



CITY OF SAN DIEGO

PROPOSED BUDGET



FY: 2016

Executive Summary

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The City of San Diego's Fiscal Year 2016 Proposed Budget is \$3.2 billion and is comprised of six operating fund types (General Fund, Special Revenue Funds, Debt Service and Tax Funds, Capital Project Funds, Enterprise Funds, and Internal Service Funds) and the Capital Improvements Program (CIP). This represents an increase of \$207.0 million or 6.9 percent compared to the Fiscal Year 2015 Adopted Budget.

The Fiscal Year 2016 Proposed Budget includes a total of 10,902.31 Full-Time Equivalent (FTE) positions, representing an increase of 424.09 FTE positions or 4.0 percent compared to the Fiscal Year 2015 Adopted Budget. These new positions are primarily focused on maintenance and repair of City streets, Municipal Storm Water Permit compliance, sworn and civilian police support, engineering support, facilities maintenance, and fleet operations maintenance.

In February 2015, the Mayor released a new City Strategic Plan to guide the performance management of the City. The City Strategic Plan defines the City's mission, vision, values, goals, objectives, and key performance indicators. It sets the framework for City employees' work and gives branches and departments the foundation to develop strategic plans. Branch and Department level tactical plans are expected to be completed by the end of Fiscal Year 2016.

Budget Process

The Budget Process for the annual operating budget is developed in conjunction with the Mayor, City Council, City departments and public input. The Budget Process consists of three main phases: Budget Development, Budget Review and Budget Adoption.

The Budget Development phase began with the release of the Five-Year Financial Outlook for Fiscal Year 2016-2020 on November 14, 2014, which created the framework for the

Total City Expenditures Fiscal Years 2015-2016 by Fund Type (in \$ millions)

Fund Type	FY 2015	FY 2016
General Fund	\$ 1,202.4	\$ 1,275.6
Special Revenue Funds	383.3	407.2
Capital Projects Funds	12.5	13.2
Enterprise Funds	933.7	991.9
Internal Service Funds	165.3	188.1
Capital Improvements Program	310.0	338.3
Total	\$ 3,007.3	\$ 3,214.3

Total City FTE Positions Fiscal Years 2015-2016 by Fund Type

Fund Type	FY 2015	FY 2016
General Fund	6,975.29	7,221.39
Special Revenue Funds	263.36	273.20
Enterprise Funds	2,385.38	2,424.08
Internal Service Funds	790.18	919.63
Other Funds	64.00	64.00
Total	10,478.21	10,902.30

development of the Fiscal Year 2016 Proposed Budget.

Next, the City departments submitted budget requests that were then analyzed, reviewed, and prioritized by City management. General Fund revenues and expenditures were determined and balanced through the budgeting process and included in the Fiscal Year 2016 Proposed Budget, along with changes to the non-general funds and CIP.

During the Budget Review phase, the City Council will hold a series of public meetings to obtain input from San Diego residents on spending priorities. Council members and the Mayor will use the information at these hearings

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to recommend changes to the Fiscal Year 2016 Proposed Budget. Once the City Council approves the budget and final changes have been made, the City Council will be presented with the Appropriation Ordinance, where it is anticipated that the Fiscal Year 2016 budget will be enacted into law.

General Fund Overview

The Fiscal Year 2016 Proposed Budget includes General Fund expenditures of \$1.28 billion and General Fund revenues of \$1.27 billion. Expenditures are supported by a combination of revenues and unrestricted fund balance to fund Community Projects, Programs, and Services. In addition, per the City's Budget Policy, one-time revenues do not support ongoing expenditures.

Departments within the General Fund provide core community services, such as public safety (including police and fire protection), parks and recreation, library services, and refuse collection, as well as vital support functions such as finance, legal, and human resources. These core services are primarily supported by major revenue sources that include property tax, sales tax, transient occupancy tax, and franchise fees. These major revenue sources total \$934.3 million, which accounts for 73.3 percent of the City's General Fund revenue in the Fiscal Year 2016 Proposed Budget.

As the economy recovered coming out of the recession, the City's General Fund revenue grew at a rate that was faster than the historical average. Moderate revenue growth is projected to continue and has been incorporated into the Fiscal Year 2016 Proposed Budget, but at a slower pace than what was experienced in the recovery immediately following the recession. This includes growth in all four of the City's major General Fund revenue categories:

- **Property Tax:** 4.25 percent
- **Sales Tax:** 4.0 percent
- **Transient Occupancy Tax:** 5.5 percent
- **Franchise Fees:**
 - SDG&E: 2.0 percent
 - Cable: 0.0 percent

Service Enhancements and Adjustments

As a result of the continuing positive trends in revenue growth, the Fiscal Year 2016 Proposed Budget includes a number of service enhancements for the residents of San Diego. These service enhancements focus on four main areas: repairing streets and investing in infrastructure, safe and livable neighborhoods, an economically prosperous city with opportunity in every community, and excellent customer service and open government. The list below highlights some of these key enhancements.

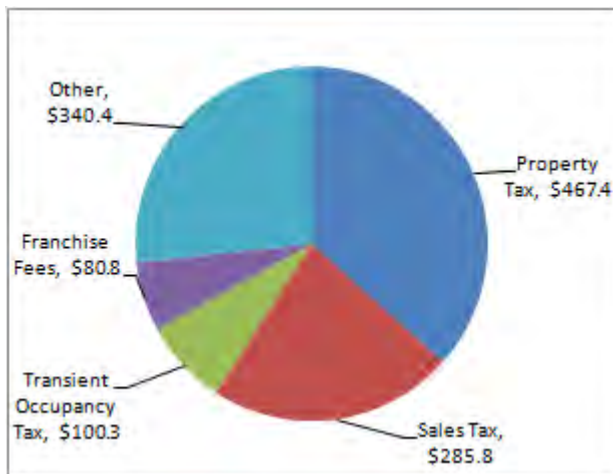
Repairing Streets and Investing in Infrastructure

Mayor Faulconer has committed to dedicate at least 50 percent of major General Fund revenue growth to repairing streets and investing in infrastructure. The Fiscal Year 2016 Proposed Budget includes a net \$41.0 million in new infrastructure expenditures, which exceeds the 50 percent commitment of \$33.7 million.

- **\$120 Million Bond Issuance:** additional funding for debt service payments for lease revenue bonds to fund CIP projects for streets, sidewalks, facilities (including libraries and fire stations), ADA improvements, and storm drains.

FY 16 Proposed General Fund Revenue

(in \$ millions)



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- **Rebuilding Streets:** additional funding for materials and positions needed to meet the Mayor's initiative of repairing 1,000 miles of streets in five years.
- **Parks Infrastructure:** additional funding for park assessments, playground improvements and repairs, and support for park improvement projects.
- **Street Lights:** additional funding for CIP projects to upgrade existing street light circuits and install new street lights.
- **Fire Stations:** additional funding for the construction of Fire Station No. 02 - Bayside.
- **Storm Drain Maintenance:** additional funding and positions to comply with the requirements of the Municipal Storm Water Permit.
- **Facilities Maintenance:** additional funding for facility assessments, CIP projects, and positions that will help the City to address the backlog of plumbing, electrical, roof, HVAC, and other needs for General Fund owned and operated facilities.
- **Sidewalks:** additional funding for the repair and reconstruction of sidewalks, curbs, and gutters citywide.

Safe and Livable Neighborhoods

- **Police Recruitment and Retention:** funding for the implementation of a new memorandum of understanding (MOU) between the City and the San Diego Police Officers Association to improve the recruitment and retention of police officers.
- **Police Academies and Positions:** funding for four Police Academies with an average of 43 recruits in each academy combined with the addition of sworn and civilian positions to support the rebuilding of San Diego's Police Department.
- **Police Equipment:** additional funding to upgrade the City's Computer Aided Dispatch system (CAD) and other essential equipment for sworn officers.
- **Fire Academies:** addition of two Fire academies for a total of three academies to maintain staffing in the Fire-Rescue Department.
- **Staffing for New Fire Stations:** additional funding for staffing and operating Fire Station No. 45 - Eastside Mission Valley and the temporary Fire Station on Skyline Drive.
- **Fire Fast Response Squads:** continued funding of the Fast Response Squad in Encanto and the addition of one new Fast Response Squad in University City subject to meet and confer with the City's impacted labor organizations.
- **Advanced Lifeguard Academy:** additional funding for positions and equipment needed to support an advanced lifeguard academy to maintain adequate levels of trained lifeguards.

An Economically Prosperous City with Opportunity in Every Community

- **Expanded Recreation Center Hours:** additional funding and positions to increase operations from 45 to 60 hours per week at 16 large recreation centers.
- **Staffing for New Park & Recreation Facilities:** additional funding and positions to support new Park & Recreation facilities coming online in Fiscal Year 2016.
- **Teen Nights:** additional funding and positions to expand the Teen Nights Program to five additional recreation centers.
- **Expanded Library After School Program:** additional funding and positions to expand the Do Your Homework @ the Library after-school program into the summer at 10 libraries.
- **Code Enforcement:** additional funding and positions for proactive code enforcement of substandard housing.
- **Connect2Careers:** additional funding to support the CONNECT2Careers program, which provides youth with summer employment opportunities, job-readiness training, and job placement.

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- **Tree Maintenance:** additional funding for increased trimming of right of way trees and palm trees.
- **Community Plan Updates:** additional funding and positions to support the completion of community plan updates currently being performed.
- **Homeless Services:** continuation of funding for homeless services that focus on permanent solutions to end homelessness.

Excellent Customer Service and Open Government

- **Open Data:** additional funding and positions to assist the Chief Data Officer and support the City's Open Data Policy. The purpose of Open Data is to make City operations more transparent and accountable to the public and allow the public to assist in identifying and creating tools and solutions for improving government services.
- **Centralized Customer Service:** additional funding and positions to support the development of a centralized customer service system.
- **Resident Satisfaction Survey:** additional funding to conduct a resident satisfaction survey to measure the City's performance and gather the public's service priorities for consideration in crafting policy and allocating resources.

Non-General Fund Overview

In addition to the General Fund, the Fiscal Year 2016 Proposed Budget includes the following major changes in other non-general funds:

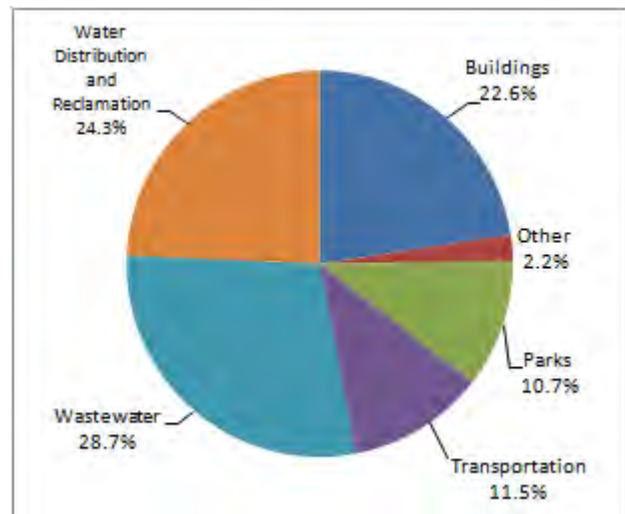
- **Engineering & Capital Projects:** additional funding and positions to support the expanded Capital Improvements Program (CIP).
- **Fleet Services:** additional funding and positions to improve the operations and maintenance of the City's vehicle fleet.
- **Penny for the Arts:** additional funding to maintain the Penny for the Arts blueprint allocation at 5.7 percent.

- **Information Technology:** additional funding to enhance the City's website.
- **Body Worn Cameras:** additional funding for body worn cameras for the Police Department.
- **Public Utilities:** continued focus on implementation of San Diego Pure Water; commitment to infrastructure through replacement and rehabilitation of water and wastewater pipelines and mains; and efficiency through optimization of operations.

Capital Improvements Program Overview

The Fiscal Year 2016 Proposed Capital Improvements Program (CIP) Budget is \$338.3 million. This budget allocates existing funds and anticipated revenues to both new and continuing projects. The allocation of funds is based upon an analysis of available funding sources as well as a review of project needs and priorities.

Proposed FY16 Budget by Project Type



Conclusion

The Fiscal Year 2016 Proposed Budget increases funding for the City's priorities: repairing streets and investing in infrastructure, safe and livable neighborhoods, an economically prosperous city with opportunity in every community, and excellent customer service and open government. Additional details are included throughout this Volume.