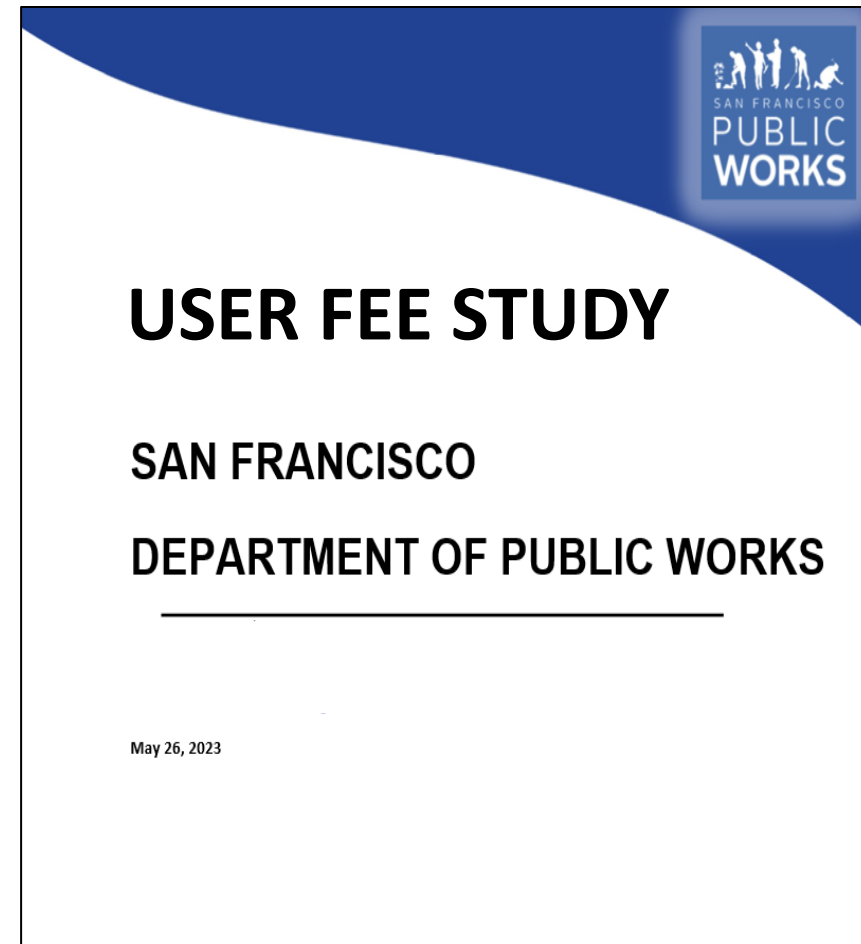
	FY 2024-25	FY 2025-26
<b>Public Works Balance Actions</b>	<b>\$9.66M</b>	<b>\$9.66M</b>
BSM Revenue/Other Revenue Increases	(0.97M)	(1.01M)
<b>Adjusted Reduction Target</b>	<b>8.69M</b>	<b>8.65M</b>
Ongoing Mid-Year Budget Reductions	(2.03M)	(2.06M)
Street Operations Streamlining/Use of Solid Waste Fund savings	(2.26M)	(2.41M)
Capital Program – SIRP/ASAP Sidewalk Program	(1.28M)	-
Indirect Cost Plan Savings/Various Reductions	(1.47M)	(2.41M)
Grant Program – Cleaning	(1.10M)	(1.37M)
Addback Funding	(0.55M)	(0.40M)
<b>Total Reduction Amount</b>	<b>(\$9.66M)</b>	<b>(\$9.66M)</b>

\* As of February 8, 2024

# FY 24-25 / FY 25-26 BUDGET REDUCTION EFFORTS

## Fee Increases

- Growing demands and rising costs necessitates fee adjustments.
- Fees have remained unchanged for over 10 years, with the exception of CPI increases.
- Modest increase to selected fees ensure sustainable funding for essential services.
- Utilization of Fee Study to inform the proposed fee increases and enhance cost recovery.
- Regulatory restrictions
- Departments throughout the City are making fee adjustments.



# FY 24-25 FEE INCREASE PROPOSAL

## Proposed Fee Increases

- Very modest and reasonable
- Selected
- Below other department increases

## Proposed Fee Increases

- Vault Encroachment
- Major and Minor Encroachment
  - Sliding Scale
- Street Spaces
- Most fees not increasing

## Preliminary Revenue Estimate

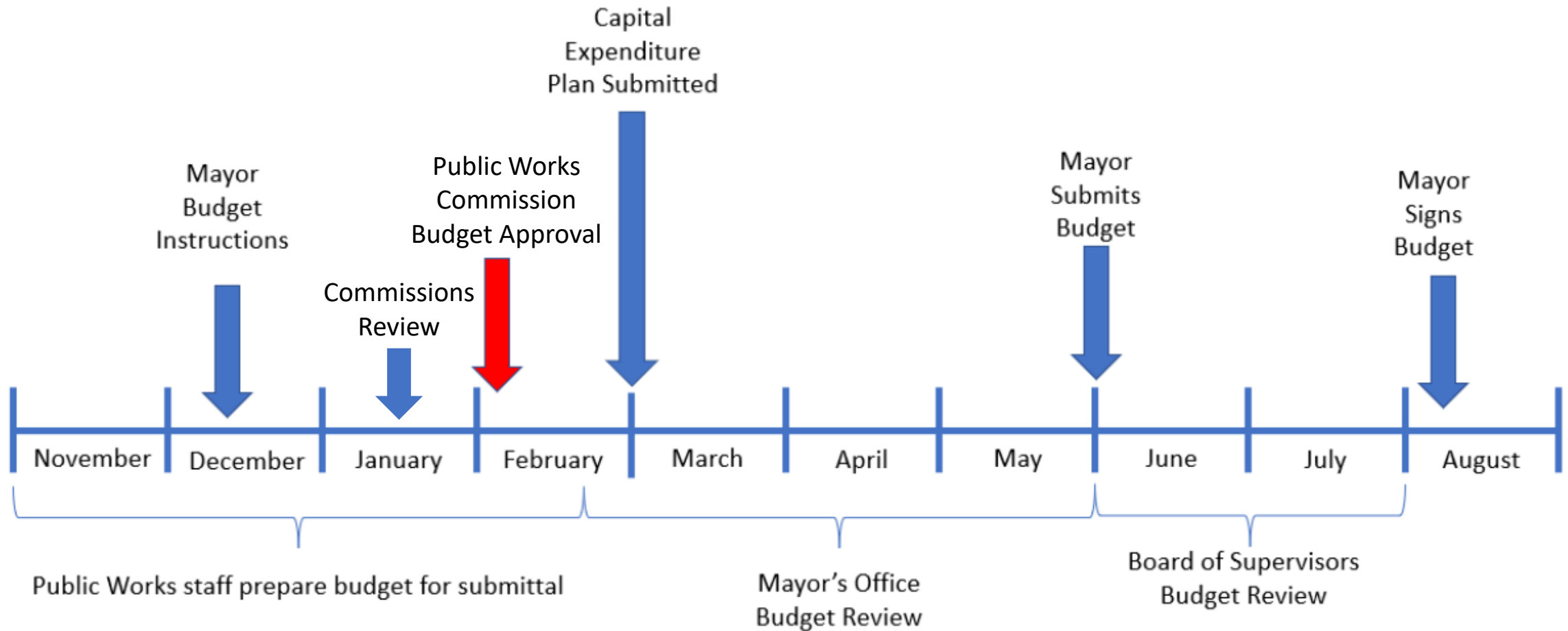
- \$600k in increased revenue
- Net revenue increase of 4%



# DEPARTMENT INITIATIVES

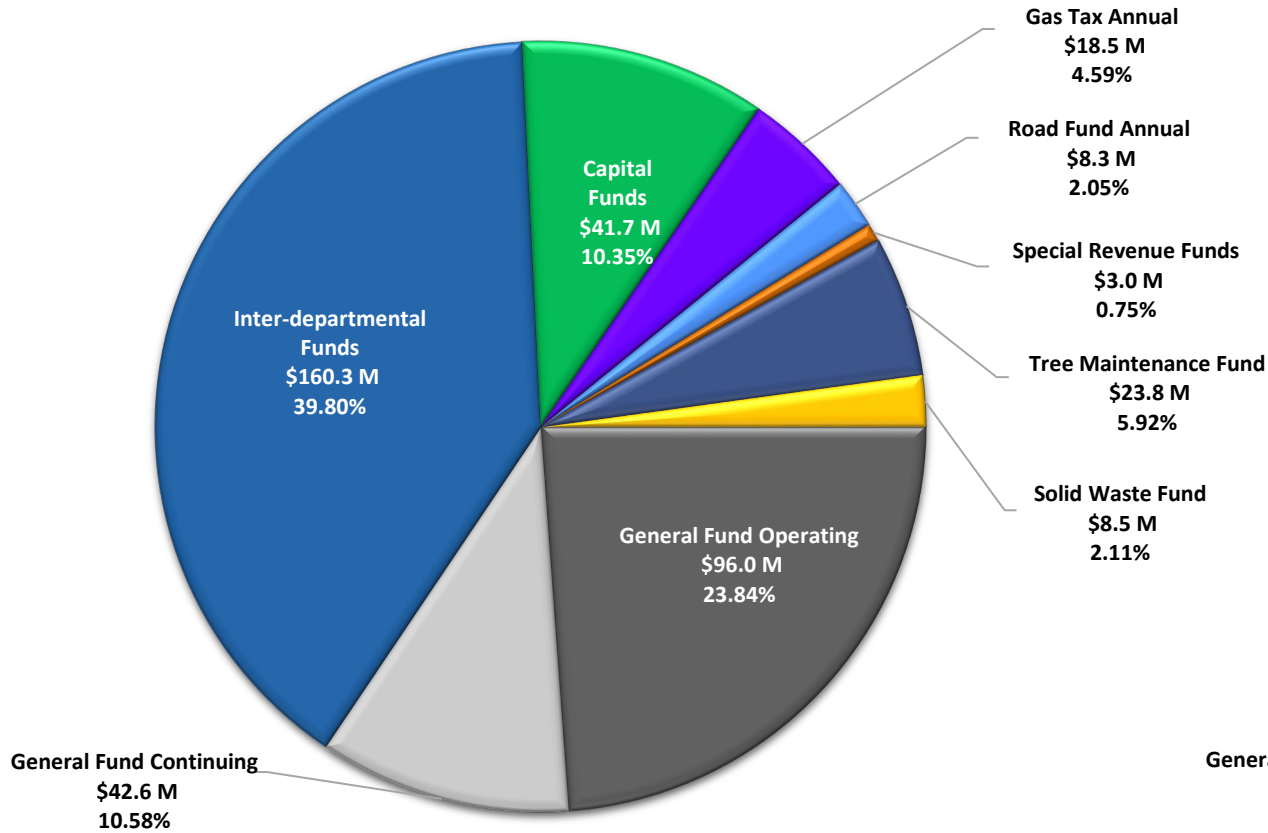
Initiative	Initiative Description	FY 2024-25 Budget	FY 2025-26 Budget
Street Tree Inspection Safety Program	Hazard mitigation effort to proactively inspect trees	\$1.0M	\$1.0M
Graffiti-Abatement Expansion	Expanded enforcement and removal of graffiti on private property in high-impact neighborhoods	\$ 2.2M	\$ 2.0M
Expanded Street Vending Enforcement	Expanded enforcement of street vending on the weekends and during non-business hours	\$ 2.0M	\$ 2.5M
Citywide Street Cleaning Expansion	Additional funding to expand Public Works' regular cleaning citywide operations	\$ 7.0M	\$ 7.0M
	<b>Grand Total</b>	<b>\$ 12.2M</b>	<b>\$ 12.5M</b>

# FY 24-25 / FY 25-26 BUDGET PROCESS & TIMELINE

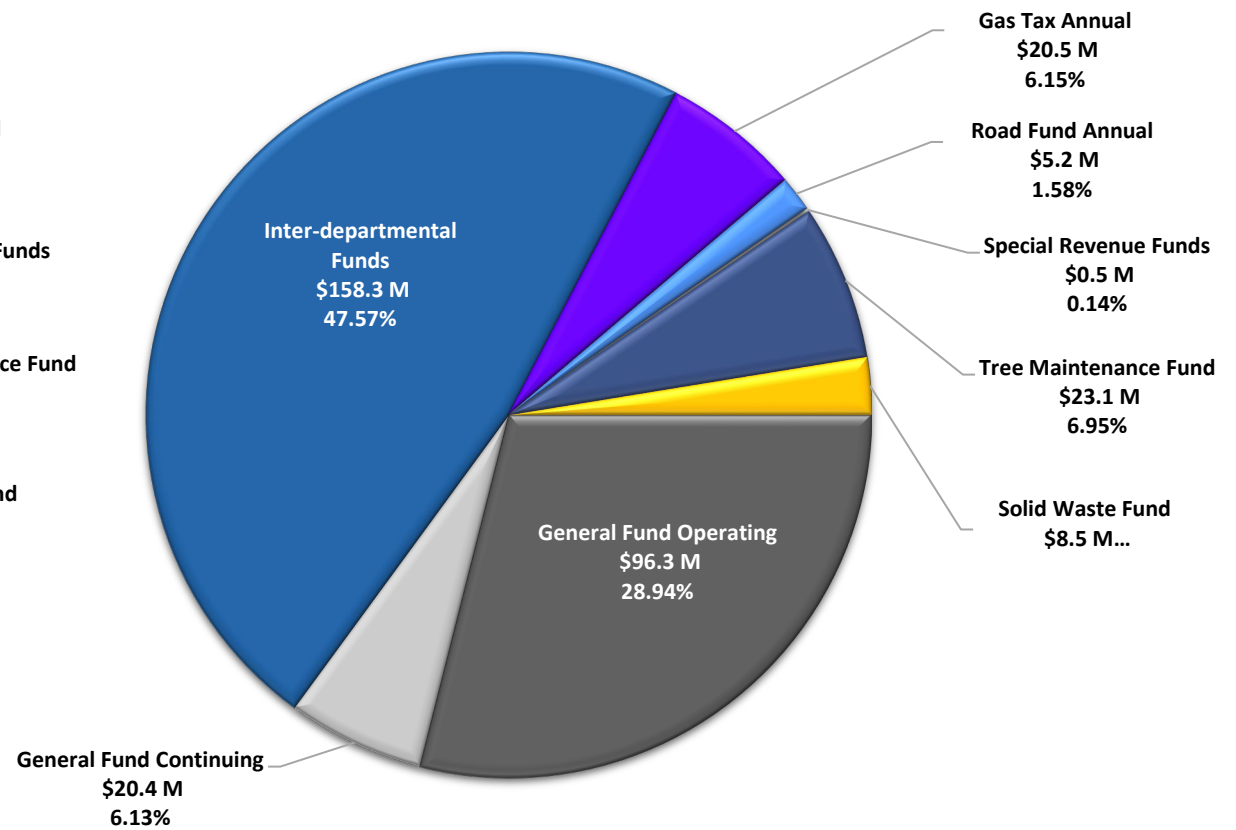


# DEPARTMENT SOURCES

**FY 2024-25 All Funds Total: \$402.7 M**



**FY 2025-26 All Funds Total: 332.8 M\*\***



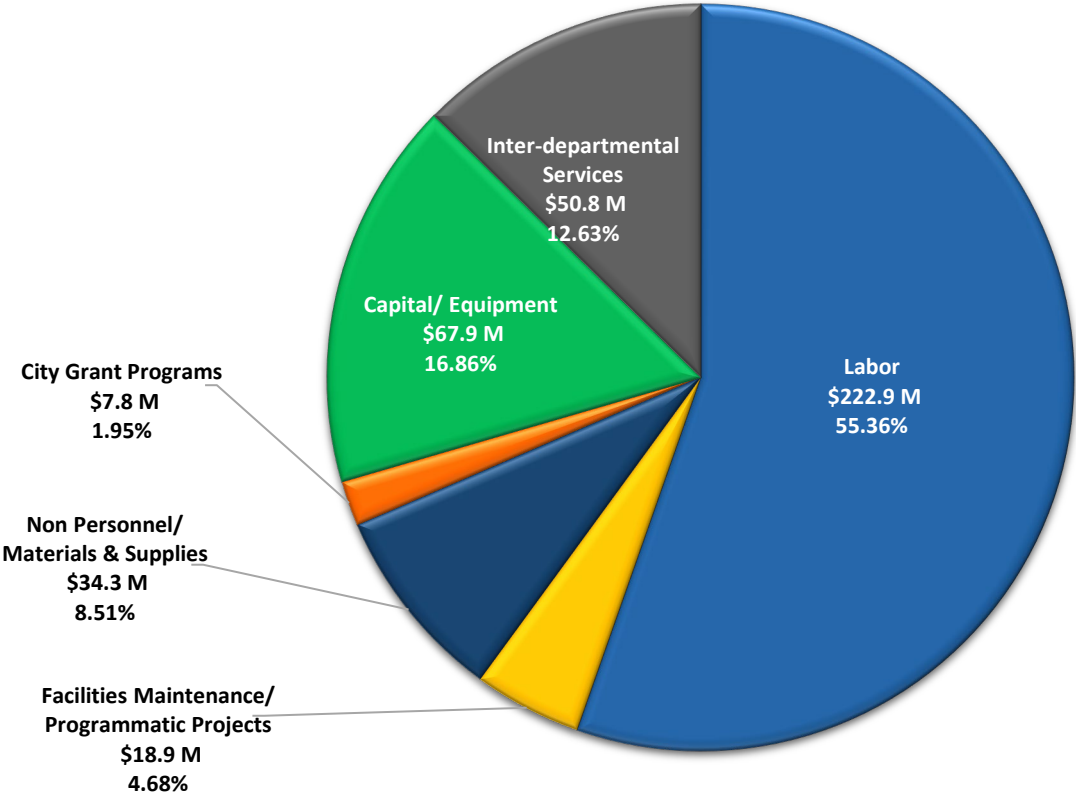
\*All budget amounts are subject for update and revision pending complete February 21, 2024 Department Budget Submission

\*\* FY 25-26 Capital/Equipment budget not included in the department's proposed budget

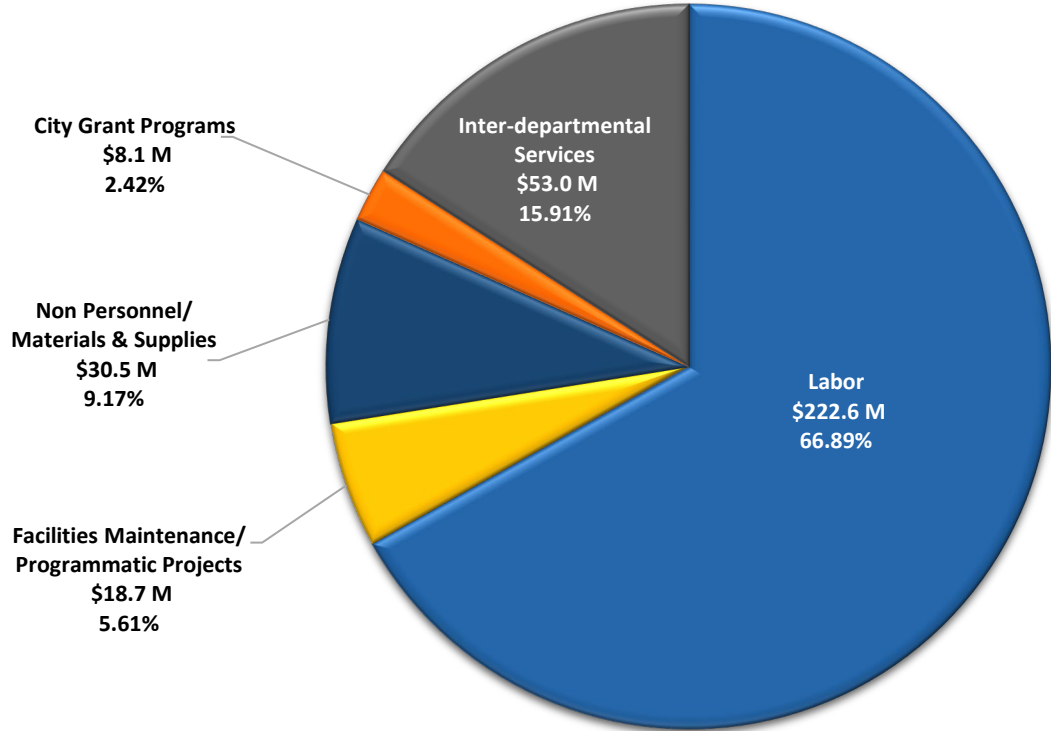


# DEPARTMENT USES

**FY 2024-25 All Funds Total: \$402.7 M**



**FY 2025-26 All Funds Total: \$332.8 M\*\***

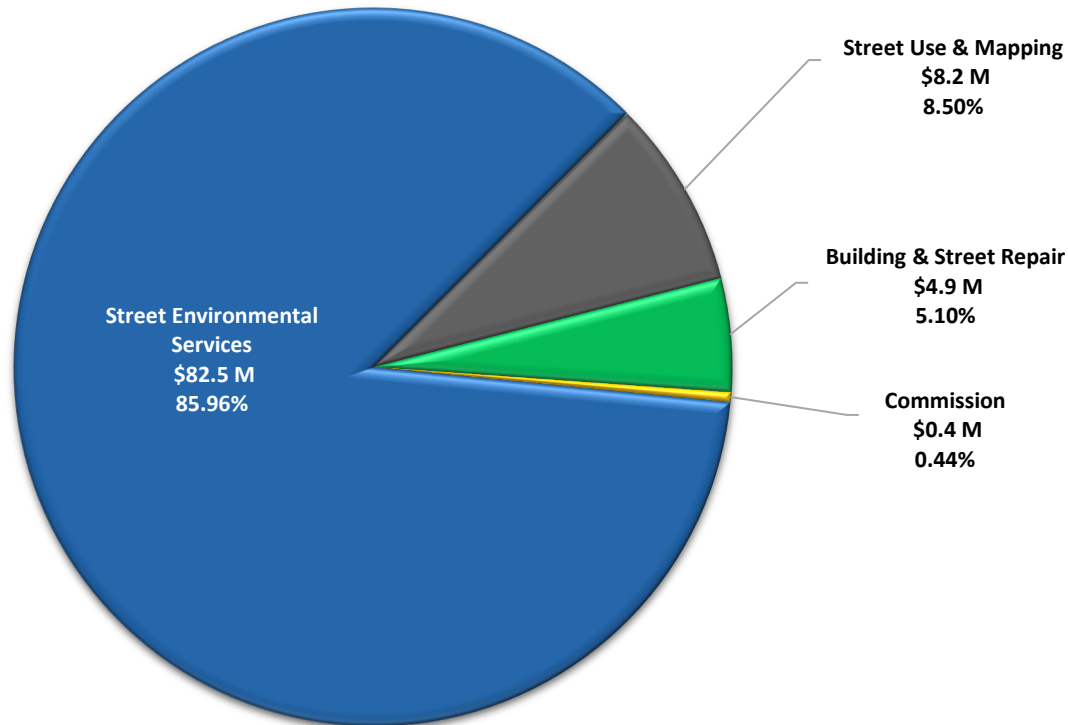


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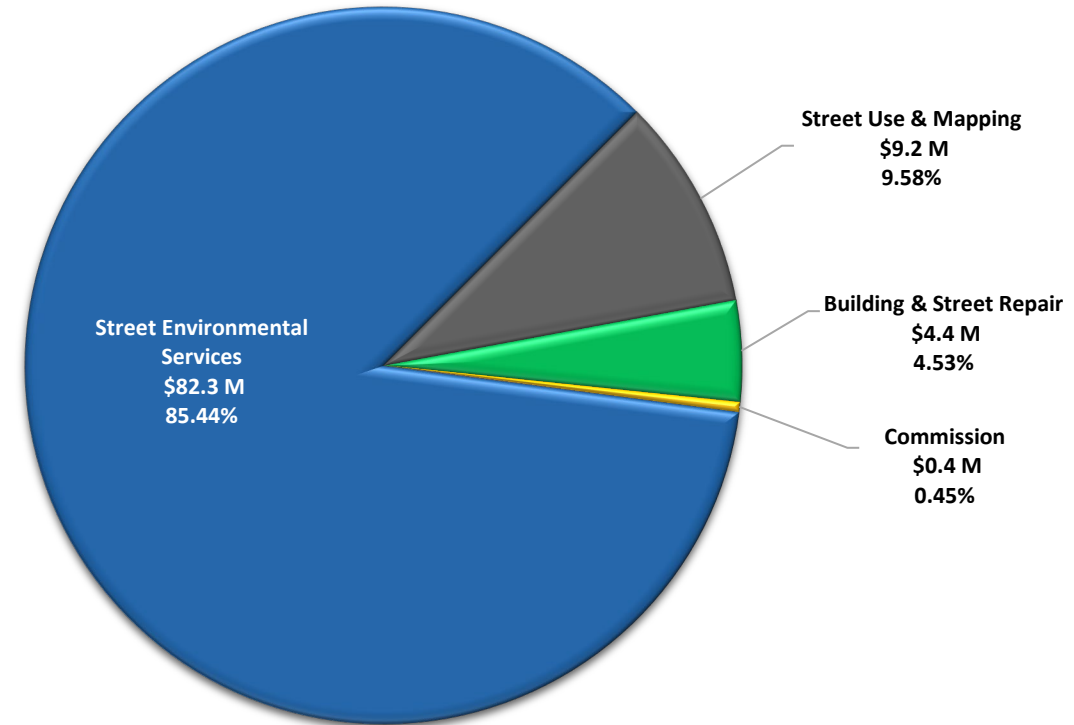
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# DEPARTMENT USES – GENERAL FUND

FY 2024-25 General Fund Total: \$96.0 M



FY 2025-26 General Fund Total: \$96.3 M\*\*



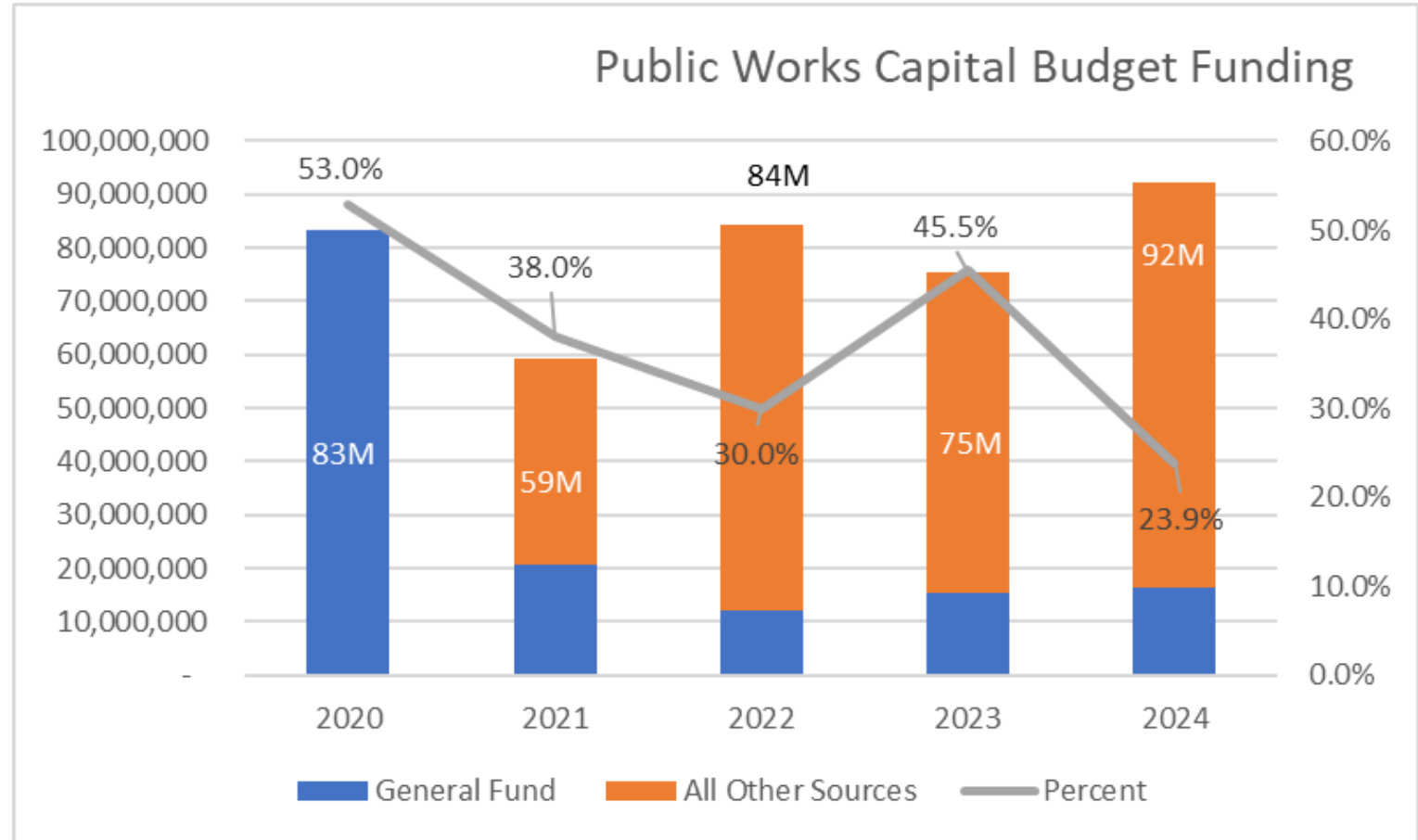
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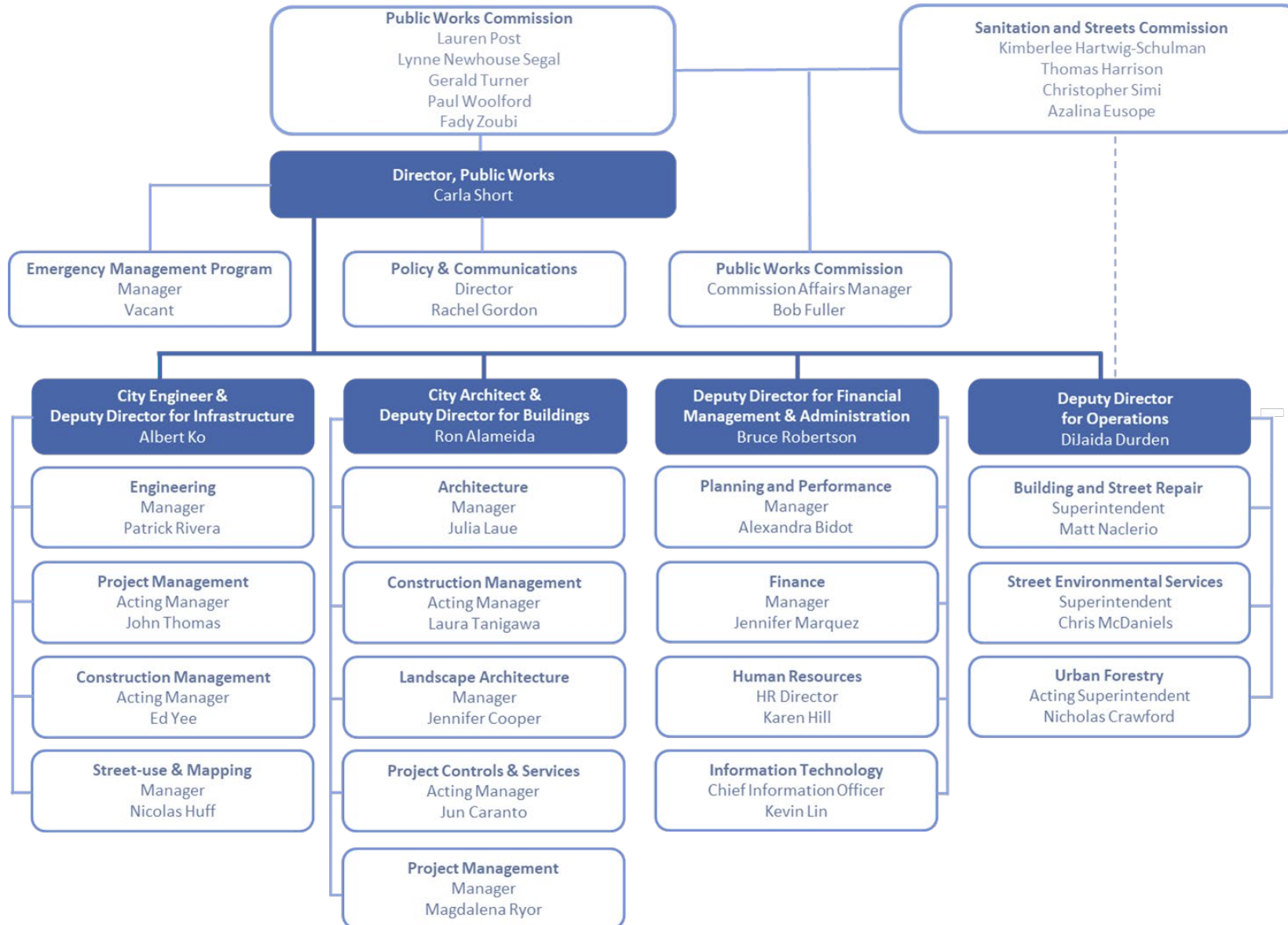
# CAPITAL BUDGET

## Capital Budget in Early Development

- Significant reductions likely
- Ongoing downward trend of capital funding to Public Works
- Staffing level concerns
  - Paving Program
    - \$30M reduction in debt issuance
  - Curb Ramp Program
    - 80.8% reduction including all sources
    - Confirming funding from other sources
  - Facilities maintenance from clients



# ORGANIZATION



Total Number of Employees  
**1,800**

# BUDGET BY DIVISIONS AND BUREAUS

Division/Bureau (\$ in Millions)	Budget	Budget	% Change	Budget	% Change
	FY 2023-24	FY 2024-25	FY 2024-25	FY 2025-26	FY 2025-26
Building Design and Construction	\$46.7	\$30.2	-35.4%	\$33.3	10.3%
Infrastructure Design and Construction	\$144.7	\$116.5	-19.5%	\$56.4	-51.6%
Street-Use and Mapping	\$31.9	\$32.3	1.3%	\$31.4	-2.8%
Building & Street Repair	\$58.3	\$57.2	-1.9%	\$49.1	-14.1%
Urban Forestry	\$52.1	\$50.5	-3.1%	\$50.9	0.8%
Street Environmental Services	\$120.1	\$110.1	-8.4%	\$106.7	-3.1%
Commission	\$0.4	\$0.4	2.9%	\$0.4	3.4%
General Administration**	-\$1.0	\$5.6	-656.6%	\$4.7	-15.9%
<b>Total Budget</b>	<b>\$453.2</b>	<b>\$402.7</b>	<b>-11.2%</b>	<b>\$332.8</b>	<b>-17.3%</b>

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\*\* The General Administration budget of \$72.23 M in FY 2024-25 and \$74.55 M in FY 2025-26 is allocated to divisions through the indirect cost recovery plan

# FTE BY DIVISIONS AND BUREAUS

	FY 2023-24 Approved Budget			FY 2024-25 Budget				FY 2025-26 Budget			
	Operating Positions	Project Positions	Total Positions	Operating Positions	Project Positions	Total Positions	Change	Operating Positions	Project Positions	Total Positions	Change
Building Design and Construction	35.00	241.00	276.00	35.00	241.00	276.00	-	35.00	241.00	276.00	-
Infrastructure Design and Construction	38.00	347.00	385.00	38.00	347.00	385.00	-	38.00	347.00	385.00	-
Street-use and Mapping	114.00	7.58	121.58	114.00	8.00	122.00	0.42	114.00	8.00	122.00	-
Building and Street Repair	204.00	6.00	210.00	205.00	6.00	211.00	1.00	205.00	6.00	211.00	-
Urban Forestry	190.00	11.00	201.00	189.00	11.00	200.00	(1.00)	189.00	11.00	200.00	-
Street Environmental Services	344.50	26.79	371.29	344.50	27.00	371.50	0.21	324.50	27.00	351.50	(20.00)
Commissions	12.00	-	12.00	12.00	-	12.00	-	12.00	-	12.00	-
General Administration	208.50	5.00	213.50	208.50	4.00	213.50	-	209.50	5.00	213.50	-
<b>Grand Total</b>	<b>1,146.00</b>	<b>644.37</b>	<b>1,790.37</b>	<b>1,147.00</b>	<b>644.00</b>	<b>1,791.00</b>	<b>0.63</b>	<b>1,127.00</b>	<b>644.00</b>	<b>1,771.00</b>	<b>(20.00)</b>

# Questions and Public Comment



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