The City of SAN DIEGO

FISCAL YEAR 2018
YEAR-END BUDGET MONITORING REPORT

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MAY 2018

INTRODUCTION

The Fiscal Year 2018 Year-End Budget Monitoring Report (Year-End Report) presents year-end projections of revenues and expenditures for funds with budgeted personnel expenditures. General Fund revenues and expenditures are expected to exceed budget by less than 1.0% at fiscal year-end. The General Fund is projected to end the fiscal year with fund balance in excess of required reserves (excess equity) of $22.7 million, $12.3 million of which has been appropriated as part of the Fiscal Year 2019 Proposed Budget.

Per City Council Budget Policy (Policy No. 000-02), quarterly reports are presented to the Budget and Government Efficiency Committee and the City Council each fiscal year. The purpose of the Year-End Report is to compare year-end projections to the current fiscal year's budget. This report is an integral part of the budget process; it provides transparency to the City's budget and finances and delivers critical data for informed decision-making. This report also serves as the basis for any potential May Revisions to the Mayor's Fiscal Year 2019 Proposed Budget.

Financial Management (FM) produces this report, in collaboration with all City departments, to forecast year-end results between budget and projected revenues and expenditures. The Year-End Report is developed using nine months of actual (unaudited) activity in budgeted operating departments, combined with FM and departmental projections of anticipated spending and revenue trends for the remainder of the fiscal year. In addition, the Report includes significant variances in projected revenues and expenditures as compared to the Fiscal Year 2018 Mid-Year Budget Monitoring Report (Mid-Year Report).

Statistical data, economic analysis, professional judgment and expertise from economic consultants, professional organizations and other resources support the year-end revenue and expenditure projections. The Year-End Report provides the detail and analysis of the year-end projections. In addition, attached are Fiscal Year 2018 Charter 39 Supporting Schedules prepared by the City Comptroller's Office as of March 31, 2018.

The following discussions, analysis, and recommendations are included in this report:

- A high-level summary of projected revenues and expenditures
- Details on the major General Fund revenues and assumptions
- Discussion of General Fund revenue variances by department
- Discussion of General Fund expenditure variances by category
- Updates on General Fund and Risk Management Reserves
- Discussion of significant variances projected for non-General Funds
- Program Updates from the Mid-Year Report

This report also includes requested authorities and appropriation adjustments necessary to maintain budgetary control over certain General Fund and non-General Fund departments that are projected to exceed budget before the end of the fiscal year. In addition, typical year-end authorities requested to maintain budgetary control and compliance with the City Charter and Municipal Code are detailed within this report. Additional details regarding each appropriation adjustment request is included later in this report.

GENERAL FUND

OVERVIEW

The Year-End Report projects a General Fund budgetary surplus of $4.8 million at fiscal year-end as reflected in Table 1: Summary of FY 2018 General Fund Projections. The $4.8 million budgetary surplus is the result of an increase in projected revenues of $13.4 million, or 1.0%, and over budget expenditure projection of $8.5 million, or 0.6%, at fiscal year-end.

Summary of FY 2018 General Fund Projections

Table 1 *in millions*

Revenue/Expenditures	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Resources					
Revenue	$ 1,407.7	$ 1,407.7	$ 1,421.1	$ 13.4	1.0%
Budgeted Use of Excess Equity	8.7	8.7	8.7	-	0.0%
Total Resources	**1,416.5**	**1,416.5**	**1,429.8**	**13.4**	**0.9%**
Total Expenditures[1]	**1,416.5**	**1,416.5**	**1,425.0**	**(8.5)**	**-0.6%**
Net Projected Activity	**$ -**	**$ -**	**$ 4.8**	**$ 4.8**	

[1]The FY 2018 Adopted Budget and projected expenditures associated to the reserve contributions were removed from the table as the reserve contributions will not be recognized as an expenditure and will close to fund balance as part of the year-end financial accounting process. The budgeted expenditures total $17.3 million and projected expenditures total $17.8 million, the variance of $500,000 is attributed to an increase in the actual operating revenues for Fiscal Year 2017 as reported in the CAFR.

Revenues are projected to exceed budget by $13.4 million, due to an increase in major General Fund revenues of $7.9 million and an increase in departmental revenue of $5.5 million.

The $13.4 million increase in General Fund revenues is primarily associated with the following:

- $5.5 million increase in departmental revenue associated with reimbursements for strike team deployments and Transient Occupancy Tax (TOT) reimbursements for lifeguard services in the Fire-Rescue Department.
- $4.2 million increase in franchise fee revenue primarily associated to a clean-up payment from San Diego Gas & Electric (SDG&E) as a result of increased gross sales.
- $1.1 million in miscellaneous revenue due to a reimbursement from the County of San Diego Office of Emergency Services for 911 Computer Aided Dispatch.
- $740,000 in excess motor vehicle license fees.

The net $8.5 million in over budget expenditure projections is the result of approximately $28.8 million in unbudgeted expenditures:

- $12.9 million in overtime expenditures in the Fire-Rescue Department primarily associated to reimbursable deployments, backfill overtime for annual leave and compensation time taken, and weather related increased staffing.
- $3.8 million for Hepatitis A and ongoing sanitation efforts.
- $3.1 million in expenditures to augment the Fire-Rescue Department's air operations during extreme fire weather conditions.
- $3.0 million for Bridge Shelters and the Safe Parking Program.
- $2.6 million in the Transportation and Storm Water Department primarily for equipment rentals and overtime associated with storm water and street maintenance needs.
- $2.7 million for increased water consumption in the Parks and Recreation Department
- $1.1 million increase in the Real Estate Assets Department associated with the Executive Complex staff and office relocation costs.

The over budget expenditures are offset with departmental savings of $20.0 million primarily attributed to the following in the Citywide Program Expenditures:

- $9.3 million in Citywide Program Expenditures related to a decrease in the transfer out to the Public Liability Operating and Reserve Funds.
- $5.0 million in special election savings.
- $1.5 million in the transfer to the Mission Bay Park Improvement Fund due to reduced Mission Bay lease revenue collections.
- $1.5 million in debt service on lease revenue bonds.

Additional detail associated with these variances are discussed in the General Fund Expenditures section of this report.

Changes since the Mid-Year Report

The current net year-end projection has improved by $10.4 million from the Mid-Year Report. Revenues are projected to increase by $6.4 million, or 0.4% at fiscal year-end and expenditures are projected to decrease by $4.0 million, or 0.3%, at fiscal year-end as reflected in Table 2: Quarterly Comparison of FY 2018 General Fund Projections.

Quarterly Comparison of FY 2018 General Fund Projections

Table 2 *in millions*

Revenue/Expenditures	Mid-Year Report	Year-End Report	Variance	Change %
Resources				
Projected Revenue	$ 1,414.8	$ 1,421.1	$ 6.4	0.4%
Major General Fund Revenues	1,126.2	1,128.2	2.0	0.2%
Departmental Revenue	288.5	292.9	4.4	1.5%
Total Projected Excess Equity	8.7	8.7	-	0.0%
Total Resources	**1,423.5**	**1,429.8**	**6.4**	0.4%
Projected Expenditures	**1,429.1**	**1,425.0**	**4.0**	**0.3%**
Personnel Expenditures	988.9	996.5	**(7.6)**	-0.8%
Non-Personnel Expenditures	440.2	428.6	**11.6**	2.6%
Net Year-End Projection	**$ (5.6)**	**$ 4.8**	**$ 10.4**	

The current revenue projection includes a projected increase in major General Fund revenues of $2.0 million and an increase in departmental revenue of $4.4 million from the Mid-Year Report. The major General Fund revenues have increased primarily as a result of better than expected performance in sales tax received. The projected increase in departmental revenue is primarily associated with reimbursable strike team deployments and TOT reimbursements for lifeguard services in the Fire-Rescue Department.

Projected expenditures from the Mid-Year Report have decreased by $4.0 million primarily due to a decrease of $9.3 million in the transfer to the Public Liability Operating and Reserve funds due to the receipt of unanticipated insurance proceeds in the Public Liability Operating Fund. This decrease is offset with a $9.7 million increase in Fire-Rescue overtime associated to significant increases in overtime expenditures due to the extreme fire season, particularly in the month of December 2017, and overtime paid to backfill annual leave absences and compensation time taken by fire suppression staff.

The current MOU between the City and Local 145, which was approved by City Council on June 13, 2016 (R-310508), included several provisions related to reducing employee's annual leave balances that are above the individual accrual limits. The provisions include mandatory pay-in-lieu of annual leave, a 96 hour mandatory vacation draw, a maximum of 96 hours of consecutive work and a provision to cease accrual of annual leave beginning in Fiscal Year 2020. An additional provision that became effective on July 1, 2017, with the commencement of Fiscal Year 2018, is Article 36, Section B(1) which provides for non-productive hours taken during a 28-day 212 hour cycle to be counted as hours worked for Fair Labor Standards Act (FLSA) overtime. Similarly, all non-productive time taken once the FLSA overtime is "triggered" is now paid at premium overtime pay or one and one-half times the employees base rate of pay.

The City's Five Year Financial Outlook, released in November 2017, projected a shortfall of $10.1 million for the General Fund for Fiscal Year 2019. Subsequently, the Mid-Year Report projected a General Fund budgetary shortfall for Fiscal Year 2018 of $5.6 million. As a result, the Chief Operating Officer (COO) requested all General Fund departments, and select non-General Funds, to establish an additional review process for filling vacant positions. The process required departments to obtain executive management approval prior to filling vacant positions. It is likely that this process helped the General Fund incur additional savings in personnel expenditures although we are unable to quantify the full extent of the savings. This process ended on March 7, 2018.

In addition to implementing strong financial controls to maintain a balanced budget, staff identified resources available in Public Liability Operating and Reserve Funds and additional TOT reimbursements for lifeguard services. The Public Liability Operating Fund received an unanticipated increase in insurance proceeds of $8.0 million and the Public Liability Reserve Fund has fund balance in excess of Fiscal Year 2018 reserve target. As a result, the year-end projection has confirmed that the General Fund can decrease the budgeted transfers out to the Public Liability Operating and Reserve Funds. Additionally, higher than anticipated event and concert revenues in the Stadium Operating Fund of $3.2 million, and a decrease in debt service payments from the planned refunding of lease revenue bonds, allowed for a decreased subsidy to the Stadium Operating Fund from the TOT fund. This thereby allowed for an increase in TOT revenue reimbursements to the General Fund for eligible lifeguard services in the amount of $4.6 million. The Year-End Report is now projecting a surplus of revenues in excess of budgeted expenditures for the General Fund.

Additional details on Mid-Year to Year-End variances by revenue and expenditure category or Fund are discussed throughout this report.

GENERAL FUND REVENUE

General Fund revenues are projected to exceed budget by $13.4 million at fiscal year-end. This is attributed to an over budget projection of $7.9 million in major General Fund revenues and $5.5 million in departmental revenue. Assumptions influencing the major General Fund revenues are detailed in this report, including any significant variances from the Fiscal Year 2018 Adopted Budget. The current forecast for key General Fund revenues align closely with the budget; however, there could be potential impacts from unforeseen events that could negatively impact these projections.

FY 2018 General Fund Revenue Projections

Table 3 *in millions*

Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Major General Fund Revenues	$ 1,120.3	$ 1,120.3	$ 1,128.2	$ 7.9	0.7%
Departmental Revenue	287.4	287.4	$ 292.9	$ 5.5	1.9%
Total	**$ 1,407.7**	**$ 1,407.7**	**$ 1,421.1**	**$ 13.4**	**1.0%**

MAJOR GENERAL FUND REVENUES

The City's major General Fund revenues are projected to exceed budget by $7.9 million. Table 4: FY 2018 Major General Fund Revenue Projections summarizes the projections by major General Fund revenue category.

FY 2018 Major General Fund Revenue Projections

Table 4 *in millions*

Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Property Tax	$ 534.6	$ 534.6	$ 533.3	$ (1.3)	-0.2%
Sales Tax	275.3	275.3	276.4	1.1	0.4%
Transient Occupancy Tax[1]	121.1	121.1	121.9	0.9	0.7%
Franchise Fees[2]	73.5	73.5	77.7	4.2	5.8%
Property Transfer Tax	10.1	10.1	10.6	0.5	5.1%
Miscellaneous Revenue	105.7	105.7	108.3	2.5	2.4%
Total	**$ 1,120.3**	**$ 1,120.3**	**$ 1,128.2**	**$ 7.9**	**0.7%**

[1]Total City FY 2018 current revenue budget for transient occupancy tax is $231.3 million and the projection is $232.7 million. The balance is budgeted in the Transient Occupancy Tax Fund.

[2]Total City FY 2018 current revenue budget for franchise fees is $149.7 million and the projection is $159.4 million. The balance is budgeted in the Environmental Growth and Underground Surcharge Funds.

The major General Fund revenue projections are based on the most recent economic information available and actual revenue distributions to the City during the first nine months of the fiscal year. The Fiscal Year 2018 budget for the major General Fund revenues reflected a continued, and modest improvement in the local, State, and national economies. The projections indicate that the positive signs shown by the local economic indicators during the development of the budget have generally continued throughout the fiscal year as reflected in

Table 5: Local Unemployment Economic Indicators and Table 6: Local Real Estate Market Indicators.

Local Unemployment Economic Indicators			
Table 5			*in millions*
Economic Indicator	**February 2017[1]**	**February 2018[1]**	**Change %**
City of San Diego Unemployment	4.3%	3.4%	-0.9%
City of San Diego Number of Unemployed	30,300	24,463	-19.3%

[1] Preliminary number provided as of February 2018 and is subject to change.

Source: California Employment Development Department

When compared to February 2017, the City of San Diego unemployment rate for February 2018 has decreased to by 0.9% to 3.4%. Additionally, the total number of unemployed persons has decreased by 19.3% over the same period. Both indicators are positive signs that the local employment market continues to improve.

Local Real Estate Market Indicators			
Table 6			*in millions*
Economic Indicator	**Feb 2017[1]**	**Feb 2018[1]**	**Change %**
City of San Diego Average Median Home Price	$513,208	$545,000	6.2%
City of San Diego Home Sales	16,974	16,336	-3.8%
San Diego County Foreclosures	1,150	746	-35.1%
San Diego County Notices of Default	4,088	3,327	-18.6%

[1] 12 months period ending February

Source: CoreLogic and County of San Diego Assessor/Recorder/County Clerk

For the twelve-month period ending February 2018, the average median home price had increased by 6.2%. Home sales for the same period experienced a decrease of 3.8%. This growth in home prices is consistent with the increase in property tax-related revenues the City has received during the fiscal year, as well as indications of tightening inventory of homes for sale. In addition, there continues to be significant decreases in both foreclosures and notices of default. Overall, the local real estate market has continued to grow steadily throughout the fiscal year.

Property Tax

The Fiscal Year 2018 Adopted Budget growth rate of 5.0% was based on preliminary assessed valuations from the County of San Diego of approximately 4.9% and prior year actual growth of 5.8%. The final assessed valuation growth from the County of San Diego indicated an actual growth of 6.4% in assessed valuation. This led to an increase of 1.0% in the projected growth for property tax for the Fiscal Year 2018 First Quarter Budget Monitoring Report. However, other components of property taxes are anticipated to be lower. As a result, property tax is projected to be $533.3 million, or $1.3 million below the Fiscal Year 2018 budgeted amount.

FY 2018 Property Tax Revenue Projections					
Table 7					*in millions*
Revenue Source	**Adopted Budget**	**Current Budget**	**Year-End Projection**	**Variance**	**Variance %**
Property Tax Growth Rate	5.0%	5.0%	6.0%	1.0%	N/A
Property Tax Projection	$ 534.6	$ 534.6	$ 533.3	$ (1.3)	-0.2%

Property Tax is received as four components; 1% property tax, property tax in lieu of motor vehicle license fees (MVLF backfill), Redevelopment Property Tax Trust Fund (RPTTF) tax sharing pass-through payments, and RPTTF residual property tax. The residual property tax payment is the City's proportionate share of funds remaining in the RPTTF after Recognized Obligation Payment Schedule (ROPS) requirements have been met.

FY 2018 Property Tax Revenue Projection Details					
Table 8					*in millions*
Revenue Source	**Adopted Budget**	**Current Budget**	**Year-End Projection**	**Variance**	**Variance %**
1.0% Property Tax	$ 372.0	$ 372.0	$ 374.4	$ 2.4	0.6%
MVLF Backfill	135.8	135.8	137.5	1.7	1.3%
RPTTF Tax Sharing Pass-through Payment:	8.3	8.3	6.9	(1.3)	-16.2%
RPTTF Residual Property Tax	18.5	18.5	14.5	(4.1)	-21.9%
Total	**$ 534.6**	**$ 534.6**	**$ 533.3**	**$ (1.3)**	**-0.2%**

The Fiscal Year 2018 Adopted Budget for RPTTF tax sharing pass-through payments of $8.3 million included the distribution of an estimated $1.7 million in one-time residual proceeds from the sale of former RDA properties. This amount will be recorded as RPTTF residual property tax instead of tax sharing pass-through, resulting in offsetting variances in each of these categories.

As reported in the Mid-Year Report, a majority of the reduction from the Adopted Budget RPTTF residual property tax is due to an increase in the Community Development Block Grant (CDBG) repayment agreement and other enforceable obligations which reduce the residual distribution amounts.

Changes since the Mid-Year Report reflect an increase of $0.3 million of residual distributions. This is primarily due to the ROPS 12 submission as adjusted and approved by the California Department of Finance (DOF) in April 2018. The DOF reduced the enforceable obligations due to surplus RPTTF funds, thereby increasing the residual property tax distributions. However, this increase is offset by a reduction in the residual property tax projection due to extended negotiations in the sale of the World Trade Center Parking Garage. The sale of this property and the distribution of the associated residual property tax is now anticipated to occur in Fiscal Year 2019. The projected residual property tax payment is approximately $14.5 million or $4.1 million below the Fiscal Year 2018 budgeted amount.

Sales Tax

FY 2018 Sales Tax Revenue Projections

Table 9 *in millions*

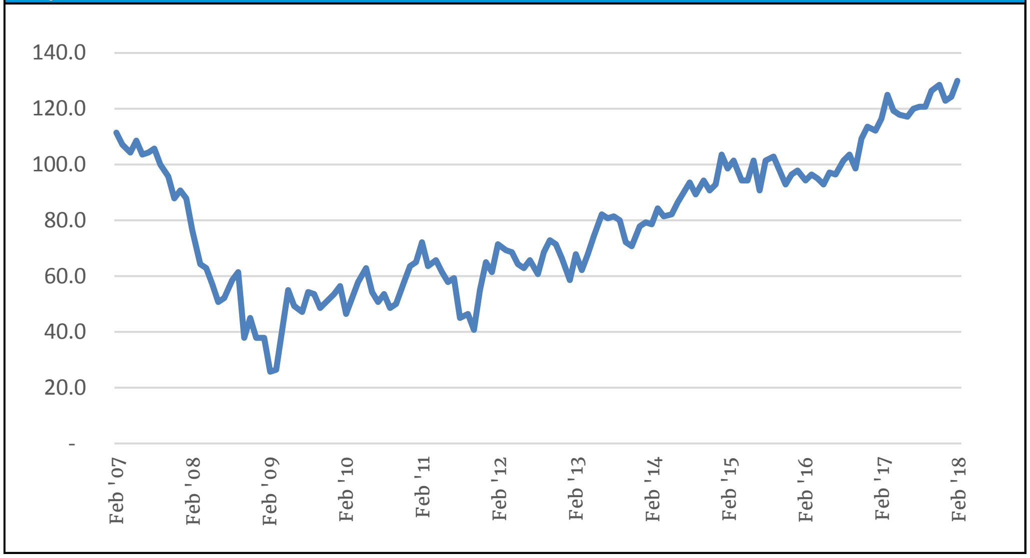
Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Sales Tax Growth Rate	2.5%	2.5%	2.5%	0.0%	N/A
Sales Tax Projection	$ 275.3	$ 275.3	$ 276.4	$ 1.1	0.4%

Sales tax revenue is projected to slightly exceed budget by fiscal year-end. This is an improvement since the Mid-Year Report, primarily due to a better than expected performance in sales tax received in March 2018, which included taxable sales through December 2017.

Major local economic drivers of the City's sales tax receipts include the unemployment rate, consumer confidence, and consumer spending. As of February 2018, the San Diego unemployment rate was 3.4%, as preliminarily reported by the California Employment Development Department. The unemployment rate has decreased 0.9% from February 2017. Consumer confidence, a measurement of the consumer's willingness to spend, has experienced significant growth since 2009, reaching an all-time high in February 2018 at 130.0.

Consumer Confidence

Graph 1



Source: Consumer Confidence Board

While the local economic indicators for sales tax are positive and stable, growth in sales tax will continue to be constrained by online sales. As consumers shift from in-store (brick and mortar) purchases to online sales, the City receives a smaller portion of sales tax revenues. Sales tax revenues from online retailers are distributed to the City through the county pool at a rate of approximately 0.5% as opposed to 1.0% for in-store point of sale City sales tax revenues. The trend towards online sales is evidenced by a steady increase in the percentage of the City's total sales tax revenue received from the county pool over the past several years. As depicted in Table 10: Annual Sales Tax Revenue, receipts from general retail were relatively flat due to growing online sales as previously discussed. However, in contrast, the county pool, transportation, business-to-business and food products categories, particularly restaurants, continue to drive sales tax growth.

Annual Sales Tax Revenue

Table 10 *in millions*

Economic Category	Sales Period Ending September 2016[1]	Sales Period Ending September 2017[1]	Change %
General Retail	$ 66.0	$ 66.2	0.3%
Food Products	59.4	62.5	5.2%
Transportation	45.2	46.5	2.9%
Construction	19.4	18.8	-3.3%
Business to Business	39.1	40.1	2.5%
Miscellaneous	3.5	3.3	-5.1%
County Pool	35.0	36.9	5.5%
Total	**$ 267.7**	**$ 274.3**	**2.5%**

[1]Quarterly sales tax data is available 4-5 months following the end of the quarterly sales period. December 2017 data is not yet available as of the date of the preparation of this report.

Source: Avenu Insights & Analytics (formerly MuniServices, LLC)

Based on stable and positive economic indicators, tempered by retail sales, the year-end projection maintains the budgeted growth rate of 2.5%.

Transient Occupancy Tax (TOT)

FY 2018 Transient Occupancy Tax (TOT) Revenue Projections[1]

Table 11 *in millions*

Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
TOT Growth Rate	5.7%	5.7%	5.3%	-0.4%	-7.0%
TOT Projection	$ 121.1	$ 121.1	$ 121.9	$ 0.9	0.7%

[1] Total City FY 2018 current revenue budget for transient occupancy tax is $231.3 million and the projection is $232.7 million. The balance is budgeted in the Transient Occupancy Tax Fund.

General Fund TOT revenue is projected to exceed budget by $850,000, or 0.7%. This is a decrease from the Mid-Year Report of $1.4 million.

The primary economic drivers of TOT - overnight visits, occupancy rates, and room rates have been weaker in recent months. According to the December 2017 Travel Forecast from the San Diego Tourism Authority (SDTA) and Tourism Economics, Inc., the rate of tourism growth is estimated to steadily improve; however, at a slightly lower rate than previously anticipated. This is also reflected in lower than expected TOT receipts during the past several months.

While TOT is projected to exceed budget at year-end, the growth rate has been reduced to 5.3% from 5.7%.

Table 12: San Diego County Visitor Industry, provides a summary of the projected growth in economic indicators that impact the City's TOT receipts.

San Diego County Visitor Industry

Table 12 — *in millions*

	CY 2016	CY 2017	CY 2018[2]	CY 2019[2]
Visitors				
Total Visits (millions)	34.9	34.1	35.3	35.9
Overnight Visits (millions)	17.4	17.6	18.0	18.3
Hotel Sector				
Average Occupancy	77.1%	77.6%	77.2%	76.7%
Average Daily Rate	$ 154.92	$ 160.89	$ 166.14	$ 172.16
Revenue PAR[1]	$ 119.38	$ 124.93	$ 128.22	$ 131.97
Room Demand (growth)	2.2%	1.8%	2.3%	1.6%

Source: San Diego Tourism Authority and Tourism Economics

[1] Revenue Per Available Room (Average Occupancy multiplied by Average Daily Rate)

[2] Forecast - Tourism Economics, Dec 2017

Table 13: FY 2018 Transient Occupancy Tax Sources summarizes the amount received from the sources of TOT.

FY 2018 Transient Occupancy Tax Sources

Table 13 — *in millions*

Transient Occupancy Tax Source	Fiscal Year to Date Jul 2017-Nov 2017	% of TOT	Dec 2016 Through Nov 2017	% of TOT
Hotels	$ 132.6	89.9%	$ 204.4	90.0%
Short Term Vacation Rentals	14.2	9.6%	21.7	9.6%
RV Parks	0.7	0.5%	1.0	0.4%
Total Transient Occupany Tax	**$ 147.5**	**100.0%**	**$ 227.1**	**100.0%**

[1] Transient Occupancy Tax Source amounts differ from the projections due to differences in the periods available to be used for TOT source calculations and the TOT projections. TOT sources do not include projections through year-end.

Franchise Fees

FY 2018 Franchise Fee Revenue Projections

Table 14 — *in millions*

Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
SDG&E Growth Rate	2.0%	2.0%	2.0%	0.0%	N/A
Cable Growth Rate	0.0%	0.0%	0.0%	0.0%	N/A
Franchise Fee Projection	$ 73.5	$ 73.5	$ 77.7	$ 4.2	5.8%

Franchise fee revenue is generated from agreements with private utility companies and refuse haulers in exchange for the use of the City's rights-of-way. Currently, the City has franchise agreements with SDG&E, Cox Communications, Spectrum (formerly known as Time Warner), AT&T, and several refuse haulers. Approximately 82.1% of franchise fee revenue is comprised of revenue from SDG&E and cable companies. The revenue received from the agreements with

SDG&E and the cable companies is based on a percentage of gross sales while the revenue received from refuse haulers is based on tonnage.

The Fiscal Year 2018 franchise fee revenue is projected to be over budget at fiscal year-end by $4.2 million, primarily due to increased revenues from SDG&E and refuse haulers. Since the Mid-Year Report, cable revenues have trended lower and are now anticipated to be slightly below the budgeted amounts.

Property Transfer Tax

FY 2018 Property Transfer Tax Projections

Table 15 *in millions*

Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Property Transfer Tax Growth Rate	3.0%	3.0%	3.0%	0.0%	N/A
Property Transfer Tax Projection	$ 10.1	$ 10.1	$ 10.6	$ 0.5	5.1%

Property transfer tax is a levy on the sale of residential and commercial real estate property and is highly reflective of the activity in the housing market, which makes property transfer tax revenues generally more volatile to market changes than the 1.0% property tax levy. The County of San Diego collects $1.10 per $1,000 of the sale price when any real property is sold. The City is credited $0.55 per $1,000 against the County's charge, giving both the County and City each $0.55 per $1,000 of the sale price. The County collects the funds and transfers the City’s portion monthly.

For Fiscal Year 2018, property transfer tax revenue is projected to be over budget at year-end. The slight increase is due to actual receipts exceeding budgeted amounts throughout the fiscal year. While the number of home sales has slowed, the growth in property transfer tax revenue is consistent with the rise in median home prices as displayed in Table 16: Local Real Estate Market Indicators.

Local Real Estate Market Indicators

Table 16

Economic Indicator	Feb 2017[1]	Feb 2018[1]	Variance %
City of San Diego Average Median Home Price	$513,208	$545,000	6.2%
City of San Diego Home Sales	16,974	16,336	-3.8%
San Diego County Foreclosures	1,150	746	-35.1%
San Diego County Notices of Default	4,088	3,327	-18.6%

Source: CoreLogic and County of San Diego Assessor/Recorder/County Clerk

[1] 12 months ending February

Other Major Revenue

FY 2018 Other Major Revenue Projections

Table 17 *in millions*

Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Other Major Revenue Projections	$ 105.7	$ 105.7	$ 108.3	$ 2.5	2.4%

The Other Major Revenue category includes General Governmental Services Billing (GGSB), which is a reimbursement from other City funds that use General Fund services, one-cent TOT transfer into the General Fund, interest earnings attributable to the General Fund from the City's investment pool, refuse collector business tax, and other miscellaneous one-time revenues.

Other Major Revenues are projected to be over budget by $2.3 million primarily due to a one-time $1.1 million reimbursement from the Governor's Office of Emergency Services for VESTA 911 Call handling system and an additional $1.8 million of one-time revenue from the ongoing evaluation and closure of special funds with limited activity. The remainder of the increase is due to the receipt of excess motor vehicle license fees of $740,000, and a reduction of $1.5 million in the projection of employee offset savings revenue.

Departmental Revenue

General Fund departmental revenues are projected at $292.9 million by fiscal year-end which represents an increase of $5.5 million, or 1.9%, from the current budget. The following section discusses the significant factors contributing to the increase in projected departmental revenue. The current projection represents an increase of $4.4 million from the Mid-Year Report. Mid-Year to Year-End variances will be detailed in each Department.

FY 2018 Significant General Fund Revenue Variances by Department

Table 18 *in millions*

Department	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
City Treasurer	$ 23.1	$ 23.1	$ 22.6	$ (0.5)	-2.1%
Communications	1.0	1.0	0.5	(0.4)	-45.4%
Fire-Rescue	35.0	35.0	43.9	8.9	25.3%
Library	4.5	4.5	3.3	(1.3)	-28.3%
Performance and Analytics	-	-	0.5	0.5	100.0%
Public Works - General Services	3.7	3.7	2.9	(0.8)	-21.2%
Transportation and Storm Water	57.1	57.1	56.2	(0.9)	-1.6%
All Other General Fund Departments	163.0	163.0	163.0	(0.1)	0.0%
Total	**$ 287.4**	**$ 287.4**	**$ 292.9**	**$ 5.5**	**1.9%**

City Treasurer

The Office of the City Treasurer projects revenue under budget by $500,000 at fiscal year-end primarily due to the following decreases:

- $380,000 associated to vacant positions in the Business Tax Compliance section which resulted in a decrease of noncompliant revenue realized and Collection Referral Fee revenue. This is a decrease of $160,000 from the Mid-Year Report.
- $170,000 due to fewer open cannabis outlet stores than previously projected. The department budgeted for eighteen stores, however, thirteen outlet stores are currently open. The current projection is a decrease of $170,000 from the Mid-Year Report.

Communications

The Communications Department projects revenue under budget by $440,000 at fiscal year-end primarily due to a decrease in reimbursable communication needs from non-general fund departments. For the first half of the fiscal year, Communications shifted to support Hepatitis A efforts, Bridge Shelters, and the Fire-Rescue Department. The current projection represents an increase of $110,000 in revenue from the Mid-Year Report.

Fire-Rescue

The Fire-Rescue Department projects revenue over budget by $8.9 million at fiscal year-end primarily due to the following increases:

- $4.6 million in TOT reimbursements associated with lifeguard services.
- $1.5 million in Federal Emergency Management Agency (FEMA) reimbursements associated with deployments to Hurricanes Harvey, Irma, and Maria.
- $1.5 million in strike team deployment reimbursements from the California Office of Emergency Services (CalOES).
- $700,000 in false alarm penalties primarily due to the implementation of the CryWolf Fire False Alarm System and one-time penalty payments from Fiscal Year 2017.
- $520,000 in transfers-in from the Fire/EMS Transportation Program Fund and increased receipts from the Safety Sales Tax.

The current projection has increased by $6.9 million from the Mid-Year Report primarily due to the increases mentioned above associated to TOT support for lifeguard services and FEMA reimbursements, and a $600,000 increase in reimbursements from CalOES.

Library

The Library Department projects revenue under budget by $1.3 million at fiscal year-end primarily due to the following decreases:

- $890,000 primarily due to a deferred donation from the San Diego Library Foundation to the Central Library.
- $220,000 in collected fines associated with the implementation of the automatic renewal program for library materials.
- $200,000 due to less than anticipated parking revenue at the Central Library parking structure due to impacts from app-based mobility apps.

The current projection has decreased by $950,000 from the Mid-Year Report primarily due to the deferred donation from the San Diego Library Foundation.

Performance and Analytics

The Performance and Analytics Department projects revenue over budget by $540,000 at fiscal year-end associated to reimbursements of personnel expenses to support the Get It Done Expansion project (311 Customer Relationship Management [CRM] software implementation). This is an increase of $520,000 from the Mid-Year Report.

Public Works — General Services

The Public Works — General Services Department projects revenue under budget by $780,000 primarily due to less than anticipated reimbursable Capital Improvement Projects. The current projection represents a decrease of $420,000 from the Mid-Year Report.

Transportation and Storm Water

The Transportation and Storm Water Department projects revenue under budget by $890,000 at fiscal year-end primarily due to the following decreases:

- $590,000 in parking citation revenue due to vacant parking enforcement positions and less than anticipated parking enforcement. This is a decrease of $330,000 from the Mid-Year Report.
- $230,000 due to less than anticipated revenue for services provided to Capital Improvement Projects such as asphalt overlay, curb, curb ramp, and sidewalk installation, and trench mill and pave work performed for service level agreements, primarily due to vacancies. This is a decrease of $920,000 from the Mid-Year Report associated to vacancies in the Street Division and a decrease in services provided to TransNet and Gas Tax as a result of the executive complex relocation.

POSITION UPDATES

New Positions Added in Fiscal Year 2018

The Fiscal Year 2018 Adopted Budget included 187.89 new, standard-hour positions to address critical operational needs and to expand services citywide. The following section provides an update on the creation and staffing of these new budgeted positions.

Table 19

Fiscal Year 2018 New Positions (As of April 2, 2018)

	New FTE Positions added in FY18 Budget	New FTE Positions setup in OM	% setup in OM	New FTE Positions filled	% Percent Filled
General Fund					
Economic Development	7.00	7.00	100.0%	7.00	100.0%
Fire-Rescue	19.00	19.00	100.0%	16.25	85.5%
Parks and Recreation	6.31	6.10	96.7%	2.10	33.3%
Police	11.00	11.00	100.0%	11.00	100.0%
City Treasurer	10.00	10.00	100.0%	8.00	80.0%
Other	20.25	19.25	95.1%	17.25	85.2%
General Fund Total	**73.56**	**72.35**	**98.4%**	**61.60**	**83.7%**
Non-General Fund					
Public Works — Engineering and Capital Projects	72.00	72.00	100.0%	39.00	54.2%
Public Utilities	10.00	10.00	100.0%	0.00	0.0%
Environmental Services	10.50	10.00	95.2%	6.00	57.1%
Risk Management	10.00	9.00	90.0%	7.00	70.0%
Other	11.83	11.50	97.2%	9.00	76.1%
Non-General Fund Total	**114.33**	**112.50**	**98.4%**	**61.00**	**53.4%**
Total FTE Positions	**187.89**	**184.85**	**98.4%**	**122.60**	**65.3%**

There are several steps in the recruitment process. The first and most vital step of this process is the creation of a position in the City's Organizational Management (OM) system. All other steps in the recruitment process are contingent upon the creation of the position in the OM system. Once completed, Departments can begin the hiring process and eventually fill the positions.

As of April 2, 2018, 184.85 FTE, or 98.4%, of the 187.89 new FTE have been created in the OM system. Of the 187.89 new FTE, 122.60, or 65.3%, have been filled. This represents an increase of 44.52 FTE, or 40.5%, from the number of new positions filled in the FY18 Mid-Year Budget Monitoring Report. The General Fund has filled 83.7% of the newly added positions and the non-General Funds have filled 53.4% of the new positions.

GENERAL FUND EXPENDITURES

General Fund expenditures are projected to exceed budget by $8.5 million at fiscal year-end. This is primarily attributed to an increase in overtime expenditures in the Fire-Rescue Department. The following section will discuss significant General Fund expenditure variances by category. The current expenditure projection represents a decrease of $4.0 million from the Mid-Year Report. Mid-Year to Year-End variances will be detailed in each category.

PERSONNEL EXPENDITURES

Personnel expenditures are projected to exceed budget by $11.0 million, or 1.1%, at fiscal year-end primarily due to an increase in salaries and wages, as displayed in Table 20: FY 2018 General Fund Personnel Expenditure Projections.

FY 2018 General Fund Personnel Expenditure Projections

Table 20 *in millions*

Expenditure Category	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Salaries and Wages	$ 547.1	$ 547.1	$ 554.613	$ (7.6)	-1.4%
Fringe Benefits	438.4	438.4	441.8	(3.5)	-0.8%
Total	**$ 985.4**	**$ 985.4**	**$ 996.5**	**$ (11.0)**	**-1.1%**

Salaries and Wages

The salaries and wages expenditure category is comprised of five distinct types of wages: salaries, hourly wages, overtime, pay-in-lieu of annual leave, and termination pay. Salaries include compensation for benefited employees and special pays, while hourly wages include compensation for non-benefited employees. Expenditures in overtime include the total compensation at time and a half for both salaried and hourly employees. Pay-in-lieu of annual leave represents compensation in–lieu of use of annual leave. Termination pay expenditures occur upon an employee's separation from the City and include the payout of any leave balances at the time of termination.

FY 2018 General Fund Salaries and Wages Projections

Table 21 *in millions*

Salaries and Wages Expenditure Category	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Salaries	$ 462.8	$ 462.8	$ 450.3	$ 12.5	2.7%
Hourly Wages	13.0	13.0	13.3	(0.3)	-2.0%
Overtime	61.5	61.5	78.4	(16.8)	-27.4%
Pay-in-Lieu of Annual Leave	7.3	7.3	9.1	(1.8)	-24.3%
Termination Pay	2.4	2.4	3.6	(1.2)	-49.9%
Total	**$ 547.1**	**$ 547.1**	**$ 554.6**	**$ (7.6)**	**-1.4%**

Salaries and wages are projected at $554.6 million by fiscal year-end. This is an increase of $7.6 million, or 1.4%, from the Fiscal Year 2018 current budget. Table 21: FY 2018 General Fund Salaries and Wages Projections displays the variances by salary and wage category. The current year-end projection is an increase of $6.1 million from the Mid-Year Report. The year-end variance of $7.6 million is primarily due to increases in the overtime category of $16.8 million primarily in the Fire-Rescue Department. This increase is partially offset by savings of $12.5 million in salaries.

Salaries

Salaries are projected under budget by $12.5 million, or 2.7%, at fiscal year-end primarily due to vacancies in the following departments:

- $7.0 million in non-public safety departments citywide.
- $4.6 million in the Fire-Rescue Department primarily due to vacant sworn positions as associated to a decrease in the size of academy graduates the delayed graduation.
- $950,000 in the Police Department.

The current projection represents a decrease of $4.8 million from the Mid-Year Report. This variance is primarily attributed to the following:

- $3.8 million decrease due to positions not filled as previously projected in non-public safety departments citywide.
- $1.9 million decrease in the Fire-Rescue Department primarily due to not filling vacant sworn positions as anticipated.

These decreases are offset with an increase of $870,000 in the Police Department associated to filling positions.

Overtime

Overtime expenditures are projected to exceed budget by $16.8 million, or 27.4% at fiscal year-end primarily due to the following:

- $12.9 million increase in the Fire-Rescue Department primarily due to the following:
    - $6.0 million associated with higher than anticipated backfill overtime for annual leave and compensation time taken. As discussed in the quarter to quarter variance section, the current MOU between the City and Local 145, which was approved by City Council on June 13, 2016 (R-310508), included several provisions related to reducing employee's annual leave balances that are above the individual accrual limits. The provisions include mandatory pay-in-lieu of annual leave, a 96-hour mandatory vacation draw, a maximum of 96 hours of consecutive work, and a provision to cease accrual of annual leave beginning in Fiscal Year 2020. An additional provision that became effective on July 1, 2017, with the commencement of Fiscal Year 2018, is Article 36, Section B(1) which provides for non-productive hours taken during a 28-day 212 hour cycle to be counted as hours worked for FLSA overtime. Similarly, all non-productive time taken once the FLSA overtime is "triggered" is now paid at premium overtime pay or one and one-half times the employees base rate of pay.
    - $4.5 million in strike team and other reimbursable deployments including support for hurricanes in the Gulf States, Lilac Fire, and Northern California Wildfires. This increase is partially offset by over budget reimbursement revenue of $3.0 million.
    - $2.3 million associated with weather related increased staffing associated to the Fire Potential Index. As reported in the media, this is the most extreme fire season in decades.
    - $650,000 for lifeguard services due to the increased volume of beach rescue incidents.
    - $480,000 associated to non-fire suppression staff overtime primarily due to overtime for supplemental Fire Dispatchers in the Communications Division.
- $1.7 million in the Police Department primarily due to the following:
    - $1.1 million increase in extension of shift overtime primarily due to patrol staffing backfill.

    - $820,000 increase primarily for Hepatitis A efforts and the San Diego Riverbed Clean-up.
    - $520,000 increase for special events.
    - $700,000 decrease for grants and task forces associated to the National Incident Based Reporting System (NIBRS).
- $1.4 million increase in the Transportation and Storm Water Department as projected during the Mid-Year Report primarily due to the following:
    - $1.2 million associated with emergency work primarily related to after hour calls for service in the right-of-way.
    - $80,000 associated with unanticipated cleaning during regular working hours associated to the Hepatitis A and ongoing sanitation efforts.
- $300,000 in the Environmental Services Department primarily due to covering for vacant Sanitation Drivers to meet service levels.
- $260,000 in the Parks and Recreation Department primarily associated with additional restroom cleanings and the Hepatitis A and ongoing sanitation efforts.

Overtime expenditures are projected to increase by $10.6 million from the Mid-Year Report primarily due to the following departments:

- $9.7 million increase in the Fire-Rescue Department associated to the following:
    - $6.0 million associated with higher than projected backfill overtime for annual leave and compensation time taken to reduce employee's annual leave balances below the cap and the impact of non-productive time within the FLSA cycle.
    - $2.5 million for strike team and other reimbursable deployments associated to the Northern California Fires and the Lilac Fire.
- $920,000 increase in the Police Department primarily due to extension of shift for patrol staffing backfill and for special events.

Pay-in-Lieu of Annual Leave

Pay-in-lieu of annual leave expenditures are projected to exceed budget by $1.8 million at fiscal year-end primarily due to increased compensation in–lieu of use of annual leave citywide. This is a decrease of $210,000 from the Mid-Year Report primarily due to the Fire-Rescue Department.

Termination Pay

Termination Pay is projected to exceed budget by $1.2 million at fiscal-year end primarily due to increased payout of leave balances upon separation from the City, most significantly in the Police Department. This is a decrease of $540,000 from the Mid-Year Report primarily due to the Fire-Rescue Department.

Fringe Benefits

Fringe benefits are projected at $441.8 million by fiscal year-end. This is an increase of $3.5 million, or 0.8% of current budget. The variance of $3.5 million is driven by increases to fixed fringe and variable fringe benefits of $1.2 million and $2.2 million, respectively.

FY 2018 General Fund Fringe Benefits Projections					
Table 22					*in millions*
Fringe Benefits	**Adopted Budget**	**Current Budget**	**Year-End Projection**	**Variance**	**Variance %**
Fixed	$ 307.3	$ 307.3	$ 308.6	$ (1.2)	-0.4%
Variable	131.0	131.0	133.3	(2.2)	-1.7%
Total	**$ 438.4**	**$ 438.4**	**$ 441.8**	**$ (3.5)**	**-0.8%**

Fixed Fringe Benefits

Fixed fringe benefit expenditures include the following: the Actuarially Determined Contribution (ADC) to the San Diego City Employees' Retirement System (SDCERS), contributions for Workers' Compensation, Long-Term Disability (LTD), Other Post-Employment Benefits (OPEB), Unemployment Insurance, and Risk Management Administration (RMA).

The projected increase in the fixed fringe benefit category is primarily due to a projected increase in the General Fund’s proportionate share of the ADC and OPEB. The projected variances in ADC and OPEB are $710,000, and $440,000, respectively. Fixed fringe costs are considered annual liabilities; therefore, a proportionate change of filled positions in the General Fund and the non-General Funds affects actual and projected expenditures. The fringe cost allocations are based on budgeted positions at a point in time and the expenditure allocation is trued up at the end of the fiscal year based on actual filled positions.

Variable Fringe Benefits

Variances within the variable fringe benefits categories are projected over budget by $2.2 million, or 1.7%, at fiscal year-end. This increase is primarily due to the following:

- $1.3 million and $1.1 million in over budget expenditures in Supplemental Pension Savings Plan (SPSP) and Medicare, respectively. SPSP and Medicare expenditures are projected to exceed budget due to projected over budget overtime expenditures primarily in the Fire-Rescue Department.

Non-Personnel Expenditures

Non-personnel expenditures are projected at $428.6 million by fiscal year-end. This represents a decrease of $2.5 million, or 0.6% of current budget. The following section discusses variances for non-personnel expenditures by category, significant variances within the General Fund departments, and Mid-Year to Year-End variances.

FY 2018 General Fund Non-Personnel Expenditure Projections					
Table 23					*in millions*
Expenditure Category	**Adopted Budget**	**Current Budget**	**Year-End Projection**	**Variance**	**Variance %**
Supplies	$ 34.7	$ 34.7	$ 35.0	$ (0.3)	-0.9%
Contracts	244.6	246.9	249.6	(2.7)	-1.1%
Information Technology	31.8	32.0	31.3	0.7	2.2%
Energy and Utilities	43.4	43.4	45.0	(1.6)	-3.7%
Transfers Out[1]	63.9	62.0	57.3	4.7	7.6%
Other	5.7	5.7	5.2	0.4	7.1%
Debt	5.4	4.9	4.2	0.7	14.2%
Capital Expenditures	1.6	1.4	1.0	0.4	27.7%
Total	**$ 431.0**	**$ 431.0**	**$ 428.6**	**$ 2.5**	**0.6%**

[1]The FY 2018 Adopted Budget and projected expenditures associated to the reserve contributions were removed from the table as the reserve contributions will not be recognized as an expenditure and will close to fund balance as part of the year-end financial accounting process. The budgeted expenditures total $17.3 million and projected expenditures total $17.8 million, the variance of $500,000 is attributed to an increase in the actual operating revenues for Fiscal Year 2017 as reported in the CAFR.

Supplies

The supplies category is projected to exceed budget by $250,000, or 0.9% of current budget, at fiscal year-end primarily attributed to the following increases:

- $1.1 million in the Police Department for supplies including ammunition, low value assets, medical supplies, official forms and documents, and uniforms.
- $190,000 in the Parks and Recreation Department primarily for cleaning and janitorial supplies associated with increased maintenance in restrooms during busy summer months.
- $90,000 in the Public Works — General Services Department primarily associated with maintenance materials for the Transitional Camp Area and the Bridge Shelters.

These increases are partially offset by the following decreases:

- $670,000 in the Transportation and Storm Water Department associated with less than anticipated expenditures for electrical materials, safety supplies, sign materials, and other maintenance supplies.
- $240,000 in the Fire-Rescue Department associated with less than anticipated expenditures for low value assets.

The Mid-Year to Year-End variance of $360,000 is primarily due to a $510,000 decrease in the Transportation and Storm Water Department associated with implementation of mitigation plans, and a $270,000 increase in the Citywide Program Expenditures Department associated with expenditures for the Bridge Shelter sprung structure (tent), previously projected in contracts.

Contracts

The contracts category is projected to exceed budget by $2.7 million, or 1.1% of current budget, at fiscal year-end primarily due to the following increases:

- $5.4 million in the Fire-Rescue Department, primarily due to:
  - $1.3 million for the lease of two Type II Air Tankers ("Super Scoopers") to augment San Diego Fire-Rescue Department (SDFD) fire helicopters service in response to extreme fire weather conditions.
  - $800,000 for health and wellness services, including prior year expenditures, associated with the San Diego Sports Medicine and Family Health Center contract.

  - $780,000 for the provision of one Helitanker under CalFire's Call-When-Needed contract to augment the Department's helicopters during extreme fire weather conditions.
  - $520,000 for General Atomics manned intelligence/reconnaissance aircraft, utilized during periods of high or extreme fire weather potential and Northern California wildfire events. This is an increase of $250,000 from the Mid-Year Report and is partially reimbursable.
  - $510,000 in travel related expenditures primarily due to deployments.
  - $450,000 for Mountain Aviation air tactical platform (aircraft) for intelligence gathering and interagency communications, utilized during periods of high or extreme fire weather potential and Northern California wildfire events.
- $3.5 million in the Parks and Recreation Department primarily due to: $1.5 million for the rental of equipment, laundry and security services at the Bridge Shelters; $1.3 million for Hepatitis A and ongoing sanitation efforts, including the Transitional Camp Area at 20th and B; and $600,000 primarily associated with the General Fund Park Reimbursement to MADs, budgeted in the transfer out category.
- $3.3 million increase in Citywide Program Expenditures Department primarily due to $1.6 million increase in equipment usage fees, $950,000 increase for a reimbursement to the Engineering and Capital Projects fund for engineering services provided to SDG&E, $700,000 for the set-up of the sprung structure (tent) for the Bridge Shelter at Father Joe's Village. This is a decrease of $300,000 from the Mid-Year Report due to the tent expenditures posting in supplies.
- $2.4 million in the Police Department as projected in the Mid-Year Report primarily due to an increase of $740,000 in various contractual services, $500,000 related to tow services offset with an increase in revenue, $400,000 for travel and transportation related expenditures, $220,000 for Hepatitis A vaccinations, and $180,000 for promotional exams.
- $1.6 million in the Transportation and Storm Water Department primarily due to an increase of $1.3 million for vehicle and equipment rental, as well as $310,000 associated with street sweeping, as-needed human waste removal, and inlet cleaning for Hepatitis A and ongoing sanitation efforts.
- $1.1 million in the Real Estate Assets Department primarily due to the Executive Complex relocation expenditures which will be discussed in further detail in the Citywide Initiatives section.
- $540,000 in the Environmental Services Department primarily due to the following: $1.1 million increase associated to the Clean San Diego (Clean SD) initiative and an unanticipated contract with Clean Harbors for sanitation services to support Hepatitis A and ongoing sanitation efforts; and offset with a $590,000 decrease primarily associated with equipment usage and assignment, and disposal fees.
- $420,000 increase in the Economic Development Department primarily due to the Safe Parking Program.

These increases are partially offset by the following decreases:

- $14.3 million in Citywide Program Expenditures Department primarily due to the following:
  - $7.3 million in transfers to the Public Liability Operating Fund as a result of the fund receiving unanticipated insurance proceeds for prior year claims.
  - $5.0 million associated to the proposed November 2017 Special Election.
  - $1.5 million in transfers to the Mission Bay Park Improvement Fund due to lower than expected Mission Bay lease revenues
  - $450,000 in Corporate Master Leases due to the Executive Complex Relocation.

- $200,000 in the Office of the City Attorney primarily due to one-time funding to support Mayoral and City Council priorities, which were used to support ongoing supplemental positions and salary increases.
- $150,000 in the Office of the City Treasurer associated with lower than anticipated banking service needs.
- $150,000 in the Office of the City Auditor primarily due to variable billings by the City's outside audit firm performing the City's CAFR audit and other independent audit services.

Since the Mid-Year Report, contracts are projected to decrease by $4.6 million primarily due to the following:

- $6.5 million in Citywide Program Expenditures Department primarily due to a reduced transfer to the Public Liability Operating Fund as a result of the receipt of unanticipated insurance proceeds.
- $2.1 million in Transportation and Storm Water primarily due to a decrease in expenditures associated with the return of rental vehicles and equipment, reduced emergency channel mitigation needs, a decrease in storm water contractual expenditures, and less mitigation of human waste in response to Hepatitis A. This was a deliberate exercise taken by the department to reduce non-essential expenditures per Chief Operating Officer direction after the publication of the Mid-Year Report.
- $1.5 million in the Environmental Services Department primarily due to less than anticipated street sanitation related to Hepatitis A efforts.

These decreases are partially offset by the following increases:

- $3.2 million in the Real Estate Assets Department due to the Executive Complex Relocation and transfer to the 101 Ash CIP of previously budgeted funds for the 101 Ash move.
- $910,000 in the Parks and Recreation Department primarily associated with the Bridge Shelters and Hepatitis A efforts.
- $650,000 in Fire-Rescue Department primarily due to an amendment to the San Diego Sports Medicine and Family Health Center contract for health and wellness services.
- $420,000 in Economic Development Department for unanticipated contracts, including a contract with Jewish Family Services for the Safe Parking Program.
- $260,000 in the Office of the City Attorney due to additional membership fees, tuition reimbursements, and security services.
- $120,000 in Performance and Analytics Department to support the 3-1-1 expansion.

Information Technology

The information technology category is projected under budget by $740,000, or 2.2% of current budget, at fiscal year-end primarily due to the following:

- $380,000 decrease in the Police Department primarily due to $250,000 related to computer maintenance and equipment, and $130,000 associated to the parking handheld services contract now managed by the City Treasurer.
- $140,000 decrease in the Fire-Rescue Department primarily attributed to two vacant Tri-Tech positions that support Fire-Rescue's computer aided dispatch system.
- $120,000 decrease in the Office of the City Attorney due to savings related to computer maintenance and equipment.
- $100,000 decrease in the Financial Management Department associated with consultant services for Public Budget Formulation and PatternStream software.
- $100,000 decrease in the Environmental Services Department primarily due to savings associated with reduced purchases of software enhancements for legacy systems that

will be phased out and 311 CRM software expenditures posting in the transfers out category.

These decreases are offset with an increase of $110,000 in the Real Estate Assets Department associated to purchases of PCs for staff relocated from Executive Complex.

The current year-end projection is a decrease of $280,000 from the Mid-Year Report primarily due to the Transportation and Storm Water Department's decreased expenditures for IAM mobile devices, charging stations, and other accessories.

Energy & Utilities

The energy & utilities category is projected to exceed budget by $1.6 million, or 3.7% of current budget, at fiscal year-end primarily attributed to the following:

- $2.1 million increase in the Parks and Recreation Department primarily associated with water consumption to address stressed turf conditions due to warmer weather patterns and less rain fall. This is an increase of $460,000 from the Mid-Year Report primarily due to an increase in water consumption.
- $240,000 increase in the Library Department primarily associated with an increase in water and electrical services. This projection represents an increase of $240,000 from the Mid-Year Report.
- $160,000 increase in the Environmental Services Department primarily due to an increase in fleet fuel and electrical services. This projection represents an increase of $160,000 from the Mid-Year Report.

These increases are partially offset by the following:

- $940,000 decrease in the Police Department primarily associated with a decrease in fleet fuel and electrical services.
- $300,000 decrease in the Parks and Recreation Department associated with a decrease in electrical services.

The current year-end projection is a $780,000 increase from the Mid-Year Report primarily due to an increase in water consumption in the Parks and Recreation Department to address stressed turf conditions and as a result of warmer weather patterns.

Transfers Out

The transfer out category is projected to be under budget by $4.7 million, or 7.6% of current budget, at fiscal year-end as described below.

- $5.4 million decrease in the Citywide Program Expenditures Department associated with the following:
  - $2.0 million in transfers to the Public Liability Reserve Fund which is currently funded over Fiscal Year 2018 reserve target levels.
  - $1.5 million savings from debt service on lease revenue bonds.
  - $1.5 million in transfers to the Parks Improvement Fund based on Mission Bay Park Lease revenue associated with lower than anticipated revenue from Sea World.
  - $380,000 associated with the debt service payment savings from the adjustment to issuance of the General Fund Commercial Paper Program.
- $790,000 decrease in the Parks and Recreation Department primarily due to a transfer to the Maintenance Assessment Districts posting in the contracts category instead of transfer out.

These decreases are offset by the following increases:

- $600,000 increase in the Performance and Analytics Department to support the Get it Done application.

- $520,000 increase in the Transportation and Storm Water Department primarily due to a transfer for channel mitigation expenditures in the CIP.
- $200,000 increase in the Development Services Department due to financing payments for Accela software posting in transfers out instead of the debt category.
- $80,000 increase in the Environmental Services Department associated with a transfer to the 311 CRM CIP, previously projected in the information technology category.
- $60,00 increase in the Library Department associated with energy efficiency projects posting in transfers out instead of the debt category.

The current year-end projection is a $6.5 million decrease from the Mid-Year Report primarily due to projected savings of: $5.0 million in the Citywide Program Expenditures Department associated to debt service and transfer to the Parks Improvement Fund and Public Liability Reserve Fund; $1.1 million in the Parks and Recreation Department primarily due to a transfer for the General Fund park reimbursement to MADs posting in contracts; $1.0 million in the Environmental Services Department associated with a revised schedule for vehicle purchases for Clean SD; and a $600,000 increase in Performance and Analytics Department primarily for the 311 CRM - Get It Done Application offset, with an increase in revenues.

Other

The other category is projected under budget by $440,000, or 7.1% of current budget, at fiscal year-end primarily due to following decreases:

- $300,000 in transportation related expenditures in various departments citywide.
- $140,000 in the Economic Development Department due to lower than anticipated expenditures for the Business Cooperation Program. This is a decrease from the Mid-Year Report projection.

Debt

The debt category is projected under budget by $680,000, or 14.2% of current budget, at fiscal year-end due to the following:

- $380,000 decrease in the Transportation and Storm Water and Public Works — General Services Department due to a delay in debt payments for the IAM San Diego asset management project, which are not anticipated until Fiscal Year 2019.
- $200,000 decrease in the Development Services Department due to financing payments for Accela software posting in the transfers out category.
- $80,000 decrease in the Parks and Recreation Department for energy efficiency projects posting in the transfers out category.

The current projection represents a decrease of $330,000 from the Mid-Year Report primarily due to debt payments for the Accela Software postings in the transfer out category.

Capital Expenditure

The capital expenditures category is projected under budget by $400,000, or 27.7% of current budget, at fiscal year-end primarily attributed to the following:

- $170,000 decrease in the Parks and Recreation Department due to the purchase of vehicles posting in the contracts category instead of capital expenditures and the purchase of utility vehicles in place of compact vehicles. This projection represents a decrease of $80,000 from the Mid-Year Report.
- $150,000 decrease in the Transportation and Storm Water Department associated with less than anticipated expenditures for various types of office equipment. This projection represents a decrease of $110,000 from the Mid-Year Report.

On May 9, 2018 a memo was issued from the Chief Operating Officer directing that all General Fund departments, as well as certain non-general funds that impact the General Fund, suspend any and all non-essential expenditure activity effective immediately through June 30, 2018.

GENERAL FUND RESERVES

The City's Reserve Policy (Council Policy 100-20) documents the City's approach to establishing and maintaining strong reserves across City operations. The following section discusses the General Fund FY 2018 Projected Ending Fund Balance and reserve estimates.

Fiscal Year 2018 General Fund Reserve Projection

Table 24: FY 2018 General Fund Balances and Reserve Estimates displays the General Fund balance and reserve estimates calculation.

FY 2018 General Fund Balances and Reserve Estimates

Table 24 *in millions*

Description		Amount	Revenue %
FY 2017 Budgetary Fund Balance	**$**	**218.2**	**18.0%**
FY 2018 Projected Activity			
Resources			
Revenue		1,421.1	
Use of Fund Balance (Excess Equity)		8.7	
Total Resources		**1,429.8**	
Total Expenditures[1]		**1,425.0**	
Net Projected Activity		4.8	
FY 2018 Projected Ending Fund Balance	**$**	**214.3**	**16.9%**
Emergency Reserve		94.3	8.0%
Stability Reserve		79.5	6.75%
FY 2018 Reserve Contribution[2]		7.5	0.25%
FY 2018 Required Reserve Contribution[3]	**$**	**181.3**	**15.0%**
FY 2019 Prefunded Budgeted Reserve Contribution		10.3	0.25%
FY 2018 Projected Ending Fund Balance (Excess Equity)	**$**	**22.7**	**1.9%**
FY 2019 Proposed Budgeted Use of Fund Balance (Excess Equity)		12.3	
FY 2019 May Revision Budgeted Use of Fund Balance (Excess Equity)		8.6	
FY 2018 Projected Remaining Budgetary Fund Balance (Excess Equity)	**$**	**1.8**	**0.2%**

[1] The FY 2018 Adopted Budget has total expenditures of $1,433.8 million which includes the use of $26.1 million of fund balance. This use of fund balance includes the budgeted FY 2018 Reserve Contribution of $7.0 million to reach the target of 15.0% and prefunding of the FY 2019 Reserve Contribution of $10.3 million to reach the target of 15.25%. The projected activity associated to these contributions is removed as the reserve contributions will not be recognized as an expenditure but will close to fund balance as part of the year-end financial accounting process.

[2] The FY 2018 Reserve Contribution includes $500,000 above the $7.0 million budgeted reserve contribution for a total contribution of $7.5 million to reach the 15.0% policy target. This is attributed to an increase in FY 2017 operating revenues as reported in the CAFR being higher than projected during the FY 2018 Adopted Budget.

[3] Based on FY 2015 through FY 2017 operating revenues as reported in the CAFR in accordance with the City's Reserve Policy (CP 100-20).

The Fiscal Year 2018 projected ending fund balance in excess of required reserves (excess equity) is $1.8 million, or 0.2%, after taking into account the following:

- $8.7 million Fiscal Year 2018 budgeted use of fund balance for eligible one-time uses.

- $4.8 million in net budgetary surplus Fiscal Year 2018 activity.
- $181.3 million, or 15.0%, required Fiscal Year 2018 reserve.
- $10.3 million, or 0.25%, to prefund the Fiscal Year 2019 Reserve Contribution.
- $12.3 million Fiscal Year 2019 Proposed Budgeted Use of Fund Balance for eligible one-time uses.
- $8.6 million Fiscal Year 2019 May Revision budgeted use of fund balance.

The following section details the projected reserves and excess equity for the General Fund in accordance with the City's Reserve Policy.

As reported in the CAFR the Fiscal Year 2017 ending fund balance is $218.2 million, or 18.0%, of the three-year average of Fiscal Year 2015 through Fiscal Year 2017 General Fund operating revenues.

Aside from the $8.7 million budgeted use of fund balance for police recruitment and retention and one–time funding for the Penny for the Arts program, net projected activity of $4.8 million at fiscal year-end for the General Fund. This is an increase of $10.4 million from the net projected activity in the Mid-Year Report. Staff is recommending a budget adjustment with the use of over budget revenues in the amount of $7.3 million. Additional detail on these appropriation adjustments will be discussed in the Appropriation Adjustment section of this report.

The Fiscal Year 2018 projected activity excludes the Fiscal Year 2018 General Fund reserve contribution of $7.5 million to reach the target of 15.0% and the prefunding of the Fiscal Year 2019 reserve contribution of $10.3 million to reach the target of 15.25%. These amounts will close to fund balance as opposed to being recognized as an expenditure as part of the year-end financial accounting process.

The current General Fund reserve of 15.0% is comprised of an 8.0% Emergency Reserve and a 7.0% Stability Reserve. The amendments to the Reserve Policy approved by the City Council in February 2017 include increasing the Stability Reserve by 1.7% over an eight-year period, or from 7.0% to 8.7% by Fiscal Year 2025, of a three-year average of General Fund operating revenues as reported in the CAFR. The Fiscal Year 2018 Stability Reserve target is scheduled to increase from 6.75% to 7.0% to reach a total General Fund reserve level of 15.0% by fiscal year-end.

The Fiscal Year 2018 Adopted Budget included $7.0 million as a budgeted reserve contribution in anticipation of the Stability Reserve's increase to 7.0%. The anticipated increase budgeted in Fiscal Year 2018 was calculated using the Fiscal Year 2015 and 2016 General Fund revenues as reported in the CAFR and the Fiscal Year 2017 Adopted Budget operating General Fund revenues. As reported in the CAFR actual General Fund revenues received were greater than anticipated in the Fiscal Year 2017 Adopted Budget causing the average of the most recent three-years to increase, which resulted in an increase from the budgeted reserve contribution of $7.0 million to $7.5 million. As displayed in Table 24: FY 2018 General Fund Balances and Reserve Estimates the $7.5 million Stability Reserve increase is included as part of the Fiscal Year 2018 required reserve level. The total required reserve contribution for Fiscal Year 2018 is $181.3 million.

The Fiscal Year 2018 projected excess equity is $22.7 million. This is an increase of $10.4 million from the $12.3 million reported in the Mid-Year Report. After the publication of the Mid-Year Report, the Fiscal Year 2019 Proposed Budget recommended the use of $12.3 million as a one-time resource to fund one-time uses. As a result, the available fund balance in excess of reserves and uses of fund balance is $10.4 million.

The Fiscal Year 2019 May Revision includes a proposed use of $8.6 million of the Fiscal Year 2018 projected ending budgetary fund balance in excess of reserves (excess equity). The proposed uses are primarily for the following: Fire-Rescue Department for Overtime, Infrastructure Contribution, for the Companion Unit Fee Waiver Pilot, for a lifeguard academy in the Fire-Rescue Department, and the true-up of City Council District's CPPS budget based of the year-end projection.

If the above adjustments are approved, the remaining Fiscal Year 2018 projected ending fund balance (excess equity) is projected at $1.8 million.

Pension Payment Stabilization Reserve

The Pension Payment Stabilization Reserve (Pension Reserve) was established per the City's Reserve Policy to mitigate any unanticipated increases in the annual pension payment, also known as the Actuarially Determined Contribution (ADC). In November 2017, the City Council approved revisions to the City of San Diego Budget Policies and Reserve Policy to allow the use of the Pension Reserve for any increase in the annual pension payment as calculated in the most recent Actuarial Valuation Report produced by the San Diego City Employees' Retirement System's (SDCERS) actuary.

The Fiscal Year 2018 Adopted Budget included full utilization of the Pension Payment Stabilization Reserve to minimize the impact from the significant increase in the City's ADC pension payment. Of the total $20.0 million used, $16.2 million was the General Fund's portion. Per the City's Reserve Policy, use of the reserve requires the Mayor to prepare a plan to replenish the balance to policy levels. At the time of publication, the Fiscal Year 2019-2023 Five-Year Financial Outlook Report included a plan to replenish the Pension Payment Stabilization reserve on an incremental basis of 20.0%, or approximately on average $3.7 million per year for the General Fund, to achieve the full reserve target of $25.5 million by Fiscal Year 2023. The Fiscal Year 2019 Proposed Budget includes $3.6 million, or 20.0%, of the Pension Payment Stabilization Reserve for the General Fund and $1.2 million, or 20.0% of the Pension Payment Stabilization Reserve for the Enterprise funds.

Non-General Funds

This section will discuss non-General Funds with significant projected variances in either revenues or expenditures. Significant variances are those that are greater than or less than $500,000 from current budget. Detail on the expenditures and revenues affecting each fund are discussed below, as well as significant changes from the Mid-Year Report.

Central Stores Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	$ 9.9	$ 9.9	$ 9.4	$ (0.6)	-5.6%
Personnel Expenditures	1.7	1.7	1.8	(0.0)	-2.5%
Non-Personnel Expenditures	8.4	8.4	7.7	0.7	8.8%
Expenditures	10.1	10.1	9.4	0.7	6.9%
Net Year-End Projection	**$ (0.2)**	**$ (0.2)**	**$ (0.0)**	**$ 0.1**	

Revenue:
Revenue in the Central Stores Fund is projected to be under budget by $560,000 at fiscal-year end primarily due to a $510,000 decrease in demand for storeroom items by City departments associated with increased efficiencies of the purchasing of goods as a result of the implementation of Ariba. The current projection is a decrease of $290,000 from the Mid-Year Report.

Expenditures:
Similar to the Mid-Year Report, personnel expenditures in the Central Stores Fund are projected at budget.

Non-personnel expenditures are projected under budget by $740,000 at fiscal year-end primarily due to the following:

- $1.6 million decrease in demand for storeroom items by City departments associated with the implementation of Ariba. The current projection is a decrease of $990,000 from the Mid-Year Report.
- $840,000 increase in expenditures primarily due to the build out of the Chollas Central Stores location to consolidate two stores into one. This projection is a $220,000 increase from the Mid-Year Report.

Development Services Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	$ 62.0	$ 63.3	$ 65.5	$ 2.2	3.5%
Personnel Expenditures	49.2	50.5	50.3	0.3	0.5%
Non-Personnel Expenditures	21.3	21.3	21.0	0.2	1.1%
Expenditures	70.5	71.8	71.3	0.5	0.7%
Net Year-End Projection	**$ (8.5)**	**$ (8.5)**	**$ (5.8)**	**$ 2.7**	

Revenue:
Revenue in the Development Services Fund is projected to exceed budget by $2.2 million at fiscal year-end primarily due to the following:

- $2.6 million increase in permit and issuance fees for non-residential and residential plan checks primarily due to a change in the fee structure and higher than anticipated development permit activity.
- $170,000 increase due to the sales of reports and publications (e.g., copies for environmental impact reports and property plans) attributed to an increased demand from the building industry.

These increases are partially offset by a $760,000 decrease associated with the implementation of new flat fees of subdivision deposit accounts.

Since the Mid-Year Report, revenues are projected to increase by $1.2 million primarily attributed to a $1.4 million increase in permit and issuance fees for non-residential and residential plan checks associated with stronger than anticipated permit activity. This increase is offset with a $190,000 decrease in services provided to other departments due the implementation of new flat fees.

Expenditure:
Personnel expenditures in in the Development Services Fund are projected to be under budget by $260,000 at fiscal year-end primarily due to the following:

- $720,000 decrease in salaries due to vacancies.
- $170,000 decrease in fringe benefits.
- $390,000 increase in pay-in-lieu of annual leave
- $260,000 increase in overtime associated with the implementation of the Accela project.

Since the Mid-Year Report, personnel expenditures have decreased by $580,000 primarily attributed to a $490,000 reduction in fringe benefits.

Non-personnel expenditures for the Development Services Fund are projected under budget by $230,000 at fiscal year-end primarily due to a savings of $1.3 million in expenditures associated with the delayed relocation to the 101 Ash Street building. This is partially offset by the following increases:

- $570,000 due to change orders for the Accela contract.
- $370,000 in supplies, including micro filming and scanning services for building plans offset with an increase in revenues.
- $120,000 for operating expenditures associated to cellular phones and tablets issued to inspectors.

The Fiscal Year 2018 budget for the Development Services Fund included the use of $8.5 million in fund balance to offset expenditures. The current projection includes the use of $5.9 million in fund balance a decrease of $2.7 million from the budget primarily due to a higher than anticipated revenue and a decrease in expenditures for 101 Ash relocation. The use of reserves will result in the fund having less than its target operating reserve goal. On April 18, 2018, Development Services presented proposed fee adjustments to address this structural budget deficit. As noted by staff, the fund has enough reserves to mitigate a deficit in Fiscal Year 2018 but will not have enough reserves in Fiscal Year 2019 unless action is taken to adjust rates. The item was forwarded to the full City Council for consideration, which is anticipated to be heard by the end of this Fiscal Year.

Engineering and Capital Projects Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	$ 95.3	$ 95.3	$ 80.0	$ (15.3)	-16.0%
Personnel Expenditures	79.6	79.6	76.2	3.4	4.3%
Non-Personnel Expenditures	15.7	15.7	11.8	3.9	24.9%
Expenditures	95.3	95.3	88.0	7.3	7.6%
Net Year-End Projection	**$ 0.0**	**$ 0.0**	**$ (8.0)**	**$ (8.0)**	

Revenue:
Revenue in the Engineering and Capital Projects Fund is projected to be under budget by $15.3 million at fiscal year-end primarily due to vacant reimbursable positions, which is partially offset with related savings in personnel expenditures. This represents a decrease of $7.4 million from the Mid-Year Report primarily due to challenges with filling vacant positions, as well as an increase in non-billable or unreimbursed labor charges for services including the IAM San Diego CIP Project.

Expenditures:
Personnel expenditures are projected to be under budget by $3.4 million at fiscal year-end primarily due to the following:

- $3.7 million decrease in salaries associated to vacant reimbursable positions. Filling the positions has taken longer than anticipated due to limited qualified candidates and promoting from within and transfers from other City departments.
- $990,000 decrease in fringe benefits.
- $290,000 decrease in hourly expenditures.

The decrease in personnel expenditures is partially offset by an increase of $790,000 in overtime, $710,000 in pay-in-lieu of annual leave, and $100,000 in termination pay.

Since the Mid-Year Report, personnel expenditures are projected to decrease by $2.3 million primarily attributed to continuing challenges with filling vacancies.

Non-personnel expenditures are projected under budget by $3.9 million at fiscal year-end primarily due to the following decreases:

- $1.2 million due to the delay of information technology software implementation, including $800,000 in in deferred costs related to the Primavera software implementation.
- $760,000 in training expenditures.
- $640,000 in rent expenditures.
- $500,000 in supplies and computer accessories.
- $270,000 in projected City services billed.
- $130,000 in the use of mileage reimbursements associated with vacant positions.

The current projection is a decrease of $690,000 from the Mid-Year Report primarily associated with the delayed implementation of Primavera.

The Engineering and Capital Projects Fund is projecting a negative net projected activity of $8.0 million. Plans to mitigate the net projected activity of $8.0 million include an adjustment to the overhead rate, a continued focus on performing fully reimbursable work, and a slow down or reduction of some expenditure activity that will not impact operations.

Fleet Operating Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	$ 53.3	$ 54.7	$ 52.9	$ (1.8)	-3.4%
Personnel Expenditures	21.4	21.4	21.2	0.2	1.0%
Non-Personnel Expenditures	36.4	37.8	33.8	4.0	10.6%
Expenditures	57.8	59.2	55.0	4.2	7.1%
Net Year-End Projection	**$ (4.5)**	**$ (4.5)**	**$ (2.1)**	**$ 2.4**	

Revenue:
Revenue in the Fleet Operating Fund is projected to be under budget by $1.8 million at fiscal year-end primarily attributed to the following:

- $3.4 million decrease in transfers from the vehicle replacement fund associated to the Othello Ave. facility.
- $780,000 decrease in billable repair work to other departments primarily for City vehicles.
- $650,000 decrease in fuel reimbursements associated with a decrease in fuel expenditures.

These decreased revenues are partially offset by the following increases:

- $2.5 million in usage fee revenues associated to a fee increase and an increase in vehicles citywide.
- $210,000 associated with an excess equity transfer from the Workers' Compensation Reserve Fund.
- $100,000 in revenue received from interest proceeds on pooled investments.

Revenues have decreased by $2.1 million from the Mid-Year report primarily due to a $3.4 million transfer in from the vehicle replacement fund and a $830,000 reduction of fuel reimbursement revenue. These increases are offset with an increase in usage fee revenues of $2.2 million associated with higher than anticipated expenditures.

Expenditures:
Personnel expenditures in the Fleet Operating Fund are projected to be under budget by $200,000 at fiscal year-end primarily due to the following:

- $730,000 decrease in salaries associated to 23.00 vacant positions.
- $460,000 increase in overtime associated with backfilling vacancies to meet service level standards on an aging fleet that requires additional service.
- $140,000 increase in pay-in-lieu of annual leave.

Personnel expenditure projections have decreased by $280,000 from the Mid-Year Report associated with not filling vacancies as anticipated and a decrease in overtime.

Non-personnel expenditures for the Fleet Operating Fund are projected under budget by $4.0 million at fiscal year-end primarily due to the following:

- $6.0 million decrease in building improvements associated with the Othello Ave. facility. The department plans to hire an architectural firm to obtain a revised quote on the projected expenditures for this facility. An update on this facility will be presented at the Smart Growth and Land Use committee.
- Rent savings of $800,000 from the Othello and Miramar repair facilities.

These savings in non-personnel expenditures are offset by $3.0 million increase $1.5 million in auto repair supplies and parts.

Since the Mid-Year Report, non-personnel expenditures have decreased by $6.8 million primarily attributed to savings associated to the postponement of spending for the Othello Ave. facility, and lower fuel costs.

The Fiscal Year 2018 Adopted Budget included the use of $4.5 million in fund balance to offset expenditures. The current projection for the use of fund balance has decreased by $2.4 million at fiscal year-end.

Golf Course Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	$ 20.5	$ 20.5	$ 22.3	$ 1.9	9.1%
Personnel Expenditures	8.0	8.0	7.9	0.2	2.2%
Non-Personnel Expenditures	10.2	10.2	10.2	0.0	0.2%
Expenditures	18.2	18.2	18.0	0.2	1.1%
Net Year-End Projection	**$ 2.2**	**$ 2.2**	**$ 4.3**	**$ 2.1**	

Revenue:
Golf Course Fund revenue is projected to exceed budget by $1.9 million at fiscal year-end primarily attributed with increased usage at a newly renovated course at Torrey Pines Golf Course and improved golf course conditions at Balboa Park and Mission Bay Golf Courses.

Expenditures:
Personnel expenditures in the Golf Course Fund are projected to be under budget by $180,000 at fiscal year-end primarily due to a decrease in fringe benefits.

Non-personnel expenditures for the Golf Course Fund are projected at budget by fiscal year-end. The current projection is a decrease of $140,000 from the Mid-Year Report primarily due to a decrease in the projected water use.

PETCO Park Fund

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	$ 16.6	$ 16.6	$ 16.5	$ (0.1)	-0.6%
Personnel Expenditures	0.1	0.1	0.1	(0.0)	-3.0%
Non-Personnel Expenditures	16.6	16.6	17.4	(0.7)	-4.4%
Expenditures	16.8	16.8	17.5	(0.7)	-4.4%
Net Year-End Projection	**$ (0.1)**	**$ (0.1)**	**$ (1.0)**	**$ (0.8)**	

Revenue:
PETCO Park Fund revenue is projected to be under budget by $100,000 at fiscal year-end primarily attributed to $90,000 decrease in anticipated revenue from the San Diego Padres home series against the Los Angeles Dodgers that was relocated to Monterrey, Mexico by Major League Baseball. This is a decrease of $90,000 from the Mid-Year Report.

Expenditures:
Personnel Expenditures in the PETCO Park Fund are projected to be close to budget by fiscal year-end.

Non-personnel expenditures are projected over budget by $740,000 at fiscal year-end primarily attributed to a prior year payment for services as a result of the Padres amending their fiscal year in the Joint Ballpark Operating Expenditures agreement. This is an increase of $740,000 from the Mid-Year Report.

The current projection expects expenditures to exceed revenues by $850,000. The department will use fund balance to offset the negative net projected activity.

Recycling Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	$ 22.2	$ 22.2	$ 24.2	$ 2.0	9.0%
Personnel Expenditures	10.9	10.9	10.3	0.6	5.8%
Non-Personnel Expenditures	14.6	14.6	12.3	2.3	16.0%
Expenditures	25.5	25.5	22.5	3.0	11.6%
Net Year-End Projection	**$ (3.3)**	**$ (3.3)**	**$ 1.7**	**$ 5.0**	

Revenue:
Recycling Fund revenue is projected to exceed budget by $2.0 million at fiscal year-end primarily due to the following:

- $1.3 million increase in franchise agreement fees. The fee now applies to all tonnage collected as opposed to only tonnage disposed at a landfill.
- $680,000 increase in revenue associated with permit holders not meeting the 180-day refund requirement for unclaimed construction and demolition deposits. This represents an increase of $100,000 from the Mid-Year Report.
- $520,000 increase in revenue from the Curbside Supplemental Payment program due to a higher than anticipated volume of beverage containers collected. This represents an increase of $520,000 from the Mid-Year Report.
- $150,000 increase in favorable interest earnings.
- $120,000 increase due to higher than anticipated recycling and greenery container delivery fees and staff charging to reimbursable activities.
- $100,000 increase associated to the Workers' Compensation Reserve Fund transfer.

These increases are partially offset by the following decreases:

- $550,000 market decrease in demand for curbside recyclable commodities. This represents an increase of $380,000 from the Mid-Year Report.
- $200,000 in Household Hazardous Waste contribution from the Transportation and Storm Water Department.

Expenditures:
Personnel expenditures in the Recycling Fund are projected to be under budget by $630,000 at fiscal year-end. This is due to various vacancies throughout the fiscal year. This represents a decrease of $420,000 from the Mid-Year Report.

Non-personnel expenditures for the Recycling Fund are projected under budget by $2.3 million at fiscal year-end primarily due to the following:

- $630,000 decrease in assignment fees associated with keeping vehicles over their anticipated life span to meet daily requirement for curbside collection of recyclables from residents.

- $380,000 decrease of contractual services for recycling education and outreach projects.
- $380,000 decrease in printing, advertisement, travel, postage costs, and city services billed associated with charging expenditures to the Oil Payment Program grant. This is a decrease of $390,000 from the Mid-Year Report.
- $370,000 decrease due to a less than anticipated need for trash containers as there has not been a large greenery service expansion or a higher need for recycling container replacements.
- $270,000 decrease associated with the 311 CRM project replacing various information technology projects.
- $230,000 decrease associated with lower than anticipated fuel expenditure as the fleet converts to compressed natural gas (CNG). This represents a decrease of $140,000 from the Mid-Year Report.
- $150,000 decrease associated with charging the CalRecycle grant to purchase trash and recycling public use containers.
- $90,000 decrease in waste removal disposal fees associated with a reduction in disposal costs at the Household Hazardous Waste Transfer Facility.

The Fiscal Year 2018 Adopted Budget included the use of $3.3 million in fund balance to offset expenditures for the Recycling Fund. The current projection has a net projected activity of $1.7 million as a result of increased revenues and decreased expenditures. The department will no longer need to use fund balance in Fiscal Year 2018.

Refuse Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	$ 30.7	$ 30.7	$ 34.0	$ 3.3	10.6%
Personnel Expenditures	14.5	14.5	15.0	(0.4)	-2.8%
Non-Personnel Expenditures	21.4	21.4	20.8	0.5	2.6%
Expenditures	35.9	35.9	35.8	0.1	0.4%
Net Year-End Projection	**$ (5.2)**	**$ (5.2)**	**$ (1.8)**	**$ 3.4**	

Revenue:
The Refuse Disposal Fund projects revenue to exceed budget by $3.3 million at fiscal year-end primarily due to the following factors:

- $1.2 million increase primarily due to non-franchised customers, including small business and residents, disposing trash at the Miramar Landfill. This represents a decrease of $240,000 from the Mid-Year Report.
- $500,000 increase in the disposal of dirt associated with the Clean Fill Dirt Program.
- $500,000 increase due to construction and demolition loads.
- $330,000 increase in favorable interest earnings.
- $300,000 increase associated with greens disposal fees.
- $110,000 increase in late payment fees associated with landfill deferred payment accounts.
- $110,000 increase due to the unanticipated Workers' Compensation Reserve Fund transfer.
- $50,000 increase in sales of green commodities such as mulch, compost, and woodchips at the Miramar Greenery for drought resistant landscape.

This projection represents an increase of 550,000 from the Mid-Year Report associated to the following: Clean Fill Dirt Program, construction and demolition loads, greens disposal fees, interest earnings, and a transfer from the Workers' Compensation Reserve Fund.

Expenditures:
Personnel expenditures in the Refuse Disposal Fund are projected to exceed budget by $410,000 at fiscal year-end. The over budget projection is primarily attributed to an increase in overtime associated with increased workloads due to 8.00 vacant positions. These positions are projected to be filled by fiscal year-end. This projection represents an increase of $140,000 from the Mid-Year Report.

Non-personnel expenditures for the Refuse Disposal Fund are projected under budget by $550,000 at fiscal year-end primarily due to the following factors:

- $1.5 million decrease associated with the postponement of the HVAC Replacement at the Ridgehaven Facility.
- $600,000 decrease associated with the delayed purchase of vehicles until next fiscal year.
- $420,000 decrease in the transfer to the operating reserves associated with a decrease in the use of fund balance.
- $320,000 decrease in the recycling fee subsidy transfer for fee exempt tons.
- $110,000 decrease associated to the 311 CRM project replacing various information technology projects.

These decreases are partially offset by the following increases:

- $1.7 million associated to the unanticipated rental of heavy landfill equipment and associated fuel as a result of increased tonnage activity at the Miramar landfill.
- $600,000 in expenditures for the purchase of tarps, vaporizer and enviro cover rolls to meet regulatory mandates.
- $40,000 for safety supplies associated with Hepatitis A and ongoing sanitation efforts.

These projections represent an increase of $1.9 million from the Mid-Year Report primarily due to the following factor:

- $2.0 million increase associated with additional Heavy Landfill equipment leases and operating costs.
- $370,000 increase in purchase of tarps, vaporizer and enviro cover rolls to meet regulatory mandates.
- $560,000 decrease associated with the delayed purchase of vehicles.

Sewer Utility Funds

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	$ 391.8	$ 391.8	$ 398.5	$ 6.7	1.7%
Personnel Expenditures	91.6	91.6	90.6	1.0	1.1%
Non-Personnel Expenditures	260.6	260.7	255.7	4.9	1.9%
Expenditures	352.2	352.2	346.4	5.9	1.7%
Net Year-End Projection	**$ 39.6**	**$ 39.5**	**$ 52.2**	**$ 12.6**	

Revenue:
Sewer Utility Funds revenue are projected to be over budget by $6.7 million at fiscal year-end due to the following factors:

- $3.0 million was received from the Transportation and Storm Water Department for low flow storm water diversion structures to pay off the liability from the General Fund.
- $900,000 in groundwater discharge permit fees from construction projects.
- $860,000 in more than anticipated reimbursements for services to other departments.
- $800,000 increase in building permit activity from large scale multi-family and commercial projects.
- $440,000 refund from the State Department of Transportation for the Otay Mesa Trunk Sewer utility agreement.
- $450,000 increase due to more than anticipated lease revenues.
- $550,000 increase due to the one-time transfer of excess equity from the Workers' Compensation Reserve.

This projection reflects a decrease of $16.2 million from the Mid-Year Report primarily due to delays in receiving State Revolving Fund loan reimbursements in Fiscal Year 2018, which are projected to be received in Fiscal Year 2019.

Expenditures:
Personnel expenditures in the Sewer Utility Funds are projected to be under budget by $960,000 primarily due to vacancies being filled later than anticipated and fringe benefits. This is a decrease of $2.0 million from the Mid-Year Report due to additional salary and fringe benefits expenditure savings.

Similar to the Mid-Year Report, non-personnel expenditures in the Sewer Utility Funds are projected under budget by $4.9 million at fiscal year-end primarily due to the following factors:

- $3.5 million decrease in the contingency reserves needed in this fiscal year.
- $1.5 million decrease due to less than anticipated expenditures for condition assessments.

Stadium Operations Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	$ 13.8	$ 13.8	$ 13.2	$ (0.6)	-4.3%
Personnel Expenditures	3.6	3.6	3.2	0.4	11.5%
Non-Personnel Expenditures	20.2	20.2	20.0	0.2	1.2%
Expenditures	23.9	23.9	23.2	0.7	2.7%
Net Year-End Projection	**$ (10.0)**	**$ (10.0)**	**$ (10.0)**	**$ 0.1**	

Revenue:
Stadium Operations Fund revenue is projected under budget by $650,000 at fiscal year-end primarily due to the following:

- $3.2 million increase in revenue associated with booking additional concerts and sporting events and associated concessions revenue.
- $3.7 million decrease in a reimbursement from the Transient Occupancy Tax (TOT) fund for the maintenance of visitor related facilities. This decrease is higher than the increased revenues for events due to a decrease in projected operating expenditures.

The current projection is a decrease of $2.6 million from the Mid-Year Report associated to a decrease in the transfer from the TOT Fund due to higher than anticipated event and concession revenue.

Expenditures:
Personnel expenditures in the Stadium Operations Fund are projected under budget by $410,000 at fiscal year-end primarily due to three positions projected to be vacant by fiscal year-end.

Non-personnel expenditures for the Stadium Operations Fund are projected under budget by $240,000 at fiscal year-end primarily due to a decrease in supplies and building materials attributed to the projected closure of the Stadium in December 2018.

The current projection anticipates expenditures will exceed revenues by $10.0 million. Fund balance will be used to offset the negative net projected activity.

Underground Surcharge Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	$ 60.6	$ 60.6	$ 67.9	$ 7.4	12.2%
Personnel Expenditures	1.9	1.9	1.5	0.4	23.3%
Non-Personnel Expenditures	57.6	57.6	25.2	32.4	56.2%
Expenditures	59.5	59.5	26.7	32.8	55.2%
Net Year-End Projection	**$ 1.0**	**$ 1.0**	**$ 41.2**	**$ 40.2**	

Revenue:
The Underground Surcharge Fund projects revenue to be over budget by $7.4 million at fiscal year-end, primarily attributed to a $4.1 million increase in surcharge revenue received from SDG&E for Rule 20A undergrounding projects. The current projections have increased by $6.6 million from the Mid-Year Report.

Expenditures:
Personnel expenditures in the Underground Surcharge Fund are projected under budget by $450,000 at fiscal year-end due to several vacancies.

Non-personnel expenditures are projected under budget by $32.4 million at fiscal year-end associated with the time needed to complete the environmental and design phases of undergrounding projects by SDG&E. Projects do not incur any expenditures until they are under construction. In addition, limited resources at the participating utilities contribute to delays in project execution.

The current projection has decreased by $2.1 million from the Mid-Year Report and is primarily due to projects taking longer than anticipated to move from the design phase into the construction phase, and the halt of one project due to an environmental study.

Transient Occupancy Tax Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	$ 114.4	$ 114.4	$ 115.1	$ 0.7	0.6%
Personnel Expenditures	1.7	1.7	1.4	0.3	15.6%
Non-Personnel Expenditures	114.6	114.6	115.8	(1.2)	-1.1%
Expenditures	116.2	116.2	$ 117.2	$ (1.0)	-0.8%
Net Year-End Projection	**$ (1.9)**	**$ (1.9)**	**$ (2.1)**	**$ (0.2)**	

Revenue:
The Transient Occupancy Tax Fund is projecting revenue to exceed budget by $740,000 at fiscal year-end. This is a decrease from the Mid-Year Report of $1.4 million.

The primary economic drivers of TOT - overnight visits, occupancy rates, and room rates have been weaker in recent months. According to the December 2017 Travel Forecast from the San Diego Tourism Authority (SDTA) and Tourism Economics, Inc., the rate of tourism growth is estimated to steadily improve; however, at a slightly lower rate than previously anticipated. This is also reflected in lower than expected TOT receipts during the past several months.

Expenditures:
Personnel expenditures are projected to be under budget by $250,000 at fiscal year-end primarily due to four positions projected to be vacant through fiscal year-end in the Arts and Culture Department.

Non-personnel expenditures are projected to exceed budget by $1.2 million at fiscal year-end primarily associated to an increase of $4.7 million for the transfer to the Fire-Rescue - Lifeguard Division in the General Fund, offset by a reduction of $3.7 million in the transfer to the Stadium Operations Fund for debt service and operating support.

The Fiscal Year 2018 Adopted Budget includes the use of $1.9 million in fund balance to offset expenditures. The current projection for the use of fund balance has increased by $200,000 at fiscal year-end. The department will use fund balance to offset the decreased net projected activity of $2.1 million.

Water Utility Operating Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	$ 728.1	$ 728.1	$ 719.2	$ (8.9)	-1.2%
Personnel Expenditures	81.4	81.4	79.4	2.0	2.5%
Non-Personnel Expenditures	439.7	439.7	396.2	43.5	9.9%
Expenditures	521.1	521.1	475.6	45.5	8.7%
Net Year-End Projection	**$ 206.9**	**$ 206.9**	**$ 243.6**	**$ 36.6**	

Revenue:
The Water Utility Operating Fund revenue is projected to be under budget by $8.9 million by fiscal year-end. This is primarily attributed to a $48.0 million decrease in revenue from State Revolving Financing Fund (SRF) loan proceeds due to the Water Fund CIP program being funded primarily through commercial paper financing. This is offset by $29.0 million of

Commercial Paper reimbursements that were expected to be reimbursed in Fiscal Year 2017, but due to changes in project schedules are now projected to be reimbursed in Fiscal Year 2018. The offset in revenue is further supplemented by more than anticipated reimbursements of $3.5 million for the City's shared cost for the construction to the Sweetwater Desalination Plant. As a result, the current projection has increased by $26.4 million from the Mid-Year Report primarily due to an $18.0 million increase in Commercial Paper reimbursements, $6.2 million increase in water sale revenue due to a projected increase in volumetric use, and $1.9 million for the City's shared cost for the construction to the Sweetwater Desalination Plant.

Expenditures
Personnel expenditures in the Water Utility Funds are projected to be under budget by $2.0 million primarily due to vacancies being filled later than anticipated and fringe benefits. This is a decrease of $2.0 million from the Mid-Year Report due to additional salary and fringe benefits expenditure savings.

Non-personnel expenditures are under budget by $43.5 million at fiscal year-end due to the following factors:

- $36.5 million decrease in water purchases from the County Water Authority due to drafting more local water from City-owned reservoirs, coupled with continued water conservation.
- $3.5 million decrease in the contingency reserves needed in this fiscal year.
- $2.7 million decrease due to delays in various capital equipment purchases such as pumps, compressors, and other equipment.
- $2.2 million decrease due to delays in implementing various information technology projects.

The current non-personnel projection increased by $9.0 million from the Mid-Year Report due to a $6.3 million increase in water purchases based on projected increases in volumetric use and no additional local water availability projected. Additionally, more than anticipated expenditures for Pure Water contracts resulted in an increase of $2.7 million.

RISK MANAGEMENT RESERVES

The Long-Term Disability, Public Liability, and Workers' Compensation Funds provide funding sources for certain claims made against the City. The City's Reserve Policy (CP 100-20) sets the required reserve level target for each fund as shown below in Table 26: FY 2018 Risk Management Reserves. All Risk Management reserves are based on the average value of the annual actuarial liability for the three most recent fiscal years. The reserve targets for the Long-Term Disability, Public Liability, and Workers' Compensation Funds are based on the Fiscal Year 2015, 2016 and 2017 actuarial valuations. Additional detail are included below.

FY 2018 Risk Management Reserves

Table 25 *in millions*

Description	Fund Name	Reserve Type	FY 2018 Target	Year-End Projection
Risk Management	Long-Term Disability Fund	Liability Reserve	$ 5.5	$ 15.7
	Public Liability Fund	Liability Reserve	32.6	34.7
	Workers' Compensation Fund	Liability Reserve	30.0	41.0

LONG-TERM DISABILITY RESERVE

The Long-Term Disability (LTD) reserve provides non-industrially disabled City employees with income and flexible benefits coverage. The Fiscal Year 2018 reserve goal is $5.5 million or 100.0% of the average actuarial liability for the three most recent fiscal years. The Long-Term Disability Fund Fiscal Year 2018 projected ending fund balance is $15.7 million, or 285.0% of the goal. It should be noted that the Fiscal Year 2018 Adopted Budget includes the use of fund balance in excess of the reserve goal for LTD operating expenditures, which is projected to be $2.1 million.

The City is developing a long-term death and disability benefit plan for employees hired on or after July 20, 2012. It is anticipated that the funding for the plan will come from both the LTD fund and from employee contributions. Going forward funding will come from both City contributions and employee contributions.

The remaining excess equity in the LTD Fund will be used for LTD operating expenditures in future fiscal years. No additional contributions to the Long-Term Disability Fund are anticipated in the FY 2019-2023 Five Year Financial Outlook.

PUBLIC LIABILITY RESERVE

The Public Liability reserve is funded by the General Fund to support claims arising from real or alleged acts on the part of the City, including claims for bodily injury, property damage, and errors and omissions. For Fiscal Year 2018, the City's Reserve Policy requires that the Public Liability Fund Reserve equal 47.0% of the average value of the annual actuarial liability for the three most recent years, or $32.6 million. The projected ending fund balance of the Public Liability Fund Reserve is approximately $34.7 million or 50.0% of the three-year average of the annual actuarial liability, which prefunds the Fiscal Year 2019 target of 50.0%. As such, the General Fund reduced its budgeted transfer to the Public Liability Reserve Fund as part of the Year End Report. The is a decrease of $2.0 million from the Mid-Year Report.

WORKERS' COMPENSATION RESERVE

The Workers' Compensation reserve provides funding for medical and disability costs for injuries and illnesses occurring in the workplace. On February 21, 2017, amendments to the Reserve Policy were approved by City Council to reduce the Workers' Compensation Reserve target from 25.0% to 12.0% of the three-year average of outstanding actuarial liabilities. As a result, the Workers' Compensation Reserve Fund Fiscal Year 2018 policy goal is 12.0% of the most recent three-year average of the annual actuarial liability, or $30.0 million. This amount is approximately one year of operating cash for the Workers' Compensation program.

In Fiscal Year 2018 the Workers Compensation Reserve is projecting to transfer $1.9 million of excess equity to non-General Funds and $14.7 million of excess equity to the General Fund; as a result, the projected ending fund balance of the Workers' Compensation Reserve is approximately $41.0 million, or 16.0% of the three-year average. The remaining excess Workers' Compensation reserves will be used to support the workers' compensation plan by offsetting workers' compensation expenditures through Fiscal Year 2020 as discussed in the Five-Year Outlook.

CITYWIDE INITIATIVES

During the current fiscal year the City of San Diego has responded to several significant and unanticipated events that exceeded the Fiscal Year 2018 Adopted Budget. This section will discuss in detail expenditures associated to the following: Executive Complex Relocation, Bridge Shelters and Safe Parking Program, Hepatitis A, and ongoing enhanced sanitation efforts.

Expenditures associated with these initiatives are broken down into three categories to determine the fiscal impact on the City's budget: regular working time, overtime, and non-personnel expenditures. Regular working time is classified as a budgeted expenditure and overtime and non-personnel expenditures are classified as unbudgeted expenditure. Generally, regular working time by City personnel does not result in a fiscal impact to the City's budget; however, there are instances where the use of regular working time to address these initiatives pushed day-to-day operations outside the regular working schedule, resulting in additional overtime as is discussed in the following sections. The fiscal impact of unbudgeted overtime and non-personnel expenditures associated with these initiatives are also considered because they fall outside of the City's regular operations.

1010 Second Ave (Executive Complex Building) Relocation

On January 26, 2018, the City of San Diego issued a directive to evacuate and relocate all employees working at 1010 Second Ave (Executive Complex) due to a positive test for asbestos in construction debris at a single location in the building. Approximately 466 City employees occupied the leased space in the Executive Complex. In response, the City arranged alternate work sites and relocated employees primarily to other city owned or occupied building locations. However, additional leased space was obtained for three departments.

Following the immediate removal of City employees from the building, the City pursued options to safely remove documents, and other necessary materials from the Executive Complex before the site was closed to the public on January 31, 2018. These efforts will continue after the site is re-opened during Fiscal Year 2018. Projected expenditures associated with the relocation are discussed in further detail below.

Executive Complex Relocation Expenditures

Table 26

Fund Type	Regular Working Time	Overtime	Non-Personnel Expenditures	Grand Total	Unbudgeted Expenditures
General Fund					
Administrative Support	$ 110,000	$ 20,000	$ -	$ 130,000	$ 20,000
Contractual Services	-	-	960,000	960,000	960,000
Supplies, Equipment, and Furniture	-	-	220,000	220,000	220,000
Rent	-	-	(450,000)	(450,000)	(450,000)
Transportation	-	-	20,000	20,000	20,000
General Fund Total	**$ 110,000**	**$ 20,000**	**$ 750,000**	**$ 880,000**	**$ 770,000**
Non-General Funds					
Administrative Support	$ 40,000	$ -	$ -	$ 40,000	$ -
Contractual Services	-	-	10,000	10,000	10,000
Supplies, Equipment, and Furniture	-	-	210,000	210,000	210,000
Rent	-	-	(210,000)	(210,000)	(210,000)
Non-General Fund Total	**$ 40,000**	**$ -**	**$ 10,000**	**$ 50,000**	**$ 10,000**
Total	**$ 150,000**	**$ 20,000**	**$ 760,000**	**$ 930,000**	**$ 780,000**

Staff Support
Total expenditures associated to administrative support is projected at $170,000 by fiscal year-end, of which $20,000 is considered unbudgeted. Administrative support primarily includes staff time associated to moving from executive complex to other locations. Other staff support includes: supervising and supporting movers, providing asbestos inspection and abatement services, ergonomic assessments, and maintenance set-up for alternate worksites.

Contractual Services
Total expenditures associated to contractual services are unbudgeted and projected at $970,000 by fiscal year-end with the General Fund absorbing almost all at $960,000 primarily in the Real Estate Assets Department. Expenditures for contractual services are primarily related to the following:

- $960,000 in the General Fund associated to:
  - $820,000 to move equipment out of the Executive Complex into a storage center at Othello and into new temporary work sites.
  - $130,000 in asbestos inspection and abatement.
  - $10,000 in the Planning Department associated to janitorial and moving services.
- $10,000 in the Non-General Funds primarily in the Facilities Financing Fund associated to moving expenditures, and janitorial and trash services.

Supplies, Equipment, and Furniture
Supplies, equipment and furniture expenditures are also unbudgeted and projected at $330,000 by fiscal year-end, expenditures are spread evenly between the General Fund and non-General Funds, and are primarily due to the following:

- $310,000 for new computers, monitors, supporting equipment, infrastructure for landlines and internet access.
- $20,000 for furniture purchases and rentals, and ergonomic equipment.

Rent/Leases
Rent and lease expenditures are projected under budget by $450,000 at fiscal year-end. This under budget projection is primarily due to a $950,000 decrease in rent expenditures paid to Executive Complex for the remaining four months of the fiscal year. This decrease is partially offset by $130,000 in rent expenditures and additional storage space at the leased Othello property, $140,000 for the lease of office space at 600 B street, and $30,000 for the lease of office space at 450 B Street.

Non-Productive Employee Time
Non-Productive employee time attributed to staff relocation from the Executive Complex building is projected at $270,000 by fiscal year-end. This projection includes the salaries associated to non-productive time taken by employees who did not telecommute and did not have a work space immediately available following the staff relocation. It is likely that non-productive time among employees caused a decrease in revenues in the following departments: Transportation and Storm Water, Office of the City Treasurer, and Fire-Rescue.

Bridge Shelters and Safe Parking Program

Table 27: Fiscal Year 2018 Bridge Shelters and Safe Parking Program Year-End Projections displays city-wide expenditures associated with new initiatives that are expected to have a fiscal impact this year, but were not anticipated in the FY 2018 Adopted Budget. They include Bridge Shelter start-up costs, the Safe Parking Program, and related administrative support.

City expenditures for these programs are projected at $3.2 million by fiscal year-end. The $3.0 million in unbudgeted expenditures is primarily projected to be incurred in the General Fund.

Fiscal Year 2018 Bridge Shelters and Safe Parking Year-End Projections

Table 27

Fund Type	Regular Working Time	Overtime	Non-Personnel Expenditures	Grand Total	Unbudgeted Expenditures
General Fund					
Administrative Support	$ 80,000	$ -	$ -	$ 80,000	$ -
Bridge Shelters	40,000	-	2,730,000	2,770,000	2,730,000
Safe Parking Program	-	-	310,000	310,000	310,000
Total General Fund	**$ 120,000**	**$ -**	**$ 3,040,000**	**$ 3,160,000**	**$ 3,040,000**
Non-General Funds					
Bridge Shelters	$ 30,000	$ -	$ -	$ 30,000	$ -
Total Non-General Funds	**$ 30,000**	**$ -**	**$ -**	**$ 30,000**	**$ -**
Total Expenditures	**$ 150,000**	**$ -**	**$ 3,040,000**	**$ 3,190,000**	**$ 3,040,000**

Safe Parking Program

The City is working with Jewish Family Services and Dreams for Change to expand the Safe Parking Program. The program provides individuals and families who are temporarily living in their cars with a safe and secure place to park at night. Participants are provided with case management, food assistance, access to bathrooms and showers, and assistance in finding permanent housing. The program began operations in October 2017, and as of the end of March, 298 clients have been served. Expenditures are projected at $310,000 by fiscal year-end, which is largely unbudgeted, and will be incurred by the General Fund in the Economic Development Department.

Bridge Shelters

The purpose of the Bridge Shelters is to provide individuals and families experiencing homelessness with access to safe and sanitary shelters as well as assistance in obtaining permanent supportive housing. Three shelter locations provide beds for up to 674 people a day, and include meals, showers, restrooms, 24-hour security, alcohol and substance abuse counseling, job training, and mental health services. The City's expenditures associated with the Bridge Shelters are projected to be $2.8 million by fiscal year-end, which are largely unbudgeted expenditures impacting the General Fund.

The San Diego Housing Commission is providing operational funding for this program, and manages the contracts with the three service providers (Alpha Project, Veterans Village of San Diego, and Father Joe's Villages). General Fund unbudgeted expenditures are primarily attributed to the following:

- $1.5 million in the Parks and Recreation Department associated with set up and site readiness costs at all three locations:
  - $1.5 million for equipment rentals, lighting fixtures, storage units, mobile offices, energy services, and hygiene equipment such as hand washing stations, laundry units, portable restrooms, and showers.
  - $50,000 for security services during the construction of the shelters.
- $1.2 million for the Father Joe's site in the Citywide Program Expenditures Department associated with the following:
  - $280,000 for the purchase of the sprung structure (tent).
  - $870,000 associated with the set-up of the tent and the installation of electrical, fire protection, and HVAC units.

- $50,000 in the Transportation and Storm Water Department associated with asphalt paving supplies and overtime required for site preparation at all three locations.

Administrative Support
Administrative support for the programs primarily involves legal advice, CEQA reviews, coordinating and executing the implementation of the shelters, and providing financial and logistical support. The majority of the $80,000 in projected staff support expenditures were conducted during regular working time, with minimal to no fiscal impact to the City's budget.

Since the Mid-Year Report, projections associated with the Bridge Shelters have increased by approximately $960,000. This variance is primarily attributable to an increase of $860,000 to provide increased services and cleanings for rented restrooms, handwashing stations, and shower stations, as well as $150,000 in set up costs for the sprung structure at the Father Joe's bridge shelter site.

Hepatitis A Response

On August 31, 2017, the County of San Diego (County) Chief Public Health Officer issued a directive to the City to provide a plan on how it would address a number of actions identified by the County to respond to Hepatitis A. The following day on September 1, 2017, the County Chief Public Health Officer declared the spread of Hepatitis A in San Diego County as a threat to public health and a local health emergency. This declaration was ratified by the County Board of Supervisors on September 6, 2017. In direct response, the City took immediate action to address the public health threat and fully complied with the County directive by providing additional vaccination, sanitation, and education related services. On October 9, 2017 the City opened a Transitional Camp Area at 20th and B to provide a clean and sanitary place for vulnerable individuals and families to stay during this time.

On January 23, 2018 the County Board of Supervisors declared an end to the public health emergency. However, sanitation efforts continued and are projected in the following section titled *Ongoing Sanitation Efforts*, and in Table 29: Fiscal Year 2018 Ongoing Sanitation Efforts Year-End Projections. Table 28: Fiscal Year 2018 Hepatitis A Year-End Projections, displays expenditures associated with the Hepatitis A emergency, which are projected at $4.1 million by fiscal year-end. The majority of the unbudgeted expenditures associated with Hepatitis A response are projected to be incurred by the General Fund in the amount of $2.7 million, while $40,000 will be incurred in non-General Funds. The current projection of unbudgeted expenditures is a decrease of $550,000 from the Mid-Year Report. Expenditures associated with Hepatitis A response can be broken down into the following initiatives: vaccinations, sanitation, education, the Transitional Camp Area, and administrative support.

Fiscal Year 2018 Hepatitis A Year-End Projections *Table 28*										
Fund Type	**Regular Working Time**		**Overtime**		**Non-Personnel Expenditures**		**Grand Total**		**Unbudgeted Expenditures**	
General Fund										
Administrative Support	$	190,000	$	-	$	-	$	190,000	$	-
Education		870,000		540,000		-		1,410,000		540,000
Sanitation		230,000		100,000		960,000		1,290,000		1,060,000
Transitional Camp Area		20,000		-		570,000		590,000		570,000
Vaccinations		20,000		10,000		470,000		500,000		480,000
Total General Fund	**$**	**1,320,000**	**$**	**650,000**	**$**	**2,010,000**	**$**	**3,970,000**	**$**	**2,650,000**
Non-General Funds										
Sanitation		40,000		-	$	-		40,000		-
Vaccinations		60,000		-		30,000		90,000		30,000
Total Non-General Funds	**$**	**110,000**	**$**	**-**	**$**	**30,000**	**$**	**140,000**	**$**	**40,000**
Total Expenditures	**$**	**1,430,000**	**$**	**650,000**	**$**	**2,040,000**	**$**	**4,110,000**	**$**	**2,690,000**

Vaccinations

Vaccination expenditures are projected at $590,000 by year-end, $510,000 of which was unbudgeted in both General and non-General Funds. Projected expenditures are primarily related to vaccinations for at-risk employees. Since the Mid-Year Report, expenditures for vaccinations have increased by $120,000, primarily due to the addition of vaccination costs for Fire-Rescue personnel. Vaccination consists of two doses, administered at least six months apart, to ensure long-lasting protection. Since the second round of vaccinations is ongoing, estimates for these costs are not final. The Risk Management Department has managed the vaccination process, which includes notifying at-risk employees and distributing vaccinations accordingly. The first dose vaccines for at-risk employees were distributed through on-site clinics or by appointment through the City's Industrial Medicine Provider. The distribution of the second dose started in March through on-site clinics and appointments. The County has made available a certain amount of free vaccines through on-site clinics, so additional costs related to the second dose will depend on the number of employees who are vaccinated by appointment through the City's Industrial Medicine Provider.

Sanitation

Hepatitis A related sanitation expenditures are projected to total $1.3 million, of which $1.1 million is unbudgeted. Sanitation related expenditures include:

- $450,000 in the Environmental Services Department associated with the Clean Harbors contract for the sanitation of sidewalks.
- $380,000 in the Transportation and Storm Water Department for sanitation including:
    - $240,000 associated with street sweeping, inlet cleaning and inter-City coordination to prevent unsanitary conditions of which $120,000 are unbudgeted expenditures.
    - $80,000 in overtime primarily due to the delay of normally scheduled street sweeping and inlet cleaning because of the prioritization of Hepatitis A efforts.
    - $60,000 associated with the Ocean Blue contract for as-needed human waste removal and spot sanitation power washing.
- $250,000 in the Parks and Recreation Department associated with the Allstate contract for security services at portable restrooms in the downtown area.
- $220,000 in other sanitation related work primarily in the Environmental Services and Parks and Recreation Departments of which $70,000 are unbudgeted expenditures.

- $30,000 for additional cleanings and supplies at the Central Library and libraries city-wide.

The year-end projection includes a reduction of approximately $330,000 from the Mid-Year Report, which is primarily attributable to reductions in the estimated costs of janitorial services at the Central Library, as well as the Clean Harbors, Ocean Blue, and Allstate Security contracts.

Education
Education related expenditures are projected at $1.4 million by fiscal year-end, and are primarily attributable to education and outreach by the Police Department's Quality of Life Team, the development of education-related materials by the Communications Department, and training time for City staff. Unbudgeted expenses of $540,000 are primarily related to Quality of Life Team overtime. Projections included in the Year-End Report are approximately $790,000 less than projected in the Mid-Year, primarily due to an earlier than anticipated end to the local health emergency and approximately $200,000 in Police overtime that was previously projected as Hepatitis A response, but is now included in San Diego Riverbed projections.

Transitional Camp Area at 20th and B
Expenditures related to the Transitional Camp Area at 20th and B are projected at $590,000 by fiscal year-end, $570,000 of which is unbudgeted. This is primarily due to the $420,000 contract with Alpha Project to provide services and manage the campground. Additional non-personnel expenditures include site preparation; the provision of sink, portable showers and restroom services; and security for the camp. The Transitional Camp Area closed in December 2017, and all 24 families served, including 57 children, moved into permanent housing. Expenditures projected at year-end for the Transitional Camp Area are approximately $90,000 less than projected in the Mid-Year Report, primarily due to lower than anticipated expenditures for restroom and shower rentals.

Administrative Support
Administrative support involved City staff time to provide legal advice, plan and coordinate the Hepatitis A efforts, execute contracts, and conduct CEQA reviews. Most of this administrative work was conducted by departments during regular working time, so a minimal fiscal impact is projected.

Ongoing Sanitation Efforts

Fiscal Year 2018 Ongoing Sanitation Efforts Year-End Projections

Table 29

Fund Type	Regular Working Time	Overtime	Non-Personnel Expenditures	Grand Total	Unbudgeted Expenditures
General Fund	60,000	20,000	1,090,000	1,170,000	1,110,000
Non-General Funds	20,000	-	-	20,000	-
Total Expenditures	**$ 80,000**	**$ 20,000**	**$ 1,090,000**	**$ 1,190,000**	**$ 1,110,000**

Although the County has declared an end to the public health emergency, a number of new services that were added by the City to respond to Hepatitis A have continued. A total of $1.2 million ($1.1 million in unbudgeted expenditures) are projected to be spent by year-end on sanitation services after the conclusion of Hepatitis A response efforts. Continuing services include:

- Portable restrooms in the downtown area, and related security services.
- 24/7 restrooms at Balboa Park.
- Sanitation contracts for the cleaning of sidewalks.
- Increased street sweeping in various areas of downtown.

Since the Mid-Year Report, projected expenditures related to on-going sanitation have decreased by $560,000 primarily due to a significant reduction in projected regular staff time and overtime for inlet cleaning, as well as a reduction in the cost of the Clean Harbors, Ocean Blue, and Allstate security contracts.

In total, unbudgeted projected expenditures associated to Hepatitis A and ongoing sanitation efforts in the General Fund total $3.8 million. This is a decrease of $760,000 from the Mid-Year Report.

San Diego Riverbed Clean-Up

San Diego Riverbed Clean-up is another initiative that the City started in Fiscal Year 2018 to perform waste and debris removal from the riverbed. In future fiscal years this initiative will be part of the Clean SD initiative. The riverbed clean-up involves a collaborative effort between the City of San Diego, Alpha Project, and the San Diego River Park Foundation to conduct abatements twice a week.

Fiscal Year 2018 San Diego Riverbed Year-End Projections

Table 30

Fund Type	Regular Working Time	Overtime	Non-Personnel Expenditures	Grand Total	Unbudgeted Expenditures
General Fund	$ 210,000	$ 290,000	$ 30,000	$ 520,000	$ 310,000
Non-General Funds	40,000	-	140,000	180,000	140,000
Total Expenditures	**$ 250,000**	**$ 290,000**	**$ 170,000**	**$ 700,000**	**$ 450,000**

Total Fiscal Year 2018 projected expenditures for the San Diego riverbed include $700,000 of which $450,000 are unbudgeted expenditures. Expenditures in the General Fund in the amount of $520,000, of which $310,000 are unbudgeted, include the contract with the San Diego River Park Foundation, administrative support, abatement team staff time, and support from the Police Department. The remaining $180,000 in expenditures will be incurred by the Refuse Disposal Fund. Non-General Fund expenditures include the contract with Alpha Project, abatement team staff time, administrative costs, and vehicle rentals. Since the Mid-Year Report, projections for San Diego Riverbed expenditures have increased by $240,000, primarily due to a $40,000 increase for the Alpha Project contract, and a $200,000 increase in overtime projected by the Police Department that was previously projected as Hepatitis A response.

In summary, citywide response to these initiatives are projected to cost the General Fund $7.8 million in unbudgeted expenditures during Fiscal Year 2018. This is composed of $3.0 million associated to Bridge Shelters and the Safe Parking Program, $2.7 million associated to the Hepatitis A response, $1.1 million for ongoing sanitation efforts, $680,000 associated to the Executive Complex relocation, and $310,000 for the San Diego Riverbed clean-up.

PROGRAM UPDATES

101 Ash Street Update

Staff will be providing a comprehensive report on the 101 Ash Street Tenant Improvements during the May 23rd Infrastructure committee. This report will be released prior to the committee meeting and will include the following: a timeline of past project milestones, updates to the original cost analysis provided to City Council when the building was purchased, alternative options that were considered for the project and their associated impacts on the costs and schedule, and staff's recommendations to City Council. Staff will continue to provide regular updates to City Council in the budget monitoring reports and as-needed memos to City Council regarding project developments.

1,000 Miles of Street Repair

One of the Mayor's top initiatives is to repair 1,000 miles of City streets in five years or less by Fiscal Year 2020. The City completed 593 miles of street repairs, or 59.3% of this goal, in Fiscal Years 2016 and 2017, and plans to repair approximately 349 miles, or cumulatively 94.2% of the goal, by the end of Fiscal Year 2018 through asphalt overlay, slurry seal, and concrete street repairs. The $70.9 million in projected street repair expenditures for Fiscal Year 2018 are supported by several funding sources including TransNet, Gas Taxes (including Senate Bill 1: Road Maintenance and Rehabilitation Program), and debt financing.

Through March 2018, the City has initiated repair of 326 miles of City streets and has fully completed repair of 210 of those miles. The City is in the process of initiating approximately 23 more miles of road repair, all of which are expected to be completed by the end of Fiscal Year 2018. Since the inception of this initiative in Fiscal Year 2016, the City has completed a total of 803 miles, or 80.3%, of the 1,000-mile goal through March 2018. This puts street repair well ahead of the 200 miles per year needed to meet this initiative.

Clean San Diego (CleanSD)

The Fiscal Year 2018 Adopted Budget included $800,000 for the Graffiti and Abatement pilot program. This program has since been expanded and renamed the Clean SD program. Originally, the Graffiti and Abatement Program included litter removal in nine hot spots throughout the City. With the transition of the program it now includes street sweeping, citywide litter removal, waste abatement, and sidewalk sanitizing in the downtown area. Fiscal Year 2018 expenditures for Clean SD are projected to total $2.1 million in the Environmental Services Department, which is $1.3 million over budget at fiscal year-end. Expenditures for this program include: $930,000 for a sidewalk sanitation contract with Clean Harbors, $740,000 for the clean-up crew contract with Urban Corps, $80,000 in disposal fees, and $350,000 in personnel expenditures.

Looking Forward, in Fiscal Year 2019 street sweeping is projected to be carried out four times a week in the downtown area. Litter removal will consist of five on-call litter removal crews to address illegal dumping, lead community cleanups, and perform homeless camp abatements.

Climate Action Plan

With the goal of creating a sustainable future San Diego for generations to come, the City of San Diego's Climate Action Plan (CAP) calls for eliminating half of all greenhouse gas emissions in the City. The CAP lists strategies for achieving these goals including providing 100% renewable energy to all residents and businesses within the City and shifting 50% of commuter trips to biking, walking, and transit by 2035. The CAP also identifies economic and social equity areas of focus and important considerations in achieving the goals.

A suite of implementation activities anticipated to be developed, continued and/or adopted during calendar year 2018 include the following: residential and commercial energy ordinances; a monitoring plan for mode share; 100% renewable energy policy development; urban forest improvements; a sustainability communication strategy and associated campaigns, and a climate adaptation and resiliency plan.

To date, highlights of the City's work related to the Climate Action Plan include:

- The Intelligent Outdoor Lighting Project, initially deployed in March 2018, is currently the largest Internet of Things (IoT) platform in the world.
- Working to develop the Municipal Energy Strategy.
- Installation of solar panels at eleven City facilities totaling 1,682 kW.
- Capturing 75% of landfill gases and 99% of methane gas from wastewater under the City's Zero Waste program, and generating 38,276 megawatt hours of electricity from landfill gas in 2017. The City is on target to increase this conversion rate for 2018.
- Exceeding the goal of reducing 12,144 metric tons of carbon dioxide equivalents (MT/CO_2e) by 2020 by using renewable diesel in City vehicles. In October of 2016, the City converted from ultra-low sulfur diesel (clear diesel) to renewable diesel resulting in a reduction of over 18,000 MT/CO_2e annually, which exceeds the 2020 goal of 12,144 MT/CO_2e by 48%. This innovative change in fuel required no costly infrastructure upgrades and allows the City time to evaluate emerging zero emission technology that will be incorporated into the City fleet while still meeting or exceeding the GHG reduction goals outlined in the CAP.
- Improvement of 12,000 feet of sidewalks, addition of 56.8 miles of bike lanes, and installation of 60 traffic signals, 2 roundabouts, and 58 electric vehicle charging stations at 16 facilities as part of the City's mobility strategy. An additional 195 charging stations are planned for installation at 21 facilities, which includes the Power Your Drive project.
- Becoming the second city in California to have an equity staff position related to sustainability.
- Achieving a 5% reduction in municipal energy use, and an 18% reduction in residential energy and water efficiency under the CAP.

GE Lighting Upgrade and Installation

The City is continuing to review two pathways to achieving 100% renewable energy - Community Choice Aggregation (CCA) and a program proposed by SDG&E. Stakeholder input will be addressed throughout the business planning process for both pathways. In addition, the City will report on its first annual commuter survey in the spring of 2018, and continue to refine the reporting of transportation-related metrics.

The City's outdoor lighting inventory is approximately 60,000 of which 38,000 have been retrofitted. This outdoor lighting project includes the retrofit of 14,000 inefficient lighting fixtures to Adaptive Control LEDs citywide. The Adaptive Control system provides data for enhanced asset management, real time energy, and an improved maintenance tool. Furthermore, 3,200 sensors will be installed citywide and will provide parking data to: assist with parking enforcement; determine available parking; provide pedestrian activity, bicycle and vehicle counts, including path of travel; and provide weather information.

The Notice to Proceed was issued on March 1, 2018 to the construction contractor for Phase 1 of the project. This phase encompasses retrofitting approximately 5,000 light fixtures and installing the 3,200 sensors. Installation of sensors and fixtures began in April 2018. The Request for Proposal (RFP) for Phase 2, which identifies approximately 7,000 light fixtures to be retrofitted, has been issued to the shortlisted contractors on the Multiple Award Construction Contract list. The Notice to Proceed for construction of Phase 2 is expected to be issued in July 2018 and be completed by December 2018. The RFP for Phase 3 identifies approximately 2,000 light fixtures to be retrofitted and is expected to be issued in July 2018. Subsequently, the Notice to Proceed is anticipated to be issued in November 2018 and completed by March 2019. The project is funded through a low interest loan with General Electric Public Finance. When the project is completed, the City anticipates $2.8 million in energy savings annually.

Housing Navigation Center

The Housing Navigation Center is expected to open in Fall 2018 and will provide onsite intake, assessment, triage and referrals for permanent housing opportunities. On January 29, 2018, the City Council authorized the allocation of $7.3 million in Community Development Block Grant (CDBG) funding to acquire the property at 1401 Imperial Avenue for the center, which includes $300,000 for the rehabilitation of the space. Although the $300,000 to convert the facility into a Housing Navigation Center was approved in Fiscal Year 2018, it is anticipated to be expended in Fiscal Year 2019.

Housing San Diego (Housing SD) Plan

Housing SD includes several initiatives that help streamline and incentivize the creation of more affordable housing as well as increase housing production for all income levels. To date, the Planning Department has completed five Housing SD initiatives: Companion Units, CEQA Section 15183 Checklist/Guidelines, Affordable and Sustainable Expedite Program, Affordable Housing Regulations and the 11th Code Update to the Land Development Code. Two additional initiatives are underway and are expected to be completed by the end of Fiscal Year 2018. These initiatives include Middle Income Density Bonus Regulations and the Housing Inventory Annual Report. The department anticipates expending the entire $250,000 budgeted allocation in Fiscal Year 2018.

The Middle-Income Density Bonus Regulations will allow for projects that provide on-site affordable units and are located within a transit priority area (TPA) a 25% density bonus when providing 10% of the units for income levels between 120%-150% of area medium income (AMI). These regulations are anticipated to be presented to Council prior to fiscal year end.

The Housing Inventory Annual Report will compile information to provide a better understanding of the housing crisis in San Diego. It will include data related to housing supply, entitlement activity, demolition and preservation, as well as vacancy rate and other metrics. The report is expected to be presented at the Smart Growth and Land Use Committee on May 21st.

Infrastructure Asset Management (IAM) Project

Phase 1 of the Infrastructure Asset Management (I AM) San Diego Project is being implemented over three fiscal years (FY 2016-2018) and the total approved project budget over the 3-year period is $54.2 million. Phase 1 includes five departments/divisions - Information Technology/Wireless Services, Public Utilities, Public Works — General Services, Public Works — Engineering and Capital Projects, and Transportation and Storm Water. The phase-in approach was used to most effectively roll out the project to departments and was based on system readiness. IAM is going live to departments in three releases in Fiscal Year 2018.

For the first release, the system successfully went live on December 4, 2017 to 170 end users in the Department of Information Technology/Wireless Technology Division and Public Works — Facilities Division with a non-geographic information system (GIS) solution. The second release went live on March 12, 2018 to 1,600 end users in Public Utilities and Transportation and Storm Water Departments with a GIS solution which is an integral component for these departments. The third release includes the component of the IAM System known as Asset Management Planning (AMP) and related tools. Release 3 went live on April 16, 2018 to 60 users in the Public Works — Engineering and Capital Projects Department and asset-managing departments.

As of the third quarter of Fiscal Year 2018, the project has expended $12.8 million and encumbered $7.5 million. The Project is anticipated to fully expend its budget by the end of the first quarter in FY 2019 and is currently in phase II.

Mobility Initiatives

Vision Zero

The Transportation and Storm Water Department has completed analysis and recommended improvements to the annual high crash locations and high pedestrian crash locations. In addition, improvements have been made to intersections identified in the Pedestrian Safety Audit, and at intersections identified as high pedestrian crash locations by Circulate San Diego. Additionally, the grant-funded Citywide Crash Analysis, which will serve as the basis for future education, enforcement, and engineering for Vision Zero strategies, is being finalized. Department staff will continue to work with the Communications and Police Departments and the Vision Zero Task Force to achieve the City's Vision Zero goals. Additionally, the grant-funded Citywide Crash Analysis, which will serve as the basis for future education, enforcement, and engineering Vision Zero strategies, is being finalized. Transportation and Storm Water Department staff will continue to work with the Communications and Police Departments and the Vision Zero Task Force to achieve the City's Vision Zero goals.

Downtown Mobility Plan (DMP)

The Transportation and Storm Water Department is currently finalizing the design phase of the DMP. The first phase, which includes J Street, 6th Avenue, and Beech Street, is expected to start construction in 2018. The City is also finalizing the design for the subsequent phases, and anticipates completing the design for all phases in 2018, with construction starting in 2019.

Police Officer Recruitment and Retention Marketing Plan

A Request for Proposals (RFP) was issued on February 23 for a marketing firm that would conduct a national recruitment campaign, including producing a tagline or slogan to brand the San Diego Police Department, and assisting the Department in marketing itself to attract police officer recruit candidates. The RFP closed on March 19, and an evaluation team reviewed all submitted proposals. Oral presentations by companies were made the week of April 16, and a vendor was selected at the end of April. The Department anticipates this marketing contract to be discussed at the Public Safety & Livable Neighborhoods Committee in June and that work will begin after full Council approval. The Fiscal Year 2018 Adopted Budget included $350,000 for this purpose, which will not be expended this fiscal year.

Pure Water

Pure Water San Diego is the City's phased, multi-year program to use proven water purification technology to produce a safe and sustainable high-quality water supply for San Diego. The Fiscal Year 2018 operating budget of $12.3 million will support the expenditures needed for implementation of Phase I Pure Water projects. Fiscal year-to-date, approximately $11.4 million has been expended for implementation of this project and is projected to be at budget by fiscal year end. In May 2017, the California Coastal Commission unanimously gave its approval for a modified permit for the Point Loma Wastewater Treatment Plant, which was subsequently approved by the U.S. Environmental Protection Agency.

Without the modified permit, converting the plant for secondary treatment capabilities would cost approximately $2.0 billion. The City's commitment to reducing ocean discharges and implementing the Pure Water Program were factors in the Commission's decision to approve the modified permit. Going forward, the Department anticipates award of the construction management service contracts associated with water conveyance and the treatment plant valued at approximately $120.0 million, advertisement of the first construction project for future award, and completion of the project specific environmental impact report. The first phase of the Pure Water program is expected to be completed by late 2021 and will provide 30 million gallons-per-day of the City's water supply needs.

Transitional Storage Center

On March 20, 2018, the City Council and Housing Authority approved a one-year agreement with Mental Health Systems for the operation of a new Transitional Storage Center, as well as a lease agreement for the use of a warehouse for this purpose. The new Transitional Storage Center is anticipated to open in mid-June, and include 500 lockable storage containers for up to 500 individuals experiencing homelessness. Any extensions of the operator agreement are subject to Housing Authority approval. Although the City is responsible for entering into the lease of the warehouse, no fiscal impact to the General Fund is anticipated in Fiscal Year 2018 due to the approved amendment to the Housing Commission's Fiscal Year 2018 Budget allowing for the advance funding of these lease payments.

Appropriation Adjustments

The following section discusses the appropriation adjustment recommended in the Year-End Report. This section includes requested authorities to allow for budget transfers and re-appropriations between General Fund departments and other non-general funds and typical year-end authorities to maintain budgetary control and compliance with the City Charter and Municipal Code are detailed within this report.

RECOMMENDED APPROPRIATIONS

Authorities are requested to allow for a budget transfer and appropriations between General Fund departments and other non-General Funds as displayed in Table 31: FY 2018 Year-End Appropriation Adjustments. All adjustments are balanced by an increase in budgeted revenue, or fund balances available in non-General Funds.

FY 2018 Year-End Appropriation Adjustments

Table 31 *in millions*

Fund/Department	Expenditures Increase/(Decrease)	Revenue Increase/(Decrease)	Net Impact[1]
General Fund			
City Attorney	$ 400,000	$ -	(400,000)
Citywide Program Expenditures	(13,744,000)	-	13,744,000
Economic Development	325,000	-	(325,000)
Environmental Services	420,000	-	(420,000)
Fire-Rescue	11,600,000	5,100,000	(6,500,000)
Major General Fund Revenues	-	1,861,000	1,861,000
Office of Homeland Security	240,000	-	(240,000)
Parks and Recreation	4,040,000	-	(4,040,000)
Performance and Analytics	335,000	335,000	-
Personnel	300,000	-	(300,000)
Police	820,000	-	(820,000)
Public Works - General Services	40,000	-	(40,000)
Real Estate Assets	1,120,000	-	(1,120,000)
Transportation and Storm Water	1,400,000	-	(1,400,000)
General Fund Total	$ 7,296,000	$ 7,296,000	$ -
Non-General Funds			
Department of Information Techonology Fund	$ 480,000	$ 200,000	(280,000)
PETCO Park Fund	740,000	-	(740,000)
Transient Occupancy Tax Fund	1,140,000	745,000	(395,000)
Wireless Comunications Technology Fund	380,000	110,000	(270,000)

[1] Remaining balances in non-general funds will be offset by available fund balance.

General Fund

City Attorney's Office

The City Attorney requires a $400,000 increase in expenditure appropriations to support overbudget expenditures in pay-in-lieu, supplemental positions, and termination pay.

Citywide Program Expenditures

The Citywide Program Expenditures Department is projected to have $13.7 million savings in non-personnel expenditures associated to a reduction in the transfer to various funds, and decreased expenditures associated to a special election, debt service payments, and rent. These savings will be utilized to offset over budget projections in the other General Fund Departments.

Economic Development
The Economic Development Department requires a $325,000 increase in expenditure appropriations to support overbudget expenditures associated with the Safe Parking Program and consulting services.

Environmental Services
The Environmental Services Department requires a $420,000 increase in expenditure appropriations to support overbudget expenditures in contracts associated with the Hepatitis A and ongoing sanitation efforts.

Fire-Rescue
The Fire-Rescue Department requires a $11.6 million increase in expenditure appropriations to support overbudget expenditures in contractual services for air operations support and fringe benefits associated to overtime. In addition, the Department will require a $5.1 million increase in revenue appropriations to offset the increase in expenditures.

Major General Fund Revenues
The Major General Fund Revenues are projected to have $1.7 million in excess revenue due to increases in franchise fee, sales tax, and other revenues. These over budget revenues will be utilized to offset over budget projected expenditures.

Office of Homeland Security
The Office of Homeland Security requires a $240,000 increase in expenditure appropriations to support overbudget expenditures in salaries and fringe benefits.

Parks and Recreation
The Parks and Recreation Department requires a $4.0 million increase in expenditure appropriations to support overbudget expenditures in water to address stressed turf conditions due to warmer weather patterns and less rainfall this fiscal year and contractual expenditures associated with the Hepatitis A efforts and the Bridge Shelters.

Performance and Analytics
The Performance and Analytics Department requires a $340,000 increase in expenditure appropriations to support expenditures associated with the Get It Done application. In addition, the Department will require a $340,000 increase in revenue appropriations to offset the increase in expenditures.

Personnel
The Personnel Department requires a $300,000 increase in expenditure appropriations to support overbudget expenditures primarily in salaries and vacation pay-in-lieu.

Police
The Police Department requires a $820,000 increase in expenditure appropriations to support overbudget expenditures in overtime for Hepatitis A related efforts, San Diego Riverbed Clean-up, and Bridge Shelters.

Public Works — General Services
The Public Works — General Services Department requires a $40,000 increase in expenditure appropriations associated with Hepatitis A efforts and the Bridge Shelters.

Real Estate Assets
The Real Estate Assets Department requires a $1.1 million increase in expenditure appropriations to support overbudget expenditures in contracts associated with the Executive Complex relocation.

Transportation and Storm Water
The Transportation and Storm Water Department requires a $1.4 million increase in expenditure appropriations for fleet vehicle and equipment rentals.

Non-General Fund Appropriation Adjustments

Information Technology Fund
The Information Technology Fund requires an increase in revenues and expenditures of $200,000 and $480,000, respectively. The increase in expenditures are associated with the transfer to the 101 Ash street technical improvements. The increase in revenues is associated with services provided to the Cable Services Program. The remaining balance will be offset with the use of fund balance.

PETCO Park Fund
The PETCO Park Fund requires an increase in expenditures of $740,000 for over budget expenditures associated to PETCO operating services from Fiscal Year 2017.

Transient Occupancy Tax Fund
The Transient Occupancy Tax Fund requires an increase in revenues and expenditures of $750,000 and $1.1 million, respectively. The over budget expenditures are associated to the transfer of $4.7 million to the General Fund offset by the reduction of $3.7 million in the transfer to the Stadium Operations Fund for debt service and operating support. The increase in revenues is associated to a growth in transient occupancy tax.

Wireless Communications Technology Fund
The Wireless Communications Technology Fund requires an increase in revenues and expenditures of $110,000 and $380,000, respectively. The increase will support the over budget expenditures associated to the Otay Mountain Public Safety Radio Site project. The increase in revenues is primarily due to reimbursements from Sprint and the Workers' Compensation Fund. The remaining balance will be offset with the use of fund balance.

BUDGET CONTROL AUTHORITIES

Additional authorities are requested, which are typically requested at year-end, to maintain budgetary control through the end of the fiscal year and compliance with the City Charter and Municipal Code.

GENERAL FUND

Additional authorities are requested to allow for budget transfers and de-appropriations between General Fund departments to address unanticipated events that may occur prior to year-end. These authorities are typically requested at year-end to maintain budgetary control through the end of the fiscal year and to maintain compliance with the City Charter and Municipal Code.

Salary and Non-Personnel Budget Transfers
Authority is requested to transfer salary appropriations in one General Fund department for fringe and/or non-personnel appropriations in another General Fund department with no net increase to either departments' total budgets. This will allow departments to remain balanced, within the Charter Section 73 requirement that salary appropriations may not be used for any other purposes.

Bottom Line Re-Appropriations
Authority is requested to transfer excess appropriations from one General Fund department to offset a deficit in another General Fund department during fiscal year closing. This will result in a change to the bottom-line department budgets; however, there will be no net change to the bottom-line General Fund budget. The bottom-line appropriation transfer authority is to be used at fiscal year close, if necessary, after salary appropriation budget transfers have been applied.

CITYWIDE

Increase Appropriations from Available Sources
Authority is requested to adjust appropriations as needed for unforeseen events to close Fiscal Year 2018.

CONCLUSION

The Fiscal Year 2018 Year-End Budget Monitoring Report (Year-End Report) presents year-end projections of revenues and expenditures for funds with budgeted personnel expenditures. General Fund revenues and expenditures are projected to exceed budget by less than 1.0%, and the General Fund is projected to end the fiscal year with a net projected activity of $4.8 million. As a result, this will increase the excess equity, fund balance in excess of required reserve levels to $22.7 million a $10.4 million increase from the Mid-Year Report. The Mayor recommended using $12.3 million of excess equity in the Fiscal Year 2019 Proposed Budget for one-time eligible expenditures such as funding reserves, capital projects and relocation costs for expected city staff moves.

The Fiscal Year 2019 May Revision to the Fiscal Year 2019 Proposed Budget is also being released in coordination with the Year-End Report. There is a second recommendation to use $8.6 million of excess equity primarily to fund critical increases needed in the Fire-Rescue Department's – Fire Suppression unit for increased overtime projections. As detailed in this Year-End Report, Fire-Rescue's Fiscal Year 2018 overtime projections increased significantly from the Mid-Year Report. This increase was attributed to significantly increased upstaffing for the extreme fire season ending December 2017, as well as a greater than expected overtime costs related to the Local 145 MOU Article 36, Section B(1).

On May 9, 2018, the Chief Operating Officer released a memo to all General Fund Department Heads requesting them to suspend any non-essential spending throughout the remainder of Fiscal Year 2018. This was issued with an abundance of caution, and deemed necessary to ensure the General Fund ends the year with at least the projected $10.4 million in excess equity. Financial Management and City departments will continue to monitor programs and initiatives as discussed in this report, adhering to conservative spending practices through the end of the fiscal year, and provide an update in the upcoming Year-End Financial Performance Reports.

ATTACHMENTS

I. General Fund Projected Revenues
II. General Fund Projected Expenditures
III. Non-General Fund Projections
IV. Non-General Fund Reserves
V. Fiscal Year 2018 Charter 39 Supporting Schedules, as of March 31, 2018

General Fund Projected Revenues

Department		Adopted Budget		Current Budget		Year-End Projection		Variance	Variance %
General Fund Major Revenues									
Charges for Current Services	$	24,409,711	$	24,409,711	$	24,247,963	$	(161,748)	-0.7%
Franchise Fees[1]		73,506,223		73,506,223		77,746,350		4,240,127	5.8%
Interest and Dividends		671,348		671,348		947,741		276,393	41.2%
Motor Vehicle License Fees		250,000		250,000		2,147,529		1,897,529	759.0%
Fines, Forfeitures, and Penalties		-		-		-		-	0.0%
Other Revenue		140,000		140,000		78,385		(61,615)	-44.0%
Property Tax		534,621,331		534,621,331		533,337,190		(1,284,141)	-0.2%
Property Transfer Tax		10,068,772		10,068,772		10,586,220		517,448	5.1%
Refuse Collector Business Tax		1,100,000		1,100,000		1,187,000		87,000	7.9%
Revenue from Federal and Other Agencies		-		-		1,272		1,272	100.0%
Revenue from Money and Property		7,200,579		7,200,579		7,959,550		758,971	10.5%
Sales Tax		275,307,632		275,307,632		276,365,920		1,058,288	0.4%
Transfers In		71,968,104		71,968,104		71,710,785		(257,319)	-0.4%
Transient Occupancy Tax[2]		121,054,914		121,054,914		121,907,594		852,680	0.7%
Subtotal Major General Fund Revenues	*$*	*1,120,298,614*	*$*	*1,120,298,614*	*$*	*1,128,223,501*	*$*	*7,924,887*	*0.7%*
City Auditor	$	-	$	-	$	748	$	748	100.0%
City Clerk		94,582		94,582		193,682		99,100	104.8%
City Comptroller		2,124,873		2,124,873		2,098,234		(26,639)	-1.3%
City Treasurer		23,125,337		23,125,337		22,628,809		(496,528)	-2.1%
Citywide Program Expenditures		-		-		-		-	0.0%
Communications		967,604		967,604		528,768		(438,836)	-45.4%
Council Administration		-		-		973		973	100.0%
Council District 1		-		-		1,441		1,441	100.0%
Council District 1 - Community Projects, Programs and Services		-		-		-		-	0.0%
Council District 2		-		-		-		-	0.0%
Council District 2 - Community Projects, Programs, and Services		-		-		-		-	0.0%
Council District 3		-		-		-		-	0.0%
Council District 3 - Community Projects, Programs, and Services		-		-		-		-	0.0%
Council District 4		-		-		-		-	0.0%
Council District 4 - Community Projects, Programs, and Services		-		-		-		-	0.0%
Council District 5		-		-		-		-	0.0%
Council District 5 - Community Projects, Programs, and Services		-		-		-		-	0.0%
Council District 6		-		-		-		-	0.0%
Council District 6 - Community Projects, Programs, and Services		-		-		-		-	0.0%
Council District 7		-		-		702		702	100.0%
Council District 7 - Community Projects, Programs, and Services		-		-		-		-	0.0%
Council District 8		-		-		-		-	0.0%
Council District 8 - Community Projects, Programs, and Services		-		-		-		-	0.0%
Council District 9		-		-		5,914		5,914	100.0%
Council District 9 - Community Projects, Programs, and Services		-		-		-		-	0.0%
Debt Management		736,019		736,019		961,905		225,886	30.7%
Department of Information Technology		-		-		239		239	100.0%

General Fund Projected Revenues

Department	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Development Services	$ 596,269	$ 596,269	$ 553,227	$ (43,042)	-7.2%
Economic Development	5,595,573	5,595,573	5,873,430	277,857	5.0%
Environmental Services	1,479,446	1,479,446	1,198,664	(280,782)	-19.0%
Ethics Commission	-	-	27,960	27,960	100.0%
Financial Management	-	-	302	302	100.0%
Fire-Rescue	35,004,383	35,004,383	43,876,599	8,872,216	25.3%
Human Resources	249,901	249,901	160,670	(89,231)	-35.7%
Infrastructure/Public Works	73,457	73,457	46,490	(26,967)	-36.7%
Internal Operations	-	-	-	-	0.0%
Library	4,532,285	4,532,285	3,250,596	(1,281,689)	-28.3%
Neighborhood Services	-	-	88	88	100.0%
Office of Homeland Security	901,367	901,367	1,104,832	203,465	22.6%
Office of the Assistant Chief Operating Officer	391,021	391,021	472,974	81,953	21.0%
Office of the Chief Financial Officer	-	-	-	-	0.0%
Office of the Chief Operating Officer	-	-	-	-	0.0%
Office of the City Attorney	3,910,296	3,910,296	3,534,782	(375,514)	-9.6%
Office of the Independent Budget Analyst	-	-	-	-	0.0%
Office of the Mayor	328,245	328,245	328,266	21	0.0%
Parks and Recreation	44,267,244	44,267,244	44,181,392	(85,852)	-0.2%
Performance and Analytics	-	-	541,342	541,342	100.0%
Personnel	1,000	1,000	6,200	5,200	520.0%
Planning	1,362,454	1,362,454	1,255,044	(107,410)	-7.9%
Police	46,403,911	46,403,911	46,394,792	(9,119)	0.0%
Public Utilities	1,409,000	1,409,000	1,409,529	529	0.0%
Public Works - Contracts	1,181,777	1,181,777	1,426,934	245,157	20.7%
Public Works - General Services	3,666,682	3,666,682	2,889,238	(777,444)	-21.2%
Purchasing and Contracting	1,458,716	1,458,716	1,287,917	(170,799)	-11.7%
Real Estate Assets	50,480,890	50,480,890	50,445,704	(35,186)	-0.1%
Transportation and Storm Water	57,107,359	57,107,359	56,214,247	(893,112)	-1.6%
Total General Fund Revenues	**$ 1,407,748,305**	**$ 1,407,748,305**	**$ 1,421,126,133**	**$ 13,377,828**	**1.0%**

The current budget presented in this table is as of March 2018 (accounting period 9) unless otherwise noted.

1 Total City FY 2018 current revenue budget for franchise fees is $149.7 million and the projection is $159.4 million. The balance is budgeted in the Environmental Growth and Underground Surcharge Funds.
2 Total City FY 2018 current revenue budget for transient occupancy tax is $231.3 million and the projection is $232.7 million. The balance is budgeted in the Transient Occupancy Tax Fund.

General Fund Projected Expenditures

Department	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
City Auditor	$ 3,989,063	$ 3,989,063	$ 3,836,054	$ 153,009	3.8%
City Clerk	5,684,824	5,684,824	5,655,994	28,830	0.5%
City Comptroller	12,275,241	12,275,241	12,194,086	81,155	0.7%
Citywide Program Expenditures[1]	138,892,265	138,892,265	122,495,039	16,397,226	11.8%
Communications	3,941,971	3,941,971	4,037,204	(95,233)	-2.4%
Council Administration	2,628,315	2,628,315	2,425,132	203,183	7.7%
Council District 1	1,173,814	1,172,438	1,090,585	81,853	7.0%
Council District 1 - Community Projects, Programs and Services	25,000	25,000	25,000	-	0.0%
Council District 2	1,313,370	1,313,370	1,193,022	120,348	9.2%
Council District 2 - Community Projects, Programs and Services	104,638	87,138	87,138	-	0.0%
Council District 3	1,115,779	1,115,779	1,027,211	88,568	7.9%
Council District 3 - Community Projects, Programs and Services	25,000	12,817	12,817	-	0.0%
Council District 4	1,213,816	1,213,816	1,083,521	130,295	10.7%
Council District 4 - Community Projects, Programs and Services	101,509	95,309	95,309	-	0.0%
Council District 5	1,126,344	1,126,344	908,184	218,160	19.4%
Council District 5 - Community Projects, Programs and Services	82,173	82,173	82,173	-	0.0%
Council District 6	1,108,471	1,108,471	970,961	137,510	12.4%
Council District 6 - Community Projects, Programs and Services	46,820	33,910	33,910	-	0.0%
Council District 7	1,148,487	1,148,487	1,118,123	30,364	2.6%
Council District 7 - Community Projects, Programs and Services	76,101	68,942	68,942	-	0.0%
Council District 8	1,369,081	1,369,081	1,226,960	142,121	10.4%
Council District 8 - Community Projects, Programs and Services	54,113	47,324	47,324	-	0.0%
Council District 9	1,296,467	1,296,467	1,251,704	44,763	3.5%
Council District 9 - Community Projects, Programs and Services	248,548	241,623	241,623	-	0.0%
Debt Management	3,161,639	3,161,639	2,991,311	170,328	5.4%
Department of Information Technology	482,500	482,500	482,646	(146)	0.0%
Development Services	7,883,880	7,883,880	7,258,534	625,346	7.9%
Economic Development	13,383,702	13,394,702	13,565,465	(170,763)	-1.3%
Environmental Services	40,719,189	40,719,189	41,011,406	(292,217)	-0.7%
Ethics Commission	1,229,147	1,229,147	1,171,008	58,139	4.7%
Financial Management	4,371,216	4,371,216	3,990,794	380,422	8.7%
Fire-Rescue	257,611,257	257,611,257	274,243,155	(16,631,898)	-6.5%
Human Resources	5,598,569	5,598,569	5,363,092	235,477	4.2%
Infrastructure/Public Works	991,637	991,637	905,924	85,713	8.6%
Internal Operations	460,738	460,738	482,401	(21,663)	-4.7%
Library	54,196,358	54,208,181	53,766,621	441,560	0.8%
Neighborhood Services	1,055,177	1,055,177	1,020,219	34,958	3.3%
Office of Homeland Security	2,604,719	2,604,719	2,848,323	(243,604)	-9.4%
Office of the Assistant Chief Operating Officer	2,046,623	2,041,623	1,653,506	388,117	19.0%
Office of the Chief Financial Officer	618,939	618,939	594,718	24,221	3.9%
Office of the Chief Operating Officer	1,451,737	1,445,737	1,620,836	(175,099)	-12.1%
Office of the City Attorney	54,278,909	54,278,909	54,694,081	(415,172)	-0.8%

General Fund Projected Expenditures

Department	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Office of the City Treasurer	$ 16,594,023	$ 16,594,023	$ 15,806,722	$ 787,301	4.7%
Office of the Independent Budget Analyst	2,152,935	2,152,935	2,006,460	146,475	6.8%
Office of the Mayor	4,601,867	4,601,867	4,380,295	221,572	4.8%
Parks and Recreation	109,496,092	109,535,141	113,907,439	(4,372,298)	-4.0%
Performance and Analytics	2,811,650	2,811,650	3,146,042	(334,392)	-11.9%
Personnel	8,653,902	8,653,902	9,006,353	(352,451)	-4.1%
Planning	10,099,339	10,099,339	9,517,551	581,788	5.8%
Police	469,041,315	469,058,715	474,382,994	(5,324,279)	-1.1%
Public Utilities	2,495,029	2,495,029	2,427,241	67,788	2.7%
Public Works - Contracting	2,339,773	2,339,773	2,077,767	262,006	11.2%
Public Works - General Services	20,032,795	20,032,795	19,794,977	237,818	1.2%
Purchasing and Contracting	6,730,516	6,730,516	5,859,779	870,737	12.9%
Real Estate Assets	7,996,671	7,996,671	9,024,626	(1,027,955)	-12.9%
Transportation and Storm Water	122,234,231	122,237,001	124,828,010	(2,591,009)	-2.1%
Total General Fund Expenditures	**$ 1,416,467,283**	**$ 1,416,467,283**	**$ 1,425,038,312**	**$ (8,571,029)**	**-0.6%**

The current budget presented in this table is as of March 2018 (accounting period 9) unless otherwise noted.

[1]The FY 2018 Adopted Budget and projected expenditures associated to the reserve contributions are removed as the reserve contributions will not be recognized as an expenditure and will close to fund balance as part of the year-end financial accounting process. The budgeted expenditures total $17.3 million and projected expenditures total $17.8 million, the variance of $500,000 is attributed to an increase in the actual operating revenues for Fiscal Year 2017 as reported in the CAFR.

Non-General Fund Projections

Fund	Revenue/ Expenditures	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Airports Fund	Revenue	$ 5,371,548	$ 5,371,548	$ 5,400,161	$ 28,613	0.5%
	Expenditures	5,722,739	5,722,739	5,431,852	290,887	5.1%
Central Stores Fund	Revenue	9,943,246	9,943,246	9,383,864	(559,382)	-5.6%
	Expenditures	10,120,970	10,120,970	9,426,410	694,560	6.9%
Concourse and Parking Garages Operating Fund	Revenue	4,181,430	4,181,430	3,977,205	(204,225)	-4.9%
	Expenditures	5,101,218	5,101,218	5,097,670	3,548	0.1%
Department of Information Technology Fund	Revenue	11,202,127	11,202,127	11,431,867	229,740	2.1%
	Expenditures	12,080,430	12,080,430	12,441,731	(361,301)	-3.0%
Development Services Fund	Revenue	61,982,205	63,284,626	65,508,521	2,223,895	3.5%
	Expenditures	70,459,837	71,762,258	71,273,937	488,321	0.7%
Energy Conservation Program Fund	Revenue	3,235,275	3,235,275	3,290,305	55,030	1.7%
	Expenditures	3,879,906	3,879,906	3,728,481	151,425	3.9%
Engineering and Capital Projects Fund	Revenue	95,314,239	95,314,239	80,033,156	(15,281,083)	-16.0%
	Expenditures	95,307,769	95,307,769	88,022,931	7,284,838	7.6%
Facilities Financing Fund	Revenue	2,908,283	2,908,283	2,856,112	(52,171)	-1.8%
	Expenditures	2,908,111	2,908,111	2,858,008	50,103	1.7%
Fire/EMS Transportation Program Fund	Revenue	12,344,106	12,344,106	12,434,989	90,883	0.7%
	Expenditures	12,319,815	12,319,815	12,002,965	316,850	2.6%
Fleet Operating Fund	Revenue	53,307,543	54,707,543	52,866,270	(1,841,273)	-3.4%
	Expenditures	57,840,115	59,240,115	55,013,074	4,227,041	7.1%
GIS Fund	Revenue	2,283,550	2,283,550	2,286,123	2,573	0.1%
	Expenditures	2,417,743	2,417,743	2,319,387	98,356	4.1%
Golf Course Fund	Revenue	20,470,347	20,470,347	22,340,495	1,870,148	9.1%
	Expenditures	18,229,824	18,229,824	18,032,179	197,645	1.1%
Junior Lifeguard Program Fund	Revenue	609,877	609,877	550,426	(59,451)	-9.7%
	Expenditures	609,858	609,858	579,381	30,477	5.0%
Local Enforcement Agency Fund	Revenue	786,417	786,417	790,689	4,272	0.5%
	Expenditures	1,069,186	1,069,186	989,398	79,788	7.5%
Los Peñasquitos Canyon Preserve Fund	Revenue	186,000	186,000	196,837	10,837	5.8%
	Expenditures	262,146	262,146	260,345	1,801	0.7%
OneSD Support Fund	Revenue	25,990,774	25,990,774	26,263,169	272,395	1.0%
	Expenditures	26,781,896	26,781,896	26,821,767	(39,871)	-0.1%
Parking Meter Operations Fund	Revenue	10,767,852	10,767,852	11,280,747	512,895	4.8%
	Expenditures	10,313,775	10,313,775	10,439,922	(126,147)	-1.2%

Non-General Fund Projections

Fund	Revenue/ Expenditures	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Petco Park Fund	Revenue	$ 16,618,304	$ 16,618,304	$ 16,514,232	$ (104,072)	-0.6%
	Expenditures	16,761,105	16,761,105	17,504,476	(743,371)	-4.4%
Publishing Services Fund	Revenue	3,660,657	3,660,657	3,588,995	(71,662)	-2.0%
	Expenditures	3,660,565	3,660,565	3,434,391	226,174	6.2%
Recycling Fund	Revenue	22,237,651	22,237,651	24,245,917	2,008,266	9.0%
	Expenditures	25,510,649	25,510,649	22,548,605	2,962,044	11.6%
Refuse Disposal Fund	Revenue	30,712,190	30,712,190	33,969,476	3,257,286	10.6%
	Expenditures	35,917,863	35,917,863	35,779,810	138,053	0.4%
Risk Management Administration Fund	Revenue	10,529,309	10,529,309	10,594,508	65,199	0.6%
	Expenditures	11,007,266	11,007,266	11,224,703	(217,437)	-2.0%
Sewer Utility Funds[1]	Revenue	391,779,388	391,779,388	398,528,411	6,749,023	1.7%
	Expenditures	352,184,224	352,243,002	346,357,146	5,885,856	1.7%
Stadium Operations Fund	Revenue	13,844,638	13,844,638	13,199,512	(645,126)	-4.7%
	Expenditures	23,861,280	23,861,280	23,206,725	654,555	2.7%
Transient Occupancy Tax Fund						
Commission for Arts and Culture Department	Revenue	$ -	$ -	$ 423	$ 423	100.0%
Special Events Department	Revenue	75,000	75,000	77,216	2,216	3.0%
Special Promotional Programs	Revenue	114,299,588	114,299,588	115,039,027	739,439	0.6%
Total Transient Occupancy Tax Fund Revenue		*$ 114,374,588*	*$ 114,374,588*	*$ 115,116,666*	*$ 742,078*	
Commission for Arts and Culture Department	Expenditures	$ 1,392,569	$ 1,392,569	$ 1,328,388	$ 64,181	4.6%
Special Events Department	Expenditures	1,216,251	1,216,251	1,195,452	20,799	1.7%
Special Promotional Programs	Expenditures	113,633,454	113,633,454	114,699,354	(1,065,900)	-0.9%
Total Transient Occupancy Tax Fund Expenditures		*$ 116,242,274*	*$ 116,242,274*	*$ 117,223,194*	*$ (980,920)*	
Underground Surcharge Fund	Revenue	$ 60,564,328	$ 60,564,328	$ 67,918,560	$ 7,354,232	12.1%
	Expenditures	59,528,799	59,528,799	26,682,527	32,846,272	55.2%
Water Utility Operating Fund[1]	Revenue	728,070,035	728,070,035	719,172,375	(8,897,660)	-1.2%
	Expenditures	521,125,919	521,125,919	475,583,655	45,542,264	8.7%
Wireless Communications Technology Fund	Revenue	8,900,590	8,900,590	9,009,312	108,722	1.2%
	Expenditures	9,112,444	9,112,444	9,296,596	(184,152)	-2.0%

The current budget presented in this table is as of March 2018 (accounting period 9) unless otherwise noted. Capital Improvements Program expenditure budgets are excluded.

[1] Revenues in the Sewer Utility and Water Utility Operating Funds support both Operating and Capital Improvements Program (CIP) activity; however, only operating expenditures are reflected in this report.

Non-General Fund Reserves

in millions

Description	Fund Name	Reserve Type	FY 2018 Target	Status
Development Services	Development Services Fund	Operating Reserve	$ 5.0	Not on Target[1]
Golf Course	Golf Course Fund	Operating Reserve	2.2	On Target
Environmental Services	Recycling Enterprise Fund	Operating Reserve	3.4	On Target
	Refuse Disposal Fund	Operating Reserve	5.1	On Target
Public Utilities	Sewer Utility Funds	Emergency Operating Reserve	46.0	On Target
		Emergency Capital Reserve[2]	5.0	On Target
		Rate Stabilization Fund Reserve	17.7	On Target
	Water Utility Funds	Emergency Operating Reserve	38.1	On Target
		Emergency Capital Reserve	5.0	On Target
		Rate Stabilization Fund Reserve	25.1	On Target
		Secondary Purchase Reserve	15.2	On Target

[1] The Development Services Department is currently not projected to meet the FY18 reserve target due to a significant increase in personnel expenditures due to the City's higher retirement payment to SDCERS and unanticipated expenses for relocation to 101 Ash Street and the Regional Water Quality Control Board penalty.

[2] $580,000 of emergency capital reserve utilized for Sewer Pump Station 1 Emergency Conveyor Replacement in November 2017, which is requested to be replenished in the Mayor's May Revision to the FY 2019 Proposed Budget.

Financial Performance Report Fiscal Year 2018

As of March 31, 2018

Finance Branch
Office of the City Comptroller

Purpose, Scope and Content

Pursuant to Section 39 of the City Charter, this report is intended to serve as a summary of the financial activity of the City of San Diego for period 9 (as of March 31, 2018).

The report provides a variety of comparative financial metrics including current vs. prior fiscal year actual revenue and expenditure ("Actuals") and current year Actuals vs. the Current Budget. These types of metrics, when analyzed in the aggregate, provide a basis to evaluate the current financial condition of the General Fund and other budgeted funds. Additionally, the intent of this report is to provide operating results as of March 31, 2018, and therefore, does not include forward looking statements or projections.

The information contained in this report should not be relied upon for making investment decisions or be considered a replacement for the City of San Diego's Comprehensive Annual Financial Report (CAFR). The attached report contains **unaudited** information and was not prepared in accordance with Generally Accepted Accounting Principles (GAAP) for external financial reporting purposes. For additional information about the City's financial reporting, please visit the internet at:

http://www.sandiego.gov/comptroller/reports/index.shtml.

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General Fund Summary
As of Period 9, Ended March 31, 2018 (75% Completed)
(Unaudited)

	FY18 Adopted Budget	FY18 Current Budget	FY18 Year-to-Date Actuals	FY18 % of Current Budget	FY17 Year-to-Date Actuals	Actuals FY18/FY17 Change	FY18/FY17 % Change
Revenue							
Property Taxes	$ 534,621,331	$ 534,621,331	$ 319,795,051	59.8%	$ 283,887,156	$ 35,907,895	12.6%
Sales Taxes	275,307,632	275,307,632	165,518,910	60.1%	164,960,962	557,948	0.3%
Transient Occupancy Taxes	121,054,914	121,054,914	77,674,646	64.2%	74,411,824	3,262,822	4.4%
Property Transfer Taxes	10,068,772	10,068,772	5,825,045	57.9%	4,966,063	858,982	17.3%
Licenses & Permits	21,663,270	21,663,270	15,660,923	72.3%	19,356,470	(3,695,547)	-19.1%
Fines & Forfeitures	31,851,640	31,851,640	19,580,863	61.5%	20,289,297	(708,434)	-3.5%
Interest & Dividends	671,348	671,348	411,835	61.3%	228,840	182,995	-80.0%
Franchises & Other Local Taxes	75,087,223	75,087,223	41,595,885	55.4%	35,301,349	6,294,536	17.8%
Rents & Concessions	57,771,342	57,771,342	40,171,927	69.5%	35,570,735	4,601,192	12.9%
Revenues from Other Agencies	4,483,013	4,341,599	5,759,832	132.7%	17,646,241	(11,886,409)	-67.4%
Charges for Current Services	152,803,611	154,452,865	83,962,396	54.4%	81,199,059	2,763,337	3.4%
Other Revenue	4,575,137	4,575,137	2,575,165	56.3%	2,208,575	366,590	16.6%
Transfers	117,789,072	116,281,232	61,878,412	53.2%	32,011,390	29,867,022	93.3%
Total General Fund Revenue[1,2]	**$ 1,407,748,305**	**$ 1,407,748,305**	**$ 840,410,890**	**59.7%**	**$ 772,037,961**	**$ 68,372,929**	**8.9%**
Expenditures							
Personnel Services	$ 547,056,400	$ 547,063,209	$ 416,089,868	76.1%	$ 403,829,353	$ 12,260,515	3.0%
Total PE	547,056,400	547,063,209	416,089,868	76.1%	403,829,353	12,260,515	3.0%
Fringe Benefits	438,365,705	438,365,705	322,392,971	73.5%	280,141,824	42,251,147	15.1%
Supplies	34,716,269	34,712,555	26,148,575	75.3%	28,489,717	(2,341,142)	-8.2%
Contracts	244,578,538	246,870,664	182,499,894	73.9%	173,432,731	9,067,163	5.2%
Information Technology	31,827,661	31,993,074	18,756,696	58.6%	15,363,460	3,393,236	22.1%
Energy & Utilities	43,397,602	43,425,918	33,400,063	76.9%	31,450,059	1,950,004	6.2%
Capital Expenditure	1,552,513	1,443,598	4,906,449	339.9%	766,166	4,140,283	540.4%
Debt	5,440,230	4,932,153	2,537,015	51.4%	2,171,365	365,650	16.8%
Other Expenditures	5,657,063	5,657,062	2,534,177	44.8%	3,291,138	(756,961)	-23.0%
Transfers	81,231,677	79,359,720	40,948,467	51.6%	33,284,854	7,663,613	23.0%
Total NPE	886,767,258	886,760,449	634,124,307	71.5%	568,391,314	65,732,993	11.6%
Total General Fund Expenditures[1,2]	**$ 1,433,823,658**	**$ 1,433,823,658**	**$ 1,050,214,175**	**73.2%**	**$ 972,220,667**	**$ 77,993,508**	**8.0%**
General Fund Encumbrances			63,172,587		68,872,814	(5,700,227)	
Net Impact	**$ (26,075,353)**	**$ (26,075,353)**	**$ (272,975,872)**		**$ (269,055,520)**	**$ (3,920,352)**	

[1] Includes adjustments made in future periods
[2] Numbers subject to change due to IAM implementation

General Fund Revenue Status Report

As of Period 9, Ended March 31, 2018 (75% Completed)

(Unaudited)

	FY18 Year-to-Date Revenue	FY18 Current Budget	FY18 % of Current Budget	FY17 Year-to-Date Revenue	FY18/FY17 Change	FY18/FY17 % Change
Property Taxes	$ 319,795,051	$ 534,621,331	59.8%	283,887,156	$ 35,907,895	12.6%
Sales Taxes	165,518,910	275,307,632	60.1%	164,960,962	557,948	0.3%
Transient Occupancy Taxes	77,674,646	121,054,914	64.2%	74,411,824	3,262,822	4.4%
Property Transfer Taxes	5,825,045	10,068,772	57.9%	4,966,063	858,982	17.3%
Licenses & Permits						
Business Taxes	5,858,842	7,501,297	78.1%	5,565,191	293,651	5.3%
Rental Unit Taxes	6,364,078	7,459,502	85.3%	6,363,081	997	0.0%
Alarm Permit Fees	338,699	425,000	79.7%	2,056,386	(1,717,687)	-83.5%
Application Fees[2]	6,721	-	100.0%	1,997,050	(1,990,329)	-99.7%
Other Licenses & Permits	3,092,583	6,277,471	49.3%	3,374,762	(282,179)	-8.4%
Total Licenses & Permits	15,660,923	21,663,270	72.3%	19,356,470	(3,695,547)	-19.1%
Fines & Forfeitures						
Parking Citations	14,257,623	22,142,605	64.4%	14,368,685	(111,062)	-0.8%
Municipal Court	2,854,799	5,527,700	51.6%	3,076,585	(221,786)	-7.2%
Other Fines & Forfeitures	2,468,441	4,181,335	59.0%	2,844,027	(375,586)	-13.2%
Total Fines & Forfeitures	19,580,863	31,851,640	61.5%	20,289,297	(708,434)	-3.5%
Interest & Dividends	411,835	671,348	61.3%	228,840	182,995	-80.0%
Franchises						
SDG&E	24,704,661	44,531,915	55.5%	20,022,306	4,682,355	23.4%
CATV	7,970,174	15,999,308	49.8%	7,050,074	920,100	13.1%
Refuse Collection	6,675,468	11,200,000	59.6%	5,659,066	1,016,402	18.0%
Other Franchises	2,245,582	3,356,000	66.9%	2,569,903	(324,321)	-12.6%
Total Franchises	41,595,885	75,087,223	55.4%	35,301,349	6,294,536	17.8%
Rents & Concessions						
Mission Bay	18,702,030	31,157,218	60.0%	19,412,698	(710,668)	-3.7%
Pueblo Lands	4,612,980	6,447,852	71.5%	4,269,152	343,828	8.1%
Other Rents and Concessions	16,856,917	20,166,272	83.6%	11,888,885	4,968,032	41.8%
Total Rents & Concessions	40,171,927	57,771,342	69.5%	35,570,735	4,601,192	12.9%
Revenue from Other Agencies	5,759,832	4,341,599	132.7%	17,646,241	(11,886,409)	-67.4%
Charges for Current Services[3]	83,962,396	154,452,865	54.4%	81,199,059	2,763,337	3.4%
Other Revenue	2,575,165	4,575,137	56.3%	2,208,575	366,590	16.6%
Transfers	61,878,412	116,281,232	53.2%	32,011,390	29,867,022	93.3%
Total General Fund Revenue[1]	$ 840,410,890	$ 1,407,748,305	59.7%	$ 772,037,961	$ 68,372,929	8.9%

[1] Includes adjustments made in future periods
[2] Application Fees post to the General Plan Maintenance Fund beginning in Fiscal Year 2018
[3] Numbers subject to change due to IAM implementation

General Fund Expenditure Status Report
As of Period 9, Ended March 31, 2018 (75% Completed)
(Unaudited)

	FY18 Year-to-Date Expenditure	FY18 Current Budget	% Consumed	FY17 Year-to-Date Expenditure	FY18/FY17 Change	FY18/FY17 % Change
Mayor						
Office of the Mayor	$ 3,258,140	$ 4,601,867	70.8%	$ 3,252,445	$ 5,695	0.2%
Performance & Analytics	1,982,787	2,811,650	70.5%	1,709,302	273,485	16.0%
Chief Operating Officer						
Office of Chief Operating Officer	1,230,677	1,445,737	85.1%	850,826	379,851	44.6%
Communications	2,958,380	3,941,971	75.0%	2,497,339	461,041	18.5%
Public Safety						
Fire-Rescue	204,514,200	257,611,257	79.4%	180,564,895	23,949,305	13.3%
Police	352,254,416	469,058,714	75.1%	331,630,334	20,624,082	6.2%
Office of Homeland Security	2,081,318	2,604,719	79.9%	1,785,078	296,240	16.6%
Office of the Chief Financial Officer						
City Comptroller	8,958,409	12,275,241	73.0%	8,349,447	608,962	7.3%
City Treasurer	11,000,770	16,594,023	66.3%	10,619,375	381,395	3.6%
Citywide Program Expenditures	98,323,948	156,248,640	62.9%	75,547,115	22,776,833	30.1%
Debt Management	2,250,198	3,161,639	71.2%	2,027,500	222,698	11.0%
Financial Management	2,965,839	4,371,216	67.8%	2,998,530	(32,691)	-1.1%
Office of the Chief Financial Officer	452,341	618,939	73.1%	387,527	64,814	16.7%
Office of the Assistant COO						
Office of the Assistant Chief Operating Officer	1,250,811	2,041,623	61.3%	1,200,697	50,114	4.2%
Infrastructure & Public Works						
Environmental Services	29,383,941	40,719,189	72.2%	28,894,984	488,957	1.7%
Public Utilities	1,948,594	2,495,029	78.1%	1,663,984	284,610	17.1%
Public Works	723,964	991,637	73.0%	516,487	207,477	40.2%
Public Works - Contracting	1,564,367	2,339,773	66.9%	1,387,369	176,998	12.8%
Public Works - General Services	14,247,662	20,032,795	71.1%	16,052,276	(1,804,614)	-11.2%
Transportation & Storm Water	87,525,911	122,237,001	71.6%	92,844,802	(5,318,891)	-5.7%
Internal Operations						
Internal Operations	360,225	460,738	78.2%	329,599	30,626	9.3%
Department of Information Technology	57,898	482,500	12.0%	47,542	10,356	21.8%
Human Resources	3,909,544	5,598,569	69.8%	3,026,137	883,407	29.2%
Purchasing & Contracting	4,114,628	6,730,516	61.1%	4,034,351	80,277	2.0%
Real Estate Assets	4,436,300	7,996,671	55.5%	3,702,678	733,622	19.8%

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	FY18 Year-to-Date Expenditure	FY18 Current Budget	% Consumed	FY17 Year-to-Date Expenditure	FY18/FY17 Change	FY18/FY17 % Change
Neighborhood Services						
Neighborhood Services	741,013	1,055,177	70.2%	715,679	25,334	3.5%
Development Services	5,406,610	7,883,880	68.6%	5,484,476	(77,866)	-1.4%
Planning	6,189,674	10,099,339	61.3%	6,855,246	(665,572)	-9.7%
Economic Development	8,290,384	13,394,702	61.9%	7,689,076	601,308	7.8%
Library	39,413,269	54,208,181	72.7%	37,490,200	1,923,069	5.1%
Park & Recreation	83,358,521	109,535,141	76.1%	77,209,256	6,149,265	8.0%
Non-Mayoral						
City Attorney	40,096,068	54,278,909	73.9%	37,373,381	2,722,687	7.3%
City Auditor	2,884,056	3,989,063	72.3%	2,676,542	207,514	7.8%
City Clerk	4,116,000	5,684,824	72.4%	3,747,139	368,861	9.8%
Council Administration	1,769,587	2,628,315	67.3%	1,714,516	55,071	3.2%
City Council - District 1	787,627	1,197,438	65.8%	796,116	(8,489)	-1.1%
City Council - District 2	904,062	1,400,508	64.6%	819,624	84,438	10.3%
City Council - District 3	778,358	1,128,596	69.0%	811,322	(32,964)	-4.1%
City Council - District 4	797,016	1,309,125	60.9%	731,836	65,180	8.9%
City Council - District 5	690,568	1,208,517	57.1%	740,542	(49,974)	-6.7%
City Council - District 6	733,110	1,142,381	64.2%	731,047	2,063	0.3%
City Council - District 7	852,272	1,217,429	70.0%	780,690	71,582	9.2%
City Council - District 8	925,996	1,416,405	65.4%	804,014	121,982	15.2%
City Council - District 9	841,198	1,538,090	54.7%	775,540	65,658	8.5%
Ethics Commission	833,404	1,229,147	67.8%	718,338	115,066	16.0%
Office of the IBA	1,471,349	2,152,935	68.3%	1,393,936	77,413	5.6%
Personnel	6,578,765	8,653,902	76.0%	6,241,532	337,233	5.4%
Total General Fund Expenditures[1,2]	$ 1,050,214,175	$ 1,433,823,658	73.2%	$ 972,220,667	$ 77,993,508	8.0%

[1] Includes adjustments made in future periods

[2] Numbers subject to change due to IAM implementation

Citywide Program Expenditure Status Report
As of Period 9, Ended March 31, 2018 (75% Completed)
(Unaudited)

	FY18 Year-to-Date Expenditure	FY18 Current Budget	% Consumed	FY17 Year-to-Date Expenditure	FY18/FY17 Change	FY18/FY17 % Change
Citywide Program Expenditures						
Animal Services	$ 7,973,158	$ 10,503,418	75.9%	7,173,879	$ 799,279	11.1%
Assessments To Public Property	178,232	673,467	26.5%	719,754	(541,522)	-75.2%
Citywide Elections	413,481	6,500,000	6.4%	4,421,446	(4,007,965)	-90.6%
Corporate Master Leases Rent	18,586,877	21,422,563	86.8%	12,830,492	5,756,385	44.9%
Deferred Capital Debt Service	12,681,530	17,513,391	72.4%	15,181,296	(2,499,766)	-16.5%
Engineering and Capital Projects	180,746	250,000	72.3%	80,397	100,349	124.8%
General Fund Reserve	-	17,356,375	0.0%	-	-	0.0%
Insurance	1,646,786	1,896,097	86.9%	1,564,447	82,339	5.3%
Memberships	284,571	735,000	38.7%	752,063	(467,492)	-62.2%
PL Claims Trans-Ins	12,400,000	12,400,000	100.0%	10,800,000	1,600,000	14.8%
Preservation of Benefits	126,510	1,500,000	8.4%	44,411	82,099	184.9%
Property Tax Administration	323,414	4,497,492	7.2%	242,765	80,649	33.2%
Public Liability Claims Xfer-Claims Fund	17,100,000	17,100,000	100.0%	14,400,000	2,700,000	18.8%
Public Liab Claims Xfer-Reserves	3,127,665	3,127,665	100.0%	2,800,000	327,665	11.7%
Public Use Leases	1,582,144	1,582,144	100.0%	1,582,144	-	0.0%
Special Consulting Services	2,369,844	3,045,000	77.8%	1,314,502	1,055,342	80.3%
Supplemental COLA Benefit	1,452,943	1,489,219	97.6%	1,464,039	(11,096)	-0.8%
Transfer to Capital Improvement Program	-	5,213,942	0.0%	-	-	0.0%
Transfer to Park Improvement Funds	-	11,157,218	0.0%	(33,020)	33,020	0.0%
Transportation Subsidy	69,500	459,102	15.1%	208,500	(139,000)	-66.7%
Transfer to Infrastructure Fund	17,826,547	17,826,547	100.0%	-	17,826,547	100.0%
Total Citywide Program Expenditures[1]	$ 98,323,948	$ 156,248,640	62.9%	$ 75,547,115	$ 22,776,833	30.1%

[1] Includes adjustments made in future periods

Council Districts Expenditure Status Report
As of Period 9, Ended March 31, 2018 (75% Completed)
(Unaudited)

	FY18 Year-to-Date Expenditure	Adopted Budget	FY18 Current Budget	FY18 Budget Change	% Consumed	FY17 Year-to-Date Expenditure	FY18/FY17 Change	FY18/FY17 % Change
Council District 1	$ **787,627**	$ 1,173,814	$ 1,172,438	$ (1,376)	67.1%	$ 796,116	$ (8,489)	-1.1%
District 1 CPPS	-	25,000	25,000	-	-	-	-	-
Total Council District 1	**787,627**	1,198,814	1,197,438	(1,376)	65.8%	796,116	(8,489)	-1.1%
Council District 2	**898,439**	1,313,370	1,313,370	-	68.4%	816,252	82,187	10.1%
District 2 CPPS	**5,623**	104,638	87,138	(17,500)	5.4%	3,372	2,251	66.8%
Total Council District 2	**904,062**	1,418,008	1,400,508	(17,500)	64.6%	819,624	84,438	10.3%
Council District 3	**783,358**	1,115,779	1,115,779	-	70.2%	802,004	(18,646)	-2.3%
District 3 CPPS	**(5,000)**	25,000	12,817	(12,183)	-20.0%	9,318	(14,318)	153.7%
Total Council District 3	**778,358**	1,140,779	1,128,596	(12,183)	69.0%	811,322	(32,964)	-4.1%
Council District 4	**806,597**	1,213,816	1,213,816	-	66.5%	731,836	74,761	10.2%
District 4 CPPS	**(9,581)**	101,509	95,309	(6,200)	-9.4%	-	(9,581)	-100.0%
Total Council District 4	**797,016**	1,315,325	1,309,125	(6,200)	60.9%	731,836	65,180	8.9%
Council District 5	**695,717**	1,126,344	1,126,344	-	61.8%	740,542	(44,825)	-6.1%
District 5 CPPS	**(5,149)**	82,173	82,173	-	-6.3%	-	(5,149)	-100.0%
Total Council District 5	**690,568**	1,208,517	1,208,517	-	57.1%	740,542	(49,974)	-6.7%
Council District 6	**729,307**	1,108,471	1,108,471	-	65.8%	724,546	4,761	0.7%
District 6 CPPS	**3,803**	46,820	33,910	(12,910)	8.1%	6,501	(2,698)	-41.5%
Total Council District 6	**733,110**	1,155,291	1,142,381	(12,910)	64.2%	731,047	2,063	0.3%
Council District 7	**858,448**	1,148,487	1,148,487	-	74.7%	767,693	90,755	11.8%
District 7 CPPS	**(6,176)**	76,101	68,942	(7,159)	-8.1%	12,997	(19,173)	-147.5%
Total Council District 7	**852,272**	1,224,588	1,217,429	(7,159)	70.0%	780,690	71,582	9.2%
Council District 8	**926,051**	1,369,081	1,369,081	-	67.6%	815,814	110,237	13.5%
District 8 CPPS	**(55)**	54,113	47,324	(6,789)	-0.1%	(11,800)	11,745	99.5%
Total Council District 8	**925,996**	1,423,194	1,416,405	(6,789)	65.4%	804,014	121,982	15.2%
Council District 9	**908,805**	1,296,467	1,296,467	-	70.1%	776,700	132,105	17.0%
District 9 CPPS	**(67,607)**	248,548	241,623	(6,925)	-27.2%	(1,160)	(66,447)	-5728.2%
Total Council District 9	**841,198**	1,545,015	1,538,090	(6,925)	54.7%	775,540	65,658	8.5%
Total Council Districts	**$ 7,310,207**	**$ 11,629,531**	**$ 11,558,489**	**$ (71,042)**	**62.9%**	**$ 6,990,731**	**$ 319,476**	**4.6%**

Other Budgeted Funds Revenue Status Report

As of Period 9, Ended March 31, 2018 (75% Completed)

(Unaudited)

	FY18 Year-to-Date Revenue [2]	FY18 Current Budget	FY18 % of Current Budget	FY17 Year-to-Date Revenue	FY18/FY17 Change	FY18/FY17 % Change
Airports Fund	$ 3,902,243	$ 5,371,548	72.6%	$ 3,589,767	$ 312,476	8.7%
Automated Refuse Container Fund	920,802	900,000	102.3%	828,353	92,449	11.2%
Central Stores Internal Service Fund	7,038,185	9,943,246	70.8%	6,909,642	128,543	1.9%
Concourse and Parking Garages Operating Fund	2,983,059	4,181,430	71.3%	2,765,035	218,024	7.9%
Convention Center Complex Funds	13,061,713	13,003,993	100.4%	13,453,874	(392,162)	-2.9%
Development Services Fund	54,297,905	63,284,626	85.8%	50,965,146	3,332,759	6.5%
Energy Conservation Program Fund	3,211,305	3,235,275	99.3%	3,114,561	96,744	3.1%
Engineering and Capital Projects	57,879,621	95,314,239	60.7%	56,697,867	1,181,754	2.1%
Environmental Growth Fund 1/3	2,790,155	4,956,991	56.3%	2,254,030	536,125	23.8%
Environmental Growth Fund 2/3	5,525,833	9,920,981	55.7%	4,471,646	1,054,187	23.6%
Facilities Financing Fund	1,595,417	2,908,283	54.9%	1,546,953	48,464	3.1%
Fire/Emergency Medical Services Fund	8,961,757	12,344,106	72.6%	9,341,860	(380,103)	-4.1%
Fire and Lifeguard Facilities Fund	1,386,390	1,383,570	100.2%	1,387,559	(1,169)	-0.1%
Fleet Services Funds	71,863,700	86,590,239	83.0%	60,250,273	11,613,427	19.3%
Gas Tax Fund	18,483,252	30,727,282	60.2%	16,480,996	2,002,256	12.1%
General Plan Maintenance Fund[1]	1,843,417	2,650,000	69.6%	-	1,843,417	100.0%
GIS Fund	2,253,880	2,283,550	98.7%	1,575,846	678,034	43.0%
Golf Course Fund	16,197,331	20,470,347	79.1%	11,706,440	4,490,891	38.4%
Information Technology Fund	11,379,163	11,202,127	101.6%	10,570,442	808,721	7.7%
Infrastructure Fund	17,826,547	17,826,547	100.0%	-	17,826,547	100.0%
Junior Lifeguard Program Fund	27,293	609,877	4.5%	464,603	(437,310)	-94.1%
Los Penasquitos Canyon Preserve Fund	149,233	186,000	80.2%	178,840	(29,607)	-16.6%
Maintenance Assessment District (MAD) Funds	18,109,822	23,989,750	75.5%	17,481,869	627,953	3.6%
Mission Bay/Balboa Park Improvement Fund	1,252,332	2,029,225	61.7%	1,353,037	(100,705)	-7.4%
Mission Bay Improvement Fund	269,491	7,252,192	3.7%	159,304	110,187	69.2%
New Convention Facility Fund	3,436,000	3,436,000	100.0%	3,436,000	-	0.0%
OneSD Support Fund	26,270,117	25,990,774	101.1%	26,808,620	(538,503)	-2.0%
Parking Meter Operations	8,473,894	10,767,852	78.7%	8,150,102	323,792	4.0%
PETCO Park Fund	15,358,007	16,618,304	92.4%	14,545,240	812,767	5.6%
Prop 42 Replacement - Transportation Relief Fund	106,208	-	100.0%	2,807,719	(2,701,511)	-96.2%
Public Art Fund	1,902,687	795,426	239.2%	645,089	1,257,598	194.9%
Public Safety Needs & Debt Service Fund	5,463,388	9,203,815	59.4%	5,148,749	314,639	6.1%
Publishing Services Internal Fund	2,444,476	3,660,657	66.8%	2,385,442	59,034	2.5%

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	FY18 Year-to-Date Revenue [2]	FY18 Current Budget	FY18 % of Current Budget	FY17 Year-to-Date Revenue	FY18/FY17 Change	FY18/FY17 % Change
Recycling Fund	$ 16,871,231	$ 22,237,651	75.9%	$ 14,798,503	$ 2,072,728	14.0%
Refuse Disposal Fund	25,468,097	30,712,190	82.9%	23,727,494	1,740,603	7.3%
Regional Park Improvements Fund	118,458	3,905,026	3.0%	35,882	82,576	230.1%
Risk Management Fund	7,505,664	10,529,309	71.3%	8,398,797	(893,133)	-10.6%
Road Maintenance & Rehabilitation	1,838,116	8,025,413	22.9%	-	1,838,116	100.0%
Seized and Forfeited Assets Funds	397,395	1,200,000	33.1%	562,154	(164,759)	-29.3%
Solid Waste Local Enforcement Agency Fund	600,226	786,417	76.3%	561,165	39,061	7.0%
Stadium Operations Fund	13,454,100	13,844,638	97.2%	17,358,363	(3,904,263)	-22.5%
State COPS	2,329,072	2,140,000	108.8%	2,024,447	304,625	15.0%
Storm Drain Fund	3,905,882	5,700,000	68.5%	3,760,091	145,791	3.9%
Successor Agency Admin & Project Fund	662,925	2,654,407	25.0%	-	662,925	100.0%
Transient Occupancy Tax Fund	69,956,872	114,374,588	61.2%	67,048,939	2,907,933	4.3%
TransNet Extension Funds	23,028,153	32,473,000	70.9%	28,214,574	(5,186,421)	-18.4%
Trolley Extension Reserve Fund	252,282	1,058,250	23.8%	251,432	850	0.3%
Underground Surcharge Fund	29,989,091	60,564,328	49.5%	26,562,335	3,426,756	12.9%
Wastewater Department Funds	278,339,368	391,779,388	71.0%	269,797,748	8,541,619	3.2%
Water Department Funds	479,405,888	728,070,035	65.8%	404,140,937	75,264,951	18.6%
Wireless Communication Technology Fund	8,789,856	8,900,590	98.8%	8,467,673	322,183	3.8%
Zoological Exhibits Maintenance Fund	8,297,637	13,187,804	62.9%	7,267,036	1,030,601	14.2%

[1] The General Plan Maintenance Fund receives all Application Fee revenue beginning Fiscal Year 2018

[2] Numbers subject to change due to IAM implementation

Other Budgeted Funds Expenditure Status Report
As of Period 9, Ended March 31, 2018 (75% Completed)
(Unaudited)

	FY18 Year-to-Date Expenditures[1]	FY18 Current Budget	% Consumed	FY17 Year-to-Date Expenditures	FY18/FY17 Change	FY18/FY17 % Change
Airports Fund	$ 3,051,211	$ 5,722,739	53.3%	$ 2,763,390	$ 287,821	10.4%
Automated Refuse Container Fund	510,430	1,100,000	46.4%	1,274,188	(763,758)	-59.9%
Central Stores Internal Service Fund	7,793,124	10,120,970	77.0%	6,904,317	888,807	12.9%
Concourse and Parking Garages Operating Fund	1,675,873	5,101,218	32.9%	1,560,582	115,291	7.4%
Convention Center Complex Funds	12,763,465	13,396,450	95.3%	2,639,445	10,124,020	383.6%
Development Services Fund	53,672,644	71,762,258	74.8%	44,910,876	8,761,768	19.5%
Energy Conservation Program Fund	2,451,096	3,879,906	63.2%	2,206,811	244,285	11.1%
Engineering and Capital Projects	64,857,520	95,307,769	68.1%	56,923,854	7,933,666	13.9%
Environmental Growth Fund 1/3	2,304,290	4,406,822	52.3%	6,319,211	(4,014,921)	-63.5%
Environmental Growth Fund 2/3	1,410	10,303,909	0.0%	-	1,410	100.0%
Facilities Financing Fund	2,140,732	2,908,111	73.6%	1,842,675	298,057	16.2%
Fire/Emergency Medical Services Fund	4,406,596	12,319,815	35.8%	5,895,787	(1,489,191)	-25.3%
Fire and Lifeguard Facilities Fund	698,464	1,388,181	50.3%	693,575	4,889	0.7%
Fleet Services Funds	72,128,245	178,015,568	40.5%	70,771,939	1,356,306	1.9%
Gas Tax Fund	21,901,648	30,727,282	71.3%	17,214,660	4,686,988	27.2%
General Plan Maintenance Fund	1,061,315	2,650,000	40.0%	-	1,061,315	100.0%
GIS Fund	2,153,231	2,417,743	89.1%	1,132,301	1,020,930	90.2%
Golf Course Fund	11,483,539	18,229,824	63.0%	11,213,648	269,891	2.4%
Information Technology Fund	8,140,981	12,080,430	67.4%	7,620,643	520,338	6.8%
Infrastructure Fund	1,651,701	6,440,002	25.6%	-	1,651,701	100.0%
Junior Lifeguard Program Fund	423,792	609,858	69.5%	462,519	(38,727)	-8.4%
Los Penasquitos Canyon Preserve Fund	191,503	262,146	73.1%	175,101	16,402	9.4%
Maintenance Assessment District (MAD) Funds	18,013,817	40,575,734	44.4%	16,361,071	1,652,746	10.1%
Mission Bay/ Balboa Park Improvement Fund	1,881,515	2,125,166	88.5%	2,019,003	(137,488)	-6.8%
New Convention Facility Fund	3,436,000	3,436,000	100.0%	3,436,000	-	0.0%
OneSD Support Fund	17,720,033	26,781,896	66.2%	15,561,446	2,158,587	13.9%
Parking Meter Operations	3,398,448	10,313,775	33.0%	2,682,918	715,530	26.7%
PETCO Park Fund	15,346,498	16,761,105	91.6%	14,846,405	500,093	3.4%
Prop 42 Replacement - Transportation Relief Fund	3,279,154	4,088,287	80.2%	6,868,992	(3,589,838)	-52.3%
Public Art Fund	143,461	1,808,166	7.9%	103,803	39,658	38.2%
Public Safety Needs & Debt Service Fund	4,724,808	9,203,815	51.3%	4,515,516	209,292	4.6%
Publishing Services Internal Fund	2,534,389	3,660,565	69.2%	2,498,526	35,863	1.4%

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Schedule 4 (cont.)

		FY18 Year-to-Date Expenditures[1]		FY18 Current Budget	% Consumed		FY17 Year-to-Date Expenditures		FY18/FY17 Change	FY18/FY17 % Change
Recycling Fund	$	**15,505,277**	$	25,510,649	60.8%	$	14,800,824	$	704,453	4.8%
Refuse Disposal Fund		**24,823,866**		35,917,863	69.1%		21,102,633		3,721,233	17.6%
Risk Management Fund		**8,390,181**		11,007,266	76.2%		7,215,942		1,174,239	16.3%
Road Maintenance & Rehabilitation		**229**		8,025,413	0.0%		-		229	100.0%
Seized and Forfeited Assets Funds		**797,670**		1,739,562	45.9%		529,688		267,982	50.6%
Solid Waste Local Enforcement Agency Fund		**788,561**		1,069,186	73.8%		463,978		324,583	70.0%
Stadium Operations Fund		**21,252,183**		23,861,280	89.1%		16,390,920		4,861,263	29.7%
State COPS		**2,088,940**		2,892,000	72.2%		1,398,103		690,837	49.4%
Storm Drain Fund		**4,269,829**		5,700,000	74.9%		4,690,997		(421,168)	-9.0%
Successor Agency Admin & Project Fund		**662,925**		2,654,407	25.0%		-		662,925	100.0%
Transient Occupancy Tax Fund		**48,818,992**		116,242,274	42.0%		51,208,650		(2,389,658)	-4.7%
TransNet Extension Funds		**9,737,625**		13,320,541	73.1%		9,966,793		(229,168)	-2.3%
Trolley Extension Reserve Fund		**943,871**		1,058,250	89.2%		923,680		20,191	2.2%
Underground Surcharge Fund		**16,368,901**		59,528,799	27.5%		10,245,331		6,123,570	59.8%
Wastewater Department Funds		**183,250,935**		352,243,002	52.0%		180,821,930		2,429,005	1.3%
Water Department Funds		**338,065,148**		521,125,919	64.9%		328,284,839		9,780,309	3.0%
Wireless Communication Technology Fund		**6,954,188**		9,112,444	76.3%		6,053,582		900,606	14.9%
Zoological Exhibits Maintenance Fund		**5,731,493**		13,187,804	43.5%		4,678,422		1,053,071	22.5%

[1] Numbers subject to change due to IAM implementation