


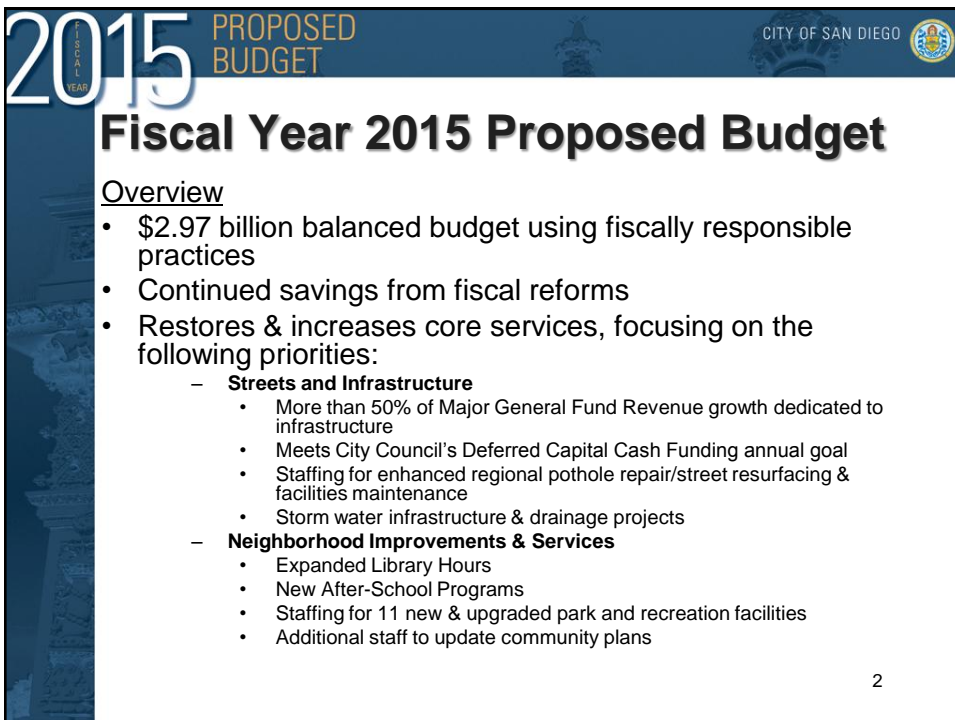
CITY OF SAN DIEGO 


PROPOSED BUDGET

2015 FISCAL YEAR

Mayor's Fiscal Year
2015 Proposed
Budget:
City Council Meeting
April 15, 2014

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2015 FISCAL YEAR PROPOSED BUDGET CITY OF SAN DIEGO 

Fiscal Year 2015 Proposed Budget

Overview

- \$2.97 billion balanced budget using fiscally responsible practices
- Continued savings from fiscal reforms
- Restores & increases core services, focusing on the following priorities:
 - **Streets and Infrastructure**
 - More than 50% of Major General Fund Revenue growth dedicated to infrastructure
 - Meets City Council's Deferred Capital Cash Funding annual goal
 - Staffing for enhanced regional pothole repair/street resurfacing & facilities maintenance
 - Storm water infrastructure & drainage projects
 - **Neighborhood Improvements & Services**
 - Expanded Library Hours
 - New After-School Programs
 - Staffing for 11 new & upgraded park and recreation facilities
 - Additional staff to update community plans

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Fiscal Year 2015 Proposed Budget

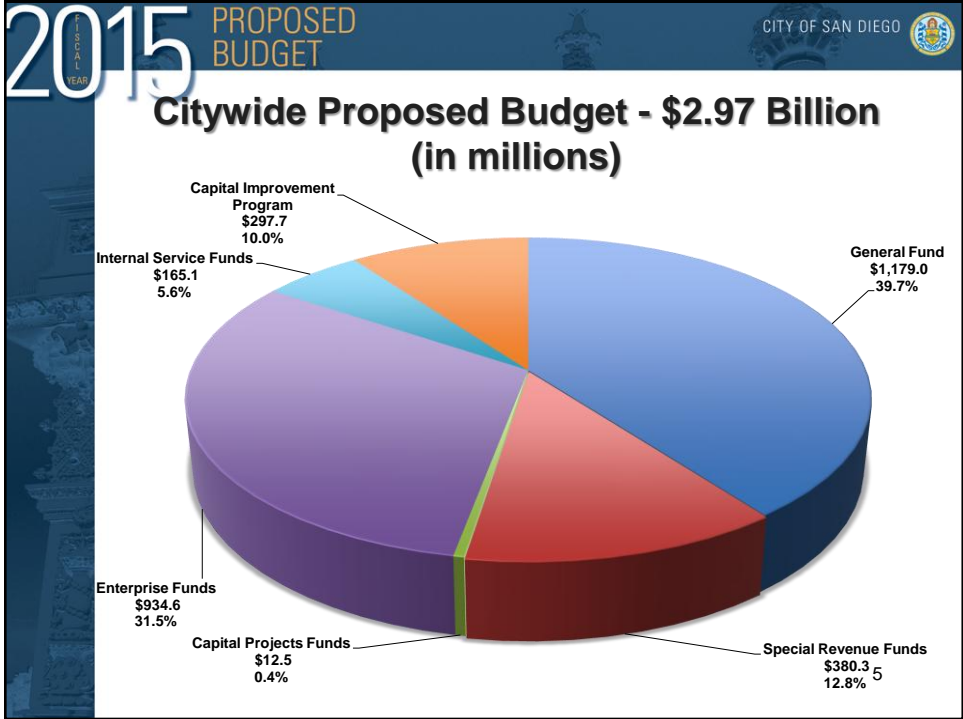
Overview (continued)

- Restores & Increases Core Services, focusing on the following priorities:
 - **Public Safety**
 - 4 police academies, increased in size from 34 to 43 each
 - 17 police civilian positions
 - Police body cameras
 - 2 additional Fire academies
 - Staffing for Skyline Temporary Fire Station
 - 4 Lifeguards to Boating Safety Unit
 - Fire Fast Response Program (Citygate)
 - Lifeguard facility improvements
 - **Open Government / Transparency**
 - Open Data Officer
 - City email storage and retention



Fiscal Year 2015 Proposed Budget

- Fully funds Actuarially Determined Contribution (ADC) for Pension
- Funds Non-Pensionable Compensation Increases
 - Year 2 of 5-year Pensionable Salary Freeze
- Managed Competition Savings
- Maintains enhanced targets for General Fund Reserves and Risk Management Reserves



2015 FISCAL YEAR
PROPOSED BUDGET
 CITY OF SAN DIEGO

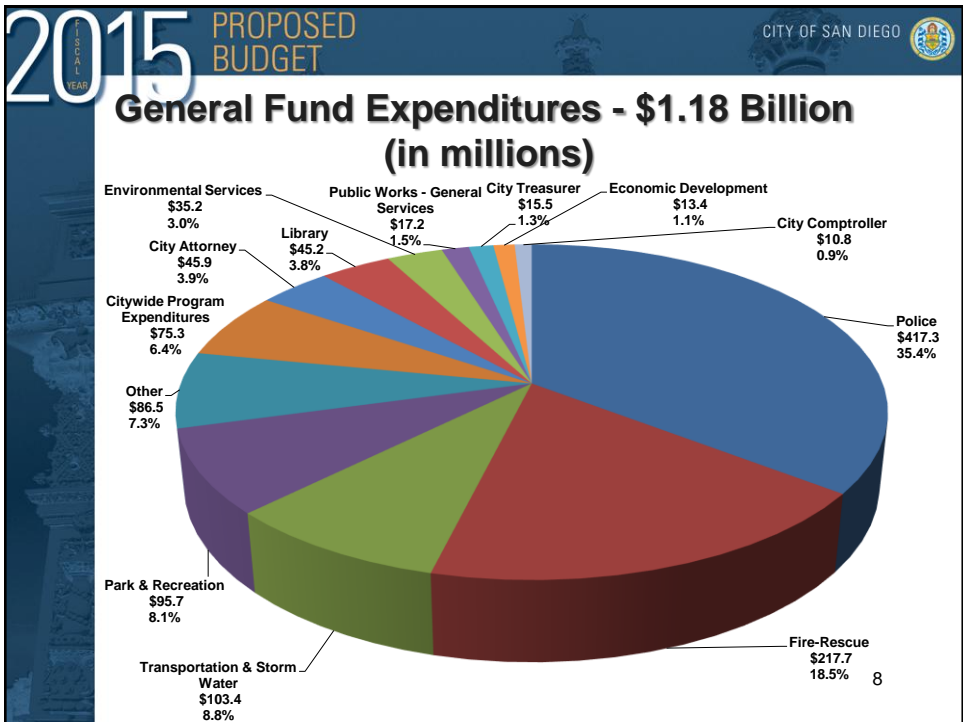
Total City Expenditure Changes Fiscal Year 2014 – 2015

Fund Type	FY2014 Adopted Budget	FY2015 Proposed Budget	FY2014 - FY2015 Change	Percent Change
General Fund *	\$ 1,225,491,199	\$ 1,179,048,088	\$ (46,443,111)	(3.8)%
Special Revenue Funds	369,922,311	380,306,624	10,384,313	2.8%
Debt Service and Tax Funds **	2,630,000	-	(2,630,000)	(100.0)%
Capital Project Funds	13,435,611	12,527,089	(908,522)	(6.8)%
Enterprise Funds	901,262,377	934,569,247	33,306,870	3.7%
Internal Service Funds	103,068,181	165,077,498	62,009,317	60.2%
Capital Improvements Program	179,440,324	297,652,880	118,212,556	65.9%
TOTAL	\$ 2,795,250,003	\$ 2,969,181,426	\$ 173,931,423	6.2%

* The Fiscal Year 2015 Proposed General Fund expenditures budget includes \$1.8 million for Community Projects, Programs, and Services appropriations which is offset in the General Fund revenue budget by fund balance.
 ** The City does not expect to issue Tax and Revenue Anticipation Notes in Fiscal Year 2015, therefore funding is not included in this budget.

Total City FTE Position Changes Fiscal Years 2014 - 2015

Fund Type	FY2014 Adopted Budget	FY2015 Proposed Budget	FY2014 - FY2015 Change	Percent Change
General Fund	7,267.50	6,947.31	(320.19)	(4.4)%
Special Revenue Funds	233.36	258.36	25.00	10.7%
Enterprise Funds	2,366.69	2,395.68	28.99	1.2%
Internal Service Funds	295.32	794.18	498.86	168.9%
Other Funds	64.00	64.00	-	0.0%
TOTAL	10,226.87	10,459.53	232.66	2.3%



Infrastructure Enhancements (in millions)



	<u>FTE</u>	<u>GF Cost</u>
• Storm Water Infrastructure & Drainage Projects	2.00	\$7.3 M
• CIP Bond Debt Service	-	\$ 4.2 M
• Conditions/Need Assessments	-	\$ 2.1 M
• South Chollas Landfill & Facility Upgrades/ Storm Water Improvements	-	\$ 2.5 M
• Engineering & Capital Projects	-	\$ 2.0 M
• Sidewalk and Street Light Improvements	-	\$ 1.4 M
• Facilities Maintenance	7.00	\$ 0.7 M
• SAP Enterprise Asset Management	1.00	\$ 0.5 M
• Streets Resurfacing/Regional Pothole Repair/Parking Lots	18.00	\$ 0.7 M

Public Safety (in millions)



	<u>FTE</u>	<u>Cost</u>
• Police Academy Funding (4 Academies, Increased in Size From 34 to 43 Each)	-	\$ 4.0 M
• Police Officer Retention Program	-	\$ 3.2 M
• Police Civilian Positions	17.00	\$ 1.4 M
• 2 Additional Fire Academies (3 Total)	-	\$ 1.1 M
• Skyline Temporary Fire Station	-	\$ 1.0 M
• Police Body Worn Cameras	-	\$ 1.0 M
• Fire Fast Response Program	-	\$ 0.6 M
• Lifeguard Boating Safety Unit	4.00	\$ 0.5 M
• Lifeguard Facility Improvement	-	\$ 0.5 M

Neighborhoods (in millions)



	<u>FTE</u>	<u>Cost</u>
• Expansion of Library Hours (Additional 4 hours/wk at all branch libraries & 5 hours/wk at Central Library)	16.19	\$ 1.5 M
• Community Plan Update	9.00	\$ 0.9 M
• New Park & Recreation Facilities	8.37	\$ 0.8 M
• Brush Management	-	\$ 0.5 M
• Library After-School Program "Do Your Homework @ the Library"	6.90	\$ 0.5 M
• Homelessness Solutions (reallocated)	-	\$ 1.9 M
• Code Enforcement Support	2.00	\$ 0.4 M
• CONNECT2Careers	-	\$ 0.2 M
• Overnight Camping Kumeyaay Campground	1.50	\$ 0.1 M
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Open Data / Transparency (in millions)

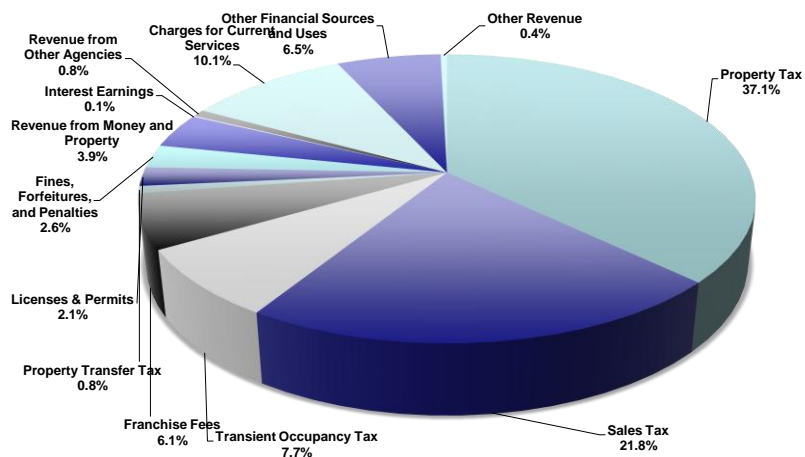


	<u>FTE</u>	<u>Cost</u>
• Email Retention	-	\$ 0.5 M
• Open Data Officer	1.00	\$ 0.2 M

Other Significant Adjustments / + & - (in millions)

	<u>FTE</u>	<u>Cost</u>
• Vacation Pay in Lieu	-	\$ 3.0 M
• Storm Water Permit Compliance	7.67	\$ 2.0 M
• Improvement to Government Operations	6.00	\$ 1.1 M
• Prevailing Wage	7.00	\$ 0.8 M
• Civic & Urban Initiatives		\$(0.7) M
• Library Materials		\$(0.5) M
• Vacant Positions FY 2012 or older removed		\$(0.5) M
• City Auditor recommended audit contract reductions		\$(0.2) M

General Fund Revenues - \$1.18 Billion





Major Revenue Projections

- FY 2015 Proposed Budget is based on FY 2014 year-end revenue projections
- Incorporates a wide variety of economic data and assumptions to forecast revenue amounts

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Economic Indicators

- San Diego's unemployment rate was 6.9 percent as of February 2014, a decrease of 1.2 percent from 8.1 percent as of February 2013
- San Diego's consumer confidence index has increased 4.5 percent over the past twelve months (as of December 2013) from an index level of 76.71 to 80.14
- Consumer spending in the City of San Diego on taxable items for the prior twelve months (as of March 2014) has increased 4.5 percent when compared to the prior year

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Economic Indicators

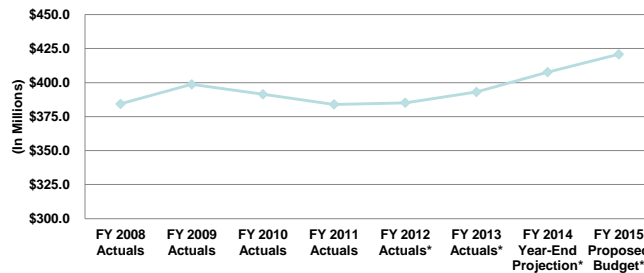
- Home sales in San Diego for the twelve month period (March 2013 – February 2014) increased 4.1 percent compared to the prior twelve month period
- Countywide foreclosures for the twelve month period (March 2013 – February 2014) totaled 2,868 which is a decline of 55.6 percent from the previous twelve month period



Property Tax Revenue

- FY 2015 Proposed Budget: \$436.7 million
(Includes pass-through and residual property tax sharing payments)
- Budgeted growth rate: 3.5 percent
- Increase from FY 2014 Year-End Projection \$13.7 million
- Economic Assumptions
 - Increases in median home price and home sales
 - Increase in California Consumer Price Index (CPI)

Property Tax Revenue - FY 2008-2015

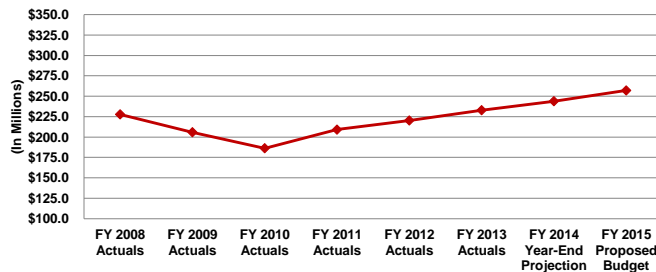


*Excludes pass-through, residual property tax sharing payments, and Property Tax Administration Fee settlement.

Sales Tax Revenue

- FY 2015 Proposed Budget: \$257.1 million
- Budgeted growth rate: 4.5 percent
- Increase from FY 2014 Year-End Projection \$13.2 million
- Economic Assumptions:
 - Projected increases in consumer confidence and spending
 - Projected increases in taxable sales in most categories

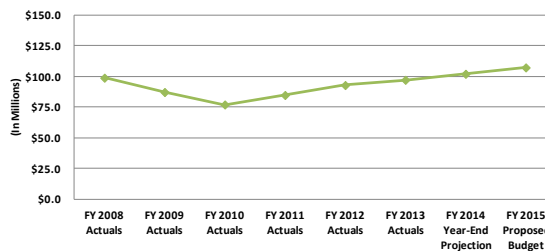
Sales Tax Revenue - FY 2008-2015



Transient Occupancy Tax Revenue

- FY 2015 Proposed Budget:
 - General Fund* - \$107.3 million
 - Total City - \$174.0 million
- Budgeted growth rate: 5.5 percent
- Increase from FY 2014 Year-End Projection \$5.2 million
- Economic Assumptions:
 - Increases are projected for the following:
 - Overnight Visitors
 - Hotel Occupancy
 - Average Daily Rate

Transient Occupancy Tax Revenue - FY 2008-2015*

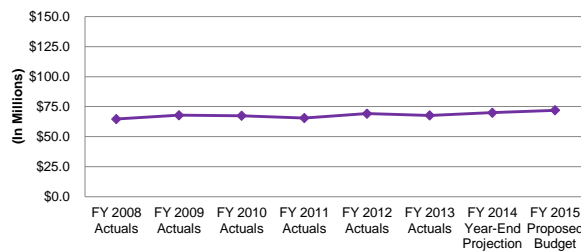


*Includes General Fund 5.5 cents and Council Discretionary 1.0 cent.

Franchise Fees Revenue

- FY 2015 Proposed Budget: \$72.0 million
- Budgeted growth rate: 2.0 percent – SDG&E
3.5 percent – Cable
- Increase from FY 2014 Year-End Projection \$2.1 million
- Economic Assumptions:
 - Projected increase in energy consumption
 - Projected decline in demand for cable services
 - Projected increase in demand for internet and telephone services

Franchise Fees - FY 2008-2015



Fiscal Year 2015 Projected Revenue Increase

- General Fund revenue increase available for infrastructure is projected to be \$35.3 million (50% = \$17.65M)
- FY 2015 Proposed Budget includes \$21.4 million for infrastructure

Revenue Source	FY2014 Year-End Proj.	FY2015 Proposed Budget	FY2014- FY2015 Change
Property Tax *	\$ 423.0	\$ 436.7	\$ 13.7
Sales Tax	243.9	257.1	13.2
Transient Occupancy Tax (TOT)**	102.1	107.3	5.2
Franchise Fees	69.9	72.0	2.1
Property Transfer Tax	8.0	9.2	1.1
TOTAL	\$ 847.0	\$ 882.3	\$ 35.3

* Fiscal Year 2014 year-end projection for Property Tax does not include the one-time residual distribution of \$34.9 million from the Redevelopment Property Tax Trust Fund (RPTTF) resulting from the Non-Housing Due Diligence Review.
 ** Transient Occupancy Tax (TOT) includes General Fund 5.5 cents and Council Discretionary 1.0 cent.

Fiscal Year 2015 Projected General Fund Reserves

	Amount	Percent of Revenue*
FY 2014 Projected Ending Unrestricted Fund Balance	\$ 164	15.3%
Emergency Reserve	86	8.0%
Stability Reserve	64	6.0%
FY 2015 Projected Reserve Level	150	14.0%
Projected Excess Equity	14	1.3%

* The reserve percentage is calculated based on the most recent three year average of annual audited General Fund operating revenues. The most recent three year average of annual audited General Fund operating revenues is \$1.1 billion.

Use of Excess Equity

- Full funding of the Public Liability Fund Reserve
 - 50% of outstanding claims per actuarial valuation (3 year average)
- Full funding for Long-Term Disability Fund Reserve
 - 50% of outstanding claims per actuarial valuation (3 year average)

**Fiscal Year 2015-2019 Five-Year Financial Outlook
Updated for FY 2015 Proposed Budget**

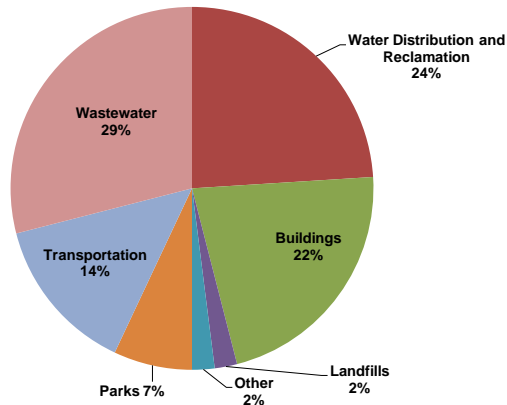
GENERAL FUND REVENUES	Fiscal Year 2015 Outlook Version	Fiscal Year 2015 Proposed Budget	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
GENERAL FUND REVENUES	\$ 1,216.2	\$ 1,177.2	\$ 1,212.3	\$ 1,257.0	\$ 1,294.7	\$ 1,333.4
Personnel Expenditures	\$ 890.9	\$ 829.7	\$ 845.1	\$ 846.1	\$ 849.8	\$ 850.3
Non-Personnel Expenditures	\$ 344.4	\$ 349.4	\$ 342.1	\$ 350.3	\$ 358.0	\$ 366.2
GENERAL FUND EXPENDITURES	\$ 1,235.3	\$ 1,179.0	\$ 1,187.2	\$ 1,196.3	\$ 1,207.8	\$ 1,216.5
SURPLUS / (DEFICIT)	\$ (19.1)	\$ (1.8)	\$ 25.1	\$ 60.7	\$ 86.9	\$ 117.0
Use of Fund Balance for CPPS	\$ -	\$ 1.8	\$ -	\$ -	\$ -	\$ -
NET SURPLUS / (DEFICIT)	\$ (19.1)	\$ -	\$ 25.1	\$ 60.7	\$ 86.9	\$ 117.0

**FY 2015 Proposed CIP Budget
Overview**

- Proposed budget of \$297.7 million
 - Supports various types of projects (i.e. water and sewer facilities, buildings, and transportation projects).
 - Part of the City's \$6.51 billion multi-year program



FY 2015 Proposed CIP Budget by Asset Type



Conclusion

- Fiscal Year 2015 Proposed Budget is Balanced
- Restores & Increases Core Service Levels:
 - Infrastructure
 - Public Safety
 - Neighborhood Improvements & Services
 - Open Government/Transparency
- Fully Funds Pension Costs
- Incorporates Impact 5-Year Pensionable Pay Freeze
- Maintains Managed Competition Savings
- Maintains Enhanced Reserve Levels for General Fund and Risk Management Funds