

IBA Budget Crash Course: Understanding the FY 2024 Budget Process

Spring 2023



Office of the Independent Budget Analyst

Providing the City Council and the public with clear, objective, and unbiased information and analysis.





Why is the City's Budget Important?

The Budget is a statement of – and plan to address – City priorities.



Library



The City's Budget has Two Parts

Operating Budget:

Outlines how funds will be spent on City services, including public safety and parks and recreation

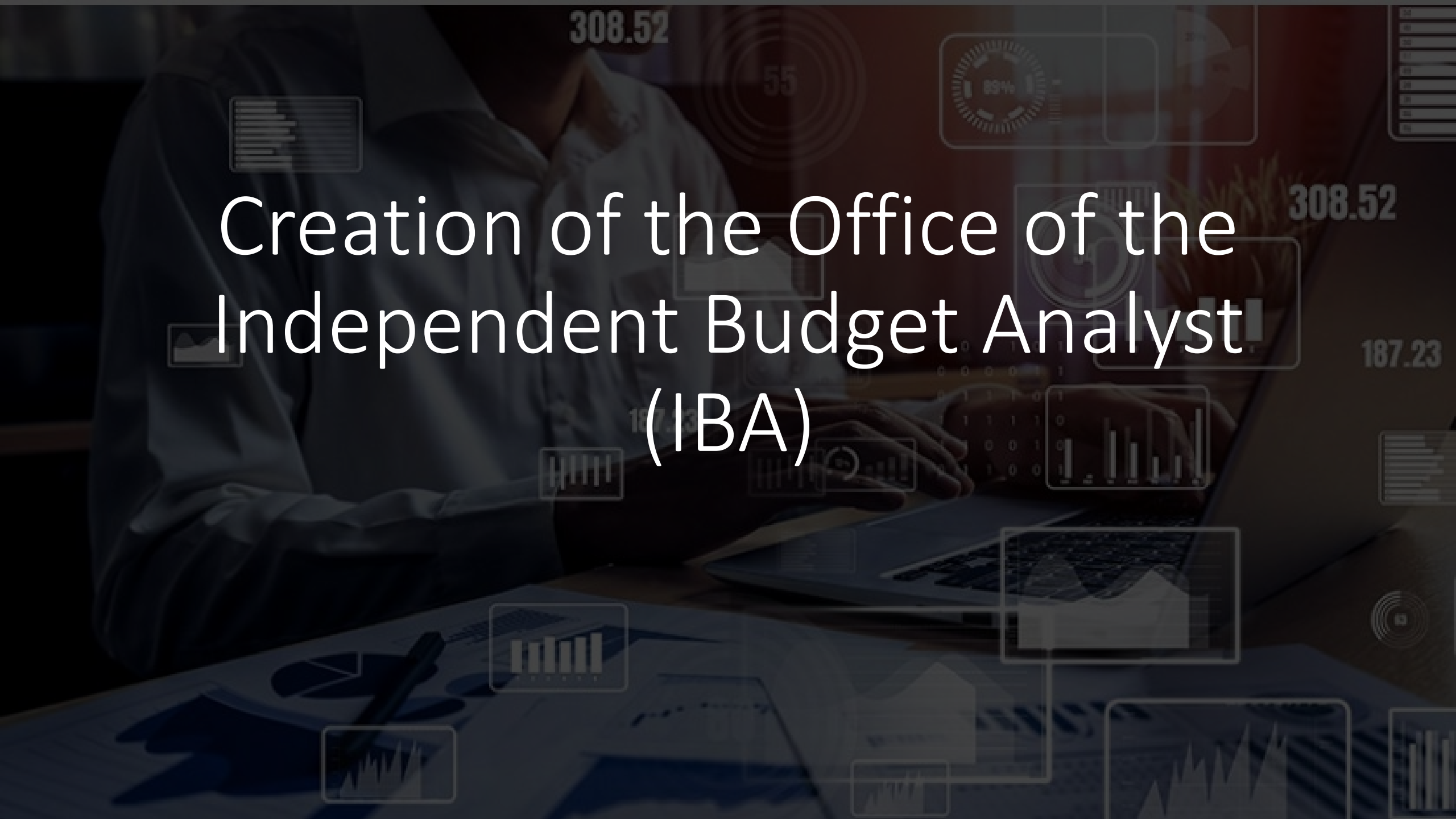
Capital (CIP) Budget:

Allocates revenue for capital projects to improve or expand *existing* infrastructure and build *new* public assets

Understanding the FY 2024 Budget Process

Presentation Overview

- Creation of the Independent Budget Analyst's Office
- Department of Race and Equity: Budget Equity
- Roles in the Budget Process
- Operating Budget Overview
- Capital Improvements Program Overview
- Public Involvement and Resources



308.52

55

89%

308.52

187.23

Creation of the Office of the Independent Budget Analyst (IBA)

187.23

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Why was the IBA Created?

In 2003 serious financial problems led to a citizen initiative to change the structure of San Diego's City government.

- Voters approved measure in 2004 to adopt a Strong Mayor/Strong Council form of government.
 - Requires elected Mayor to run the city, instead of city manager reporting to City Council
 - Became permanent in 2010
 - Included creation of the IBA

Why was the IBA Created? *(con't)*

After new government structure, new needs followed

- **City Council (legislative branch) no longer had City Manager as an advisor.**
- **City Council may have different perspectives than the Mayor (executive branch).**
- **Public lacked clear information about budget and budget process.**



Need for unbiased, objective information and advice for effective decision-making



IBA

What is the Independent Budget Analyst?

IBA's Mission:

To provide clear, objective, and unbiased analysis and advice to the City Council and the public on all legislative items bearing financial and policy impacts to the City



To provide clear, objective, and unbiased analysis and advice we must be independent.

Why our Office's role is important?

Provides checks and balances

Internal Role	External Role
Reviews all items, proposals, and budgets coming to City Council	Provides public with reports and presentations in easily understandable language
Offers clear analyses of those proposals to inform Councilmembers' decisions	Educates public as to how it can be involved in major decisions and budget processes

Public Involvement in the Process is Key

The IBA has developed resources to help the public be informed and engage in the budget process:

- ***A Public Guide to the City's Budget Process***
- ***A Public Guide to Infrastructure***
- ***IBA Crash Course on the Budget Process***



BUDGET EQUITY

Overview

THE DEPARTMENT
OF FINANCE



THE DEPARTMENT
OF RACE & EQUITY

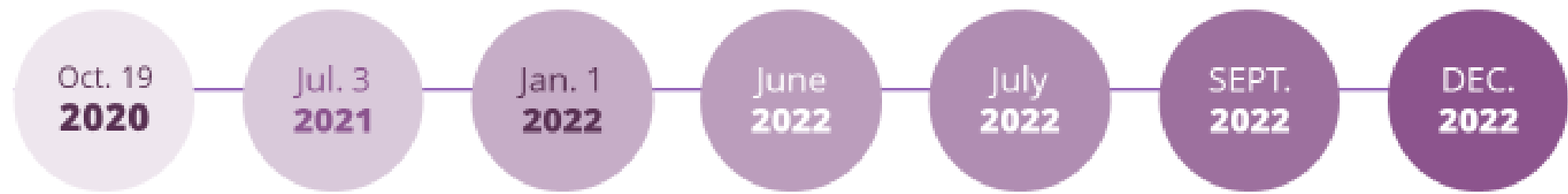
Ordinance establishes Office (Department) of Race & Equity in Article 2: Administrative Code Division 55 of the San Diego Municipal Code

Council President Pro Tem **Monica Montgomery Steppe** leads the charge to establish the office in ordinance with an allocated budget

San Diego City Council unanimously pass Mayor Todd Gloria's "**Ready to Rebuild**" fiscal year 2023 budget, which added **4 new positions** to the

Department of Race & Equity All City Councilmembers participate in "**Operationalizing a Budget Equity Lens**" workshop

The Performance & Analytics Department and the Department of Race & Equity launch a new **Tactical Equity Plan** process that merges tactical planning and equity action planning



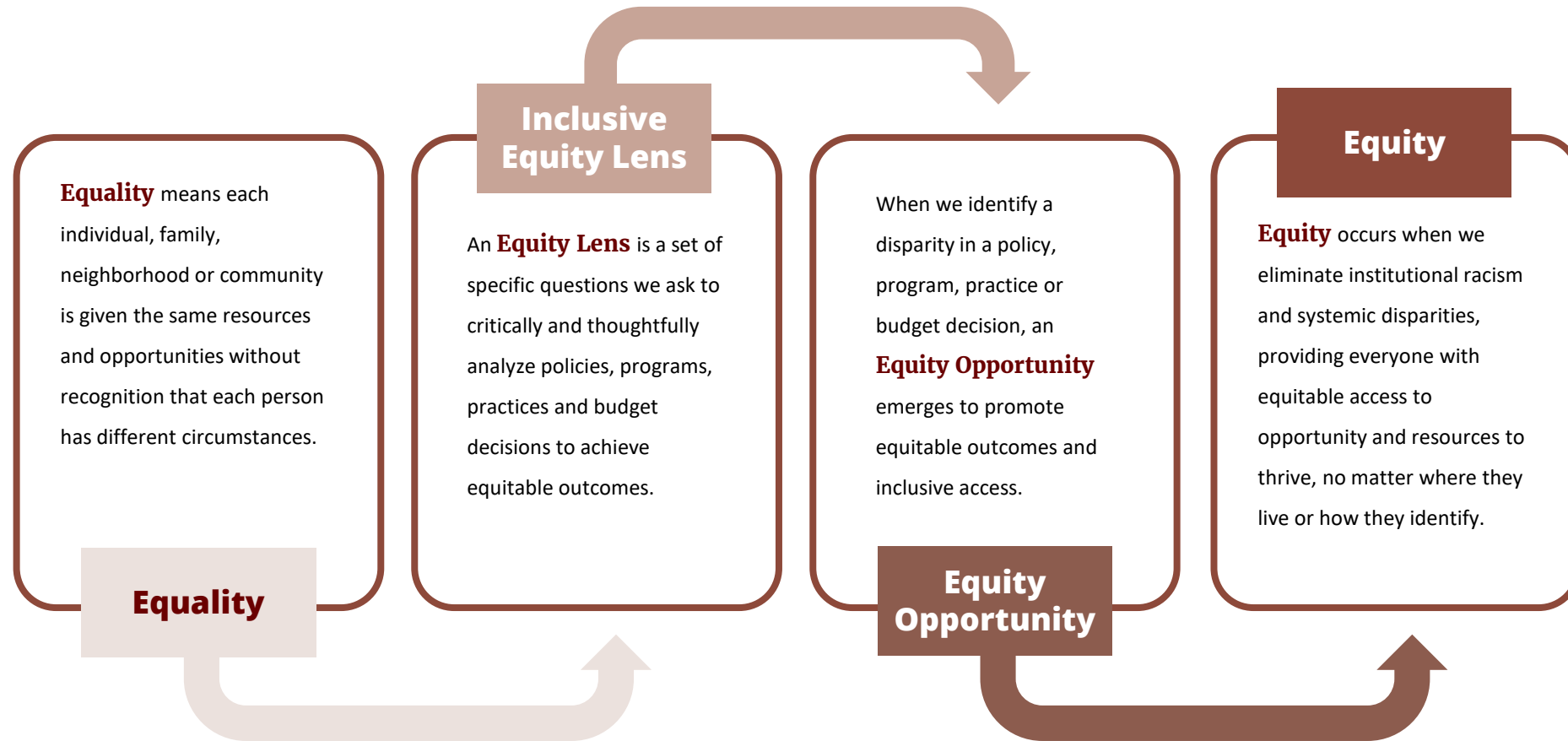
Mayor Todd Gloria appoints the first Chief Race & Equity Officer, **Kim Desmond**

Mayor Todd Gloria launches **Strategic Plan** that includes an **Equity Commitment**

Department of Race & Equity hires **two Program Managers**

Department of Race & Equity launches a **Budget Equity Framework** to prepare City departments to systematically integrate an Equity Lens into budget proposals, adjustments and requests

The Department of Race & Equity uses the below key terms to guide work



Department Deliverables

Deliverable	Submission	Timeline
Budget Equity Questionnaire	<ul style="list-style-type: none"> Complete questionnaire responses to be stored for internal use in "Budget Equity Questionnaire Response" spreadsheet Budget Adjustment answers also to be included in Public Budget Formulation (PBF) 	December 12– January 6: Budget Adjustments will be submitted in the budget application (<i>PBF</i>), along with responses to the Budget Equity Questionnaire
Budget Equity Impact Statement	<ul style="list-style-type: none"> Executive Budget Review (EBR) Presentation Budget Review Committee Presentation Volume II Budget Narratives 	February 1: Will be developed and submitted to Performance and Analytics along with the Department Budget Narratives and Key Performance Measures (<i>KPIs</i>)
Equity Highlights	<ul style="list-style-type: none"> Executive Budget Review (EBR) Presentation Budget Review Committee Presentation 	<ul style="list-style-type: none"> Early February: EBR Presentations Early May: Budget Review Committee Presentations

Volume 2 – Budget Equity Impact Statement

The **Budget Equity Impact Statement (BEIS)** is a brief, public-facing summary of how your budget addresses identified disparities. It is a summation of your responses to the Budget Equity Questionnaire that will be described in Volume 2 of the Proposed and Adopted Budget documents.

BUDGET EQUITY IMPACT STATEMENT	
<p>This Budget Equity Impact Statement (BEIS) should include a response to Equity Lens questions to provide a holistic overview of how equity is prioritized and addressed within each Department budget. This BEIS summary will highlight Equity Opportunities to implement changes, both in the specific goals, objectives, and clear metric to address disparities.</p> <p>A BEIS is a short summary describing how each Department Budget will directly benefit a specific neighborhood or City employee, in addition to identifying operational impacts, potential unintended consequences and/or burdens connected to a specific budget request. A BEIS also captures opportunities to realign ongoing Base Budgets and Budget Adjustments to address identified disparities.</p>	
<p>Equity Lens Summary Base Budget</p> <p>Is there an opportunity to adjust the department's ongoing Base Budget to address a disparity?</p>	<p>Equity Lens Summary Budget Adjustments</p> <p>Do the Budget Adjustments address a disparity?</p>

Communications



Description

The Communications Department provides information to educate and engage the public and City employees, effectively delivering accurate and consistent messages regarding City initiatives, programs, events and services in coordination with City departments and the Mayor's Office. Additionally, the Communications Department oversees the City's responses to news media and Public Records Act requests; manages content for the City's website and social media accounts; produces videos, graphic design and programming on CityTV. This programming includes coverage of news conferences, City Council and Committee meetings, and other public and community meetings. Finally, the Communications Department is responsible for internal communications to City employees through the City's intranet, CityNet, employee notifications, videos and production of an employee newsletter.

The vision is:

To be accessible to all people in our diverse community, including our fellow employees, to promptly answer their questions, listen respectfully, and, in every communication, be truthful, responsive and professional.

The mission is:

To facilitate timely and honest communication and collaboration that fosters greater transparency and openness in City government.

Goals and Objectives

Goal 1: Be proactive in media relations to showcase stories of the City

- Actively share information about City initiatives, programs and services to the media
- Share educational and engaging information about the City with the public through a variety of avenues, including social media, sandiego.gov and CityTV

A pair of scales of justice is shown against a dark blue background. The scales are positioned on the left side of the frame, with the pans hanging from a central beam. The right pan is higher than the left pan, indicating it is lighter. The scales are made of a dark material, possibly metal, and have a classic design with a central pillar and a horizontal beam. The background is a solid, dark blue color.

Roles and Authorities in the Budget Process

Are there standards for a sound budget?

City Council has a Budget Policy

Process

- Required reporting timeline
 - 5-year forecasts for both operating and capital budgets
 - Quarterly budget monitoring reports
- Public hearings and outreach to gain feedback
- Include performance measures in budget

Principles

- Balanced budget
- **One-time** revenues should fund **one-time** expenditures
- **Ongoing** expenditures should be funded by **ongoing** revenues
- Fund annual pension payment

Budget Process Roles and Authorities

- **Mayor**

- Proposes a balanced budget to Council by April 15
- Carries out the City's goals and services reflected in the Council-approved budget
- Has sole authority to propose budget changes during the fiscal year after Proposed Budget is approved

- **Council**

- May change the Mayor's Proposed Budget as long as the budget remains balanced
- Reviews, approves, and amends the Proposed Budget on or before June 15
- Has final budget authority (i.e., approves recommended changes from the Mayor)

- **IBA**

- Analyzes the Mayor's financial reports, including the Proposed Budget
- Supports Council & Committee budget hearings, participates in Budget Town Halls
- Develops final budget recommendations for Council consideration

Budget Process Roles and Authorities *(con't)*

Additional Powers and Roles:

- **Mayor can veto** Council changes to the Proposed Budget.
- **Council can override** a Mayoral veto with six votes.
- After budget adoption, Mayor, Council, and IBA monitor expenditures, revenues, and significant City programs throughout the fiscal year.

IBA Review and Analysis of the Mayor's FY 2024 Proposed Budget

- ✓ Projected revenues and expenditures
- ✓ Comparison to City Council's FY 2024 Budget Priorities
- ✓ Impacts of cuts or reductions on service levels
- ✓ Review of key issues
- ✓ Evaluate whether the budget is structurally balanced and financial practices and policies have been applied
- ✓ Highlight issues for further discussion

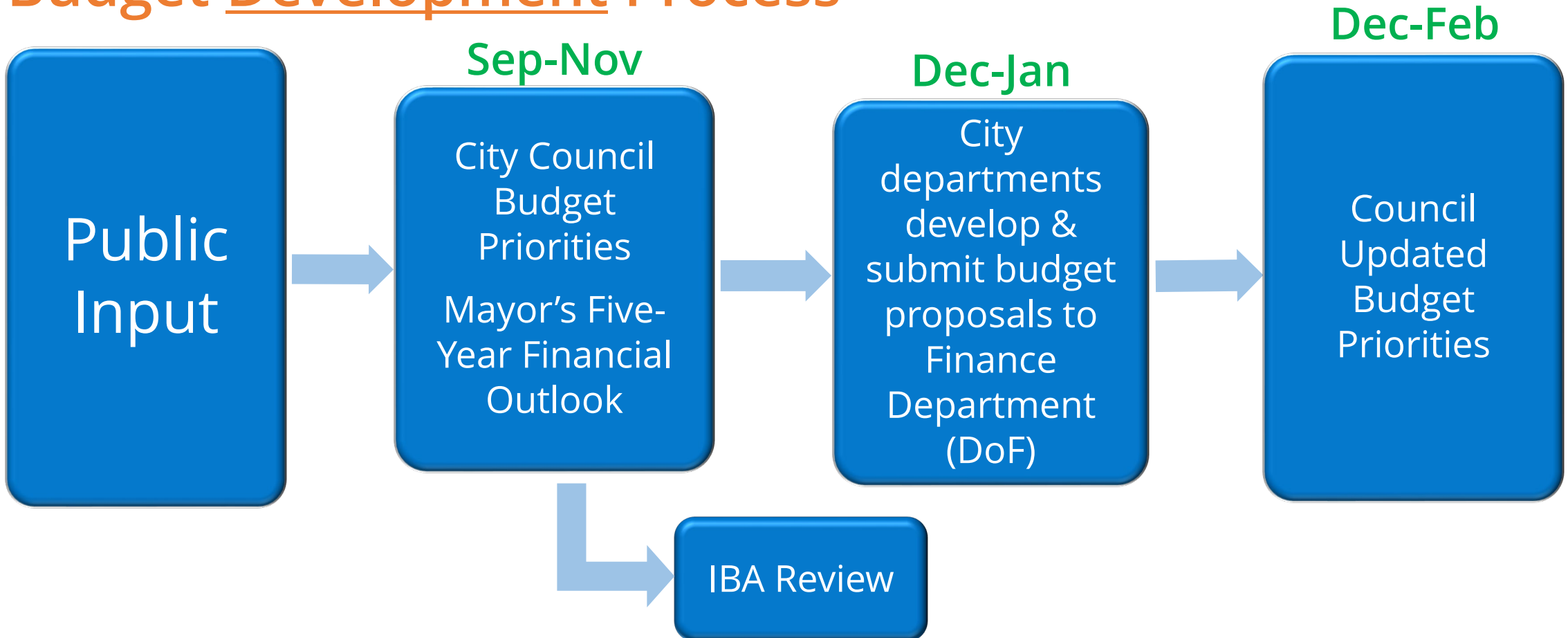


Operating Budget Overview



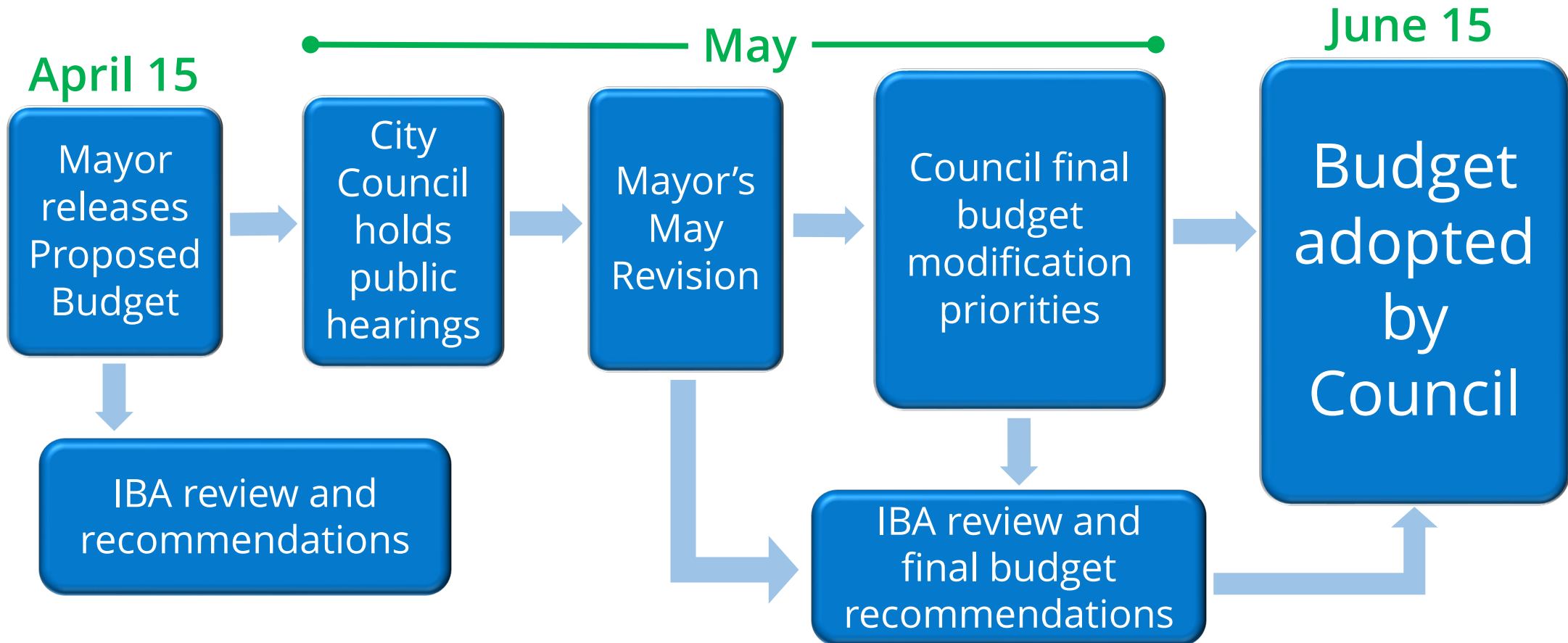
How is the Budget created?

Budget Development Process



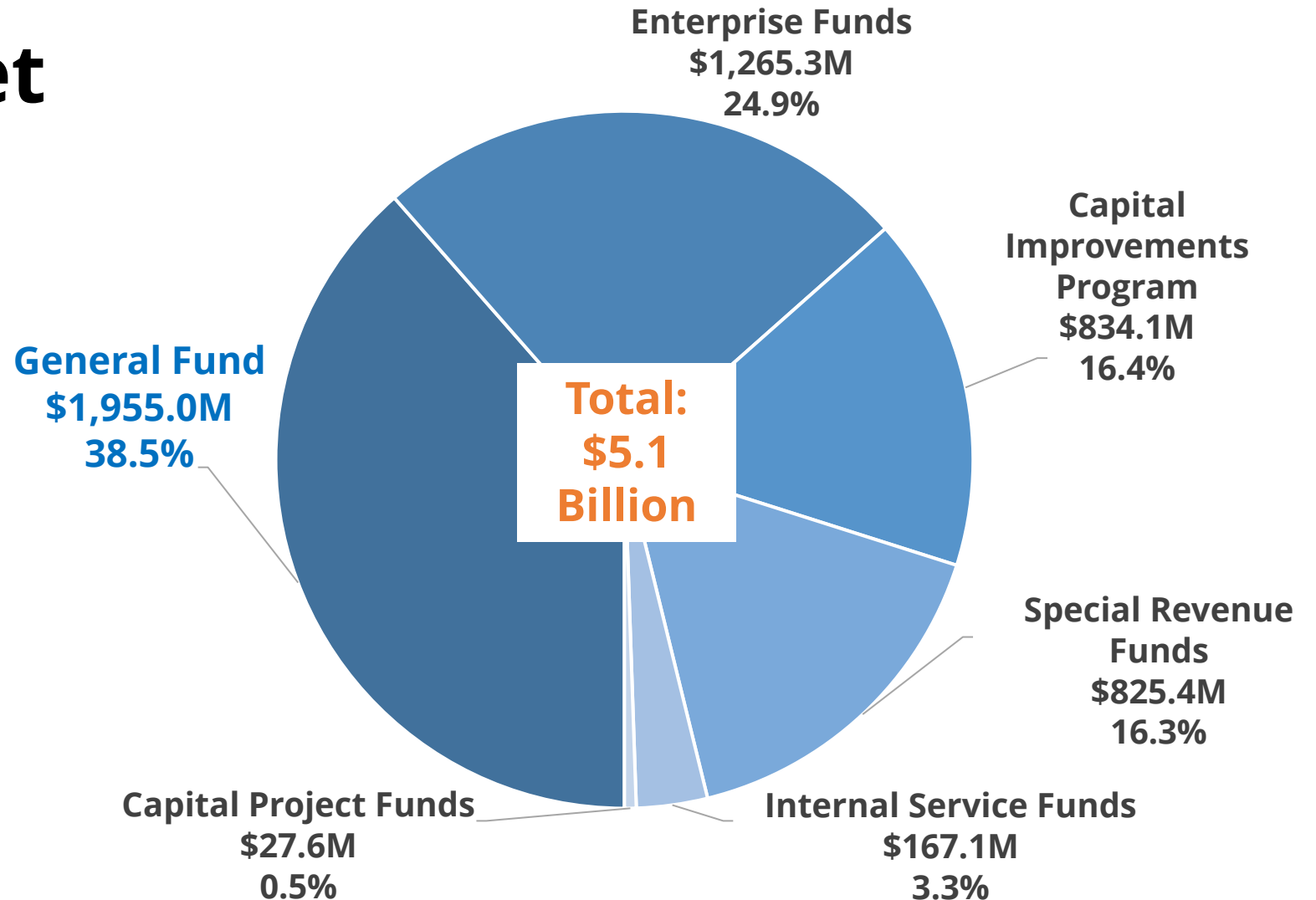
How is the Budget created? *(con't)*

Budget Adoption Process

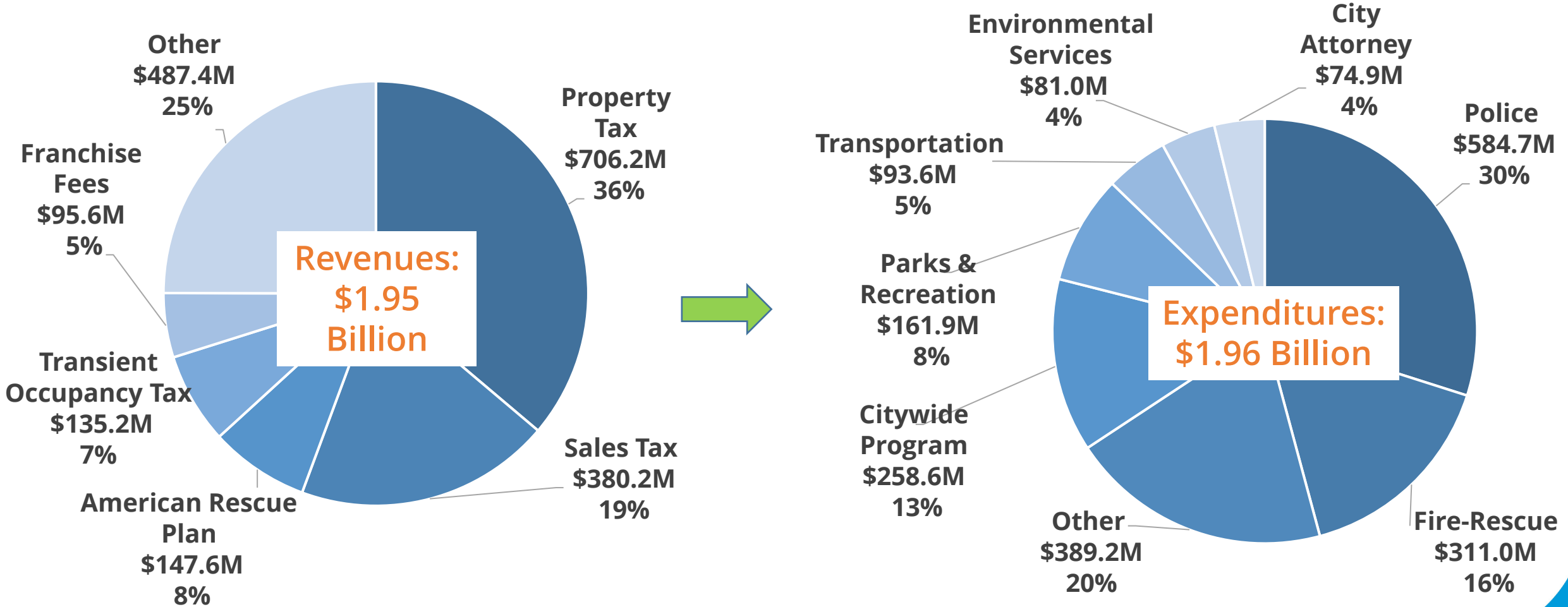


FY 2023 Budget Overview

While the City's total FY 2023 Budget is \$5.1 billion, the General Fund has the *most freedom to fund City services*



FY 2023 General Fund Budget Overview





Mayor’s Five-Year Outlook FY 2024-2028

Baseline General Fund Revenue and Expenditures (<i>\$ in millions</i>)					
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Baseline General Fund Revenues	\$ 1,881.1	\$ 1,955.4	\$ 2,017.3	\$ 2,086.1	\$ 2,149.4
Baseline General Fund Expenditures	1,931.6	1,978.0	2,038.1	2,085.4	2,143.3
Baseline (Shortfall)/Surplus	(50.5)	(22.6)	(20.9)	0.7	6.1
Additional Outlook Priorities Beyond Baseline	(25.4)	(73.0)	(86.4)	(94.8)	(118.7)
Recommended Use of Available ARPA Funds	52.1	-	-	-	-
Recommended Use of Available Excess Equity	23.8	48.3	-	-	-
Overall Outlook Shortfall	\$ 0.0	\$ (47.3)	\$ (107.3)	\$ (94.1)	\$ (112.6)

FY 2024 Priorities Receiving Majority Support

Operating Budget Priorities

- Homelessness and Housing
- Environment and Climate Action
- Public Safety
- Neighborhood Services
- Youth Services
- Arts and Culture
- Human Capital and Employee Compensation
- World Design Capital 2024
- Office of the City Auditor
- Office of Labor Standards and Enforcement
- ADA Transition Plan/Complaint Projects

Infrastructure Budget Priorities

- Transportation and Mobility Safety
- Streets
- Sidewalks
- Stormwater
- Facilities
- Americans with Disabilities Act (ADA)
- Security-Related Infrastructure

Resource and Mitigation Priorities

- Federal American Rescue Plan Act (ARPA)



Capital Improvements Program (CIP) Overview

City Infrastructure

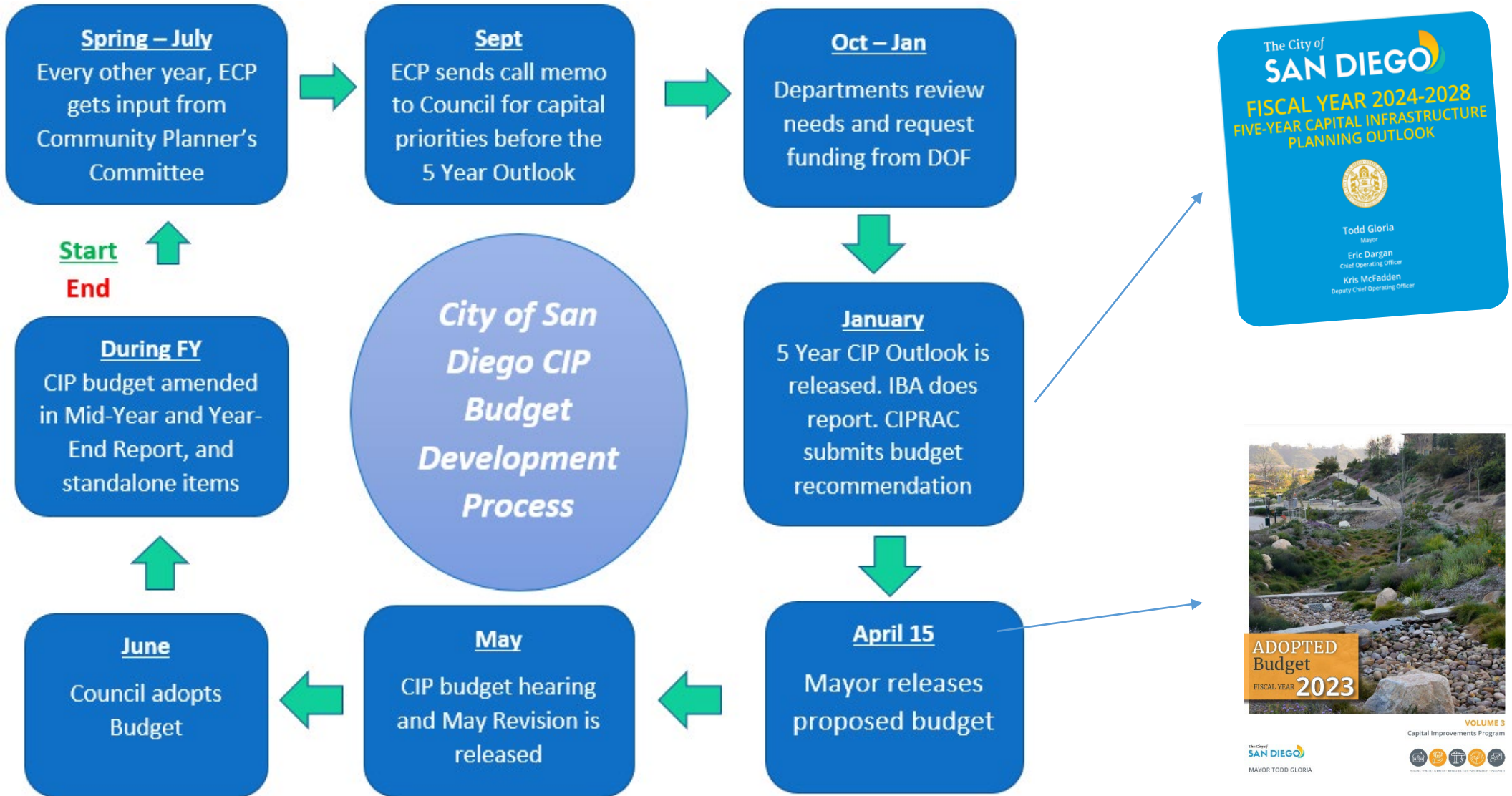
The City Owns and Maintains Many Infrastructure Assets.



City is NOT Responsible for:

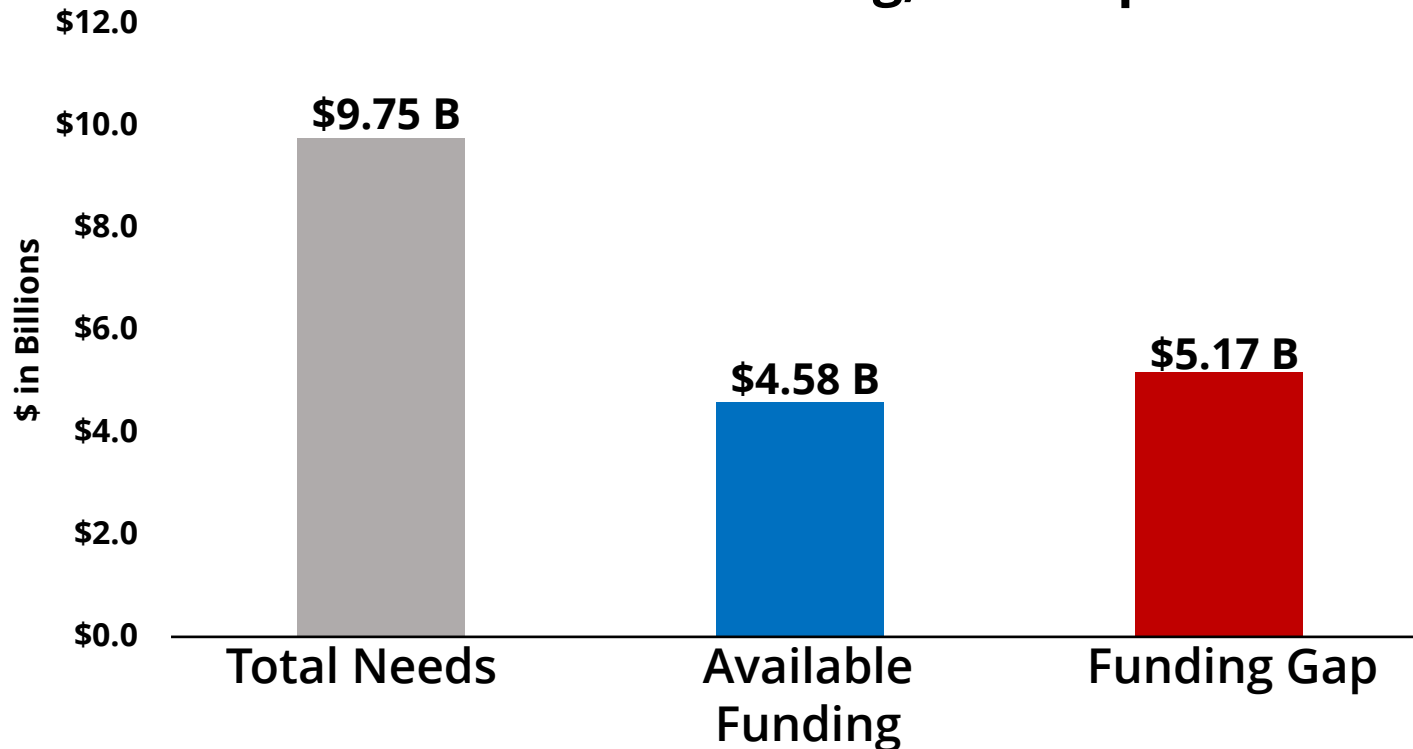
- ◆ Trolley
- ◆ Rail
- ◆ Bus system
- ◆ County, state, and federal facilities, roads, freeways





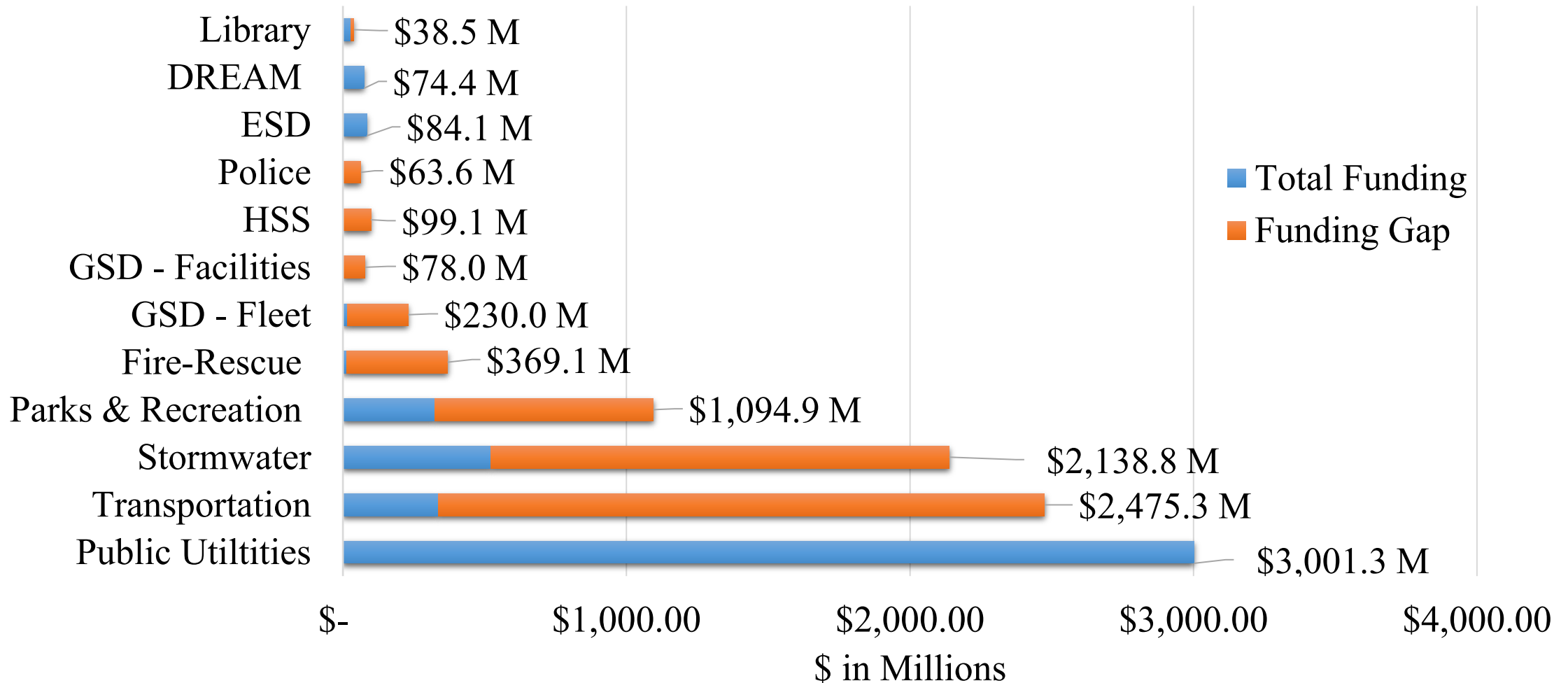
Highlights of the FY 2024-28 CIP Outlook

City's Five-Year Capital Infrastructure Needs, Available Funding, and Gap



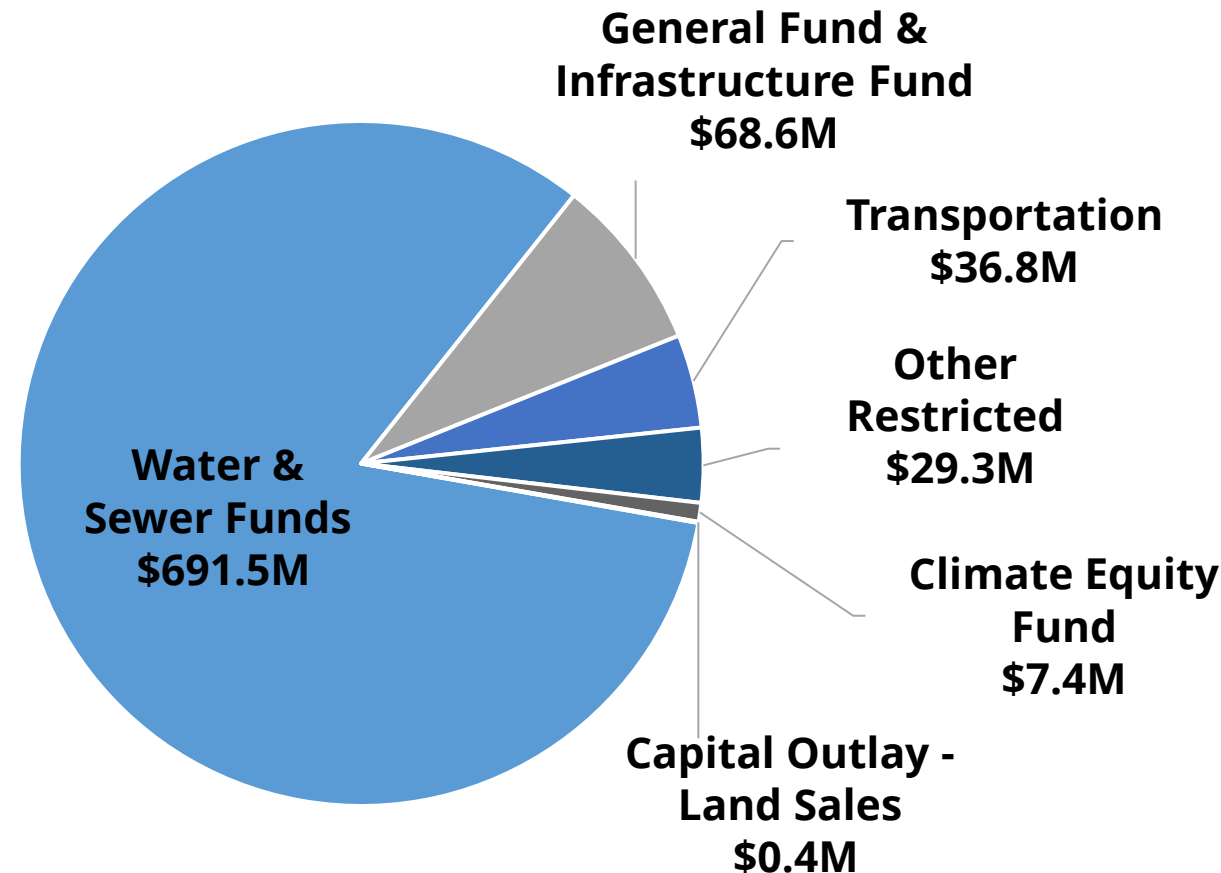
- Infrastructure is a major challenge for the City.
- Capital needs far exceed funding.

CIP Outlook - Funding Gap by Asset Managing Department



Highlights of the FY 2023 CIP Budget

Available revenues drive the types of projects that get funded



Highlights of the FY 2023 Adopted CIP Budget

Pure Water, Water, and Wastewater Account for 75% of the CIP

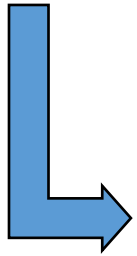
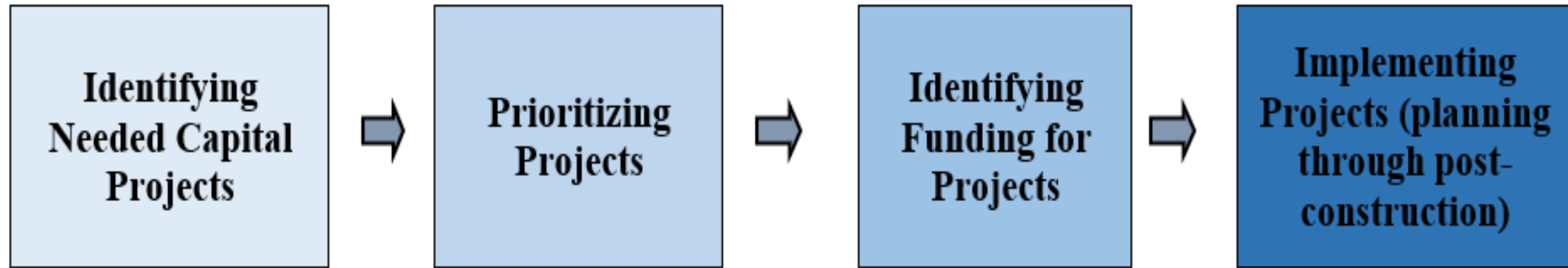


Prioritizing Projects (Updated in December 2022)

Factors

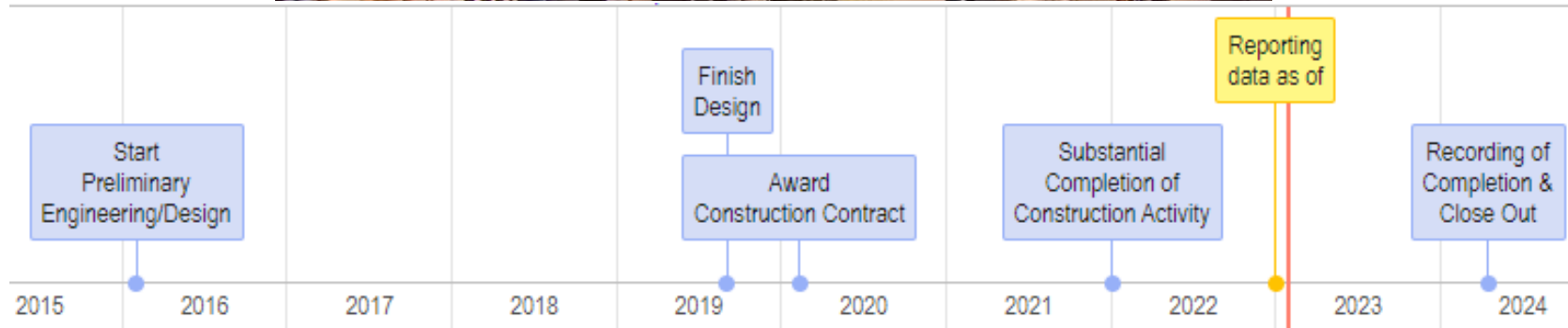
1. Legal Compliance and Risk to Health and Safety and Environment
2. Asset Condition and Service Level
3. Equal and Equitable Community Investment
4. Sustainability and Conservation
5. Funding Availability
6. Project Readiness
7. Multi Asset Benefit

Implementing the CIP



- Direction from the Mayor and City Council
- Preservation of Public Safety
- Legal Requirements or Mandates
- Data Driven Asset Management Practices
- City Plans
- Community Input

Implementing Projects



Project Implementation Phases





Get Involved

Opportunities for Public Input

- **Contact the Mayor**

- ✓ November – April: during budget development

- **Contact Councilmembers**

- ✓ September: as they develop budget priority memos
- ✓ November: during Council's review of the Mayor's Five-Year Outlook
- ✓ December/January: as they update budget priority memos

- **Participate in CIP public outreach process**

- ✓ August/September: every other year through your Community Planning Group

- **Report needs**

- ✓ Get It Done App, Department staff

- **Get involved**

- ✓ Community planning, recreation committees, and other groups



Upcoming Public Meetings & Important Dates

- May:
 - Budget Review Committee hearings: **May 3rd-9th**
 - City Council meetings: **May 3rd and 10th at 6:00 PM**
 - Council District Town Halls or budget discussions
 - Contact Councilmembers prior to them sending their final budget priority memoranda to the IBA on May 26th
- June 12th: When City Council makes final budget decisions
- Throughout the year:
 - Review Mayoral or IBA budget reports released
 - Contact the IBA with any questions

Important Budget and Legislative Resources

IBA Resources: <https://www.sandiego.gov/iba>

- [IBA reports](#)
- [Full list of key budget dates](#)
- [A Public Guide to the City's Budget Process](#)
- [A Public Guide to Infrastructure](#)
- Call our Office for additional information: [619-236-6555](tel:619-236-6555)
- Follow us on Twitter: [@SanDiegoIBA](https://twitter.com/SanDiegoIBA).

Department of Finance Resources

- [Adopted Budget](#)
- [Department of Finance various reports](#)