

# FISCAL YEAR 2018

Appendix



The City of  
**SAN DIEGO**

## ADOPTED BUDGET

MAYOR KEVIN L. FAULCONER



# Appendix

## **Fiscal Year 2018 Changes in Full-time Equivalent (FTE) Positions**

**ATTACHMENT A**

Information reflecting changes in FTE positions from the Fiscal Year 2017 Adopted Budget by fund and department.

## **Fiscal Year 2018-2022 Five-Year Financial Outlook**

**ATTACHMENT B**

A report that guides long-range fiscal planning and serves as the framework for the development of the Fiscal Year 2018 Adopted Budget.

## **Fiscal Year 2018 City Council Budget Priorities**

**ATTACHMENT C**

City Council budget priorities for Fiscal Year 2018

## **May Revision to the Fiscal Year 2018 Proposed Budget**

**ATTACHMENT D**

A memorandum that presents the Mayor's recommended revisions to the Fiscal Year 2018 Proposed Budget, dated May 16, 2017

## **Review of the Fiscal Year 2018 May Revision and Recommended Revisions to the Mayor's Fiscal Year 2018 Budget**

**ATTACHMENT E**

Office of the Independent Budget Analyst, Report Number 17-23, dated June 5, 2017

## **Fiscal Year 2018 Councilmember Budget Priority Memos**

**ATTACHMENT F**

City Council budget priorities in response to the Mayor's Fiscal Year 2018 May Revised Budget

## **Resolution R-311158**

**ATTACHMENT G**

Resolution of the Council of the City of San Diego adopting the Fiscal Year 2018 Budget, including approving the Mayor's Fiscal Year 2018 Proposed Budget, the May Revision to the Proposed Budget, the Independent Budget Analyst's recommended revisions to the Proposed Budget and other changes as approved by the City Council.

## **Proposed Fiscal Year 2018 Statement of Budgetary Principles**

**ATTACHMENT H**

Office of the Independent Budget Analyst, Report Number 17-28, dated August 9, 2017

## **Appropriation Ordinance O-20837**

**ATTACHMENT I**

An ordinance adopting the annual budget for Fiscal Year 2018 and appropriating the necessary money to operate the City of San Diego for said fiscal year on June 26, 2017.



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**Table 1** below reflects the changes in Full-time Equivalent (FTE) positions in the General Fund from the Fiscal Year 2017 Adopted Budget by department. Descriptions of these changes in positions immediately follow.

**Table 1: General Fund FTE Changes by Department**

Department	FY 2017 Adopted Budget	FY 2018 Adopted Budget	FTE Change
City Attorney	361.10	358.73	(2.37)
City Auditor	22.00	22.00	-
City Clerk	46.32	47.32	1.00
City Comptroller	87.51	87.26	(0.25)
City Treasurer	111.38	119.70	8.32
Communications	33.50	31.00	(2.50)
Council Administration	16.37	16.37	-
Council District 1	10.00	10.00	-
Council District 2	10.00	10.00	-
Council District 3	10.00	10.00	-
Council District 4	10.00	10.00	-
Council District 5	10.00	10.00	-
Council District 6	10.00	10.00	-
Council District 7	10.00	10.00	-
Council District 8	10.00	10.00	-
Council District 9	10.00	10.00	-
Debt Management	21.00	21.00	-
Development Services	70.00	69.00	(1.00)
Economic Development	56.00	63.85	7.85
Environmental Services	157.11	155.56	(1.55)
Ethics Commission	5.00	5.00	-
Financial Management	32.00	31.00	(1.00)
Fire-Rescue	1,220.53	1,230.65	10.12
Human Resources	25.50	32.92	7.42
Infrastructure/Public Works	5.00	5.00	-
Internal Operations	1.50	1.50	-
Library	475.86	453.72	(22.14)
Neighborhood Services	6.50	6.50	-
Office of Homeland Security	18.05	17.05	(1.00)
Office of the Assistant COO	12.00	12.00	-
Office of the Chief Financial Officer	2.00	2.00	-
Office of the Chief Operating Officer	5.35	6.35	1.00
Office of the IBA	10.00	10.00	-
Office of the Mayor	29.50	28.50	(1.00)
Park & Recreation	899.78	896.83	(2.95)
Performance & Analytics	15.00	15.00	-
Personnel	71.00	69.99	(1.01)
Planning	65.07	64.95	(0.12)
Police	2,644.01	2,653.01	9.00
Public Works - Contracts	21.00	21.00	-
Public Works - General Services	174.00	168.00	(6.00)
Purchasing & Contracting	59.96	57.96	(2.00)
Real Estate Assets	34.00	32.00	(2.00)
Transportation & Storm Water	625.79	624.71	(1.08)
<b>Total General Fund FTE Changes</b>	<b>7,530.69</b>	<b>7,527.43</b>	<b>(3.26)</b>

## **General Fund FTE Changes**

### **City Attorney: 2.37 FTE Decrease**

- 2.00 Addition of 2.00 Deputy City Attorneys to support the Domestic Violence Unit in the Criminal Division.
- 1.00 Addition of 1.00 Deputy City Attorney to support the Neighborhood Prosecution Unit in the Community Justice Division.
- 1.00 Addition of 1.00 Program Manager to support the San Diego Misdemeanants At-Risk Track (SMART) program.
- (0.25) Reduction of 0.25 Legal Secretary 2 in the Community Justice Division.
- (1.00) Reduction of 1.00 Assistant City Attorney in the Civil Advisory Division.
- (1.00) Reduction of 1.00 Court Support Clerk 2 in the Criminal Division.
- (1.00) Reduction of 1.00 Deputy City Attorney in the Civil Litigation Division.
- (1.00) Reduction of 1.00 Deputy City Attorney-Unrepresented in the Civil Advisory Division.
- (1.00) Reduction of 1.00 Senior Clerk Typist in the Criminal Division.
- (1.12) Reduction of funding allocated for hourly positions.

### **City Clerk: 1.00 FTE Increase**

- 1.00 Transfer of 1.00 Public Information Specialist from the Human Resources Department to the Office of the City Clerk related to the Citizen Assistance Program.

### **City Comptroller: 0.25 FTE Decrease**

- 1.00 Addition of 1.00 Accountant 3 to support accounting activities in the Capital Improvement Projects and Fixed Assets sections.
- 1.00 Addition of 1.00 Accountant 3 to support accounting activities in the Internal Controls section.
- 0.50 Addition of 1.00 Accountant 4 offset by the reduction of 0.50 Principal Accountant in the Debt section.
- 0.25 Addition of 0.25 Principal Accountant to oversee internal controls and to safeguard City assets in the Internal Controls section.
- (1.00) Reduction of 1.00 Account Audit Clerk in the Grants section.
- (1.00) Reduction of 1.00 Administrative Aide 2 in the Fixed Assets section.
- (1.00) Reduction of 1.00 Principal Accountant in the Internal Controls section.

### **City Treasurer: 8.32 FTE Increase**

- 5.00 Addition of 1.00 Program Manager, 3.00 Program Coordinators, 1.00 Associate Management Analyst to support the administration and enforcement of the Earned Sick Leave and Minimum Wage Ordinance.
- 5.00 Addition of 1.00 Accountant 4, 4.00 Accountant 2s to support short-term rental compliance with the City's Transient Occupancy Tax (TOT) provisions.
- (0.68) Funding allocated according to a zero-based annual review of hourly funding requirements.
- (1.00) Reduction of 1.00 Public Information Clerk in the Business Tax section.

### **Communications: 2.50 FTE Decrease**

- (0.50) Reduction of funding allocated for hourly positions.
- (1.00) Reduction of 1.00 Executive Secretary resulting in decreased support services to the Director and department.
- (1.00) Reduction of 1.00 Senior Public Information Officer resulting in decreased communication services citywide.

### **Development Services: 1.00 FTE Decrease**

- (1.00) Reduction of 1.00 Administrative Aide 1 in the Code Enforcement Division.

**Economic Development: 7.85 FTE Increase**

6.00 Addition of 1.00 Program Manager, 1.00 Community Development Specialist 4, 1.00 Senior Management Analyst, and 3.00 Community Development Specialist 3s to support the Community Development Block Grant (CDBG) Reinvestment Initiative.

1.00 Addition of 1.00 Program Manager to manage Successor Agency activities as mandated by State Assembly Bill 1X 26 (The Dissolution Act).

0.85 Funding allocated according to a zero-based annual review of hourly funding requirements.

**Environmental Services: 1.55 FTE Decrease**

(1.55) Reduction of 1.55 FTE positions to better align the financial structure with the department's operations and personnel structure.

**Financial Management: 1.00 FTE Decrease**

(1.00) Reduction of 1.00 Associate Budget Development Analyst.

**Fire-Rescue: 10.12 FTE Increase**

7.00 Addition of 7.00 FTE positions to support the operations of the Bayside Fire Station which is scheduled to open in December 2017.

6.00 Addition of 6.00 FTE positions to fund a 24-hour Fast Response Squad (FRS) in the San Pasqual Valley.

5.00 Addition of 4.00 Fire Dispatchers and 1.00 Fire Dispatch Supervisor to support the Emergency Command and Data Center.

1.00 Transfer of 1.00 Senior Management Analyst position from the Fire/Emergency Medical Services Transport Program Fund to the General Fund for the centralization of analyst functions into the Fiscal Division of the Fire-Rescue Department.

(2.88) Funding allocated according to a zero-based annual review of hourly funding requirements.

(6.00) Transfer of 6.00 FTE positions to the Human Resources Department from the Fire-Rescue Department for centralized human resources support.

**Human Resources: 7.42 FTE Increase**

10.00 Transfer of 10.00 FTE positions to the Human Resources Department from the Library, Fire-Rescue, Public Works, and Public Utilities Departments for centralized human resources support.

(0.58) Funding allocated according to a zero-based annual review of hourly funding requirements.

(1.00) Reduction of 1.00 Public Information Specialist in the Citizen Assistance Program.

(1.00) Transfer of 1.00 Public Information Specialist from the Human Resources Department to the Office of the City Clerk related to the Citizen Assistance Program.

**Library: 22.14 FTE Decrease**

(0.88) Funding allocated according to a zero-based annual review of hourly funding requirements.

(1.00) Transfer of 1.00 FTE positions to the Human Resources Department from the Library Department for centralized human resources support.

(20.26) Reduction of funding for hourly support staff at all branches.

**Office of Homeland Security: 1.00 FTE Decrease**

(1.00) Reduction of 1.00 Associate Management Analyst in the Response & Recovery Division.

**Office of the Chief Operating Officer: 1.00 FTE Increase**

1.00 Transfer of 1.00 Program Manager from the Stadium Operations Fund to the Office of the Chief Operating Officer.

## **Office of the Mayor: 1.00 FTE Decrease**

(1.00) Reduction of 1.00 Mayor Representative 2.

## **Park & Recreation: 2.95 FTE Decrease**

3.00 Addition of 2.00 Grounds Maintenance Workers, 1.00 Area Manager to support operations and maintenance of Cesar Solis Community Park.

1.00 Addition of 1.00 Grounds Maintenance Manager to support Citywide maintenance and operation of 32.90 additional park acreage.

1.00 Addition of 1.00 Biologist 2 to support the Vernal Pool Habitat Conservation Plan.

0.60 Addition of 0.60 Grounds Maintenance Worker for Southcrest Trails Neighborhood Park.

0.50 Addition of 0.50 Grounds Maintenance Worker for a new skate park located at Park de la Cruz.

0.20 Addition of 0.20 Grounds Maintenance Worker for Wightman Street Neighborhood Park.

(1.00) Reduction of 1.00 Recreation Specialist administering the Civic Dance Program.

(2.25) Funding allocated according to a zero-based annual review of hourly funding requirements.

(6.00) Reduction of 1.00 Light Equipment Operator, 1.00 Pesticide Applicator, 4.00 Grounds Maintenance Worker 2s associated with Citywide Park maintenance.

## **Personnel: 1.01 FTE Decrease**

(0.01) Funding allocated according to a zero-based annual review of hourly funding requirements.

(1.00) Reduction of 1.00 Associate Personnel Analyst in the Classification and Compensation Division.

## **Planning: 0.12 FTE Decrease**

2.00 Addition of 1.00 Program Manager and 1.00 Development Project Manager 3 in the Environment and Policy Analysis Division to support the policy and ordinance development initiative.

(0.12) Funding allocated according to a zero-based annual review of hourly funding requirements.

(1.00) Reduction of 1.00 Word Processing Operator in the Environment & Policy Analysis Division.

(1.00) Transfer of 1.00 Program Manager from the Planning Department to the Transportation & Storm Water Department for the newly developed Urban Forestry Program.

## **Police: 9.00 FTE Increase**

6.00 Addition of 1.00 FTE sworn position and 5.00 FTE civilian positions to support the Police Department's operations.

2.00 Addition of 2.00 grant funded Police Investigative Service Officer 2s for the crime lab.

1.00 Addition of 0.50 Police Lead Dispatcher and 0.50 Police Property and Evidence Clerk to support the property room and the Communications Division.

## **Public Works - General Services: 6.00 FTE Decrease**

(1.00) Transfer of 10.00 FTE positions to the Human Resources Department from the Public Works Department for centralized human resources support.

(5.00) Reduction of 3.00 Custodian 2s, 1.00 Roofer, 1.00 Plasterer in the Facilities Division.

## **Purchasing & Contracting: 2.00 FTE Decrease**

1.00 Addition of 1.00 Program Coordinator to support the City's Administrative Appeals Hearing Program.

(1.00) Reduction of 1.00 Senior Management Analyst associated with the Living Wage Program.

(2.00) Reduction of 1.00 Contracts Processing Clerk and 1.00 Senior Clerk Typist associated with the Administration section.

## **Real Estate Assets: 2.00 FTE Decrease**

(1.00) Reduction of 1.00 Property Agent associated with the management of City leases.

(1.00) Reduction of 1.00 Word Processing Operator associated with administrative services.

**Transportation & Storm Water: 1.08 FTE Decrease**

1.00 Transfer of 1.00 Program Manager from the Planning Department to the Transportation & Storm Water Department for the newly developed Urban Forestry Program.

(2.08) Funding allocated according to a zero-based annual review of hourly funding requirements.

**Table 2** below reflects the changes in Full-time Equivalent (FTE) positions in the Non-General Fund from the Fiscal Year 2017 Adopted Budget by fund. Descriptions of these changes in positions immediately follow.

**Table 2: Non-General Funds FTE Changes by Fund**

<b>Fund</b>	<b>FY 2017 Adopted Budget</b>	<b>FY 2018 Adopted Budget</b>	<b>FTE Change</b>
Airports Fund	22.00	22.00	-
Central Stores Fund	23.00	22.00	(1.00)
City Employee's Retirement System Fund	63.00	63.00	-
Concourse and Parking Garages Operating Fund	2.00	2.00	-
Development Services Fund	472.45	472.65	0.20
Energy Conservation Program Fund	17.35	17.35	-
Engineering & Capital Projects Fund	644.70	715.80	71.10
Facilities Financing Fund	16.35	16.35	-
Fire/Emergency Medical Services Transport Program Fund	31.00	17.00	(14.00)
Fleet Services Operating Fund	207.00	206.00	(1.00)
GIS Fund	2.00	2.00	-
Golf Course Fund	101.76	102.08	0.32
Information Technology Fund	42.00	44.00	2.00
Junior Lifeguard Program Fund	1.00	1.00	-
Local Enforcement Agency Fund	6.00	6.00	-
Los Penasquitos Canyon Preserve Fund	2.00	2.00	-
Maintenance Assessment District (MAD) Management Fund	25.00	25.00	-
Metropolitan Sewer Utility Fund	462.20	458.86	(3.33)
Municipal Sewer Revenue Fund	400.71	401.04	0.33
OneSD Support Fund	28.00	28.00	-
Parking Meter Operations Fund	15.00	15.00	-
PETCO Park Fund	1.00	1.00	-
Publishing Services Fund	10.00	10.00	-
Recycling Fund	108.25	111.76	3.51
Refuse Disposal Fund	132.60	140.94	8.34
Risk Management Administration Fund	87.23	85.23	(2.00)
Stadium Operations Fund	38.00	36.00	(2.00)
Transient Occupancy Tax Fund	14.00	14.00	-
Underground Surcharge Fund	11.00	17.00	6.00
Water Utility Operating Fund	781.83	791.02	9.20
Wireless Communications Technology Fund	46.00	46.00	-
<b>Total Non-General Fund FTE Changes</b>	<b>3,814.42</b>	<b>3,892.08</b>	<b>77.66</b>

## Non-General Fund FTE Changes

### Central Stores Fund: 1.00 FTE Decrease

(1.00) Reduction of 1.00 Stock Clerk related to a decrease in water meter sales and inventory.

### Development Services Fund: 0.20 FTE Increase

0.50 Addition of 0.50 Development Project Manager to support reviews and inspections in the Project Submittal & Management section.

(0.30) Funding allocated according to a zero-based annual review of hourly funding requirements.

### Engineering & Capital Projects Fund: 71.10 FTE Increase

11.00 Addition of 11.00 FTE positions to provide required field inspections and meet construction protocols.

9.00 Addition of 1.00 Program Manager, 1.00 Project Officer 2 and 7.00 Project Officer 1s to improve data management and reporting quality control.

8.00 Addition of 3.00 Principal Engineering Aides, 2.00 Senior Engineering Aides, 2.00 Assistant Engineers-Civil and 1.00 Associate Engineer-Civil to meet increased requested services to the Construction Management and Field Services Materials & Test Lab.

7.00 Addition of 4.00 Assistant Engineers-Electrical, 2.00 Associate Engineers-Traffic and 1.00 Senior Engineer-Electrical to provide traffic and electrical engineering services.

7.00 Addition of 5.00 Assistant Engineers-Civil and 2.00 Principal Engineering Aides to meet increased workloads in the water and wastewater construction management requirements.

6.00 Addition of 3.00 Principal Engineering Aides, 2.00 Assistant Engineers-Civil and 1.00 Associate Engineer-Civil to support increased workloads managing storm water best management practices for development and capital projects.

4.00 Addition of 1.00 Senior Civil Engineer, 1.00 Assistant Engineers-Civil and 2.00 Associate Engineer-Civil to support the Infrastructure Asset Management (IAM) San Diego Project with engineering services.

3.00 Addition of 2.00 Assistant Engineer Civil and 1.00 Principal Engineering Aide to meet and provide required construction management of major buildings and structures in the CIP.

2.00 Addition of 1.00 Associate Engineer-Civil and 1.00 Assistant Engineer-Civil for the evaluation of roadway projects to support the City's street paving activities.

2.00 Addition of 2.00 Administrative Aide 1s to provide administrative support to engineering activities.

2.00 Addition of 1.00 Project Officer 1 and 1.00 Associate Planner to meet environmental permit requirements and support the increase of mitigation studies.

2.00 Addition of 1.00 Program Manager and 1.00 Organization Effectiveness Specialist 3 for employee programs and services.

2.00 Addition of 2.00 Assistant Engineers-Civil to provide necessary preliminary engineering services to support the CIP.

2.00 Addition of 2.00 Assistant Engineers-Civil to meet and provide required construction management of new bridges in the Capital Improvements Program and permits.

1.00 Addition of 1.00 Project Assistant to provide CADD support.

1.00 Addition of 1.00 Project Officer 1 to provide contract management for the increased amount of as-needed and job order contracts.

1.00 Addition of 1.00 Principal Engineering Aide to provide drafting support for new design standard manuals and regulatory demands for storm water and streetlights.

1.00 Addition of 1.00 Associate Engineer-Civil to support the management of survey monuments and assist with as-needed survey consultant contracts.

1.00 Addition of 1.00 Principal Engineering Aide for drafting Americans with Disabilities Act (ADA) curb ramps that are designed in-house for the Utilities Undergrounding Program.

(0.90) Funding allocated according to a zero-based annual review of hourly funding requirements.

## **Fire/Emergency Medical Services Transport Program Fund: 14.00 FTE Decrease**

- (1.00) Transfer of 1.00 Senior Management Analyst position from the Fire/Emergency Medical Services Transport Program Fund to the General Fund for the centralization of analyst functions into the Fiscal Division of the Fire-Rescue Department.
- (13.00) Reduction of 13.00 FTE positions and associated nonpersonnel expenditures associated with the reduction of the Paramedic Rotation (PMR) Program.

## **Fleet Services Operating Fund: 1.00 FTE Decrease**

- 1.00 Addition of 1.00 Fleet Manager for a new Fire Fleet Repair Facility.
- (2.00) Reduction of 2.00 FTE positions associated with operational efficiencies.

## **Golf Course Fund: 0.32 FTE Increase**

- 0.33 Addition of 0.33 Grounds Maintenance Worker 1 to support turf renovations on the South Golf Course at Torrey Pines.
- (0.01) Funding allocated according to a zero-based annual review of hourly funding requirements.

## **Information Technology Fund: 2.00 FTE Increase**

- 2.00 Addition of 2.00 Program Coordinators to support cyber security.

## **Metropolitan Sewer Utility Fund: 3.33 FTE Decrease**

- 0.01 Adjustments to reflect savings resulting from vacant positions for any period of the fiscal year, retirement contributions, retiree health contributions, and labor negotiations.
- (0.38) Funding allocated according to a zero-based annual review of hourly funding requirements.
- (0.99) Transfer of 0.99 FTE positions to the Human Resources Department from the Public Utilities Department for centralized human resources support.
- (1.97) Reallocation among funds as a result of departmental efficiency efforts.

## **Municipal Sewer Revenue Fund: 0.33 FTE Increase**

- 0.53 Reallocation among funds as a result of departmental efficiency efforts.
- 0.35 Addition of 0.35 Program Manager-Hourly to support Environmental Monitoring and Technical Services.
- (0.01) Adjustments to reflect savings resulting from vacant positions for any period of the fiscal year, retirement contributions, retiree health contributions, and labor negotiations.
- (0.54) Transfer of 0.54 FTE positions to the Human Resources Department from the Public Utilities Department for centralized human resources support.

## **Recycling Fund: 3.51 FTE Increase**

- 2.00 Addition of 2.00 Code Compliance Officers to support the Climate Action Plan.
- 2.00 Addition of 2.00 Recycling Specialist 2s to support education and outreach for the Zero Waste Plan.
- 1.76 Funding allocated according to a zero-based annual review of hourly funding requirements.
- (0.29) Reduction of 0.29 FTE positions to better align the financial structure with the department's operations and personnel structure.
- (1.96) Funding allocated according to a zero-based annual review of hourly funding requirements.

**Refuse Disposal Fund: 8.34 FTE Increase**

- 2.00 Addition of 2.00 Disposal Site Representatives to support fee booth operations at the Miramar Landfill.
- 1.84 Addition of 1.84 FTE positions to better align the financial structure with the department's operations and personnel structure.
- 1.00 Addition of 1.00 Associate Civil Engineer to support the new contract for maintaining gas wells and piping systems at the Miramar Landfill.
- 1.00 Addition of 1.00 Heavy Truck Driver 1 to support waste collection services.
- 1.00 Addition of 1.00 Heavy Truck Driver 2 to maintain City facilities waste and recycling collection service levels.
- 1.00 Addition of 1.00 Landfill Equipment Operator to support Miramar Landfill operations.
- 0.50 Addition of 0.50 Associate Management Analyst to provide administrative support in the Disposal and Environmental Protection Division.

**Risk Management Administration Fund: 2.00 FTE Decrease**

- 1.00 Addition of 1.00 Information Systems Analyst 3 to support the upgrade or replacement of the City's claims management system.
- (1.00) Reduction of 3.00 Benefits Representative 2 and offset by the addition of 2.00 Employee Benefits Specialist 2 positions to better align position classifications with the services provided by the Department.
- (1.00) Reduction of 1.00 Clerical Assistant 2 in the Safety and Environmental Health Division.
- (1.00) Reduction of 1.00 Safety Representative 2 in the Safety and Environmental Health Division.

**Stadium Operations Fund: 2.00 FTE Decrease**

- (1.00) Reduction of 1.00 Building Service Technician associated with facility maintenance and repairs.
- (1.00) Transfer of 1.00 Program Manager from the Stadium Operations Fund to the Office of the Chief Operating Officer.

**Underground Surcharge Fund: 6.00 FTE Increase**

- 6.00 Addition of 6.00 FTE positions to support the increase of Utilities Undergrounding Program projects.

**Water Utility Operating Fund: 9.20 FTE Increase**

- 9.00 Addition of 9.00 FTE positions to support the Pure Water program.
- 1.44 Reallocation among funds as a result of departmental efficiency efforts.
- 1.00 Addition of 1.00 Assistant Deputy Director to support the Water Construction and Maintenance Division (WCM).
- 0.01 Adjustments to reflect savings resulting from vacant positions for any period of the fiscal year, retirement contributions, retiree health contributions, and labor negotiations.
- (0.78) Funding allocated according to a zero-based annual review of hourly funding requirements.
- (1.47) Transfer of 1.47 FTE positions to the Human Resources Department from the Public Utilities Department for centralized human resources support.

The City of  
**SAN DIEGO**

**FISCAL YEAR 2018-2022  
FIVE-YEAR FINANCIAL OUTLOOK**



**Kevin L. Faulconer**  
Mayor

**Scott Chadwick**  
Chief Operating Officer

**Mary Lewis**  
Chief Financial Officer

**Matthew Vespi**  
Financial Management Acting Director

**Lisa Celaya**  
Budget Coordinator

**NOVEMBER 2016**

**Disclaimer:**

The City files its disclosure documents, including official statements, audited financial statements, comprehensive annual financial reports, annual financial information, material event notices, and voluntary disclosures with the Municipal Securities Rule Making Board's Electronic Municipal Market Access ("EMMA") system. The Five-Year Financial Outlook is not filed on EMMA and investors should not rely upon the Five-Year Financial Outlook to make any investment decisions. The City will provide the Five-Year Financial Outlook to the rating agencies, its bond insurers and other interested parties, and welcomes and encourages their careful review of this document. Readers are cautioned that the numbers presented in this document are the City's best estimate for the next five years based on facts and factors currently known to the City and do not represent actual performance. No representation is made by the City that, as of the date this document is read, there is not a material difference between the City's actual performance as of such date and the financial data presented in the Five-Year Financial Outlook. Certain statements in this document constitute forward-looking statements or statements which may be deemed or construed to be forward-looking statements. Forward-looking statements involve, and are subject to known and unknown risks, uncertainties and other factors which could cause the City's actual results, performance (financial or operating) or achievements to differ materially from the future results, performance (financial or operating) or achievements expressed or implied by such forward-looking statements. All forward-looking statements herein are expressly qualified in their entirety by the abovementioned cautionary statement. The City disclaims any obligation to update forward-looking statements contained in this document.

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## EXECUTIVE SUMMARY

The City of San Diego Fiscal Year 2018-2022 Five-Year Financial Outlook is provided to guide long-range fiscal planning and serve as the framework for the development of the Fiscal Year (FY) 2018 Adopted Budget for the General Fund. The overall purpose of the report is to encourage discussion to effectively address the City's long-range needs as currently forecasted.

The FY 2018-2022 Five-Year Financial Outlook (Outlook) focuses on baseline revenues and expenditures, including quantifying new costs that are critical to accomplishing the City's strategic goals over the next five-year period. These goals include:

- Provide high quality public service
- Work in partnership with all communities to achieve safe and livable neighborhoods
- Create and sustain a resilient and economically prosperous City

The Outlook is not a budget. The Outlook is a planning tool to assist in budget decisions and the allocation of General Fund resources required to meet the City's strategic goals that are critical to core services. The Outlook provides the City Council, key stakeholders, and the public with information in advance of the budget meetings to facilitate an informed discussion during the development of the FY 2018 Adopted Budget. Per the City Charter, the Mayor will present a balanced budget for the City Council's consideration in April 2017.

## SUMMARY OF KEY FINANCIAL DATA

Overall, the FY 2018-2022 Outlook forecasts revenue growth continues to soften, increasing moderately over the upcoming five years. Major General Fund revenues are anticipated to increase in each year of the Outlook; however, the rate of increase has slowed to a more moderate level. The Outlook also projects increases in nearly all expenditure categories.

Based upon baseline projections, growth in ongoing expenditures is anticipated to outpace growth in ongoing revenues in Fiscal Years 2018 and 2019. A short-term structural shortfall is forecasted once the following key factors are accounted for:

- Moderate growth in revenue
- Anticipated increase in the Retirement Actuarially Determined Contribution (ADC) to the San Diego City Employees Retirement System (SDCERS)
- Employee Organization Agreements entered into in FY 2015 and FY 2016
- Implementation of Charter Section 77.1 – Infrastructure Fund

As depicted in Table 1.1, and detailed in Attachment 1, a structural shortfall is anticipated in Fiscal Years 2018 and 2019. The table only summarizes baseline projections for revenues and expenditures and does not include any new expenditures. Beginning in Fiscal Year 2020, revenue growth is projected to have caught up with anticipated expenditure growth. However, projections for new expenditures are modest in FY 2020 through FY 2022.

**Table 1.1 - Fiscal Year 2018-2022 Financial Outlook**  
**Summary of Key Financial Data (\$ in Millions)**

	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Property Tax	\$ 532.0	\$ 554.9	\$ 576.3	\$ 594.0	\$ 612.0
Sales Tax	270.8	275.9	281.2	286.9	292.6
Transient Occupancy Tax	120.1	126.6	133.1	139.7	146.2
Franchise Fees	82.8	83.6	84.4	85.8	87.3
All Other Revenue Categories	359.4	376.0	393.2	416.5	435.7
<b>BASELINE GENERAL FUND REVENUES</b>	<b>\$ 1,365.1</b>	<b>\$ 1,417.0</b>	<b>\$ 1,468.2</b>	<b>\$ 1,522.9</b>	<b>\$ 1,573.8</b>
<b>Charter Section 77.1 - Infrastructure Fund</b>	<b>\$ 17.0</b>	<b>\$ 15.1</b>	<b>\$ 14.4</b>	<b>\$ 12.8</b>	<b>\$ 13.0</b>
Salaries & Wages	\$ 537.3	\$ 537.5	\$ 538.5	\$ 539.0	\$ 538.1
Recognized Employee Organization Agreements	15.9	31.8	45.0	45.0	45.0
Retirement Actuarially Determined Contribution (ADC)	227.9	231.4	234.5	237.6	240.6
All Other Personnel Expenditures	188.8	191.9	193.8	195.7	197.7
Non-Personnel Expenditures	415.0	430.0	441.5	452.6	459.4
<b>BASELINE GENERAL FUND EXPENDITURES</b>	<b>\$ 1,384.9</b>	<b>\$ 1,422.5</b>	<b>\$ 1,453.3</b>	<b>\$ 1,469.9</b>	<b>\$ 1,480.7</b>
<b>BASELINE REVENUE (LESS)/ GREATER THAN EXPENDITURES</b>	<b>\$ (36.9)</b>	<b>\$ (20.7)</b>	<b>\$ 0.5</b>	<b>\$ 40.1</b>	<b>\$ 80.1</b>

It should be noted that the Outlook does not forecast the result of any ballot initiatives considered by voters on November 8, 2016.

## REPORT OUTLINE

The Outlook includes a discussion on baseline projections for revenues and expenditures, summarizes upcoming critical strategic expenditures that will require additional resources, and identifies potential options that could be used to mitigate projected revenue shortfalls in the near term.

The baseline projections section of the Outlook primarily consists of the City's projections for the next five years for the General Fund's ongoing revenues and expenditures, as displayed in Table 1.1 – Fiscal Year 2018-2022 Financial Outlook. The baseline projections section includes revenue and expenditure adjustments necessary to support current service levels provided by the City. The FY 2017 Adopted Budget, with one-time revenues and expenditures removed, serves as the starting point for the baseline projections unless otherwise noted. One-time revenues and expenditures that have been removed from the baseline projections are detailed in Attachment 2: FY 2017 Adopted Budget – One-time Revenues and Expenditures.

Following the baseline projection discussion, the report outlines critical operational expenditures that are necessary to support core services and the City's strategic goals. Department submissions that require further examination are not identified in the Critical Strategic Expenditures section; however, these submissions may be discussed further during the FY 2018 Budget development process.

Finally, to address the anticipated near-term shortfall identified in the report, potential mitigation actions are discussed. No specific solution is identified, but rather concepts are reviewed that could mitigate the anticipated shortfall.

Per the City Charter, the Mayor will present a balanced budget for the City Council's consideration in April 2017.

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## **BASELINE PROJECTIONS**

The Baseline Projections section identifies and discusses forecasted changes based on known and anticipated events at the current time. This section first reviews forecasted growth rates for base revenues, including an overview of the revenue category, key economic trends, and a discussion of varying scenarios that could impact the forecast for the major revenue categories. Base expenditures are reviewed thereafter for the General Fund expenditure categories.

Unless otherwise noted, baseline projections assume growth based upon the Fiscal Year 2017 base budget, which will differ from the Fiscal Year 2017 Adopted Budget due to the removal of one-time sources and uses of funds. The Outlook discusses only the General Fund.

## **BASELINE GENERAL FUND REVENUES**

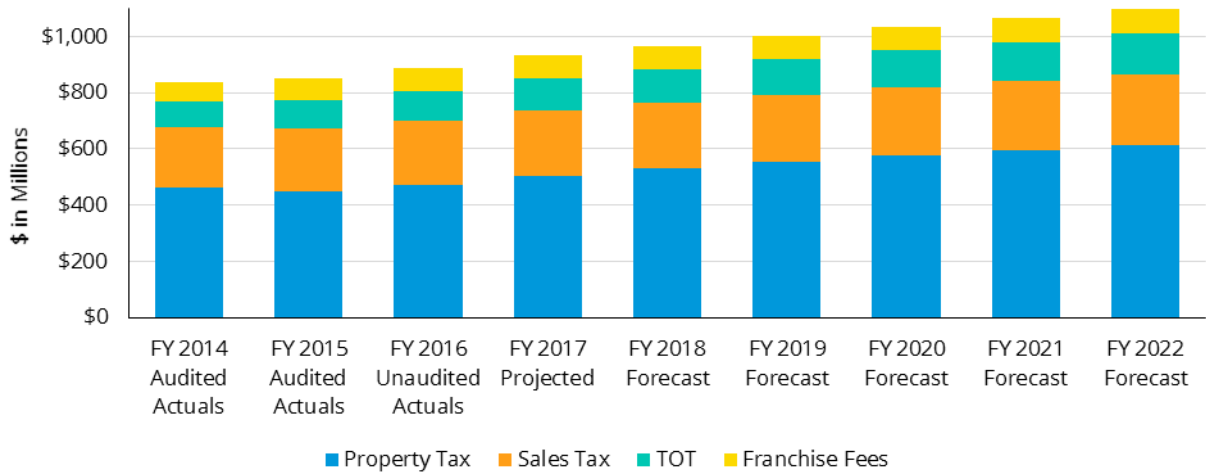
The following section provides details of the City of San Diego's FY 2018-2022 Five-Year Financial Outlook revenue projections. The details provided for each revenue category include a description of the revenue source, the economic indicators affecting the revenue source, the projected growth rates, and a scenario analysis that addresses any potential risks that may cause actual revenue receipts to vary from the projection for major General Fund revenue categories.

The U.S. economy never boomed or robustly bounced back from the Great Recession; rather the economy has improved slowly and steadily. The recovery period has exceeded the average and is the second longest in history. An economic recession, based on historical averages (approximately every five years) could occur during this Outlook period. However, such a prediction of when or the extent of such a recession is not within the scope of the Outlook, but it is an important risk factor to consider in addition to the other risks outlined in the Outlook.

It should be noted that in addition to growth rate percentages applied in each of the revenue categories, other adjustments have been included based on known and anticipated events that are detailed within each category. To assist in evaluating potential risks to revenue projections, a "High" and "Low" projection to quantify the impacts of potential risks or uncertainties has been included for Property Taxes, Sales Tax, and Transient Occupancy Tax.

The City's four major revenues sources, Property Tax, Sales Tax, Transient Occupancy Tax, and Franchise Fees, are 73.0 percent of the City's General Fund FY 2017 Adopted Budget. As depicted in Figure 2.1, all four major revenue sources are projected to increase through the Outlook period; however, the rate of increase is expected to slow in the outer years. This overall expectation and projection for the City's revenues is consistent with information received from the City's sales tax consultant (MuniServices, LLC), the San Diego Tourism Authority, and the UCLA Anderson Forecast. In addition to the major revenue projections, the baseline projections for the General Fund's other departmental revenue sources are based on various economic assumptions, known and anticipated events, and historical trend analysis.

Figure 2.1 - Major General Fund Revenues



## PROPERTY TAX

Property Tax is the City's largest revenue source representing 37.7 percent of the General Fund FY 2017 Adopted Budget. The primary component of the property tax category is the 1.0 percent levy on the assessed value of all real property within the City limits. The property tax category also includes the Motor Vehicle License Fee (MVLFF) backfill payment, which is a result of MVLFF being reduced from 2.0 percent to 0.65 percent in 2005. Additionally, the category includes pass-through and residual property tax payments as a result of the dissolution of Redevelopment Agencies (RDA) statewide.

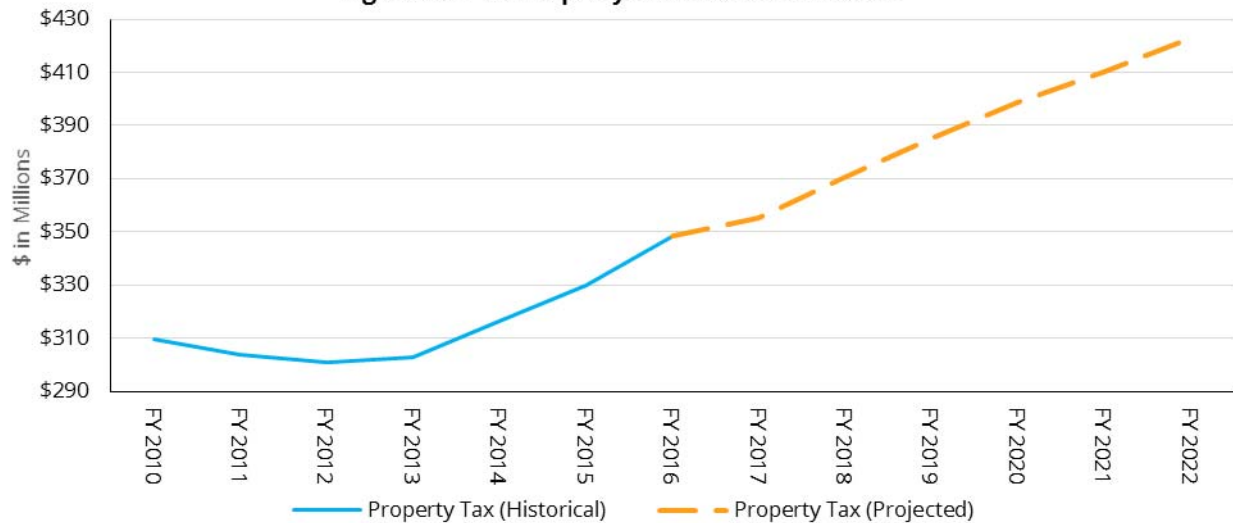
## FORECAST

The following table shows the budget and year-end projection for FY 2017 and the forecast for FY 2018 through FY 2022 for revenue from property tax. The FY 2017 projection for the property tax category of \$505.0 million is a \$3.0 million increase over the FY 2017 Adopted Budget and serves as the base for the Outlook projections. In conjunction with the Fiscal Year 2017 First Quarter Budget Monitoring Report, the FY 2017 Adopted Budget growth rate of 5.25 percent has been revised based on updated assessed value data to 5.7 percent.

Table 2.1 - Property Tax Five-Year Forecast (\$ in Millions)							
	FY 2017 Adopted	FY 2017 Projection	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Growth Rate	5.25%	5.7%	5.0%	4.0%	3.5%	3.0%	3.0%
Projection	\$ 502.0	\$ 505.0	\$ 532.0	\$ 554.9	\$ 576.3	\$ 594.0	\$ 612.0

The forecast for property tax was determined using an analysis of the relationship of property tax revenue to the City to assessed values over the past 20 years, and assessed valuation growth over the same period. These results were then adjusted based on the assumptions and economic factors discussed below. Figure 2.2 represents the historical and projected 1.0 percent property tax amounts.

Figure 2.2 - 1% Property Tax Five-Year Forecast



## ECONOMIC TRENDS

The major factors influencing property tax revenue are the California Consumer Price Index (CCPI), home sales, home price, and foreclosures. The CCPI limits assessed valuation growth under Proposition 13. Proposition 13 specifies that a property's value may increase at the rate of the CCPI, but cannot exceed 2.0 percent per year unless the property is improved or sold to establish a new assessed value.

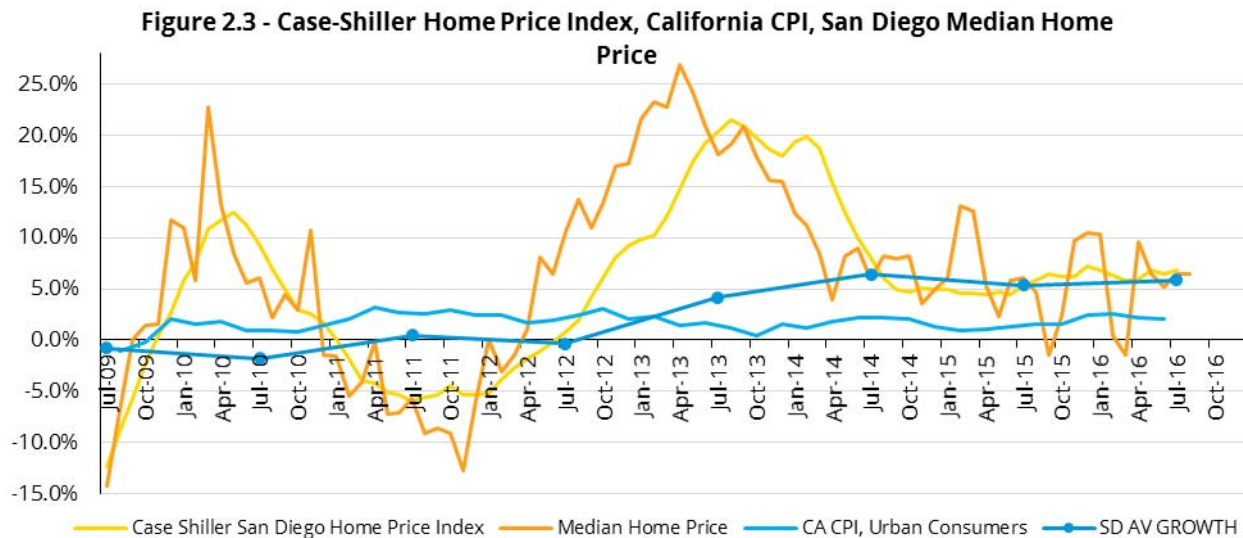
In compliance with Revenue and Taxation Code section 51, the San Diego County Assessor's Office uses the October CCPI to assess property values under Proposition 13. However, at the time of preparing this report, the October CCPI has not been released. The latest CCPI released by the California Department of Finance (DOF) was 256.204 for the month of August, a 1.93 percent increase from the August 2015 CCPI of 251.253. Assuming the CCPI holds constant, the assessed valuation of properties not improved or sold will increase by approximately 1.93 percent, below the maximum 2.0 percent threshold, for FY 2018.

The City of San Diego has experienced positive growth in home prices, with an increase of 6.4 percent in the median home price from August 2015 to August 2016. Despite the rise in home prices, the growth in the number of home sales has slowed. Home sales year-to-date as of August 2016 have increased by 1.0 percent compared home sales year-to-date as of August 2015.

Based on property sales that have occurred as of August 2016 and an approximate 1.93 percent increase in the CCPI, it is estimated the City's assessed valuation will see a positive increase in assessed valuation for FY 2018

- In addition to positive home price growth in the City, there are year-to-date declines of 13.3 percent in notices of default and declines of 28.9 percent in foreclosures in the County of San Diego as of September 2016
- The Case-Shiller home price index as of August 2016 is 227.86, a 5.9 percent increase over the August 2015 index of 215.22

The Case-Shiller graph depicted in Figure 2.3 displays the correlation of several economic factors described above since 2009 and the resulting impact on the City's assessed valuation. The graph shows that while the Case-Shiller Home Price Index and median home price has fluctuated significantly over the years, the CCPI has remained relatively stable. As CCPI is the main driver of the change in the City's assessed valuation, the stability in this indicator has allowed the annual change in assessed valuation to remain steadier than the Case-Shiller Home Price Index and the local median home price. Finally, the graph displays the lag of approximately 12-18 months between activity in the local real estate market and the resulting impact on the City's assessed valuation.



Other factors to consider in developing a revenue projection for property tax include mortgage rates and property tax refunds. Over the past year, interest rates have remained relatively level as the economy continues to improve. However, recent strengthening in the economy, specifically the labor market and increasing inflation, supports the case for a rise in mortgage rates which will further contribute to a restrained housing market. While property tax revenue growth is expected to remain positive throughout the Outlook period, property tax growth is anticipated to return to more normal levels of growth in outer years.

Additionally, as the economy has continued to improve, fewer property owners have requested reassessments, indicating that more property valuations are fairly valued and a larger portion of assessed valuation growth will continue at the Prop 13 limited maximum growth rate of two percent. Therefore, with the slowdown of property sales and anticipated mortgage rate increases, fewer home sales will drive the growth in assessed value, and resulting in a more restrained growth in property tax.

As a result of the dissolution of the RDA, pass-through and residual property tax payments to the City from the Redevelopment Property Tax Trust Fund (RPTTF) are included in the property tax forecast. These payments are difficult to predict based on various factors described below. Pass-through payments are agreements between former redevelopment areas and the local entities to provide payments from the RPTTF deposits to local entities. The residual property tax payment is the City's

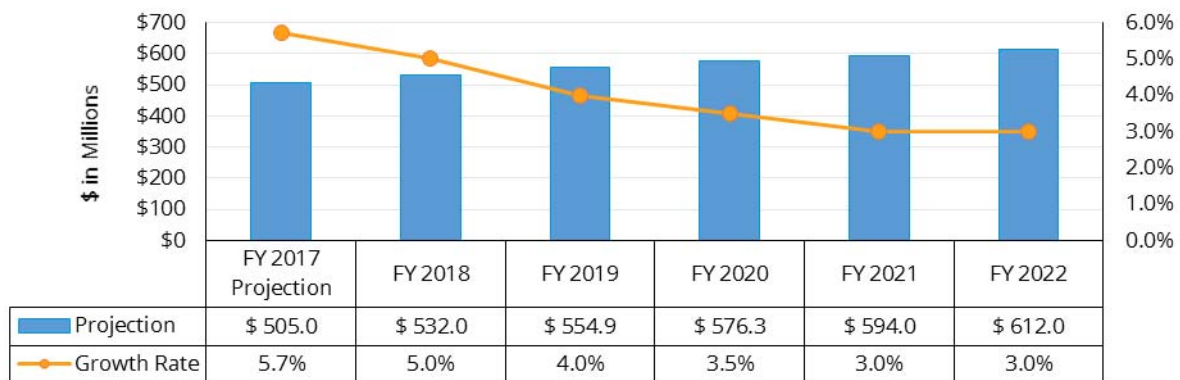
proportionate share of funds remaining in the RPTTF after the Recognized Obligation Payment Schedule (ROPS) requirements have been met.

The following table and graph provides details on the components of the FY 2017 Adopted Budget for property tax and the forecasted property tax revenue for FY 2018 through FY 2022.

Table 2.2 - Property Tax Components (\$ in Millions)							
	FY 2017 Adopted	FY 2017 Projection	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Growth Rate	5.25%	5.7%	5.0%	4.0%	3.5%	3.0%	3.0%
1% Property Tax	\$ 352.6	\$ 355.3	\$ 372.4	\$ 387.0	\$ 400.4	\$ 412.4	\$ 424.7
MVLF Backfill	\$ 128.4	\$ 129.3	\$ 135.8	\$ 141.2	\$ 146.1	\$ 150.5	\$ 155.0
RPTTF Pass-Through Tax Sharing Payment	\$ 6.2	\$ 5.1	\$ 5.4	\$ 5.6	\$ 5.8	\$ 5.9	\$ 6.1
RPTTF Residual Property Tax Payment	\$ 14.8	\$ 15.4	\$ 18.5	\$ 21.1	\$ 24.0	\$ 25.2	\$ 26.1
Total Property Tax Projection	\$ 502.0	\$ 505.0	\$ 532.0	\$ 554.9	\$ 576.3	\$ 594.0	\$ 612.0

**Figure 2.4 - Property Tax Revenue Projections: Fiscal Years 2018 - 2022**

Projections including Redevelopment Property Tax Trust Fund (RPTTF)



## SCENARIO ANALYSIS

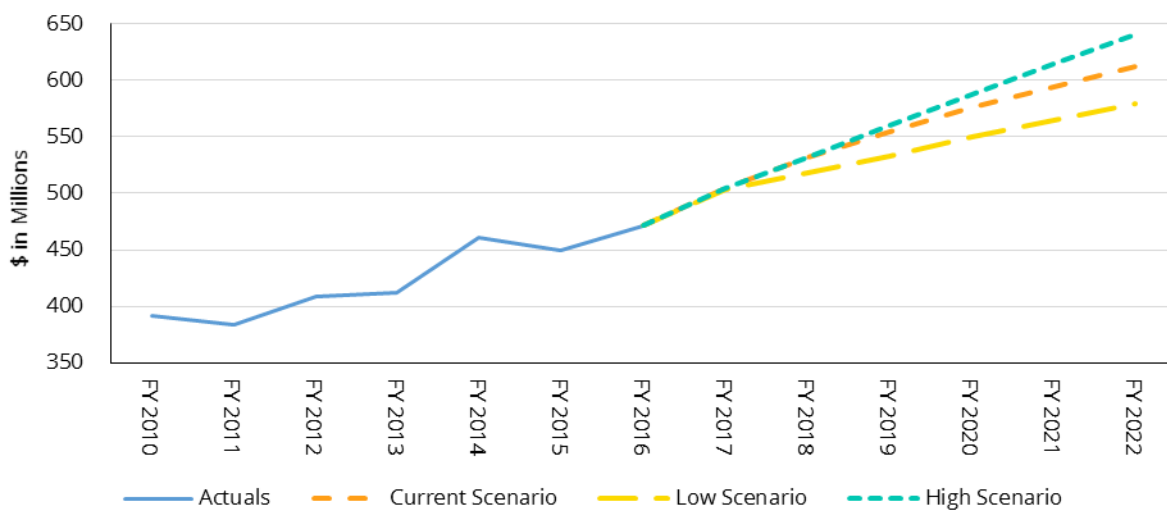
The factors described above combine to make up the projection; however, should one or several of these factors not perform as projected, property tax revenues will vary from the current projection. To account for variances in these factors, "High" and "Low" projections were also prepared utilizing analysis of historical property tax receipts.

The current scenario is based on the economic assumption that the growth in the CCPI will be 1.93 percent in the remaining fiscal years. Moreover, the "Low" scenario assumes that mortgage interest rates will increase rapidly in the next five years. Increased mortgage rates raise the cost of home ownership, thereby slowing the number of home sales and median home price growth. In addition, the "Low" scenario assumes that due to the higher than anticipated positive assessed valuation growth in FY 2014 through FY 2017, increases in the median home price, and home sales count, not as many homes will see as large of a reassessment in FY 2018 as in previous years. This will lead to lower annual assessed valuation growth rates for FY 2018 through FY 2022 of 2.7 percent across all years.

A “High” scenario is projected to exist should homes sales and valuations continue at the current levels for the next two years, with slightly restrained growth for FY 2020 through FY 2022. In this scenario, interest rates would rise slowly over the next several years, continuing high demand for housing and tightening inventory, further fueled by continued growth in higher income labor markets. These conditions would likely yield a “High” property tax scenario environment. The projections for a “High” scenario maintain growth levels of 5.0 percent through FY 2019, with slightly lower growth rates for FY 2020 to 2022.

Figure 2.5 reflects the current scenario as well as the “High” and “Low” scenario. In addition, Table 2.3 details the assumed growth rates for each scenario for Fiscal Years 2017 through 2022.

**Figure 2.5 - Property Tax Revenue Five-Year Forecast:  
Fiscal Years 2018 - 2022**



**Table 2.3 - Property Tax Five-Year Forecast: Growth Rate Scenarios**

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Current Growth Rate	5.70%	5.00%	4.00%	3.50%	3.00%	3.00%
High Growth Rate	5.70%	5.00%	5.00%	4.50%	4.50%	4.25%
Low Growth Rate	5.25%	2.65%	2.65%	2.65%	2.65%	2.65%

Another factor that may influence the property tax forecast relates to the California Department of Finance’s (DOF) review and denial or approval of enforceable obligations on the ROPS. If enforceable obligations are denied, the ROPS payment will decrease, leading to an increase in the RPTTF residual balance available for distribution to local entities. A decrease in enforceable obligations due to a denial will increase the City’s RPTTF residual payment throughout all fiscal years of the Outlook. A significant variable in the ROPS enforceable obligations is the dollar amount and terms of the repayment of various outstanding loan agreements.

Lastly, there is also an outstanding legal challenge between the County of San Diego and various local entities within the County that may influence the property tax forecast for the City. The dispute involves how the RPTTF residual payments are calculated and distributed every six months. The trial

court's decision in favor of the City and other local entities is currently on appeal, and an appellate decision is expected sometime in 2017 or 2018. If the trial court's decision is upheld, the City would be compensated for any past underpayment of RPTTF residual amounts and would receive an increase in RPTTF residual payments going forward throughout the Outlook period. The parties have not undertaken the complex task of calculating the amount of alleged underpayments of RPTTF residual amounts to date, but the underpayments to the City are believed to be significant (potentially in the tens of millions of dollars to date).

## SALES TAX

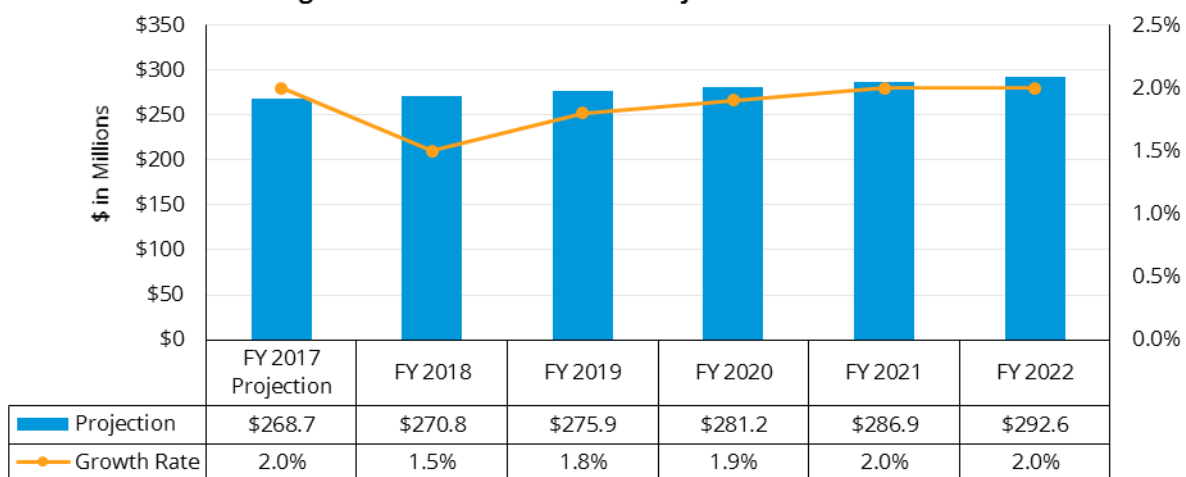
The City's second largest revenue source is sales tax and represents 20.5 percent of the General Fund FY 2017 Adopted Budget. Sales tax is collected at the point of sale and remitted to the State Board of Equalization, which allocates tax revenue owed to the City in monthly payments. The total citywide sales tax rate in San Diego is 8.0 percent, of which the City receives 1.0 percent.

## FORECAST

The following table displays the budget and year-end projection for FY 2017 and the forecast for FY 2018 through FY 2022 for revenue from sales tax. The FY 2017 projection for sales tax of \$268.7 million is a \$4.1 million decrease from the FY 2017 Adopted Budget and serves as the base for the Outlook projections. In conjunction with the Fiscal Year 2017 First Quarter Budget Monitoring Report, the FY 2017 Adopted Budget growth rate of 3.5 percent has been revised downward based on current data to 2.0 percent.

Table 2.4 - Sales Tax Five-Year Forecast (\$ in Millions)							
	FY 2017 Adopted	FY 2017 Projection	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Growth Rate	3.5%	2.0%	1.5%	1.8%	1.9%	2.0%	2.0%
Projection	\$ 272.8	\$ 268.7	\$ 270.8	\$ 275.9	\$ 281.2	\$ 286.9	\$ 292.6

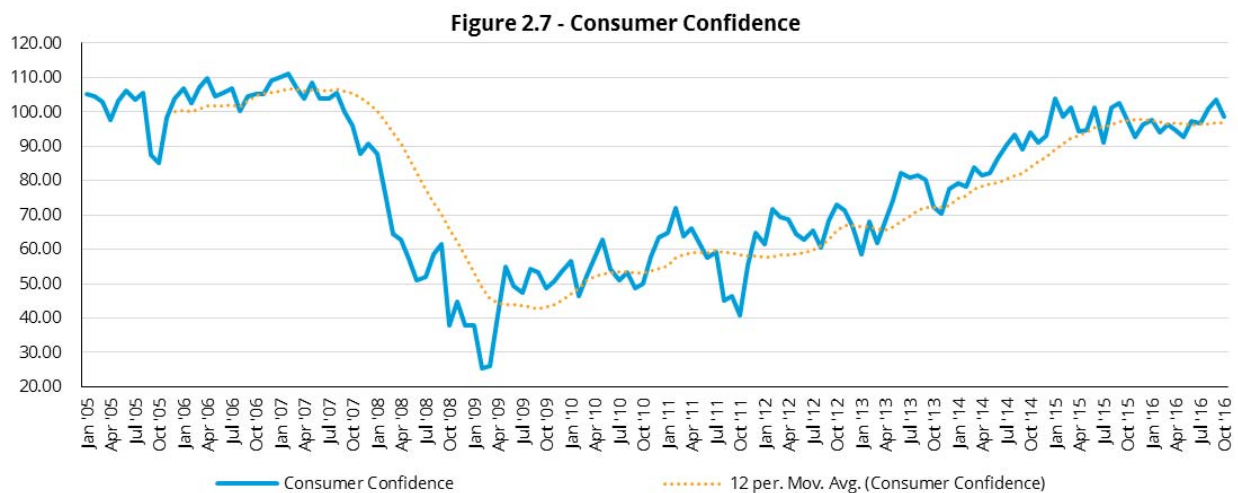
Figure 2.6 - Sales Tax Revenue Projection: Fiscal Years 2018 - 2022



## ECONOMIC TRENDS

The major local economic drivers of the City's sales tax include the unemployment rate, consumer confidence, and consumer spending. The sales tax projection for FY 2018 assumes that the unemployment rate will continue to remain within its historical average for the region experienced prior to the Great Recession (between 4.0 - 5.0 percent). As of August 2016, the City of San Diego unemployment rate was 4.8 percent, compared to a rate of 4.9 percent in August 2015, as reported by the California Employment Development Department. Consumer confidence, a measurement of the consumer's willingness to spend, had experienced significant growth from 2009 to 2015, where it peaked in January 2015 at 103.8, and has been trending down to a level of 98.6 as of October 2016.

Sales tax revenue is primarily driven by consumer spending. Given decreasing consumer confidence, a slowdown in consumer spending is expected, and therefore a reduction in the growth in sales tax revenues to the City. Furthermore, as consumers shift from in-store to online sales, the City receives a smaller portion of those sales tax revenues. Sales tax revenues from online sales are distributed to the City through the county pool at a current rate of 0.48 percent compared to 1.0 percent for point of sales transactions within the City.



Since 2014, oil prices have been low, and have reduced sales tax revenue from fuel and gasoline sales. Recently oil prices have begun to rise. While fuel prices are anticipated to remain relatively low in the near future, over the next five years growth is anticipated in this sector.

The forecast is supported by the recent unemployment and consumer confidence indicators. Consumer confidence has leveled off with a slight downward trend and unemployment has stabilized near its historical lows, has recently trended up. Lastly, sales tax revenues collected in the first quarter of FY 2017 were lower than expected. In the long term it is anticipated that there will be increases in the growth rate for sales tax revenue towards the CCPI growth rates as these economic indicators stabilize along with an anticipated rise in oil prices.

## SCENARIO ANALYSIS

The number of factors described above combine to make up the sales tax projection; however, should one or several of these factors not perform as projected, sales tax revenues will vary from the current

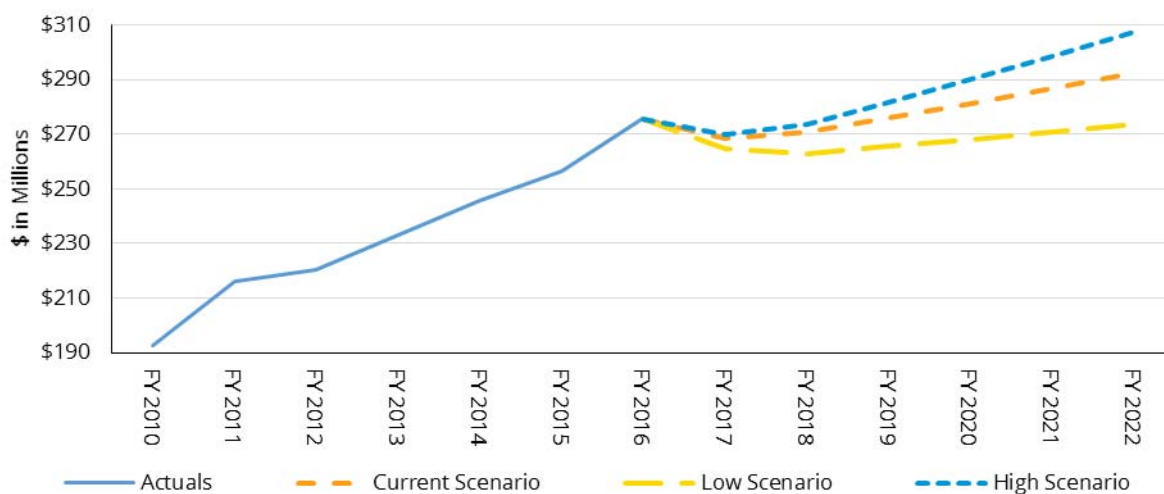
projection. To account for variances in these factors, a “High” and “Low” projection were prepared for the Outlook period.

The “Low” scenario reflects higher unemployment and lower consumer confidence in the local and State economies. This scenario also reflects continued transition to online sales reducing point of sales transactions for brick and mortar stores within the City limits. Additionally, this projection assumes continuation of low oil prices further reducing sales tax revenue. Lastly, the “Low” scenario assumes a rise in the federal lending rates, which would increase the cost to purchase vehicles. Correspondingly this scenario anticipates a reduction in City receipts from the auto sales industry. The “Low” projection forecasts growth in sales tax from 0.0 percent to 1.0 percent from FY 2018 to FY 2022.

The “High” Scenario includes increases in consumer confidence, low unemployment, and higher acceleration in fuel price growth from the lows experienced in the past year, therefore improving sales tax growth rates from 2.0 percent to 3.0 percent over the Outlook period.

Figure 2.8 and Table 2.5 depict historical data as well as the Current, “High”, and “Low” forecast scenarios for sales tax projections for FY 2018 through 2022.

**Figure 2.8 - Sales Tax Projections: Fiscal Years 2018 - 2022**



**Table 2.5 - Sales Tax Five-Year Forecast: Growth Rate Scenarios**

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Current Growth Rates	2.0%	1.5%	1.8%	1.9%	2.0%	2.0%
High Growth Rates	2.5%	2.0%	2.8%	2.9%	3.0%	3.0%
Low Growth Rates	0.5%	0.0%	0.8%	0.9%	1.0%	1.0%

## TRANSIENT OCCUPANCY TAX (TOT)

The Transient Occupancy Tax makes up 8.5 percent of the City’s General Fund FY 2017 Adopted Budget. TOT is levied at 10.5 cents per dollar on taxable rent for a transient’s stay of less than one month. The use of TOT is guided by the City’s Municipal Code which stipulates that of the 10.5 cents

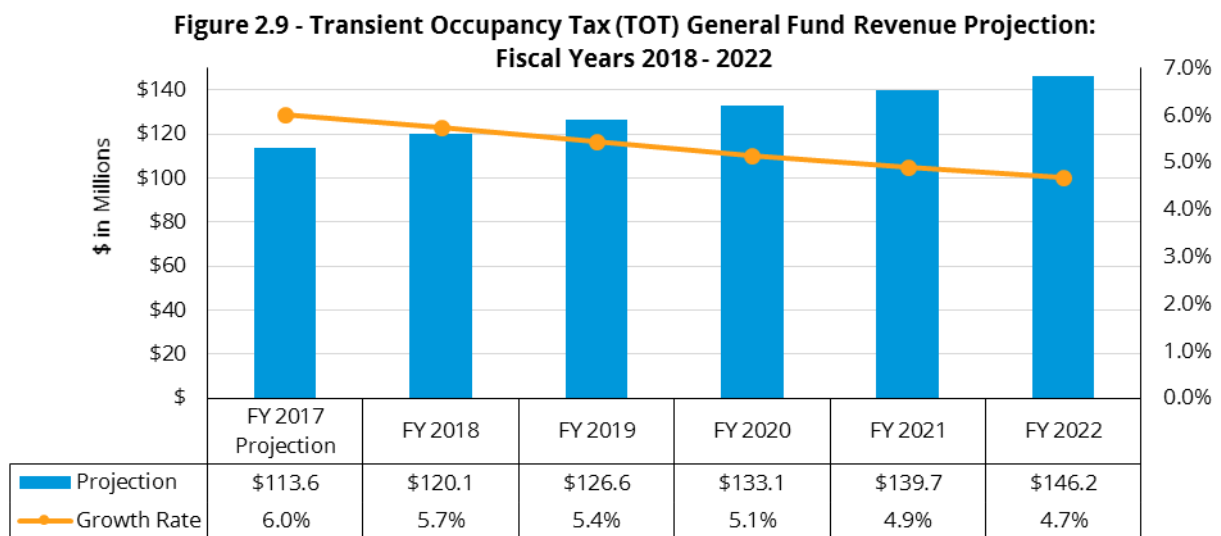
of collected TOT, 5.5 cents is to be applied toward general governmental purposes, 4.0 cents towards promoting the City as a tourist destination, and the remaining 1.0 cent towards any purposes approved by the City Council.

## FORECAST

The following table displays the budget and year-end projection for FY 2017 and the forecast for FY 2018 through FY 2022 for revenue from TOT. The FY 2017 projection for total Citywide TOT receipts is \$216.8 million. The General Fund's 5.5 cent portion of total TOT projected receipts is \$113.6 million and serves as the base for the Outlook projections. For the FY 17 First Quarter Budget Monitoring Report, there is no change in the assumed growth rate.

Table 2.6 - Transient Occupancy Tax (TOT) Five-Year Forecast							
	FY 2017 Adopted	FY 2017 Projection	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Growth Rate	6.0%	6.0%	5.7%	5.4%	5.1%	4.9%	4.7%
Projection	\$ 113.2	\$ 113.6	\$ 120.1	\$ 126.6	\$ 133.1	\$ 139.7	\$ 146.2

The five-year forecast for TOT was calculated using historical actuals and relevant economic indicators. The resulting graph below reflects the growth rates generated by the analysis which were then applied to actual TOT receipts from FY 2016.



As depicted in the graph above, TOT revenue is projected to have continued but softening growth for the five-year period. The growth rates for TOT are projected to soften from 5.7 percent in FY 2018 to 4.7 percent in FY 2022.

## ECONOMIC TRENDS

Room rates, average occupancy rates, and overnight visitor growth are the primary economic indicators that provide insight as to how TOT revenue will perform in the coming fiscal years. The amount of TOT receipts the City expects corresponds to room rates. The expected growth rate in TOT

correlates to room demand. According to the San Diego County Travel Forecast prepared for the San Diego Tourism Authority by Tourism Economics overnight visits, room supply, and room demand are projected to grow in calendar year 2017 before experiencing a long term easing of growth. This is depicted in the chart below.

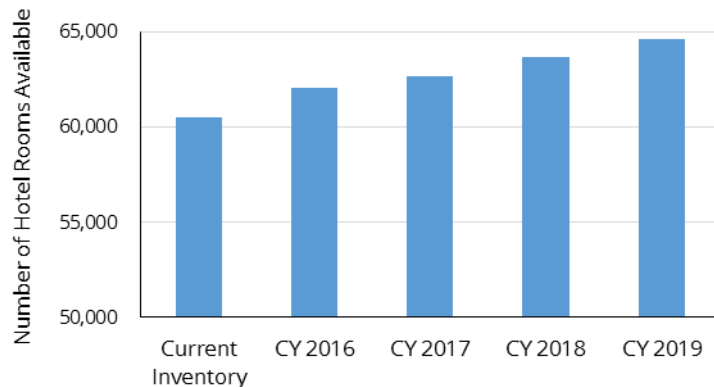
Table 2.7 - San Diego Tourism Summary Outlook (Annual % Growth)					
	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020
Visits	1.4%	1.8%	1.7%	1.4%	1.5%
Overnight	1.4%	1.9%	2.1%	1.5%	1.6%
Hotel Sector					
Room Supply	1.8%	1.6%	1.1%	1.5%	1.1%
Room Demand	1.7%	3.0%	1.8%	1.1%	1.3%
Occupancy	76.3%	77.3%	77.9%	77.6%	77.8%
Avg. Daily Room Rate	\$ 154.77	\$ 159.16	\$ 165.44	\$ 171.05	\$ 177.65

Source: San Diego Tourism Authority and Tourism Economics

New hotel projects within the City will add to the supply of hotel room inventory and increase the City's TOT revenue. The supply of rooms, as shown in Figure 2.10, is expected to show overall growth through calendar year 2019. Data beyond 2019 is not currently available.

The City is projected to see continued growth in TOT revenue as a result of the long-term projected increases in the supply of rooms and room rates, balanced by the softening of growth in annual overnight visitors and room demand.

**Figure 2.10 - Total Projected Hotel Rooms in San Diego CY 2016 - 2019**



Source: San Diego Tourism Authority and Tourism Economics

## SCENARIO ANALYSIS

Any changes to major economic drivers or indicators could have a corresponding change in TOT revenues. To account for variances in these factors, a "High" and "Low" projection were prepared for the Outlook period.

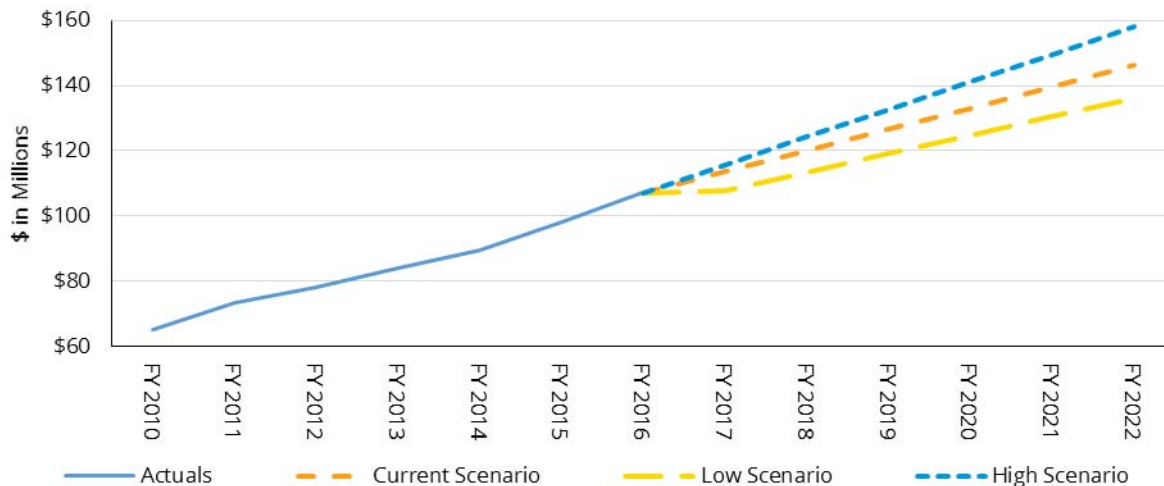
The "Low" forecast looked at several fiscal years where TOT revenues experienced low or negative growth and generated a forecast based on those actuals. The "Low" forecast scenario has annual growth in TOT revenues increasing to 5.3 percent in FY 2018 and softening to 4.4 percent in FY 2022.

The "High" forecast looked at several fiscal years of high sustained growth in TOT revenues and generated a projection based on those actuals. As seen in Figure 2.11, the "High" forecast scenario

has the annual growth in TOT revenues increasing 7.3 percent in FY 2018 and softening to 5.7 percent in FY 2022.

It should be noted that all three forecasts have positive growth in the five-year period and do not project any potential impact from a possible economic recession or any other unforeseen events that may negatively impact the tourism industry.

**Figure 2.11 - Transient Occupancy Tax (TOT) Projections: Fiscal Years 2018 - 2022**



**Table 2.8 - Transient Occupancy Tax (TOT) Five-Year Forecast: Growth Rate Scenarios**

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Current Growth Rates	6.0%	5.7%	5.4%	5.1%	4.9%	4.7%
High Growth Rates	7.9%	7.3%	6.8%	6.4%	6.0%	5.7%
Low Growth Rates	0.5%	5.3%	5.0%	4.8%	4.6%	4.4%

## FRANCHISE FEES

Revenue from Franchise Fees makes up 6.2 percent of the City's General Fund FY 2017 Adopted Budget and results from agreements with private utility companies in exchange for use of the City's rights-of-way. Currently, San Diego Gas and Electric (SDG&E), Cox Communications, Time Warner Cable, and AT&T pay a franchise fee to the City. In addition, the City collects franchise fees from private refuse haulers that conduct business within the City limits. The revenue received from the agreements with utility companies is based on a percentage of gross sales while the revenue received from refuse haulers is based on tonnage.

## FORECAST

The following table displays the budget and year-end projection for FY 2017 and the forecast for FY 2018 through FY 2022 for revenue from franchise fees. The FY 2017 projection for franchise fees of \$82.2 million is a \$0.4 million decrease from the FY 2017 Adopted Budget and serves as the base for

the Outlook projections. For the FY 17 First Quarter Budget Monitoring Report, there is no change in the assumed growth rate.

Table 2.9 - Franchise Fees Five-Year Forecast (\$ in Millions)							
	FY 2017 Adopted	FY 2017 Projection	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
SDG&E Growth Rate	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Cable Growth Rate	0.0%	0.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Projection	\$ 82.6	\$ 82.2	\$ 82.8	\$ 83.6	\$ 84.4	\$ 85.8	\$ 87.3

Franchise fee revenue growth rates were projected utilizing historical year-end actuals. These growth rates were then applied to FY 2017 first quarter projection in order to develop the five-year projections.

## ECONOMIC TRENDS

Generating approximately 82.2 percent of Franchise Fees, SDG&E and cable companies are the largest contributors of Franchise Fees. The growth rate for SDG&E is expected to remain flat for the forecast period. Franchise fees from cable companies are expected to grow 1.0 percent annually for the forecast period based on a historical analysis of actual revenues.

Additionally, the Outlook takes into account the redistribution of revenue from the General Fund to the Recycling Fund per the Sycamore Canyon Landfill Franchise Agreement. Franchise fee revenue received at the Sycamore Canyon Landfill is currently distributed 60/40 between the General Fund and Recycling Fund. Over the next three fiscal years, the distribution to the General Fund will reduce by 20 percent annually.

## SCENARIO ANALYSIS

Given the significance of franchise fee revenue from SDG&E and cable, changes to any of the economic factors for these revenue sources could alter future projections. In the case of SDG&E, changes in price or consumption of electricity can cause fluctuations in revenue growth. SDG&E is currently implementing a phased-in electric rate restructure to be completed in 2020. The General Fund impact is unknown at this time. For cable revenue, variances in subscription levels and pricing may impact franchise fee growth.

## PROPERTY TRANSFER TAX

Property transfer tax is levied on the sale of real property. The County of San Diego collects \$1.10 per \$1,000 of the sale price when any real property is sold, of which the City receives half, or \$0.55 per \$1,000. Property Transfer Tax revenue is remitted to the City on a monthly basis, and represents 0.7 percent of the City's General Fund FY 2017 Adopted Budget.

## FORECAST

The following table displays the budget and year-end projection for FY 2017 and the forecast for FY 2018 through FY 2022 for revenue from property transfer tax. The FY 2017 projection for property transfer tax of \$10.3 million is a \$0.8 million increase from the FY 2017 Adopted Budget and serves as

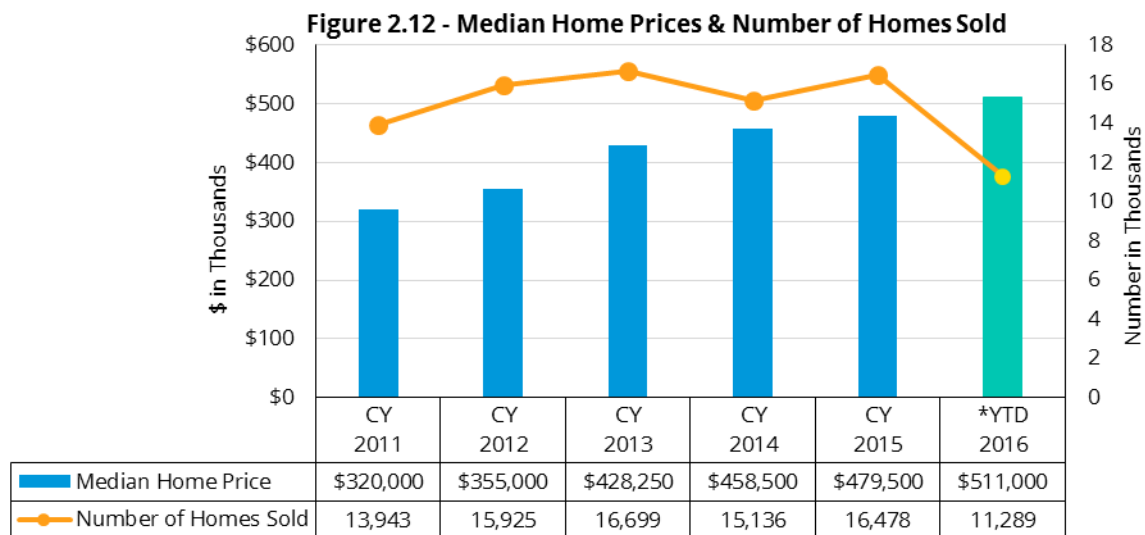
the base for the Outlook projections. There is no change in the assumed growth rate from the FY 17 First Quarter Budget Monitoring Report.

Table 2.10 - Property Transfer Tax Five-Year Forecast (\$ in Millions)							
	FY 2017 Adopted	FY 2017 Projection	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Growth Rate	3.0%	3.0%	3.0%	2.5%	2.5%	2.5%	2.5%
Projection	\$ 9.6	\$ 10.3	\$ 10.6	\$ 10.9	\$ 11.2	\$ 11.5	\$ 11.8

Property Transfer Tax growth rates were developed using 10 years of historical receipts and growth rates.

## ECONOMIC TRENDS

Unlike the 1.0 percent property tax revenue, Property Transfer Tax receipts reflect current economic conditions without lag time. The volume of property sales and home prices determine Property Transfer Tax revenue. While the median home price has continued to grow over past several years, the growth rate in number of home sales has leveled, such that home sales are relatively flat when comparing current year-to-date data with the same time period last year. The graph below illustrates the median home prices and number of homes sold. Property Transfer Tax revenue is anticipated to continue increasing annually, but at a modest rate before leveling off.



\* Year to Date Home Sales as of August 2016

Source: DQNews/CoreLogic

## LICENSES AND PERMITS

The Licenses and Permits category includes revenue for the purpose of recovering costs associated with regulating an activity and other revenues such as business certificate fees, rental unit certificate fees, parking meter collections, alarm permit fees, and special event permits. Licenses and Permits represent 1.8 percent of the City's General Fund FY 2017 Adopted Budget.

The following table displays the FY 2017 Adopted Budget and the forecast for FY 2018 through FY 2022 for revenue from licenses and permits.

Table 2.11 - Licenses and Permits Five-Year Forecast (\$ in Millions)						
	FY 2017 Adopted	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Growth Rate		2.0%	2.0%	2.0%	2.0%	2.0%
Projection	\$ 23.9	\$ 24.4	\$ 24.8	\$ 25.3	\$ 25.9	\$ 26.4

A consistent growth rate of 2.0 percent is applied from FY 2018 to FY 2022. The Outlook reflects revenue adjustments based on five years of historical data.

## FINES, FORFEITURES, AND PENALTIES

The Fines, Forfeitures, and Penalties category includes revenue generated from the violation of laws or regulations, such as California Vehicle Code violations, City parking and ordinance violations, negligent impounds, collection referrals, and litigation awards. This revenue source represents approximately 2.2 percent of the City's General Fund FY 2017 Adopted Budget.

The following table displays the FY 2017 Adopted Budget and the forecast for FY 2018 through FY 2022 for revenue from fines, forfeitures, and penalties.

Table 2.12 - Fines, Forfeitures and Penalties Five-Year Forecast (\$ in Millions)						
	FY 2017 Adopted	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Growth rate		0.5%	0.5%	0.5%	0.5%	0.5%
Projection	\$ 29.8	\$ 29.9	\$ 30.1	\$ 30.2	\$ 30.4	\$ 30.5

Revenue from fines, forfeitures, and penalties is projected to increase at a constant rate of 0.5 percent for FY 2018 through FY 2022 based on historical averages over the last ten years.

## REVENUE FROM MONEY AND PROPERTY

The Revenue from the Money and Property category primarily consists of rental revenue generated from City-owned properties including Mission Bay, Pueblo Lands, and the Midway properties. This revenue source represents 4.1 percent of the City's General Fund FY 2017 Adopted Budget.

The following table displays the FY 2017 Adopted Budget and the forecast for FY 2018 through FY 2022 for revenue from the Revenue from Money and Property category.

Figure 2.13 - Revenue from Money and Property Five-Year Forecast (\$ in Millions)						
	FY 2017 Adopted	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Growth Rate		3.25%	3.25%	3.25%	3.25%	3.25%
Projection	\$ 55.7	\$ 54.5	\$ 56.2	\$ 58.1	\$ 60.0	\$ 61.9

A growth rate of 3.25 percent is applied from FY 2018 to FY 2022 based on the annual growth rate from historical revenues.

This category also includes interest earnings. Interest rates have remained historically low since the financial crisis of 2008. The federal funds rate has remained at a target of 0.00 to 0.50 percent during the entire period even as economic activity has expanded, with the only one increase in seven years occurring in December 2015. It is expected that the Federal Open Market Committee (FOMC) is likely to begin raising interest rates sometime in late 2016 or calendar year 2017. The result will be a gradual rise in interest earnings beginning in FY 2017 or FY 2018. It should be noted that interest rates are market driven and subject to a number of uncontrollable or unpredictable factors, resulting in outcomes different from the projections in the Outlook.

A reduction in the amount of \$3.0 million was made for one-time funds budgeted in FY 2017 for a new percentage ground lease. Additional adjustments to the Revenue from Money and Property category include revenue from Mission Bay rents and concessions which the Real Estate Assets Department projects to increase during the Outlook period. Per Proposition C (approved by the voters in November 2008) and City Charter Section 55.2, \$20.0 million of Mission Bay rents and concessions will remain in the General Fund. The remainder of funds greater than the threshold amount will be allocated to the San Diego Regional Park Improvements Fund and the Mission Bay Improvements Fund. The San Diego Regional Park Improvements Fund is to receive 25.0 percent of revenues in excess of the threshold amount or \$2.5 million, whichever is greater, with 75.0 percent or the remaining amount allocated to the Mission Bay Improvements Fund. The Outlook does not make any assumption in regard to the outcome of the ballot initiative being considered to increase the allocation to regional parks by 10.0 percent to 35.0 percent.

Furthermore, it should be noted that in December 2016 the Council will be considering an action to annex 121 acres of county property in Southeastern San Diego (primarily comprised of the Greenwood Memorial Park). In consideration of assuming additional storm water maintenance and monitoring costs for the property, the City would receive \$13.6 million. It is expected that if this is approved by the City and Local Agency Formation Committee (LAFCO) the funds would be received in FY 2017. These funds are not included in the forecast for Revenue from Money and Property.

## REVENUE FROM FEDERAL AND OTHER AGENCIES

The Revenue from Federal and Other Agencies category includes federal and State grants, and reimbursements to the City from other agencies, including court crime lab revenue, urban search and rescue grants, and service level agreements. This revenue source represents 0.6 percent of the City's General Fund FY 2017 Adopted Budget.

Table 2.14 displays the FY 2017 Adopted Budget and the forecast for FY 2018 through FY 2022 for revenue from federal and other agencies.

Table 2.14 - Revenue From Federal and Other Agencies Five-Year Forecast (\$ in Millions)						
	FY 2017 Adopted	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Growth Rate		0.0%	0.0%	0.0%	0.0%	0.0%
Projection	\$ 8.1	\$ 8.1	\$ 8.1	\$ 8.1	\$ 8.1	\$ 8.1

No adjustments or growth is projected within the Revenue from Federal and Other Agencies category for the FY 2018 through FY 2022 Outlook period.

## CHARGES FOR SERVICES

The revenue forecasted in the Charges for Services category is comprised of cost reimbursements for services rendered to public and other City funds. This category includes the 4.0 cent TOT reimbursements to the General Fund, General Government Services Billings (GGSB), and other user fee revenues. This revenue source represents 10.3 percent of the City's General Fund FY 2017 Adopted Budget.

The following table displays the FY 2017 Adopted Budget and the forecast for FY 2018 through FY 2022 for revenue from charges for services.

Table 2.15 - Charges for Services Five-Year Forecast (\$ in Millions)						
	FY 2017 Adopted	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Growth Rate		6.5%	2.3%	2.1%	0.6%	0.4%
Projection	\$ 136.5	\$ 138.5	\$ 148.4	\$ 156.3	\$ 169.6	\$ 178.5

The projected growth for Charges for Services is attributable to the projected TOT revenue, net of Special Promotional Program expenditures for the safety and maintenance of visitor related facilities. A one-time adjustment was also made for Infrastructure Asset Management (IAM) projects and other miscellaneous one-time revenues, reducing the Charges for Services by \$2.2 million.

## OTHER REVENUE

The Other Revenue category includes library donations, ambulance fuel reimbursements, corporate sponsorships, and other miscellaneous revenues. This revenue source represents 0.3 percent of the City's General Fund FY 2017 Adopted Budget.

The following table displays the FY 2017 Adopted Budget and the forecast for FY 2018 through FY 2022 for revenue from other sources.

Table 2.16 - Other Revenue Five-Year Forecast (\$ in Millions)						
	FY 2017 Adopted	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Growth rate		0.0%	0.0%	0.0%	0.0%	0.0%
Projection	\$ 4.3	\$ 4.3	\$ 2.3	\$ 2.3	\$ 2.3	\$ 2.3

The growth rate for Other Revenue is projected to remain flat for all five fiscal years. However, beginning in FY 2019, Other Revenue will decrease by \$2.0 million due to end of the \$10.0 million donation from the Friends of the Library that was utilized in increments of \$2 million annually for the first five years of operations of the New Central Library.

## TRANSFERS IN

The Transfers In category represents transfers to the General Fund from non-general funds and other agencies. The major components in this category are transfers from the Safety Sales Tax, EMS, Storm Drain, Gas Tax and TransNet Funds, the one-cent TOT revenue transfer from the Transient Occupancy Tax Fund, and the backfill of the tobacco securitized revenue. This revenue source represents 6.9 percent of the City's General Fund FY 2017 Adopted Budget.

Table 2.17 displays the FY 2017 Adopted Budget and the forecast for FY 2018 through FY 2022 for revenue from transfers in.

Table 2.17 - Transfers In Five-Year Forecast (\$ in Millions)						
	FY 2017 Adopted	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Growth Rate		0.0%	0.0%	0.0%	0.0%	0.0%
Projection	\$ 91.4	\$ 89.0	\$ 95.1	\$ 101.7	\$ 108.8	\$ 116.3

No growth rate is applied to the Transfers In category for the Outlook period; however, the FY 2018 projection includes the removal of \$8.0 million in one-time revenues that were included in the FY 2017 Adopted Budget. The one-time revenues being removed from the projection include a transfer of fund balance from the Storm Drain Fund and the Tobacco Settlement Revenue Fund.

In addition to the removal of one-time revenues, the FY 2017 projection reflects adjustments due to the transfers in from the Automated Container Fund and from the Bayside Fire Station Capital Improvement Project. The Automated Container Fund will reimburse the General Fund \$0.6 million provided by the General Fund in FY 2008 and FY 2009. In FY 2017, \$5.0 million will be transferred into General Fund from the Bayside Fire Station Capital Improvement Project. General Fund money was budgeted in FY 2016 as a funding source for the Bayside Fire Station but as a result of cash management initiatives, this source has been replaced with other eligible cash identified during the 2016 RDA bond refunding due diligence review.

The transfers in from the TransNet, Gas Tax, and Safety Sales Tax Funds are also adjusted based on the projection for each respective revenue. TransNet revenues are based on a forecast prepared by SANDAG. Gas Tax growth rates were based on the Sales Tax growth rates. Safety Sales Tax reimbursements to the Police and Fire-Rescue Departments are projected to increase consistent with sales tax revenue, as this revenue is a component of the Citywide sales tax rate. Transfers in was also adjusted for revenue to be received from non-general fund department's proportionate share of office space rent for a new lease-to-own agreement at 101 Ash Street.

Safety sales tax revenue is derived from a half-cent sales tax resulting from the enactment of Proposition 172 in 1994. Annually, a certain amount of safety sales tax revenue is allocated to the Fire and Lifeguard Facilities Fund for the payment of debt obligations associated with Fire and Lifeguard

facility improvements. The remaining revenue is distributed to the General Fund equally between the Police and Fire-Rescue Departments' budgets to support public safety needs.

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## BASELINE EXPENDITURES

General Fund expenditures are comprised of both personnel and non-personnel expenditures including debt service and other non-discretionary payments.

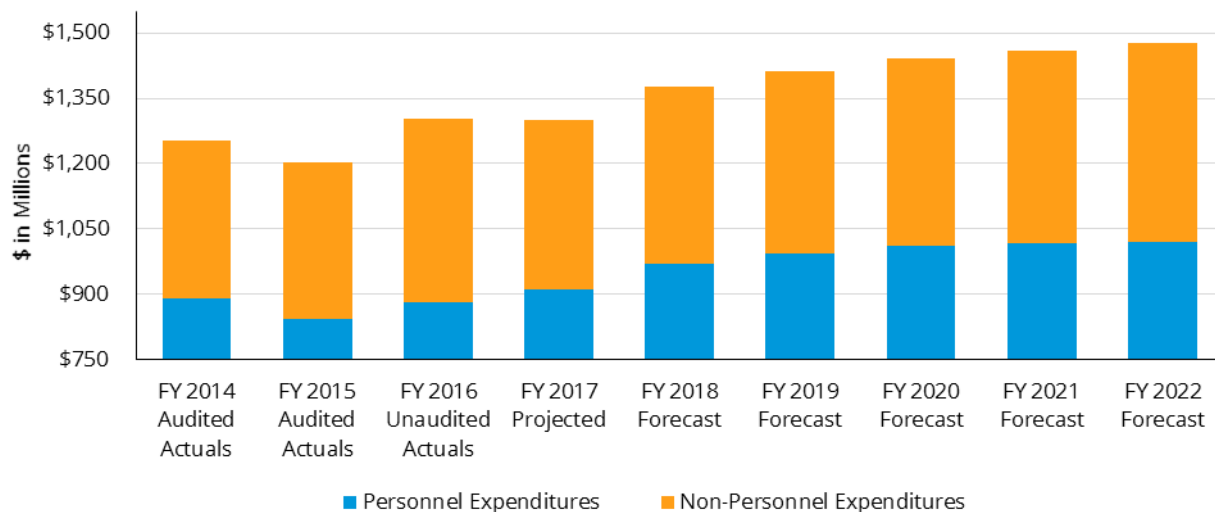
Personnel expenses represent 68.1 percent of the City's General Fund FY 2017 Adopted Budget. This section discusses the following key components of personnel expenses: Salaries and Wages, the cost of multi-year recognized employee organization agreements; the City's pension payment or Actuarially Determined Contribution (ADC); flexible benefits, retiree health or Other Post-Employment Benefits (OPEB); workers' compensation; Supplemental Pension Savings Plan (SPSP); and other fringe benefits.

Baseline personnel expenses are projected to increase during the Outlook period, primarily as a result of the inclusion of pensionable and non-pensionable compensation increases resulting from negotiated agreements between the City and its recognized labor organizations. Additionally, the City's pension payment will significantly increase in the first year of the forecast due to updated actuarial assumptions that are expected to be included in the June 30, 2016 annual actuarial valuation report currently being prepared for SDCERS.

Projections for ongoing non-personnel expenses are also included in the baseline projections and are based on anticipated events and historical trend analysis. Beyond inflationary increases in supplies, contracts, energy and utilities, the most significant non-personnel expense is for reserve contributions consistent with in the City's Reserve Policy.

Figure 2.13 depicts the growth in Baseline Personnel and Non-Personnel Expenditures.

**Figure 2.13 - Baseline Expenditures**



## SALARIES AND WAGES

The Salaries and Wages category is the largest General Fund expenditure category and is comprised of regular salaries and wages, special pays, overtime, step increases, and vacation pay in lieu. The FY 2017 Adopted Budget for General Fund salaries and wages was \$534.5 million and included 7,530.69 full-time equivalents (FTEs). The following table displays the FY 2017 Adopted Budget and the forecast for FY 2018 through FY 2022 for salaries and wages.

Table 2.18 - Salaries and Wages (\$ in Millions)						
	FY 2017 Adopted <sup>1</sup>	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Projection	\$ 534.5	\$ 537.3	\$ 537.5	\$ 538.5	\$ 539.0	\$ 538.1

<sup>1</sup> FY2017 Adopted excludes expenses related to agreements with the City's recognized employee organizations which are reflected in the Recognized Employee Organization Agreements section.

Adjustments within the Salaries and Wages category incorporate only those expenditures associated with staff included in the FY 2017 Adopted Budget. Position additions identified for FY 2018-2022 to support critical strategic expenditures are discussed later in this report.

Step increases included in the Outlook are equal to the average of the amount budgeted for step increases over the past three fiscal years. The amount projected for step increases is anticipated to remain constant, at \$2.1 million annually, throughout the Outlook period.

The Salaries and Wages category also includes an adjustment for annual leave payouts for Deferred Retirement Option Plan (DROP) members, which are projected based on DROP participants' exit dates and projected annual leave balances. While a portion of future leave liability expense will be absorbed in departmental budgets, there are a large number of employees with high leave balances expected to retire over the next several years. The number of DROP participants anticipated to retire and the resulting projected terminal leave payout amounts for FY 2018 through FY 2022 are displayed in the table below.

One-time Salaries and Wages expenditures budgeted in FY 2017 totaling \$0.3 million have been removed.

Table 2.19 - Annual Leave (DROP) (\$ in Millions)					
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Projected Number of Retirees	115	131	167	181	149
Projection	\$ 3.7	\$ 3.9	\$ 4.9	\$ 5.3	\$ 4.5

An estimate for the number of DROP participants anticipated to retire in FY 2022 is not yet available as DROP is a five-year program. Therefore, the FY 2022 projected number of retirees and the Terminal Leave (DROP) projection are based on the averages of the FY 2018 through FY 2021.

## RECOGNIZED EMPLOYEE ORGANIZATION AGREEMENTS

In FY 2015 and FY 2016, the City and its Recognized Employee Organizations entered into separate Memoranda of Understanding as summarized below. These multi-year agreements expire in FY 2020, with the exception of the agreement with the Deputy City Attorneys Association of San Diego (DCAA), which expires in FY 2019.

Table 2.20 - Multi-Year Employee Organization Agreements						
	San Diego Municipal Employees Association (MEA)	San Diego Police Officers Association (POA)	San Diego City Firefighters, I.A.F.F. Local 145 (Local 145)	American Federation of State, County and Municipal Employees, AFL-CIO (Local 127)	Deputy City Attorneys Association of San Diego (DCAA)	California Teamsters Local 911 (Local 911)
Agreement Date	July 1, 2016	July 1, 2015	July 1, 2016	July 1, 2016	July 1, 2016	July 1, 2016
Agreement Period	FY 2017 - FY 2020	FY 2016 - FY 2020	FY 2017 - FY 2020	FY 2017 - FY 2020	FY 2017 - FY 2019	FY 2017 - FY 2020
Resolution	R-310513	R-309578	R-310508	R-310513	R-310511	R-310512

The specific terms of these agreements vary by Recognized Employee Organization and include increases to salary and flexible benefits as summarized below:

- Non pensionable pay increases in FY 2018 totaling \$14.4 million
- Pensionable compensation increases in FY 2019 and 2020 \$16.6 million and \$30.3 million, respectively
- New parental leave program
- Tuition reimbursement increase
- Parking reimbursement increase
- Special salary adjustments for specific positions to address recruitment and retention

The table below summarizes the total increase in costs associated with the Recognized Employee Organization agreements.

Table 2.21 - Five-Year Employee Recognized Organization Agreements & Unclassified Employee Contracts (\$ in Millions)						
	FY 2017 Adopted Budget FTE	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
DCCA	150.40	\$ 0.2	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2
Local 127	1,020.77	1.5	2.9	4.3	4.3	4.3
Local 145	917.00	2.5	5.7	8.9	8.9	8.9
Teamsters 911	168.39	0.2	0.8	1.1	1.1	1.1
POA	2,032.35	6.7	9.6	12.1	12.1	12.1
MEA	2,685.48	4.0	9.0	13.2	13.2	13.2
Unrepresented	556.30	0.8	2.5	4.2	4.2	4.2
Total	7,530.69	\$ 15.9	\$ 31.8	\$ 45.0	\$ 45.0	\$ 45.0

Renegotiations for successor memoranda of understanding with the City's Recognized Employee Organizations may impact the City's expenditure projections following FY 2020.

## RETIREMENT ACTUARIALLY DETERMINED CONTRIBUTION (ADC)

The pension payment or Actuarially Determined Contribution (ADC) paid by the City in FY 2017 was based on the San Diego City Employees Retirement System (SDCERS) Actuarial Valuation Report prepared by the system actuary, Cheiron, as of June 30, 2015.

The City's FY 2017 ADC payment was \$261.1 million, with \$191.2 million allocated to the General Fund. Based on revised estimates following an experience study of the assumptions used in the valuations for SDCERS, the ADC for FY 2018 is projected to be \$311.3 million, an increase of \$50.2 million or 19.2 percent. The General Fund allocation is expected to be \$227.9 million or 73.2 percent of the City's total ADC, representing an increase of \$36.7 million to the General Fund. The final amount of the City's FY 2018 ADC payment will not be known until the June 30, 2016 actuarial valuation report is released, which is expected to be presented to the SDCERS Board of Administration in January 2017.

The 2016 Actuarial Report will also project future pension payments based on certain actuarial assumptions, including investment earnings of 7.0 percent. The Outlook includes preliminary estimates for the ADC through the Outlook period that were presented to the SDCERS Board in September 2016 when the 2010-2015 Experience Study was approved. These ADC estimates are subject to change in the final June 30, 2016 Actuarial Report expected to be adopted by the SDCERS Board in early 2017.

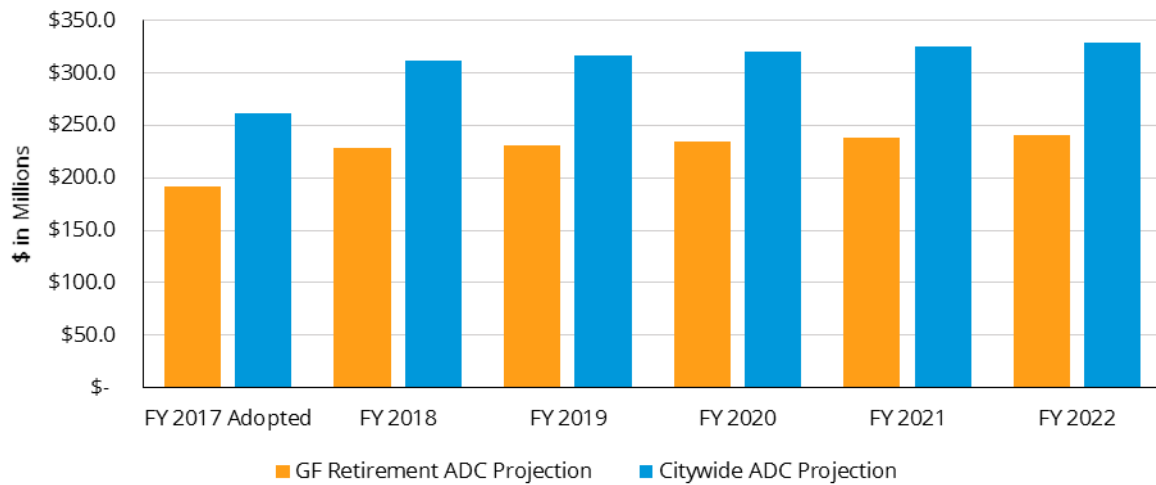
The FY 2018 Adopted Budget will include the full ADC amount determined by the actuary in the 2016 valuation report.

The following table displays both the Citywide ADC and the General Fund's proportionate share for FY 2018 through FY 2022. Table 2.22 incorporates preliminary projections of the ADC from the SDCERS actuary.

Table 2.22 - ADC Pension Payment (\$ in Millions)							
	FY 2017 Adopted	FY 17 GF %	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
GF ADC Estimate	\$ 191.2	73.2%	\$ 227.9	\$ 231.4	\$ 234.5	\$ 237.6	\$ 240.6
Citywide ADC Estimate	\$ 261.1		\$ 311.3	\$ 316.0	\$ 320.3	\$ 324.5	\$ 328.6

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Figure 2.14 - Retirement ADC



## ADC ASSUMPTIONS

On September 9, 2016, the SDCERS Board of Administration (Board) approved a 2010-2015 Study of Plan Experience prepared by Cheiron (Study). The Study involved historical analysis of pension plan assumptions, including economic assumptions, such as the rate of investment return and salary inflation, as well as demographic assumptions, including retirement and mortality rates. The SDCERS actuary made several recommendations to the Board to adopt new actuarial assumptions based on the Study. The most significant recommendation was to adopt updated public sector mortality tables and a new method to project mortality which increased the plan's FY 2018 unfunded liability by \$480 million (from \$1.99 billion to \$2.47 billion).

Economic assumptions recommended in the Study include maintaining the discount rate of 7.0 percent approved by the Board in 2015, an inflation rate of 3.05 percent, wage inflation of 0.0 percent for FY 2015 through FY 2018, cost-of-living increases capped at 2.0 percent. Changes to actuarial demographic assumptions recommended in the Study were related to fewer retirements, terminations, and disabilities based on the observed experience of plan participants.

The Study provided several options to the SDCERS Board to incorporate the new mortality assumptions. The SDCERS Board approved all actuarial assumption changes in the Study, including the new mortality tables and mortality projection method, but did not approve a "phased-in" approach to smooth the related increases to the ADC. Therefore, the estimated increased ADC costs presented by the SDCERS actuary are included in the Outlook period of FY 2018-2022 as material to the Outlook expenditure projections. These estimated increased pension payments are subject to change based on the June 30, 2016 Actuarial Valuation.

Risks associated with the projection of ADC payments include primarily the uncertainty of investment earnings to meet the 7.0 percent current discount rate assumption and future reductions to the discount rate, followed by wage increases above price inflation, and further reductions in the rates for mortality, termination, and disability.

## EMPLOYEE FLEXIBLE BENEFITS

Flexible benefits is an Internal Revenue Service (IRS) qualified benefits program offered to all eligible employees. The program allows employees in one-half, three-quarter, or full-time status to choose benefit plans tailored to the employee's individual needs. The City provides each eligible employee an individual credit amount on a biweekly basis for use in the Flexible Benefits Plan Program. The credit each employee receives varies by employee association, standard working hours, years of service and other factors.

Flexible benefits include optional and required benefits, such as medical, dental, vision, and basic life insurance plans. For the FY 2017 Adopted Budget, \$79.9 million was budgeted in flexible benefits. The following table displays the projection for flexible benefits for FY 2018 through FY 2022.

Table 2.23 - Flexible Benefits (\$ in Millions)						
	FY 2017 Adopted	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Projection	\$ 79.9	\$ 79.9	\$ 79.9	\$ 79.9	\$ 79.9	\$ 79.9

<sup>1</sup> FY2017 Adopted excludes expenses related to the City's MOU with POA which are reflected in the Multi-year Employee Organization Agreements section

Flexible benefit costs are fixed by position, and total flexible benefit costs vary as the number of positions change. As a result, the Flexible Benefits projection is held constant throughout the Outlook period since all position additions are reflected within the Critical Strategic Expenditures section of the Outlook. Increases in Flexible Benefit costs related to the Recognized Employee Organizations agreements are discussed in that section of the Outlook.

Additionally, the City is engaging with the Recognized Employee Organizations on compliance with Affordable Care Act (ACA) provisions.

## OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Other Post-Employment Benefits (OPEB) represent the cost of retiree healthcare. The Retiree Health or Other Post-Employment Benefits (OPEB) Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2015 was approximately \$537.3 million and the annual required contribution was determined to be \$47.3 million.

In FY 2012, the City entered into a 15-year memorandum of understanding with each of the Recognized Employee Organizations regarding reforms to the retiree healthcare benefit for health-eligible employees. The agreements set the City's OPEB contribution at \$57.8 million for FY 2013 through FY 2015, with annual increases of up to 2.5 percent based on actuarial valuations prepared by Buck Consultants, which may be renegotiated after FY 2015. The following table displays both the Citywide OPEB projection and the General Fund's proportionate share for FY 2018 through FY 2022.

Table 2.24 - Other Post Employment Benefits (OPEB) (\$ in Millions)							
	FY 2017 Adopted	FY17 GF %	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Growth Rate		65.8%	2.5%	2.5%	2.5%	2.5%	2.5%
GF OPEB Projection	\$ 39.9		\$ 40.9	\$ 41.9	\$ 43.0	\$ 44.1	\$ 45.2
Citywide OPEB Projection	\$ 60.7		\$ 62.2	\$ 63.8	\$ 65.4	\$ 67.0	\$ 68.7

The FY 2017 Adopted Budget included \$39.9 million for the General Fund portion of OPEB. The General Fund portion is determined by the percentage of FTE positions budgeted within the General Fund versus non-general funds. The General Fund's proportionate share of the OPEB payment is projected to increase by 2.5 percent annually for FY 2018 through FY 2022.

## WORKERS' COMPENSATION

State Workers' Compensation laws ensure that employees who are injured or disabled on the job are provided with monetary compensation. These laws are intended to reduce litigation and to provide benefits for workers (and dependents) who suffer work-related injuries or illnesses. State Workers' Compensation statutes establish the framework of laws for the City of San Diego.

The City's Workers' Compensation expenses are comprised of two components. Operating expenses are the first component, which covers the cost of current medical expenses and claims, while the second component covers contributions to the Workers' Compensation Reserve. The following table displays the General Fund's projected share of Workers' Compensation expenses for FY 2018 through FY 2022.

Figure 2.25 - Workers' Compensation (\$ in Millions)						
	FY 2017 Adopted	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Operating	\$ 22.6	\$ 23.4	\$ 24.2	\$ 25.0	\$ 25.8	\$ 26.7
Reserves	\$ 2.1	\$ 2.9	\$ 2.9	\$ 1.8	\$ 1.8	\$ 1.9
Total	\$ 24.7	\$ 26.3	\$ 27.1	\$ 26.8	\$ 27.6	\$ 28.5

The projections for operating expenses are based on actual prior year experience and forecasted to increase by 3.3 percent annually. Additional information on the Workers' Compensation Reserve can be found in the Reserve Contributions section of this report.

## SUPPLEMENTAL PENSION SAVINGS PLAN (SPSP)

In January 1982, the City established the Supplemental Pension Savings Plan (SPSP). SPSP accounts provide a way for eligible employees to add to savings for retirement income with contributions matched by the City. Employee eligibility for SPSP is determined by hire date and labor organization. Employees hired between July 1, 2009 and July 20, 2012 are not eligible for entry into SPSP but rather were placed in 401(a) and retiree medical trust plans. Employees hired after the July 20, 2012 effective date of Proposition B, other than sworn police officers, are placed in the SPSP-H Plan, which is being used as an Interim Defined Contribution Retirement Plan for benefited employees. Eligible new hires who are non-safety employees are required to contribute 9.2 percent of compensation to the plan, which is matched by a 9.2 percent employer contribution. For safety employees, the mandatory

employee and matching employer contribution is 11.0 percent of compensation. The following table displays the projection for SPSP for FY 2018 through FY 2022.

Table 2.26 - Supplemental Pension Savings Plan (SPSP) (\$ in Millions)						
	FY 2017 Adopted	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Projection	\$ 16.5	\$ 16.7	\$ 17.2	\$ 17.7	\$ 17.7	\$ 17.7

SPSP is a fringe benefit that is projected based on a percentage of employees' salaries. In the FY 2017 Adopted Budget, SPSP was approximately 3.1 percent of General Fund salaries. For the Outlook period, SPSP as a percentage of salaries is projected to remain consistent at 3.1 percent since the baseline for salaries does not project additional new employees. New employee costs including fringe are included in Critical Strategic Expenditures. A minor increase from the FY 2017 Adopted Budget to the FY 2018 through FY 2022 projections is a result of anticipated salary step increases, which are included within the Salaries and Wages category. Additionally, this projection is based on the number of employees that were enrolled in the SPSP-H Plan during the development of the FY 2017 Adopted Budget. All position additions included in the Critical Strategic Expenditures section of this report are based on the assumption that new employees are hired post Proposition B.

## OTHER FRINGE BENEFITS

The Other Fringe Benefits category is comprised of Long-Term Disability, Medicare, Retiree Medical Trust, 401(a) contributions, Retirement DROP contributions, Employee Offset Savings, Risk Management Administration, and Unemployment Insurance expenditures. The following table displays the projection for Other Fringe Benefits for FY 2018 through FY 2022.

Table 2.27 - Other Fringe Benefits (\$ in Millions)						
	FY 2017 Adopted	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Projection	\$ 24.6	\$ 24.9	\$ 25.6	\$ 26.3	\$ 26.3	\$ 26.3

Other Fringe Benefits are projected based on a percentage of employees' salaries. In the FY 2017 Adopted Budget, Other Fringe Benefits were approximately 4.6 percent of General Fund salaries. For the Outlook period, Other Fringe Benefits as a percentage of salaries are projected to remain consistent at 4.6 percent. A minor increase from the FY 2017 Adopted Budget to the FY 2018 through FY 2022 projections is a result of anticipated salary step increases and salary annual leave payouts included within the Salaries and Wages category.

The City is negotiating a Long Term Death and Disability benefit plan for employees hired on or after July 20, 2012 with the Recognized Employee Organizations. This plan is anticipated to provide disability benefits for employees not eligible for membership in SDCERS due to Proposition B.

Additionally, the Long Term Disability Reserve and Public Liability Reserve are discussed in detail in the Reserves Contribution section of this report.

## SUPPLIES

The Supplies category includes costs for office supplies, books, tools, uniforms, safety supplies, and building and electrical materials. The following table displays the FY 2018 through FY 2022 projections for the Supplies category.

Table 2.28 - Supplies (\$ in millions)						
	FY 2017 Adopted	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Growth Rate		3.5%	3.5%	3.5%	3.5%	3.5%
Projection	\$ 35.9	\$ 31.3	\$ 32.4	\$ 33.6	\$ 34.7	\$ 35.9

The Fiscal Year 2017 Adopted Budget includes \$5.6 million in one-time expenditures for office relocation/tenant improvements and police officer recruitment and retention. These one-time expenditures have been removed from the FY 2018 through FY 2022 baseline projections. Additionally, a 3.5 percent increase has been applied for FY 2018 through FY 2022 based on historical average increases in the Supplies category over the past several years.

## CONTRACTS

Contracts are a non-personnel expense category that includes the cost of professional consultant fees, insurance, refuse disposal fees, fleet vehicle usage and assignment fees, rental expenses, and other contractual expenses.

The FY 2018 Projection is \$238.9 million, which is a \$1.3 million dollar decrease from FY 2017 Adopted Budget of \$240.2 million. The following table displays the FY 2018 through FY 2022 projections for the Contracts category.

Table 2.29 - Contracts (\$ in Millions)						
	FY 2017 Adopted	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Growth Rate		3.5%	3.5%	3.5%	3.5%	3.5%
Projection	\$ 240.2	\$ 238.9	\$ 246.5	\$ 252.7	\$ 261.0	\$ 267.6

The annual growth rate of 3.5 percent is based on a historical analysis, and other adjustments made on known and anticipated events. The FY 2017 Adopted Budget included \$11.3 million in one-time expenditures within the Contracts category, primarily for facility condition assessments, elections, a one-time transfer to the Public Liability Fund, park improvement projects, storm drain channel program, Kinder-Morgan litigation, moving expenses, and tenant improvements.

Additionally, for FY 2018 through FY 2022, Contracts was adjusted for the following items:

- Increased expenditures related to the lease purchase of the 101 Ash Street building in the amount of \$7.2 million
- Reduction of \$3.0 million in one-time paygo expenses for public liability
- Adjustments for general election costs for Fiscal Years 2019 and 2021
- Council redistricting after the 2020 census in the amount of \$200,000

## INFORMATION TECHNOLOGY

The Information Technology category includes both discretionary expenses and non-discretionary allocations to General Fund departments. The Information Technology category includes the costs related to hardware and software maintenance, help desk support, and other information technology (IT) services. The following table displays the FY 2018 through FY 2022 projections for the Information Technology category.

Table 2.30 - Information Technology (\$ in Millions)						
	FY 2017 Adopted	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Growth Rate		2.0%	2.0%	2.0%	2.0%	2.0%
Projection	\$ 28.8	\$ 32.5	\$ 31.6	\$ 32.3	\$ 33.0	\$ 35.1

The projections include estimates of IT costs related to desktop support, networks, data-centers, and applications for FY 2018 through FY 2022, and all other base IT costs are inflated by the California Consumer Price Index. An adjustment for one-time fixed costs for transition of IT network services in the amount of \$1.5 million is also included.

## ENERGY AND UTILITIES

The Energy and Utilities category includes the General Fund's costs for electricity, fuel, and other utility and energy expenses. The following table displays the FY 2018 through FY 2022 projections for the Energy and Utilities category.

Table 2.31 - Energy and Utilities (\$ in Millions)						
	FY 2017 Adopted	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Growth Rate		3.4%	3.1%	3.5%	2.1%	2.1%
Projection	\$ 46.9	\$ 48.5	\$ 50.0	\$ 51.7	\$ 52.8	\$ 53.9

The Energy and Utility category is projected to increase by 3.4 percent in FY 2018 and will continue to grow in the later years at a lower rate of 2.1 percent starting in FY 2021. Since the Energy and Utility category includes various costs, each cost component has a different applicable rate. Electricity and fuel are projected to increase at a constant rate by 2.2 percent and 3.8 percent, respectively. These growth rates are based the Annual Energy Outlook 2016 report prepared by the U.S. Energy Information Administration. Water rates, on the other hand, are determined by the Public Utilities Department. In FY 2016, City Council approved the adjustments to increase the water rate to 6.9 percent in FY 2017, 6.9 percent in FY 2018, 5.0 percent in FY 2019 and 7.0 percent in FY 2020. As a result, the growth rate for the Energy and Utility category represents a weighted growth rate that was calculated after applying the corresponding growth rate for each component.

## RESERVE CONTRIBUTIONS

The City's Reserve Fund Policy requires that the reserve funds are maintained at certain levels. The City's Reserves include the General Fund Reserve (Emergency Reserve and Stability Reserve), Pension

Payment Stabilization Reserve, Public Liability Fund Reserve, Long-Term Disability Fund Reserve, and Workers' Compensation Fund Reserve.

Table 2.32 details the FY 2017 projected reserve balance in the funds, the percentage targets, and contribution forecasted to maintain the City's reserve funds.

Table 2.32 - Reserve Target Levels (\$ in Millions)						
	FY 2017 Proj.	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
General Fund Target (%)	14.75%	15.25%	15.75%	16.25%	16.70%	16.70%
General Fund Reserve Level (\$)	\$ 172.3	\$ 180.6	\$ 193.4	\$ 206.8	\$ 220.7	\$ 228.4
General Fund Contribution Amount		\$ 8.3	\$ 12.8	\$ 13.4	\$ 13.9	\$ 7.7
Pension Stability Target (%)	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Pension Stability Reserve Level (\$)	\$ 16.0	\$ 16.2	\$ 17.3	\$ 18.5	\$ 18.8	\$ 19.0
Pension Stability Contribution Amount		\$ 0.2	\$ 1.2	\$ 1.2	\$ 0.3	\$ 0.2
Public Liability Target (%) <sup>1</sup>	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Public Liability Reserve Level (\$)	\$ 39.5	\$ 39.5	\$ 39.5	\$ 39.5	\$ 39.5	\$ 39.5
Public Liability Contribution Amount		-	-	-	-	-
Long-Term Disability Fund Target (%) <sup>2</sup>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Long-Term Disability Fund Reserve Level (\$)	\$ 17.7	\$ 17.7	\$ 17.7	\$ 17.7	\$ 17.7	\$ 17.7
Long-Term Disability Contribution Amount		-	-	-	-	-
Workers' Compensation Target (%)	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Workers' Compensation Reserve Level (\$)	\$ 58.7	\$ 62.3	\$ 65.9	\$ 68.1	\$ 70.3	\$ 72.6
Workers' Compensation Contribution Amount		\$ 3.6	\$ 3.6	\$ 2.2	\$ 2.2	\$ 2.3
Workers' Compensation Contribution Amount (GF)		\$ 2.9	\$ 2.9	\$ 1.8	\$ 1.8	\$ 1.9

<sup>1</sup>Public Liability Reserve is currently 51% funded

<sup>2</sup>Long-Term Disability Reserve is currently 161% funded

Contributions are forecasted for three of the reserve funds. In FY 2017, the Public Liability Reserve Target is at its target level of 50 percent of outstanding claims and no additional contributions are anticipated in the Outlook period. The Long-Term Disability Fund exceeds its target level of 100 percent of outstanding claims.

As discussed in the Other Fringe Benefits section of this report, the City is developing a long-term death and disability benefit plan for employees hired on or after July 20, 2012. The use of excess equity in the Long-Term Disability Fund is an option to fund the death and disability plan. No additional contributions to the Long-Term Disability Fund are anticipated in the Outlook period.

## OTHER EXPENDITURES

Expenses included in this category are debt service payments, transfers out to other funds, capital expenses, and other miscellaneous expenditures. The following table displays the FY 2018 through FY 2022 projections for the Other Expenditures Category.

Table 2.33 - Other Expenditures (\$ in Millions)						
	FY 2017 Adopted	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Growth Rate		0.0%	0.0%	0.0%	0.0%	0.0%
Projection	\$ 55.1	\$ 55.4	\$ 55.5	\$ 56.6	\$ 57.0	\$ 58.9

The one-time expenditures included in the FY 2017 Adopted Budget are detailed below:

- \$7.6 million transfer to the General Fund Reserve
- \$2.8 million transfer to the Public Liability Reserve
- \$6.1 million for Sidewalks, Street Light Circuit Upgrades, Compressed Natural Gas Fueling Station, other rehabilitation and repairs
- \$1.7 million in capital expenses for Park and Recreation equipment, Transportation Storm Water, Police, and the implication costs of 311 Customer Experience and Service Delivery Program
- \$5.9 contribution to Capital Improvement Program (CIP) projects
- \$4.5 million of Fleet and IT fund balance used to pay non-discretionary expenses

Furthermore, in November 2016, the City Attorney's Office issued an opinion that revenue received from the De Anza Cove Mobile Home Park is Mission Bay Park Lease Revenues as defined in Charter section 55.2. As such, the revenues received should have been allocated in compliance with Charter Section 55.2. It is estimated that the General Fund will need to repay \$9.6 million to the San Diego Regional Park (25.0 percent) and Mission Bay (75.0 percent) Improvements Funds. This repayment is anticipated to be recognized in FY 2016 and therefore not included in the Outlook period. In addition, the amount may be mitigated, which would result in an impact less than the full \$9.6 million.

## CHARTER SECTION 77.1 – INFRASTRUCTURE FUND

Passed by the voters on June 7, 2016, the City is required to place certain unrestricted General Fund revenues into an Infrastructure Fund to be used for new infrastructure costs, including financing costs, related to General Fund capital improvements such as streets, sidewalks and buildings, and the maintenance and repair of such improvements.

The deposits to the Infrastructure Fund are calculated based upon the following:

- Major revenue increment – amount equal to 50.0 percent of the year over year growth in property tax revenues, unrestricted General Fund TOT, and unrestricted franchise fees
- Sales tax increment – an amount equal to the annual change in sales tax revenue when compared to the sales tax baseline (FY 2016) as inflated by the lesser of CCPI or two percent
- General Fund Pension Cost Reduction – any amount if pension costs for any fiscal year that are less than the base year (FY 2016)

Table 2.34 shows the forecasted Infrastructure Fund deposits for the Outlook period.

Table 2.34 - Infrastructure Deposits (\$ in Millions)					
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Projection	\$ 17.0	\$ 15.1	\$ 14.4	\$ 12.8	\$ 13.0

Eligible infrastructure expenses are defined to include costs incurred in the acquisition of real property; the construction, reconstruction, rehabilitation, and repair and maintenance of infrastructure; including all costs associated with financing such expenses. The Outlook does not designate the specific uses of these funds. The FY 2018 Proposed Budget presented by the Mayor will include the programs, projects, and services to be budgeted with infrastructure funds to comply with Charter Section 77.1. However, the following Critical Strategic Expenditures identified in the Outlook could be eligible infrastructure expenses:

- Deferred Capital Bonds issued during the Outlook period
- Costs to complete the Compressed Natural Gas (CNG) Fueling Station which allows the conversion of the City's fleet of refuse and recycling vehicles from diesel to natural gas
- Infrastructure Asset Management (IAM) implementation costs

The Outlook identifies the infrastructure fund deposits separately; however, the deposits will be recorded as an expenditure in the "Transfers Out" category in future fiscal years.

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## CRITICAL STRATEGIC EXPENDITURES

The Outlook identifies future potential critical needs for the City that are supported by the general fund. Such critical needs encompass a number of issues such as critical operational funding, state and federal mandates, legal obligations, and new facilities. It should be repeated, the Outlook is not a budget. The purpose of this section is the identification of future known needs and the estimated fiscal impact as currently assumed. The expenditures identified in this section are not included in the shortfall defined in the Baseline section.

### CITY TREASURER

Request	FTE/Rev/Exp	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Administer the City's Earned Sick Leave & Minimum Wage	FTE	3.00	3.00	3.00	3.00	3.00
	Revenue	-	-	-	-	-
	Expense	68,735	80,182	91,630	91,630	91,630
Additional Revenue Audit positions for tax compliance for short-term rentals	FTE	5.00	5.00	5.00	5.00	5.00
	Revenue	462,030	463,327	474,625	474,625	474,625
	Expense	462,030	463,327	474,625	474,625	474,625
	<b>Dept. Total FTE</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>
	<b>Dept. Total Revenue</b>	<b>462,030</b>	<b>463,327</b>	<b>474,625</b>	<b>474,625</b>	<b>474,625</b>
	<b>Dept. Total Expense</b>	<b>530,765</b>	<b>543,510</b>	<b>566,254</b>	<b>566,254</b>	<b>566,254</b>

The Outlook for the City's Treasurer Department supports the City's Strategic Plan to promote economic prosperity and safe and livable neighborhoods through services that improve the quality of life. The table above identifies the annualization of 3.00 FTEs and non-personnel expenditures for the administration and enforcement of the Earned Sick Leave and Minimum Wage Ordinance Program, which increased the minimum wage and number of earned sick days. The FY 2017 Adopted Budget included \$400,000 to support the Earned Sick Leave and Minimum Wage Ordinance Program, this amount represents the incremental increase above base. Additionally, 5.00 FTEs are identified for increased audits and resources needed for short-term vacation rental TOT tax compliance.

### CITYWIDE PROGRAM EXPENDITURES

Request	FTE/Rev/Exp	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Citywide Debt Service	FTE	-	-	-	-	-
	Revenue	-	-	-	-	-
	Expense	2,000,000	5,400,000	10,800,000	12,800,000	16,200,000
	<b>Dept. Total FTE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Dept. Total Revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Dept. Total Expense</b>	<b>2,000,000</b>	<b>5,400,000</b>	<b>10,800,000</b>	<b>12,800,000</b>	<b>16,200,000</b>

The Outlook for Citywide Program identifies the issuance of deferred capital bonds on an 18-month basis. The associated debt service reflects three debt issuances of \$90 million projected to occur in FY 2018, FY 2020 and FY 2021. The schedule for issuance of long-term bond debt will be reevaluated each fiscal year as part of the budget development process. Additionally, as the City pursues a commercial paper program for the CIP, the timing of issuing long-term debt may be further adjusted based on cash needs.

## ECONOMIC DEVELOPMENT

Request	FTE/Rev/Exp	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Reinvestment Initiative (Rel)	FTE	6.00	7.00	7.00	7.00	7.00
	Revenue	627,224	749,613	769,352	769,352	769,352
	Expense	674,216	797,989	819,113	819,113	819,113
	<b>Dept. Total FTE</b>	<b>6.00</b>	<b>7.00</b>	<b>7.00</b>	<b>7.00</b>	<b>7.00</b>
	<b>Dept. Total Revenue</b>	<b>627,224</b>	<b>749,613</b>	<b>769,352</b>	<b>769,352</b>	<b>769,352</b>
	<b>Dept. Total Expense</b>	<b>674,216</b>	<b>797,989</b>	<b>819,113</b>	<b>819,113</b>	<b>819,113</b>

The Outlook for the City's Economic Development Department identifies support for the Reinvestment Initiative (Rel) by increasing financial management, project management, federal and state compliance through the addition of seven grant reimbursable positions. The purpose of the Rel is to reinvest recaptured CDBG Program Income in support of the Mayor's One San Diego Initiative, to create and sustain a resilient and economically prosperous City, and to encourage economic growth and investment in San Diego's emerging communities. Of these seven positions, three will be dedicated to managing fiscal, infrastructure, and administrative operations. The four remaining positions will ensure compliance with sustainability efforts, regulations, and existing contracts.

## ENVIRONMENTAL SERVICES

Request	FTE/Rev/Exp	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
CNG Fueling Station Operating	FTE	-	-	-	-	-
Costs	Revenue	-	-	-	-	-
	Expense	1,523,000	11,000	(278,000)	(637,000)	(835,000)
Fee Adjustments	FTE	-	-	-	-	-
	Revenue	-	-	-	-	-
	Expense	295,000	590,000	1,210,000	1,210,000	1,210,000
	<b>Dept. Total FTE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Dept. Total Revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Dept. Total Expense</b>	<b>1,818,000</b>	<b>601,000</b>	<b>932,000</b>	<b>573,000</b>	<b>375,000</b>

The Outlook for the City's Environmental Services Department identifies support of the City's Strategic Plan for investing in infrastructure and one of numerous initiatives that meet the City's Climate Action Plan. The table above identifies additional resources to complete the Compressed Natural Gas (CNG) Fueling Station at the Miramar Operations Center. The CNG fueling station will allow for the conversion of the City's fleet of refuse and recycling vehicles from diesel to natural gas. Once operational, the General Fund will benefit from this facility in the form of reduced fuel costs. Additionally, costs are identified to comply with policies that increased tipping fees and eliminated tipping fee discounts to City departments at the Miramar Landfill.

## FIRE-RESCUE

Request	FTE/Rev/Exp	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Self-Contained Breathing Apparatus	FTE	-	-	-	-	-
	Revenue	-	-	-	-	-
	Expense	835,000	1,669,000	1,669,000	1,669,000	1,669,000
APX Portable Radios	FTE	-	-	-	-	-
	Revenue	-	-	-	-	-
	Expense	-	-	381,977	381,977	-
Fire Stations (Bayside, Black Mountain, North University, UCSD)	FTE	12.00	12.00	36.00	36.00	48.00
	Revenue	-	-	-	-	-
	Expense	1,622,471	1,671,446	5,166,018	6,016,018	6,888,024
	<b>Dept. Total FTE</b>	<b>12.00</b>	<b>12.00</b>	<b>36.00</b>	<b>36.00</b>	<b>48.00</b>
	<b>Dept. Total Revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Dept. Total Expense</b>	<b>2,457,471</b>	<b>3,340,446</b>	<b>7,216,995</b>	<b>8,066,995</b>	<b>8,557,024</b>

The Outlook for the City's Fire-Rescue Department supports the City's Strategic Plan to foster safe and livable neighborhoods through timely and effective response in all communities. The table above shows the addition of four new fire stations as well as the replacement of all self-contained breathing apparatus (SCBA) inventory, air filling stations, and light and air apparatus. Additionally, the table identifies the purchase of APX portable radios for P25 compliance. The operational expenses for the following four fire stations are identified as the construction of the facilities is fully funded:

- FY 2018 - Bayside Fire Station
- FY 2020 – Black Mountain Fire Station and North University City Fire Station
- FY 2022 – UCSD Fire Station

## FLEET OPERATIONS

Request	FTE/Rev/Exp	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fleet Non-Discretionary Assignment Fees	FTE	-	-	-	-	-
	Revenue	-	-	-	-	-
	Expense	2,507,768	3,146,948	2,760,444	7,225,538	7,342,358
	<b>Dept. Total FTE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Dept. Total Revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Dept. Total Expense</b>	<b>2,507,768</b>	<b>3,146,948</b>	<b>2,760,444</b>	<b>7,225,538</b>	<b>7,342,358</b>

The Outlook for the City's Fleet Operations Department supports the City's Strategic Plan and meets greenhouse gas emissions reduction goals identified in the Climate Action Plan. The table above identifies costs related to the General Fund component vehicle assignment fees to be transferred to the Fleet Operations Replacement Fund for planned replacement of the City's fleet. Potential replacements include critical pieces of the fleet, including police vehicles, fire trucks, street sweepers and trash trucks. Fleet to be replaced include critical Assignment fees provide all City departments with vehicle acquisition and fitting services.

## INFORMATION TECHNOLOGY

Request	FTE/Rev/Exp	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Non-Discretionary IT	FTE	-	-	-	-	-
	Revenue	-	-	-	-	-
	Expense	1,734,197	1,445,806	1,753,370	1,195,147	1,029,381
<b>Dept. Total FTE</b>		-	-	-	-	-
<b>Dept. Total Revenue</b>		-	-	-	-	-
<b>Dept. Total Expense</b>		<b>1,734,197</b>	<b>1,445,806</b>	<b>1,753,370</b>	<b>1,195,147</b>	<b>1,029,381</b>

The Outlook for the City's Department of Information Technology supports the City's Strategic Plan to ensure equipment and technology that allows employees to provide high quality public service. The table above identifies the General Fund costs associated with maintaining and improving existing software programs managed by the Department of IT.

## INFRASTRUCTURE ASSET MANAGEMENT (IAM)

Request	FTE/Rev/Exp	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
IAM San Diego Project	FTE	-	-	-	-	-
	Revenue	-	-	-	-	-
	Expense	1,461,467	1,618,101	1,618,101	1,618,101	1,618,101
<b>Dept. Total FTE</b>		-	-	-	-	-
<b>Dept. Total Revenue</b>		-	-	-	-	-
<b>Dept. Total Expense</b>		<b>1,461,467</b>	<b>1,618,101</b>	<b>1,618,101</b>	<b>1,618,101</b>	<b>1,618,101</b>

The Outlook identifies costs for Infrastructure Asset Management (IAM) software that supports the City's Strategic Plan to invest in infrastructure. The table above includes both the Public Works and Transportation and Storm Water Departments' portion of the Infrastructure Asset Management (IAM) implementation. IAM identifies the General Fund implementation costs and software maintenance; the General Fund represents 30 percent of the overall costs, the remaining is funded through the Public Utilities Department. This project will establish an integrated, real-time ERP asset management software solution that builds upon the existing Citywide ERP platform and will enable staff to conduct in-depth analysis of maintenance activities, develop effective predictive and preventative maintenance and capital renewal plans, and better leverage resources.

## LIBRARY

Request	FTE/Rev/Exp	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Public Use PC Refresh	FTE	-	-	-	-	-
	Revenue	-	-	-	-	-
	Expense	-	-	200,000	200,000	200,000
New Libraries (Mission Hills, San Ysidro, and Pacific Highlands Ranch)	FTE	-	12.17	12.17	12.17	10.55
	Revenue	-	-	-	-	-
	Expense	-	1,519,159	1,538,549	1,538,549	1,417,572
<b>Dept. Total FTE</b>		-	<b>12.17</b>	<b>12.17</b>	<b>12.17</b>	<b>10.55</b>
<b>Dept. Total Revenue</b>		-	-	-	-	-
<b>Dept. Total Expense</b>		-	<b>1,519,159</b>	<b>1,738,549</b>	<b>1,738,549</b>	<b>1,617,572</b>

The Outlook for the City's Library Department supports the City's Strategic Plan providing for equipment and technology to achieve high quality public service and foster services that improve quality of life. The table identifies costs that are necessary to replace all public-use computers. In addition, staffing and operating costs are identified for new facilities opening in FY 2019, which include New Mission Hills, San Ysidro, and New Pacific Highlands branch libraries.

## PARK AND RECREATION

Request	FTE/Rev/Exp	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
New Facilities	FTE	10.31	30.16	43.19	47.81	50.22
	Revenue	-	20,000	45,000	45,000	45,000
	Expense	1,445,247	3,076,929	4,497,511	4,943,869	5,116,587
MADs Proposition 218 Compliance/General Benefit	FTE	-	-	-	-	-
	Revenue	-	-	-	-	-
	Expense	136,058	192,861	252,504	315,129	380,885
	<b>Dept. Total FTE</b>	<b>10.31</b>	<b>30.16</b>	<b>43.19</b>	<b>47.81</b>	<b>50.22</b>
	<b>Dept. Total Revenue</b>	<b>-</b>	<b>20,000</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>
	<b>Dept. Total Expense</b>	<b>1,581,305</b>	<b>3,269,790</b>	<b>4,750,015</b>	<b>5,258,998</b>	<b>5,497,472</b>

The Outlook for the City's Park & Recreation Department supports the City's Strategic Plan to promote economic prosperity with opportunity in every community. The table above identifies the addition of personnel and non-personnel expenditures for the operation and maintenance of 18 new facilities and 25 new play all day joint use facilities, as well as additional funding to maintain Balboa Park after completion of the Plaza de Panama project. Attachment 3 identifies these facilities. Additionally, the expenses to comply with Proposition 218 for the City's Maintenance Assessment Districts (MADS) are identified.

## POLICE

Request	FTE/Rev/Exp	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Addition of Sworn Positions and Equipment	FTE	-	16.00	30.00	45.00	50.00
	Revenue	-	-	-	-	-
	Expense	-	2,233,486	3,831,843	5,624,265	5,922,406
Addition of Civilian Positions and Equipment	FTE	-	9.00	16.00	23.00	26.00
	Revenue	-	-	-	-	-
	Expense	-	673,862	1,202,575	1,715,181	1,934,869
Ongoing Costs Assoc. w/ Replacement of CAD System	FTE	-	-	-	-	-
	Revenue	-	-	-	-	-
	Expense	782,848	1,122,848	1,132,848	1,137,848	1,162,848
Property Room Storage	FTE	-	-	-	-	-
	Revenue	-	-	-	-	-
	Expense	(60,000)	(120,000)	(120,000)	(120,000)	(120,000)
NetRMS	FTE	-	-	-	-	-
	Revenue	670,104	107,351	178,493	178,493	178,492
	Expense	670,104	107,351	260,000	260,000	260,000
	<b>Dept. Total FTE</b>	<b>-</b>	<b>25.00</b>	<b>46.00</b>	<b>68.00</b>	<b>76.00</b>
	<b>Dept. Total Revenue</b>	<b>670,104</b>	<b>107,351</b>	<b>178,493</b>	<b>178,493</b>	<b>178,492</b>
	<b>Dept. Total Expense</b>	<b>1,392,952</b>	<b>4,017,547</b>	<b>6,307,267</b>	<b>8,617,294</b>	<b>9,160,123</b>

The Outlook for the City's Police Department supports the City's Strategic Plan for fostering safe and livable neighborhoods through the protection of lives, property and the environment through timely and effective response in all communities. The table above identifies the addition of 50.00 sworn FTE positions and 26.00 civilian positions by Fiscal Year 2022. The expense for sworn positions includes body worn cameras, new vehicles, and other required police equipment. Also identified are lease expense savings from moving a storage facility to a City owned property and a State-grant reimbursable request to migrate from the current Criminal Records Management System (CRMS) to a Net Records Management System (NetRMS).

## REAL ESTATE ASSETS

Request	FTE/Rev/Exp	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
CCP Reconfigurations	FTE	-	-	-	-	-
	Revenue	111,427	111,427	111,427	111,427	111,427
	Expense	2,800,000	1,800,000	1,800,000	1,800,000	900,000
<b>Dept. Total FTE</b>		-	-	-	-	-
<b>Dept. Total Revenue</b>		<b>111,427</b>	<b>111,427</b>	<b>111,427</b>	<b>111,427</b>	<b>111,427</b>
<b>Dept. Total Expense</b>		<b>2,800,000</b>	<b>1,800,000</b>	<b>1,800,000</b>	<b>1,800,000</b>	<b>900,000</b>

As part of the continued effort to improve efficiency and maximize the use of space at Civic Center Plaza (CCP), the department has identified reconfiguration costs such as moving expenses, furniture, and information technology infrastructure to improve the facility. READ expects to receive reimbursements to the General Fund for use of the Civic Center Plaza facility by Non-General Fund departments.

## OTHER CRITICAL STRATEGIC EXPENDITURES

In September 2016, the Transportation and Storm Water Department released a condition survey that determined that 60 percent of the City streets are in good condition, 34 percent are in fair condition, and 6 percent are in poor condition. This results in an Overall Condition Index (OCI) of 72 which exceeds the Mayor's goal (OCI 70).

One of the primary methods to maintain an OCI 70 is slurry seal, which has traditionally been funded via Gas Tax and Proposition 42 Replacement Funds. With the decline in fuel prices over the past few years, these sources of revenue have declined. As a result, the City must identify a new source of non-capital funding for slurry seal to maintain the OCI 70. For FY 2018, potential funding has been identified for planned slurry seal work; however, for FY 2019 through FY 2022, a potential unfunded need of \$20 - \$25 million annually exists. One potential source of funding to support slurry seal is Charter Section 77.1 – Infrastructure Fund. The department is still evaluating the work plan required to maintain OCI70 and an updated will be provided to the Infrastructure Committee.

Furthermore, the City has to comply with the Regional Water Quality Control Board (RWQCB) storm water permit requirements creating significant operational and capital needs. The Capital Improvement Program (CIP) needs for storm water flood risk management and water quality improvement projects have been identified and will be discussed in the Five-Year Capital Infrastructure Planning Outlook scheduled to be released in January 2016.

## POTENTIAL MITIGATION ACTIONS

The Outlook has identified a structural shortfall as a result of the growth in ongoing expenditures outpacing growth in ongoing revenues. This shortfall is primarily caused by the unexpected increase in the City's pension payment, which was increased as a result of SDCERS Board action to adopt new mortality tables and not phase-in the payments. For the Mayor to present a balanced FY 2018 budget in April 2017 to the City Council, several mitigations, including budget reductions, will be considered. The following section presents potential measures to address the anticipated shortfall in FY 2018.

## CITY RESERVE POLICY

Council Policy 100-20, adopted in April 2016, established a 16.7 percent target level for the General Fund Reserves (Emergency Reserve and Stability Reserve) by June 30, 2021. The baseline expenditures section of the Outlook incorporates the estimated contributions for the incremental increase in the General Fund Reserves as detailed in the Reserve Policy and summarized in the following table. The estimated reserve level amounts, based on the target percentages, are estimates at this time and may change once actual data is available for each respective fiscal year.

Table 4.1 - Reserve Target Levels (\$ in Millions)						
	FY 2017 Proj.	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
General Fund Target (%)	14.75%	15.25%	15.75%	16.25%	16.70%	16.70%
General Fund Reserve Level (\$)	\$ 172.3	\$ 180.6	\$ 193.4	\$ 206.8	\$ 220.7	\$ 228.4
Pension Stability Target (%)	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Pension Stability Reserve Level - GF (\$)	\$ 16.0	\$ 16.2	\$ 17.3	\$ 18.5	\$ 18.8	\$ 19.0
Public Liability Target (%) <sup>1</sup>	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Public Liability Reserve Level (\$)	\$ 39.5	\$ 39.5	\$ 39.5	\$ 39.5	\$ 39.5	\$ 39.5
Long-Term Disability Fund Target (%) <sup>2</sup>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Long-Term Disability Fund Reserve Level (\$)	\$ 17.7	\$ 17.7	\$ 17.7	\$ 17.7	\$ 17.7	\$ 17.7
Workers' Compensation Target (%)	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Workers' Compensation Reserve Level (\$)	\$ 58.7	\$ 62.3	\$ 65.9	\$ 68.1	\$ 70.3	\$ 72.6

<sup>1</sup>Public Liability Reserve is currently 51% funded

<sup>2</sup>Long-Term Disability Reserve is currently 161% funded

As shown above, the current Reserve Policy anticipates achieving the 16.7 percent target in FY 2021. An alternative could be considered to extend the time period in which the City achieves the target of 16.7 percent.

In addition, the Reserve Policy established a Pension Payment Stabilization Reserve (Pension Reserve) to mitigate service delivery risk due to the unanticipated increase in the annual pension payment, the Actuarially Determined Contribution (ADC). A potential mitigation to the \$36.7 million, or 19.2 percent, increase in the General Fund ADC payment for FY 2018 would be to use the Pension Reserve. The Reserve Policy further states that if used, the Mayor will prepare a plan no later than one year from the reserve action to replenish the Pension Reserve balance to the policy level.

The Workers' Compensation Fund, which funds medical and disability costs for job-related injury claims, is required to maintain reserves equal to 25 percent of a three-year average value of outstanding claims. Workers' compensation expenses tend to be smooth and show a gradual upward trend based on the increased liability, and are not volatile from year to year; therefore it may be appropriate to adjust this reserve to a value equivalent to one years' worth of paygo expenses. Workers Compensation Reserves are needed at an amount that is prudent to support any unexpected expenditures. It is important to note that the Workers' Compensation Reserve have never been drawn upon since it was established in 2007. The appropriate amount of cash to have on hand should be re-examined given nine years of history with the reserve.

In addition, the current Long-Term Disability Fund Reserve is funded beyond the target level of 100 percent of a three year average of outstanding claims' liability. Some amount of the excess funding will be needed to establish a new death and disability benefit for employees hired after Proposition B became effective in 2012, subject to negotiations with the employee organizations.

If this re-evaluation of the City's Reserve Policy results in modifications to the targets for Workers' Compensation and LTD, the funds could be reallocated to the General Fund Reserves without impacting the City's overall reserve levels that are reviewed by rating agencies. Any modifications to the City's Reserve Policy would require Council action. Financial Management plans to bring forward a full proposal to the Budget and Government Efficiency Committee in February 2017 to modify the City's General Fund Reserve Policy to reallocate reserve balances.

## **FUND BALANCE (EXCESS EQUITY)**

In the FY 2017 First Quarter Budget Monitoring Report, the FY 2017 ending fund balance (excess equity) is projected to be \$20.3 million. The FY 2017 ending fund balance projection will be updated during the Fiscal Year 2017 Mid-Year Budget Monitoring Report once the audit of the General Fund is complete. These funds may be available during the Outlook period, but are one-time in nature and therefore are only available for one-time purposes.

## **CASH MANAGEMENT ACTIVITIES**

The Capital Improvement Program (CIP) utilizes a variety of funding sources to support CIP projects, including unrestricted General Fund contributions, bond proceeds, development impacts fees, etc. As part of the City's ongoing process improvements, the appropriate alignment of the timing and use of funding sources is continuously reviewed. The overall intent is to (a) ensure projects have the necessary resources to continue without interruption; (b) issue bonds only when needed to fund identified projects; and (c) not encumber available resources (i.e. unrestricted General Fund contributions) that could be used for other eligible projects. The specific or potential financial impact to the General Fund has not been identified as the process is in the early stages of review.

In conclusion, these mitigation actions are one-time or short-term in nature, and will not be sufficient to address the forecasted shortfall due primarily to the unexpected increase in the City's pension payment. Financial Management will request budget reductions from all City departments as part of the upcoming FY 2018 Budget development process to ensure a balanced budget.

## **BUDGET REDUCTIONS**

To address the projected shortfall, General Fund departments will be requested to submit budget reduction proposals totaling 3.5 percent of the department's Fiscal Year 2017 Adopted Budget. Any budget reduction proposals submitted for consideration are only proposals. All potential solutions to mitigate the projected revenue shortfall will be carefully considered to ensure the overall impact to the services provided is minimized and that the City continues to provide the high level of service that is expected.

Additionally, these departments are required to suspend all non-essential discretionary expenditures in FY 2017, as any savings generated in the current fiscal year will help mitigate the projected shortfall in FY 2018.

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## CONCLUSION

The Outlook guides long-range fiscal planning by focusing on baseline revenues and expenditures, including quantifying new costs that are critical to accomplishing the City's strategic goals over the next five-year period.

Based upon baseline projections, growth in ongoing expenditures is anticipated to outpace growth in ongoing revenues in Fiscal Years 2018 and 2019. A structural shortfall is forecasted once the following key factors are accounted for:

- Moderate growth in revenue
- Anticipated increase in the Retirement Actuarially Determined Contribution (ADC) to the San Diego City Employees Retirement System (SDCERS)
- Employee Organization Agreements entered into in FY 2015 and FY 2016
- Implementation of Charter Section 77.1 – Infrastructure Fund

The Outlook provides the City Council, key stakeholders, and the public with information in advance of the budget meetings to facilitate an informed discussion during the development of the FY 2018 Adopted Budget.

Per the City Charter, the Mayor will present a balanced budget for the City Council's consideration in April 2017.

# ATTACHMENT 1

## FY 2018 – 2022 FIVE-YEAR FINANCIAL OUTLOOK

(in millions)

GENERAL FUND REVENUES	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Property Tax	\$ 532.0	\$ 554.9	\$ 576.3	\$ 594.0	\$ 612.0
Sales Tax	270.8	275.9	281.2	286.9	292.6
Transient Occupancy Tax	120.1	126.6	133.1	139.7	146.2
Franchise Fees	82.8	83.6	84.4	85.8	87.3
Property Transfer Tax	10.6	10.9	11.2	11.5	11.8
Licenses and Permits	24.4	24.8	25.3	25.9	26.4
Fines, Forfeitures and Penalties	29.9	30.1	30.2	30.4	30.5
Revenue from Money and Property	54.5	56.2	58.1	59.9	61.9
Revenue from Federal and Other Agencies	8.1	8.1	8.1	8.1	8.1
Charges for Services	138.5	148.4	156.3	169.6	178.5
Other Revenue	4.3	2.3	2.3	2.3	2.3
Transfers In	89.0	95.1	101.7	108.8	116.3
<b>BASELINE GENERAL FUND REVENUES</b>	<b>\$ 1,365.1</b>	<b>\$ 1,416.9</b>	<b>\$ 1,468.2</b>	<b>\$ 1,522.9</b>	<b>\$ 1,573.8</b>
<b>Charter Section 77.1 - Infrastructure Fund</b>	<b>\$ 17.0</b>	<b>\$ 15.1</b>	<b>\$ 14.4</b>	<b>\$ 12.8</b>	<b>\$ 13.0</b>
GENERAL FUND EXPENDITURES	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Salaries & Wages	\$ 537.3	\$ 537.5	\$ 538.5	\$ 539.0	\$ 538.1
Recognized Employee Organization Agreements	15.9	31.8	45.0	45.0	45.0
Retirement Actuarially Determined Contribution (ADC)	227.9	231.4	234.5	237.6	240.6
Employee Flexible Benefits	79.9	79.9	79.9	79.9	79.9
Other Post Employment Benefits (OPEB)	40.9	41.9	43.0	44.1	45.2
Workers' Compensation	26.4	27.1	26.8	27.6	28.5
Supplemental Pension Savings Plan (SPSP)	16.7	17.2	17.7	17.7	17.7
Other Fringe Benefits	24.9	25.6	26.3	26.3	26.3
<b>Personnel Expenditures</b>	<b>\$ 969.9</b>	<b>\$ 992.5</b>	<b>\$ 1,011.8</b>	<b>\$ 1,017.3</b>	<b>\$ 1,021.4</b>
Supplies	\$ 31.3	\$ 32.4	\$ 33.6	\$ 34.7	\$ 35.9
Contracts	238.9	246.5	252.7	261.0	267.6
Information Technology	32.5	31.6	32.3	33.0	35.1
Energy and Utilities	48.5	50.0	51.7	52.8	53.9
Reserve Contributions	8.5	14.0	14.5	14.2	7.9
Other Expenditures	55.4	55.5	56.6	57.0	58.9
<b>Non-Personnel Expenditures</b>	<b>\$ 415.0</b>	<b>\$ 430.0</b>	<b>\$ 441.5</b>	<b>\$ 452.6</b>	<b>\$ 459.4</b>
<b>BASELINE GENERAL FUND EXPENDITURES</b>	<b>\$ 1,384.9</b>	<b>\$ 1,422.5</b>	<b>\$ 1,453.3</b>	<b>\$ 1,469.9</b>	<b>\$ 1,480.7</b>
<b>BASELINE REVENUES (LESS)/ GREATER THAN EXPENDITURES</b>	<b>\$ (36.9)</b>	<b>\$ (20.7)</b>	<b>\$ 0.5</b>	<b>\$ 40.1</b>	<b>\$ 80.1</b>

## ATTACHMENT 2

### ONE-TIME RESOURCES AND EXPENDITURES

The tables below detail the one-time resources and expenditures that were included in the Fiscal Year 2017 Adopted Budget that were adjusted to develop FY 2018-2022 Five-Year Financial Outlook baseline budget.

One-Time Resources	
Transient Occupancy Tax Fund Balance	\$8,346,750
Return of General Fund CIP Contributions related to Bayside Firestation	5,000,000
Fleet Operating Fund Balance	3,824,719
Stonewood Garden Apartment Lease Agreement	2,952,000
Infrastructure Asset Management Project Reimbursements	1,682,987
Tobacco Securitized Fund Balance Transfer	1,068,569
Storm Drain Fund Balance	700,000
IT Funds Fund Balance	633,606
Automated Refuse Container Fund Payback	600,000
Funds with Excess Fund Balance	440,295
Urban Area Security Initiative Grant Revenue	338,216
Fire/Emergency Medical Services Transport Program Fund Balance	182,464
Reinspection Fees - Development Services	120,000
Event Fees related to Aquatics Program	20,000
<b>Total</b>	<b>\$25,909,606</b>

One-Time Expenditures	
General Fund Reserves	7,600,000
Police Officer Recruitment and Retention	4,000,000
Transfer to Watershed Projects (CIP)	4,000,000
Public Liability Reserves	2,800,000
Office Relocation/ Tenant Improvements	2,631,193
Citywide Ballot Measures and Elections	1,773,583
Transfer to Sidewalk Repair/Replacement Projects	1,600,000
Transfer to Drainage Projects (CIP)	1,525,000
Rehabilitation of Thompson Medical Library/Eddy Auditorium at Balboa Park	1,500,000
Transfer to Street Light Circuit Upgrade Project	1,350,000
Vehicles for Catch Basin Cleaning	1,303,025
Vehicles for Pipe Repair Crew	1,200,000
Dump Trucks for Channel Cleaning and Street Paving	1,120,854
Transfer to Compressed Natural Gas Fueling Station Project	900,000
Citywide Public Facility Maintenance Projects	757,768
Improvement/Maintenance of Police Facilities	750,000
Vehicles for Facilities Repairs and Maintenance	619,000
Vehicles and Equipment for New and Enhanced Park & Recreation Facilities	598,305
Replacement of Artificial Turf (Pershing Middle School Joint Use Field)	500,000
Vehicles for Channel Inspection & Cleaning	415,000
Implementation Costs Related to 311 Service Delivery Program	400,000
Transfer to Sidewalk Repair and Replacement Projects (CIP)	400,000
Balboa Park Light Posts Replacement	350,000
Body Worn Cameras for Police Officers	300,000
City Administration Building (CAB) Carpet Replacement	255,000
Vactor Purchase for Catch Basin Cleaning	250,000
Elevator & Energy Feasibility Study for Police Facilities	250,000
Facilities Condition Assessment SAP/IAM	250,000
Kinder Morgan Litigation	250,000
Water Blaster for Transportation & Storm Water	250,000
Vehicles for Graffiti Abatement	190,000
Termination Pay for Departing Council Member Staff	177,868
Code Enforcement Abatement Fund Support	150,000
Consultant Services for the Otay Mesa Enhanced Infrastructure Financing District	150,000
Specialized Aircraft Tools	150,000
Vehicles for Open Space Acreage Expansion	136,800
Safety Supplies and Vehicles for Sworn Positions	126,000
Advanced Lifeguard Academy	113,350
Senior Center in North Clairmont	105,476
Vehicles for Canine Unit	100,000
Infrastructure Asset Management Training	75,384
Vehicle for Playground Outlay and Rubberized Surfacing	60,000

One-Time Expenditures (continued)	
Vehicle for Balboa Park Maintenance Supervisor	30,000
Contracts for the Maintenance of NEOGOV and CritiCall Interface	25,000
Vehicle to support the Street Preservation Ordinance	20,000
Vehicle for Streets Superintendent	16,900
Professional Services for the Infrastructure and Public Utilities Loan Program Unit	15,000
Supplies for OSHA Standards Training	7,000
Supplies for the Library Department	2,500
Reduction of Non-Personnel Expenditures Related to Department Reductions and Efficiency Savings	(102,064)
<b>Total</b>	<b>41,447,942</b>

### ATTACHMENT 3

#### PARK AND RECREATION NEW FACILITIES

Park and Recreation New Facilities	
Carmel Valley NP - CIP S00642	2018
Cesar Solis CP (Formerly Pacific Breezes CP) - CIP S00649	2018
Encanto Elementary JU (PAD)	2018
Franklin Ridge Pocket Park	2018
Linda Vista Elementary JU (PAD)	2018
Marvin Elementary JU (PAD)	2018
Park de la Cruz Skate Park - CIP S15003	2018
Southcrest Trails NP - CIP S01071	2018
University Village Tot Lot - CIP S13005	2018
Wightman Street NP - CIP S00767	2018
14th Street Promenade	2019
Cañon Street Mini Park - CIP S16047	2019
Curie Elementary JU (PAD)	2019
East Village Green NP - CIP S16012	2019
Horton Elementary JU (PAD)	2019
Pacific Highlands Ranch CP - CIP S10079	2019
Pacific View (Lee) Elementary JU (PAD)	2019
Rolando Park Elementary JU (PAD) - CIP S15029	2019
Rowan Elementary JU (PAD)	2019
Standley Middle JU (PAD)	2019
Treana Mesa JU Sports Field - CIP S00971	2019
Valencia Park - CIP S11103	2019
Canyon Hills Resource Park Improvements - CIP S15006	2020
Hidden Trails NP - CIP S00995	2020
Innovation (MacDowell) Middle JU (PAD)	2020
Jonas Salk Neighborhood Park & Elementary School JU - CIP S14007	2020
Olive Street Mini Park - CIP S10051	2020
Organ Pavilion Park (in Balboa Park)	2020
Riviera Del Sol NP - CIP S00999	2020
Sandburg Elementary JU (PAD)	2020
Taft Middle JU (PAD) - CIP S15026	2020
Wangenheim Middle JU Facility - CIP S15007 (PAD)	2020
Audubon K-8 JU (PAD)	2021
Denney Ranch NP - CIP S00636	2021
Fairbrook NP - CIP S01083	2021

Park and Recreation New Facilities (continued)	
Florence Elementary JU (PAD)	2021
Holmes Elementary JU (PAD)	2021
Johnson Elementary JU (PAD)	2021
Lafayette Elementary JU (PAD)	2021
Logan K-8 JU (PAD)	2021
Paradise Hills Elementary JU (PAD)	2021
Spreckels Elementary JU (PAD)	2021
Grant K-8 JU (PAD)	2022
Perkins K-8 JU (PAD)	2022
Tubman (Harriet) Village K-8 Charter JU (PAD) - CIP S13000	2022
Webster Elementary JU (PAD)	2022

**THE CITY OF SAN DIEGO**

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**OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT**

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**Date Issued:** January 27, 2017**IBA Report Number:** 17-02**Budget and Government Efficiency Committee Date:** February 2, 2017**Item Number:** 4

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## **FY 2018 City Council Budget Priorities**

### **OVERVIEW**

In June 2016, voters approved an amendment to the City Charter that describes the initial step for the City Council in the City's annual budget process: the development of the annual Budget Priorities Resolution. Development of this resolution is also outlined in the "Fiscal Year 2018 Budget Development and Fiscal Year 2017 Budget Monitoring Key Dates," adopted by the City Council on November 15, 2016. This important step in the budget process has been in place since 2006. As in prior years, the FY 2018 Budget Priorities Resolution is compiled from individual Councilmember memoranda outlining their budget priorities for the upcoming fiscal year.

On January 3, 2017, Budget and Government Efficiency Committee Chair Barbara Bry issued a memorandum requesting that all Councilmembers submit their budget priorities for the FY 2018 Proposed Budget to the Office of the Independent Budget Analyst by January 20, 2017. All nine Council Districts submitted their priorities and are represented in this report.

This report identifies the highest priority fiscal and policy items recurring throughout Councilmember memoranda. For FY 2018, Councilmembers requested three broad priorities: support for public safety including police officer recruitment and retention, neighborhood services, and a wide variety of capital projects—although no specific item in any of those categories received unanimous support. A majority of Councilmembers also prioritized funding for other categories including Penny for the Arts, expansion of the Connect2Careers program, the City's recently approved Earned Sick Leave and Minimum Wage Ordinance, and the Climate Action Plan.

Additionally, all Councilmembers noted that they would likely need to make difficult budget choices in FY 2018 in order to maintain a balanced budget and address a projected General Fund

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## **ATTACHMENT C**

budget deficit. A majority of Councilmembers proposed a number of potential resources that could partially mitigate the projected deficit.

In this report we have compiled priorities that received a majority of support from City Councilmembers and have also included priorities, for discussion purposes, that were mentioned by a significant number of Councilmembers (four). All priorities submitted by Councilmembers can be found in their memoranda<sup>1</sup> which are included as Attachment 1 to this report.

## **FISCAL/POLICY DISCUSSION**

City Councilmember budget priority memoranda incorporate a wide range of City programs for FY 2018, including three main priority areas: funding support for public safety, including police officer recruitment and retention; funding for a variety of neighborhood services, including code compliance and programs for the homeless; and investment in a number of capital projects. A broader discussion of Councilmember capital project priorities, supported by specific Councilmember project requests, is included in the “Capital Projects” section at the end of this report. The following sections address Councilmember public safety and neighborhood services priorities, as well as other priorities receiving a majority of Councilmember support such as the Penny for the Arts program, expansion of the San Diego Workforce Partnership Connect2Careers program, the City’s recently approved Earned Sick Leave and Minimum Wage Ordinance, and the Climate Action Plan.

In Committee Chair Bry’s call for priorities, Councilmembers were encouraged to include funding sources for each priority contained in their memoranda, as well as mitigation strategies for the projected FY 2018 General Fund deficit. In developing the resolution for Councilmember priorities, we have included those resources and mitigation strategies that received a majority, or significant, number of mentions. Any dollar amounts associated with Councilmembers’ proposed FY 2018 resources, or with their priority expenditures, can be found in each Councilmember’s budget priority memorandum included in Attachment 1. These amounts will continue to be refined by our Office and the Financial Management Department during the development of the FY 2018 Proposed Budget.

### **Public Safety**

All Councilmember budget priority memoranda included support for public safety, and a majority of Councilmembers identified a number of priorities including police officer recruitment and retention, identifying funds to meet State reporting requirements under AB 953, instituting a nationwide search for a Police Chief ahead of the expected retirement of the current Police Chief, and ensuring adequate operations resources for the Fire-Rescue Department. We note that the budget priority that garnered the highest level of mentions was support for police officer recruitment and retention.

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<sup>1</sup> Budget priorities for Councilmembers Ward, Alvarez, and Gómez, were submitted together in one joint budget priority memorandum.

## ATTACHMENT C

- Support for Police Officer Recruitment and Retention (Council Districts 1, 2, 3, 4, 6, 7, 8, 9)

Eight Councilmember memoranda focused on continuing or enhancing police officer recruitment and retention efforts included in the FY 2017 Adopted Budget. The broad support among Councilmembers for recruitment and retention efforts included a range of suggestions on how best to recruit and retain officers. These suggestions included surveying current officers, engaging an outside firm to develop and implement a marketing and recruitment strategy, and reviewing or enhancing officer compensation including efforts to make it comparable with other cities.

- Support for Police Department Technology (Council Districts 1, 3, 4, 6, 8, 9)

Six Councilmembers prioritized funding to meet the information collection requirements of AB 953. Additionally, a number of Councilmembers specified their support for the Police Department's new Computer Aided Dispatch (CAD) with some noting that the new system may be a means of achieving AB 953 compliance.

- Operations Resources for the Fire-Rescue Department (Council Districts 1, 2, 3, 5, 8, 9)

Six Councilmembers indicated their support for adequate staffing and other resources for the Fire-Rescue Department. Individual priorities included requests for funding to staff the new Bayside Fire Station (anticipated to open in the second quarter of FY 2018), funding for fast-response squads and the expansion of brush rigs, and a request that Department service levels be maintained.

- Police Chief Recruitment (Council Districts 1, 3, 4, 8, 9)

A majority of Councilmembers noted that, due to the requirements of the Deferred Retirement Option Plan (DROP), the City is expected to select a new Chief of Police in calendar year 2018. Councilmembers' requests regarding the selection of a new Chief included conducting a nationwide search, inviting public participation in the process, and soliciting recommendations from the Citizens Advisory Board on Police/Community Relations.

- Additional Public Safety Funding Priorities

Public safety items not receiving majority support but still receiving significant mentions include the following:

- Support for the implementation of a community-oriented policing plan
- Support for the San Diego Misdemeanants At-Risk Track (SMART) pilot program
- Addition of positions to support the Fire-Rescue Department's Lifeguard Division

## **ATTACHMENT C**

### **Neighborhood Services**

Eight Councilmembers prioritized neighborhood services programs; this section includes a discussion of those programs that were supported by a majority of Councilmembers. These requests prioritize programs that serve the homeless as well as support for the Development Services Department's Code Compliance Division.

- Programs for the Homeless (Council Districts 3, 4, 5, 6, 7, 8, 9)

Seven Councilmembers prioritized providing additional funding and resources to assist San Diego's homeless population. Requests include support for a homeless outreach effort that builds upon the work of the Police Department's Homeless Outreach Team (HOT), the Psychiatric Emergency Response Team (PERT), expanding homeless outreach services into San Diego's East Village as well as outside of the downtown core, and expanding the Serial Inebriate Program (SIP).

- Code Enforcement (Council Districts 2, 3, 4, 8, 9)

Support for the City's Code Enforcement Program was prioritized in a majority of Councilmember memoranda. As part of their request for additional code compliance officers, Councilmembers noted the importance of this program in protecting the public's health, safety, and property.

- Additional Neighborhood Services Funding Priorities

One item that received significant, but not majority, mentions from Councilmembers is the expansion of the portable pool program, especially for the Robert Egger, Montgomery Waller, San Ysidro, Southcrest, Adams Avenue, and North Park recreation centers.

### **Penny for the Arts** (Council Districts 1, 2, 3, 4, 7, 8, 9)

The Penny for the Arts Blueprint (Blueprint) adopted by the City Council in 2012 included a goal of restoring annual Arts, Culture, and Community Festivals allocations to 9.5% of the City's transient occupancy tax (TOT) revenues by FY 2017. The City has not met the Blueprint's annual funding targets, although in FY 2017 the City Council increased the Penny for the Arts allocation in the Adopted Budget from 6.44% to 7% of TOT, for a total FY 2017 budget of \$15.1 million. While a majority of Councilmembers prioritized increasing Blueprint funding above the current 7% of TOT revenues with increases ranging from 7.25% to 8% of TOT, two Councilmembers requested that funding be maintained at FY 2017 dollar levels.

### **CONNECT2Careers Program** (Council Districts 2, 3, 4, 7, 8, 9)

Six Councilmembers expressed support for the expansion of the CONNECT2Careers Program that provides work experiences for young adults during the summer months. A number of Councilmembers noted that the number of youth participating in the program has grown each year and that there are economic benefits of the program that extend to the community at large.

## **ATTACHMENT C**

### **Compliance with the Earned Sick Leave and Minimum Wage Ordinance** (Council Districts 1, 3, 4, 8, 9)

A majority of Councilmembers prioritized fully funding the City's compliance with the voter-approved Earned Sick Leave and Minimum Wage Ordinance, as there is currently a gap between what was budgeted in FY 2017 and the projected cost of the program.

### **Climate Action Plan (CAP)** (Council Districts 1, 3, 4, 8, 9)

A majority of Councilmembers indicated that support for the CAP is a priority in FY 2018. Budget priority memoranda ranged from general statements of support for the CAP to specific requests for funding for the City's Urban Forestry Program and fully funding the implementation efforts needed for the CAP's Phase I, and preparing for Phase II.

### **Other Significant Expenditure Priorities**

Additional Councilmember funding priorities that did not receive majority support but that received a significant number of mentions include the following items:

- Updates to Park Plans – Four Councilmembers prioritized a number of updates to park plans with individual requests for support including the Citywide Parks Master Plan, San Diego River Park Master Plan, Balboa Park Master Plan, Chollas Creek Master Plan, and initiating a General Development Plan for Reynard Way Neighborhood Park.
- Clearing of Storm Channels and Drainage Areas – A significant number of Councilmembers prioritized increasing the annual number of storm channels and drainage areas being cleared, with a number of Councilmembers requesting the prioritization of high flood risk areas.

### **Proposed Funding Sources**

All Councilmembers acknowledged that FY 2018 is anticipated to be a year of difficult budget decisions, as for the first time in several years they will be working to adopt a balanced budget while addressing a projected General Fund budget deficit. In their budget priority memoranda, seven Councilmembers discussed a number of resources that could be used to address the projected deficit. Our Office notes that many of these resources are one-time in nature, and that one-time resources should only be used to fund one-time expenditures. Estimates and details regarding the implementation of these measures continue to be refined.

- Charger's Lease Termination Payment (Council Districts 2, 3, 4, 6, 7, 8, 9)

Seven Councilmembers noted that because the Charger's move to Los Angeles occurs before the expiration of their lease at Qualcomm, a one-time lease termination payment must be submitted to the City. Councilmembers proposed a variety of uses for this one-time payment including reserving the funds for outstanding debt service for Qualcomm and/or supporting public safety and neighborhood services expenditures to mitigate potential budget reductions in these areas.

## **ATTACHMENT C**

- Use of City Reserves (Council Districts 3, 4, 6, 8, 9)

A majority of Councilmembers prioritized utilizing Public Liability and Long-Term Disability Reserve funds that are in excess of reserve targets. A significant number of Councilmembers also suggested using the City's Pension Payment Stabilization Reserve as a way to partially address the projected deficit. Finally, a significant number of Councilmembers indicated that they would consider revising the City's Reserve Policy as a means of partially addressing the projected deficit, when revisions are proposed by the Mayor.

- Commercial Paper Program/Deferred Capital (DC) Bonds (Council Districts 3, 6, 7, 8, 9)

A majority of Councilmembers prioritized the next issuance of DC bonds and commercial paper to support capital projects listed in their budget priority memoranda. Details on capital projects mentioned in a majority or significant number of budget priority memoranda, are included in the following "Capital Projects" section.

- Additional Proposed Funding Sources

One proposed funding source that did not receive majority support but received significant mentions from Councilmembers is the use of the newly created voter-approved Infrastructure Fund. Budget priority memoranda include suggestions for using the Fund for eligible projects that contribute to the projected FY 2018 General Fund deficit, or suspending any transfer to the Fund for FY 2018.

### **Capital Projects**

All Councilmembers prioritized capital infrastructure investments and improvements in their FY 2018 budget priority memoranda. As in prior years, Councilmembers prioritized the repair, maintenance, and construction of parks, streets, streetlights, and sidewalks, and also included a focus on infrastructure that promotes pedestrian and cycling safety, support for new fire stations, and traffic signal optimization projects. A majority of Councilmember priorities aligned on seven types of capital work, although no individual project received majority or significant mention in the budget priority memoranda. Details on the individual projects requested are included in the Councilmember memoranda included as Attachment 1 of this report.

- Park Capital Improvement Program (CIP) Projects (Council Districts 2, 3, 4, 6, 7, 8, 9)

CIP parks projects, including the creation of new parks in park deficient neighborhoods or improvements to existing Park & Recreation equipment and facilities, were a priority for seven Councilmembers. Specific parks mentioned in the memoranda include Olive Grove Community Park, which is also included in the FY 2017 underfunded projects or "waterfall" list.

## ATTACHMENT C

- Pedestrian and Cycling Safety (Council Districts 1, 2, 3, 4, 6, 8, 9)

Seven Councilmembers prioritized projects in their memoranda designed to enhance pedestrian and cycling safety. A variety of requests were made as part of this priority including:

- Prioritizing funding for infrastructure improvements in the corridors identified as part of Vision Zero
- Initiating traffic calming measures such as raised delineators or electronic (V-Calm) signs
- Installing lighted crosswalks, rectangular rapid flashing beacons, bike lanes, and pedestrian and cycling safety upgrades in high collision corridors, including Safe Routes to Schools program improvements

- Street Repair (Council Districts 2, 3, 5, 6, 8, 9)

A majority of Councilmembers prioritized funding for the repaving, resurfacing, and restoring of City streets. Councilmembers listed a number of streets CIP projects in their memoranda, and a few voiced general support for funding the Mayor's program to achieve 1,000 miles of street repaving over five years.

- Construction of Fire Stations (Council Districts 1, 3, 4, 8, 9)

A majority of Councilmembers prioritized the construction of fire stations in their memoranda. Specific fire station location mentions include: Home Avenue, College Avenue, and Skyline Hills.

- Sidewalk Repair and Installation (Council Districts 3, 4, 6, 8, 9)

The repair and installation of sidewalks were prioritized by a majority of Councilmembers in their memoranda, noting that sidewalks in good condition supported the City's CAP and addressed potential safety issues.

- Traffic Signals: Installation and Optimization (Council Districts 1, 3, 6, 8, 9)

New traffic signals or support for traffic signal optimization was prioritized in a majority of Councilmember memoranda. Noted in a number of the memoranda is the fact that traffic signal optimization may relieve traffic congestion, thereby reducing commute times.

- Streetlight Installation (Council Districts 2, 3, 6, 8, 9)

A majority of Councilmembers prioritized the installation or upgrades of streetlights in their memoranda, characterizing a lack of streetlights as a public safety concern. Requested locations for new or upgraded streetlights are detailed in the Councilmember memoranda included as Attachment 1 to this report.


## ATTACHMENT C

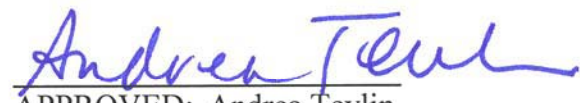
- Additional Capital Project Funding Priorities

One capital project item that did not receive majority support but still received significant mentions from Councilmembers is funding for recreation center capital repairs. Specific mentions for repair in individual priority memoranda include the Baybridge Community Center roof and the installation of an air conditioning ventilation system at the Canyonside Recreation Center gym.

## CONCLUSION

Our Office recommends that the Budget and Government Efficiency Committee review and discuss the budget priorities highlighted in this report, and forward it with any desired modifications to the City Council for formal adoption as the FY 2018 Budget Priorities Resolution.

  
Christiana Gauger  
Fiscal & Policy Analyst

  
APPROVED: Andrea Tevlin  
Independent Budget Analyst

Attachments: 1. Councilmember Memoranda



**COUNCILMEMBER BARBARA BRY  
CITY OF SAN DIEGO**

**DISTRICT 1**

**MEMORANDUM**

DATE: January 20, 2017  
TO: Andrea Tevlin, Independent Budget Analyst  
FROM: Councilmember Barbara Bry, First Council District  
SUBJECT: Fiscal Year (FY) 2018 Budget Priorities

A handwritten signature in blue ink, appearing to be "BB", is located to the right of the "FROM:" line.

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I look forward to working with the Budget and Government Efficiency Committee, the Independent Budget Analyst (IBA), full City Council, Mayor and staff, and the community to produce a balanced and responsible Fiscal Year (FY) 2018 budget for our City. The following are my priorities for the which are in line with my campaign platform to keep San Diego safe, clean, and prosperous.

**FY 2018 BUDGET PRIORITIES**

As per both Mayor Kevin Faulconer and IBA Andrea Tevlin, the coming year's Baseline expenditures will outpace annual growth. My overarching priority is a balanced and responsible budget complete with deficit mitigation strategies with identified funding sources and uses for any proposed budget additions or restorations. Further priorities include:

**Public Safety**

**Recruitment and Retention:** San Diego has a relatively low crime rate, and our hardworking San Diego Police Department officers deserve much of the credit. To keep crime low, we need to recruit and retain the best officers. To accomplish this our total compensation must be on par with colleagues in other comparable cities.

There are approximately 180 unfilled budgeted jobs for police officers. It is my priority to fill those positions as soon as possible and identify resources to fund additional recruitment and retention efforts (the City allocated \$4.0 million in FY2017).

The City must identify the resources for the Mayor's Office to conduct a nationwide Police Chief search upon the retirement of the current Police Chief that includes community workshops, online input, and recommendations from the Citizens Advisory Board.

**Community Policing:** Police officers are pillars of our community and need to have direct relationships with the people they serve to be effective at their jobs. I support programs that provide police officers with the resources they need to build relationships with the community. I further support body cameras as a way to protect both citizens and police officers.

**Technology:** I support providing SDPD with the technology to adhere to AB 953, a bill that requires police officers to collect and report demographic data on individuals they stop.

I also prioritize identify resources to support the 9-1-1 Computer-Aided Dispatch replacement program so that it can be fully deployed by the projected October 2017 date.

**Response time reduction:** The City must be prepared for the updated Citygate and CIP fire station recommendations and should identify resources for the proposed priority fire stations and "fast-response squads." The fast-response squad on Governor Drive provides a critical service to the South University City community and must continue to be funded.

### **Environment**

San Diego is known for our beautiful beaches, bays and open spaces, and quality of life is paramount. That is why we must prepare for the very real effects of climate change on our community, and begin implementing solutions now. I strongly encourage funding for the implementation of the Climate Action Plan.

### **Infrastructure**

**Community plans:** Community plans are vital to implementing the vision of a City of Villages established in San Diego's general plan. Through prioritizing timely and proper updating, community plans can help every community preserve its distinct character while allowing reasonable growth. The City must commit to an annual budget sufficient to fund community plan update efforts.

I further prioritize the full refunding of Torrey Pines Corridor Project that was approved and funded by City Council in FY11 and partially defunded in response to Avenida De La Playa emergency repairs.

### **Neighborhood Services**

**Sea Lions:** I propose creating a public-private partnership to invest in a legal and humane response to the sea lion problem at La Jolla Cove that includes community input.

**Traffic signal optimization:** I support the City's \$163 million master plan to install modern stoplight timing systems. I urge City to evaluate the areas where it is working well and identify resources to expand traffic signal optimization in heavily congested roadways, such as Genesee Road, El Camino Real and La Jolla Village Drive.

### **Compliance**

In order to comply with the recently passed Earned Sick Leave and Minimum Wage Ordinances the City must create and fill self-sustaining staff position(s) for ordinance compliance, enforcement, education, and investigation.

The City must also create self-sustaining staff position(s) for ordinance compliance, enforcement, education, and investigation for regulation of short-term vacation rentals.

### **Arts**

It is my priority to fund a Penny for the Arts at FY17 levels.

Thank you for your consideration of the priorities I've outlined here. If you have questions, please contact Victoria Joes at [vcjoes@sanidiego.gov](mailto:vcjoes@sanidiego.gov) or (619) 236-6611.



## M E M O R A N D U M

**DATE:** January 20, 2017

**TO:** Andrea Tevlin, Independent Budget Analyst

**FROM:** Councilmember Lorie Zapf

**SUBJECT:** FY 2018 Budget Suggestions

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Understanding that the City is facing a budget deficit in Fiscal Year 2018 due to unexpected, increased payments to SDCERS, I want to ensure that first and foremost we protect all of our public safety funds. It is of utmost importance that we do not decrease service levels of our police, fire or lifeguards.

In order to maintain current service levels and ensure safe neighborhoods, address infrastructure needs, and keep our libraries and recreation centers open, I propose the following allocations for the Fiscal Year 2018 budget:

***With the one-time monies from the \$12 million in Charger lease termination funds, I propose the following investments:***

\$4 million for police retention bonuses that were previously negotiated.

\$500,000 in gap funding to maintain current park and recreation center hours, without cuts for FY 2018.

\$500,000 gap funding to maintain current library operating hours.

\$500,000 to continue funding for youth literacy programs at libraries.

\$750,000 for Connect to Careers programming to help prepare youth for the workforce.

\$500,000 to begin strategies of implementation towards achieving the vision set out in the San Diego River Park Master Plan.

Any remaining funds to be used for police, fire and lifeguard to maintain current service levels.

***Code Enforcement:*** San Diego beach communities have great impacts, especially during the spring and summer months due to an increase in visitors. In order to maintain the quality of life

for our residents, I would like to see an increase in code enforcement officers to assist with noise complaints, unpermitted property improvement violations and illegal lodging complaints. Since the high tourist areas receive the largest impacts, I propose using TOT funds and revenues from violation payments to pay for extra code enforcement officers.

***Ocean Beach Lifeguard Station Design Funding:*** Building a new Ocean Beach Lifeguard Station remains a top priority for the community of Ocean Beach and our San Diego Lifeguards. The existing station is inadequate to accommodate staff and equipment. SDPD has indicated that a new station could also be used as a joint facility with San Diego Fire-Rescue. As part of last year's budget discussions, 7 Councilmembers listed design funding for the Ocean Beach Lifeguard Station as a top priority for funding. As a result of this overwhelming support, I am requesting the \$600,000 be allocated to the Ocean Beach Lifeguard Station CIP Project (S10121) to begin design workshops and environmental permitting.

***Ocean Beach Library Expansion:*** Momentum for an expansion of the Ocean Beach Library began in 2016 with the start of a feasibility study on options and cost associated with renovating and connecting the City owned annex building next door. With one tenant remaining in the building, it is currently being used by the Friends of the Library as a place of storage and may be used as expanded programming space in FY 2018. With these developments, I would like City Staff to consider CDBG funding for re-construction of the annex building following the completion of the feasibility study and that internal Library funds are used to initiate design and environmental permitting.

***Robb Field Entryway Way Phase 3:*** As a result of the voter approved Measure J, the Ocean Beach Entryway will be eligible to receive funding from Mission Bay Park Lease Revenues. As currently constructed, the Ocean Beach Entryway provides no ADA or pedestrian access to Robb Field. Serving as a funding source, I am requesting that \$125,000 is allocated from the Mission Bay Park Improvement Fund to begin the environmental permitting and design efforts to complete Phase 3 of this important project

***Bermuda Beach Staircase Construction:*** As a result of the 2015-2016 winter storms, staff closed the stairway on Bermuda Avenue in Ocean Beach due to tidal action that eroded the lower stairway foundation causing the lower stairs to collapse. These stairs provided the only access to a pocket beach in the Ocean Beach area. As staff is currently working through the design and the environmental process, I ask the construction funding be allocated by means of the Regional Park Improvement Fund. This fund has increased by \$1.0 million dollars annually due to the voter approved Measure J.

***Abbott & Bacon Storm Water Infrastructure:*** The current storm water infrastructure within Ocean Beach is under capacity. According to Engineering Staff, the greatest need in this community is drainage improvement along Abbott Street near Bacon. The current estimate is \$5.0 Million which includes \$1.0 Million needed in year one for design and \$4.0 Million in year three for construction of the project. I ask that funding be provided out of City's Storm Drain Fund of \$5.7 Million.

***Clairemont Drive Repaving:*** The City performed a street condition survey in 2015 assigning an Overall Condition Index (OCI) number to each street. OCI is a considerable factor in determining the order of street repairs. The 2015 OCI survey determined that Clairemont Drive from the I-5 freeway to Balboa Ave. is in poor condition. Considering Clairemont Drive's significant average daily trip count and proximity to major residential and commercial zones, I urge the allocation of TransNet monies to assist with repaving this section of road.

***Protecting health and safety in Mission Beach:*** The community of Mission Beach is currently working on long-term funding for a second trash pick up to handle a health crisis with fly infestation in the summer months. Due to unanticipated delays with creating a Maintenance Assessment District for Mission Beach, it is necessary to protect the health and welfare of residents and visitors by funding a second trash pick-up during the summer months for one more fiscal year. Since the additional trash pick-up is more effective than street vacuuming, I propose using \$40,000 set aside for vacuuming towards the trash pick-up and also using unspent funds of approximately \$22,000 from the FY 2017 trash pick-up for FY 2018. (Cost for the service in FY 2017 totaled approximately \$57,500).

***Traffic Calming - Roundabouts:*** In order to help slow speeds and increase safety for riders, drivers and pedestrians, I would like to request funding for the design of round-a-bouts at two separate locations within Pacific Beach. Roundabouts enhance pedestrian safety by reducing driver speed, which decreases traffic conflict while at the same time improving the flow of vehicular movement. Additionally, towards the goal of reducing greenhouse gas emissions within the City of San Diego the newly adopted Climate Action Plan sets out to install roundabouts as an environmentally friendly method of traffic calming. The following locations have been vetted and approved by the Pacific Beach Planning Group and assessed by the Traffic and Engineering Department as advisable locations. Potential locations to include:

Foothill Boulevard at Loring Street

Crown Point Drive at La Cima Drive, Moorland Drive and Lamont Street

***Street Light Design and Installation:*** Street lights are critical pieces of infrastructure that provide increased public safety for riders, drivers and pedestrians. Street lights have also been known to reduce crime and ensure that residents feel safe in our neighborhoods. Hornblend Street in the Pacific Beach Planning Group area, which provides parking and access to two major commercial corridors, remains without any street light infrastructure. Located directly between Grand and Garnet Avenues, Hornblend is susceptible to adverse quality of life issues that could be mitigated with improved street lighting. Therefore, I would like to request that funds be allocated for the design and installation of street lights on Hornblend Street between Ingraham Blvd. and Mission Blvd.

***Basketball Court Lights – Mission Bay Park:*** I would like to request funding for the installation of lighting at the east Mission Bay Park basketball court and playground so that San Diego residents can take more advantage of these recreation facilities. The approval of Measure J will allow funding to be identified through Mission Bay Park fund.

***Pedestrian Activated Flashing Lights:*** Towards the City of San Diego's Vision Zero goals I would like to request funding for the installation of Pedestrian Activated Flashing Lights at the intersection of Turquoise St. and La Jolla Blvd. in the Pacific Beach Planning area. Pedestrian Activated Flashing Lights are a proven and effective solution that will help alert unfamiliar motorists to the presence of pedestrians and bicyclists crossing the street. This location has been vetted and approved by the Pacific Beach Planning Group and assessed by the Traffic and Engineering Department as an advisable location.

***Support for Penny for the Arts:*** Arts funding is critical for creating a first class city and for enriching San Diego's youth. In order to keep our promise to fully fund these integral programs, I propose using an increase of TOT funds to 8% of the total for Penny for the Arts. This is an increase from the 7.1% that is currently used to fund arts and culture programs from TOT funds.

***Continued Investment in Infrastructure:*** The 2015-16 City of San Diego Pavement Condition Report Street Repair Report indicated a 20% improvement in the condition of our roads thanks to a renewed commitment by this Council and Mayor. Street repair and repaving efforts remain a top priority for many of my constituents. I advocate that we continue to keep our street repaving program fully funded as we work to achieve the Mayor's goal of 1,000 miles over 5 years.



**COUNCILMEMBER CHRISTOPHER WARD**  
**COUNCILMEMBER DAVID ALVAREZ**  
**COUNCILMEMBER GEORGETTE GÓMEZ**

**M E M O R A N D U M**

DATE: January 20, 2017

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Christopher Ward, Third Council District

Councilmember David Alvarez, Eighth Council District

Councilmember Georgette Gómez, Ninth Council District

SUBJECT: Budget Priorities for Fiscal Year 2018

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Our joint budget priorities illustrate our commitment to making San Diego an equitable city that is growing responsibly and addressing the needs of all neighborhoods and residents. The following are our priorities for funding in the Fiscal Year 2018 budget:

*Public Safety*

**Police Department**

Public safety remains our highest budget priority. The City must continue to prioritize the recruitment and retention of police officers. Although the FY17 adopted budget allocated funding towards recruitment and retention efforts, the increased funding has had little to no effect on attrition rates. As such, in FY18, the City should appropriate sufficient funding to conduct an in-depth analysis of attrition to determine how best to modify retention efforts and its recruiting program. According to subject matter experts, the City needs a pool of 5,000 applicants to reach its goal of 200 recruits in the academy annually. Direction for the retention of a third party contractor to anonymously survey sworn and civilian police employees on job satisfaction and organizational commitment and to conduct exit interviews when employees decide to leave was included in the FY17 budget. The information gathered through these interviews should provide valuable insight into how best to retain officers into the future. As such, using the information the department will gather from this service, an appropriate retention and recruitment strategy and robust marketing effort should be developed and implemented over the course of the next year with a corresponding budgetary allocation in the FY18 budget.

**Funding to Implement AB 953 (Racial and Identity Profiling Act of 2015)**

The regulations are currently out for public comment and expected to be finalized in the next few months. The PS&LN Committee requested that San Diego Police Department (SDPD) implement AB 953 once the regulations were completed and bring information about what it would cost to do so. The funding needs identified by the department should be included in the FY18 budget.

**Police Performance Measures**

Having adequate performance measures that can be measured from year to year allows the City to be better informed about how to address staffing and operational issues as they arise. The FY18 proposed budget should include the following performance measures for the Police Department, including dispatch division:

- Comparison of actual sworn staffing with the sworn staffing goals remaining in the SDPD five year plan;
- Budgeted and actual sworn officers per 1,000 population (appeared in FY15, FY14, and FY13 adopted budgets) and how they compare with the average of other large cities;
- The percentage of 911 calls answered within 10 seconds;
- The number of 911 calls that were abandoned after waiting longer than 10 seconds;
- The number of 911 calls with wait times less than 10 seconds, between 10 seconds and 1 minute, between 1 minute and 2 minutes, between 2 minutes and five minutes, between 5 minutes and 10 minutes, and surpassing 10 minutes;
- Average non-emergency call wait time.
- The number of non-emergency calls with wait times: 1 minute or less, between 1 minute and 5 minutes, between 5 minutes and 10 minutes, between 10 minutes and 30 minutes, and surpassing 30 minutes;
- The number of abandoned non-emergency calls, and the number of abandoned non-emergency calls that received a call back;
- The number of sworn officer hours dedicated to dispatch, and the cost, including overtime pay;
- Percentage of police dispatcher background checks completed within three months.

**Community Oriented Policing**

We encourage the Mayor and City Council to invest in a community policing philosophy and program that promotes organizational strategies, partnerships, and problem solving techniques between law enforcement, citizens, and neighborhood groups, to proactively address the immediate conditions that may otherwise give rise to public safety issues, such as crime, social disorder and fear of crime. It is imperative that the Police Department present a community-policing restoration plan to ensure a robust community policing strategy. Specifically, we request that additional Community Relations Officers and multi-lingual Police Officers/Police Service Officers be added as the Police Departments continues to rebuild.

**Filling of Police Civilian Positions**

The restoration of civilian positions to support our sworn officers, particularly dispatchers, has resulted in numerous cost benefits (i.e. reduced staff turnover and overtime costs) and has greatly improved customer service delivery and employee retention and morale. We request continued effort and resource allocation toward civilian recruitment to allow existing sworn officers to return to patrol duties.

**Nationwide Search for New Police Chief**

Chief Zimmerman is enrolled in the Deferred Retirement Option Plan and is scheduled to retire on or before March, 2018. It is important that the search for a new Police Chief commence soon and we must ensure that it is an open and transparent process. The public input

component should include town halls/workshops in each district to allow the public to weigh in on what qualities are important in our next Chief, as well as have a committee of community members involved in weighing in on the hiring decision. Approximate cost: \$50,000

### **San Diego Fire Stations**

#### **Fire Station No. 02 (Council District 3)—Bayside/S15042**

The construction of Fire Station No. 02 commenced in Spring 2016 and is expected to open in late 2017, providing much needed public safety services for our growing downtown neighborhoods. Annual operating costs for this station should be programmed into the FY18 budget. Approximate cost: prorated cost of \$1.1 million

#### **Home Avenue and College Area Fire Stations (Council District 9)**

The construction of new fire stations on Home Avenue and College Avenue are a high priority.

### **San Diego Fire-Rescue Department Paramedic School**

The City Council should be provided an update regarding the plan for a city-operated Paramedic School so that the appropriate staffing levels and financial resources can be identified.

### **Lifeguard Division**

In order for our Lifeguard Division to continue to provide exceptional service and safety at our beaches and bays, the following positions should be included in the FY18 budget:

- Marine Safety Lieutenant: Position would oversee training, hiring, purchasing, facilities, communications, homeland security, special events and beach concessions. The current staffing for these is inadequate and the additional position is required to comply with stated goals and avoid overtime costs. The reduction in overtime costs will partially offset the cost of this position. Approximate cost: \$143,581.
- Clerical Assistant II: Position will support Lifeguard Division front office operations, such as processing misdemeanor citations, special event billing, invoicing, purchase requisitions, payment transactions, process PRA requests, track division statistics, answer phones. Approximate cost: \$66,848

### **Homeless Services and Outreach Program Expansion**

- In addition to CPPS funds identified for homeless outreach efforts and money raised by community groups, supplementary general funds are needed to ensure that year round outreach services are provided by both outside organizations and the Police Department's Homeless Outreach Team to help address homelessness in various areas throughout the city, including neighborhood canyons, Business Improvement Districts, park, underpasses and overpasses.
- In Downtown alone, we have seen a staggering 70% increase over the last three years in unsheltered homeless. Specific to the Police Department's Homeless Outreach Team, we request that an additional HOT Team be added and dedicated to East Village where the need is greatest and allow the other team to focus on neighborhoods throughout the city.
- We request that funding be identified for substance abuse programs. The current City budget increased the Serial Inebriate Program (SIP) bed capacity from 32 to 56. This partnership with law enforcement, emergency medical services, hospitals, and courts provides chronic homeless alcohol abuse treatment in lieu of custody—relieving strain on our hospitals and court system. Not only could we continue to increase this program, but we can further expand it to allow those suffering from narcotics abuse similar opportunities.

**Homeless Check-in Center**

In order to ensure that the City is providing a solution to the ever growing homeless population camping on the streets, an 800 bed check-in center/shelter should be funded via a combination of city, county, state, federal funding, as well as soliciting private donations.

**Neighborhood Code Compliance**

The Neighborhood Code Compliance Division of the Development Services Department administers programs designed to protect the public's health, safety, welfare, and property value through enforcement of the City's ordinances and State/Federal law relating to land use, zoning, housing, noise, public nuisances, graffiti abatement, and vegetation/fire hazard abatement. We ask that the resource capacity of the division be analyzed, that vacancies be prioritized and filled, and that funding for additional Code Enforcement Officers be considered in FY18, particularly as new city policies and regulations are implemented. Any additional expenses may be offset by revenue from increased activity (i.e. issuance of permits for compliance, citations, etc.).

**Expansion of SMART Pilot Program/Office of the City Attorney**

The SMART Program is an innovative program to help address the ongoing challenge of low-level misdemeanor offenders who cycle through the system without access to services, coordination of care, or meaningful incentives to engage with social service providers. Many are arrested, taken into custody and released, only to be arrested again before the original charge comes to trial. Many live on the streets without access to housing. SMART provides access to drug treatment services while providing housing, the elements necessary for a successful recovery. The program prioritizes the provision of services and works to ensure that the homeless are not criminalized. We request expansion of the SMART Program to increase capacity, effectively link misdemeanants to community services and housing, and reduce the rate of recidivism.

*Infrastructure and Sustainability***Storm Water Channel and Storm Drain Maintenance**

The City has engaged in an effort to enhance the maintenance of its storm water channels and storm drains to ensure that life and property are protected during the winter storm season. Much of the work performed in the last 18 months by the department has been through emergency permitting. In order to avoid the need to do last minute emergency permits to prevent flooding, the City should continue funding our storm water channel and storm drain maintenance program at an enhanced level that proactively addresses high flood risk locations in FY18 and beyond.

**Vision Zero**

It is imperative that the City fund improvements at 15 of the deadliest intersections to ensure basic, low-cost pedestrian safety infrastructure improvements such as high visibility crosswalks, audible signals, and countdown signals are present at all intersections.

- Construct new medians, sidewalk improvements, curb extensions, and safe crossings on El Cajon Boulevard in front of Hoover High School at the intersections of El Cajon Boulevard and Highland Avenue, and El Cajon Boulevard and 45th Street as outlined in the Complete Boulevard Study. A full cost estimate is not available at this time. Funding should be allocated to create the CIP project and begin design and construction drawings.
- Construct new medians, sidewalk improvements, curb extensions, and safe crossings at the intersections of El Cajon Boulevard and Menlo Avenue, and El Cajon Boulevard and Euclid Avenue as outlined in the Complete Boulevard Study. A full cost estimate is

not available at this time. Funding should be allocated to create the CIP project and begin design and construction drawings.

- Construct a safe crossing at Kansas Street and El Cajon Boulevard. \$50,000 is requested to be allocated for this project.
- Allocate staff time to continue comprehensive corridor planning with neighborhood stakeholder groups on University Avenue and El Cajon Boulevard, specifically in the neighborhoods of City Heights and North Park.
- Create and hire one dedicated Vision Zero/multi-modal staff person to oversee Vision Zero activities and complete streets implementation. This staff person can assist City with coordinating and implementing upcoming education campaigns and engineering safety improvements. Funding is requested to be allocated for this staff position.

### **Sidewalk Condition Assessment**

With the completion of the citywide Sidewalk Condition Assessment, the Mayor and City Council must take action to develop policy and a plan to address the findings in the condition assessment and mitigate all tripping hazards to effectively reduce the city's liability and improve the conditions of our sidewalks.

### **Maintenance and Repair of Streets Classified as "Unimproved Roads"**

The City must either develop a process to provide for the repair and maintenance of "Unimproved Roads" or develop a plan to upgrade or construct these roads into complete streets. Residents throughout the City, particularly in parts of Otay Mesa, Logan Heights, Stockton, Mission Hills and University Heights, are unable to request common street improvements due to this technicality.

### **Urban Forestry Program**

The City Council will soon discuss the proposed Urban Forestry Program 5-Year Plan. A critical part of the Climate Action Plan is growing the City's urban forest. Trees make vital contributions to livable neighborhoods, resilient and prosperous communities, environmental quality, and public health as they sequester carbon, reduce energy use, and make neighborhoods cooler and more walkable. As such it is important that the City increase resources to plant and maintain trees throughout our communities. The following FY18 budget allocations are vital to meeting the CAP goals related to growing our urban forest:

- Fund additional Horticulturalist position for street tree planting, as the lone street tree Horticulturalist position cannot manage both tree care and planting: \$100,000;
- Plant 2,000 additional trees City-wide in FY18. This would allocate enough resources for the initial planting and three years of watering, monitoring and pruning: \$1,000,000;
- Increase shade tree pruning: \$300,000;
- Funding to complete an updated tree inventory to obtain a definitive understanding of the urban forest, as indicated in the 5-year plan;
- For Capital Improvement Projects funded in FY18, incorporate trees as a street element (just as pavement, signage) not an amenity. This includes sidewalk replacements, street improvements, and new and upgraded parks.
- Expedite filling four vacant positions, some of which have been vacant for six months: City Forester, Horticulturalist for code compliance (Development Services), Parks arborist, and Landscape architect (Public Works). The code compliance officer would generate offsetting fees and deter tree damage and loss.
- Transfer the urban forestry program responsibilities to an operational department, consistent with organizational structure in other large cities.
- Accelerate Enterprise Asset Management for inventory and monitoring of trees.

### **Climate Action Plan**

The implementation of the City's Climate Action Plan is critical to ensuring that the goals outlined in the plan are achieved. As such it is critical that the FY18 budget fully fund the implementation efforts needed for Phase I and prepare for Phase II goals. This includes:

- Provide funding for the development of the Climate Adaptation Plan.
- Provide funding to purchase monitors to track commute mode share, especially for people walking and bicycling.
- Social Equity Compliance: An important part of CAP implementation is ensuring social equity is monitored and protected in each goal. Consideration of a new staff position, or enhancement of a current staff position to ensure compliance is critical.
- Community Choice Aggregation: Sufficient funding to conduct a study that will allow the City to explore and potentially implement a CCA in Phase II of the Climate Action Plan.
- Increase staffing needed to accelerate the implementation of bicycle projects in the city with the highest priority given to the protected bikeways in the Downtown Mobility Plan. Funding sources to consider and prioritize for this purpose should include Parking District funds, Development Impact Fees, General Fund monies, TransNet, and SANDAG and Caltrans grant funding.
- Urban Forest: See above.
- Hold a minimum of three CicloSDias events within the city to raise awareness of and support the goals of the Bicycle Program and the Climate Action Plan.
- It is important to obtain alternate funding sources through local, state and federal grants in order to obtain and leverage funding for CAP implementation. Funding is requested to fund one (FTE) position for a CAP implementation grant writer.
- Allocate transportation capital funding to be consistent with the Climate Action Plan 2020 mode share goals to incrementally increase transit, bicycling and walking mode share. This funding should be prioritized for improvements along Vision Zero corridors and in environmental justice communities as listed by the state tool, CalEnviroScreen, in an amount sufficient to achieve the following transportation mode share targets:
  - o Bicycle commute share, 6% by 2020; 18% by 2035
  - o Walking commute share, 4% by 2020; 7% by 2035
  - o Transit commute share, 12% by 2020; 25% by 2035

### **Zero Waste Management Implementation**

In order to obtain a 75% diversion rate as cited in the Zero Waste Management Plan, we request that the Environmental Services Department consider increasing blue bin collection service from biweekly to weekly. The additional expense could be offset by the additional revenue generated by increasing the recycling rate. We also request green waste collection service, particularly in communities south of Interstate 8. Both programs, which we suggest be piloted to determine feasibility and effectiveness, could provide ancillary benefits due to the potential to extend the lifespan of the Miramar Landfill.

### **Citywide Parks Master Plan**

The City's General Plan Recreation Element recommends that a comprehensive Parks Master Plan (PMP) be prepared to inventory and assess all City park lands, recreational uses, facilities and services, set priorities for protection and enhancement of existing park and recreation assets, and develop implementation strategies to meet present and future community needs. It is through the proposed development of a citywide PMP that "equivalencies" will be addressed on a community-by-community basis which is important to ensuring that there are sufficient recreation opportunities in the urbanized transit-priority areas. According to the City's Request for Proposals for the PMP, the estimated cost is between \$1 and \$1.4 Million to

complete the PMP, excluding the preparation of the environmental document which is anticipated to total around \$350,000. Approximate cost: \$1.75 million (phased allocation)

#### **Balboa Park Master Plan Update**

Additional funding and staff resources have accelerated the process of many of our community plans. The master plan for Balboa Park is also more than 20 years out of date. In order to prioritize park improvements requested by the community and stakeholders, it is critical to have an updated master plan that envisions the future of the entire park. We request funding for a Balboa Park Master Plan update.

#### **Chollas Creek Master Plan Restoration and Active Transportation Improvement Project**

Chollas Creek is a significant asset that traverses the City Heights, Eastern, Encanto, Southeastern San Diego, and Barrio Logan communities. Planning work has been completed as part of the 2015 Southeastern and Encanto Community Plans; Chollas Triangle Plan amendment; Southcrest Trails Park General Development Plan; and improvements from private development projects along the creek that implement the 2002 Chollas Creek Enhancement Plan. The total cost of the Master Plan is estimated to be \$1.0 million based on the costs of the San Diego River Park Master Plan/CEQA document. However, Park Planning staff reports that the Master Plan could be funded in phases over a three year time period.

#### **Upcoming Infrastructure/Commercial Paper/DC4 Bond**

The projects listed in *Addendum A* are our high priority community needs for the FY18 budget. Consideration should be provided to those projects eligible for upcoming funding opportunities. In addition to the short-term funding strategies being contemplated, the Mayor and City Council must work to identify a comprehensive infrastructure investment plan. Without a sustainable new revenue source to address our infrastructure needs, San Diego's streets, sidewalks, and public buildings will continue to deteriorate.

#### *Neighborhood Services and Programs*

#### **Library Budget**

- Youth Services Librarians: Library services are critical to all communities across the City, especially in relation to the programs utilized by children. As such, we must ensure there is equity in the services provided at each branch library by ensuring that each branch library has a full-time Youth Services Librarian. Approximate cost: \$950,000
- Books and Materials Budget: Increasing a stagnant books and materials budget is also urgently needed to make sure each library keeps pace with circulation needs and allows for adequate access to books, electronic resources and databases. In order to be on par with the County's Library services the book budget would need to increase by \$2.1 million

#### **Penny for the Arts**

Currently, the Mayor's 5-year Outlook shows 6.60% of projected TOT revenue budgeted to support the Penny for the Arts Blueprint, falling short of the Blueprint's stated 9.5% goal for FY18. This means that for the next five years, Arts and Culture funding will continue to be millions of dollars short of the Blueprint's commitment. Increasing arts funding to 7.25% percent would allow our arts and culture programming, a vital part of our economy, to continue to grow. Approximate cost: \$1.5 million

**Community Development Block Grant (CDBG) Reinvestment Initiative**

SB 107, approved in 2015, provided substantial reform of the redevelopment wind-down process and ensures that San Diego will properly receive CDBG repayment/recovery of nearly \$240 million. Beginning in FY18, the City Council must ensure that the CDBG Reinvestment Initiative funds are reinvested in San Diego's economically disadvantaged communities in the form of infrastructure investment, housing solutions, homeless service, job creation, and economic development.

**Small Business Development and Support**

San Diego small businesses are the backbone of our neighborhoods and economy. A projected \$4.9 million in CDBG Reinvestment funds have been identified for investment in FY18 for workforce development, support for small business accelerators, and the creation of a loan and investment fund that will also provide consulting services to help small businesses grow and remain competitive. We look forward to supporting the development of these assistance programs and the deployment of resources to our neighborhood small businesses.

**Youth Services/Youth Workforce Development/Connect2Careers (C2C) Program Expansion**

C2C/San Diego Workforce Partnership provides work readiness, job matching, and job placement for 16-24 year-olds in San Diego. The program has grown from placing 202 youth in 2013, 334 in 2014, and 447 in 2015. With a strong team, deep community connections, best-in class web-portal and IT solution, C2C/San Diego Workforce Partnership have the foundation needed to dramatically expand the program in FY17 to rival youth employment programs in other large cities. It is requested that \$750,000 be allocated to the Workforce Partnership to expand the C2C program. This costs includes a budget for 7 staff (one manager, 3 job developers, and 3 trainers) and 10 paid C2C interns that provide one-to-one job coaching to youth enrolled in the program, as well as IT system support, communications supplies and costs, and event supplies and costs.

**Temporary Pool Program**

This hugely successful program provides access to pools during hot summer months to communities that do not have the benefit of a pool facility at their local recreation center. The cost of this program is low, while the positive impact on pool users is very high. The following locations recreation center locations should be funded for a temporary pool in FY18: Robert Egger, Montgomery Waller, San Ysidro, Southcrest, Adams Avenue, North Park. Approximate cost: \$7,500 per location.

**Play All Day Initiative**

The Play All Day Parks Program is an initiative put forth by the Mayor and the superintendent of the San Diego Unified School District to break ground on over 30 new joint-use park sites in the next five to 10 years. Ensure there is adequate staffing and funding is secured to support the planned development of the 30 new City-wide joint-use park sites.

**Operational Needs****Independent Rate Consultant**

The Environment Committee is currently considering the possibility of allowing for the IBA to retain the services of an independent rate consultant that can be utilized during Cost of Service Studies and associated reviews. If the Committee recommends that the IBA retain an Independent Rate Consultant, the FY18 budget should provide the resources to retain the services. Approximate cost: Up to \$300,000

**Administration and Enforcement of Earned Sick Leave and Minimum Wage Ordinance**

City administration and enforcement of the application of minimum wage and earned sick leave is critical to the stability of the city's workforce and overall economy. As such, it is critical that appropriate staffing be filled immediately and additional resources be identified to ensure compliance with the law. We urge the Mayor to protect these programs from any budgetary reductions.

**Equal Opportunity Contracting (EOC) Improvements/City of San Diego Disparity Study**

The City's EOC Program is intended to ensure diversity and to safeguard against discrimination in City contracts. Its purpose is to ensure fairness in the expenditure of taxpayer dollars. In order for the City to improve its EOC program goals and in order to adopt a race or gender-conscious preference program to remedy any perceived discrimination, the City must first commission a disparity study specific to the San Diego marketplace. A cost sharing partnership on a disparity study with SANDAG or any other regional agency should be explored.

**City Employee Childcare Services**

Finding licensed childcare for many families has become increasingly difficult including for many parents who work for the City of San Diego. Childcare is a basic infrastructural element that should be pursued for children of city employees that are 2 months to 5 years of age. Staff should explore the costs associated with offering this service, what partnerships could be obtained and prepare to engage the negotiating units during the reopener period in FY19.

**Additional Revenue Opportunities**

While we acknowledge the difficult budgetary decisions ahead, we are determined to continue progress and not allow for any reductions in neighborhood services. We are committed to creating opportunities that further expand economic development opportunities and improve public safety and neighborhood quality of life. In doing so, we offer the following revenue opportunities:

**City Reserve Policy Changes and Use of Pension Payment Stabilization Reserve**

We recommend the use of the \$16 million in Pension Payment Stabilization Reserve funds (General Fund portion) "to mitigate service delivery risk due to the unanticipated increases in the annual pension payment, the Actuarially Determined Contribution (ADC)." Additionally, we look forward to considering City Reserve Policy changes, such as modifying the Worker's Compensation Reserve target funding level as well as the timeframe to reach our General Fund Reserve level targets. Lastly, we also support the allocation of amounts in excess of target levels in the Public Liability (\$2.7 million) and Long-Term Disability Reserves (\$2.5 million). Revenue opportunities in excess of \$21.2 million.

**Use of Redevelopment Property Tax Trust Fund (RPTTF) to Ensure Economic Revitalization and Job Creation**

The Five-Year Outlook noted that the adjusted residual RPTTF revenue over the next five years increases from \$18.5 to \$26.1 million, for a total of \$115 million. Using this revenue going forward to invest in San Diego's economically disadvantaged communities, as originally intended allows areas in the greatest need of economic investment an opportunity to attract new commercial activity, which in turn creates new jobs and greater tax revenue for the City's general fund. The prioritized investment of these residual RPTTF funds could fund many capital projects across the city that currently do not have identified funding sources.

**Contracts**

The City utilizes outside contractors for a variety of services totaling \$240 million. The City should utilize the appropriate termination clause language within each contract to renegotiate the cost of each contract. A 10% overall reduction in contracts for outside services would provide the City with \$24 million for more immediate General Fund purposes.

**Chargers Termination Fee**

Currently, Qualcomm Stadium does not generate enough annual revenue to cover its operating and maintenance costs and receives a transfer of TOT funds each year to fully fund its expenditures. In FY17, the TOT transfer was approximately \$12.9 million, of that \$4.8 million was used to pay for debt service on bonds. The San Diego Chargers will pay a termination fee to the City for opting out of their lease to play games at Qualcomm Stadium. We acknowledge that the City will pay debt service until FY26 to retire the bond debt, but this payment from the Chargers may offer immediate relief and an ability to protect public safety and neighborhood services in a difficult budget year. Revenue opportunities from approximately \$12.5-\$15.0 million.

**Ongoing CIP Cash Management**

Ongoing review of CIP cash management activities will ensure the appropriate alignment of the timing and use of funding for CIP projects.

**Cannabis Tax Revenue**

On November 8, 2016, the voters of San Diego approved Measure N, which established a Cannabis Business Tax (CBT) on non-medical cannabis (marijuana) businesses in the City of San Diego to raise revenue for general governmental purposes of the City, contingent upon the passage of Proposition 64, the Adult Use of Marijuana Act, which was also approved by voters on the November 2016 ballot. The fiscal impact statement prepared for Measure N estimated potential future CBT revenue of \$22 to \$35 million annually. The City Council must consider land use and business regulations expeditiously so that the industry develops responsibly and potential revenue is captured.

**Potential Revenue from Short-Term Vacation Rentals**

The City Council must take immediate action and adopt sound policy regarding short-term vacation rentals. In doing so, the city will be better suited to track business activity and will create opportunities to generate revenue in the form of permit fees and Transient Occupancy Tax that can support enforcement to ensure compliance of applicable laws.

**Proposition H – Infrastructure Fund**

Earlier this year, San Diego voters approved Proposition H, a ballot measure that requires the dedication of General Fund revenue growth to an Infrastructure Fund. The Outlook recognizes these allocations to the Infrastructure Fund as a General Fund expense, but does not include projections for any expenditures paid for by the Infrastructure Fund. Allocations to the Infrastructure Fund could be used to support certain strategic expenditures, potentially including the City's Infrastructure Asset Management Program, street repair, and storm water permit compliance projects, thereby addressing critical needs while mitigating the projected deficit. Additionally, Proposition H included a provision that allows a one-year suspension of the requirement to allocate General Fund revenue growth to the Infrastructure Fund upon a two-thirds vote of the City Council. If funding for non-infrastructure critical expenditures is needed, Council could consider suspending the measure, which would allow the revenue to flow to the General Fund for other City uses.

Thank you for your consideration of these priorities. This memo reflects our top priorities and will serve as the basis for our support of the upcoming budget.

*Addendum A***Aldine Drive Road Improvements (Council District 9)**

The storm drains at the specified location continue to fail during seasonal rains. In addition to repairing and maintain the current storm drains at the area, we are requesting an initial pre design study for road improvements at the location in order to begin to implement Facilities Financing Project T-1. Based on recommendation from city staff, road improvements are needed to fully address the issue of flooding at the area during rains. The full cost to implement Project T-1: \$6,000,000. Approximate cost: \$250,000 to begin evaluating the project.

**Aquatic Facility: Balboa Park Bud Kearns Aquatic Complex Improvements/CIP S-17000 (Council District 3)**

This project began design in FY17 to improve/upgrade the mechanical systems, fencing, ADA accessibility, pool decking and pool coping. Approximate cost: \$1.2 million (\$700,000 unfunded).

**Aquatic Facility: Robert Egger Sr. South Bay Community Park (Council District 8)**

This project, in the 2016 Unfunded Park Improvement list, provides for the design and construction of an aquatic facility. Approximate cost: \$1 million.

**Averil Road and W. San Ysidro Boulevard New Traffic Signal (Council District 8)**

This project will replace the temporary stripping and safety barriers that were installed in the area. The permanent traffic signal will include traffic signal poles, vehicle and pedestrian indications, audible pedestrian signals, pedestrian countdown timers, vehicle detectors, video detection, ADA pedestrian push buttons. Approximate cost: \$320,000.

**Baybridge Community Center Roof (Council District 8)**

The Baybridge Community Center is a single story 9,890 gross square foot building located adjacent to Chicano Park. The facility was originally built in 1971 and is part of the Parks and Recreation Department. The building is in very poor condition with many pressing needs to be move-in ready for the next tenant. The current roof needs replacement and is identified as a critical need in the City's facilities assessment report. Approximate cost: \$483,000.

**Beyer Community Park (Council District 8)**

The General Development Plan will be updated after the completion of the environmental review. The next step would be to fund the project's design phase. This project would create a 12.6 acre community park serving the San Ysidro and Otay Mesa communities. Approximate cost: \$400,000.

**Bus Stop Upgrades on City Property: Otay Mesa (Council District 8)**

There are currently a total of 43 bus stops in Otay Mesa, ten stops are in need of City funded capital improvements, such as ADA loading pad and sidewalks in order to receive upgrades such as benches and shelters. The locations below should be prioritized to be eligible to receive much-needed upgrades from MTS: Airway Rd./Dublin Dr., La Media Rd./Airway Rd., Siempre Viva Rd/Paseo De Las Americas, Siempre Viva Rd/Sarnen St., Siempre Viva Rd/Avenida Costa Brava, La Media Rd./Airway Rd., Otay Mesa Rd./Otay Mesa Center, Otay Mesa Rd./Gailles Blvd., Otay Mesa Rd./Cactus Rd., Otay Mesa Rd./Heritage Rd.

**Children's Park (Council District 3)**

Civic San Diego initiated the General Development Plan and design phase for Children's Park, but the completion of the project is contingent upon additional funding being identified for construction. The next bond issuance and/or other funding opportunities should be considered

as a funding source for the construction of the park, along with Development Impact Fees and any funding leftover from the design.

**Chollas Parkway: Lea Street Improvements (Council District 9)**

This high priority project (Mid-City Communities Plan Facilities Financing Project T-22) would evaluate either reducing the width or closing all or part of Chollas Parkway between 54th street and University Avenue.

**Chollas Triangle Park Development (Council District 9)**

This high priority project (Southeastern San Diego Impact Fee Study Project P-26) provides for the design and construction of approximately 5 acres as a neighborhood park. Amenities could include picnic areas, children's play areas, multi-purpose courts, multi-purpose turf areas, Comfort station, walkways, overlooks with interpretation of Chollas Creek, and landscaping.

**Clay Park Neighborhood Park (Council District 9)**

Clay Park is an important community recreation asset that is heavily used by the neighborhood. Improvements are needed to maintain use of the park. The current play surface at the park is in very poor condition and needs to be replaced (\$22,300); and for staff safety, crime prevention and assisting the San Diego Police Department with investigating crimes a security camera is requested (\$22,307). In addition, \$674,852 in matching funds is requested by the community for improvements to Clay Park. The CentrepoinTE/Blvd 63 litigation settlement included \$150,000 for Clay Park.

**Colina Del Sol Community Park (Council District 9)**

Colina Del Sol Park is an important community recreation asset that is heavily used by the neighborhood. Improvements are needed to maintain use of the park, in particular during the evening hours. The current ballfield and basketball lights as well as the basketball courts need to be upgraded.

**Complete Boulevard Study Phase II (Council District 9)**

Construct new medians, sidewalk improvements, curb extensions, and safe crossings at the intersections of El Cajon Boulevard and Menlo Avenue, and El Cajon Boulevard and Euclid Avenue as outlined in the Complete Boulevard Study. A full cost estimate is not available at this time. Approximate cost: \$250,000 to establish CIP and begin design and construction drawings.

**Corridor Planning (Council District 9)**

Allocate staff time to continue comprehensive corridor planning with neighborhood stakeholder groups on University Avenue and El Cajon Boulevard, specifically in the neighborhoods of City Heights and North Park.

**Grant K-8 Joint-Use Recreation Field (Council District 3)**

In partnership with the San Diego Unified School District, identify funding for the completion of this joint-use recreation opportunity in Mission Hills.

**Golf Course Drive Improvements/CIP S-15040 (Council District 3)**

This project provides for the design and construction of a paved pedestrian pathway and bike facility along Golf Course Drive, connecting the existing Golden Hill Recreation Center to 28<sup>th</sup> Street. A feasibility study is scheduled to be completed in FY17. Funding is requested to initiate the design phase. Approximate cost: \$1.8 million (phased).

**Lighting (Council Districts 8 and 9)**

Our communities are seriously deficient in sufficient street and parks lighting. It is imperative that we provide and repair lighting in our neighborhoods and public facilities. The following are priorities to provide and repair lighting:

- City Circuit Upgrades annual allocation (AIH-00002) to modernize the lighting system in Kensington. Approximate cost: \$300,000.
- Lighting in Gamma Mini-Park in Southcrest. If traditional lighting is not an option, consider installing solar lighting. Approximate cost: \$250,000
- Dahlia Street between Saturn Boulevard and 18th Street qualifies for three additional street lights. Their proposed locations are as followed: Dahlia Avenue west of Saturn Blvd 305' south side, Dahlia Avenue west of Saturn Blvd 105' south side, and Dahlia Avenue east of 18th Street 160' south side. Approximate cost: \$7,500

**Memorial Community Park Playground ADA Upgrades (Council District 8)**

Project consist of new playground, ADA improvements and pre-fab new comfort station (4 unisex stalls), with water fountain. Approximate cost: \$700,000.

**North Park Community Park Recreation and Adult Center Facility Upgrades and Park Maintenance (Council District 3)**

We request a park assessment to improve the safety and condition of the North Park Community Park, including the active park space, recreation center and adult center. Additional programmatic and maintenance resources are requested to activate and upkeep the park, thereby deterring nuisance activity.

**Old San Ysidro Fire Station Pocket Park (Council District 8)**

This project would create a pocket park at the Old San Ysidro Fire Sation, approximately 0.32 useable acres, and may include a plaza, public gathering areas, a stage/amphitheater, picnic facilities, security lighting, and landscaping. The project is located on the north side of West San Ysidro Boulevard, between Cottonwood Road and Cypress Drive. The old fire station building is schedule to be demolished by March 2017. Approximate cost: \$638,881

**Open Space Parks/CIP AGE-00001 (Council Districts 3 and 9)**

There are over 150 canyons throughout urban San Diego. We request that this CIP be amended to incorporate and properly fund the Canyon Enhancement Planning (CEP) Program produced by San Diego Canyonlands. The CEP identifies green infrastructure needs and opportunities which provide valuable ecosystem services, including work to clean and filter our urban runoff. The CEP also identifies trail restoration area and recommends wetland and habitat restoration in Auburn, Juniper, Maple, Manzanita, Mission Hills, and Switzer Canyons, among others, helping to create valuable recreational opportunities in otherwise paved and urbanized environments.

**Pedestrian/Safe Routes to School Improvement Projects (Council Districts 3, 8 and 9)**

- Kansas Street and El Cajon Boulevard: Construct a safe crossing at Kansas Street and El Cajon Boulevard. Approximate cost: \$50,000.
- Hoover High School Safe Routes to School: This High Priority project (Mid-City Communities Plan Facilities Financing Project T-31) provides for pedestrian improvements in the vicinity of Hoover High School. Proposed improvements could include enhanced paved crosswalks, new pedestrian signals, and new sidewalk. See Mid-City Facilities Financing Plan T-31 for details. Approximate cost: \$1,000,000.
- Picador Boulevard and Majestic Drive Crosswalk/Rectangular Rapid Flash Beacon (RRFB): There is a crosswalk at the intersection of Picador Boulevard and Majestic Drive, located in front of Montgomery Middle School. This crosswalk is heavily used by

students and families walking to and from Montgomery Middle School. The crosswalk was recently upgraded. Among the improvements made were: converting the crosswalk to a new yellow continental crosswalk and the installation of new "slow school xing" pavement markings for northbound traffic. Furthermore, this location has qualified for the installation of Rectangular Rapid Flashing Beacon lights (RRFBs). Funding should be provided to install these much needed RRFBs. Approximate cost: \$10,000.

#### **Reynard Way Neighborhood Park: Mission Hills (Council District 3)**

We request that funding be identified to initiate a General Development Plan for the long awaited Reynard Way Neighborhood Park. Few opportunities exist in Uptown for the development of park space. The City must capitalize on this opportunity.

#### **San Ysidro Civic Center Improvements (Council District 8)**

This project is located at the San Ysidro Civic Center, 212 West Park Avenue. It is identified in the Facilities Plan Impact Fee Study for San Ysidro as Park Project P-18 - Gym Floor Refurbishing. It includes the design and construction to refurbish the gym floor at the Community Center. Approximate cost: \$25,000.

#### **San Ysidro Skate Park (Council District 8)**

Initiation of planning and design for a skate park at the City-owned property on the southwest corner of the intersection of Beyer Blvd. and Beyer Way adjacent to 325 Mesa Ave. The City's Public Works department should begin planning and design to determine the funding and time needed to construct a skateboard park on this property. Approximate cost: \$100,000.

#### **Sidewalks (Council Districts 3 and 8)**

- Egger Highlands Missing Sidewalk: Installation of a missing sidewalk on the west side of Saturn Boulevard between Palm Avenue and Boundary Street. This sidewalk is located next to the mobile home park across the street of the shopping center. The scope of project would include the design and construction of the sidewalk. Design will cost approximately \$100,000 with the entire project costing approximately \$350,000.
- Imperial Ave. & 25<sup>th</sup> St. Sidewalk Repairs: The condition of the sidewalks at the following stretches are riddled with potholes, the concrete blocks are broken, missing and protruding. These conditions present dangerous conditions for pedestrians and pose a liability risk to the City. Funding for repairs should be included in the FY18 budget for the following areas: Imperial Avenue from 19<sup>th</sup> St. to 30<sup>th</sup> St. and 25<sup>th</sup> St. from Imperial Ave. to G St.
- Richmond Street Sidewalks: evaluate Richmond Street in Hillcrest/Marston Hills for sidewalk installation to enhance pedestrian safety.
- San Ysidro New Sidewalks/Curb ramps: Funding is needed to construct critical sidewalk and curb ramp improvements in the San Ysidro Community. The Community planning group has identified the following top priority locations:
  - o West San Ysidro Boulevard between Dairy Mart and I-805; East San Ysidro Boulevard between I-805 & San Ysidro border crossing.
  - o Howard Avenue (east side) between Village Pine Drive and Iris Avenue. (50/50 cost share – \$22,500 San Ysidro & \$22,500 Otay Mesa-Nestor)
  - o Smythe Avenue (both sides) between Beyer Boulevard and SR-905.
  - o Cottonwood Road (both sides) between West San Ysidro Boulevard and Vista Lane.
  - o Seaward Avenue (south side) between Cottonwood Road and West Park Avenue.
  - o Border Village Road (both sides) between the north and south connections to East San Ysidro Boulevard.
  - o Calle Primera (north side) between Via De San Ysidro and Willow Road.

- Cottonwood Road (west side) Beyer Boulevard to Foothill Road.
- Smythe Avenue (both sides) between Sunset Lane and West San Ysidro Boulevard.
- Alverson Road (both sides) between Sunset Lane and West San Ysidro Boulevard.  
Approximate cost \$1.1 million

#### **Southeast Mini-Parks (Council District 8 and 9)**

4 mini-parks are included in CIP L16000:

- Clay Avenue (CD8): Play structure ages 5-12, installation of tables and BBQ grills and ADA improvements. Approximate Cost: \$1 million
- Gamma Street Mini-Park ADA Improvements: This project provides for the design and construction of ADA improvements at the existing Gamma Street Mini-Park in the Southeastern Community. Improvements include upgrades to the children's play area and associated path of travel. Approximate cost: \$1.75 million
- Island Ave: Complete design and construction, including ADA improvements, playground and amenities. Approximate Cost: \$1.5 million
- J St: ADA improvements and playground upgrade. Approximate Cost: \$1 million

#### **Tubman Charter School Joint Use Park (Council District 9)**

A General Development Plan has been completed for the 1.72-acre Tubman Joint-Use Park located at 6880 Mohawk Street in the College Area Community. In order to create additional parkland in this park deficient community, a total cost of \$2.7 million is estimated to complete the project. A developer contribution of \$1,430,000 has been programmed for FY18 which will assist in funding the park. However, there is a \$395,050 funding deficit according to CIP S-13000. Approximate cost: \$395,050.

#### **Villa Montezuma (Council District 8)**

This historic city facility requires some immediate attention including toilet replacement, ADA improvements to the backdoor and grab bars, electrical panel, graffiti resistance fence treatment. Approximate cost: \$20,000.

#### **Ward Canyon Neighborhood Park (Council District 3)**

Ward Canyon Neighborhood Park: The temporary dog park at Ward Canyon Neighborhood Park was an important step toward realizing this long awaited and significant community asset. We would like to see the construction of these permanent park improvements included in the next bond/funding opportunity.



**CITY OF SAN DIEGO  
OFFICE OF COUNCIL PRESIDENT MYRTLE COLE  
FOURTH COUNCIL DISTRICT**

**DATE:** January 20, 2017

**TO:** Andrea Tevlin, Independent Budget Analyst

**FROM:** Council President Myrtle Cole *Myrtle Cole*

**SUBJECT:** FY 2018 Budget Priorities

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I am aware that the Mayor's Five Year Financial Outlook projected that for FY 2018 expenditures will outpace revenues by approximately \$36.9 million and the Mayor is requesting departments to present budget reduction proposals totaling 3.5 percent of their FY2017 approved budgets.

However, I believe that we can still have a balanced FY 2018 budget, maintain current level of City services and strive for additional resources to fulfill essential operations and provide optimal customer service. My priorities continue to focus on building a San Diego of which we can all be proud. Below is a list of Council District 4 priorities that I would like to see included in the upcoming budget discussions for Fiscal Year 2018.

**Public Safety:**

**Police Recruitment and Retention.** In order to address the understaffing in both sworn and non-sworn positions, it is critical that the City continue to implement the Police Department's Five-Year plan and allocate funds for recruitment and retention.

**Identify and allocate appropriate funding to implement AB 953 (Racial and Identity Profiling Act of 2015).** At the 11/30 PSLN meeting I requested the Mayor and San Diego Police Department identify what systems are needed to collect the information that AB 953 will require, including whether existing systems will suffice or additional ones are needed and that the Department identify what the potential costs of any newly required systems are so that we can include funding in the FY 2018 budget.

**Identify and allocate funding to conduct a nationwide search for the new Police Chief.** As you are aware a new police chief is expected to be selected in calendar year 2018. While there are outstanding internal candidates for the position, a nationwide search provides an opportunity to ensure the Mayor is selecting from a comprehensive pool of the best and brightest law enforcement has to offer.

**Support and fund the computer-aided dispatch (CAD) replacement project.** The CAD-related costs include debt service, system maintenance, and training. These expenditures will be essential to the operation of the new CAD system which is expected to be fully deployed by October 2017.

**Support and Fund the Neighborhood Code Compliance Division of the Development Services Department** to administer programs designed to protect the public's health, safety, welfare, and property value through enforcement.

**Identify and allocate appropriate funding for Homeless Outreach Teams and Quality of Life Teams** expansion to address homeless populations in communities throughout San Diego.

**Identify and allocate appropriate funding for additional Psychiatric Emergency Response Team staff** to address expanding homeless populations in communities throughout San Diego.

**Identify and allocate funding for:**

- **Addition of two additional FTE Lifeguard III stationed at the Children's Pool in La Jolla**
- **Addition of one Marine Safety Lieutenant**
- **Addition of one (FTE) Clerical Assistant II Position**

**Climate Action Plan:**

Allocate transportation capital funding to be consistent with the Climate Action Plan 2020 mode share goals to incrementally increase transit, bicycling and walking mode share.

**Minimum Wage Enforcement:**

Identify and allocate funding for city staffing to enforce the Minimum Wage and Earned Sick Leave Ordinance.

**Infrastructure:**

**Fund complete construction of Bay Terraces "Tooma Park" Senior Center/Recreation Building.**

**Identify and allocate funding for completion of the Streamview Drive Improvements.** Including traffic calming measures, installation of roundabouts,

medians, angled parking, resurfacing of streets and construction of new sidewalks.

**Identify and allocate funding for the Martin Luther King, Jr. Recreation Center Facility Improvements.**

**Identify and allocate funding for the Encanto Recreation Center** to include ceiling and floor tiles, overall painting of the building, window replacements for meeting room, and two offices.

**Identify and allocate funding for a Permanent Skyline Hills Fire Station (FS 51).** Identify funding to construct a permanent facility for the health and safety of our fire-rescue personnel.

**Funding for the reconfiguration and enhancement of Marie Widman Memorial Park.** The park enhancements are needed to improve public safety. Enhancements to park amenities can increase park usage and activity thereby deterring crime.

**Fund improvements at 15 deadliest intersections.** To ensure basic, low-cost pedestrian safety infrastructure improvements such as high visibility crosswalks, audible signals, and countdown signals.

**Identify funding for additional sidewalks in District 4 including, Paradise Hills and Northside of Market Street.**

**Economic Development and Neighborhood Services:**

**Identify and allocate funding if necessary, to streamline the permitting process to build affordable housing.**

**Identify and allocate funding for the expansion of Park & Recreation Center Hours at all 58 recreation centers.**

**Identify and allocate funding for a San Diego Library** programming budget for the City's branch libraries to allow programs to be consistent year to year and relatively equal across all branches.

**Identify and allocate additional funding for the Penny for the Arts Blueprint.**

**Identify and allocate funding for a Small Business Bonding Assistance Program.** The Small Business Bonding Assistance Program can serve as a supplement to the City's existing SLBE/ELBE program, and as an alternative to addressing the bonding needs of small construction firms.

**Identify and allocate funding to expand the Youth Services/Youth Workforce Development/Connect2Careers.** Funding would provide work readiness, job matching, and job placement for 16-24 year olds in San Diego.

**Revenue Opportunities:**

In an effort to address funding for our FY 2018 budget priorities, following are some possible actions:

**Excess Equity:** There is an estimated \$15.1 million anticipated to be available and budgeted.

**Infrastructure Fund:** There is an estimated \$17 million allocation for FY 2018.

**Reserves in Excess of Policy Targets:** There are some alternatives to reducing reserve funds which may be available to fund various priorities.

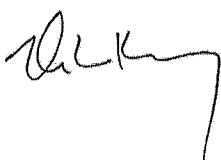
**Chargers' Relocation Fee.** Include the use of the \$12.5 million Charger relocation fee to supplement funding for various priorities.

We look forward to the collaborative work ahead and thank you for your consideration of our budget priorities.

**COUNCIL PRESIDENT PRO TEM MARK KERSEY**

**DATE:** January 20, 2017

**TO:** Andrea Tevlin, Independent Budget Analyst

**FROM:** Council President Pro Tem Mark Kersey 

**RE:** Fiscal Year 2018 Budget Priorities

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This is in response to Budget & Government Efficiency Committee Chair Barbara Bry's January 3, 2016 memorandum requesting Councilmember input in the development of the Fiscal Year 2018 Budget. In this lean budget time, my top priority is sustaining infrastructure investment. City leaders must avoid the mistakes of the past and resist the temptation to neglect our asset network in deficit years. To the extent funds are available, I put forward the following requests:

**Restore Transportation in the San Pasqual Valley.** Ysabel Creek Road is the main thoroughfare between Bandy Canyon Road, where farmers package their products, and San Pasqual Valley Road, where the Zoo Safari Park and the Archaeological Society are located. Severe storms have moved much of the asphalt off Ysabel Creek Road, leaving the road dangerous and inconsistent with the City's Street Design Manual. In order to avoid road hazards, people drive off the loosely-defined path onto watershed property, potentially affecting water quality. Access is insufficient for local farmers and could prevent timely evacuation from the valley in the event of a wildfire. I request an engineering analysis to determine options for restoring Ysabel Creek Road and establishment of a CIP. I further request an overlay of the entire length of San Pasqual Valley Road within City limits.

**Improve Fire-Rescue Response Times in Northeastern San Diego.** In FY17, a brush rig and crew were stationed in the San Pasqual Valley for 12 hours per day on a trial basis, and I request that this arrangement be made permanent and expanded to 24 hours per day. The San Pasqual Valley is otherwise served by Station 33 in Rancho Bernardo, which has the largest territory of any station in the department. When there is no traffic, Engine 33 can get to the Zoo Safari Park in 15 minutes, far exceeding national response time standards and leaving Rancho Bernardo residents without timely coverage for a minimum of 30 minutes. A majority of calls in this area are for medical aid at the San Diego Zoo Safari Park and minor car accidents that do not require a full engine company. Permanently stationing the crew in San Pasqual Valley around the clock would relieve the stress on the first responder system in northeastern San Diego and keep residents and tourists safe while visiting this world-renowned destination. Additionally, I request

that opportunities to expand the City's collaboration with CalFire and other agencies that serve the Valley be explored and that new fire stations be adequately staffed as they come online throughout the City.


**Optimize Homeless Outreach Services.** Under Mayor Faulconer's leadership, the City has funded a regional database for homeless services, but greater coordination among local providers is needed. A City-lead homeless outreach effort, built upon the current work of SDPD Homeless Outreach Team, will ensure resources are aligned effectively across public and private partners.

**Enhance Customer Service Through 311.** An integrated 311 program, as recommended in the City Auditor's March 2015 *Performance Audit of the City's Public Right-of-Way Maintenance Activities*, has the potential to not only enhance customer service, but also streamline operations, reduce unnecessary 911 calls, and support open data. Building upon the success of the FY17 Get It Done pilot program, next steps will include adding Environmental Services, Code Enforcement intake, and passport appointments to Get It Done and acquiring Customer Relationship Management software for a full-scale 311 program.



**COUNCILMEMBER CHRIS CATE  
CITY OF SAN DIEGO  
SIXTH DISTRICT**

**M E M O R A N D U M**

**DATE:** January 20, 2017  
**TO:** Andrea Tevlin, Independent Budget Analyst  
**FROM:** Councilmember Chris Cate   
**SUBJECT:** Fiscal Year 2018 Budget Priority Memo

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The City of San Diego (City) faces many challenges in the coming fiscal year. Residents expect solutions from City leadership to address the homelessness crisis, ensure our Police Department is efficiently staffed, and guarantee the consistent delivery of quality neighborhood services that our communities deserve. It is the responsibility of the City to continue these efforts while guarding taxpayer dollars and practicing fiscal responsibility.

Per the City Charter, the City is mandated to produce a balanced budget. This coming fiscal year, the City is expecting a deficit of at least \$57 million, largely due to an increase in the annual pension payment by \$47 million. It is now the responsibility of this Mayor and City Council to meet the City's fiscal obligations while advancing the priorities of neighborhoods and residents. Potential actions that should be evaluated to close the budget deficit include the use of our Pension Stabilization Reserve fund, use of our various liability reserves, monies associated with the payment from the San Diego Chargers (as outlined below), and the use of public safety savings from no longer having to staff Chargers games. Prior to any use of reserve funding, the City Council should have ample time to evaluate the proposal and be given a plan to refund reserve levels as outlined in our reserve policies.

I appreciate the opportunity to share my budget priorities for Fiscal Year (FY) 2018. Funding sources for these neighborhood priorities and needs have been identified. I look forward to approving a balanced budget that continues to address San Diego's most pressing challenges and issues.

The following are my priorities for FY18:

**Public Safety**

**San Diego Police Department (SDPD) – (\$3,682,848)**

- The recent and unfortunate departure of the San Diego Chargers has been a difficult process for many San Diego residents. As the City of San Diego plans for the future of

Qualcomm Stadium, it must also consider how to best allocate the forthcoming relocation fee payable to the City in the sum of \$12.5 million. In addition to servicing the annual debt of \$4.7 million for the outstanding Qualcomm Stadium bonds, the City should also consider setting aside one-time monies from the \$12.5 million receipt of payment to address San Diego's police recruitment and retention crisis, outstanding SDPD capital needs, and State law compliance efforts. Any remaining funding above servicing stadium debt and supporting critical one-time SDPD expenditures should be carried over to FY19 to be used toward debt service related to Qualcomm Stadium.

- The recruitment and retention of SDPD officers continues to be a top priority for the City of San Diego. In the first seven months of FY17, data demonstrates that the City is losing officers at a rate of 13 per month, which is on par with FY16 and FY15 attrition rates. Currently, San Diego Police Department budgets \$35,000 to the Recruiting Unit for their entire recruitment program. This includes travel costs to attend job fairs, marketing, advertisements, and promotional item costs. SDPD only recently received an additional \$65,000 in FY17 for the Recruiting Unit. The City Communications Department, Mayor's office, and San Diego Police Department should work cohesively with a private sector firm to develop a comprehensive marketing and recruitment plan with the goal of increasing the number of applicants and recruits. (\$500,000)
- SDPD's Traffic and Special Events Divisions currently utilizes a trailer stationed in the rear lot of Eastern Division that is in severe disrepair and no longer meets the needs of the Department. A new facility is needed to house 350 full and part time employees and volunteers who serve on a citywide basis. Funding should be allocated for design, and the beginning of construction for a new Traffic and Special Events Divisions facility. (\$700,000)
- The refurbishment of the Police Range on Federal Boulevard has been prioritized as the top priority on the City's infrastructure waterfall list. This crucial SDPD asset requires much-needed repair and attention to improve dilapidated bullet back stops, remove lead contamination from soil berms and install new bullet recovery systems. Funding should be allocated to move the design phase of this project forward. (\$1,700,000)
- AB 953 requires local law enforcement to collect specific information regarding police stops. The State is currently in the process of adopting a final draft that will outline reporting policies and requirements. SDPD's new Computed Aided Dispatch (CAD) system is a necessary capital investment that will allow for compliance, improving response times, increasing reliability, and enhancing operational capabilities. The Mayor's office and City Council should work in concert with SDPD to implement CAD. (\$782,848)

## **Neighborhood Services**

### **Homelessness**

- Reducing the City's homelessness population should be a top priority for San Diego in 2017. This issue is no longer specific to only Downtown as it continues to affect areas throughout the City, including the urban canyons and open spaces within District 6. In 2016, the City implemented the "Housing Our Heroes" initiative with the goal of securing housing for 1000 homeless veterans. This year, the Mayor announced a slate of new proposals to further tackle homelessness head-on. The development of any strategic plan in concert with the Mayor's office, City staff, and service providers should include critical services, tools, and resources to address the problem of homelessness in Tecolote Canyon, Marian Bear Memorial Park, and Los Peñasquitos Canyon Preserve. Funding for this effort should be reviewed in concert with citywide homelessness proposals in 2017.

### **Vice Operations**

- With the passing of Proposition 64 by California voters, the City has the responsibility to closely monitor marijuana retail establishments to ensure compliance with State law and the City's Municipal Code. In 2017, the City should designate these establishments as a Vice-regulated business and institute a fee to cover the costs associated with enforcement and monitoring of regulated businesses, and the closure of illegal businesses. Bringing marijuana storefronts under the purview of Vice Operations will bolster compliance actions and mitigate any potential negative impacts to surrounding communities.

### **Street Sweeping**

- As the City pursues compliance with the Clean Water Act and mandates from the Regional Water Quality Control Board, it is imperative to bolster street sweeping operations and review current scheduling and notifications practices. Through the Transportation and Stormwater (TSW) Department's pending update to the Water Shed Master Plan, additional funding for street sweeping operations should be considered.

### **Park and Recreation**

- The City's primary responsibility is to ensure the safety of its residents. Canyon Hills Resource Park located in the community of Mira Mesa is in need of additional monitoring and enforcement in light of recent criminal activity. The City should allocate necessary resources to the Park and Recreation Department to better track this area. Utilizing FY17 Department vacancy savings of \$974,299 from personnel expenditures, approximately 10 percent of these monies should be used to fill 1.00 FTE for a Park Ranger. This position should be used to supplement Park and Recreation enforcement efforts in Canyon Hills and other problematic areas. (\$100,000)

### **Community Plan Updates**

- As the City of San Diego takes steps to address the housing crisis, communities that are likely to experience a growth in population and development within the next 10-15 years should be prioritized, along with neighborhoods whose plans have not been updated in over a decade. The City Council should work in concert with City staff and the Mayor's

office to ensure the effective and expeditious initiation of these strategic community plan updates.

### **Infrastructure**

#### **Park and Recreation - (\$1,387,500)**

- The City's Park and Recreation center facilities are vital to maintaining and promoting vibrant San Diego neighborhoods. The following Park projects should be funded with FY18 Capital Improvement Program Annual Allocations. In FY17, over \$200 million in projects were funded through CIP Annual Allocations.
  - Olive Grove Community Park is an open Capital Improvement Project (CIP) in vital need of American with Disabilities Act (ADA) improvements to the existing comfort station, enhancements to the existing children's play areas, and upgrades to the associated paths of travel. Funding should be provided for the design, project approvals, and construction. (\$750,000)
  - The safety of residents who visit City parks is paramount. Funding should be identified for the installation of new pour-in-place fall mats for the playground at North Clairemont Recreation Center. (\$65,000)
  - Given the high volume of patrons visiting the North Clairemont Recreation Center, the parking lot is in need of resurfacing. (\$10,000)
  - Funding should be allocated for replacement trees at the North Clairemont Recreation Center that were recently lost due to the drought. (\$7,500)
  - Adequate ventilation and circulation at the Canyonside Recreation Center gym is much-needed. The City has partnered with the community to identify a viable solution that will prevent patrons from overheating by installing a split AC ventilation system. (\$533,000)
  - Given the high volume of patrons 65 years and older at the Mira Mesa Senior Center, the parking lot is in need restriping and resurfacing. (\$10,000)
  - The Mira Mesa Senior Center is a neighborhood landmark where many patrons 65 years and older attend and enjoy the many great programs and services. The facility is in need of an Americans with Disabilities Act (ADA) ramp at the front entrance of the building in order to provide patrons safe access. (\$2,000)
  - The Gil Johnson Recreation Center at the Mira Mesa Community Park is heavily utilized by patrons of all ages. The basketball courts are in need of new backboards, rims, and poles. (\$10,000)

#### **Libraries – (\$39,781.22)**

The City's library system has provided San Diego families with tools, resources, and programs that make a significant difference every day. It is imperative to make sure these neighborhood assets are protected and maintained for the enjoyment of future generations. The following Library projects should be funded with FY18 Capital Improvement Program Annual Allocations:

- Balboa Library
  - Funding should be identified to replace the existing carpet and flooring at the Balboa Branch Library. (\$12,600.11)
  - Replace tile flooring in restrooms. (\$4,600)

- Mira Mesa Library
  - Repaint and restripe the parking lot of the Mira Mesa Branch Library. (\$2,780)
  - Replace damaged and stained restroom countertop after receiving many complaints from customers. (\$5,600)
- North Clairemont Library
  - Provide twenty (20) new lightweight folding tables for North Clairemont. (\$1,600)
- Rancho Peñasquitos Library
  - Replace thirty (30) chairs for patrons. (\$12,601.11)

### **Street Lights – (\$638,000)**

Many older San Diego neighborhoods are in need of additional street light infrastructure to ensure traffic visibility and the safety of residents and pedestrians. The following locations have been identified as priority areas by the community, Streets Division, and SDPD. These lights should be funded through the FY18 Capital Improvement Program Annual Allocations. In FY17, TSW received \$1.2 million to support streetlight installation operations.

- Streetlight at 10442 Baywood Avenue
  - (\$18,000)
- Add two (2) streetlights on the 3900 and 4000 blocks of Antiem Street
  - (\$36,000)
- Add sixteen (16) streetlights on Beadnell Way between Mount Abernathy and Charger Blvd
  - (\$288,000)
- 9055 Balboa Avenue west of Ponderosa Avenue 300', south side streetlight
  - (\$15,000)
- Balboa Avenue east of Kearny Villa Road 700', north side streetlight
  - (\$15,000)
- Balboa Avenue west of Ponderosa Avenue 1,560', north side at bus stop streetlight
  - (\$15,000)
- Balboa Avenue west of Ponderosa Avenue 447', south side at bus stop streetlight
  - (\$15,000)
- Balboa Avenue west of Ponderosa Avenue 850', north side at bus stop streetlight
  - (\$15,000)
- Balboa Avenue west of Ruffin Road 380', south side at bus stop streetlight
  - (\$15,000)
- Balboa Avenue west of Ruffin Road 580', north side at driveway streetlight
  - (\$15,000)
- Camino Santa Fe north of top Gun Street 1150', east side streetlight
  - (\$15,000)
- Camino Santa Fe north of top Gun Street 1750', east side streetlight
  - (\$15,000)
- Mt Ackerman Drive east of Mt Abraham Avenue 150', north side streetlight
  - (\$15,000)
- Mt Ackerman Drive east of Mt Abraham Avenue 330', north side streetlight
  - (\$15,000)

- Mt Ackerman Drive west of Mt Albertine Avenue 470', north side streetlight
  - (\$15,000)
- Mt Ackerman Drive west of Mt Albertine Avenue 290', north side streetlight
  - (\$15,000)
- Farnham Street east of Ruffin Road 264', north side streetlight
  - (\$15,000)
- Farnham Street east of Ruffin Road 381', south side streetlight
  - (\$15,000)
- Farnham Street east of Ruffin Road 506', north side streetlight
  - (\$15,000)
- Viewridge Avenue north of Balboa Avenue 145', east side streetlight
  - (\$18,000)
- Viewridge Avenue north of Balboa Avenue 290', east side streetlight
  - (\$18,000)
- Mercury Street south of Engineer Road 170', west side streetlight
  - (\$10,000)
- Engineer Road west of Mercury Street 160', south side streetlight
  - (\$10,000)

### Street Resurfacing

As the City strives to reach the Mayor's goal of resurfacing 1,000 miles of roads by 2020, the following streets should be considered in conjunction with future group jobs funded via commercial paper and/or deferred capital bond issuances in accordance with the current street evaluation criteria. In FY17, the City allocated over \$100 million to fund road repair.

- Pegasus Avenue from Gemini Avenue to Polaris Drive, OCI-29
- Lehrer Drive from Limerick Avenue to Arvinels Avenue, OCI-38
- Calle Dario, OCI-25
- Hillery Drive from Greenford Drive to Westonhill Drive , OCI-27
- Rickert Road, OCI-57
- Sorrento Valley Boulevard from Roselle Street to Vista Sorrento Parkway, OCI-34

### Traffic Control – (\$75,000)

- Traffic Signal Optimization has demonstrated a reduction in travel time by over 20 percent. The City should continue identifying additional strategic locations that seek to benefit from this technology, including the entirety of Mira Mesa Blvd., Miramar Road, Kearny Villa Road, Clairemont Mesa Blvd., and Balboa Avenue. This project should receive funding from the Regional Transportation Congestion Improvement (RTCI) Fee, which is anticipated to receive \$9.0 million in FY18.
- The Clairemont community has identified Beadnell Way as a problematic street in terms of traffic and pedestrian safety. Utilizing FY18 CIP Annual Allocations, Transportation and Stormwater should work with the community to install traffic calming measures, protected bike lanes, and pedestrian crossing safety improvements.
- The Mira Mesa community has identified Westview Parkway between Mira Mesa Blvd. and Black Mountain Road as dangerous for pedestrians and drivers. Utilizing FY18 CIP Annual Allocations, Transportation and Stormwater should work with the community to

install traffic calming measures, protected bike lanes, and pedestrian crossing safety improvements.

- V-Calm Signs are highly effective traffic calming assets that directly result in the improvement of safety and travel conditions for both motorists and pedestrians by posting the speed of passing vehicles. The following locations have been identified as unfunded needs by the Traffic Engineering Operations Division and should be funded with Utilizing FY18 CIP Annual Allocations.
  - Clairemont Drive - Balboa Avenue to Clairemont Mesa Boulevard
    - One (1) electronic V-Calm sign
      - (\$15,000)
  - Mount Everest Boulevard - Balboa Avenue to Mount Etna Drive
    - One (1) electronic V-Calm sign
      - (\$15,000)
  - Mount Aguilar Drive - Mount Alifan Drive to Mount Ainsworth Avenue
    - One (1) electronic V-Calm sign
      - (\$15,000)
- Rectangular Rapid Flashing Beacons (RRFB) is a cost-effective traffic improvement that enhances pedestrian safety and maintains traffic flow while avoiding unnecessary traffic signal installations. The following locations have been identified by the community and should be funded with Utilizing FY18 CIP Annual Allocations.
  - Challenger Middle School (\$10,000)
  - Sandburg Elementary (\$10,000)
  - Intersection of Armstrong Street and Armstrong Place (\$10,000)

#### **Sidewalks – (\$4,740,000)**

- Many Clairemont pedestrians utilize Balboa Avenue from Clairemont Drive to Mount Culebra as a means to navigate across Tecolote Canyon. As the City works to implement the goals of the Climate Action Plan by incentivizing alternative modes of transportation, it is vital to ensure pedestrians are safe and secure. This project recently received \$500,000 for the design phase from the RTCI Fee. The City should consider this revenue source to fund the remainder of the project. (\$4,640,000)
- As Phase I of the Hickman Fields project navigates through design and construction in FY19, it is important to ensure that park patrons have safe access to the new facilities. TSW staff have identified a new sidewalk on Convoy Court/Hickman Field Drive to Convoy Street as a priority. The total project cost is \$850,000. Staff is requesting \$100,000 from the RTCI Fee to initiate pre-design. (\$100,000)

CC:ic



City of San Diego  
Councilmember Scott Sherman  
Seventh District

### MEMORANDUM

DATE: January 20, 2017  
TO: Andrea Tevlin, Independent Budget Analyst  
FROM: Councilmember Scott Sherman  
RE: FY18 Budget Priorities

With the anticipated budget shortfall this year and as a responsible steward of taxpayer dollars, I feel it is prudent to focus on finding ways to maintain essential city services at their current levels while reducing spending in certain departments to meet our budgetary needs. The City must return to focusing on providing taxpayers with the core service they deserve and improving the quality of life for all residents of San Diego. The acquisition or building of new city assets should be thoroughly evaluated in light of current projections to determine the necessity of the project and its impact on the quality of life for the community.

#### **District 7 Community Projects**

##### Morley Green Mini-ADA Park (\$1,250,000\*) cost in FY13

This project has been a top priority for the Linda Vista community for over a decade. Morley Green is centrally located in Linda Vista with a large number of families overlooking the site. Using a ¼ mile radius from the center of the park as the service area, it is estimated that 91% (4,119) of the 4,527 residents who will use the park are in the Low to Moderate Income bracket. The park's adjacent census tracts (86 & 88) reports populations under 18 year olds, at 31.8% and 38.7% respectively, the city average is 24%. The average household size for these two census tracts is 3.67 and 3.47, the county average is 2.73. The two closest parks to these census tracts do not contain any equipment or facilities that cater to young children nor are they ADA accessible.

In the last year of redevelopment, CCDC requested \$600,000 of CDBG funds to match their \$644,000 to complete the park but was denied funding. Historically, Linda Vista has received almost no redevelopment funding. On average, the Linda Vista development project area receives less than \$100,000 annually while the North Park and City Heights redevelopment project areas have previously received \$5.6M and \$8.5M respectively.

Finally after years of redevelopment wind down, the DOF has relinquished control of the land to the City in 2015 with the land continuing to serve as an oversized grassy median. The residents of

Linda Vista are in great need of increasing total park acreage and Morley Green is an ideal site to begin the expansion of park land in this community. While funding for this park remains an obstacle, I request this project be included in the list of projects in DC-4.

San Carlos Library (\$20,598,000) – CIP 35-088.0

The San Carlos Branch Library has been a community staple for the last forty years. Initially planned as the flagship branch for the surrounding neighborhoods, the San Carlos Library has been in planning stages for a new library for almost twenty years. The DC-3 bond identified \$1 million in FY 2015 to finalize the design documents for the new San Carlos Library which will complete the last steps in preparation for construction. Funding for a new flagship library for the Navajo area will be difficult this fiscal year, but when DC-4 is issued I continue to request funding be allocated for the construction of this much needed community resource.

**Citywide**

Phase Out City's Publishing Services

The City currently spends \$3.9 million supplying City Departments with their requested printed and electronic materials. While the print shop provides a valuable service for the City, we must get out of the printing business and instead focus on continuing to fund core city services. In a year when cost saving measures are vital to the continuation of providing essential City services to taxpayers, it is hard to justify the City's print shop as an essential core service.

Expansion of the Portable Pool Program to Park and Recreation's Budget

Currently, the City has the capacity to operate six portable pools citywide. I would like to see funds dedicated for the purchase of additional hardscape portable pools so this program is available to every community which does not have a permanent pool in place. Due to prior budget cuts Councilmembers have been dedicating Community Projects, Programs, and Services (CPPS) funds to operate the portable pool program at six sites citywide. Communities lacking aquatic facilities depend on this program and have come to expect this service to be provided by the City. Including the portable pool program as a line item in Park and Recreation's budget will ensure the longevity of this program.

Increase the Annual Number of Storm Channels and Drainage Areas Being Cleared

The City's Transportation and Storm Water Department has spent the last year working diligently to bring our storm channels up to an acceptable and safe level of service. The work this department has been able to complete in the last year is truly commendable, but we must now work to ensure these channels are maintained to avoid costly re-mitigation. By continuing routine annual maintenance of our storm channels and maintaining these serviceable levels is essential to the public safety of the residents of San Diego and is a core service the City must continue to provide even in the most difficult of budget years.

Prioritize Community Plan Updates

The Mayor and City Council should continue to prioritize community plan updates. This prioritization should consider the area's most likely to grow in the next 10-15 years and communities which have not been updated in the last 15 years. Rapidly developing communities must be the first priority to facilitate growth in both residential and business sectors. I recommend that the Mayor and City Council commit to funding and expediting this process as much as possible.

EOC Contracting Effects

In the FY 2015 budget, Purchasing and Contracting's staff grew by 7 FTE's to enforce the Living Wage Ordinance and Prevailing Wage Ordinance. This increase in staff now results in a net cost of over \$1 million a year. A report should be brought forward on the effectiveness of enforcement of the programs. This report would specifically look at how many contracts are handled per staff member, how many violations are typically found, the amount of back wages paid, and other responsibilities that staff members undertake in addition to enforcement of Living Wage and Prevailing Wage.

Eliminate Various Department Vacancies Continued in the Budget

With the recent hiring freeze department budgets should reflect the elimination of these positions and responsibly budget their expenses. With revenues not meeting expectations this year, and the possibility of the trend continuing, departments must adjust their annual budgets to reflect the actual number of FTE's on staff and not utilize vacancies as a funding source and a means to balance their budget.

Pay Down Debt Service on Charger Bonds

As a result of the Chargers' poor decision to leave San Diego, the City will receive approximately \$12.6 million due to the lease being broken prior to the bonds for the stadium expansion being paid in full. The timing of the reception of that money is unknown and as a result, should not be included in the budget expectations for FY2018. Upon reception of the funds at some point in the future, the funds should be applied solely to the payment of the bonds. The purpose and intention of the language in the lease was for the money to be used in this way. The City should reject the desire to utilize those funds for balancing the budget and funding ongoing expenditures.

Allocate Funding for San Diego Police Overtime

Recent reports from the IBA and FM indicate SDPD is projecting an overture of \$3 million to the Police Overtime budget for FY18. Retaining our officers and ensuring staffing levels remain, at a minimum, at our current level is critical for the safety and well-being of our residents. While police overtime is a separate issue which must be addressed, funding our police force is an ideal example of maintaining a core service taxpayers deserve. The recent news of the San Diego Chargers terminating their lease early will make available \$1.9 million in police services previously allocated to the Qualcomm Fund, this money should be used to fund the police overtime fund.

Improve San Diego Police Recruitment and Retention Tactics

The San Diego Police has continued to see the unfortunate trend of losing 13 officers a month to competing agencies in the surrounding San Diego area. The current budget for the SDPD to reverse this trend has recently been increased by \$65,000, which covers the Recruiting Unit costs ranging from advertisements to promotional items. While this recent budget adjustment will be helpful with SDPD's recruitment efforts, the Mayor's office, the City's Communications Department, and SDPD's Recruiting Unit should work with a private organization to create a new comprehensive marketing plan to encourage a growth in applications.

Funding for the Arts Commission

In budget years where funding does not meet projections the arts are one of the first areas to see reductions. While the 9.5% of TOT funding level per Council Resolution 307760 will be difficult to achieve this budget year, maintaining the current arts funding level is important to the growth of our

community. The Arts Commission supports a variety of programs ranging from performing arts organizations to public art installations. The Commission has gone to great lengths to encompass additional arts organizations by offering programs such as non-profit management classes and supporting organizations who offer programs in 33 different schools throughout the City of San Diego. While tightening our belts is necessary to balance this year's budget, cutting funding to our arts organizations is not the responsible way to do it.

#### Homeless Outreach Services - \$500,000

Currently the City's primary homeless outreach service remains the San Diego Police Department Homeless Outreach Team. While the HOT team has proven to be effective, this single resource is not enough to deal with the volume of outreach necessary to help San Diego homeless population. To augment this service, individual organizations such as the Downtown Partnership, Hillcrest Business Association and others have directly hired outreach workers. This is a service that should be provided by the City to ensure resources are better aligned and can adequately meet the need.

#### Expansion of SMART Pilot Program

The SMART Program is an innovative program to help address the ongoing challenge of low-level misdemeanor offenders who cycle through the system without access to services, coordination of care, or meaningful incentives to engage with social service providers. Many are arrested, taken into custody and released, only to be arrested again before the original charge comes to trial. Funding this program not only benefits the youth of San Diego but is necessary for the health of San Diego.

#### Connect 2 Careers (\$750,000)

High youth unemployment has been shown to negatively impact public safety and health, community development, and business and economic development within the City. Connect 2 Careers works with San Diego youth to provide work readiness, job matching, and job placement for 16-24 year olds in San Diego and have seen their impact double each year. Connect 2 Careers has deep community connections, a team focused on assisting participants, and a web-portal which rivals similar programs. Ensuring the success of Connect 2 Careers provides a Citywide benefit and is necessary for the health of San Diego.

cc: Honorable Mayor Kevin Faulconer



THE CITY OF SAN DIEGO  
M E M O R A N D U M

DATE: May 16, 2017

TO: Honorable Council President Myrtle Cole and Members of the City Council

FROM: Scott Chadwick, Chief Operating Officer  
Mary Lewis, Chief Financial Officer  
Tracy McCraner, Financial Management Director

SUBJECT: May Revision to the Fiscal Year 2018 Proposed Budget

This memorandum presents the Mayor's recommended revisions (May Revision) to the Fiscal Year 2018 Proposed Budget. The May Revision is based on the most current financial information and economic assumptions available after the development of the Fiscal Year 2018 Proposed Budget. The May Revision contains recommended changes to the budget based on current year revenue and expenditure projections and adjustments to projects within the Capital Improvements Program (CIP). The May Revision continues to maintain core services and includes funding for additional critical strategic expenditures, such as a Police Department recruitment and retention study, staffing in the Office of the City Attorney, augmented one-time funding for the Commission for Arts & Culture allocation, and additional contributions to the City's General Fund Reserve.

The May Revision for the General Fund, has increased by \$14.6 million and 5.49 Full-Time Equivalent (FTE) positions over the Fiscal Year 2018 Proposed Budget. These additional expenditures and positions are supported by increases in ongoing revenue resulting from updated projections, minor reductions in ongoing expenditures, and one-time revenue from the use of fund balance in excess of reserves (Excess Equity). These updated projections are found in the Fiscal Year 2017 Year-End Budget Monitoring Report (Year-End Report), issued on May 16, 2017. Per the Year-End Report, approximately \$26.4 million in Excess Equity is projected, of which \$8.3 million was used in the Fiscal Year 2018 Proposed Budget and \$14.1 million in the May Revision, for a total of \$22.4 million to support one-time expenditures. The total projected Excess Equity after these recommendations is approximately \$4.0 million. It is important to note that these estimates reflect nine months of actual activity and three months of projections. Final numbers for Fiscal Year 2017 will not be available until the completion of the audited financial statements.

After incorporating all adjustments, the May Revision adheres to the City's Budget Policy, maintaining a structurally balanced budget, where ongoing expenditures are supported by ongoing revenues.

The following information provides a summary of significant adjustments to the Fiscal Year 2018 Proposed Budget. For a summary of all adjustments included in the May Revision refer to *Attachment 1*.

## Summary of the Fiscal Year 2018 General Fund May Revision

The May Revision for the General Fund represents an increase of \$482,093 in new revenue and \$14.1 million in additional Excess Equity for a total of \$14.6 million in new resources. These resources support \$14.6 million in expenditures over the Fiscal Year 2018 Proposed Budget for a total budget of \$1.42 billion.

	Expenditures	Resources <sup>1</sup>
FY 2018 Proposed Budget	\$ 1,408,838,014	\$ 1,408,838,014
FY 2018 May Revision	\$ 14,565,850	\$ 14,565,850
<b>Total Budget</b>	<b>\$ 1,423,403,864</b>	<b>\$ 1,423,403,864</b>

<sup>1</sup> Resources reflects the sum of revenue plus the use of Excess Equity

The following table provides a summary of the adjustments included in the May Revision for the General Fund by resources and expenditures. Furthermore, the table reflects that the May Revision maintains a structurally balanced budget as the combined May Revision and Fiscal Year 2018 Proposed Budget of \$57.4 million in one-time expenditures exceed the \$57.3 million in one-time resources, reflecting that ongoing expenditures are supported by ongoing revenues as required by the City's Budget Policy. For a list of all General Fund one-time resources and expenditures included in the Fiscal Year 2018 Proposed Budget and May Revision refer to *Attachment 2*.

Description	May Revision
<b>Ongoing Resources</b>	
Major General Fund Revenue	\$ 405,101
<b>One-Time Resources</b>	
Use of Excess Equity	\$ 14,083,757
Major General Fund Revenue	\$ 76,992
<b>Subtotal One-Time Resources</b>	<b>\$ 14,160,749</b>
<b>Total Resources</b>	<b>\$ 14,565,850</b>
<b>Ongoing Expenditures</b>	
Gas and Diesel Fuel Tax Adjustments	\$ 389,720
Domestic Violence Unit - 2.0 FTE Deputy City Attorney	\$ 288,706
Neighborhood Prosecution Unit - 1.0 FTE Deputy City Attorney	\$ 144,355
Earned Sick Leave and Minimum Wage Ordinance - 1.0 FTE Program Coordinator	\$ 133,671
Internal Controls Support - 1.0 FTE Accountant 3	\$ 91,715
Homelessness Committee - 0.5 FTE Council Committee Consultant	\$ 66,086
Parking Citation Administrative Hearing Program	\$ 50,000
Comprehensive Annual Financial Report Publishing Software	\$ 45,000
Reduction of Public Information Clerk offset by Account Clerk	\$ (25)

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Description	May Revision
Fringe Benefit Adjustments	\$ (24,815)
Franklin Ridge Pocket Park Adjustment	\$ (4,207)
Reduction of a Parking Citation Administrative Hearing Contract	\$ (150,000)
Self-Contained Breathing Apparatus Revised Debt Service Cost	\$ (206,204)
<b>Subtotal Ongoing Expenditures</b>	<b>\$ 824,002</b>
<b>One-Time Expenditures</b>	
Contributions to General Fund Reserves - FY 2019 Reserve Policy Target of 15.25%	\$ 10,317,576
Commission for Arts & Culture Funding	\$ 2,371,942
Littering and Graffiti Abatement Pilot Program	\$ 800,000
City Treasurer Information Technology Customer Projects	\$ 215,000
Police Officer Recruitment and Retention Study	\$ 150,000
Community Projects, Programs, and Services (CPPS) Funds	\$ 147,349
Police Chief Recruitment Services	\$ 100,000
Library Programming	\$ 100,000
Tree Plantings Contract	\$ 100,000
Transfer to the Infrastructure Fund (Charter Section 77.1)	\$ (225,519)
Self-Contained Breathing Apparatus - Revised Sales Tax and Face Mask Cost	\$ (334,500)
<b>Subtotal One-Time Expenditures</b>	<b>\$ 13,741,848</b>
<b>Total Expenditures</b>	<b>\$ 14,565,850</b>
<b>One-Time Expenditures (Fiscal Year 2018 Proposed Budget and May Revision)</b>	<b>\$ 57,372,767</b>
<b>One-Time Resources (Fiscal Year 2018 Proposed Budget and May Revision)</b>	<b>\$ 57,317,949</b>
<b>One-Time Expenditures Exceed One-Time Resources</b>	<b>\$ 54,818</b>

**Excess Equity**

As stated in the Year-End Report, the Fiscal Year 2017 Excess Equity is projected to be approximately \$26.4 million. Of this amount, \$8.3 million was included in the Fiscal Year 2018 Proposed Budget and \$14.1 million in the May Revision, for a total of \$22.4 million to support one-time expenditures. The total projected Excess Equity after these recommendations is \$4.0 million. As stated earlier, these estimates reflect nine months of actual activity and three months of projections and final numbers will not be available until the completion of the audited financial statements. For additional information on the projected Fiscal Year 2017 Excess Equity refer to the Year-End Report.

**Citywide Adjustments**

The following section summarizes May Revision adjustments with a citywide impact.

## **Infrastructure and Capital Improvement Adjustments**

On April 28, 2017 Governor Brown signed Senate Bill 1: The Road Repair and Accountability Act which addresses the funding shortfall that currently exists for the maintenance of State and local roadways. This bill, among other changes, increases the fuel tax by 12 cents per gallon for gasoline and 20 cents per gallon for diesel starting on November 1, 2017.

Based on the available forecasts provided by the State at the time the May Revision was developed, the City anticipates receiving an additional \$9.6 million in Fiscal Year 2018. Of the \$9.6 million, \$8.0 million is derived from the new taxes and fees and will be placed in the new Road Maintenance and Rehabilitation Fund. To be eligible to receive this new funding, the City must meet a State mandated minimum spending requirement. The remaining \$1.6 million will be collected in the City's existing Gas Tax Fund.

Final Senate Bill 1 revenue estimates from the State were not available when this report was developed. Any changes in revenues as a result of revised State estimates will be addressed on a future Fiscal Year 2018 Budget Monitoring Report.

Additionally, as a result of updated revenue projections, three revisions to projects funded by the Infrastructure Fund in the Fiscal Year 2018 Proposed Budget have been included in the May Revision:

- \$8.9 million of road repair previously supported by Infrastructure Funds has been reallocated to the Road Maintenance and Rehabilitation Fund;
- \$1.5 million for the modernization of elevators in the parking garage of the City Concourse previously supported by Infrastructure Funds has been reallocated to the Capital Outlay Fund; and
- Charter Section 77.1 revenue and expenditures have been reduced by \$225,519 as a result of updated major General Fund revenue projections.

As a result of the new fuel tax revenue and the adjustments described above, \$10.2 million is available for reallocation to new projects in the Infrastructure Fund. The new projects were selected using feedback from the budget review committee meetings and facility condition assessments. An overview of Infrastructure Fund projects are displayed in the table below.

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<b>Infrastructure Fund</b>	
<b>Project</b>	<b>May Revision</b>
CNG Fueling Station	\$ 1,230,000
Road Repairs (Slurry Seal Maintenance)	\$ 6,440,002
<b>New Infrastructure Fund Projects</b>	
Drainage Projects	\$ 5,632,560
City Facilities Improvements	\$ 2,000,000
Fire Station No. 22	\$ 1,000,000
SR94/Euclid Av Interchange	\$ 600,000
Avenida De La Playa Storm Drain	\$ 500,000
Pershing Middle School Joint Use Field Turf Replacement	\$ 423,985
<b>Total</b>	<b>\$ 17,826,547</b>

Additional details on the new Infrastructure Fund projects are provided below:

- Citywide Drainage Projects includes funding to support ongoing projects identified in the City's Watershed Asset Management Plan;
- City Facilities Improvements include HVAC replacements, improvements to Police stations, and new improvements identified in facilities condition assessment reports;
- Fire Station No.22, SR94/Euclid Av Interchange, and Avenida de la Playa Storm Drain funding based on immediate need; and
- Final payment to San Diego Unified School District for the City's share of the turf replacement at Pershing Middle School joint use field.

### **Fringe Benefits Adjustments**

The May Revision includes an increase of 5.98 FTE positions citywide. As a result, a citywide fringe benefit adjustment is required to ensure that the Actuarially Determined Contribution (ADC) pension payment to SDCERS, Other Post-Employment Benefits, Workers' Compensation, Risk Management Administration, Long-Term Disability, and Unemployment Insurance are correctly allocated to all funds and departments.

### **Gas and Diesel Fuel Adjustments**

The May Revision includes an increase in gas and diesel fuel expenditures of \$389,720 in the General Fund and \$188,484 in non-general funds related to the approval of Senate Bill 1, as discussed in the Infrastructure and Capital Improvement Adjustments section.

### **Departmental Adjustments**

The following section includes department or fund specific adjustments included in the May Revision. It should be noted that the amounts in the tables below include all departmental specific adjustments, as well as any citywide adjustments (e.g., Fringe Benefit Adjustments, Fuel Adjustments) completed in the department or fund. For a summary of all adjustments included in the May Revision refer to *Attachment 1*.

**General Fund****Major General Fund Revenues**

All major general Fund revenue projections for the May Revision have been updated based on the most recent economic indicators and current Fiscal Year 2017 Year-End revenue projections.

<b>FTE Adjustment</b>	<b>Expenditure Adjustment</b>	<b>Revenue Adjustment</b>
0.00	\$ -	\$ 482,093

**Property Tax Revenue**

Addition of \$2.4 million in Property Tax revenue primarily related to growth in Redevelopment Property Tax Trust Fund (RPTTF) distributions.

**Sales Tax Revenue**

Reduction of \$1.6 million in Sales Tax revenue primarily due to the removal one-time sales tax corrections in Fiscal Year 2017.

**Transient Occupancy Tax (TOT)**

Addition of \$51,600 in Transient Occupancy Tax revenue based on updated Fiscal Year 2017 receipts.

**Franchises Fee**

Reduction of \$726,335 in franchise fees revenue based on updated Fiscal Year 2017 receipts.

**Other Financial Sources & Uses**

Addition of \$341,207 in Other Financial Sources & Uses revenue. As part of the year-end process, funds are reviewed to determine if there are excess fund balances and/or funds are ready to close. This review resulted in an additional \$76,992 in revenue. Additionally, the May Revision includes \$264,215 in increased Tobacco Securitized and Refuse Collection Business Tax revenue based on updated Fiscal Year 2017 receipts.

**City Attorney**

<b>FTE Adjustment</b>	<b>Expenditure Adjustment</b>	<b>Revenue Adjustment</b>
3.00	\$ 431,958	\$ -

**Domestic Violence Unit**

Addition of 2.00 Deputy City Attorneys and total expenditures of \$288,706 in the Criminal Division to support the increase of domestic violence cases. These positions will expand resources to review and investigate incidents to respond to the growing number of domestic violence cases.

**Neighborhood Prosecution Unit**

Addition of 1.00 Deputy City Attorney and total expenditures of \$144,355 in the Community Justice Community Division to support the Neighborhood Prosecution Unit. This position will support public safety by assigning prosecutors to work directly with the City's police divisions.

**City Comptroller**

<b>FTE Adjustment</b>	<b>Expenditure Adjustment</b>	<b>Revenue Adjustment</b>
0.00	\$ 136,465	\$ -

**Accountant 3 for Internal Controls**

Addition of 1.00 Accountant 3 and total expenditures of \$91,715 to monitor lease revenue to ensure collections are maximized and providing internal controls over complex revenue generating lease and operating agreements in order to ensure the accuracy of collections to the City.

**Comprehensive Annual Financial Report Publishing Software**

Addition of \$45,000 in non-personnel expenditures for publishing software to improve controls over the development of the Comprehensive Annual Financial Report (CAFR).

**City Treasurer**

<b>FTE Adjustment</b>	<b>Expenditure Adjustment</b>	<b>Revenue Adjustment</b>
1.00	\$ 198,304	\$ -

**Earned Sick Leave and Minimum Wage Ordinance**

Addition of 1.00 Program Coordinator and total expenditures of \$133,671 for the administration and enforcement of the Earned Sick Leave and Minimum Wage ordinance. This position is necessary to conduct field investigations, settlement conferences, complaint review, and ensure compliance with the law.

**Delinquent Accounts System**

Addition of \$150,000 in one-time non-personnel expenditures to support the replacement of the existing delinquent accounts system which is at the end of its useful life.

**Citywide General Invoicing Application**

Addition of \$39,000 in one-time non-personnel expenditures for the implementation of a new Citywide General Invoicing Application. This new application will allow customers to make payments online.

**TOT/TMD Online Self Service System Enhancements**

Addition of \$26,000 in one-time non-personnel expenditures for enhancements to the Transient Occupancy Tax (TOT) & Tourism Marketing District (TMD) online self-service system. This enhancement will allow customers to update Transient Occupancy Tax account and certificate information online.

**Reduction of Public Information Clerk**

Reduction of 1.00 Public Information Clerk and total expenditures of \$25 to reflect the removal of this position from the Business Tax Section. The expenditures associated with this adjustment is offset by the restoration of 1.00 Account Clerk reduced in the Fiscal Year 2018 Proposed Budget.

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**Reduction of a Parking Citation Administrative Hearing Contract**

Reduction of \$150,000 in non-personnel expenditures associated with a contractual service related to the Parking Citation Administrative Hearing Program that will now be performed by the Purchasing & Contracting Department.

**Citywide Program Expenditures**

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 12,713,999	\$ -

**Contribution to the General Fund Reserve**

Addition of \$10.3 million in one-time non-personnel expenditures for the contribution to the General Fund Reserve to meet the Fiscal Year 2019 policy target level of 15.25 percent.

**Commission for Arts & Culture Funding**

Transfer of \$2.4 million in one-time non-personnel expenditures to the Transient Occupancy Tax Fund for the Commission for Arts & Culture allocation. With this transfer, the Commission for Arts & Culture allocation will total \$12.8 million in Fiscal Year 2018.

**Police Officer Recruitment and Retention Study**

Addition of \$150,000 in one-time non-personnel expenditures to support a consultant to prepare a data driven Police Officer recruitment and retention study and marketing plan.

**Police Chief Recruitment Services**

Addition of \$100,000 in one-time non-personnel expenditures to support a Police Chief executive recruitment.

**Transfer to the Infrastructure Fund**

Based on Charter Section 77.1 calculation requirements and updated major General Fund revenue projections, the transfer amount to the Infrastructure Fund has been reduced by \$225,519. The total transfer to the Infrastructure Fund is \$17.8 million and is based on the Major Revenues Increment calculation.

**Council Administration**

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.50	\$ 66,038	\$ -

**Homelessness Committee Consultant**

Addition of 0.50 Council Committee Consultant and total expenditures of \$66,086 to support to be established Homelessness Committee. This limited position is for Fiscal Year 2018 only and will assist the new Committee in developing initiatives to reduce homelessness in the City.

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FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 147,079	\$ -

**Community Projects, Programs, and Services Adjustment**

Addition of \$147,349 in the Council Districts' budgets for Community Projects, Programs, and Services (CPPS) based on the estimated savings from the Fiscal Year 2017 Council Districts' budgets as detailed in the Year-End Report.

**Environmental Services**

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 929,587	\$ -

**Littering and Graffiti Abatement Pilot Program**

Addition of \$800,000 in one-time non-personnel expenditures for a littering and graffiti abatement pilot program. The pilot program will include contractual and City services to address littering and graffiti abatement at targeted locations throughout the City.

**Fire-Rescue**

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ (528,722)	\$ -

**Self-Contained Breathing Apparatus**

Reduction of \$540,704 in non-personnel expenditures due to revised estimates in debt service, sales tax, and equipment associated with the replacement of self-contained breathing apparatus equipment.

**Library**

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 99,272	\$ -

**Library Programming**

Addition of \$100,000 in one-time non-personnel expenditures to support programming throughout the Library system.

**Park & Recreation**

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
(0.01)	\$ 182,475	\$ -

**Horton Plaza Park Security**

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Transfer of \$150,000 in non-personnel expenditures from the Public Works Department to the Park & Recreation Department for security services at Horton Plaza Park.

**Franklin Ridge Pocket Park Adjustment**

Reduction of 0.01 Grounds Maintenance Worker 2 and total expenditures of \$4,207 related to the Franklin Ridge Pocket Park. This park is anticipated to be operational in a future fiscal year.

**Public Works**

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ (142,356)	\$ -

**Horton Plaza Park Security**

Transfer of \$150,000 in non-personnel expenditures from the Public Works Department to the Park & Recreation Department for security services at Horton Plaza Park.

**Purchasing & Contracting**

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 49,828	\$ -

**Parking Citation Administrative Hearing Program**

Addition of \$50,000 in non-personnel expenditures to support the Parking Citation Administrative Hearing Program. This addition is associated with the transfer of the Parking Citations Administrative Hearing Program from the Office of the Treasurer to the Purchasing & Contracting Department.

**Transportation & Storm Water**

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 182,607	\$ -

**Tree Planting Contract**

Addition of \$100,000 in one-time non-personnel expenditures for tree planting services. This addition will allow for the planting of approximately 600 new trees for a total of 1200 trees in support of the City's Climate Action Plan.

**Non-General Funds**

The May Revision for the non-general funds increased expenditures by \$6.8 million and 0.49 FTE positions. The following describes the significant adjustments within each non-general fund.

**Concourse and Parking Garages Operating Fund**

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 25,506	\$ 25,512

**Naturalization Ceremonies**

Addition of \$25,512 in expenditures and \$25,512 in revenue for services at Golden Hall for naturalization ceremonies. This addition will support the increased attendance of naturalization ceremonies.

**Development Services Fund**

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ (1,767)	\$ 1,106,395

**Revised Revenue**

Addition of \$1.1 million in revenue based on the Council-approved consumer price index (CPI) adjustment to review and inspection service fees.

**Fleet Services Operating Fund**

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 591,188	\$ 564,319

**Senate Bill 1 Fuel Adjustments**

Addition of \$578,204 in expenditures and \$564,319 in revenue to reflect revised gas and diesel fuel costs related to the approval of Senate Bill 1, as discussed in the Infrastructure and Capital Improvement Adjustments section.

**Gas Tax**

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 7,164,316	\$ 7,164,316

**Gas Tax Fund Projects**

Addition of \$1.6 million in non-personnel expenditures and \$1.6 million in revenue due to the allocation from Senate Bill 1 for road repairs.

**Prop 42 Replacement – Transportation Relief Fund Transfer**

Transfer of \$5.6 million in non-personnel expenditures and associated revenue from the Prop 42 Replacement Transportation Relief Fund to the Gas Tax Fund for Fiscal Year 2018 due to Senate Bill 1.

**Infrastructure Fund**

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FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ (8,882,064)	\$ (225,519)

**Reallocation of Infrastructure Fund Projects**

Reallocation of \$8.9 million in operating Infrastructure Fund projects to CIP, as discussed in the Infrastructure and Capital Improvement Adjustments section.

**Maintenance Assessment District (MAD) Funds**

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.49	\$ 13,234	\$ -

**Maintenance Assessment District (MAD) Funds Adjustment**

Addition of 0.49 FTE positions and a total of \$12,702 in non-personnel expenditures for various MAD Funds due to revised expenditure projections for Fiscal Year 2018.

**Prop 42 Replacement – Transportation Relief Fund**

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ (5,571,972)	\$ (5,571,972)

**Prop 42 Replacement – Transportation Relief Fund Transfer**

Transfer of \$5.6 million in non-personnel expenditures and associated revenue from the Prop 42 Replacement Transportation Relief Fund to the Gas Tax Fund for Fiscal Year 2018 due to Senate Bill 1.

**Public Art Fund**

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 313,716	\$ 313,716

**Public Art Fund**

Addition of \$313,716 in non-personnel expenditures and \$313,716 in revenue for Arts, Culture, and Community Festivals allocation from the Transient Occupancy Tax (TOT) Fund to the Public Art Fund to support artwork repair, conservation, installation, and other professional art collections management practices.

**QUALCOMM Stadium Operations Fund**

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ (256)	\$ (934,500)

**Revised Revenue**

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Honorable Councilmembers

May 16, 2017

Reduction of \$934,500 in revenue as a result of a renewed contract with the primary food, beverage, and merchandise service provider at Qualcomm Stadium following the termination of the lease agreement between the City and the Los Angeles Chargers.

**Refuse Disposal Fund**

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 15,026	\$ (807,434)

**Illegal Dumping Abatement Program**

Reduction of \$807,434 in revenue associated with the General Fund subsidy of the Illegal Dumping Abatement Program in the Refuse Disposal Fund. This is a technical correction as the General Fund expenditure reduction was included in the Fiscal Year 2018 Proposed Budget.

**Road Maintenance and Rehabilitation Fund**

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 8,025,413	\$ 8,025,413

**Road Maintenance and Rehabilitation Fund Projects**

Addition of \$8.0 million in non-personnel expenditures and \$8.0 million in revenue due to the allocation from Senate Bill 1 for road repairs.

**Successor Agency Admin & Project - CivicSD Fund**

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ (637,344)	\$ (637,344)

**Successor Agency Funding Adjustment**

Reduction of \$637,344 in non-personnel expenditures and \$637,344 in revenue to reflect the anticipated Successor Agency Administration and Project Management budget allocated to Civic San Diego for Fiscal Year 2018.

**Transient Occupancy Tax Fund**

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 2,371,900	\$ 2,447,359

**Commission for Arts & Culture Funding**

Addition of \$2.4 million in one-time revenue and one-time non-personnel expenditures for the Commission for Arts & Culture allocation. With this transfer, the Commission for Arts & Culture allocation will total \$12.8 million in Fiscal Year 2018.

**Revised Revenue**

Addition of \$75,417 in Transient Occupancy Tax Fund revenue based on updated Fiscal Year 2017 receipts.

**ATTACHMENT D**

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Honorable Councilmembers

May 16, 2017

The May Revision includes *Attachment 3* (Excerpt from Council Policy 100-03: Transient Occupancy Tax) and *Attachment 4* (Transient Occupancy Tax Fund Allocations) for Fiscal Year 2018. Council Policy 100-03 directs the distribution and appropriation of Transient Occupancy Tax funds.

**Water Utility Operating Fund**

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 3,287,404	\$ -

**Commercial Paper Program**

Addition of \$3.2 million in non-personnel expenditures in support of the Commercial Paper Program.

**Capital Improvements Program**

Adjustments to capital improvement projects are primarily due to the identification of additional funding and adjustments to bring project budgets in line with revised project schedules. The Fiscal Year 2018 May Revision CIP adjustments total a net increase of \$30.2 million to the Fiscal Year 2018 Proposed CIP Budget. Significant adjustments include:

- \$8.7 million reallocation from the Infrastructure Fund for road repair to other CIP projects. These road repairs will now be funded by the Gas Tax Fund and the Road Maintenance and Rehabilitation Fund as a result of Senate Bill 1;
- \$1.5 million reallocation from the Infrastructure Fund for the modernization of elevators in the parking garage of the City Concourse to other CIP projects. The elevator modernization project is now funded by the Capital Outlay Fund;
- \$21.8 million for projects as a result of new Development Impact Fee and Facilities Benefit Assessment revenue; and
- \$2.9 million reduction in Public Utilities projects as a result of revised schedules and cost estimates.

*Attachment 5* – FY 2018 CIP May Revision Adjustments provides an itemized list of the changes by project along with a brief description of each change.

**FY 2018 Planned Construction Contracts**

The list of capital projects anticipated to move forward to bid and award construction contracts during Fiscal Year 2018 has been updated as shown in *Attachment 6* – FY 2018 Planned Construction Contracts List.

**Attachments:**

1. FY 2018 May Revision Summary Table
2. FY 2018 One-Time Resources and Expenditures List
3. Excerpt from Council Policy 100-03: Transient Occupancy Tax
4. FY 2018 Transient Occupancy Tax Fund Allocation

**ATTACHMENT D**

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Honorable Councilmembers

May 16, 2017

5. FY 2018 CIP May Revision Adjustments
6. FY 2018 Planned Construction Contracts List

cc: Honorable Mayor Kevin L. Faulconer  
Stacey LoMedico, Assistant Chief Operating Officer  
Stephen Puetz, Chief of Staff, Office of the Mayor  
Mike Hansen, Deputy Chief of Staff and Chief of Policy, Office of the Mayor  
Felipe Monroig, Deputy Chief of Staff/Community Engagement, Office of the Mayor  
Jessica Lawrence, Director of Budget and Finance Policy, Office of the Mayor  
Marshall Anderson, Director of Council Affairs, Office of the Mayor  
David Graham, Deputy Chief Operating Officer, Neighborhood Services  
Ronald H. Villa, Deputy Chief Operating Officer, Internal Operations  
Paz Gomez, Deputy Chief Operating Officer, Infrastructure / Public Works  
Andrea Tevlin, Independent Budget Analyst  
Matthew Vespi, Deputy Director, Financial Management  
Department Directors / Assistant Directors  
Deputy Directors / Assistant Deputy Directors  
Department Analysts  
Financial Management Staff

FY 2018 MAY REVISION SUMMARY TABLE

ATTACHMENT 1

GENERAL FUND		FTE	PE	NPE	EXP	REV
DEPARTMENT	BUDGET ADJUSTMENT					
City Attorney	Domestic Violence Unit	2.00	\$ 288,706	\$ -	\$ 288,706	\$ -
	Neighborhood Prosecution Unit	1.00	\$ 144,355	\$ -	\$ 144,355	\$ -
	Gas and Diesel Fuel Adjustments	-	\$ -	\$ 106	\$ 106	\$ -
	Fringe Benefit Adjustment	-	\$ (1,209)	\$ -	\$ (1,209)	\$ -
<b>City Attorney Total</b>		<b>3.00</b>	<b>\$ 431,852</b>	<b>\$ 106</b>	<b>\$ 431,958</b>	<b>\$ -</b>
City Auditor	Fringe Benefit Adjustment	-	\$ (66)	\$ -	\$ (66)	\$ -
<b>City Auditor Total</b>		<b>-</b>	<b>\$ (66)</b>	<b>\$ -</b>	<b>\$ (66)</b>	<b>\$ -</b>
City Clerk	Fringe Benefit Adjustment	-	\$ (135)	\$ -	\$ (135)	\$ -
<b>City Clerk Total</b>		<b>-</b>	<b>\$ (135)</b>	<b>\$ -</b>	<b>\$ (135)</b>	<b>\$ -</b>
City Comptroller	Accountant 3 for Internal Controls	1.00	\$ 91,715	\$ -	\$ 91,715	\$ -
	Comprehensive Annual Financial Report Publishing	-	\$ -	\$ 45,000	\$ 45,000	\$ -
	Software	-	\$ -	\$ -	\$ (250)	\$ -
	Fringe Benefit Adjustment	-	\$ (250)	\$ -	\$ -	\$ -
<b>City Comptroller Total</b>		<b>1.00</b>	<b>\$ 91,465</b>	<b>\$ 45,000</b>	<b>\$ 136,465</b>	<b>\$ -</b>
City Treasurer	Delinquent Accounts System	-	\$ -	\$ 150,000	\$ 150,000	\$ -
	Earned Sick Leave and Minimum Wage Ordinance	1.00	\$ 132,471	\$ 1,500	\$ 133,671	\$ -
	Citywide General Invoicing Application	-	\$ -	\$ 39,000	\$ 39,000	\$ -
	TOT/TMD Online Self Service System Enhancements	-	\$ -	\$ 26,000	\$ 26,000	\$ -
	Reduction of Public Information Clerk	-	\$ (25)	\$ -	\$ (25)	\$ -
	Fringe Benefit Adjustment	-	\$ (342)	\$ -	\$ (342)	\$ -
	Reduction of a Parking Citation Administrative Hearing Contract	-	\$ -	\$ (150,000)	\$ (150,000)	\$ -
<b>City Treasurer Total</b>		<b>1.00</b>	<b>\$ 131,804</b>	<b>\$ 66,500</b>	<b>\$ 198,304</b>	<b>\$ -</b>
Citywide Program Expenditures	Contribution to the General Fund Reserve	-	\$ -	\$ 10,317,576	\$ 10,317,576	\$ -
	Commission for Arts & Culture Funding	-	\$ -	\$ 2,371,942	\$ 2,371,942	\$ -
	Police Officer Recruitment and Retention Study	-	\$ -	\$ 150,000	\$ 150,000	\$ -
	Police Chief Recruitment Services	-	\$ -	\$ 100,000	\$ 100,000	\$ -
	Transfer to Infrastructure Fund	-	\$ -	\$ (225,519)	\$ (225,519)	\$ -
<b>Citywide Program Expenditures Total</b>		<b>-</b>	<b>\$ -</b>	<b>\$ 12,713,999</b>	<b>\$ 12,713,999</b>	<b>\$ -</b>
Communications	Gas and Diesel Fuel Adjustments	-	\$ -	\$ 35	\$ 35	\$ -
	Fringe Benefit Adjustment	-	\$ (87)	\$ -	\$ (87)	\$ -
<b>Communications Total</b>		<b>-</b>	<b>\$ (87)</b>	<b>\$ 35</b>	<b>\$ (52)</b>	<b>\$ -</b>
Council Administration	Homelessness Committee Consultant	0.50	\$ 66,086	\$ -	\$ 66,086	\$ -
	Fringe Benefit Adjustment	-	\$ (48)	\$ -	\$ (48)	\$ -
<b>Council Administration Total</b>		<b>0.50</b>	<b>\$ 66,038</b>	<b>\$ -</b>	<b>\$ 66,038</b>	<b>\$ -</b>
Council District 1	Community Projects, Programs, and Services Adjustment	-	\$ -	\$ 81,269	\$ 81,269	\$ -
	Fringe Benefit Adjustment	-	\$ (30)	\$ -	\$ (30)	\$ -
<b>Council District 1 Total</b>		<b>-</b>	<b>\$ (30)</b>	<b>\$ 81,269</b>	<b>\$ 81,239</b>	<b>\$ -</b>
Council District 2	Fringe Benefit Adjustment	-	\$ (30)	\$ -	\$ (30)	\$ -
	Community Projects, Programs, and Services Adjustment	-	\$ -	\$ (20,138)	\$ (20,138)	\$ -
<b>Council District 2 Total</b>		<b>-</b>	<b>\$ (30)</b>	<b>\$ (20,138)</b>	<b>\$ (20,168)</b>	<b>\$ -</b>
Council District 3	Community Projects, Programs, and Services Adjustment	-	\$ -	\$ 80,660	\$ 80,660	\$ -
	Fringe Benefit Adjustment	-	\$ (30)	\$ -	\$ (30)	\$ -
<b>Council District 3 Total</b>		<b>-</b>	<b>\$ (30)</b>	<b>\$ 80,660</b>	<b>\$ 80,630</b>	<b>\$ -</b>
Council District 4	Community Projects, Programs, and Services Adjustment	-	\$ -	\$ 42,593	\$ 42,593	\$ -
	Fringe Benefit Adjustment	-	\$ (30)	\$ -	\$ (30)	\$ -
<b>Council District 4 Total</b>		<b>-</b>	<b>\$ (30)</b>	<b>\$ 42,593</b>	<b>\$ 42,563</b>	<b>\$ -</b>
Council District 5	Fringe Benefit Adjustment	-	\$ (30)	\$ -	\$ (30)	\$ -
	Community Projects, Programs, and Services Adjustment	-	\$ -	\$ (1,490)	\$ (1,490)	\$ -
<b>Council District 5 Total</b>		<b>-</b>	<b>\$ (30)</b>	<b>\$ (1,490)</b>	<b>\$ (1,520)</b>	<b>\$ -</b>

ATTACHMENT D

**FY 2018 MAY REVISION SUMMARY TABLE**

ATTACHMENT 1

GENERAL FUND		FTE	PE	NPE	EXP	REV
DEPARTMENT	BUDGET ADJUSTMENT					
Council District 6	Community Projects, Programs, and Services Adjustment	-	\$ -	\$ 15,107	\$ 15,107	\$ -
	Fringe Benefit Adjustment	-	\$ (30)	\$ -	\$ (30)	\$ -
Council District 6 Total		-	\$ (30)	\$ 15,107	\$ 15,077	\$ -
Council District 7	Fringe Benefit Adjustment	-	\$ (30)	\$ -	\$ (30)	\$ -
	Community Projects, Programs, and Services Adjustment	-	\$ -	\$ (57,920)	\$ (57,920)	\$ -
Council District 7 Total		-	\$ (30)	\$ (57,920)	\$ (57,950)	\$ -
Council District 8	Fringe Benefit Adjustment	-	\$ (30)	\$ -	\$ (30)	\$ -
	Community Projects, Programs, and Services Adjustment	-	\$ -	\$ (29,165)	\$ (29,165)	\$ -
Council District 8 Total		-	\$ (30)	\$ (29,165)	\$ (29,195)	\$ -
Council District 9	Community Projects, Programs, and Services Adjustment	-	\$ -	\$ 36,433	\$ 36,433	\$ -
	Fringe Benefit Adjustment	-	\$ (30)	\$ -	\$ (30)	\$ -
Council District 9 Total		-	\$ (30)	\$ 36,433	\$ 36,403	\$ -
Debt Management	Fringe Benefit Adjustment	-	\$ (60)	\$ -	\$ (60)	\$ -
Debt Management Services Total		-	\$ (60)	\$ -	\$ (60)	\$ -
Development Services	Fringe Benefit Adjustment	-	\$ (192)	\$ -	\$ (192)	\$ -
Development Services Total		-	\$ (192)	\$ -	\$ (192)	\$ -
Economic Development	Fringe Benefit Adjustment	-	\$ (266)	\$ -	\$ (266)	\$ -
Economic Development Total		-	\$ (266)	\$ -	\$ (266)	\$ -
Environmental Services	Littering and Graffiti Abatement Pilot Program	-	\$ -	\$ 800,000	\$ 800,000	\$ -
	Gas and Diesel Fuel Adjustments	-	\$ -	\$ 130,078	\$ 130,078	\$ -
	Fringe Benefit Adjustment	-	\$ (491)	\$ -	\$ (491)	\$ -
Environmental Services Total		-	\$ (491)	\$ 930,078	\$ 929,587	\$ -
Ethics Commission	Fringe Benefit Adjustment	-	\$ (15)	\$ -	\$ (15)	\$ -
Ethics Commission Total		-	\$ (15)	\$ -	\$ (15)	\$ -
Financial Management	Fringe Benefit Adjustment	-	\$ (106)	\$ -	\$ (106)	\$ -
Financial Management Total		-	\$ (106)	\$ -	\$ (106)	\$ -
Fire-Rescue	Gas and Diesel Fuel Adjustments	-	\$ -	\$ 9,127	\$ 9,127	\$ -
	Fringe Benefit Adjustment	-	\$ 2,855	\$ -	\$ 2,855	\$ -
	Self-Contained Breathing Apparatus	-	\$ -	\$ (540,704)	\$ (540,704)	\$ -
Fire-Rescue Total		-	\$ 2,855	\$ (531,577)	\$ (528,722)	\$ -
Human Resources	Fringe Benefit Adjustment	-	\$ (6,689)	\$ -	\$ (6,689)	\$ -
Human Resources Total		-	\$ (6,689)	\$ -	\$ (6,689)	\$ -
Infrastructure/Public Works	Fringe Benefit Adjustment	-	\$ (15)	\$ -	\$ (15)	\$ -
Infrastructure/Public Works Total		-	\$ (15)	\$ -	\$ (15)	\$ -
Internal Operations	Fringe Benefit Adjustment	-	\$ (5)	\$ -	\$ (5)	\$ -
Internal Operations Total		-	\$ (5)	\$ -	\$ (5)	\$ -
Library	Library Programming	-	\$ -	\$ 100,000	\$ 100,000	\$ -
	Gas and Diesel Fuel Adjustments	-	\$ -	\$ 263	\$ 263	\$ -
	Fringe Benefit Adjustment	-	\$ (991)	\$ -	\$ (991)	\$ -
Library Total		-	\$ (991)	\$ 100,263	\$ 99,272	\$ -
Major Revenues	Revised Revenue	-	\$ -	\$ -	\$ -	\$ 482,093
Major Revenues Total		-	\$ -	\$ -	\$ -	\$ 482,093
Neighborhood Services	Fringe Benefit Adjustment	-	\$ (19)	\$ -	\$ (19)	\$ -
Neighborhood Services Total		-	\$ (19)	\$ -	\$ (19)	\$ -
Office of Homeland Security	Fringe Benefit Adjustment	-	\$ 5	\$ -	\$ 5	\$ -
Office of Homeland Security Total		-	\$ 5	\$ -	\$ 5	\$ -
Office of the Assistant COO	Fringe Benefit Adjustment	-	\$ (36)	\$ -	\$ (36)	\$ -
Office of the Assistant COO Total		-	\$ (36)	\$ -	\$ (36)	\$ -

ATTACHMENT D

# FY 2018 MAY REVISION SUMMARY TABLE

ATTACHMENT 1

GENERAL FUND									
DEPARTMENT	BUDGET ADJUSTMENT			FTE	PE	NPE	EXP	REV	
Office of the Chief Financial Officer	Fringe Benefit Adjustment	-	\$	(6)	\$	-	\$	(6)	\$ -
Office of the Chief Financial Officer Total		-	\$	(6)	\$	-	\$	(6)	\$ -
Office of the Chief Operating Officer	Fringe Benefit Adjustment	-	\$	(18)	\$	-	\$	(18)	\$ -
Office of the Chief Operating Officer Total		-	\$	(18)	\$	-	\$	(18)	\$ -
Office of the IBA	Fringe Benefit Adjustment	-	\$	(30)	\$	-	\$	(30)	\$ -
Office of the IBA Total		-	\$	(30)	\$	-	\$	(30)	\$ -
Office of the Mayor	Fringe Benefit Adjustment	-	\$	(81)	\$	-	\$	(81)	\$ -
Office of the Mayor Total		-	\$	(81)	\$	-	\$	(81)	\$ -
Park & Recreation	Horton Plaza Park Security	-	\$	-	\$	150,000	\$	150,000	\$ -
	Gas and Diesel Fuel Adjustments	-	\$	-	\$	40,520	\$	40,520	\$ -
	Fringe Benefit Adjustment	(0.01)	\$	(3,838)	\$	-	\$	(3,838)	\$ -
	Franklin Ridge Pocket Park Adjustment	(0.01)	\$	(553)	\$	(3,654)	\$	(4,207)	\$ -
Park & Recreation Total		(0.01)	\$	(4,391)	\$	186,866	\$	182,475	\$ -
Performance & Analytics	Fringe Benefit Adjustment	-	\$	(45)	\$	-	\$	(45)	\$ -
Performance & Analytics Total		-	\$	(45)	\$	-	\$	(45)	\$ -
Personnel	Fringe Benefit Adjustment	-	\$	(198)	\$	-	\$	(198)	\$ -
Personnel Total		-	\$	(198)	\$	-	\$	(198)	\$ -
Planning	Fringe Benefit Adjustment	-	\$	(186)	\$	-	\$	(186)	\$ -
Planning Total		-	\$	(186)	\$	-	\$	(186)	\$ -
Police	Gas and Diesel Fuel Adjustments	-	\$	-	\$	116,315	\$	116,315	\$ -
	Fringe Benefit Adjustment	-	\$	(8,628)	\$	-	\$	(8,628)	\$ -
Police Total		-	\$	(8,628)	\$	116,315	\$	107,687	\$ -
Public Works - Contracts	Fringe Benefit Adjustment	-	\$	(60)	\$	-	\$	(60)	\$ -
Public Works - Contracts Total		-	\$	(60)	\$	-	\$	(60)	\$ -
Public Works - General Services	Gas and Diesel Fuel Adjustments	-	\$	-	\$	8,788	\$	8,788	\$ -
	Fringe Benefit Adjustment	-	\$	(1,084)	\$	-	\$	(1,084)	\$ -
	Horton Plaza Park Security	-	\$	-	\$	(150,000)	\$	(150,000)	\$ -
Public Works - General Services Total		-	\$	(1,084)	\$	(141,212)	\$	(142,296)	\$ -
Purchasing & Contracting	Parking Citation Administrative Hearing Program	-	\$	-	\$	50,000	\$	50,000	\$ -
	Fringe Benefit Adjustment	-	\$	(172)	\$	-	\$	(172)	\$ -
Purchasing & Contracting Total		-	\$	(172)	\$	50,000	\$	49,828	\$ -
Real Estate Assets	Fringe Benefit Adjustment	-	\$	(156)	\$	-	\$	(156)	\$ -
Real Estate Assets Total		-	\$	(156)	\$	-	\$	(156)	\$ -
Transportation & Storm Water	Tree Planting Contract	-	\$	-	\$	100,000	\$	100,000	\$ -
	Gas and Diesel Fuel Adjustments	-	\$	-	\$	84,488	\$	84,488	\$ -
	Fringe Benefit Adjustment	-	\$	(1,881)	\$	-	\$	(1,881)	\$ -
Transportation & Storm Water Total		-	\$	(1,881)	\$	184,488	\$	182,607	\$ -
Grand Total		5.49	\$	697,640	\$	13,868,210	\$	14,565,850	\$ 482,093

# FY 2018 MAY REVISION SUMMARY TABLE

ATTACHMENT 1

NON-GENERAL FUNDS									
FUND	BUDGET ADJUSTMENT	FTE	PE	NPE	EXP	REV			
Airports Fund	Gas and Diesel Fuel Adjustments Fringe Benefit Adjustment	-	\$ -	\$ 181	\$ 181	\$ -			
Airports Fund Total		-	\$ (63)	\$ -	\$ (63)	\$ -			
Central Stores Fund	Gas and Diesel Fuel Adjustments Fringe Benefit Adjustment	-	\$ -	\$ 1,684	\$ 1,684	\$ -			
Central Stores Fund Total		-	\$ (263)	\$ -	\$ (263)	\$ -			
City Employee's Retirement System Fund	Fringe Benefit Adjustment	-	\$ (485)	\$ -	\$ (485)	\$ -			
City Employee's Retirement System Fund Total		-	\$ (485)	\$ -	\$ (485)	\$ -			
Concourse and Parking Garages Operating Fund	Naturalization Ceremonies Fringe Benefit Adjustment	-	\$ -	\$ 25,512	\$ 25,512	\$ -			
Concourse and Parking Garages Operating Fund Total		-	\$ (6)	\$ -	\$ (6)	\$ -			
Development Services Fund	Gas and Diesel Fuel Adjustments Revised Revenue Fringe Benefit Adjustment	-	\$ -	\$ 22	\$ 22	\$ -			
Development Services Fund Total		-	\$ (1,789)	\$ -	\$ (1,789)	\$ -			
Energy Conservation Program Fund	Fringe Benefit Adjustment	-	\$ (72)	\$ -	\$ (72)	\$ -			
Energy Conservation Program Fund Total		-	\$ (72)	\$ -	\$ (72)	\$ -			
Engineering & Capital Projects Fund	Gas and Diesel Fuel Adjustments Fringe Benefit Adjustment	-	\$ -	\$ 980	\$ 980	\$ -			
Engineering & Capital Projects Fund Total		-	\$ (1,854)	\$ -	\$ (1,854)	\$ -			
Facilities Financing Fund	Revised Revenue Fringe Benefit Adjustment	-	\$ -	\$ -	\$ -	\$ (45)			
Facilities Financing Fund Total		-	\$ (45)	\$ -	\$ (45)	\$ (45)			
Fire/Emergency Medical Services Transport Program Fund	Fringe Benefit Adjustment	-	\$ (51)	\$ -	\$ (51)	\$ -			
Fire/Emergency Medical Services Transport Program Fund Total		-	\$ (51)	\$ -	\$ (51)	\$ -			
Fleet Services Operating Fund	Senate Bill 1 Fuel Adjustments Gas and Diesel Fuel Adjustments Fringe Benefit Adjustment	-	\$ -	\$ 578,204	\$ 578,204	\$ 564,319			
Fleet Services Operating Fund Total		-	\$ (901)	\$ -	\$ (901)	\$ -			
Gas Tax Fund	Prop 42 Replacement - Transportation Relief Fund Transfer Gas Tax Fund Projects	-	\$ -	\$ 5,571,972	\$ 5,571,972	\$ 5,571,972			
as Tax Fund Total		-	\$ -	\$ 1,592,344	\$ 1,592,344	\$ 1,592,344			
GIS Fund	Fringe Benefit Adjustment	-	\$ (6)	\$ -	\$ (6)	\$ -			
GIS Fund Total		-	\$ (6)	\$ -	\$ (6)	\$ -			
Golf Course Fund	Gas and Diesel Fuel Adjustments Fringe Benefit Adjustment	-	\$ -	\$ 99	\$ 99	\$ -			
Golf Course Fund Total		-	\$ (284)	\$ -	\$ (284)	\$ -			

FY 2018 MAY REVISION SUMMARY TABLE

ATTACHMENT 1

NON-GENERAL FUNDS									
FUND	BUDGET ADJUSTMENT	FTE	PE	NPE	EXP	REV			
Information Technology Fund	Fringe Benefit Adjustment	-	\$ 51	\$ -	\$ 51	\$ -			
Information Technology Fund Total		-	\$ 51	\$ -	\$ 51	\$ -			
Infrastructure Fund	Revenue Transfer	-	\$ -	\$ -	\$ -	\$ (225,519)			
	Reallocation of Infrastructure Fund Projects	-	\$ -	\$ (8,882,064)	\$ (8,882,064)	\$ -			
Infrastructure Fund Total		-	\$ -	\$ (8,882,064)	\$ (8,882,064)	\$ (225,519)			
Junior Lifeguard Program Fund	Fringe Benefit Adjustment	-	\$ (3)	\$ -	\$ (3)	\$ -			
Junior Lifeguard Program Fund Total		-	\$ (3)	\$ -	\$ (3)	\$ -			
Kensington Manor MAD	Maintenance Assessment District (MAD) Funds Adjustment	-	\$ -	\$ (2,000)	\$ (2,000)	\$ -			
Kensington Manor MAD Total		-	\$ -	\$ (2,000)	\$ (2,000)	\$ -			
Liberty Station/NTC MAD Fund	Maintenance Assessment District (MAD) Funds Adjustment	-	\$ -	\$ (5,000)	\$ (5,000)	\$ -			
Liberty Station/NTC MAD Fund Total		-	\$ -	\$ (5,000)	\$ (5,000)	\$ -			
Linda Vista Community MAD Fund	Maintenance Assessment District (MAD) Funds Adjustment	-	\$ -	\$ 1,300	\$ 1,300	\$ -			
Linda Vista Community MAD Fund Total		-	\$ -	\$ 1,300	\$ 1,300	\$ -			
Local Enforcement Agency Fund	Gas and Diesel Fuel Adjustments	-	\$ -	\$ 45	\$ 45	\$ -			
	Fringe Benefit Adjustment	-	\$ (15)	\$ -	\$ (15)	\$ -			
Local Enforcement Agency Fund Total		-	\$ (15)	\$ 45	\$ 30	\$ -			
Los Penasquitos Canyon Preserve Fund	Fringe Benefit Adjustment	-	\$ (6)	\$ -	\$ (6)	\$ -			
Los Penasquitos Canyon Preserve Fund Total		-	\$ (6)	\$ -	\$ (6)	\$ -			
Maintenance Assessment District (MAD) Management Fund	Non-Standard Hour Personnel Funding	0.49	\$ 12,702	\$ -	\$ 12,702	\$ -			
	Gas and Diesel Fuel Adjustments	-	\$ -	\$ 605	\$ 605	\$ -			
	Fringe Benefit Adjustment	-	\$ (73)	\$ -	\$ (73)	\$ -			
Maintenance Assessment District (MAD) Management Fund Total		0.49	\$ 12,629	\$ 605	\$ 13,234	\$ -			
Metropolitan Sewer Utility Fund	Gas and Diesel Fuel Adjustments	-	\$ -	\$ 5,956	\$ 5,956	\$ -			
	Fringe Benefit Adjustment	-	\$ (1,414)	\$ -	\$ (1,414)	\$ -			
Metropolitan Sewer Utility Fund Total		-	\$ (1,414)	\$ 5,956	\$ 4,542	\$ -			
Mission Hills Special Lighting MAD Fund	Maintenance Assessment District (MAD) Funds Adjustment	-	\$ -	\$ (2,500)	\$ (2,500)	\$ -			
Mission Hills Special Lighting MAD Fund Total		-	\$ -	\$ (2,500)	\$ (2,500)	\$ -			
Municipal Sewer Revenue Fund	Gas and Diesel Fuel Adjustments	-	\$ -	\$ 30,813	\$ 30,813	\$ -			
	Fringe Benefit Adjustment	-	\$ (2,047)	\$ -	\$ (2,047)	\$ -			
Municipal Sewer Revenue Fund Total		-	\$ (2,047)	\$ 30,813	\$ 28,766	\$ -			
OneSD Support Fund	Fringe Benefit Adjustment	-	\$ (81)	\$ -	\$ (81)	\$ -			
OneSD Support Fund Total		-	\$ (81)	\$ -	\$ (81)	\$ -			
Parking Meter Operations Fund	Gas and Diesel Fuel Adjustments	-	\$ -	\$ 506	\$ 506	\$ -			
	Fringe Benefit Adjustment	-	\$ (42)	\$ -	\$ (42)	\$ -			
Parking Meter Operations Fund Total		-	\$ (42)	\$ 506	\$ 464	\$ -			

**FY 2018 MAY REVISION SUMMARY TABLE**

ATTACHMENT 1

NON-GENERAL FUNDS									
FUND	BUDGET ADJUSTMENT	FTE	PE	NPE	EXP	REV			
PETCO Park Fund	Fringe Benefit Adjustment	-	\$ (3)	\$ -	\$ (3)	\$ -			
PETCO Park Fund Total		-	\$ (3)	\$ -	\$ (3)	\$ -			
Prop 42 Replacement - Transportation Relief Fund	Prop 42 Replacement - Transportation Relief Fund Transfer	-	\$ -	\$ (5,571,972)	\$ (5,571,972)	\$ (5,571,972)			
Prop 42 Replacement - Transportation Relief Fund Total		-	\$ -	\$ (5,571,972)	\$ (5,571,972)	\$ (5,571,972)			
Public Art Fund	Public Art Fund	-	\$ -	\$ 313,176	\$ 313,176	\$ 313,176			
Public Art Fund Total		-	\$ -	\$ 313,176	\$ 313,176	\$ 313,176			
Publishing Services Fund	Fringe Benefit Adjustment	-	\$ (30)	\$ -	\$ (30)	\$ -			
Publishing Services Fund Total		-	\$ (30)	\$ -	\$ (30)	\$ -			
QUALCOMM Stadium Operations Fund	Revised Revenue Fringe Benefit Adjustment	-	\$ -	\$ -	\$ -	\$ (934,500)			
QUALCOMM Stadium Operations Fund Total		-	\$ (256)	\$ -	\$ (256)	\$ -			
Recycling Fund	Gas and Diesel Fuel Adjustments Fringe Benefit Adjustment	-	\$ -	\$ 67,113	\$ 67,113	\$ -			
Recycling Fund Total		-	\$ (354)	\$ -	\$ (354)	\$ -			
Refuse Disposal Fund	Gas and Diesel Fuel Adjustments Illegal Dumping Abatement Program Fringe Benefit Adjustment	-	\$ -	\$ 15,460	\$ 15,460	\$ -			
Refuse Disposal Fund Total		-	\$ (434)	\$ -	\$ (434)	\$ -			
Risk Management Administration Fund	Fringe Benefit Adjustment	-	\$ (346)	\$ -	\$ (346)	\$ -			
Risk Management Administration Fund Total		-	\$ (346)	\$ -	\$ (346)	\$ -			
Road Maintenance and Rehabilitation	Road Maintenance and Rehabilitation Fund Projects	-	\$ -	\$ 8,025,413	\$ 8,025,413	\$ 8,025,413			
Road Maintenance and Rehabilitation Total		-	\$ -	\$ 8,025,413	\$ 8,025,413	\$ 8,025,413			
Seized Assets - Federal DOJ Fund	Gas and Diesel Fuel Adjustments	-	\$ -	\$ 111	\$ 111	\$ -			
Seized Assets - Federal DOJ Fund Total		-	\$ -	\$ 111	\$ 111	\$ -			
Successor Agency Admin & Project - CityCSD Fund	Successor Agency Funding Adjustment	-	\$ -	\$ (637,344)	\$ (637,344)	\$ (637,344)			
Successor Agency Admin & Project - CityCSD Fund Total		-	\$ -	\$ (637,344)	\$ (637,344)	\$ (637,344)			
Torrey Hills MAD Fund	Maintenance Assessment District (MAD) Funds Adjustment	-	\$ -	\$ (6,000)	\$ (6,000)	\$ -			
Torrey Hills MAD Fund Total		-	\$ -	\$ (6,000)	\$ (6,000)	\$ -			

# FY 2018 MAY REVISION SUMMARY TABLE

ATTACHMENT 1

NON-GENERAL FUNDS									
FUND	BUDGET ADJUSTMENT			FTE	PE	NPE	EXP	REV	
Transient Occupancy Tax Fund	Commission for Arts & Culture Funding			-	\$ -	\$ 2,371,942	\$ 2,371,942	\$ 2,371,942	
	Revised Revenue			-	\$ -	\$ -	\$ -	\$ 75,417	
	Fringe Benefit Adjustment			-	\$ (42)	\$ -	\$ (42)	\$ -	
Transient Occupancy Tax Fund Total				-	\$ (42)	\$ 2,371,942	\$ 2,371,900	\$ 2,447,359	
Underground Surcharge Fund	Fringe Benefit Adjustment			-	\$ (51)	\$ -	\$ (51)	\$ -	
Underground Surcharge Fund Total				-	\$ (51)	\$ -	\$ (51)	\$ -	
Water Utility Operating Fund	Commercial Paper Program			-	\$ -	\$ 3,240,000	\$ 3,240,000	\$ -	
	Gas and Diesel Fuel Adjustments			-	\$ -	\$ 49,581	\$ 49,581	\$ -	
	Fringe Benefit Adjustment			-	\$ (2,177)	\$ -	\$ (2,177)	\$ -	
Water Utility Operating Fund Total				-	\$ (2,177)	\$ 3,289,581	\$ 3,287,404	\$ -	
Wireless Communications Technology Fund	Gas and Diesel Fuel Adjustments			-	\$ -	\$ 1,443	\$ 1,443	\$ -	
	Fringe Benefit Adjustment			-	\$ (135)	\$ -	\$ (135)	\$ -	
Wireless Communications Technology Fund Total				-	\$ (135)	\$ 1,443	\$ 1,308	\$ -	
Grand Total				0.49	\$ (575)	\$ 6,801,467	\$ 6,800,892	\$ 11,469,676	
City Total				5.98	\$ 697,065	\$ 20,669,677	\$ 21,366,742	\$ 11,951,769	

<b>One-Time Resources</b>	
<b>FY 2018 Proposed Budget</b>	
Use of Pension Payment Stabilization Reserve	\$ 16,019,163
Use of Excess Equity	8,271,802
Transfer of Excess Workers Compensation Reserve for General Fund Reserve	7,038,799
Transfer from QUALCOMM Stadium Fund for Special Elections	3,500,000
Transfer of Excess Workers Compensation Reserve for Public Liability Reserve	3,127,665
Transfer from Concourse and Parking Garages Operating Fund	1,500,000
Infrastructure Asset Management Project Reimbursements	1,419,544
Reimbursement for National Incident Based Reporting System	1,172,244
Transfer of Vessel Replacement Plan Fund Balance	436,661
Fund Balance Used from Non-General Funds <sup>1</sup>	591,322
Major General Fund Revenue Adjustments	80,000
<b>FY 2018 Proposed Budget Subtotal</b>	<b>\$ 43,157,200</b>
<b>FY 2018 May Revision</b>	
Use of Excess Equity	\$ 14,083,757
Fund Balance Used from Non-General Funds	76,992
<b>FY 2018 May Revision Subtotal</b>	<b>14,160,749</b>
<b>Total</b>	<b>\$ 57,317,949</b>

<sup>1</sup> This line was updated since the release of the Fiscal Year 2018 Proposed Budget to reflect one-time revenue from excess fund balances in Non-General Funds.

<b>One-Time Expenditures</b>	
<b>FY 2018 Proposed Budget</b>	
Transfer to the Infrastructure Fund (Charter Section 77.1)	\$ 18,052,066
Contributions to General Fund Reserves	7,038,799
Special Election for Transient Occupancy Tax Ballot Initiative	5,000,000
Transfer to the Public Liability Reserve	3,127,665
Transfer to the Public Utilities Department for Low Flow Diversion Program Costs	3,031,776
Information Technology Network and Desktop Services	2,682,274
Executive Complex Rent	2,270,909
101 Ash Relocation Costs	2,100,000
Information Technology Discretionary Requests	1,532,504
Community Projects, Programs, and Services (CPPS) Funds	1,197,333
Sales Tax and Face Masks Related to Self-Contained Breathing Apparatus	1,067,500
Code Enforcement Abatement Fund Support	250,000
Transit Priority Area Parking Standards	250,000
Workforce Housing Density Program	250,000
Fire-Rescue APX Portable Radio Replacements	189,000
Infrastructure Asset Management (IAM) Expenditures	164,700
Police Property Room Relocation Costs	150,000
Horton Plaza Park Security Support	150,000
Formation of Otay Mesa Enhanced Infrastructure Financing District	145,000
Police Compensation Survey	100,000
Vehicles for New Park and Recreation Facilities	113,000
Fire-Rescue VHF Portable Radio Replacements	53,000
Vehicle in Support of Vernal Pool Habitat Conservation Plan	44,000
Sexual Harassment Prevention Training	40,000
Supplies for Administrative Appeals Hearing Program Staff	2,791
Use of Excess Long-Term Disability LTD Reserves for Operating Expense Relief	(1,420,567)
Deferred Capital 2A Bond Debt Service to Capital Outlay Fund	(3,950,831)
<b>FY 2018 Proposed Budget Subtotal</b>	<b>\$ 43,630,919</b>
<b>FY 2018 May Revision</b>	
Contributions to General Fund Reserves - FY 2019 Reserve Policy Target of 15.25%	\$ 10,317,576
Commission for Arts & Culture Funding	2,371,942
Littering and Graffiti Abatement Pilot Program	800,000
City Treasurer Information Technology Projects	215,000
Police Officer Recruitment and Retention Study	150,000
Community Projects, Programs, and Services (CPPS) Funds	147,349
Police Chief Recruitment Services	100,000
Library Programming	100,000
Tree Plantings Contract	100,000
Transfer to the Infrastructure Fund (Charter Section 77.1)	(225,519)
Self-Contained Breathing Apparatus - Revised Sales Tax and Face Mask Cost	(334,500)
<b>FY 2018 May Revision Subtotal</b>	<b>\$ 13,741,848</b>
<b>Total</b>	<b>\$ 57,372,767</b>

**Excerpt from Council Policy 100-03: Transient Occupancy Tax**

## Attachment A: General Requirements and Conditions

## Section B: Funding

1. Expenses must be both incurred and paid by an organization before the City will release funding to the organization, except as otherwise may be provided.
2. Expenses must be incurred during the City's fiscal year (July 1 - June 30) for which the program is funded, except as otherwise may be provided.
3. City funds may not be used for alcoholic beverages. In addition, City funds may not be used for travel, meals, lodging, or entertainment expenses, except as otherwise may be provided. Waivers to this provision will be considered for expenditures within the Economic Development Program categories. Organizations receiving waivers may use City funds for travel, meals, or lodging within the following parameters:
  - a. Travel – when use of public air carrier transport is required in order to perform the contractual scope of services to the City, City funds may be applied toward the equivalent of coach airfare only. City funds may not be applied toward any upgrades.
  - b. Meals – when provision of meals is required in order to perform the contractual scope of services to the City, City funds may be applied toward a maximum of \$50 per day per person for meals (excluding sales tax and a maximum 15% gratuity, which are also eligible expenses). This daily maximum is further limited by meal, as follows: \$10, \$15, and \$25 are the maximum City funds that can be applied toward breakfast, lunch, and dinner, respectively, per person. If alcoholic beverages are consumed with meals, they may not be paid for with City funds. In the event that meals are provided to individuals who are not members of the funded organization within the scope of a business development meeting, documentation containing the purpose of the meeting, the benefit to the City, and a list of attendees must be provided to the City in order for City funding to be utilized.

- c. Lodging – when out-of-town lodging is required in order to perform the contractual scope of services to the City, City funds may be applied toward the equivalent of the cost of a standard room in a business class hotel, or toward the conference rates of the host hotel when attending a conference.
  - d. Sponsorships – the City acknowledges the business requirement of event sponsorships by promotional organizations in order to market San Diego as a convention destination in a highly competitive market, and to attract businesses to the region. The primary objective of a funded organization's participation in such events is to gain exposure for San Diego and secure access to important decision makers representing prominent convention groups and businesses. Financial sponsorship of such events is an acceptable application of City funds. If alcoholic beverages are consumed during event sponsorships, they may not be paid for with City funds.
- 4. City funds will be used only to assist an organization in its annual operating program or in its sponsorship of special events. City funding will not be used for capital or equipment outlay, for the purchase of awards, trophies, gifts, or uniforms, nor for the buildup of reserves.
  - 5. Matching fund requirements will be determined by the appropriate application process as called for in the specific funding guidelines within each funding category, if applicable.
  - 6. Organizations requesting funds should possess, at a minimum, a three-year track record of operations. Annual requests for funding may be for one-time events or projects, though applicant organizations must have a three-year history.

## Fiscal Year 2018 Transient Occupancy Tax Fund Allocations

ORGANIZATION/PROGRAM	FY 18 Allocation
<b>Arts, Culture, and Community Festivals – Organizational Support</b>	
Art of Elan	13,775
ArtReach	7,368
Arts for Learning San Diego	76,713
Bach Collegium San Diego	32,112
Balboa Park Cultural Partnership	188,501
Balboa Park Online Collaborative	63,484
California Ballet Association	84,366
Camarada	9,004
Center for World Music	15,106
Choral Club of San Diego	5,000
Choral Consortium of San Diego	5,000
City Ballet	56,247
Classics for Kids	24,933
Culture Shock Dance Troupe	13,649
Cygnnet Theatre Company	119,228
Diversionsary Theater Productions	48,553
Fern Street Community Arts	10,401
Finest City Performing Art	29,916
Flying Leatherneck Historical Foundation	17,892
Gaslamp Quarter Historical Foundation	39,909
Intrepid Shakespeare Company	16,336
Japanese Friendship Garden Society of San Diego	90,498
La Jolla Historical Society	53,321
La Jolla Music Society	353,612
La Jolla Symphony and Chorus Association	40,975
Lambda Archives of San Diego	6,676
Library Association of La Jolla	68,412
Mainly Mozart	88,360
Malashock Dance & Company	33,524
Maritime Museum Association of San Diego	256,143
Media Arts Center San Diego	82,841
Mingei International	126,256
Mojalet Dance Collective	10,424
Moxie Theatre	10,199
Museum of Contemporary Art San Diego	288,467
Museum of Photographic Arts	118,310
NTC Foundation	82,698
Old Globe Theatre	317,834
Opera NEO	7,580
Outside the Lens	29,928
Pacific Arts Movement	47,889
Persian Cultural Center	31,468
Playwrights Project	33,186
Prophet World Beat Productions	26,082

## Fiscal Year 2018 Transient Occupancy Tax Fund Allocations

ORGANIZATION/PROGRAM	FY 18 Allocation
Putnam Foundation dba Timken Museum of Art	129,404
Resounding Joy	11,932
Reuben H Fleet Science Center	250,697
SACRA/PROFANA	8,864
San Diego Air & Space Museum	224,044
San Diego Art Institute	27,275
San Diego Automotive Museum	41,049
San Diego Ballet	37,655
San Diego Center for Jewish Culture	95,244
San Diego Children's Choir	39,242
San Diego Chinese Historical Society and Museum	23,644
San Diego Civic Youth Ballet	47,256
San Diego Dance Theater	32,080
San Diego Guild of Puppetry	7,486
San Diego Hall of Champions	79,008
San Diego Historical Society	164,039
San Diego Junior Theatre	66,920
San Diego Model Railroad Museum	40,025
San Diego Museum Council	17,365
San Diego Museum of Art	266,494
San Diego Museum of Man	168,641
San Diego Musical Theatre	60,750
San Diego Opera Association	292,995
San Diego Pro Arte Voices	5,000
San Diego Repertory Theatre	132,415
San Diego Society of Natural History	326,604
San Diego Symphony Orchestra Association	317,415
San Diego Watercolor Society	22,033
San Diego Women's Chorus	6,738
San Diego Writers, Ink	15,010
San Diego Young Artists Music Academy	16,494
San Diego Youth Symphony and Conservatory	97,751
Save Our Heritage Organisation	67,784
Scripps Ranch Theatre	15,638
So Say We All	7,359
The Aja Project	29,818
The New Children's Museum	138,873
The PGK Project	10,017
Theater and Arts Foundation of San Diego County	347,566
Veterans Memorial Center	7,721
Villa Musica	58,230
Westwind Brass	5,000
Women's History Reclamation Project	22,088
Youth Philharmonic Orchestra	5,000
<b>Arts, Culture, and Community Festivals - Organizational Support Total*</b>	<b>6,868,839</b>

## Fiscal Year 2018 Transient Occupancy Tax Fund Allocations

ORGANIZATION/PROGRAM	FY 18 Allocation
<b>Arts, Culture, and Community Festivals - Creative Communities San Diego</b>	
A Ship in the Woods Foundation	5,000
America's Finest City Dixieland Jazz Society	21,785
Armed Services YMCA of the USA - San Diego Branch	45,005
Balboa Park Conservancy	46,505
BAME Community Development Corporation	5,197
Bodhi Tree Concerts	5,000
Brazilian Institute for Arts & Culture	6,445
Cabrillo Festival Inc.	5,000
California Lawyers for the Arts	5,000
Collaborations: Teachers and Artists (CoTA)	5,000
Diamond Business Association Inc.	5,000
Hillcrest Business Improvement Association	9,607
Indian Fine Arts Academy of San Diego	14,665
Italian American Art and Cultural Association of San Diego	10,007
Jacobs & Cushman San Diego Food Bank	32,206
Karama	5,000
Karen Organization of San Diego	5,000
Kyoto Symposium Organization	26,020
La Maestra Family Clinic Inc.	5,000
Linda Vista Multi-Cultural Fair Inc.	5,000
Little Italy Association	12,957
Little Saigon San Diego Foundation	12,809
Mariachi Juvenil de San Diego	30,301
Mariachi Scholarship Foundation	12,746
Media Heritage Inc.	7,396
Musicians For Education Inc.	8,396
Ocean Beach Merchants Association Inc.	13,458
Pacific Beach Business Improvement Association	10,055
PASACAT Inc.	5,000
Point Loma Summer Concerts	7,290
Rancho de los Penasquitos Town Council	5,000
San Diego City College Foundation	5,000
San Diego Earth Day	22,286
San Diego Film Foundation	74,271
San Diego Lesbian Gay Bisexual Transgender Pride	192,339
San Diego Performing Arts League	5,000
San Diego Shakespeare Society	5,000
San Diego State University Research Foundation for KPBS	12,515
Sorrento Valley Town Council	5,000
TEDxSanDiego	6,478
The Bon Temps Social Club of San Diego	64,266
Torrey Pines Kiwanis Foundation	30,450
transcenDANCE Youth Arts Project	6,222
Via International	5,000

## Fiscal Year 2018 Transient Occupancy Tax Fund Allocations

ORGANIZATION/PROGRAM	FY 18 Allocation
Write Out Loud	5,000
<b>Arts, Culture, and Community Festivals - Creative Communities Total *</b>	<b>831,677</b>
<b>Commission for Arts &amp; Culture Augmentation</b>	<b>2,371,942</b>
<b>Citywide Economic Development</b>	
CleanTECH San Diego	35,000
CyberHive, Inc.	50,000
Downtown San Diego Partnership Foundation	50,000
EvoNexus (formerly CommNexus San Diego)	30,000
Hera Labs	30,000
LaunchBio, Inc.	25,000
Maritime Alliance Foundation	50,000
Mission Trails Regional Park Foundation, Inc.	45,000
<b>Citywide Economic Development Total</b>	<b>315,000</b>
<b>Economic Development and Tourism Support</b>	
Adams Avenue Business Association	50,000
Asian Business Association	32,078
Biocom Institute	50,000
Cabrillo National Monument Inc	50,000
City Heights Community Development Corporation	50,000
Hostelling International-American Youth Hostels	50,000
Japan Society of San Diego and Tijuana	50,000
National Veterans transition Services, Inc.	25,000
North Park Main Street	50,000
Old Town San Diego Chamber of Commerce	18,605
Otay Mesa Chamber of Commerce	50,000
Pacific Beach Town Council	10,265
Rosie Network	21,000
San Diego Diplomacy Council	50,000
South County Economic Development Council	50,000
Swedish-American Chamber of Commerce	12,830
Travelers Aid Society of San Diego	50,000
US Green Building Council SD Chapter	30,222
<b>Economic Development and Tourism Support Subtotal</b>	<b>700,000</b>
<b>Other</b>	
Business Expansion, Attraction, and Retention (BEAR)	515,000
Economic Development Program Administration	180,000
<b>Other Subtotal</b>	<b>695,000</b>
<b>Economic Development - Economic Development and Tourism Support Total</b>	<b>1,710,000</b>
*Funding award recommendations are tentative until June 30, 2017 because a variety of factors in the City's budget process can cause fluctuations in the numbers.	

# Capital Improvements Program (CIP)

## FY2018 May Revision

### Fire-Rescue

#### Fire Station No. 22 - Point Loma / S00787

Fund	Proposed	Change	Revised
100012 Infrastructure Fund	\$0	\$1,000,000	\$1,000,000

Infrastructure Funds have been added to this project as a result of increased cost estimates for construction.

### Library

#### Mission Hills-Hillcrest Library / S13022

Fund	Proposed	Change	Revised
400121 Uptown DIF	\$0	\$710,000	\$710,000
200209 Library System Improvement Fund	\$1,884,482	(\$710,000)	\$1,174,482

Development Impact Fees have been added to this project to free up Library System Improvement Funds that are needed for the San Ysidro Library.

#### San Ysidro Branch Library / S00802

Fund	Proposed	Change	Revised
200209 Library System Improvement Fund	\$0	\$710,000	\$710,000

Library System Improvement Funds have been added to this project as a result of increased cost estimates for construction.

### Park & Recreation

#### Beyer Park Development / S00752

Fund	Proposed	Change	Revised
400093 Otay Mesa-West	\$0	\$400,000	\$400,000

Facilities Benefit Assessments Funds have been added to this project to provide for environmental permitting of a new 12.6 acre community park.

#### Cesar Solis Community Park / S00649

Fund	Proposed	Change	Revised
400093 Otay Mesa-West	\$0	\$266,520	\$266,520
400856 Otay Mesa FBA	\$0	\$3,233,480	\$3,233,480

Facilities Benefit Assessments Funds have been added to this project for construction.

#### East Village Green Phase 1 / S16012

Fund	Proposed	Change	Revised
400122 Centre City DIF-Admin	\$0	\$5,500,000	\$5,500,000

Development Impact Fees have been added to this project to complete design and construction.

#### Egger/South Bay Community Park ADA Improvements / S15031

Fund	Proposed	Change	Revised
400125 Otay Mesa/Nestor Urb	\$0	\$1,100,000	\$1,100,000

Development Impact Fees have been added to this project for design of Americans with Disabilities Act (ADA) upgrades to play area and path of travel.

#### Hendrix Pond/Aviary Park / P18003

Fund	Proposed	Change	Revised
400086 Scripps Miramar Ranch	\$0	\$300,000	\$300,000

Facilities Benefit Assessments Funds has been added to this project for preliminary engineering. This is a newly added project for Fiscal Year 2018.

#### Hidden Trails Neighborhood Park / S00995

Fund	Proposed	Change	Revised
400093 Otay Mesa-West	\$0	\$400,000	\$400,000

Facilities Benefit Assessments Funds have been added to this project to continue design of a new 3.7 acre neighborhood park.

#### Ocean Beach Pier Condition Assessment / P18002

Fund	Proposed	Change	Revised
200402 Ocean Beach Pier	\$0	\$670,981	\$670,981

# Capital Improvements Program (CIP)

## FY2018 May Revision

Ocean Beach Pier Funds have been added to this project for for a condition assessment plan. This is a newly added project for Fiscal Year 2018.

### Pershing MidSch Joint Use Sythet Turf Replacement / S17007

Fund	Proposed	Change	Revised
100012 Infrastructure Fund	\$0	\$423,985	\$423,985

Infrastructure funding has been added to this project for the final reimbursement to the school district.

### Rancho Mission Neighborhood Park Play Area Upgrade / S15004

Fund	Proposed	Change	Revised
400116 Navajo Urban Comm	\$0	\$800,000	\$800,000

Development Impact Fees have been added to this project to complete construction of ADA upgrades to play area.

### Riviera Del Sol Neighborhood Park / S00999

Fund	Proposed	Change	Revised
400093 Otay Mesa-West	\$0	\$6,350,000	\$6,350,000

Facilities Benefit Assessments Funds have been added to this project to complete construction of a new 4.9 acre neighborhood park.

### Tubman Charter School JU Improvements / S13000

Fund	Proposed	Change	Revised
400127 College Area	\$0	\$150,000	\$150,000

Development Impact Fees have been added to this project for design of a 1.72 acre joint use park.

### Valencia Park Acquisition & Development / S11103

Fund	Proposed	Change	Revised
400864 Encanto Neighbor DIF	\$0	\$350,987	\$350,987

Development Impact Fees have been added to this project for construction of a new 0.46 acre park.

## Public Utilities

### 69th & Mohawk Pump Station / S12011

Fund	Proposed	Change	Revised
700010 Water Utility CIP	\$2,500,000	\$3,500,000	\$6,000,000

Water funding has been added to this project due to revised project schedule.

### Chollas Building / S11025

Fund	Proposed	Change	Revised
700010 Water Utility CIP	\$15,606,500	\$1,400,000	\$17,006,500

Water funding has been added to this project due to revised project schedule. This change will adjust the project budget to account for the phasing plan and moving the FY19 budget request to FY18. The total Design-Build contract of \$29,585,997 will not change.

### Groundwater Asset Development Program / ABM00001

Fund	Proposed	Change	Revised
700010 Water Utility CIP	\$400,000	\$300,000	\$700,000

Water funding has been added to this project due to revised project schedule.

# Capital Improvements Program (CIP)

## FY2018 May Revision

**Large Diameter Water Transmission PPL / AKA00003**

Fund	Proposed	Change	Revised
700010 Water Utility CIP	\$17,285,600	(\$942,200)	\$16,343,400

Water funding has been removed from this project due to revised project schedules.

**Lower Otay Reservoir Emer Outlet Improve / S00044**

Fund	Proposed	Change	Revised
700010 Water Utility CIP	\$200,000	(\$200,000)	\$0

Water funding has been removed from this project due to revised project schedules.

**MBC Equipment Upgrades / S17013**

Fund	Proposed	Change	Revised
700009 Metro Sewer CIP	\$0	\$400,000	\$400,000

Sewer funding has been added to this project that was previously planned to be executed as a sub-project of Metro Treatment Plants / ABO00001.

**Metro Treatment Plants / ABO00001**

Fund	Proposed	Change	Revised
700009 Metro Sewer CIP	\$4,250,000	(\$1,800,000)	\$2,450,000

Sewer funding has been reduced as a result of MBC Equipment Upgrades / S17013 and NCWRP Improvements to 30 mgd / S17012 being executed as standalone projects rather than sub-projects of this annual allocation.

**Morena Reservoir Outlet Tower Upgrade / S00041**

Fund	Proposed	Change	Revised
700010 Water Utility CIP	\$2,000,000	(\$2,000,000)	\$0

Water funding has been removed from this project due to revised project schedules.

**NCWRP Improvements to 30 mgd / S17012**

Fund	Proposed	Change	Revised
700009 Metro Sewer CIP	\$0	\$1,400,000	\$1,400,000

Sewer funding has been added to this project that was previously planned to be executed as a sub-project of Metro Treatment Plants / ABO00001.

**PS2 Power Reliability & Surge Protection / S00312**

Fund	Proposed	Change	Revised
700009 Metro Sewer CIP	\$14,024,768	(\$6,024,768)	\$8,000,000

Sewer funding has been removed from this project due to revised project schedule.

**Pump Station 64,65, Penasquitos, E Mission Gorge / ABP00003**

Fund	Proposed	Change	Revised
700008 Muni Sewer CIP	\$0	\$250,000	\$250,000

Sewer funding has been added to this project due to revised cost estimate.

**Pump Station Restorations / ABP00001**

Fund	Proposed	Change	Revised
700008 Muni Sewer CIP	\$1,000,000	\$200,000	\$1,200,000

Sewer funding has been added to this project due to revised project schedule.

**Recycled Water Systems Upgrades / AHC00004**

Fund	Proposed	Change	Revised
700010 Water Utility CIP	\$138,968	\$249,999	\$388,967

Water funding has been added to this project due to revised cost estimate.

**Tierrasanta (Via Dominique) Pump Station / S12040**

# Capital Improvements Program (CIP)

## FY2018 May Revision

Fund	Proposed	Change	Revised
700010 Water Utility CIP	\$6,211,186	\$284,810	\$6,495,996

Water funding has been added to this project due to revised cost estimate.

### Univerity Ave Pipeline Replacement / S11021

Fund	Proposed	Change	Revised
700010 Water Utility CIP	\$4,551,407	(\$250,000)	\$4,301,407

Water funding has been removed from this project due to revised project schedules.

### University Heights Wtr Tower Seismic Ret / S17006

Fund	Proposed	Change	Revised
700010 Water Utility CIP	\$698,000	\$665,000	\$1,363,000

Water funding has been added to this project due to revised project schedule.

### Upas St. Pipeline Replacement / S11022

Fund	Proposed	Change	Revised
700010 Water Utility CIP	\$600,000	\$250,000	\$850,000

Water funding has been added to this project due to revised project schedule.

### Water & Sewer Group Job 816 (W) / S13015

Fund	Proposed	Change	Revised
700010 Water Utility CIP	\$4,900,000	(\$574,492)	\$4,325,508

Water funding has been removed from this project due to revised cost estimate.

## Public Works - General Services

### City Facilities Improvements / ABT00001

Fund	Proposed	Change	Revised
400002 Capital Outlay-Misc Revenue	\$0	\$1,500,000	\$1,500,000
100012 Infrastructure Fund	\$1,500,000	\$500,000	\$2,000,000
400003 SD Unified School Dist-Cap Out	\$0	\$500,000	\$500,000
400855 Carmel Valley DIF	\$0	\$250,000	\$250,000

Capital Outlay funding has been added to fund the elevator project that was previously funded by the Infrastructure Fund. The original proposed \$1.5 million in the Infrastructure Fund plus an additional \$500,000 will be used to address facility deferred maintenance needs such as foundation repair and waterproofing, roof repair, HVAC replacement, and other needs identified in the facility condition assessments. Additionally, SD Unified School District funding has been added to replace the boilers at the Central Library. Finally, Development Impact Fees have been added to complete construction of Carmel Valley Rec. Center ADA Improvements.

## Transportation & Storm Water

### Alvarado Road Realignment / P18007

Fund	Proposed	Change	Revised
400116 Navajo Urban Community	\$0	\$1,000,000	\$1,000,000

Development Impact Fees have been added for preliminary engineering for the realignment of Alvarado Road to improve traffic flow at the I-8, Fairmount Ave and Mission Gorge Rd Interchange. This is a newly added project for Fiscal Year 2018.

### Avenida de la Playa Infrastructure-SD / S13018

Fund	Proposed	Change	Revised
100012 Infrastructure Fund	\$0	\$500,000	\$500,000

Infrastructure funds have been added to this project for construction.

### Drainage Projects / ACA00001

Fund	Proposed	Change	Revised
100012 Infrastructure Fund	\$0	\$5,632,560	\$5,632,560

# Capital Improvements Program (CIP)

## FY2018 May Revision

400115	Midway/Pacific Hwy Urban Comm	\$0	\$875,000	\$875,000
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Infrastructure funds have been added to this project for drainage improvement projects. Additionally, Development Impact Fees have been added to this project for upgrades to Pump Station D.

### SR94/Euclid Av Interchange Phase 2 / S14009

Fund	Proposed	Change	Revised
100012 Infrastructure Fund	\$0	\$600,000	\$600,000

Infrastructure funds been added to this project for construction.

### Traffic Signals - Citywide / AIL00004

Fund	Proposed	Change	Revised
400116 Navajo Urban Comm	\$0	\$11,000	\$11,000

Development Impact Fees have been added to this project for installation of a new traffic signal and street lighting system.

### Traffic Signals Modification / AIL00005

Fund	Proposed	Change	Revised
400116 Navajo Urban Comm	\$0	\$17,500	\$17,500
400121 Uptown Urban Comm	\$0	\$25,000	\$25,000
400125 Otay Mesa/Nestor Urb Comm	\$0	\$10,000	\$10,000
400128 Barrio Logan DIF	\$0	\$6,300	\$6,300
400864 Encanto Neighborhood DIF	\$0	\$17,500	\$17,500

Development Impact Fees have been added to this project for the installation of pedestrian countdown timers, audible pedestrian signals, street name signs, and accessibility improvements.

<b>Total CIP</b>	<b>\$77,750,911</b>	<b>\$30,209,162</b>	<b>\$107,960,073</b>
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Project	Project ID	Delivery Method	Estimated Construction Contract	Estimated Total Project Cost
<b>Airports</b>				
Brown Field	AAA00002			
Brown Field Runway 8L-26R Rehab Phase 2	B16150	Design Bid Build	5,800,000	7,500,000
<b>Airports Total</b>			<b>5,800,000</b>	<b>7,500,000</b>
<b>Environmental Services</b>				
Citywide Energy Improvements	ABT00003		29,000,000	30,000,000
City Heights Rec Center Improvements	B17040	Multiple Award Construction Contract	400,000	460,000
Martin Luther King Jr. Rec Center Improvements	B17037	Multiple Award Construction Contract	400,000	460,000
Mid City Division Police Sub-Station Improvements	B17039	Multiple Award Construction Contract	400,000	460,000
Southeastern Division Police Sub-Station Improvements	B17038	Multiple Award Construction Contract	400,000	460,000
Aerated Static Pile System	S16053	Design Build	4,000,000	5,000,000
Miramar Landfill Gas Recovery Improvements	S16052	Design Bid Build	5,200,000	6,400,000
Miramar Landfill Stormwater Improvements	S16054	Design Bid Build	5,800,000	7,000,000
West Miramar Landfill - Phase 2	S00774	Design Bid Build	2,400,000	3,000,000
<b>Environmental Services Total</b>			<b>48,000,000</b>	<b>53,240,000</b>
<b>Fire-Rescue</b>				
City Facilities Improvements	ABT00001			
Fire Station #8 Mission Hills	S10029	Design Bid Build	474,200	950,000
Fire Station 15 Expansion	S13011	Design Bid Build	499,507	850,000
North University City Fire Station 50	S13021	Design Build	8,042,000	14,000,000
<b>Fire-Rescue Total</b>			<b>9,015,707</b>	<b>15,800,000</b>
<b>Library</b>				
City Facilities Improvements	ABT00001			
Malcolm X Library Facility Repairs	B10038	Design Bid Build	710,594	1,075,994
Tierrasanta Library Expansion	S15011	Design Bid Build	708,500	975,000
<b>Library Total</b>			<b>1,419,094</b>	<b>2,050,994</b>
<b>Park &amp; Recreation</b>				
Balboa Park Golf Course	AEA00002			
Balboa Park GC Fuel Tank Installation	B12019	Design Bid Build	370,000	445,405
Coastal Erosion and Access	AGF00006			
Orchard Av, Capri by Sea & Old Salt Pool	B14073	Design Bid Build	290,000	495,000
Mission Bay Improvements	AGF00004			
Mission Bay Navigational Safety Dredging	B10163	Design Bid Build	3,215,000	6,999,627
Balboa Park Plaza de Panama	L17002	Design Bid Build	60,038,145	78,108,614
Balboa Pk West Mesa Comfort Stn Replace	S15036	Design Bid Build	35,574	1,492,574
Canyonside Community Park Improvements	S12004	Design Bid Build	711,548	1,000,841
Coast Blvd Walkway Improvements	S15001	Design Bid Build	296,000	690,000
El Cuervo Adobe Improvements	S14006	Design Bid Build	273,480	621,368
Encanto Community Pk Security Lighting Upgrade	S16017	Design Bid Build	239,560	404,560
Evans Pond Reclaimed Water Pipeline Inst	S13010	Design Bid Build	307,968	427,468
Gamma Street Mini-Park ADA Improvements	L16000.1	Design Bid Build	1,011,000	1,751,000
Guymon Park and Horton Elementary JU	S16045	Design Bid Build	2,337,025	3,000,000
Kelly St Neighborhood Pk Security Lighting Upgrade	S16016	Design Bid Build	85,000	150,000
Marie Widman Memorial Pk Sec Lighting	S16018	Design Bid Build	175,000	300,000
MB GC Cibhouse Demo/Prtbl Building Instl	S01090	Design Bid Build	1,013,882	1,400,000
Memorial Comm Pk Playground ADA Upgrades	S16020	Design Bid Build	1,738,887	2,438,887
Mission Bay Golf Course Renovation & Recon	S11010	Design Bid Build	2,100,000	2,960,000
MTRP Equestrian & Multi Use Staging Area	S14016	Design Bid Build	3,766,745	5,700,000
Olive Grove Community Park ADA Improvements	S15028	Design Bid Build	599,500	1,068,000
Park de L Cruz Community Center & Gym	S16059	Design Bid Build	8,600,000	10,550,000

Project	Project ID	Delivery Method	Estimated Construction Contract	Estimated Total Project Cost
Rancho Mission Neigh Pk Play Area Upgrade	S15004	Design Bid Build	792,000	1,274,695
Rancho Penasquitos Towne Centre Park Imp	S12003	Design Bid Build	118,500	175,000
Rolling Hills Neighborhood Park ADA Upgr	S15021	Design Bid Build	876,096	1,451,096
SD River Dredging Qualcomm Way to SR163	S00606	Design Bid Build	739,000	1,209,000
Silver Wing Pk Ballfield Lighting - Ph 2	S16051	Design Bid Build	858,139	1,138,617
Skyline Hills Community Park ADA Improvements	S15038	Design Bid Build	563,000	873,000
Skyline Hills Community Pk Security Lighting Upgrade	S16021	Design Bid Build	85,000	150,000
Sunset Cliffs Natural Park Hillside Improv. PH2	L16001.2	Design Bid Build	2,200,000	3,189,807
<b>Park &amp; Recreation Total</b>			<b>93,436,049</b>	<b>129,464,559</b>
<b>Public Utilities</b>				
Freeway Relocation	AKB00002			
Caltrans Pacific Beach PPL Central (W)	B12110	Design Bid Build	1,357,702	1,637,702
Large Diameter Water Transmission PPL	AKA00003			
16-in & Larger CI Wtr Main & Swr Repl(W)	B15134	Multiple Award Construction Contract	2,435,000	2,937,300
Mid City Pipeline Phase 2A	B17081	Design Bid Build	3,300,000	4,450,000
Miramar PL Segment Replacement	B15050	Design Bid Build	805,000	1,185,770
Otay 2nd Pipeline Phase 1	B14092	Design Bid Build	5,889,000	7,832,000
Main Replacements	AKB00003			
AC Water & Sewer Group 1013 (W)	B15156	Design Bid Build	7,140,000	9,520,000
AC Water & Sewer Group 1020 (W)	B15157	Design Bid Build	2,500,825	3,488,249
AC Water & Sewer Group 1024 (W)	B16082	Multiple Award Construction Contract	8,645,100	9,824,000
AC Water & Sewer Group 1026 (W)	B15001	Design Bid Build	4,061,000	5,414,700
AC Water Group 1012	B16177	Design Bid Build	5,207,943	7,142,943
CI - Water and Sewer Group Job 966 (W)	B12086	Design Bid Build	1,447,100	2,122,400
Remaining Small Diameter CI Water Ph 1	B15206	Design Bid Build	2,474,500	3,518,500
Water Group 967	B12058	Design Bid Build	489,000	795,000
Water Group 969	B14100	Design Bid Build	1,000,000	1,686,100
Water Group Job 952	B11048	Design Bid Build	2,952,000	4,082,681
Metro Treatment Plants	ABO00001			
SBWRP Valve Mster Sta & Loop Control Sys	B16132	Design Build	1,200,000	1,500,000
MWWD Trunk Sewers	AJB00001			
ROSE CANYON TS (RCTS) JOINT REPAIR	B11025	Design Bid Build	6,129,000	7,647,295
Pipeline Rehabilitation	AJA00002			
Pipeline Rehabilitation AK-1	B16109	Design Bid Build	4,244,340	5,199,832
Pipeline Rehabilitation AL-1	B16001	Design Bid Build	5,865,000	7,156,000
Pipeline Rehabilitation AN-1	B16135	Design Bid Build	5,465,000	6,664,800
Pipeline Rehabilitation AO-1	B16161	Design Bid Build	5,670,000	7,260,500
Pump Station Restorations	ABP00001			
SPS 13 14 16 25A & 85 Dual FM	B00501	Design Bid Build	3,095,480	3,646,480
SPS 23T - Reliability Improvements	B14131	Design Bid Build	1,179,861	1,592,861
SPS 76 Generator	B14168	Design Bid Build	41,500	75,000
Recycled Water Systems Upgrades	AHC00004			
Canyonside Recycled WPS Drain Relocation	B14170	Design Bid Build	382,276	751,389
Sewer Main Replacements	AJA00001			
16-in & Larger CI Wtr Main & Swr Repl(S)	B17059	Multiple Award Construction Contract	589,500	693,500
AC Water & Sewer Group 1013 (S)	B15147	Design Bid Build	912,000	1,216,000
AC Water & Sewer Group 1024 (S)	B16083	Multiple Award Construction Contract	1,798,600	2,043,800
AC Water & Sewer Group 1026 (S)	B15002	Design Bid Build	787,500	1,090,000
Buchanan Canyon Sewer B (UP)	B00429	Design Bid Build	3,487,493	4,965,574
Caltrans Pacific Beach PPL Central (S)	B12097	Design Bid Build	1,269,538	1,661,538
Priority Sewer Main Replacement Group 16	B16018	Multiple Award Construction Contract	8,336,427	12,592,494
SEWER GJ 798C	B00409	Design Bid Build	212,420	484,380
SEWER GROUP 786	B00421	Design Bid Build	8,430,499	10,906,573

Project	Project ID	Delivery Method	Estimated Construction Contract	Estimated Total Project Cost
SEWER GROUP JOB 830	B11019	Design Bid Build	411,400	604,000
Water and Sewer Group 967 (S)	B15145	Design Bid Build	64,000	100,000
Water and Sewer Group Job 966 (S)	B12085	Design Bid Build	1,221,700	1,711,100
Standpipe & Reservoir Rehabilitations	ABL00001			
Hodges Resv Hypolimnetic Oxygenation Sys	B15195	Design Build	2,792,051	3,600,000
Water Pump Station Restoration	ABJ00001			
Soledad Pump Station Upgrade	B11072	Design Bid Build	5,016,600	6,954,000
Water Treatment Plants	ABI00001			
Otay WTP Basin#1 Concrete Restoration	B17092	Design Bid Build	1,938,355	2,650,000
30th Street Pipeline Replacement	S12010	Design Bid Build	21,131,895	27,705,091
EMTS Boat Dock and Steam Line Relocation	S00319	Design Bid Build	1,547,325	2,018,535
Montezuma PPL/Mid City Pipeline Ph 2	S11026	Design Bid Build	21,543,000	28,955,000
University Heights Water Tower	S17006	Design Bid Build	803,000	1,148,000
WDSU - Reservoirs & Dams - Ph II	S11106	Design Build	10,000,000	12,049,028
<b>Public Utilities Total</b>			<b>175,269,930</b>	<b>230,280,115</b>
<b>Public Works - General Services</b>				
Americans with Disabilities Improvements	ABE00001			
William Heath Davis House ADA Accessibil	B15223	Design Bid Build	271,832	389,600
City Facility Improvements	ABT00001			
Pacific Beach Library Roof & HVAC	B16045	Design Build	295,000	700,000
Tierrasanta Rec Center Roof & HVAC	B16046	Design Build	1,701,850	1,830,480
<b>Public Works - General Services Total</b>			<b>2,268,682</b>	<b>2,920,080</b>
<b>Transportation &amp; Storm Water</b>				
Americans with Disabilities Improvements	ABE00001			
ADA APS GROUP 1E - BROADWAY	B16098	Design Bid Build	382,000	487,000
ADA APS GROUP 2E - Washington St	B16099	Design Bid Build	349,622	488,664
Redwood & 30th CR Obstruction DS	B13066	Design Bid Build	361,000	619,295
Bridge Rehabilitation	AIE00001			
Nimitz Bridge at NTC Rehabilitation	B15198	Design Bid Build	303,900	495,000
Voltaire St Bridge Rehab o/Nimitz Blvd	B00870	Design Bid Build	1,503,404	1,955,027
Drainage Projects	ACA00001			
4709 Clairemont Mesa Blvd SD Repl	B14126	Design Bid Build	555,298	804,223
Campus Point Dr (9900) Storm Drain Repl	B13016	Design Bid Build	740,000	1,300,000
Highland & Monroe Aves Storm Drain Repl	B12096	Design Bid Build	861,000	1,268,000
Industrial Ct Channel Replacement	B13118	Design Bid Build	222,000	497,000
Jamacha Drainage Channel Upgrade	B14078	Design Bid Build	1,568,000	2,495,000
Langmuir St (2252) SD Replacement	B12091	Design Bid Build	471,852	1,221,929
Lobrico Ct (615) Storm Drain	B13116	Design Bid Build	388,000	786,689
Rue Cheaumont (12275) Storm Drain Replac	B12031	Design Bid Build	708,849	1,534,095
Van Dyke Ave (4481) Storm Drain Replacement	B12034	Design Bid Build	506,000	927,167
Installation of City Owned Street Lights	AIH00001			
Citywide Street Lights GF Group 15	B15012	Design Bid Build	976,722	1,420,000
Minor Bike Facilities	AIA00001			
Bikeway Striping Improvements-Citywide	B14040	Design Bid Build	1,000	10,000
Camino del Este Path Xing Improvements	B13088	Design Bid Build	302,542	449,640
Resurfacing of City Streets	AID00005			
AC1701	B17094	Design Bid Build	10,000,000	11,000,000
AC1702	B17095	Design Bid Build	10,000,000	11,000,000
AC1703	B17096	Design Bid Build	4,000,000	4,500,000
School Traffic Safety Improvements	AIK00002			
31st St & Market St School Traffic Signal	B15014	Design Bid Build	294,000	377,000
Sidewalk Repair & Replacement	AIK00003			

Project	Project ID	Delivery Method	Estimated Construction Contract	Estimated Total Project Cost
Sidewalk Replacement Group 1603	B16029	Design Bid Build	871,500	900,000
Sidewalk Replacement Group 1604	B16030	Design Bid Build	888,960	918,000
Street Light Circuit Upgrades	AIH00002			
Pacific Beach 1 Street Light Circuit Replacement	B16119	Design Bid Build	1,398,026	1,600,029
Traffic Signals - Citywide	AIL00004			
36th St & El Cajon Bl Traffic Signal	B13138	Design Bid Build	252,993	330,000
4th Ave & Date St Traffic Signal	B13137	Design Bid Build	214,589	275,000
Beyer Bl @ Smythe Ave Traffic Signal	B14015	Design Bid Build	235,900	320,000
Division St @ Valencia Pky TS	B15008	Design Bid Build	206,155	275,000
Traffic Signals Modify & Modernize	AIL00005			
32nd & Norman Scott Rd TS Upgrade	B15005	Design Bid Build	240,000	300,000
Traffic Signal Upgrades Citywide FY14	B14048	Design Bid Build	875,583	1,063,283
Utilities Undergrounding Program	AID00001			
25th (SB) Street UUP (Coronado-SB to Grove) - 20A	B15088	Design Bid Build	30,600	36,000
32nd Street UUD (Market St - F St)	B13144	Design Bid Build	80,750	95,000
32nd Street UUP (Market to Imperial) - 20A	B15089	Design Bid Build	61,200	72,000
Altadena/Wightman/Winona-El Cajon UUD	B00850	Design Bid Build	236,187	277,867
Baker St/Shawnee Rd UUP (Morena to Shawnee)	B15090	Design Bid Build	91,800	108,000
Block 1M UUD (La Jolla 4)	B13151	Design Bid Build	316,800	396,000
Block 2S1 South Mission Beach UUD	B12067	Design Bid Build	363,800	428,000
Block 4-J1 UUD (Mid City)	B13152	Design Bid Build	324,000	405,000
Block 4N North Encanto UUD	B12055	Design Bid Build	360,050	577,000
Block 4Y UUP - CIP	B15087	Design Bid Build	891,650	1,049,000
Block 6DD Bay HO 3 UUD	B12065	Design Bid Build	359,400	568,000
Block 6DD1 UUD (Clairemont Mesa)	B13153	Design Bid Build	439,200	549,000
Block 7G2 UUP - CIP	B15085	Design Bid Build	822,800	968,000
Block 7O1 UUD (College Area)	B13154	Design Bid Build	388,800	486,000
Block 8C UUD (Greater Golden Hill)	B13155	Design Bid Build	345,600	1,209,601
Block 8R UUP - CIP	B15097	Design Bid Build	929,900	1,094,000
District 1 Block 1-J UUD	B00836	Design Bid Build	137,536	161,808
District 7 Block 7-A UUD	B00842	Design Bid Build	961,968	1,131,726
District 8 Block 8-B UUD	B00841	Design Bid Build	484,486	569,983
Euclid Ave UUD Streetlights (Euclid-Univ)	B11131	Design Bid Build	255,000	300,000
Fanuel St Pl Archer to Tourmaline UUD	B00721	Design Bid Build	69,740	82,047
Hancock Street UUP (Wetherby to Tourquoise) - 20A	B15096	Design Bid Build	53,550	63,000
Hilltop Drive UUP (Boundary to Toyne) - 20A	B15095	Design Bid Build	107,100	126,000
Howard Avenue UUD (Park Bl - I-805)	B13146	Design Bid Build	342,550	403,000
Mission Blvd UUP (Loring to Tourquoise) - 20A	B15094	Design Bid Build	76,500	90,000
Seminole Drive UUP (Stanley to Estelle) - 20A	B15093	Design Bid Build	38,250	45,000
Stlight Design & Install 30th St - Ocean Vw - K St	B12001	Design Bid Build	107,100	126,000
Wightman Street UUP (Chamoune to Euclid) - 20A	B15092	Design Bid Build	61,200	72,000
Watershed CIP	ACC00001			
Alamo, Salvation, 68th Street Basins LID	B14120	Design Bid Build	2,174,000	3,000,000
Ashley Falls Lg Scale Storm Flow Storage	B14007	Design Bid Build	710,000	1,257,170
Callado Rd Green St Infiltration BMP	B13198	Design Bid Build	1,000,000	1,650,000
Green Infrastructure Group 1014	B15104	Design Bid Build	2,332,543	3,053,190
Logan Heights LID (South)	B15051	Design Bid Build	2,000,000	3,000,000
S Crest Pk Infiltration for Chollas Crk	B10029	Design Bid Build	2,100,000	3,039,700
Bikeway Striping Improvements-Citywide	S00955	Design Bid Build	73,500	97,000
Carmel Country Road Low Flow Channel	S00969	Design Bid Build	1,681,500	2,712,000
Euclid Ave & Home Improvements	S00886	Design Bid Build	60,000	985,820
Otay Mesa Truck Route Phase 4	S11060	Design Bid Build	11,363,500	18,730,000
Torrey Pines Road Improvement Phase 2	S15023	Design Bid Build	1,300,000	1,600,000
Torrey Pines Road Slope Restoration	S00877	Design Bid Build	1,800,000	2,831,576

Project	Project ID	Delivery Method	Estimated Construction Contract	Estimated Total Project Cost
University Avenue Mobility	S00915	Design Bid Build	3,635,089	6,580,000
West Mission Bay Drive Bridge Over San Diego River	S00871	Design Bid Build	100,000,000	126,563,017
<b>Transportation &amp; Storm Water Total</b>			<b>178,646,544</b>	<b>236,205,546</b>
<b>Total</b>			<b>513,856,006</b>	<b>677,461,294</b>

**THE CITY OF SAN DIEGO**

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**OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT**

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**Date Issued:** May 31, 2017**IBA Report Number:** 17-23**City Council Docket Date:** June 5, 2017**Item Number:** 201

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## **Review of the FY 2017 Year-End Budget Monitoring Report, FY 2018 May Revision, and Recommended Revisions to the Mayor's FY 2018 Budget**

This report presents the Office of the Independent Budget Analyst's final FY 2018 budget review and recommendations for Council budget modifications. The recommendations are based on the following: our analysis of the FY 2018 May Revision to the Proposed Budget (May Revise), the FY 2017 Year-End Budget Monitoring Report (Third Quarter Report), the FY 2017 CIP Year-End Budget Monitoring Report, and the FY 2018 Proposed Budget. Recommendations also reflect our review of Councilmember budget priority memoranda that were submitted to our Office on May 22, 2017 and released as IBA Report Number 17-24, as well as our consideration of feedback from the public, City staff, and City Councilmembers received during the Budget Review Committee (BRC) hearings.

This report is released at the end of a budget development process that has included extensive reviews of the Mayor's FY 2018 Proposed Budget by the City Council and the IBA, including:

- The IBA's review of the Mayor's FY 2018 Proposed Budget issued on April 28, 2017 as IBA Report No. 17-16
- Departmental and agency budget hearings with the BRC that took place on May 3-5 and May 8-10, 2017
- An evening City Council meeting held on May 15, 2017, in order to solicit input from the community on the Mayor's budget proposals and City Council's budget priorities for FY 2018
- The discussion of the May Revise and Third Quarter Report (both of which were released on May 16, 2017) at the BRC on May 18, 2017
- The discussion of the FY 2017 CIP Year-End Budget Monitoring Report at the Infrastructure Committee on May 24, 2017

## ATTACHMENT E

- Financial Management responses to BRC requests for additional information released over several days between May 12 and May 30

In addition to approving final budget modifications, our Office recommends that the City Council designate any modifications made as either one-time or ongoing expenditures, in order to avoid confusion about their funding status in future budgets. This, and other requests for Council authority, are itemized in the concluding section of this report.

## OVERVIEW OF THE FY 2018 MAY REVISE AND KEY ISSUES

The May Revise increases the Mayor's FY 2018 General Fund expenditures budget to approximately \$1.42 billion, a \$14.6 million or 1% increase over the Proposed Budget. This increase in expenditures is supported by the use of \$14.1 million of Excess Equity and a slight net increase of \$482,000<sup>1</sup> in General Fund revenues, as displayed in the table below.

Resources for May Revise Expenditures	FY 2018
Use of Excess Equity	\$ 14,083,757
Increase in property tax revenue, primarily due to growth in Redevelopment Property Tax Trust Fund distributions	2,432,548
Increases in other/miscellaneous revenues, including fund closures	341,207
Increase in transient occupancy tax	51,600
Reduction in franchise fees	(726,335)
Reduction in sales tax due to the removal of one-time FY 2017 corrections	(1,616,928)
<b>Total Resources</b>	<b>\$ 14,565,849</b>

Overall, our Office considers the use of these resources to be appropriate. A review of projected FY 2017 year-end Excess Equity is provided in Attachment 1 of this report.

### **Significant May Revise Additions**

Our Office has reviewed the additions included in the May Revise and notes their overall appropriateness. In many cases they fall in line with Councilmember budget priorities as noted in Council budget priority memoranda, Councilmember comments, and public testimony made during the BRC hearings. In the following sections we highlight and discuss items included in the May Revise that may be of particular interest to the City Council due to the size of the adjustment, or to provide additional information on the reasons for the addition.

### ***FY 2019 Contribution to General Fund Reserve - \$10,317,576***

The May Revise includes the addition of \$10.3 million in one-time non-personnel expenditures to prefund the FY 2019 General Fund Reserve policy target of 15.25% of General Fund operating

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<sup>1</sup> Amount includes ongoing and one-time revenues.

## ATTACHMENT E

revenues. In light of the anticipated budget deficit for FY 2019, we concur with using available FY 2017 Excess Equity to prefund this obligation.

### ***Littering and Graffiti Abatement Pilot Program - \$800,000***

The May Revise includes the addition of \$800,000 in one-time funding to support a litter and graffiti abatement pilot program initiated by the Environmental Services Department (ESD). This program was actually implemented on May 8, 2017 utilizing FY 2017 funding (approximately \$100,000 funded through one-time department savings) and the intent is to continue it as a 12-month pilot program. Per ESD, the proactive pilot program will target areas within the City that have the highest number of requests for litter abatement. The program will initially target nine areas: Logan Heights, Paradise Valley, Ocean Beach, Point Loma, City Heights, Mission and Pacific beaches, Webster and Mt. Hope, San Ysidro, and South Bay. The allocated funding will allow ESD to assign crews consisting of Urban Corps, Probation Crew, and City staff to remove litter four to five times per week within each specific area, and to report graffiti to the Public Works Dispatch Center or to the Transportation & Storm Water Department's (TSW) Street Division Graffiti Section via the Get It Done application.

The proposed increased service levels are expected to be primarily achieved through expanding the scope of services with an existing agreement with Urban Corps. The majority of the FY 2018 funding will be used to support additional Urban Corp services, with a portion of the funding for City staff performing weekend abatement services. The program will be monitored and evaluated to determine the effectiveness of targeting specific areas for proactive services, and ESD is currently developing performance measures for the program. Per the Department, if the additional service levels are successful in reducing requests for service in the targeted areas, the program could be adjusted to target alternative areas during the 12-month pilot period.

Prior to the initiation of this program, ESD provided abatement services to the specific areas of the program once or twice a week, as resources allowed. **Our Office recommends ESD report on the effectiveness of the pilot program in January 2018 to the appropriate City Council Committee.** This would provide sufficient time to determine whether the pilot program should be extended beyond FY 2018.

### ***Earned Sick Leave and Minimum Wage Ordinance - \$133,671***

The May Revise includes the addition of 1.00 Program Coordinator and associated non-personnel expenditures totaling \$134,000 to support the administration and enforcement of the Earned Sick Leave and Minimum Wage Ordinance. This position is in addition to the 4.00 full-time equivalent (FTE) positions already included in the FY 2018 Proposed Budget for this program (three of which have already been filled), and is expected to review complaints, conduct settlement conferences, and perform field investigations.

Originally enforcement of the Ordinance was divided so that minimum wage and retaliation complaints were directed to the California Labor Commissioner's Office, and the City adjudicated the earned sick leave as well as the notice and posting of violations. Beginning in FY 2018, the Office of the City Treasurer is proposing to update its program to enforce all claim types required by the Ordinance, including minimum wage, earned sick leave, retaliation, and notice and posting.

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If approved, the City Treasurer plans to hire the position requested in the May Revise and the other vacant Program Coordinator position at the beginning of FY 2018.

### ***New Projects Added to the Capital Improvements Program - \$1,971,000***

The May Revise proposes an increase to the FY 2018 Capital Improvements Program (CIP) budget by a net of \$30.2 million, with adjustments to a total of 40 projects. Of this budget increase, 72% is due to new Development Impact Fees (DIF) and Facilities Benefit Assessments (FBA) revenue. The table below displays three new capital projects proposed to be added to the CIP for FY 2018.

New Projects Added to the CIP		
Project	Funding	Funding Source/Project Description
<i>Hendrix Pond/Aviary Park</i>	\$300,000	<ul style="list-style-type: none"><li>• Scripps Miramar Ranch FBA</li><li>• Preliminary engineering for the design and construction of a 3.3 acre park</li></ul>
<i>Ocean Beach Pier Condition Assessment</i>	\$671,000	<ul style="list-style-type: none"><li>• Ocean Beach Pier Funds</li><li>• Preliminary engineering</li></ul>
<i>Alvarado Road Realignment</i>	\$1,000,000	<ul style="list-style-type: none"><li>• Navajo Urban Community DIF</li><li>• Preliminary engineering for the improvement of traffic flow</li></ul>
<b>Total:</b>	<b>\$1,971,000</b>	

### ***New Funding for Road Repair - \$9,617,757***

The May Revise proposes an estimated \$9.6 million in anticipated additional revenue attributed to recently enacted State legislation. Senate Bill (SB) 1 increases gas and diesel taxes and certain fees for various transportation purposes, including local street maintenance and repair. All \$9.6 million is proposed for slurry seal maintenance. Of this amount, \$8.0 million is allocated to a proposed new Road Maintenance and Rehabilitation Fund, and \$1.6 million is added to the existing Gas Tax Fund.

These revenues offset an anticipated need for additional slurry seal maintenance funding to be allocated in the FY 2018 CIP Mid-Year Budget Monitoring Report. Together with prior year savings projections, this is a net offset of about \$736,000. SB 1 revenue also partially offsets the allocation for slurry seal maintenance from the Infrastructure Fund proposed in the FY 2018 Proposed Budget by \$8.9 million. The total allocation for slurry seal maintenance proposed in the May Revise is \$25 million, which is consistent with the amount planned in the FY 2018-2022 Five-Year Capital Infrastructure Planning Outlook.

With SB 1 revenues making funding available in the Infrastructure Fund, as well as other budget adjustments,<sup>2</sup> \$10.2 million is proposed for reallocation to six capital projects as displayed in the following table. In addition to these projects, the Infrastructure Fund includes a revised allocation

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<sup>2</sup> Other budget adjustments include: (1) reallocation of \$1.5 million for the modernization of the City Concourse parking garage elevators from the Infrastructure Fund to the Capital Outlay Fund; and (2) a decrease of approximately \$226,000 due to revised major General Fund revenue projections used to determine the required Infrastructure Fund allocation.

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for slurry seal maintenance of \$6.4 million, and \$1.2 million for the construction of the Compressed Natural Gas fueling station which is unchanged from the FY 2018 Proposed Budget.

CIP Projects Added to the Infrastructure Fund		
Project	Funding	Project Description
<i>Drainage Projects</i>	\$5,632,560	<ul style="list-style-type: none"><li>• Citywide annual allocation for reconstructing or replacing failed drainage facilities.</li></ul>
<i>City Facilities Improvements</i>	\$2,000,000	<ul style="list-style-type: none"><li>• Annual allocation to provide capital improvements to City facilities.</li><li>• Improvements to the following facilities: Mira Mesa Library; City Administration Building; Point Loma Library; Southcrest Senior Center; and Heath Davis House.</li></ul>
<i>Fire Station No. 22</i>	\$1,000,000	<ul style="list-style-type: none"><li>• Demolition of the existing station and reconstruction of a new station in Point Loma. A temporary station is being utilized to house the crew. Funding is for increased cost estimates for construction.</li><li>• Project completion is estimated to be December 2018.</li></ul>
<i>SR 94/Euclid Avenue Interchange</i>	\$600,000	<ul style="list-style-type: none"><li>• Construction for improvements to the interchange to improve safety.</li><li>• Project completion is estimated to be in FY 2019.</li></ul>
<i>Avenida De La Playa Storm Drain</i>	\$500,000	<ul style="list-style-type: none"><li>• Funding for unanticipated construction needs to improve the capacity of the storm drain system.</li><li>• The warranty period for this project will end in FY 2018.</li></ul>
<i>Pershing Middle School Joint Use Field Turf Replacement</i>	\$423,985	<ul style="list-style-type: none"><li>• Final allocation to reimburse San Diego Unified School District for the replacement of synthetic turf.</li><li>• A revised joint use and reimbursement agreement is expected to come before Council for approval by early fall. Upon approval, the City will reimburse the District.</li></ul>
<b>Total:</b>	<b>\$10,156,545</b>	

## IBA PROPOSED MODIFICATIONS TO THE MAYOR'S FY 2018 BUDGET

The following table represents the IBA's recommended funding revisions and additions to the FY 2018 Proposed Budget and the May Revise. These recommendations are largely based on the priorities of a majority of City Councilmembers as reflected in their budget priority memoranda that were submitted to our Office on Monday, May 22, 2017. IBA staff carefully reviewed the proposals and discussed issues for clarification with appropriate City staff as needed. The Council memoranda are distributed for public review in IBA Report Number 17-24, and are provided as back-up to this Council item.

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Recommended Modifications to the Mayor's FY 2018 Budget		
Description	Recommended Amount	One-Time/Ongoing
<b><i>Proposed FY 2018 Budget Revisions for Council Consideration</i></b>		<b><i>IBA Recommendation</i></b>
Police Department overtime for staffing <sup>1</sup>	\$ 3,000,000	One-time
Increase to Commission for Arts & Culture funding	1,000,000	One-time
Restoration of tree trimming	881,746	One-time
Funding for expansion of the Get it Done application	500,000	One-time <sup>2</sup>
Police recruitment and retention marketing	350,000	One-time
Restoration of 2.00 Code Compliance Officers <sup>3</sup>	203,000	Ongoing
Police Department AB 953 implementation	200,000	One-time
Downtown Mobility Plan <sup>4</sup>	-	One-time
<b>Total Suggested Budget Revisions</b>	<b>\$ 6,134,746</b>	
<b><i>Proposed New Resources</i></b>		<b><i>Availability</i></b>
Excess Equity	\$ 4,000,000	One-time
San Diego Police Department vacancy savings <sup>1</sup>	3,000,000	One-time
Redevelopment Agency land sales	1,700,000	One-time
<b>Total Available Resources</b>	<b>\$ 8,700,000</b>	
<b>Balance of Available Resources</b>	<b>\$ 2,565,254</b>	

<sup>1</sup>Cost of Police Department overtime for staffing will be offset by an increase in SDPD vacancy savings.

<sup>2</sup>Ongoing costs may be associated with this item, starting in FY 2019.

<sup>3</sup>The 2.00 Code Compliance Officers will be funded with one-time resources in FY 2018, but will be supported with ongoing Cannabis Business Tax revenues in FY 2019.

<sup>4</sup>The FY 2018 Proposed Budget includes \$2.5 million for the Downtown Mobility Plan, and therefore no additional resources are proposed at this time.

The FY 2018 Proposed Budget remains balanced with these recommendations and is in keeping with the City's Budget Policy. All of the priorities mentioned by a majority of Councilmembers in their budget priority memoranda can be considered one-time requests and supported by available one-time resources, with the exception of the restoration of 2.00 Code Compliance Officers which is an ongoing expenditure. Our Office recommends that this restoration be funded with one-time resources in FY 2018, and funded with ongoing resources in FY 2019 when the City realizes a full year of Cannabis Business Tax revenue. An expanded discussion of the IBA's final budget recommendations is included in the sections below, as well as suggestions from our Office pertaining to the allocation of the remaining \$2.6 million in one-time resources.

As indicated in the preceding table, our Office recommends the following:

- That funding for Police Department recruitment and retention marketing, AB 953 implementation, and overtime staffing; the Commission for Arts & Culture; tree trimming; and the Get it Done application; all be designated as *one-time* expenditures
- That the funding for the restoration of 2.00 Code Compliance Officers be designated an *ongoing* expenditure

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- That the intent for either ongoing or one-time funding for each item be stated in final Council budget actions to ensure clarification in future budgets

### **KEY RESULTS OF COUNCILMEMBERS' FINAL BUDGET PRIORITY MEMORANDA AND ADDITIONAL IBA RECOMMENDATIONS**

The following items were mentioned by five or more members of the City Council in their budget priority memoranda, and have been included in the IBA recommended revisions to the FY 2018 Budget as shown in the table on the preceding page.

#### **Councilmember Proposals—Majority Priority Expenditures Recommended for Funding**

##### ***Police Department Additional Overtime to Maintain Current Staffing Levels - \$3,000,000 one-time***

A majority of Councilmember memoranda requested additional funding to maintain or increase daily police officer staffing levels while the Department seeks to fill vacant positions. As of May 29, 2017, the Police Department had 1,834 filled sworn positions out of 2,039 budgeted positions. Recent Police academies have also been under-enrolled. For example, the last three academies have started with an average of 24 recruits each, despite being budgeted for 43 recruits per class. As our Office noted in our review of the FY 2018 Proposed Budget, Police recruitment and retention will be one of the City's most significant challenges in FY 2018.

A majority of Councilmembers' budget priority memoranda included support for increased overtime expenditures and general support for the Department as it seeks to increase sworn staffing in accordance with its Five-Year Plan. In order to fund this budget priority, our Office recommends increasing the Police Department overtime budget by \$3.0 million, for a total of \$26.2 million in FY 2018. This change mirrors the year-end projection in the Third Quarter Report of \$26.0 million in overtime expenditures. The increase would fully fund the Department's overtime needs as identified by the Financial Management Department during the budget development process, before the inclusion of a \$3.0 million reduction in extension-of-shift overtime included in the Proposed Budget. The \$3.0 million increase that we are suggesting would reverse this extension-of-shift reduction. **Our Office recommends funding the additional \$3.0 million in overtime by increasing the Department's budgeted vacancy savings (which reduces salaries) to better reflect recent spending trends.** Continued close monitoring of Police overtime and vacancies will be required in FY 2018.

##### ***Increased Support for Arts and Culture - \$1,000,000 one-time***

The FY 2018 Proposed Budget reduced arts and culture funding from approximately \$15.1 million in FY 2017 to \$10.4 million, a decrease of \$4.8 million or 31.3%. The May Revise included a one-time restoration of \$2.4 million to arts and culture funding for a total FY 2018 proposal of \$12.8 million. In their final budget priority memoranda, a majority of Councilmembers indicated support for an additional increase to arts and culture funding. A one-time increase of \$1.0 million supported by Excess Equity would allocate \$13.8 million to arts and culture in FY 2018—still \$1.4 million less than a full restoration of the FY 2017 budget, but our Office notes that it would be an increase

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of \$1.2 million over FY 2016 arts and culture funding. The restoration of \$3.4 million over the Mayor's Proposed Budget is significant in the current fiscal climate.

Arts and Culture Funding				
	FY 2017 Adopted	FY 2018 Proposed Budget	FY 2018 Proposed Plus Mayor's May Revise	IBA Recommendation \$1.0 million
Transient Occupancy Tax Projection (10.5 cents)	\$ 216,347,429	\$ 231,021,481	\$ 231,104,836	\$ 231,104,836
Arts and Culture Funding in Budget as a Percent of TOT	7.00%	4.50%	5.52%	5.96%
Arts and Culture Budgeted Funding	\$ 15,139,850	\$ 10,395,967	\$ 12,767,909	\$ 13,767,909

A plan for arts and culture funding to equal 1 cent of the City's 10.5 cent transient occupancy tax (TOT) revenue—the Penny for the Arts Five-Year Blueprint (Blueprint)—was adopted by the City Council in October 2012. The Blueprint specifies that allocations to Arts, Culture, and Community Festivals programs should equal 9.52% of TOT. The increase to arts and culture funding in the May Revise equals approximately 5.52% of TOT, and an additional increase of \$1.0 million would equal 5.96% of TOT.

The City's Commission for Arts & Culture Department staff has indicated that any increase in funding will be proportionally distributed across the Creative Communities San Diego and Organizational Support budget line items as recommended by the Commission. **Based upon Councilmember budget priority memoranda, our Office recommends that for FY 2018 an additional one-time increase of \$1.0 million be allocated to the Commission for Arts & Culture funded from Excess Equity, which would bring total funding to approximately \$13.8 million or 5.96% of TOT.**

### *Tree Trimming - \$881,746 one-time*

A majority of Councilmember budget priority memoranda requested restoration of full funding for the City's tree-trimming contract. The Proposed Budget reduced the amount of funding for tree trimming services in TSW by \$882,000, which would reduce the number of street trees to be trimmed in FY 2018 from 25,000 to 12,000. Restoring these expenditures would allow for FY 2017 levels of tree trimming to continue in FY 2018. **Our Office recommends this funding for FY 2018 supported by available Excess Equity.**

### *Get it Done - \$500,000 one-time*

In their final budget priority memoranda, a majority of Councilmembers requested the allocation of \$500,000 to support and expand the City's Get it Done application, specifically in order to integrate the application with ESD's intake services. Currently still in the pilot phase, Get it Done is integrated with TSW's intake system. However, any requests for service for items not under TSW's purview that come through the application are routed via email to the appropriate department, meaning that end users do not have visibility into whether or not their request has been resolved. The Performance & Analytics Department (P&A) has indicated that a one-time addition of \$500,000 would allow the Department to expand Get it Done so that ESD and potentially other

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departments could be integrated into the application. Our Office notes that if Get it Done is expanded in FY 2018, additional ongoing licensing and maintenance costs would be required in future years allocated to the General Fund and participating non-General Funds as appropriate. At this time those costs have not been identified and would be dependent in part on the number of City staff that would be assigned user roles in the application. P&A has indicated that the cost per year to maintain Get it Done within its current scope is approximately \$190,000.

**Our Office recommends that should the City Council decide to allocate \$500,000 in one-time costs in FY 2018 for Get it Done, that they also request P&A return to Committee in the fall with an implementation roadmap that includes options for the scope of the project, associated one-time and ongoing funding levels, and any projected changes in resource needs for integrating additional City departments.**

### ***Police Department Recruitment and Retention - \$350,000 one-time***

Police officer recruitment and retention was noted as a priority in a majority of Councilmember budget priority memoranda, including proposals for increased data collection and marketing as well as one-time compensation increases. Because the FY 2018 Proposed Budget includes \$100,000 for an updated Police compensation survey and \$150,000 was added in the May Revision for a recruitment and retention study and marketing plan, our Office does not recommend any further changes to Police compensation (beyond what has already been negotiated) until the results of those efforts are available. Data collected from the salary survey and the consultant's study will help ensure that future recruitment and retention efforts are as effective as possible. **Given the importance of increasing Police Department sworn staffing levels, our Office recommends increasing one-time expenditures for the recruitment and retention study and marketing plan by \$350,000 in FY 2018, from \$150,000 to \$500,000.**

### ***Code Compliance Officers - \$203,118 ongoing***

A majority of the Councilmembers' FY 2018 final budget priority memoranda included support for the restoration of the two eliminated Code Compliance Officers (CCO) within the Development Services Department (DSD). Restoration of the two CCO positions would add approximately \$203,000 in ongoing expenses to the FY 2018 Budget. **Our Office recommends FY 2018 costs for these positions be funded with available Excess Equity while ongoing costs in FY 2019 and beyond will be addressed through new ongoing revenue associated with a full year of Cannabis Business Tax collection beginning in FY 2019.** Additional information related to the cannabis tax revenue is discussed in the section on "Other IBA Resource Recommendations."

For DSD's Code Enforcement Division, the FY 2017 Adopted Budget included 43.00 FTE enforcement field staff positions including 4.00 CCOs. CCOs conduct field investigations into complaints involving lower priority, single-issue concerns including: complaints of excessive noise, off-street illegal parking, illegal storage, temporary signs, and news racks. During FY 2017, two of the four CCO positions were re-classified. One CCO position was converted to a Zoning Inspector to provide greater inspection capacity and one CCO position was re-classified to a Horticulturalist to support the Urban Forestry Program. The remaining two CCO positions were eliminated in the FY 2018 Proposed Budget.

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### *Police Department AB 953 Implementation - \$200,000 one-time*

A majority of Councilmember memoranda requested additional funding to support the implementation of AB 953, the Racial and Identity Profiling Act of 2015, which will require enhanced data collection and reporting by the Police Department. Councilmember proposals for increased funding ranged from \$100,000 to \$200,000 to support necessary training and technology improvements. **Our Office recommends that \$200,000 in one-time expenditures be added to the Police Department budget for AB 953 implementation, and that the Department present a report to the Public Safety and Livable Neighborhoods Committee detailing its plans to comply with new data collection regulations after those requirements are finalized by the State.**

### *Downtown Mobility/Bike Lanes - one-time*

A majority of Councilmember final budget priority memoranda noted the importance of implementing high-priority bike lanes in the Downtown Mobility Plan, though specific projects and funding amounts were not identified in all memoranda. The Proposed Budget does include \$2.5 million for Downtown Mobility Plan implementation through Development Impact Fees, and TSW indicates that that amount is sufficient to continue funding design and planned implementation of the Plan. TSW will additionally pursue grant opportunities with SANDAG to cover additional needs in the future.

**Given its interest in the implementation of the Downtown Mobility Plan, our Office recommends Council request TSW report back in the fall of this year, when all funding needs are finalized.**

### **Councilmember Proposals—Majority Priority Resources Recommended**

#### *Use of Excess Equity - \$4,000,000*

In their FY 2018 Budget Priorities memoranda, eight Councilmembers prioritized using a portion of, or all of, the remaining \$4.0 million in estimated Excess Equity, for Council priorities. As shown in the table below, \$4.0 million is estimated to be available in Excess Equity for one-time uses after factoring in changes proposed in the May Revise. Brief descriptions of the components in the following table are included in Attachment 1 of this report.

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<b>FY 2017 Excess Equity Estimate (\$ in millions)</b>	
Beginning FY 2017 Reserve Balance	\$ 192.4
FY 2017 Projected Revenues in Excess of Expenditures (per the Third Quarter Report)	3.2
FY 2017 Budgeted General Fund Reserve Contribution <sup>1</sup>	7.6
Adjustment for FY 2015 Accrued Low Flow Diversion Capacity Charges	(3.0)
<b>FY 2017 Year-End Reserve Estimate</b>	<b>200.2</b>
FY 2017 14.75% Reserve Requirement (includes FY 2017 General Fund Reserve contribution) <sup>1</sup>	(173.8)
<b>FY 2017 Year-End Excess Equity Estimate</b>	<b>26.4</b>
FY 2018 Proposed Budget Use of Excess Equity	(8.3)
FY 2018 May Revise Use of Excess Equity	(14.1)
<b>Adjusted FY 2017 Excess Equity Estimate</b>	<b>\$ 4.0</b>

<sup>1</sup> The budgeted General Fund Reserve contribution is added back, as it is part of the \$173.8 million reduction for the FY 2017 14.75% Reserve Requirement line.

### ***Redevelopment Agency Land Sales - \$1,700,000***

A majority of Councilmember budget priority memoranda note the sale of former redevelopment agency property as a one-time source of revenue. On May 16, 2017, the City Council approved the sale of several former redevelopment agency properties. Net proceeds from these sales will be transmitted to the County Auditor Controller, which will then remit the City's 17% share of these proceeds as General Fund property tax revenue. Civic San Diego staff estimated that the amount ultimately received by the City will total approximately \$1.7 million.

### ***Potential Uses of Remaining \$2.6 Million in One-Time Resources***

As mentioned earlier in this report, after recommending allocations for budget priorities identified by a majority of Councilmembers in their budget priority memoranda, \$2.6 million in one-time resources remain unallocated in the FY 2018 Budget. This \$2.6 million is made up of \$900,000 in remaining Excess Equity and \$1.7 million in Redevelopment Agency land sales. **Our Office offers the following three suggestions for Council to consider for this funding.**

#### Contributions to the Pension Reserve

A suggested potential use for all or a portion of the remaining \$2.6 million is to make a small contribution now to the Pension Payment Stabilization Reserve (PPSR) in preparation for FY 2019. To balance the FY 2018 General Fund Proposed Budget, the Mayor has proposed to utilize the full General Fund PPSR amount of \$16.0 million to partially offset unanticipated increases in the City's FY 2018 Actuarially Defined Contribution (ADC) pension payment. The Mayor is required to develop a replenishment plan to return the reserve to policy levels within one year, and he has indicated that he plans to bring a proposal forward as part of the FY 2019-2023 Five-Year Financial Outlook in November 2017.

Since one-time funding is available, taking an initial step toward replenishment of the PPSR as part of final budget actions would be a prudent action. Council could make an allocation of up to \$2.6 million to the PPSR as part of final budget decisions. In addition to this action, we also

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recommend a reevaluation of the PPSR Policy, as discussed in the “Other Issues for Further Discussion” section below.

### Police Recruitment and Retention Implementation Funding

Another suggested use of all or a portion of the remaining funds is to set aside funding for implementing the Police Department recruitment and retention study and plans. Based on the results of the Police compensation survey, and the recruitment and retention study and marketing plan planned for FY 2018, the Council could designate one-time funding now to help fund the recommendations of those studies by adding a line item appropriation to the Police Department budget for this purpose. Specific decisions on the use of such funds would be determined in FY 2018 as implementation steps are defined.

### Excess Equity

The \$2.6 million in available one-time funding could remain in Excess Equity for potential use during the review of the FY 2018 Mid-Year Budget Monitoring Report (Mid-Year Report). By that time, information from Police recruitment and retention studies may be available which could help define implementation funding needs. Possible further review of the PPSR Policy and the Mayor’s anticipated November proposal for replenishment would also help inform PPSR funding decisions. **Note that during the review of the Mid-Year Report, only the Mayor has the authority to initiate funding proposals while Council’s authority is limited to approving or modifying the Mayor’s funding recommendations.**

### Other IBA Resource Recommendations

#### *Future Cannabis Business Tax Revenue to Support Ongoing Code Enforcement Officers*

**If Council is interested in restoring 2.00 Code Compliance Officer positions, we recommend they be restored in FY 2018 supported by available Excess Equity funds and with ongoing Cannabis Business Tax (CBT) revenues in FY 2019.** Only one expenditure mentioned by a majority of Councilmembers in their final budget priority memoranda was ongoing: the request for additional Code Compliance Officers. All other items requested by a majority of Councilmembers are one-time requests that can be accommodated by currently unallocated one-time resources.

The FY 2018 Proposed Budget includes half a year’s worth of CBT revenues, budgeted at \$2.4 million. A conservative projection from the City Treasurer’s Office for FY 2019 CBT revenues assumes no growth, but doubles FY 2018’s half-year projection for a total of \$4.8 million.

#### *Use of Capital Outlay Fund Balance*

At the time of the May Revise, it was reported that the Capital Outlay Fund balance of \$1.2 million had been fully allocated. Since that time, recent activity from land sales transactions earlier in the year have resulted in the availability of an uncommitted fund balance of \$2.1 million. This was reported in the FY 2017 CIP Year-End Budget Monitoring Report, which was heard at the Infrastructure Committee on Wednesday, May 24, 2017. Uses of the Capital Outlay Fund are

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restricted to capital projects or debt service payments on capital financing. **Council has the option of allocating these funds for a priority capital project—e.g. a new project that requires funding for engineering and design, or an existing project that requires some additional funding to move forward or be completed. Alternatively, these funds could remain in the Capital Outlay Fund balance to be used for future debt service payments.**

### Other Issues for Further Discussion

#### *Review of the Current Pension Payment Stabilization Reserve Policy*

**We recommend that two sections of the current PPSR Policy be reevaluated: 1) the current funding level requirements of the Reserve, and 2) the limitations on the use of the Reserve. The Budget and Government Efficiency Committee may want to review these issues in FY 2018 working with the Chief Financial Officer and the IBA.**

1. Current policy requires the Mayor to develop a replenishment plan which returns the Reserve to policy funding levels. The plan must be developed within one year, but there is no time limit on when the policy goal must be met. The policy requires the City to “fund and maintain a Pension Reserve equal to 8% of the most recent three year average of the ADC as reported in the Actuarial Valuation Reports.” For FY 2019, the amount that would need to be restored is estimated at \$18-\$19 million for the General Fund. While the Mayor could develop a plan that achieves the policy goal over several years, this could be a difficult exercise given current budget projections and numerous competing priorities. Further, funds contributed to the Reserve each year could be needed immediately to offset potential ADC increases for the upcoming fiscal year. Achieving and maintaining an \$18-\$19 million pension reserve may not be a realistic goal.
2. The existing language also states that the PPSR “will be maintained to mitigate service delivery risk due to the unanticipated increases in the annual pension payment, the Actuarially Determined Contribution.” It does not allow the fund to be used for **anticipated** annual ADC increases. For example, the most recent Actuarial Valuation projects the total ADC to increase from \$324.5 million in FY 2018 to \$329.3 million in FY 2019, an increase of \$4.8 million (General Fund \$3.5 million). Since this is an **anticipated** increase, current policy prohibits the use of the pension reserve to offset this increase. The significant increase in the ADC for FY 2018 of \$63.4 million (\$46.2 million General Fund) was largely **unanticipated**, meeting the criteria for using the PPSR. This language should be reviewed to determine if anticipated ADC increases should be an eligible use for the Reserve as well as unanticipated increases.

#### *Performance Measures*

During the BRC hearings, several Councilmembers suggested new departmental performance measures or offered modifications to existing ones. A list of performance measure additions or modifications requested during the BRC hearings are included with this report as Attachment 2. **Our Office recommends that Council request that the Performance & Analytics Department review these suggested performance measures and present their findings to the Budget and**

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**Government Efficiency Committee in the first half of FY 2018, in preparation for the FY 2019 budget process.**

### ***Multi-Year Street Repair Planning***

Revenue from SB 1 proposed in the May Revise reflects partial year funding as the tax increases take effect in November 2017. FY 2019 will be the first year of full funding of the tax increases, in which the City could receive more than double the amount received in FY 2018. These revenues will continue to be an ongoing funding source for the City. **With this in mind, our Office recommends the City Council request that the Mayor develop a five-year street repair implementation plan which incorporates new or anticipated revenue sources.** The plan would provide a clear funding strategy that will keep the City on track to meet its goals for streets. It would also provide Council with an idea of the funding available from the Infrastructure Fund and commercial paper financing to use for non-street purposes.

Specifically, the plan should:

- a. Reflect the level of funding needed to achieve the Mayor's goal of maintaining an average Overall Condition Index of 70 for City streets;
- b. Include funding sources planned to address the need; and
- c. Account for new revenue streams available for streets, including SB 1 revenue and a scenario assuming the passage of the Mayor's proposed ballot measure to increase the transient occupancy tax.

### ***Timing of Planned Commercial Paper Borrowing***

Last year, in response to a request from the chair of the Budget and Government Efficiency Committee and anticipating that additional borrowing with commercial paper would occur in FY 2017, Councilmembers included capital project priorities in their budget priority memoranda for the FY 2017 Budget. The plan to bring a Commercial Paper Borrowing Program forward for General Fund capital projects will not occur as planned in FY 2017 because the City continues to spend down available cash and proceeds from the DC 3 Bonds issued in April of 2015. In the FY 2017 CIP Year-End Budget Monitoring Report that was presented to the Infrastructure Committee on May 24, staff indicated they now intend to bring the Commercial Paper Borrowing Program forward for Council consideration in FY 2018. Staff also reiterated their intent to bring a proposed list of projects forward for Council consideration at that time, which would potentially use proceeds from commercial paper borrowing.

The Proposed FY 2018 Budget includes \$300,000 for program start-up costs and \$200,000 for interest payments that would be due on any commercial paper notes issued and maturing in FY 2018. In anticipation of the new plan for commercial paper borrowing in FY 2018, some Councilmembers again submitted General Fund capital project priorities in their FY 2018 budget priority memoranda.

Based on our review of data in the FY 2017 CIP Year-End Budget Monitoring Report, it appears unlikely that the City will be able to spend down available cash and DC 3 proceeds in time to warrant commercial paper borrowing in FY 2018. As of April 30, 2017, the City had approximately

## ATTACHMENT E

\$89 million of available funds for General Fund capital projects and an average monthly spend rate of \$4.1 million. Even if staff were able to increase their average monthly spend rate to \$6 million, it would take another 15 months to fully exhaust available resources. The City will additionally be receiving Infrastructure Fund and additional Gas Tax proceeds in FY 2018 that will also be available for General Fund capital projects. Given this information, it is possible that commercial paper borrowing may not occur until FY 2019. In the meantime, development of a five-year streets funding plan (discussed in the preceding section), which incorporates new funding sources, will give Council a clearer picture of the extent that future commercial paper issuances can be focused on non-street projects.

## OVERVIEW OF THE FY 2017 YEAR-END BUDGET MONITORING REPORT

The Third Quarter Report was issued on May 16, 2017, and presented to the BRC on May 18, 2017. The Third Quarter Report describes revenue and expenditure year-end projections based on actual (unaudited) data from July 2016 through March 2017. The Third Quarter Report also includes a number of requests for authority for City Council approval.

Overall, our Office agrees with the year-end expenditure and revenue projections included in the Third Quarter Report. An analysis of select expenditure and revenue projections including over-budget expenditures in salaries and wages, major General Fund revenue projections, and the estimated year-end Excess Equity calculation, is appended to this report as Attachment 1. Our Office also concurs with the appropriation adjustment requests included in the Third Quarter Report, as well as the typical annual year-end budget control authorities requested in the report.

One highlight from the Third Quarter Report includes a transfer of \$1.7 million from the TOT Fund to the Qualcomm Stadium Operations Fund to help mitigate over-budget non-personnel expenditures. This increase in non-personnel expenditures is due to a payment to the stadium's concession vendor related to the San Diego Chargers early lease termination, as well as a transfer to the Qualcomm Stadium Capital Improvement Project Fund to replenish a fund balance deficit. The Qualcomm Stadium Operations Fund has adequate fund balance to mitigate the over-budget non-personnel expenditures, but the transfer was made so that Qualcomm Stadium debt service payments could be made from the Qualcomm Stadium Operations Fund through FY 2020.

Finally, our Office notes that the Real Estate Assets Department has indicated that no events will be scheduled at Qualcomm Stadium beyond December 31, 2018, and that the Stadium will be decommissioned in FY 2019. Qualcomm Stadium receives a transfer from the TOT Fund to support stadium operations each year, separate from the debt service payment: in FY 2018 the proposed transfer for operations is approximately \$7.7 million, and in FY 2017 the budgeted transfer for operations was \$8.1 million. **Our Office suggests that an update on plans for Qualcomm Stadium's decommissioning come to Committee in FY 2018, and that the update include a list of expenditures that could be eligible for TOT funding support in FY 2020, in lieu of the transfer to Qualcomm Stadium for operations support.**

## **FINAL BUDGET RECOMMENDATIONS AND REQUESTS FOR COUNCIL AUTHORITY**

In order to approve the FY 2018 budget, the City Council is also being asked to approve a number of actions. These requests for authority are outlined below.

1. Approve the Mayor's FY 2018 Proposed Budget, as modified by the May Revise.
2. Approve the IBA's final budget recommendations included in IBA Report 17-23 in the table: "Recommended Modifications to the Mayor's FY 2018 Budget", and as modified by the City Council.
3. Clarify the Council's intent for either ongoing or one-time funding for each item added to the FY 2018 Budget, to ensure clarification in future budgets.  
Our Office suggests that additional funding approved for the Police Department recruitment and retention marketing, AB 953 implementation, and overtime staffing; the Commission for Arts & Culture; tree trimming; and the Get it Done application; all be considered *one-time* expenditures, while funding for the restoration of 2.00 Code Compliance Officers be designated an ongoing expenditure.
4. Determine if the remaining \$2.6 million will be allocated to the Pension Payment Stabilization Reserve, set aside for Police Department recruitment and retention initiatives, remain in Excess Equity, or be used as otherwise directed by the City Council.
5. Determine if \$2.1 million in the Capital Outlay Fund will be allocated to qualifying expenditures, or remain in fund balance.

This report also includes a number of recommendations and suggestions that Council may wish to consider at this time, including:

1. That the Environmental Services Department report on the effectiveness of the Litter and Graffiti Abatement pilot program in January 2018, to the appropriate City Council Committee.
2. That the City Council request that the Performance & Analytics Department return to Committee in the fall with a Get it Done implementation roadmap that includes options for the scope of the project, associated one-time and ongoing funding levels, and any projected changes in resource needs for integrating City departments.
3. That the City Council request that the Transportation & Storm Water Department report to Council in the fall on the implementation of the Downtown Mobility Plan, when all funding needs are finalized.
4. That the Budget and Government Efficiency Committee may want to review the following issues regarding the Pension Payment Stabilization Reserve Policy, working with the Chief Financial Officer and the IBA:
  - a. Current funding level requirements of the Reserve
  - b. Current limitations on the use of the Reserve
5. That the Performance & Analytics Department consider the attached performance measures suggested during the BRC department hearings, and present their review to the Budget and Government Efficiency Committee in the first half of FY 2018, in preparation for the FY 2019 budget process.

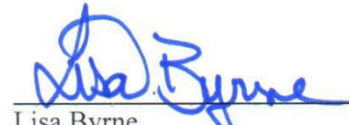
## ATTACHMENT E

6. That the City Council request the Mayor develop a five-year street repair implementation plan. This plan should include the following components:
  - a. The level of funding needed to achieve the Mayor's goal of maintaining an average Overall Condition Index of 70 for City streets;
  - b. Funding sources planned to address the need; and
  - c. An account for new revenue streams available for streets, including SB 1 revenue and a scenario assuming the passage of the Mayor's proposed ballot measure to increase the transient occupancy tax.


  
Christiana Gauger  
Fiscal & Policy Analyst

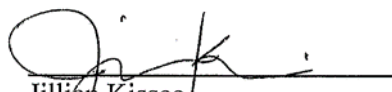
  
Chris Ojeda  
Fiscal & Policy Analyst


  
Charles E. Modica, Jr.  
Fiscal & Policy Analyst


  
Lisa Byrne  
Fiscal & Policy Analyst

  
Chris Olsen  
Fiscal & Policy Analyst

  
Trisha Tacke  
Research Analyst

  
Jillian Kisse  
Fiscal & Policy Analyst

  
Jeff Kavar  
Deputy Director

  
Andrea Tevlin  
Independent Budget Analyst

- Attachment:
1. IBA Review of the FY 2017 Year-End Budget Monitoring Report
  2. Updates to Key Performance Indicators

## IBA Review of the FY 2017 Year-End Budget Monitoring Report

Overall, our Office agrees with the year-end expenditure and revenue projections included in the FY 2017 Year-End Budget Monitoring Report (Third Quarter Report). Our Office also concurs with the Third Quarter Report appropriation adjustment requests, as well as the typical annual year-end budget control authorities requested in the report. Details of select revenue and expenditure projections included in the Third Quarter Report including major General Fund revenue projections, over-budget expenditures in salaries and wages, and the estimated year-end Excess Equity calculation, are discussed in the following sections.

### General Fund Revenues

FY 2017 General Fund revenues are projected to be approximately \$1.35 billion at fiscal year-end, \$15.4 million or 1.1% over the FY 2017 Adopted Budget, and \$5.9 million over the year-end projection reported in the FY 2017 Mid-Year Budget Monitoring Report (Mid-Year Report), as displayed in the following table.

FY 2017 Projected Year-End General Fund Revenue					
Revenue Source (\$ in millions)	Adopted Budget	Mid-Year Projection	Third Quarter Projection	Variance: Adopted Budget to Third Quarter	Variance: Mid-Year to Third Quarter
<b>Major General Fund Revenues</b>					
<i>Property Tax</i>	\$502.0	\$503.3	\$506.2	\$4.2	\$2.9
<i>Sales Tax<sup>1</sup></i>	272.8	271.5	274.1	1.3	2.6
<i>Transient Occupancy Tax</i>	113.3	112.5	114.5	1.2	2.1
<i>Major Franchise Fees</i>	81.0	72.3	70.9	(10.1)	(1.4)
<b>Sub-Total Major General Fund Revenues:</b>	<b>969.1</b>	<b>959.5</b>	<b>965.7</b>	<b>(3.4)</b>	<b>6.2</b>
Miscellaneous Revenues <sup>2</sup>	70.5	84.8	86.1	15.6	1.3
Property Transfer Tax	9.6	9.8	9.8	0.3	0.0
Department Revenues	280.8	285.4	283.8	3.0	(1.6)
<b>Total:</b>	<b>\$1,330.0</b>	<b>\$1,339.4</b>	<b>\$1,345.4</b>	<b>\$15.4</b>	<b>\$5.9</b>

Note: Table may not total due to rounding

<sup>1</sup>Increases in Sales Tax revenue in the Year-End projections are mostly due to one-time payment and remittance corrections processed by the City's sales tax consultant; as such, the increased revenue does not substantially effect the base off of which FY 2018 sales tax revenues are based.

<sup>2</sup>Miscellaneous revenues is comprised of unexpected one-time and ongoing budgeted revenue amounts in categories that include: Revenue from Other Agencies, Other Refunds, and OHS Disaster Recovery. Overall, miscellaneous General Fund revenues are projected to come in \$15.6 million over-budget at year-end due primarily to the receipt of \$13.6 million for the annexation of property near the Mount Hope Cemetery.

Our Office agrees with the year-end revenue projections in the Third Quarter Report, and notes that major General Fund revenue projections have not changed significantly from the year-end projections reported in the Mid-Year Report.

### General Fund Expenditures

FY 2017 projected General Fund expenditures are \$4.2 million over-budget, largely due to over-budget salaries and wages. A break-down of salaries and wages is included in the next section.

FY 2017 General Fund (GF) Expenditures					
<i>(\$ in millions)</i>	Adopted Budget	Mid-Year Projection	Third Quarter Projection	Variance: Adopted to Third Quarter	Variance: Mid-Year to Third Quarter
Salaries and Wages	\$ 534.5	\$ 546.5	\$ 540.8	\$ 6.3	\$ (5.6)
Fringe Benefits	376.9	377.7	375.7	(1.2)	(2.0)
Non-Personnel Expenditures	426.5	427.4	425.6	(0.9)	(1.8)
<b>TOTAL GF EXPENDITURES</b>	<b>\$ 1,338.0</b>	<b>\$ 1,351.6</b>	<b>\$ 1,342.2</b>	<b>\$ 4.2</b>	<b>\$ (9.5)</b>

Note: Table may not total due to rounding.

### *Salaries and Wages*

General Fund salaries and wage types that are over-budget include the following categories:

- Special pay – \$2.4 million (\$1.3 million for Fire-Rescue and \$844,000 for Police)
- Overtime – \$12.0 million (\$3.5 million for Fire-Rescue, \$5.0 million for Police, and \$2.4 million for Transportation & Storm Water)
- Vacation pay-in-lieu – \$2.8 million
- Termination pay – \$1.0 million

These overages totaling \$18.2 million are partially offset by \$11.9 million in salary savings, yielding a net over-budget amount of \$6.3 million as shown in the following table.

FY 2017 General Fund Salaries and Wages Expenditures					
(\$ in millions)	Adopted Budget	Mid-Year Projection	Third Quarter Projection	Variance: Adopted to Third Quarter	Variance: Mid-Year to Third Quarter
Salaries					
<i>Fire-Rescue</i>	\$ 73.2	\$ 75.9	\$ 73.7	\$ 0.5	\$ (2.1)
<i>Park &amp; Recreation</i>	31.0	30.0	29.3	(1.6)	(0.7)
<i>Police</i>	169.6	167.0	165.7	(3.9)	(1.3)
<i>Public Works - General Services</i>	8.6	7.8	7.3	(1.3)	(0.5)
<i>Transportation &amp; Storm Water</i>	29.6	28.8	28.2	(1.4)	(0.6)
<i>Other Departments</i>	116.9	115.0	112.7	(4.1)	(2.3)
Subtotal Salaries	428.8	424.4	416.9	(11.9)	(7.5)
Special Pay					
<i>Fire-Rescue</i>	10.8	11.9	12.1	1.3	0.2
<i>Police</i>	16.1	16.8	17.0	0.8	0.2
<i>Other Departments</i>	1.2	1.4	1.5	0.3	0.1
Subtotal Special Pay	28.2	30.1	30.6	2.4	0.5
Overtime					
<i>Fire-Rescue</i>	30.1	33.6	33.7	3.5	0.0
<i>Police</i>	21.0	26.0	26.0	5.0	(0.0)
<i>Transportation &amp; Storm Water</i>	1.0	2.6	3.5	2.4	0.8
<i>Other Departments</i>	1.3	2.3	2.3	1.0	0.0
Subtotal Overtime	53.4	64.5	65.4	12.0	0.9
Hourly Wages	14.0	14.3	14.0	0.0	(0.2)
Vacation Pay-in-Lieu	7.2	9.5	10.0	2.8	0.5
Termination Pay	2.8	3.7	3.9	1.0	0.2
<b>TOTAL SALARIES AND WAGES</b>	<b>\$ 534.5</b>	<b>\$ 546.5</b>	<b>\$ 540.8</b>	<b>\$ 6.3</b>	<b>\$ (5.6)</b>

Note: Table may not total due to rounding.

### Looking Ahead to FY 2018

The City's public safety departments, specifically Fire-Rescue and Police, comprise a large part of the variances included in the table above. The following table shows wage categories other than salaries for the Fire-Rescue and Police Departments.

Wages Other Than Salaries—Fire-Rescue and Police Departments					
(\$ in millions)	FY 2017 Adopted Budget	FY 2017 Third Quarter	FY 2018 May Revise	Variance: Adopted to Third Quarter	Variance: Third Quarter to FY 2018
Fire-Rescue					
<i>Special Pay</i>	\$ 10.8	\$ 12.1	\$ 11.5	\$ 1.3	\$ (0.6)
<i>Overtime</i>	30.1	33.7	32.8	3.5	(0.9)
<i>Hourly Wages</i>	2.5	2.5	2.2	0.0	(0.3)
<i>Vacation Pay-in-Lieu</i>	2.8	3.7	2.8	0.9	(0.9)
<i>Termination Pay</i>	1.4	1.4	1.1	(0.0)	(0.3)
Total Fire-Rescue	47.7	53.4	50.3	5.7	(3.0)
Police					
<i>Special Pay</i>	16.1	17.0	16.0	0.8	(1.0)
<i>Overtime</i>	21.0	26.0	23.2	5.0	(2.8)
<i>Hourly Wages</i>	1.7	1.8	1.7	0.1	(0.1)
<i>Vacation Pay-in-Lieu</i>	3.7	3.8	3.7	0.1	(0.1)
<i>Termination Pay</i>	1.0	1.6	0.9	0.6	(0.7)
Total Police	43.5	50.1	45.5	6.7	(4.7)
<b>TOTAL FIRE-RESCUE AND POLICE</b>					
<b>WAGES OTHER THAN SALARIES</b>	<b>\$ 91.2</b>	<b>\$ 103.5</b>	<b>\$ 95.8</b>	<b>\$ 12.3</b>	<b>\$ (7.7)</b>

Note: Table may not total due to rounding.

As of the May Revise, FY 2018 budget amounts for “wages other than salaries” are less than what is projected to be spent in FY 2017—at \$3.0 million for Fire-Rescue and \$4.7 million for Police. If spending trends for wages other than salaries continue in FY 2018 and salaries are incurred at the FY 2018 funded level, total salaries and wages will be over-budget. On the other hand, if salaries are *not* incurred at the FY 2018 funded level (i.e. vacancy savings are higher than budgeted), any additional vacancy savings could mitigate potential overages in the wage types other than salaries.

### Excess Equity

As reflected in the following table, projected General Fund Excess Equity for FY 2017 is \$4.0 million, calculated as follows:

- Adjusting the \$192.4 million beginning General Fund Reserve for the following items leaves \$200.2 million in FY 2017 estimated year-end Reserve.
  - \$3.2 million increase for FY 2017 projected revenues in excess of expenditures, per the Third Quarter Report
  - \$7.6 million increase for the budgeted General Fund Reserve contribution, as it is also part of the \$173.8 million reserve requirement line in the table
  - \$3.0 million reduction to adjust for low-flow diversion capacity charges (to properly reflect a prior year accrual)

- Then, comparing the estimated \$200.2 million year-end Reserve to the \$173.8 million Reserve requirement yields projected year-end Excess Equity of \$26.4 million for FY 2017.
- Finally, use of Excess Equity in the FY 2018 Proposed Budget (\$8.3 million) and May Revise (\$14.1 million) brings the FY 2017 Excess Equity estimate to \$4.0 million.

<b>FY 2017 Excess Equity Estimate (\$ in millions)</b>	
Beginning FY 2017 Reserve Balance	\$ 192.4
FY 2017 Projected Revenues in Excess of Expenditures (per the Third Quarter Report)	3.2
FY 2017 Budgeted General Fund Reserve Contribution <sup>1</sup>	7.6
Adjustment for FY 2015 Accrued Low Flow Diversion Capacity Charges	(3.0)
<b><i>FY 2017 Year-End Reserve Estimate</i></b>	<b>200.2</b>
FY 2017 14.75% Reserve Requirement ( <i>includes FY 2017 General Fund Reserve contribution</i> ) <sup>1</sup>	(173.8)
<b>FY 2017 Year-End Excess Equity Estimate</b>	<b>26.4</b>
FY 2018 Proposed Budget Use of Excess Equity	(8.3)
FY 2018 May Revise Use of Excess Equity	(14.1)
<b>Adjusted FY 2017 Excess Equity Estimate</b>	<b>\$ 4.0</b>

<sup>1</sup> The budgeted General Fund Reserve contribution is added back, as it is part of the \$173.8 million reduction for the FY 2017 14.75% Reserve Requirement line.

### Updates to Key Performance Indicators

During the Budget Review Committee (BRC) hearings of May 3-5 and May 8-10, 2017, Councilmembers requested some changes to department performance measures (key performance indicators or KPIs)—either modifications to existing KPIs or the creation of new ones.

A list of changes to KPIs discussed by the BRC is provided below. Council may wish to request that the Performance & Analytics Department review these measures for inclusion in the FY 2019 Proposed Budget, and present their review to the Budget and Government Efficiency Committee in the first half of FY 2018.

Department	Current Measure	Proposed Measure
City Treasurer	n/a	Percent (%) of wage & sick leave complaints investigated and addressed within 60 days
	n/a	Percent (%) of wage & sick leave complaints investigated and addressed by City Staff (vs. State Labor Commissioner)
	n/a	Note: There was a request that the Department consider measures related to cannabis business tax since it is a new responsibility for the City Treasurer
Development Services	n/a	Average time to process a permit by project type
	Percentage of projects completed with less than 3 eligible review cycles	Number of cycles it takes for an applicant to go through permit process
	n/a	Response time for code enforcement staff
	n/a	Number of code enforcement cases closed per year
	n/a	Customer satisfaction (survey results)
Police	n/a	Actual sworn staffing versus sworn staffing goal in Five-Year Plan
	n/a	Budgeted and actual sworn staffing per 1,000 population
	n/a	Number of abandoned 911 calls
	Percentage of 911 calls answered within 10 seconds	Number of 911 calls with various wait times (10 seconds, 60 seconds, etc.)

Department	Current Measure	Proposed Measure
	n/a	Average non-emergency call wait time
	n/a	Number of non-emergency calls with various wait times (60 seconds, 5 minutes, 10 minutes, etc.)
	n/a	Number of abandoned non-emergency calls
	n/a	Number of sworn officers assigned to dispatch
	n/a	Percentage of police dispatcher background checks completed within 3 months
Purchasing & Contracting	Average number of days to award a contract	Average number of days to award a contract by type of contract or contract size

Note: a request was also made during the BRC to the Performance & Analytics Department, that the target for their KPI: "Percentage of City workforce participating in Operational Excellence initiatives" increase above the current 1%.



THE CITY OF SAN DIEGO

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**OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT**

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**Date Issued:** May 31, 2017**IBA Report Number:** 17-24**City Council Docket Date:** June 5, 2017**Item Number:** 201

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## **FY 2018 Councilmember Budget Priority Memoranda**

On February 13, 2017 the City Council adopted the FY 2018 Council Budget Priorities Resolution No. 310944 that was forwarded to Mayor Faulconer for his consideration as he developed the FY 2018 Proposed Budget. As we noted in our review of the Proposed Budget, 7 of the 10 top expenditure priorities supported by a majority of the Councilmembers received at least partial funding, a number that increased to 9 of the Council's 10 top expenditure priorities due to the addition of funding in the Mayor's May Revision to the FY 2018 Proposed Budget (May Revise).

As part of the FY 2018 budget development process, Councilmembers submitted budget priority memoranda to our Office on May 22, 2017, which are included in their entirety as attachments to this report. These memos identify specific expenditure priorities and potential new funding sources not yet included in the FY 2018 Proposed Budget or the May Revise.

Our Office reviewed the budget priorities mentioned by a majority of Councilmembers—five or more—in their memoranda, and we discuss these prioritized expenditures and resources in IBA Report 17-23 (*Review of the FY 2017 Year-End Budget Monitoring Report, FY 2018 May Revision, and Recommended Revisions to the Mayor's FY 2018 Budget*). In that report we recommend funding for all of the City Council's majority expenditure priorities, and recommend using the two funding sources mentioned by a majority of Councilmembers. The IBA's final budget recommendations will be considered by the City Council at the meeting of June 5, 2017.

A handwritten signature in blue ink, appearing to read "Christiana Gauger".

Christiana Gauger  
Fiscal & Policy Analyst

A handwritten signature in blue ink, appearing to read "Andrea Tevlin".

APPROVED: Andrea Tevlin  
Independent Budget Analyst

Attachment: 1. Councilmember Budget Priority Memos



**COUNCILMEMBER BARBARA BRY  
CITY OF SAN DIEGO  
DISTRICT 1  
MEMORANDUM**

DATE: May 22, 2017  
TO: Andrea Tevlin, Independent Budget Analyst  
FROM: Councilmember Barbara Bry, First Council District and Budget and Government Efficiency Committee Chair *Barbara Bry*  
SUBJECT: District 1 Fiscal Year 2018 Final Budget Priorities

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I campaigned on the promise to keep District 1 and the City of San Diego (City) safe, clean, and prosperous.

In the face of a deficit, I am committed to a balanced and responsible budget that preserves the City's core responsibilities. I support the Mayor's restorations that include funding a national search for San Diego Police Chief with extensive community input. The search should include both external and internal candidates from the San Diego Police Department (SDPD).

I support the May revise funding of a recruitment and retention plan to identify opportunities to increase SDPD competitiveness and morale, as well as the addition of critical domestic violence and neighborhood prosecution positions in the City Attorney's Office.

I further commend the Mayor's commitment of one-time funds to the Arts.

Due the fiscally prudent decisions of the Mayor and previous Councils, as well as the timing of one-time resources, we are in a position to safeguard our core services and as such, my final Fiscal Year (FY) 2018 budget priorities are below.

### Public Safety

**Recruitment and Retention San Diego Police Department:** The Mayor's May Revise provides \$150,000 to SDPD for a recruitment and retention study. This should be more than enough, and part of this funding should be able to be used for actual recruitment efforts. It is critical to gather data and make evidenced-based decisions to improve our SDPD's competitiveness in the marketplace. After completion of the study, the city must make resources available to implement recommended retention strategies. I therefore request \$3 million be budgeted for this purpose.

**Technology San Diego Police Department:** The City must comply with AB 953. I support providing a \$100,000 line item for use when the State publishes its requirements.

**Lifeguard Training:** San Diego tourists and residents rely on the Lifeguard Division to keep our beaches and bay safe. More than 20 million people visit City beaches in a typical year, and in 2016 the lifeguards performed over 9,000 water rescues. A 2015 City Auditor Report stated that half of the Lifeguard Division is eligible for retirement by 2020. The report also details the certain lifeguard skill sets associated with the Boating Service Unit (BSU), which can take many years to develop and certify. Of the lifeguards eligible to retire in the immediate future, the vast majority of these guards operate out of the BSU.

For these reasons, I request that \$100,000 be put towards Level II boat training. This one-time expense can be funded through the reduction in the \$226,000 line item for Information Technology expenditures to update Lifeguard Mobile Data Tablets. On April 5, 2017, Fire Rescue reported to Public Safety and Livable Neighborhoods Committee that it is still analyzing the cost of fully implementing the recommendations for potential funding requests in FY 2019 and beyond. I suggest that the Mayor consider utilizing a \$100,000 reduction from the \$226,000 until all of the costs and logistics for full implementation are analyzed.

**Lifeguard Staffing:** It is vital that our staffing levels reflect the need for safety service along our coastline. Currently, the Children's Pool and La Jolla Cove each have two year-round Lifeguards, which is not sufficient to cover for extended hours, crowds and a number of job responsibilities. For these reasons, I request one daily (two FTE) Lifeguard II stationed at the Children's Pool, to cover needs at both the Children's pool, whose response responsibilities extend past Bird Rock, to La Jolla Cove.

### Arts

The Mayor has provided for one-time funds for the Arts and I request adding additional one-time funds.

### Climate Action Plan

The City's Climate Action Plan (CAP) has tangible goals to attain 100 percent clean energy, zero waste, and greater access to commuting by walking, biking, or taking transit by 2035. As a coastal city experiencing the direct impacts of climate change, including wildfire, flooding, and sea level rise, it is imperative to cut the City's greenhouse gas emissions in half by 2035.

To meet these targets, I request:

1. A five-year roadmap, completed within six months, outlining the specific policy steps needed to implement the CAP and all associated costs. I, along with my Council colleagues, have asked the Independent Budget Analyst (IBA) to prepare this document.
2. Funding for the next phase of development of a Community Choice Energy (CCE) program. The CAP indicates that Council will be voting on CCE by Fall 2017, so funding for implementation is critical. I request that the FY18 budget include \$200,000 for this purpose.
3. Appropriate resources to ensure the execution of the Downtown Mobility Plan and the highest priority bike lanes, identified by the Bicycle Advisory Committee, as well as installation of counters to collect ridership data.
4. Preservation of \$100,000 of funding for shade tree pruning; allocation of funds to expand the canopy; and an increase in staffing capacity to implement the Phase 1 actions outlined in the Five-Year Urban Forest Management Plan, adopted January 2017.

### **Development Services**

I request that the two (2) reduced Code Compliance Officers are restored upon the collection of increased TOT and/or Measure N revenue.

### **Parks and Recreation**

I request \$125,000 to be allocated to repairs at the Carmel Valley Pool (Pool). The Pool served a population of about 27,000 when it was built in 1999. Eighteen years later it serves about 54,000 residents. I am prepared to request \$125,000 from the Carmel Valley Recreational Council to match the City's contribution and complete needed repairs.

### **Resources**

All of the requested additions, save for Lifeguard Staffing, can be achieved via Excess Equity. I am confident that we will achieve at least \$5M in savings as a result of foregoing a special election. Funding for the ongoing positions can be found by eliminating Classified Non-Sworn Vacancies that were not requested for certification and never filled as far back as 2009.

Thank you for your consideration of the priorities I've outlined here. If you have questions, please contact Victoria Joes at [vcjoes@sanidiego.gov](mailto:vcjoes@sanidiego.gov) or (619) 236-6611.



## MEMORANDUM

**DATE:** May 22, 2017  
**TO:** Andrea Tevlin, Independent Budget Analyst  
**FROM:** Councilmember Lorie Zapf- Council District 2  
**SUBJECT:** Final Budget Suggestions for FY 2018

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In the most recent May Revise several of my major concerns were addressed by the Mayor. Primarily, restoring some funds to Arts and Culture Penny for the Arts Funding helped address a significant shortfall, however, I would like to see continued restoration of funds in future years.

Below is a list of Council District 2 priorities that I, on behalf of my council district, would like to see included in the upcoming budget discussions:

***Second Trash Pick Up in Mission Beach:*** Increased tourism and trash during the summer months has added to a fly infestation that has become a health and safety issue for residents and businesses in Mission Beach. Several restaurants in the area were cited in previous years by County Vector Control due to flies. Last year the number of vector complains was significantly diminished due to the funding of the second pick up of trash. The additional pick-up helped interrupt the fly breeding cycle and curbed the amount of flies. I would recommend an allocation of \$70,000 to cover 13 weeks of summer trash pick-up in Mission Beach.

***Additional Resources for Get it Done Application:*** The *Get It Done* application has been well received by the public but is in general need of continued support and upgrades. During the Council's Budget Committee hearings, Performance and Analytics indicated that their next priority areas for funding would be to not only improve the current workflow of the application but also to expand it to include issues related to the Environmental Services Department. This would possibly include common constituent issues such as missed trash pick-ups, new and lost container request, and illegal dumping. With one time funding of \$500,000, we should continue to enhance the public's use of this application and implement the aforementioned improvements.

***Police Recruitment and Retention:*** Police staffing levels are of the utmost importance in maintaining safe neighborhoods. Since we are currently facing a shortfall of officers in the City, and losing officers to other departments, I would like to see additional funds to increase recruitment and retention of San Diego Police Officers.

***Code Enforcement:*** Short Term Vacation Rentals generate an enormous amount of noise and nuisance complaints. Since we do not have a current enforcement or resolution on Short Term Vacation Rentals, I would recommend adding back in one code compliance officer for FY 2018 to help with noise and nuisance complaints.





**COUNCILMEMBER CHRISTOPHER WARD**  
**COUNCILMEMBER DAVID ALVAREZ**  
**COUNCILMEMBER GEORGETTE GÓMEZ**

**M E M O R A N D U M**

DATE: May 22, 2017

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Christopher Ward, Third Council District   
Councilmember David Alvarez, Eighth Council District   
Councilmember Georgette Gómez, Ninth Council District

SUBJECT: **Final Budget Priorities and Revisions to the Fiscal Year 2018 Budget**

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This memorandum contains our joint priorities for the Fiscal Year 2018 budget, which align with our commitment to create a San Diego where all people can achieve their full potential. In recent weeks, hundreds of San Diegans have attended Budget Review Committee hearings to voice their fervent support for civic priorities such as critical public safety and neighborhood services. The following are our final priorities for funding:

**PUBLIC SAFETY**

- **Police Department Recruitment and Retention:** Public safety remains our highest budget priority. The City must continue to prioritize the recruitment and retention of police officers. Although the May Revise allocated funding towards a retention study, significant resources have not been allocated to curb attrition rates during FY18, when officer staffing levels may fall below 1,800. As such, in FY18, the City should appropriate sufficient funding to prevent continued attrition and ensure minimum staffing levels are met throughout the duration of FY18. This one-time cost of accelerating step pay increases for roughly 175 new officers would provide a retention incentive without creating a significant structural cost

long-term. This funding could be used for this purpose or any retention strategy mutually agreed upon through the appropriate negotiation process. *Approximate cost: \$3.9 million.*

- **Police Department Minimum Staffing:** The City must implement a temporary stop-gap measure, including but not limited to additional overtime, to maintain SDPD minimum staffing levels 24 hours a day, seven days a week. *Approximate cost: \$3.0 million.*
- **Community Oriented Policing:** We encourage the Mayor and City Council to invest in a community policing philosophy and program that promotes organizational strategies, partnerships, and problem solving techniques between law enforcement, citizens, and neighborhood groups, to proactively address the immediate conditions that may otherwise give rise to public safety issues, such as crime, social disorder and fear of crime. It is imperative that the Police Department present a community-policing restoration plan to ensure a robust community policing strategy. Specifically, we request that additional Community Relations Officers and multi-lingual Police Officers/Police Service Officers be added as the Police Department continues to rebuild.
- **Homeless Outreach Team Expansion:** We request additional funding to expand the HOT team to 24 hours a day, seven days a week. This an effective health and safety outreach program which provides critical services to the homeless living on the streets. Expansion of this program would allow for the HOT team to service multiple areas of the City simultaneously. *Approximate cost: \$700,000.*
- **Rape Kit Test Backlog:** There is an estimated backlog of nearly 3,000 rape kits that have yet to be sent to the SDPD crime lab for testing. Analysis of such tests would not only help solve reported crimes, but would also provide key information to cold cases in other jurisdictions. We request funding to begin addressing some of this backlog. *Approximate initial cost: \$500,000.*
- **Implementation of the Racial and Identity Profiling Act (AB 953):** The regulations for this statewide legislation will be finalized imminently. The PS&LN Committee requested that San Diego Police Department (SDPD) implement AB 953 once the regulations were completed and bring information about what it would cost to do so. To best prepare SDPD for this shift in regulations, we recommend making an allocation for personnel, training, and management of this priority. *Approximate cost: \$200,000.*
- **Police Chief Recruitment Outreach Process:** We applaud the May Revise addition of \$100,000 for Police Chief Recruitment Services and we request that the use of these funds include support for both a nation-wide recruitment efforts, as well as a robust local community outreach process to solicit public input on the desired qualifications for the new Police Chief.
- **Fire-Rescue Department Resource Access Program:** The San Diego EMS Resource Access Program (RAP) is a paramedic-based surveillance and case management system that intercepts high EMS users. RAP seeks to reduce dependence on EMS and acute care services

by linking the individual with appropriate resources for their underlying medical, mental health, and social needs. RAP is coordinated by a San Diego Fire-Rescue paramedic who works under the direction of Dr. James Dunford, EMS Medical Director for the City of San Diego. Currently, there are no community paramedics dedicated for this program. Since its inception, RAP has saved taxpayers approximately \$2 million diverted public health costs. We request the addition of 4.0 FTE Community Paramedics for this program. *Approximate cost: \$380,000.*

### **NEIGHBORHOOD SERVICES**

- **Code Compliance Officers:** The Development Services Department's Neighborhood Code Compliance Division provides significant value to neighborhoods by enforcing our municipal code and protecting the public from a variety of health and safety violations. Our districts contain some of the oldest neighborhoods in the City, which rely on code enforcement to mitigate such nuisances as illegal business operations, high occupancy housing issues, short term vacation rentals, noise generators, accumulation of materials in yards, and unsafe and unsanitary housing conditions. We request the restoration of the 4.0 FTE Code Compliance Officers that were eliminated in Development Services. *Approximate cost: \$406,000. Note: This cost could be offset by corresponding revenue from short-term vacation rental permits. 5.0 FTEs are being added in the Office of the City Treasurer to support Short-Term Rental Compliance. The addition of Code Compliance Officers should be complementary.*
- **Library Programming:** In the FY18 proposal, the Library's \$500,000 programming budget was eliminated. This item serves as a tool to ensure equity across the Library system by helping to sustain programming for branches in underserved and less affluent neighborhoods, which don't have access to private support. While we applaud the Mayor for restoring \$100,000 of the programming budget, it is not enough. We request the restoration of the Library programming budget to ensure greater equity in our communities. *Approximate cost: \$400,000.*
- **Penny for the Arts:** Currently, the Mayor's 5-year Outlook shows 6.60% of projected TOT revenue budgeted to support the Penny for the Arts Blueprint, falling short of the Blueprint's stated 9.5% goal for FY18 and down nearly 15% from the FY17 adopted budget. This means that for the next five years, Arts and Culture funding will continue to be millions of dollars short of the Blueprint's commitment. The FY18 proposed budget cut funding for arts programs by approximately 31%. The May Revise partially restored funding for arts and culture programs, but still falls far short of the Blueprint goal for FY18. Although our preference would be for the Blueprint goal to be met, it is imperative that at the very least, arts programs be funded at the same level (\$15.1M) as FY17. *Approximate cost: \$2.3 million.*

- **Expansion and Improvements to “Get It Done” Application:** The City should seek improved coordination and expansion opportunities for its primary customer service (pilot) application “Get It Done”. *Approximate cost: \$500,000.*

### **INFRASTRUCTURE & SUSTAINABILITY**

- **Storm Water Channel and Storm Drain Maintenance:** The City has engaged in an effort to enhance the maintenance of its storm water channels and storm drains to ensure that life and property are protected during the winter storm season. Much of the work performed in the last 18 months by the department has been through emergency permitting. In order to avoid the need to do last minute emergency permits to prevent flooding, the City should continue funding our storm water channel and storm drain maintenance program at an enhanced level that proactively addresses high flood risk locations in FY18 and beyond. The proposed FY18 budget cut funding for the Master Maintenance Program and services related to “Channel and Environmental Permitting Services.” These items should be fully funded to ensure the City stays on an aggressive path to keep storm drains and channels properly maintained. *Approximate cost: \$1.4 million.*
- **Chollas Creek Master Plan Restoration and Active Transportation Improvement Project:** Chollas Creek is a significant asset that traverses the City Heights, Eastern, Encanto, Southeastern San Diego, and Barrio Logan communities. Planning work has been completed as part of the 2015 Southeastern and Encanto Community Plans; Chollas Triangle Plan amendment; Southcrest Trails Park General Development Plan; and improvements from private development projects along the creek that implement the 2002 Chollas Creek Enhancement Plan. The total cost of the Master Plan is estimated to be \$1.0 million based on the costs of the San Diego River Park Master Plan/CEQA document. However, Park Planning staff reports that the Master Plan could be funded in phases over a three year time period. Chollas Creek as a Regional Park requires work to begin on the Master Plan. *Approximate cost of Phase I: \$500,000. Note: Funding could also come from the \$13.6 million lump sum paid to the City from the County of San Diego in FY17 for the annexation of property adjacent to Chollas Creek in Mt. Hope. If funds can’t be identified, we respectfully request that Planning Department staff seek grant funding for this project.*
- **Shade Tree Trimming (Transportation & Storm Water):** Tree trimming services were reduced in the Transportation & Storm Water department by \$881,746. This would significantly reduce the number of trees trimmed in FY18 from 25,000 to 12,000. This creates liability issues that would potentially burden the City in the future. Further, with the addition of a \$100,000 tree planting contract added in the May Revise, it is especially important to contribute funding to maintain our urban canopy. We request the restoration of the tree trimming budget, which includes adequate staffing to implement the Phase 1 actions of the Urban Forest Management Plan. *Approximate cost: \$880,000.*

- **Tree Trimming & Pool Maintenance (Park & Recreation):** The Park & Recreation Budget has a reduction to tree trimming and pool maintenance services in the amount of \$268,000. This reduction would decrease the frequency of trimming trees 70 feet or higher to an as-needed or emergency-only basis. This poses liability issues that would potentially burden the City in the future. We encourage the restoration of this line item to protect the City from risk, preserve neighborhood service levels, and maintain our urban canopy. *Approximate cost: \$250,000.*
- **Climate Action Plan Five-Year Implementation Plan:** Our Climate Action Plan is a landmark policy that requires effort and collaboration between multiple City departments to achieve greenhouse emissions reduction targets of 15% by 2020 and 50% by 2035. This is the most ambitious climate plan in California and a model for our region. We request that the Independent Budget Analyst prepare a five-year implementation plan with associated costs to ensure that the City is on track to achieving our goals.
- **Community Choice Energy (CCE) Program:** We request funding for the next phase of development of a Community Choice Energy program. This would include a study and accompanying business plan that will allow the City to explore and potentially implement a CCE in Phase II of the Climate Action Plan. Moving in the direction of providing CCE would benefit San Diegans by providing more clean energy. *Approximate cost: \$200,000.*
- **Upcoming Infrastructure/Commercial Paper/DC4 Bond:** The projects listed in *Addendum A* are our high priority community needs for the FY18 budget. Consideration should be provided to those projects eligible for upcoming funding opportunities. In addition to the short-term funding strategies being contemplated, the Mayor and City Council must work to identify a comprehensive infrastructure investment plan. Without a sustainable new revenue source to address our infrastructure needs, San Diego's streets, sidewalks, and public buildings will continue to deteriorate.
- **Use of Regional Water Quality Control Board (RWQCB) Penalty for Tijuana River Valley Restoration Projects:** \$1.6 million has been allocated for four restoration projects. \$682,932 has been allocated to develop systems to identify and prioritize impaired waterways for cleanup and maintenance. A portion of this funding should be used for planning purposes that address sewage contamination and flooding in the Tijuana River Valley. *Approximate cost: \$500,000.*

## **OPERATIONAL NEEDS**

- **Earned Sick Leave and Minimum Wage Ordinance:** City administration and enforcement of the minimum wage and earned sick leave ordinance is critical to the stability of the city's workforce and overall economy. Additionally, in a May 3, 2017 letter from California Labor Commissioner Julie Su, it is noted that in order for a Partnership Agreement to be formed for State enforcement, the City must first assign staff to the

enforcement of the minimum wage ordinance. San Diego has a mandate to take the lead in addressing it. As such, it is critical that appropriate staffing be filled immediately and additional resources be identified to ensure pro-active enforcement and compliance with the law.

- **Vacant City Attorney positions:** 5.0 FTE in the City Attorney's Office are proposed to be eliminated. These positions should be kept vacant and not eliminated to ensure adequate staffing in the City Attorney's Office in future years. Citywide Program Expenditures, which incurs the cost of outside counsel, could be utilized to offset the cost of restoring the positions.

### **SUGGESTED REVENUE SOURCES**

While we acknowledge the City's budgetary constraints, we offer the following revenue sources to continue progress and prevent any reductions to public safety and critical neighborhood services:

- **Excess Equity:** *Available resource: \$4 million.*
- **Proposition H/Infrastructure Fund and New State Gas Tax Revenue (SB 1):** Last year, San Diego voters approved Proposition H, a ballot measure that requires the dedication of General Fund revenue growth to an Infrastructure Fund. Additionally, Proposition H included a provision that allows a one-year suspension of the requirement to allocate General Fund revenue growth to the Infrastructure Fund upon a two-thirds vote of the City Council. Since funding for non-infrastructure critical expenditures is needed, the Mayor should consider requesting City Council suspend the measure, which would allow the revenue to flow to the General Fund for other City uses. Additionally, new and unanticipated State Gas Tax revenue (SB1) is projected to provide the City with roughly \$319.0 million over ten years, starting in FY 2018. This revenue could fund the same street repair contemplated in Prop H. A one-year suspension of Prop H, in tandem with SB1 funds, would free up approximately \$9.6 million in unrestricted General Funds, in turn allowing the City to address major shortfalls in public safety and community-serving priorities, all while continuing to make the largest annual infrastructure investment of this decade. *Available resource: \$9.6 million.*
- **Implementation of City Reserve Policy:** The proposed budget includes a contribution to General Fund Reserves to hit the FY19 Reserve Policy Target of 15.25%. This pre-funding is proposed despite the City facing across-the-board cuts to every city department, including police support, arts and culture funding, code enforcement and other critical community programs. The City should not pre-fund reserves and adhere to the FY18 target as outlined the City Reserve Policy. *Available resource: \$ 10.3 million.*
- **Sale of Certain Former Redevelopment Agency Properties in Accordance with the Approved Amended and Restated Long-Range Property Management Plan:** On May 16, 2017, the City Council authorized the sale of six properties. The redevelopment dissolution laws mandate that net proceeds from the sale of these assets be transmitted to the County

Auditor for distribution to the Affected Taxing Entities in proportion to their share of general property tax revenues. Ultimately, the City of San Diego will receive an amount equal to approximately 17% of net proceeds, which would be revenue to the General Fund. *Available resource: \$1.5 million.*

- **Contracts:** The City utilizes outside contractors for a variety of services. Proposed contract expenditures in FY18 total \$240.2 million (General Fund). The City should utilize the appropriate termination clause language within each contract to renegotiate the cost of each contract. A 10% overall reduction in contracts for outside services would provide the City with \$24 million for more immediate General Fund purposes. *Available resource: \$24.0 million.*
- **Proposed TOT Tax Increase at a November 2017 Special Election:** The City Council will decide in the upcoming weeks whether or not the City should call a special election for the Mayor's TOT proposal. Should the proposal not be supported, \$5.0 million would be available for other critical needs. *Available resource: \$5.0 million.*
- **Cannabis Tax Revenue:** On November 8, 2016, the voters of San Diego approved Measure N, which established a Cannabis Business Tax (CBT) on non-medical cannabis (marijuana) businesses in the City of San Diego to raise revenue for general governmental purposes of the City, contingent upon the passage of Proposition 64, the Adult Use of Marijuana Act, which was also approved by voters on the November 2016 ballot. The fiscal impact statement prepared for Measure N estimated potential future CBT revenue of \$22 to \$35 million annually. The City Council must consider land use and business regulations expeditiously so that the industry develops responsibly and potential revenue is captured. *Available resource: per the IBA, \$2.4 - \$4.8 million.*
- **Potential Revenue from Short-Term Vacation Rentals:** The City Council must take immediate action and adopt sound policy regarding short-term vacation rentals. In doing so, the city will be better suited to track business activity and will create opportunities to generate revenue in the form of permit fees and Transient Occupancy Tax that can support code enforcement to ensure compliance of applicable laws. *Available resource: The City has an opportunity to develop a cost-recoverable STVR Code Enforcement Program.*
- **May Revision: Littering and Graffiti Abatement Pilot Program and City Treasurer Information Technology Customer Projects:** The Mayor's May Revision included two new programs without Council knowledge or public vetting. Until further information is provided regarding the necessity of these programs, we request that funding not be included in the budget. *Available resource: \$1.0 million.*

Thank you for your consideration of these priorities. This memo reflects our top priorities and will serve as the basis for our support of the budget.

**ADDENDUM A**

- **Aldine Dr. Road Improvements (Council District 9):** We request a storm water study to be done on Aldine Dr. to address the various traffic and storm water issues that impact the area. Poor sightlines, eroding hillsides, and occasional mudslides severely impact this road, which services nearly 22,000 trips per day. In addition to repairing and maintain the current storm drains at the area, we are requesting an initial pre design study for road improvements at the location in order to begin to implement Facilities Financing Project T-1. Based on recommendation from city staff, road improvements are needed to fully address the issue of flooding at the area during rains. The full cost to implement Project T-1: \$6,000,000. *Approximate cost: \$250,000 to conduct the storm water study and begin evaluating the project. If funding cannot be identified for this study, we respectfully request that staff apply for the FEMA Hazard Mitigation Grant program for associated costs.*
- **Baybridge Community Center Roof (Council District 8):** The Baybridge Community Center is a single story 9,890 gross square foot building located adjacent to Chicano Park. The facility was originally built in 1971 and is part of the Parks and Recreation Department. The building is in very poor condition with many pressing needs to be move-in ready for the next tenant. The current roof needs replacement and is identified as a critical need in the City's facilities assessment report. *Approximate cost: \$483,000.*
- **Clay Avenue Park (Council District 8):** This park project is part of the Southeast Mini-Parks CIP L16000. Design and construction should be accelerated. It includes play structure for ages 5-12, installation of tables and BBQ grills and ADA improvements. *Approximate cost: \$1 million.*
- **Complete Boulevard Study Phase II (Council District 9):** Construct new medians, sidewalk improvements, curb extensions, and safe crossings at the intersections of El Cajon Boulevard and Menlo Avenue, and El Cajon Boulevard and Euclid Avenue as outlined in the Complete Boulevard Study. This includes pedestrian improvements in the vicinity of Hoover High School such as enhanced paved crosswalks, new pedestrian signals, and new sidewalk. A full cost estimate is not available at this time. *Approximate cost: \$250,000 to establish CIP and begin design and construction drawings. If funding cannot be identified for this project, we respectfully request that staff apply for a grant from SANDAG's Active Transportation Program.*
- **Downtown Mobility Plan and Vision Zero Implementation (Council District 3):** The City has been working on preliminary design drawings and is developing a specific implementation plan for this project. The proposed budget does include \$2.5 million to complete this work and additional funds are available once decisions have been made about implementation strategies. We request timely execution of the design and full implementation within the three year target period. The Downtown Mobility Plan and cycle track are crucial elements to meeting the Climate Action Plan's 2020 target of 6% bicycle commuter mode share. Critical to meeting this target is the funding for both the

completion of the City's priority bike lanes on University Avenue and El Cajon Boulevard and counters to collect data on mode share activity. As the City strives for Vision Zero, a safe crossing should be constructed at the intersection of Kansas Street and El Cajon Boulevard at \$357,105. *Approximate cost: \$357,105 (additional).*

- **Egger Highlands Missing Sidewalk (Council District 8):** Installation of a missing sidewalk on the west side of Saturn Boulevard between Palm Avenue and Boundary Street. This sidewalk is located next to the mobile home park across the street of the shopping center. The scope of project would include the design and construction of the sidewalk. Design will cost approximately \$100,000 with the entire project costing approximately \$350,000.
- **Island Avenue Park (Council District 8):** This park project is part of the Southeast Mini-Parks CIP L16000. Design and construction should be accelerated and completed, including ADA improvements, playground and amenities. *Approximate cost: \$1.5 million.*
- **J Street Park (Council District 8):** This park project is part of the Southeast Mini-Parks CIP L16000. Design and construction should be accelerated and completed. ADA improvements and playground upgrade. *Approximate cost: \$1 million.*
- **Lighting (Council Districts 8 & 9):** Our communities are seriously deficient in sufficient street and parks lighting. It is imperative that we provide and repair lighting in our neighborhoods and public facilities. The following are priorities to provide and repair lighting:
  - Lighting in Gamma Mini-Park in Southcrest. If traditional lighting is not an option, consider installing solar lighting. *Approximate cost: \$250,000.*
  - Dahlia Street between Saturn Boulevard and 18th Street qualifies for three additional street lights. Their proposed locations are as followed: Dahlia Avenue west of Saturn Blvd 305' south side, Dahlia Avenue west of Saturn Blvd 105' south side, and Dahlia Avenue east of 18th Street 160' south side. *Approximate cost: \$7,500.*
- **Pedestrian/Safe Routes to School Improvement Projects (Council District 8)**
  - **Picador Boulevard and Majestic Drive Crosswalk/Rectangular Rapid Flash Beacon (RRFB):** There is a crosswalk at the intersection of Picador Boulevard and Majestic Drive, located in front of Montgomery Middle School. This crosswalk is heavily used by students and families walking to and from Montgomery Middle School. The crosswalk was recently upgraded. Among the improvements made were: converting the crosswalk to a new yellow continental crosswalk and the installation of new "slow school xing" pavement markings for northbound traffic. Furthermore, this location has qualified for the installation of Rectangular Rapid Flashing Beacon lights (RRFBs). Funding should be provided to install these much needed RRFBs. *Approximate cost: \$10,000.*

- **Richmond Street Sidewalk between Pennsylvania and Myrtle Avenues (Council District 3):** We request that funding be identified for the design of streetscape improvements and a sidewalk installation to enhance pedestrian safety in the Hillcrest/Marston Hills neighborhood. *Approximate cost: \$100,000.*
  
- **Tubman Joint Use Park (Council District 9):** A General Development Plan has been completed for the 1.72-acre Tubman Joint-Use Park located at 6880 Mohawk Street in the College Area Community. In order to create additional parkland in this park deficient community, a total cost of \$2.7 million is estimated to complete the project. A developer contribution of \$1,430,000 is anticipated for FY18 which will assist in funding the park. There was also a \$150,000 addition in the May Revision via Development Impact Fees. However, there is a \$250,000 funding deficit according to CIP S-13000. *Approximate cost: \$250,000.*
  
- **Ward Canyon Park (Council District 3):** A General Development Plan was completed for Ward Canyon Park in January 2013. The Public Works Department estimated that the project needs \$7.5 million to complete the park as designed. It was also noted that the project could be phased, requiring \$3.9 million for the first phase. We request that the Park and Recreation Department in conjunction with the Planning Department explore grant opportunities and seek the necessary funding to complete the project. *Approximate cost: \$3,500,000.*



**CITY OF SAN DIEGO  
OFFICE OF COUNCIL PRESIDENT MYRTLE COLE  
FOURTH COUNCIL DISTRICT**

**MEMORANDUM**

DATE: May 22, 2017  
TO: Andrea Tevlin, Independent Budget Analyst  
FROM: Council President Myrtle Cole *Myrtle Cole*  
SUBJECT: FY 2018 Budget Priorities

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I am thrilled to hear that many of our priorities have been funded in the Mayor's Budget Revision. However, I believe that we can still have a balanced FY 2018 budget, maintain current level of City services and strive for additional resources to fulfill essential operations and provide optimal customer service. My priorities continue to focus on building a San Diego of which we can all be proud. Below is a list of Council District 4 priorities that I would like to see included in Fiscal Year 2018.

**Public Safety:**

**Police Recruitment and Retention.** In order to address the understaffing in both sworn and non-sworn positions, it is critical that the City continue to implement the Police Department's Five-Year plan and allocate funds for to meet minimum police staffing levels.

**Identify and allocate appropriate funding to implement AB 953 (Racial and Identity Profiling Act of 2015).** At the 11/30 PSLN meeting I requested the Mayor and San Diego Police Department identify what systems are needed to collect the information that AB 953 will require, including whether existing systems will suffice or additional ones are needed and that the Department identify what the potential costs of any newly required systems are so that we can include funding in the FY 2018 budget.

**Support and fund the computer-aided dispatch (CAD) replacement project.** The CAD-related costs include debt service, system maintenance, and training. These expenditures will be essential to the operation of the new CAD system which is expected to be fully deployed by October 2017.

**Support and Fund the Neighborhood Code Compliance Division of the Development Services Department** to administer programs designed to protect the public's health, safety, welfare, and property value through enforcement.

**Identify and allocate appropriate funding for Homeless Outreach Teams and Quality of Life Teams** expansion to address homeless populations in communities throughout San Diego.

**Identify and allocate appropriate funding for additional Psychiatric Emergency Response Team staff** to address expanding homeless populations in communities throughout San Diego.

**Identify funding for Resource Access Program (RAP).** The RAP program is an important component in addressing the needs of our homeless. RAP, a paramedic based surveillance and case management system, manages frequent users of the 911/EMS system. RAP paramedics connect homeless individuals with resources for their underlying medical, mental health, and social needs. The RAP program has many benefits including reducing calls to the 911/EMS system, thus freeing up time for serious emergencies and reducing the costs.

**Identify and allocate funding for:**

- **Vessel Replacement Plan**
- **Lifeguard Lieutenant**
- **Fleet Technician**
- **Park and Recreation Ground Maintenance Workers**

**Climate Action Plan:**

**Implement the Downtown Mobility Plan** and the highest priority bike lanes, identified by the Bicycle Advisory Committee.

**Funding for shade tree pruning**, which is essential to maintaining the health of our existing tree canopy; allocation of funds to expand the canopy; and an increase in staffing capacity to implement the Phase 1 actions outlined in the Five-Year Urban Forest Management Plan.

**Infrastructure:**

**Identify and allocate funding for completion of the Streamview Drive**

**Improvements.** Including traffic calming measures, installation of roundabouts, medians, angled parking, resurfacing of streets and construction of new sidewalks.

**Identify and allocate funding for the Martin Luther King, Jr. Recreation Center Facility Improvements.**

**Identify and allocate funding for a Permanent Skyline Hills Fire Station (FS 51).** Identify funding to construct a permanent facility for the health and safety of our fire-rescue personnel.

**Identify and allocate funding to continue work on the Rolando Park Joint-Use Field project and complete design.**

**Funding for the reconfiguration and enhancement of Marie Widman Memorial Park.** The park enhancements are needed to improve public safety. Enhancements to park amenities can increase park usage and activity thereby deterring crime.

**Fund improvements at 15 deadliest intersections.** To ensure basic, low-cost pedestrian safety infrastructure improvements such as high visibility crosswalks, audible signals, and countdown signals.

**Identify funding for additional sidewalks and street lights in District 4 including, Paradise Hills, Community-Wide Pedestrian Improvements for North Encanto, and Northside of Market Street.**

**Economic Development and Neighborhood Services:**

**Identify and allocate funding to streamline the permitting process to build affordable housing.**

**Identify and allocate additional funding for the Penny for the Arts Blueprint.**

**Identify and allocate funding for a Small Business Bonding Assistance Program.** The Small Business Bonding Assistance Program can serve as a supplement to the City's existing SLBE/ELBE program, and as an alternative to addressing the bonding needs of small construction firms.

**Revenue Opportunities:**

In an effort to address funding for our FY 2018 budget priorities, following are some possible actions:

**Excess Equity:** There is an estimated \$4.0 million available for a one time use.

**Infrastructure Fund:** There is an estimated \$17 million allocation for FY 2018.

**Reserves in Excess of Policy Targets:** There are some alternatives to reducing reserve funds which may be available to fund various priorities.

**Chargers' Relocation Fee.** Include the use of the \$12.5 million Charger relocation fee to supplement funding for various priorities.

**Capital Outlay Fund:** One time use of \$2.0 million dollars for capital improvements.

**General Fund Redevelopment Property Tax Trust Fund:** One time use of \$1.5- \$1.7 million dollars.

We look forward to the collaborative work ahead and thank you for your consideration of our budget priorities.

**COUNCIL PRESIDENT PRO TEM MARK KERSEY**

**DATE:** May 22, 2017

**TO:** Andrea Tevlin, Independent Budget Analyst

**FROM:** Council President Pro Tem Mark Kersey

**RE:** Final Fiscal Year 2018 Budget Priorities

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This is in response to Budget & Government Efficiency Committee Chair Barbara Bry's May 1, 2017 memorandum requesting final Councilmember priorities for the Fiscal Year 2018 Budget. I am pleased that the FY18 Proposed Budget sustains infrastructure investment and core neighborhood services, despite the deficit created by a significant increase in the City's annual pension payment. My final requested budget modifications are:

- **Enhance Customer Service.** Allocate at least \$500,000 in one-time funding from excess equity to continue progress on the Get It Done project. Specifically, funding should be used to expand functionality and integration with ESD and other departments that currently have service request options on the web and in the mobile app.
- **Improve Public Safety.** Continue discussions with the Police Department to address our police force's recruitment and retention challenges and fund solutions accordingly.



**COUNCILMEMBER CHRIS CATE  
CITY OF SAN DIEGO  
SIXTH DISTRICT**

**M E M O R A N D U M**

**DATE:** May 22, 2017

**TO:** Andrea Tevlin, Independent Budget Analyst

**FROM:** Councilmember Chris Cate

**SUBJECT:** Recommended Fiscal Year 2018 Budget Revisions

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We must realize the serious state of the City's financial situation. As we know, the General Fund portion of the City's annual pension payment increased by \$45.2 million over last year. After allocating dollars to support Fiscal Year (FY)18 critical expenditure needs, such as San Diego Police Department (SDPD) staffing, public safety equipment, and neighborhood services, an \$81 million deficit was realized. Through the use of one-time dollars, fully applying the newly created Pension Stabilization Reserve, decreasing Penny for the Arts funding, and reducing departmental expenditures by \$22.3 million, the FY18 deficit was eliminated. Though the sacrifices made to produce this balanced budget are noteworthy, next fiscal year is projected to produce additional challenges and financial constraints we will need to address.

Utilizing projections from the most recent Five Year Financial Outlook and current revenues and expenditures outlined in the FY18 Proposed Budget, the City can expect a deficit in FY19. The City's pension payment is expected to grow by another \$4.6 million, bringing next year's pension payment to \$241.0 million. Based on growth rates included in the Five Year Financial Outlook, General Fund revenues are expected to grow by \$9.5 million, while expenditures are anticipated to grow by \$20.7 million. Assuming the Council does fully pre-fund the FY19 reserve contribution in FY18, as proposed within the May Revise, the City can expect a modest deficit prior to including any other additional FY19 critical expenditures. The following table uses the same format of that outlined in the Five Year Financial Outlook:

	FY18 Budget	FY19 Projection**
<b>General Fund Revenues</b>		
Property Tax	\$532.9	\$554.2
Sales Tax	\$275.3	\$280.3
TOT	\$121.1	\$127.6
Franchise Fees	\$75.1	\$76.6
Property Transfer Tax	\$10.1	\$10.4
Licenses & Permits	\$21.7	\$22.1
Fines	\$31.9	\$32.1
Revenue from Money & Property	\$58.4	\$60.3
Revenue from Other Federal Agencies	\$4.5	\$4.5
Charges for Services	\$152.8	\$156.3
Other Revenue	\$4.9	\$2.3
Transfers In	\$112.4	\$83.6
<b>Total</b>	<b>\$1,401.1</b>	<b>\$1,410.2</b>
<b>General Fund Expenditures</b>		
Salaries & Wages	\$547.2	\$547.2
Employee Agreements	-	\$15.9
ADC	\$236.4	\$241.0
Flexible Benefits	\$96.5	\$96.5
OPEB	\$40.9	\$41.9
Workers' Comp	\$22.4	\$23.1
SPSP	\$18.4	\$18.4
Other Fringe	\$23.6	\$25.6
<b>Personnel Expenditures</b>	<b>\$985.4</b>	<b>\$1,009.6</b>
Infrastructure Fund	\$18.1	\$14.7
Supplies	\$30.3	\$31.4
Contracts	\$240.2	\$231.8
IT	\$31.8	\$28.2
Energy & Utilities	\$43.0	\$44.3
Reserve Contributions	\$10.2	\$0.0
Other Expenditures	\$50.7	\$50.7
<b>Non-Personnel Expenditures</b>	<b>\$424.2</b>	<b>\$401.1</b>
<b>Total Expenditures</b>	<b>\$1,409.6</b>	<b>\$1,410.7</b>
<b>Surplus/(Deficit)</b>	<b>\$(8.5)</b>	<b>\$(0.4)</b>
<i>*General Fund revenues &amp; expenditures are based on FY18 May Revise</i>		
<i>**FY19 projections based on growth projections included in FY18-22 Five Year Financial Outlook</i>		

As noted, this projection does not include the FY19 Five Year Critical Strategic Expenditures for items such as new SDPD and Fire-Rescue positions and equipment, software maintenance, and

technology upgrades, that were included in the previous Five Year Financial Outlook. In total, these critical expenditures account for an additional \$22 million in expenditures in FY19.

FY19 5-Year Critical Strategic Expenditures	
Fire-Rescue	\$3.3
Fleet Operations	\$3.1
Information Technology	\$1.4
Infrastructure Asset Management	\$1.6
Library	\$1.5
Park & Recreation	\$3.3
Real Estate Assets	\$1.8
Police Sworn Positions and Equipment	\$2.2
Police Civilian Positions and Equipment	\$0.7
Police CAD System	\$1.1
Central Library Operations	\$2.0
<b>Total</b>	<b>\$22.0</b>

Furthermore, the 5-year pensionable pay freeze will sunset in FY19. The current labor contract with the Police Officers Association (POA) anticipates a 3.3 percent salary increase for FY19, or \$8.2 million, which is currently included in the projected expenses for FY19. The City and POA have the ability to renegotiate the current contract beginning in calendar year 2018, so a larger amount dedicated to salary increases for FY19 is possible. Each percentage increase in salaries for POA results in approximately \$2 million in expenditure increases. If the will of the Mayor and Council is to increase salaries above the 3.3 percent expected in FY19, it would be prudent to begin planning for the expenditure today. Our projection for FY19 includes an additional \$10 million for this purpose.

Other FY19 Priorities	
Potential POA Additional Salary Increase	\$10.0
<b>Total</b>	<b>\$10.0</b>

Upon taking modest revenue growth and the aforementioned expenditures into consideration, we project the City to have an approximately \$32.4 million budget deficit in FY19. This projection is limited in scope and does not include any additional ongoing expenditures that may be included in the FY18 adopted budget, nor does it include any other initiatives or critical strategic expenditures that may be necessary to be fulfilled during the FY19 budget deliberations.

FY19 Totals	
Total Revenues	\$1,410.2
Total Expenditures	\$1,410.7
5-Year Critical Strategic Expenditures	\$22.0
Other FY2019 Priorities	\$10.0
<b>Surplus/Deficit</b>	<b>(\$32.4)</b>

We must respond to these financial challenges by exercising strong fiscal discipline and maximizing one-time revenue sources for critical needs that ensure the public's safety and delivery of quality neighborhood services.

In response to the public hearings regarding the proposed budget and Mayor's May Revise, I recommend the following allocation for the remaining \$4.0 million of excess equity:

**San Diego Police Department Overtime (~\$4,000,000)**

Last fiscal year, the City Council approved \$4.0 million in non-pensionable compensation to San Diego police officers. This additional compensation granted officers more take-home pay through uniform and equipment allowances. However, given the one-time nature of this funding, the City Council must now put forward additional stop-gap measures until a more permanent solution to SDPD's recruitment and retention problem is presented. I recommend utilizing the entirety of the remaining excess equity balance for police overtime to ensure the Department is able to provide minimum patrol staffing levels. The safety of San Diego residents should be the City's top priority and appropriately reflected within this budget.

I further recommend the following one-time budget adjustments:

**One-Time Penny for the Arts Funding Adjustment (\$1,744,682)**

The FY18 Proposed Budget recommended cutting funding for the Penny for the Arts by \$4.7 million. This decrease lowers funding for the program from 7 percent of Transient Occupancy Tax (TOT) revenue to 4.5 percent. Given the significance of our local arts community and the important role it plays in crafting the minds of San Diego's next generation of leaders, I propose utilizing the entirety of the Mayor and City Council discretionary TOT allocation, in addition to redirecting the Community Projects Programs and Services (CPPS) budget for City Council offices toward Penny for the Arts. Though the Mayor has proposed approximately \$2.4 million in additional one-time funding for Penny for the Arts, we must prioritize the much-needed expenditures that are crucial to protecting public safety and core neighborhood services. My recommendations for the reallocation of this funding are outlined in the below narrative.

**Critical One-Time Allocations Utilizing May Revise Arts Funding (\$2,371,942)**

***Marketing Campaign for San Diego Police Department Recruitment (\$350,000)***

Earlier this month, I issued a memorandum outlining the great needs of our Police Department and provided the recommendation to secure a private sector, professional marketing firm to develop a comprehensive marketing and recruitment plan with the goal of increasing the number of applicants and recruits. I applaud the Mayor for including \$150,000 within the May Revise to support a contract with a professional firm. It is important to note that in order for this effort to be successful, the full funding of \$500,000, as outlined in my memorandum, should be allocated. With a 36 percent decrease in police job applications and 217 sworn officer vacant positions, the City cannot afford half measures to address this crisis.

***Peace Officer Standards and Training Funding (\$237,942)***

The State of California FY2017-18 Proposed Budget outlined over \$13 million in reductions to Peace Officer Standards and Training (POST) reimbursements to local governments, as well as funding for police officer training relating to implicit bias and procedural justice. The local impact to the City of San Diego is estimated to be a reduction of over \$200,000 in annual reimbursements. This funding cut negatively impacts the Department's police training capabilities. I recommend one-time dollars be allocated until a more permanent solution can be presented.

***Partial Replenishment of the Pension Stabilization Reserve (\$1,700,000)***

The FY18 Proposed Budget was partially balanced by the complete drawdown of \$16.0 million from the newly created Pension Stabilization Reserve. These dollars helped offset the \$45.2 million increase in the City's General Fund contribution to the ADC. As mentioned earlier in this memorandum, the City's FY19 pension payment is expected to grow by another \$4.6 million, bringing next year's pension payment to \$241.0 million. Per the City's reserve policy, a replenishment plan must be presented within one year of the drawdown. Prefunding this Reserve in anticipation of additional increases is prudent and necessary in order to protect funding for critical General Fund neighborhood services.

***Support for Expansion of Summer Night Lights Program (\$84,000)***

The Commission on Gang Prevention and Intervention has successfully worked with the City, community members, and stakeholders to launch the "Friday Night Teen Program." This Program proactively engages at-risk youth by providing mentorship services and community engagement activities during expanded hours at ten various Park and Recreation facilities. The Commission wishes to expand this program through the new, seasonal "Summer Night Lights Program", which involves similar mentorship services during summer months at two additional Park and Recreation facilities, Skyline Park & Mira Mesa Community Park. These dollars will be utilized to offset staffing costs for the Park and Recreation and San Diego Police Department.

***Revenue from Former Redevelopment Agency Property for SDPD Facilities (\$1,700,000)***

On May 16, 2017, the City Council authorized the sale of several former Redevelopment Agency properties. After accounting for closing costs and administrative fees, approximately \$1.7 million will be deposited into the City's General Fund. These one-time dollars should be utilized to address critical SDPD needs, such as the Backup Dispatch Center identified in the Department's Five-Year Plan. This facility is currently utilized for the training of all public safety dispatchers on the new Computer Aided Dispatch system. It is also the designated relocation point for temporary radio operations in the event of an emergency should the evacuation of headquarters be necessitated. It is imperative that this facility receive the investment necessary to build out a fully operational and functional emergency dispatch center in order to continue providing critical public safety services and information in the event of an emergency.

CC:ic



City of San Diego

## **MEMORANDUM**

DATE: May 22, 2017

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Scott Sherman, Council District Seven

RE: Recommended Fiscal Year 2018 Budget Revisions

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This memorandum is in response to Budget and Government Efficiency Committee Chair Barbara Bry's May 18, 2017 request for Councilmember budget priorities and adjustments to the Fiscal Year 2018 Budget.

I applaud Mayor Kevin Faulconer for proposing a budget that prioritizes public safety, maintaining service levels for neighborhoods services, and addressing our infrastructure backlog. I support approval of the allocations proposed by the Mayor in the May Revise and Year-End Monitoring Report as recommended.

For the allocation of the \$4 million in excess equity I feel it is incredibly unwise to not put this money aside and save for next year's budget obligations. Financial Management has advised the Council in the Five Year Outlook and throughout this year's Budget Review hearings on the negative impacts of continued growing expenditures and the City's growing pension obligations will have on future budgets. I request we put all excess equity into the Pension Stabilization Fund to help mitigate our pension payment in FY19. I look forward to the Mayor and Financial Management returning to Council with a plan to restore this fund.

cc: Honorable Mayor Kevin Faulconer

RESOLUTION NUMBER R- 311158DATE OF FINAL PASSAGE JUN 09 2017

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO ADOPTING THE FISCAL YEAR 2018 BUDGET, INCLUDING APPROVING THE MAYOR'S FISCAL YEAR 2018 PROPOSED BUDGET, THE MAY REVISION TO THE PROPOSED BUDGET, THE INDEPENDENT BUDGET ANALYST'S RECOMMENDED REVISIONS TO THE PROPOSED BUDGET AND OTHER CHANGES AS APPROVED BY THE CITY COUNCIL.

WHEREAS, pursuant to San Diego Charter section 69, prior to June 15 of each year and after holding a minimum of one public hearing, the City Council shall adopt a resolution approving the City's budget as proposed by the Mayor or modified in whole or part; and

WHEREAS, on April 17, 2017, the Mayor's proposed budget (Proposed Budget) was presented to the City Council; and

WHEREAS, on May 18, 2017, the Mayor's May revision (May Revision) to the Proposed Budget, dated May 16, 2017, was presented to the City Council sitting as the Budget Review Committee; and

WHEREAS, on May 31, 2017, the Independent Budget Analyst issued her Review of the FY 2017 Year-End Budget Monitoring Report, FY 2018 May Revision, and Recommended Revisions to the Mayor's FY 2018 Budget IBA Report No. 17-23 (IBA FY 2018 Budget Report); and

WHEREAS, between May 3 and June 5, 2017, the City Council held more than one public hearing to consider the City's Fiscal Year 2018 budget in accordance with San Diego Charter section 69; and

WHEREAS, the City Council has determined to approve the City's Fiscal Year 2018 Budget, including the Mayor's Proposed Budget, as modified by the May Revision, certain recommendations contained in the IBA FY 2018 Budget Report, and with other changes approved by the City Council during its meeting on June 5, 2017, as set forth below; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego that the Mayor's Proposed Budget, as modified by the May Revision, the recommendations contained in the IBA FY 2018 Budget Report, and the specific modifications approved by the City Council herein is hereby adopted. The budget modifications made by the City Council, all using one-time resources, are as follows:

1. ~~Reduce Citywide Program Expenditures by \$5,000,000 for the proposed special election.~~ see attached  
K.F.
2. Increase Police Department non-personnel expenditures by \$3,000,000 for implementation of the Police Department Retention Program, which funding may be allocated to overtime pay.
3. Increase Police Department non-personnel expenditures by \$500,000 to reduce backlog of untested rape kits.
4. Increase Economic Development Department non-personnel expenditures by \$1,000,000 for transfer to the San Diego Housing Commission for the Homeless Prevention and Diversion Program.
5. ~~Increase Economic Development Department by \$200,000 to implement the next phase of the Community Choice Energy Program.~~ See Attached  
K.F.

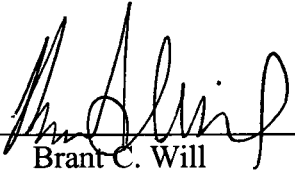
6. Increase Citywide Program Expenditures by \$842,000 for transfer to Transient Occupancy Tax Fund for the Commission for Arts and Culture allocation.
7. ~~Increase Citywide Program Expenditures by \$413,000 for transfer to the Capital Improvements Program for the Bay Bridge Community Center CIP roof coverings.~~ *See ATTACHED V.F.*
8. Increase Environmental Services Department by \$70,000 to provide additional summer trash pick-up in Mission Beach.
9. Increase Citywide Program Expenditures by \$1,000,000 for transfer to the QualCOMM Stadium Operations Fund to pay future debt service.
10. Increase Capital Outlay Fund by \$2,100,000 for transfer to the QualCOMM Stadium Operations Fund to pay future debt service.

BE IT FURTHER RESOLVED, that in accordance with the presentation of the Fiscal Year Mid-Year Budget Monitoring Report, if funds are available, the Mayor is requested to propose amendments to the Fiscal Year 2018 Budget to: add additional fleet technicians to reduce the number of red-tag list vehicles; add additional park and recreation ground maintenance workers; restore five vacant positions to the City Attorney's office; add a lifeguard lieutenant; and add support for the Homeless Outreach and PERT Teams.

BE IT FURTHER RESOLVED, that the Mayor is directed to present to the City Council with the Fiscal Year 2018 First Quarter Budget Monitoring Report (First Quarter Budget Monitoring Report), along with the Five Year Financial Outlook, no later than November 30, 2017.

BE IT FURTHER RESOLVED, that the City Clerk is hereby authorized and directed to return, as soon as practicable, the Approved Budget to the Mayor in accordance with section 69 of the Charter.

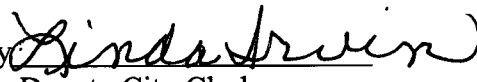
APPROVED: MARA W. ELLIOTT, City Attorney

By   
Brant C. Will  
Deputy City Attorney

BCW:jdf  
05/22/2017  
06/06/2017 REV.  
Or.Dept:IBA  
Doc. No.: 1509148\_2

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JUN 05 2017

ELIZABETH S. MALAND City Clerk

By   
Deputy City Clerk

Approved: \_\_\_\_\_  
(date)

Vetoed: 6/9/17  
(date)

  
KEVIN L. FAULGONER, Mayor

KEVIN L. FAULGONER, Mayor

On Monday, June 5, 2017, Resolution No. R-311158 was passed by the Council of the City of San Diego. The Mayor returned the Resolution with line items vetoed to the City Clerk with his written objections on Friday, June 9, 2017.


On June 13, 2017, the City Council reconsidered the Mayor's Line Item Veto of the Mayor's Fiscal Year 2018 Proposed Budget; pursuant to Charter Section 69. The Resolution did not receive sufficient votes to override the Mayor's veto. Pursuant to Charter Section 69, the Resolution with the Mayor's line items vetoed is deemed approved. The date of final passage is June 9, 2017.



THE CITY OF SAN DIEGO  
M E M O R A N D U M

DATE: June 9, 2017

TO: Elizabeth Maland, City Clerk

FROM: Mayor Kevin L. Faulconer 

SUBJECT: Fiscal Year 2018 Budget - Line Item Veto and Modifications Pursuant to Charter Section 69

On June 5, 2017, the City Council approved my proposed Fiscal Year 2018 Budget and the Independent Budget Analyst's (IBA) final budget recommendations included in IBA Report 17-23. In addition, the City Council de-appropriated \$5 million in one-time resources proposed for a Special Election and re-allocated the funding to various programs and projects. This unprecedented action effectively blocks a public election on two important issues by stripping the funding from the Fiscal Year 2018 Budget.

I am using my veto authority, as specified in the City Charter, to restore election funding while retaining and increasing funding for our Police Department and other critical expenditures.

A recent financial analysis includes estimates that show a combined revenue loss and cost increase of more than \$75 million if a public vote on the tourism ballot measure is delayed by one year. The proposed tourism measure would raise the Transient Occupancy Tax (TOT) by up to 3 percent; this in turn would expand the San Diego Convention Center while also creating dedicated new funding streams for homeless programs and street repair. I hereby modify this de-appropriation and increase the Citywide Elections funding by \$5 million with a one-time transfer of fund balance from the Qualcomm Stadium Operations Fund, as there is already adequate funding for the next two years of Qualcomm Stadium debt service payments in the fund.

Item Description	Amount
<b>Resource (Modification)</b>	
Transfer of Fund Balance from Qualcomm Stadium Operations Fund	\$ 5,000,000
<b>Modification</b>	
Modify Citywide Election Funding	\$ 5,000,000
	\$ -

Public safety remains a top priority in the Fiscal Year 2018 budget. Not only am I preserving the City Council addition of \$3.0 million for police officer recruitment and retention, as approved on June 5, 2017, I am hereby increasing this allocation by \$1.0 million. The combined allocation to the Police Department will now equal \$4.0 million in one-time resources to support police officer recruitment and retention efforts in Fiscal Year 2018. Given that Council

**ATTACHMENT G**

Page 2

Fiscal Year 2018 Line Item Veto

June 9, 2017

District 1 and Council District 3 have the largest unallocated discretionary funds in their office budgets, and consistent with the budget motion made by the Councilmembers representing those districts to increase funding for police officer retention, the additional \$1.0 million will come from adjustments to their Council Districts' CPPS allocation and Fiscal Year 2018 budgets, as well as the use of excess equity. The adjustments to Council District 1 and Council District 3 include reducing CPPS discretionary funds to \$25,000 each for Fiscal Year 2018 and implementing a budget reduction of 3.5%, consistent with other General Fund operating departments and a reduction in the Office of the Mayor of 4.2%. The following table displays these adjustments.

<b>Item Description</b>	<b>Amount</b>
<b>Line Item Vetoes and Resources (Modification)</b>	
Council District 1 CPPS	\$ 265,584
Council District 3 CPPS	\$ 315,196
Council District 1 - 3.5% Reduction	\$ 46,254
Council District 3 - 3.5% Reduction	\$ 47,761
Use of Excess Equity	\$ 325,205
	<b>\$ 1,000,000</b>
<b>Modification</b>	
Addition to Police Department Retention Program	\$ 1,000,000
	<b>\$ -</b>

Further, the City Attorney's Office has requested additional funding for services related to Mayor and City Council priorities such as homelessness issues, Climate Action Plan initiatives, and labor issues. I hereby line-item veto the funding for the expansion of the Get It Done Application, which can be expanded using existing staff and resources, and re-allocate these one-time resources to the City Attorney's Office for eligible one-time uses in support of these and other priorities.

<b>Item Description</b>	<b>Amount</b>
<b>Line Item Veto</b>	
Funding for expansion of the Get It Done Application	\$ 500,000
<b>Modification</b>	
City Attorney's Office Funding	\$ 500,000
	<b>\$ -</b>

Funding for the Climate Action Plan (CAP) also remains a priority in the Fiscal Year 2018 Budget. I proposed, and City Council approved, more than \$128 million across all City Departments in all five CAP strategic areas. The funding allocated by City Council on June 5, 2017, for the implementation of a Community Choice Energy Program is not appropriate to include in the budget at this time, as City staff is still evaluating next steps to achieve 100% renewable energy. Funding will be allocated once a final decision has been made on a 100% renewable energy strategy. I hereby line-item veto this \$200,000 allocation and re-allocate this funding for tree planting services, which are important to meeting CAP goals in Fiscal Year 2018 to increase the City's tree canopy.

**ATTACHMENT G**

Page 3

Fiscal Year 2018 Line Item Veto

June 9, 2017

<b>Item Description</b>	<b>Amount</b>
<b>Line Item Veto</b>	
Community Choice Energy Program	\$ 200,000
<b>Modification</b>	
Climate Action Plan - Tree Planting Services	\$ 200,000
	\$ -

The Bay Bridge Community Center is a City leased facility. While improvements to this facility are planned and will be completed, Public Works first needs to perform a preliminary study on the project scope in order to quantify improvement cost estimates. Developer Impact Fee funding of \$100,000 is allocated for this preliminary study through the CIP monitoring report approved by City Council on June 5, 2017. Further, unnecessarily diverting funds to a project before its scope is clearly defined would violate cash management reforms approved by the City Council. I hereby line-item veto the \$413,000 allocated for the Bay Bridge Community Center Roof and re-allocate this funding to Police Department Non-Personnel Expenditures, to be utilized for critical Police Department facility improvements that have an immediate funding need.

<b>Item Description</b>	<b>Amount</b>
<b>Line Item Veto</b>	
Bay Bridge Community Center Roof	\$ 413,000
<b>Modification</b>	
Police Department Non-Personnel Expenditures	\$ 413,000
	\$ -

The Fiscal Year 2018 Budget includes more than \$3.3 million in General Fund support for various homeless programs and initiatives. However, a dedicated funding source can help make measurable progress on reducing homelessness. This is one of the many reasons I have added the \$5.0 million to the election budget to allow a TOT measure that would provide \$10 million for homelessness services in the first year alone. Even though the funding alternative proposed by the City Council is far less than what the TOT measure would provide, I am still preserving the addition of \$1.0 million approved by City Council on June 5, 2017 for the Homeless Prevention and Diversion Program. In addition, I am line-item vetoing the proposed Homelessness Committee Consultant position and reallocating the funding to provide additional immediate resources for homeless prevention and diversion programs administered by the San Diego Housing Commission. Should the proposed TOT measure be delayed, it would reduce the workload for this temporary committee, scheduled to sunset in 2018, by eliminating the need to plan for significant new resources for homelessness.

<b>Item Description</b>	<b>Amount</b>
<b>Line Item Veto</b>	
Homelessness Committee Consultant	\$ 66,086
<b>Modification</b>	
Addition to Homeless Prevention and Diversion Program (SDHC)	\$ 66,086
	\$ -

Maintaining a structurally balanced budget is a critical goal of the City's Budget Policy 000-02, which requires using ongoing resources for all ongoing expenditures. Adhering to our Budget Policy is also a key factor for our positive credit ratings, and is a best management practice in governmental budgeting. The Fiscal Year 2018 Budget as approved by the City

## **ATTACHMENT G**

Page 4

Fiscal Year 2018 Line Item Veto

June 9, 2017

Council on June 5 was out of balance due to the City Council's addition of two Code Compliance Officers. The Code Compliance Officer positions are an ongoing expenditure of approximately \$203,000, but they were funded with one-time resources. The changes outlined in this memorandum restore the Fiscal Year 2018 budget to be structurally balanced by reducing other ongoing obligations.

San Diegans have a right to be heard. These line-item veto and modification actions give the public an opportunity to vote in a public election on two important measures. My veto also increases funding allocations to prioritize the Police Department and officer recruitment and retention efforts, and funding to reduce homelessness. These allocations are consistent with the priorities I set forth in my initial budget proposal. The result of these actions is a responsible, structurally balanced Fiscal Year 2018 Budget.

cc: Honorable Council President Myrtle Cole and Honorable Members of the City Council  
Honorable City Attorney Mara Elliott  
Scott Chadwick, Chief Operating Officer  
Mary Lewis, Chief Financial Officer  
Andrea Tevlin, Independent Budget Analyst

**ATTACHMENT G**

**Mayor Kevin L. Faulconer's Line-Item Veto  
Attachment to Resolution #R-2017-606 REV.**

<b>Item Description</b>	<b>Amount</b>
<b>Line Item Veto</b>	
Funding for expansion of the Get It Done Application	\$ (500,000)
<b>Modification</b>	
City Attorney's Office Funding	\$ 500,000
	\$ -
<b>Item Description</b>	<b>Amount</b>
<b>Line Item Veto</b>	
Community Choice Energy Program	\$ (200,000)
<b>Modification</b>	
Climate Action Plan - Tree Planting Services	\$ 200,000
	\$ -
<b>Item Description</b>	<b>Amount</b>
<b>Resource (Modification)</b>	
Transfer out of Fund Balance from Qualcomm Stadium Operations Fund	\$ (5,000,000)
<b>Modification</b>	
Modify Citywide Election Funding	\$ 5,000,000
	\$ -
<b>Item Description</b>	<b>Amount</b>
<b>Line Item Vetoes and Resources (Modification)</b>	
Council District 1 CPPS	\$ (265,584)
Council District 3 CPPS	\$ (315,196)
Council District 1 - 3.5% Reduction	\$ (46,254)
Council District 3 - 3.5% Reduction	\$ (47,761)
Use of Excess Equity	\$ (325,205)
	\$ (1,000,000)
<b>Modification</b>	
Addition to Police Department Retention Program	\$ 1,000,000
	\$ -
<b>Item Description</b>	<b>Amount</b>
<b>Line Item Veto</b>	
Bay Bridge Community Center Roof	\$ (413,000)
<b>Modification</b>	
Addition Police Department Non-Personnel Funding	\$ 413,000
	\$ -
<b>Item Description</b>	<b>Amount</b>
<b>Line Item Veto</b>	
Homeless Committee Consultant	\$ (66,086)
<b>Modification</b>	
Addition to Homeless Prevention and Diversion Program (SDHC)	\$ 66,086
	\$ -

**ATTACHMENT G**

Passed by the Council of The City of San Diego on JUN 05 2017, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Barbara Bry	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Ward	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Myrtle Cole	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Cate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Georgette Gomez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage JUN 09 2017

(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

KEVIN L. FAULCONER  
Mayor of The City of San Diego, California.

ELIZABETH S. MALAND  
City Clerk of The City of San Diego, California.

By *Linda Krueger*, Deputy



Office of the City Clerk, San Diego, California

Resolution Number R- 311158



THE CITY OF SAN DIEGO

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## OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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**Date Issued:** August 9, 2017

**IBA Report Number:** 17-28REV

**City Council Docket Date:** September 12, 2017

**Item Number:** TBD

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# Proposed FY 2018 Statement of Budgetary Principles

## OVERVIEW

The Statement of Budgetary Principles (Principles) was first put into place in FY 2008 to address issues of budgetary authority and to provide a means to communicate budget changes between the Executive and Legislative branches following budget adoption each year. For the past ten fiscal years, the Principles have been adopted by the City Council as a companion resolution to the Appropriation Ordinance (AO), which was approved by the City Council on June 26, 2017. The purpose of the Principles is to preserve the intent of the AO as a true appropriation setting document rather than a policy document. The Principles represent an annual agreement between the City Council and the Mayor, which we recommend be continued in FY 2018.

The proposed FY 2018 Principles closely mirrors the FY 2017 Principles with only minor revisions reflecting voter-approved changes to the City Charter that took effect July 18, 2016 (Attachments 1 and 2).

This draft of the Principles is provided for the August 2, 2017 Budget and Government Efficiency Committee for review, and to forward to the full City Council for review and adoption. Since this is an agreement between the two branches, any proposed revisions will need to be agreed to by the Mayor.

## BACKGROUND

In 2004, the voters approved a Strong Mayor/Strong Council form of government for the City of San Diego. The change from a City Manager to a Strong Mayor/Strong Council form of government necessitated clarifications of the roles and responsibilities of the Executive and Legislative branches of City government. The Principles were enacted in part as a means to designate areas of Mayoral and Council authority, and the processes by which budget and administrative information would be communicated between the two branches in order to support

the effective and efficient governance of the City.<sup>1</sup> Specifically, concerns were raised by the City Council at that time that significant budget decisions—such as the elimination of department programs<sup>2</sup>—were being made by the Executive branch outside of the budget adoption process and without communicating the changes to the Legislative branch. The City Council also raised concerns about the lack of department/program performance measures available for review, especially when reductions to department budgets were made as a result of revenue reductions during the last recession, or as part of the City’s efficiency programs. Without robust performance measures, Council did not feel that they were able to ascertain whether, or how, reductions in department or program budgets might have a corresponding reduction in service levels.

The three original stated goals of the Principles were:

1. To set budgetary operating principles;
2. To establish budget authorities regarding service levels; and
3. To enhance communication on management issues between the Executive and Legislative branches.

These goals informed the first Principles released by our Office as IBA Report 07-64. This report also included other items that remain in the current version of the Principles: the provision of quarterly budget monitoring reports to the Council by the Mayor and the requirement that the Mayor provide prior written notification to the City Council of reductions to programs or services affecting the community. Other significant Council-adopted budget documents that have been included in the Principles over the years include:

- Guiding Principles of a Structural Budget Deficit Elimination Plan (Attachment 4);
- O-20084: Mid-Year Adjustments to the Adopted Budget of the City and Reporting of Significant Reductions in City Services or Programs; and O-20551: Amending Section 22.0229 Relating to Mid-Year Adjustment to the Adopted Budget;
- R-307737: Ten Fundamental Principles for an Effective, Cooperative, and Transparent Mayor-Council Form of Government in the City of San Diego (Attachment 5); and
- A requirement for quarterly updates on the City’s performance measures.

## DISCUSSION

As noted above, the Principles have changed over the years in order to reflect prior year budget practices and policies, or to address any areas of concern relating to Executive and Legislative branch communications. Over the years the Principles have become an important part of the budget process, as they provide clarity regarding budget authority following budget adoption in June of

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<sup>1</sup> The Principles were part of a larger movement that has, over time, codified areas of authority and practice in relation to budget and administrative City governance after the Strong Mayor/Strong Council form of government was put in place. Other documents that have clarified the roles of the Executive and Legislative branches include the City’s Budget Policy (Council Policy 000-02) and the addition of the ability of the Mayor (and subsequently the City Council) to make changes to the Adopted Budget via the Mid-Year Budget Monitoring Report, to the City’s Municipal Code (Section 22.0229, amended by O-20551, Attachment 3).

<sup>2</sup> This Council concern stemmed from the Mayor’s reduction of a popular swim program in FY 2007 after the Council had adopted the Budget. Council subsequently reinstated the program, but a concern remained about the Mayor’s ability to significantly modify services and programs outside of the budget process without Council input or approval.

each year. Additionally the Principles captures in a single document numerous other important budget documents approved by the Council since the change to a Strong Mayor/Strong Council form of government.

Over the past year our Office raised two issues relative to the Principles. First, Council's review of performance measures on a quarterly basis, which was added to the FY 2014 Principles but was not put into practice. In FY 2017 new department tactical plans resulted in the replacement of a number of established measures with new measures that lacked associated data. Additional data becomes available each year the measures are in place, and the Performance & Analytics Department has now included 20% of City Key Performance Indicators (KPIs) on the City's Performance Dashboard (Dashboard) with a goal of providing 40% for FY 2018.

Second, during our Office's review of the FY 2017 Mid-Year Monitoring Report, we noted that the Mayor had implemented a new San Pasqual Valley Fast Response Squad (FRS) shortly after the FY 2017 Budget was adopted by Council. While some Councilmembers were apprised of the budget revision, the Council as a whole was not provided an informational memorandum on this service addition as agreed to in the Principles. The FY 2018 Principles continues to contain language, agreed to by the Mayor, noting that Council should be informed of any changes to programs or services.

## RECOMMENDATION

The Principles have been agreed to by the Executive and Legislative branches of City government each year since FY 2008, in order to clearly define the roles of each branch as they relate to the City's budget development and budget monitoring processes, as well as to set expectations for communication about budget matters. The Principles were presented to the Budget and Government Efficiency Committee on August 2, 2017. The Committee approved the Principles without any revisions, and forwarded them to the City Council for review and adoption. The Committee also made two requests: that the Performance & Analytics Department return to Committee to discuss and review departmental Key Performance Indicators, and that the IBA return to Council early in the FY 2019 budget development process with a review of the Budgetary Principles.

Our Office recommends that the City Council review and adopt the FY 2018 Statement of Budgetary Principles.



Christiana Gauger  
Fiscal & Policy Analyst



Andrea Tevlin  
Independent Budget Analyst

- Attachments: 1. FY 2018 Statement of Budgetary Principles – Clean Copy  
2. FY 2018 Statement of Budgetary Principles – Redline Copy

3. O-20551: An Ordinance Amending Chapter 2, Article 2, Division 2 of the San Diego Municipal Code by Amending Section 22.0229 Relating to Mid-Year Adjustments to the Adopted Budget of the City
4. R-305615: A Resolution of the City of San Diego Adopting the Structural Budget Deficit Elimination Plan Presented by Independent Budget Analyst (IBA)
5. R-307737: A Resolution of the Council of the City of San Diego Establishing Ten Fundamental Principles for an Effective, Cooperative and Transparent Mayor-Council Form of Government in the City of San Diego

**FY 2018 STATEMENT OF BUDGETARY PRINCIPLES**

WHEREAS, pursuant to sections 69(c) and 265(b)(14) of the City Charter the Mayor is required to propose a budget to the Council and make it available for public view no later than April 15 of each year; and

WHEREAS, on April 13, 2017, the Mayor released the Fiscal Year 2018 Proposed Budget to the Council and to the public; and

WHEREAS, the Council has duly considered the Mayor's Fiscal Year 2018 Budget; and

WHEREAS, between April 17 and June 5, 2017 the City Council held more than one public hearings to consider the City's Fiscal Year 2018 Budget in accordance with City Charter section 69(d), and at such meetings members of the public were invited to comment on and ask questions about the Fiscal Year 2018 Budget; and

WHEREAS, on May 16, 2017, the Financial Management Director provided the City Council with their May Revision to the Fiscal Year 2018 Proposed Budget (May Revision) in accordance with City Charter Section 69(e); and

WHEREAS, on May 18, 2017, the May Revision was presented to the City Council sitting as the Budget Review Committee; and

WHEREAS, Councilmembers submitted their budget priorities to the Independent Budget Analyst on May 22, 2017 to assist with the development of final budget recommendations; and

WHEREAS, on May 31, 2017, the Independent Budget Analyst's Final Budget Report and Recommendations on the FY 2018 Budget (IBA Report # 17-23 *Review of the FY 2017 Year-End Budget Monitoring Report, FY 2018 May Revision, and Recommended Revisions to the Mayor's FY 2018 Budget*) was issued; and

WHEREAS, on June 5, 2017, the City Council approved the City's Fiscal Year 2018 Budget, including the Mayor's Proposed Budget, as modified by the May Revision, and including the recommendations in the IBA Final Report on the FY 2018 Budget, dated May 31, 2017, with revisions proposed by the City Council, and directed the City Clerk to return the same to the Mayor for his consideration under Charter section 69(f)(2); and

WHEREAS, on June 9, 2017 the Mayor modified and signed Budget Resolution R-311158 which is the Fiscal Year 2018 Adopted Budget, in accordance with Charter section 69(g) ; and

WHEREAS, in accordance with Charter section 69(h), on June 13, 2017 the Fiscal Year 2018 Budget became a controlling document for purposes of preparing the annual appropriation ordinance; and

WHEREAS, pursuant to Charter section 69(k), the Council is required to adopt an appropriation ordinance no later than June 30, to establish budgetary appropriations for the Fiscal Year 2018 Budget; and

WHEREAS, the Mayor and the Council acknowledge that the Fiscal Year 2018 Budget reflects the best estimate of the Mayor and the Council regarding projected revenues and expenditures and that such estimate is simply a financial plan that may require adjustments in view of the available resources; and

WHEREAS, in accordance with Chapter 2, Article 2, Division 2 of the Municipal Code, mid-year budget adjustments shall be reported to address any projected surplus or deficit in addition to reporting significant reductions in programs or services; and

WHEREAS, this Statement of Budgetary Principles is intended to facilitate better communication on fiscal matters between the Council and the Mayor and to establish a framework for the administration by the Mayor of the Fiscal Year 2018 Budget in light of the respective duties of the Mayor as Chief Executive Officer and Chief Budget Officer of the City, and the duties of the Council as the legislative and policy setting body of the City, and in light of the obligation of public officials to keep the public apprised of the conduct of the City's financial affairs; and

WHEREAS, the City Council adopted Resolution 307737 on October 15, 2012, subsequently signed by the Mayor, establishing ten fundamental principles for an effective, cooperative and transparent Mayor-Council form of government in the City of San Diego ("Ten Fundamental Principles").

Accordingly, the Mayor and the Council hereby agree to adhere to the following budgetary principles for the Fiscal Year 2018 Budget:

#### Fiscal Year 2018 Budget—Communication on Proposed Program/Service Changes

1. The Mayor, or his designee, will provide reports to the Council on a quarterly basis regarding the administration of the affairs of the City. These reports can be given verbally, and are intended to improve the flow of information between the Mayor, Council, and public.
2. The Council President will provide time on the Council's agenda for the Report of the Mayor.
3. Consistent with Chapter 2, Article 2, Division 2 of the Municipal Code, prior to any reduction in service levels or elimination of programs or services as represented and funded in the FY 2018 Adopted Budget, the

Mayor, or designee, shall provide written notice to the City Council regarding such reductions and provide a fiscal justification thereof and a description of expected service levels impacts.

4. Notwithstanding the forgoing, the Mayor need not provide prior written notice of any change or modification that results in a more efficient delivery of public services and that accomplishes the legislative intent. However, in these circumstances the Mayor is requested to provide the Council with an informational memo upon implementation.

#### Fiscal Year 2018 Budget—Appropriation Ordinance

1. Neither the Mayor nor the Council has unilateral authority to make changes to the spending authority contained in the Fiscal Year 2018 Budget.
2. The Mayor shall in good faith fulfill the legislative intent reflected in the adopted Fiscal Year 2018 Budget, including the appropriations reflected in the Fiscal Year 2018 Appropriation Ordinance. However, the Mayor has discretion to effectively and efficiently spend public monies, and shall not be obligated to spend all the money the Council has appropriated if there is a less costly means of accomplishing the Council's stated purposes.
3. The Council shall have no authority to make or adopt changes to the Fiscal Year 2018 Budget without first receiving a funding recommendation of the Mayor. The Mayor will provide such funding recommendation within 30 calendar days of the Council request, or such later period as contained in the request of the Council.
4. In accordance with Charter section 28, the Mayor has the authority to allocate Fiscal Year 2018 Budget appropriations within departments in order to best carry out the Council's legislative intent.
5. The Appropriation Ordinance implements the Fiscal Year 2018 Budget, as approved by the Council. The Appropriation Ordinance shall specify the spending authority by Department and by Fund, and all other conditions, authorizations, and requirements appropriate therefore. The Appropriation Ordinance will include necessary budget delegation to carry out the business of the City; provided however, the Appropriation Ordinance will not include Policy directions.
6. The Statement of Budgetary Principles applies to departments and programs that are under the direction and authority of the Mayor. These Principles shall also apply to those offices that are independent of the Mayor. This Statement of Budgetary Principles is subject in all respects to the provisions of the City Charter.

Fiscal Year 2018 Budget—"Budget-Related Fundamental Principles for an Effective, Cooperative, and Transparent Mayor-Council Form of Government" applying to budget implementation

1. The "Structural Budget Deficit Principles" adopted by Council on February 22, 2010 and outlined in Resolution 305615 should be continually adhered to ensuring a structurally balanced budget.
2. The Mayor will update the City's Five-Year Financial Outlook (Outlook) in November 2017 and present the results to the Budget and Government Efficiency Committee and City Council.
3. In FY 2018 the City's performance dashboard, PerformSD, will display historical information and targets for performance measures in the following areas: civic engagement, communication, customer satisfaction, economy and finance, infrastructure, public safety, recreation and culture, sustainability, and transportation and mobility. The performance measure data available as part of the performance dashboard will be discussed and reviewed by the Budget and Government Efficiency Committee by the end of the first quarter of FY 2018. The data will be evaluated for updates quarterly in FY 2018, and will be a subset of the performance measures included in the Proposed and Adopted Budgets. Additional performance measures may be evaluated and added to the performance dashboard in FY 2018.
4. The Mayor will address the City's deferred capital backlog by implementing funded projects in a timely and cost effective manner and working with the Council to identify resources necessary to address remaining unfunded deferred capital as well as new infrastructure needs.

**FY ~~2017-2018~~ STATEMENT OF BUDGETARY PRINCIPLES**

WHEREAS, pursuant to sections ~~69(c) and~~ 265(b)(~~1514~~) of the City Charter the Mayor is required to propose a budget to the Council and make it available for public view no later than April 15 of each year; and

WHEREAS, on April ~~1413, 2016~~2017, the Mayor released the Fiscal Year ~~2017~~2018 Proposed Budget to the Council and to the public; and

WHEREAS, the Council has duly considered the Mayor's Fiscal Year ~~2017-2018~~ Budget; and

WHEREAS, between ~~May-April 417~~ and June ~~135, 2016~~2017 the City Council held more than ~~two-one~~ public hearings to consider the City's Fiscal Year ~~2017-2018~~ Budget in accordance with ~~San Diego City~~ Charter sections ~~29069(bd) and 71~~, and at such meetings members of the public were invited to comment on and ask questions about the Fiscal Year ~~2017-2018~~ Budget; and

WHEREAS, on May ~~1716, 2016~~2017, the Financial Management Director provided the City Council with their May Revision to the Fiscal Year ~~2017-2018~~ Proposed Budget (May ~~Revise~~Revision) in accordance with City Charter Section 69(e); and

WHEREAS, on May ~~1918, 2016~~2017, the May ~~Revise-Revision~~ was presented to the City Council sitting as the Budget Review Committee; and

WHEREAS, Councilmembers submitted their budget priorities to the Independent Budget Analyst on May ~~2722, 2016~~2017 to assist with the development of final budget recommendations; and

WHEREAS, on ~~June-8May 31, 2016~~2017, the Independent Budget Analyst's Final Budget Report and Recommendations on the FY ~~2017-2018~~ Budget (IBA Report # ~~1617-11-23~~ *Review of the FY 2017 Year-End Budget Monitoring Report, FY 2018 May Revision, and Recommended Revisions to the Mayor's FY 2017-2018 Budget*) was issued; and

WHEREAS, on June ~~135, 2016~~2017, the City Council approved the City's Fiscal Year ~~2017-2018~~ Budget, including the Mayor's Proposed Budget, as modified by the May ~~Revision~~Revision, and including the recommendations in the IBA Final Report on the FY ~~2017-2018~~ Budget, dated ~~June-8May 31, 2016~~7, with revisions proposed by the City Council, and directed the City Clerk to return the same to the Mayor for his consideration under Charter section ~~29069(bf)~~(2); and

WHEREAS, on June ~~149, 2016~~2017 the Mayor ~~approved-modified and signed~~ Budget Resolution R-311158 which is the Fiscal Year ~~2017-2018~~ Adopted Budget, in accordance with Charter section ~~29069(bg)-(2)(A)~~; and

WHEREAS, in accordance with Charter section ~~29069(b)(2)~~, on June ~~4413~~, ~~2016-2017~~ the Fiscal Year ~~2017-2018~~ Budget became a controlling document for purposes of preparing the annual appropriation ordinance; and

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WHEREAS, pursuant to Charter section ~~71 and 29069(ek)~~, the Council is required to adopt an appropriation ordinance ~~during the month of July no later than June 30~~, to establish budgetary appropriations for the Fiscal Year ~~2017-2018~~ Budget; and

WHEREAS, the Mayor and the Council acknowledge that the Fiscal Year ~~2017-2018~~ Budget reflects the best estimate of the Mayor and the Council regarding projected revenues and expenditures and that such estimate is simply a financial plan that may require adjustments in view of the available resources; and

WHEREAS, in accordance with Chapter 2, Article 2, Division 2 of the Municipal Code, mid-year budget adjustments shall be reported to address any projected surplus or deficit in addition to reporting significant reductions in programs or services; and

WHEREAS, this Statement of Budgetary Principles is intended to facilitate better communication on fiscal matters between the Council and the Mayor and to establish a framework for the administration by the Mayor of the Fiscal Year ~~2017-2018~~ Budget in light of the respective duties of the Mayor as Chief Executive Officer and Chief Budget Officer of the City, and the duties of the Council as the legislative and policy setting body of the City, and in light of the obligation of public officials to keep the public apprised of the conduct of the City's financial affairs; and

WHEREAS, the City Council adopted Resolution 307737 on October 15, 2012, subsequently signed by the Mayor, establishing ten fundamental principles for an effective, cooperative and transparent Mayor-Council form of government in the City of San Diego ("Ten Fundamental Principles").

Accordingly, the Mayor and the Council hereby agree to adhere to the following budgetary principles for the Fiscal Year ~~2017-2018~~ Budget:

Fiscal Year ~~2017-2018~~ Budget—Communication on Proposed Program/Service Changes

1. The Mayor, or his designee, will provide reports to the Council on a quarterly basis regarding the administration of the affairs of the City. These reports can be given verbally, and are intended to improve the flow of information between the Mayor, Council, and public.
2. The Council President will provide time on the Council's agenda for the Report of the Mayor.
3. Consistent with Chapter 2, Article 2, Division 2 of the Municipal Code, prior to any reduction in service levels or elimination of programs or

services as represented and funded in the FY ~~2017-2018~~ Adopted Budget, the Mayor, or designee, shall provide written notice to the City Council regarding such reductions and provide a fiscal justification thereof and a description of expected service levels impacts.

4. Notwithstanding the forgoing, the Mayor need not provide prior written notice of any change or modification that results in a more efficient delivery of public services and that accomplishes the legislative intent. However, in these circumstances the Mayor is requested to provide the Council with an informational memo upon implementation.

Fiscal Year ~~2017-2018~~ Budget—Appropriation Ordinance

1. Neither the Mayor nor the Council has unilateral authority to make changes to the spending authority contained in the Fiscal Year ~~2017-2018~~ Budget.
2. The Mayor shall in good faith fulfill the legislative intent reflected in the adopted Fiscal Year ~~2017-2018~~ Budget, including the appropriations reflected in the Fiscal Year ~~2017-2018~~ Appropriation Ordinance. However, the Mayor has discretion to effectively and efficiently spend public monies, and shall not be obligated to spend all the money the Council has appropriated if there is a less costly means of accomplishing the Council's stated purposes.
3. The Council shall have no authority to make or adopt changes to the Fiscal Year ~~2017-2018~~ Budget without first receiving a funding recommendation of the Mayor. The Mayor will provide such funding recommendation within 30 calendar days of the Council request, or such later period as contained in the request of the Council.
4. In accordance with Charter sections ~~28 and 81~~, the Mayor has the authority to allocate Fiscal Year ~~2017-2018~~ Budget appropriations within departments in order to best carry out the Council's legislative intent.
5. The Appropriation Ordinance implements the Fiscal Year ~~2017-2018~~ Budget, as approved by the Council. The Appropriation Ordinance shall specify the spending authority by Department and by Fund, and all other conditions, authorizations, and requirements appropriate therefore. The Appropriation Ordinance will include necessary budget delegation to carry out the business of the City; provided however, the Appropriation Ordinance will not include Policy directions.
6. The Statement of Budgetary Principles applies to departments and programs that are under the direction and authority of the Mayor. These Principles shall also apply to those offices that are independent of the

Attachment 2  
Page 4 of 4

Mayor. This Statement of Budgetary Principles is subject in all respects to the provisions of the City Charter.

Fiscal Year ~~2017-2018~~ Budget—"Budget-Related Fundamental Principles for an Effective, Cooperative, and Transparent Mayor-Council Form of Government" applying to budget implementation

1. The "Structural Budget Deficit Principles" adopted by Council on February 22, 2010 and outlined in Resolution 305615 should be continually adhered to ensuring a structurally balanced budget.
2. The Mayor will update the City's Five-Year Financial Outlook (Outlook) in November ~~2016-2017~~ and present the results to the Budget and Government Efficiency Committee and City Council.
3. ~~In FY 2017, the Mayor will launch a public, performance dashboard available online at PerformSD.~~ In FY ~~2017-2018~~ the City's performance dashboard, PerformSD, will display historical information and targets for performance measures in the following areas: civic engagement, communication, customer satisfaction, economy and finance, infrastructure, public safety, recreation and culture, sustainability, and transportation and mobility. The performance measure data available as part of the performance dashboard will be discussed and reviewed by the Budget and Government Efficiency Committee by the end of the first quarter of FY ~~2017-2018~~. The data will be ~~updated-evaluated for updates at least~~ quarterly in FY ~~2017-2018~~, and will be a subset of the performance measures included in the Proposed and Adopted Budgets. Additional performance measures may be evaluated and added to the performance dashboard in FY ~~2017-2018~~.
4. The Mayor will address the City's deferred capital backlog by implementing funded projects in a timely and cost effective manner and working with the Council to identify resources necessary to address remaining unfunded deferred capital as well as new infrastructure needs.

ORDINANCE NUMBER O- 20551 (NEW SERIES)

DATE OF FINAL PASSAGE AUG 03 2015

AN ORDINANCE AMENDING CHAPTER 2, ARTICLE 2,  
DIVISION 2 OF THE SAN DIEGO MUNICIPAL CODE BY  
AMENDING SECTION 22.0229 RELATING TO MID-YEAR  
ADJUSTMENTS TO THE ADOPTED BUDGET OF THE CITY.

WHEREAS, on August 4, 2011, the City Council adopted Ordinance No. O-20084,  
codified as Municipal Code §22.0229, to set forth a process to amend the City's adopted budget  
in accordance with the Mayor's responsibilities as Chief Budget Officer of the City and the City  
Council's non-delegable legislative power and authority regarding the spending of public money;  
and

WHEREAS, section 22.0229, "Mid-Year Amendments to the Adopted General Fund  
Budget," as currently drafted, contains ambiguous language with respect to the City Council's  
authority to make changes to the Mayor's proposed budget amendments in an amount up to the  
full amount proposed by the Mayor; and

WHEREAS, the Municipal Code amendment removes such ambiguity and provides  
greater clarity with respect to the roles of the Mayor and City Council in approving amendments  
to the City's adopted General Fund budget; NOW, THEREFORE,

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

Section 1. That Chapter 2, Article 2, Division 2 of the San Diego Municipal Code is  
amended by amending section 22.0229 to read as follows:

(O-2015-141)  
(COR. COPY)

**§ 22.0229 Mid-Year Amendments to the Adopted General Fund Budget**

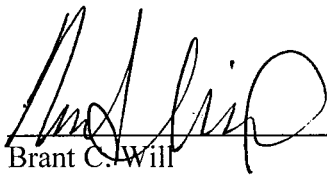
- (a) In the month of February or at such time during any fiscal year after the City has six months of actual budgetary data and the Mid-Year Budget Monitoring Report is projecting a surplus or a deficit relative to the adopted General Fund budget, the Mayor shall report such deficit or surplus to the City Council and provide a recommendation to the City Council, and accompanying budget amendment resolution, to address the reported deficit or surplus. The Mayor may recommend budgeting all, none, or any portion of any projected surplus.
- (b) The City Council may approve the Mayor's recommendation or modify such recommendation in whole or in part, up to the total amount recommended by the Mayor, in accordance with Charter section 290(b).
- (c) Notwithstanding any other provision in this section, transfers of appropriations recommended by the Mayor pursuant to Charter section 73 shall not be considered budget amendments and shall not be subject to the provisions herein.
- (d) Notwithstanding any other provisions in this section, other modifications to the budget proposed by the Mayor shall not be subject to the provisions herein.

Section 2. That a full reading of this ordinance is dispensed with prior to its passage, a written or printed copy having been made available to the City Council and the public prior to the day of its passage.

(O-2015-141)  
(COR. COPY)

Section 3. That this ordinance shall take effect and be in force on the thirtieth day  
from and after its final passage.


APPROVED: JAN I. GOLDSMITH, City Attorney

By   
Brant C. Will  
Deputy City Attorney

BCW:jdf  
06/12/15  
07/07/15 COR. COPY  
Or.Dept:IBA  
Document No.: 976516

I hereby certify that the foregoing Ordinance was passed by the Council of the City of  
San Diego, at this meeting of JUL 28 2015

ELIZABETH S. MALAND  
City Clerk

By   
Deputy City Clerk

Approved: 8/3/15  
(date)

  
KEVIN L. FAULCONER, Mayor

Vetoed: \_\_\_\_\_  
(date)

\_\_\_\_\_  
KEVIN L. FAULCONER, Mayor

(O-2015-141)  
(COR. COPY)

## STRIKEOUT ORDINANCE

**OLD LANGUAGE:** ~~Struck Out~~

**NEW LANGUAGE:** Double Underline

ORDINANCE NUMBER O-\_\_\_\_\_ (NEW SERIES)

DATE OF FINAL PASSAGE \_\_\_\_\_

AN ORDINANCE AMENDING CHAPTER 2, ARTICLE 2,  
DIVISION 2 OF THE SAN DIEGO MUNICIPAL CODE BY  
AMENDING SECTION 22.0229 RELATING TO MID-YEAR  
ADJUSTMENTS TO THE ADOPTED BUDGET OF THE CITY.

Section 1. That Chapter 2, Article 2, Division 2 of the San Diego Municipal Code is amended by amending section 22.0229 to read as follows:

**§ 22.0229 Mid-Year Amendments to the Adopted General Fund Budget**

- (a) In the month of February or at such time during any fiscal year after the City has six months of actual budgetary data and the Mid-Year Budget Monitoring Report is projecting a surplus or a deficit relative to the adopted General Fund budget, the Mayor shall report such deficit or surplus to the City Council and provide a recommendation to the City Council, and accompanying budget amendment resolution, to address the reported deficit or surplus. The Mayor may recommend budgeting all, none, or any portion of any projected surplus.
- (b) The City Council may approve the Mayor's recommendation or modify such recommendation in whole or in part, up to the total amount

(O-2015-141)  
(COR. COPY)

recommended by the Mayor, in accordance with Charter section 290(b),

~~provided, however, that:~~

- ~~1. The City Council may budget and appropriate up to the total amount recommended by the Mayor; or~~
- ~~2. If the mayor recommends budgeting less than \$5 million of the projected surplus amount, the City Council may only increase the adopted General Fund budget by up to \$5 million or not more than 50% of any projected surplus, whichever total dollar amount is less.~~

- (c) Notwithstanding any other provision in this section, transfers of appropriations recommended by the Mayor pursuant to Charter section 73 shall not be considered budget amendments and shall not be subject to the provisions herein.
- (d) Notwithstanding any other provisions in this section, other modifications to the budget proposed by the Mayor shall not be subject to the provisions herein.

BCW:jdf  
06/12/15  
07/07/15 COR. COPY  
Or.Dept: IBA  
Doc. No.: 1043176\_2

Passed by the Council of The City of San Diego on JUL 28 2015, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherri Lightner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Todd Gloria	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Myrtle Cole	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Cate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage AUG 03 2015

AUTHENTICATED BY:

KEVIN L. FAULCONER

Mayor of The City of San Diego, California.

(Seal)

ELIZABETH S. MALAND

City Clerk of The City of San Diego, California.

By Mary Stenrod, Deputy

I HEREBY CERTIFY that the foregoing ordinance was not finally passed until twelve calendar days had elapsed between the day of its introduction and the day of its final passage, to wit, on

JUL 14 2015

AUG 03 2015

, and on \_\_\_\_\_.

I FURTHER CERTIFY that said ordinance was read in full prior to passage or that such reading was dispensed with by a vote of five members of the Council, and that a written copy of the ordinance was made available to each member of the Council and the public prior to the day of its passage.

(Seal)

ELIZABETH S. MALAND

City Clerk of The City of San Diego, California.

By Mary Stenrod, Deputy

Office of the City Clerk, San Diego, California

Ordinance Number O- 20551

RESOLUTION NUMBER R- 305615

DATE OF FINAL PASSAGE MAR 02 2010

A RESOLUTION OF THE CITY OF SAN DIEGO ADOPTING  
THE STRUCTURAL BUDGET DEFICIT ELIMINATION PLAN  
PRESENTED BY INDEPENDENT BUDGET ANALYST [IBA].

WHEREAS, at the Budget and Finance Committee meeting of January 6, 2010, the IBA presented IBA Report No. 10-01, "Developing a Structural Budget Deficient Elimination Plan;" and,

WHEREAS, IBA Report No. 10-01 compiled guiding principles and key elements of recommendations from varied sources to identify common elements deemed necessary to effectively address a structural budget deficit; and,

WHEREAS, the IBA suggested eleven guiding principles as a starting point for consideration by the Mayor and City Council; and,

WHEREAS, Councilmembers were requested to submit their ideas on the Structural Budget Deficit Elimination Plan to the Budget and Finance Committee by January 25, 2010; and,

WHEREAS, on January 27, 2010, the Budget and Finance Committee discussed the ideas submitted by the Councilmembers, IBA Report 10-08, and "Kroll Recommendations Related to the Proposed Guiding Principles for a Structural Budget Deficit Elimination Plan" and discussed in general the Proposed Guiding Principles on the Structural Elimination Plan; and

WHEREAS, the Budget and Finance Committee voted unanimously to forward the Guiding Principles to the full City Council with changes in the following language:

1) Principle 10 “in a manner compliant with City Charter;” and 2) Principle 3 “including managed competition;” and

WHEREAS, on February 1, 2010, IBA Report No. 10-9, “Implementation of Recommendations identified in the October 26, 2009 Performance Audit of the Streets Division” was discussed by the Audit Committee; and,

WHEREAS, after a discussion, the committee voted unanimously to recommend that the City Council adopt IBA Structural Budget Deficit Elimination Principle Number Eleven; and

WHEREAS, on February 22, 2010, the City Council discussed the Guiding Principles and changes to the language of the Guiding Principles which had been forwarded to them by the Budget and Finance Committee; NOW, THEREFORE,

BE IT RESOLVED, by the City Council of the City of San Diego that the following eleven Structural Budget Deficit Elimination Principles be adopted:

1. Eliminate the General Fund structural budget deficit through a balanced approach of ongoing expenditure reductions and revenue generation, including identifying new revenue sources.

2. Until the City achieves its targeted General Fund reserve level of eight percent, the City should not consider using reserve balances to balance any budget shortfall and should ensure that it does not drop below the current level of seven percent.

3. Actively pursue alternative service delivery methods, including managed competition, efficiency improvements and elimination of service duplications.

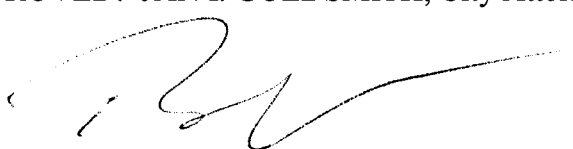
4. Prepare a Five-Year Outlook each year and provide numeric values for alternative budget balancing options based on input from City Council, Mayor, and the Independent Budget Analyst; and to be prepared each year to discuss alternative budget balancing options with the Budget Committee or City Council should the Outlook suggest an ongoing structural deficit.
5. One-time resources should be matched to one-time expenditures.
6. Achieve 100 percent cost recovery for programs and services that are intended to be fully cost recoverable through fees.
7. Reduce pension and retiree health care liability and annual City costs through the meet and confer process.
8. When deciding to construct new facilities or establish new programs, the City must take into consideration ongoing operation expenses and should identify ongoing funding to cover these expenses unless necessary to meet high priority needs.
9. Prioritize City services expenditures based on the City Charter requirements, Citizen Survey and other means of public input, benchmarking studies and departmental goals and performance data.
10. Maintain funding of full annual required contributions (ARC) for the City's pension obligations in a manner compliant with City Charter and develop a plan to fully funding of the Retiree Health Care ARC.
11. Develop a plan to fund deferred capital infrastructure and maintenance needs to reduce the current backlog, identify the level of funding necessary to prevent the problem from growing larger, and to reduce the potential of increasing costs to identify the level of funding;

(R-2010-558)  
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and to discuss at the Budget and Finance Committee, a policy to calculate and identify the level of funding to deferred maintenance budget needs.

APPROVED: JAN I. GOLDSMITH, City Attorney

By

  
\_\_\_\_\_  
Paul F. Prather  
Deputy City Attorney

PFP:als  
02/09/10  
02/24/10 REV.COPY  
Or.Dept:IBA  
R-2010-558

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of ~~FEB 22 2010~~.

ELIZABETH S. MALAND  
City Clerk

By   
\_\_\_\_\_  
Deputy City Clerk

Approved: 3.2.10  
(date)

  
\_\_\_\_\_  
JERRY SANDERS, Mayor

Vetoed: \_\_\_\_\_  
(date)

\_\_\_\_\_  
JERRY SANDERS, Mayor

RESOLUTION NUMBER R- 307737

DATE OF FINAL PASSAGE OCT 23 2012

A RESOLUTION OF THE COUNCIL OF THE CITY OF  
SAN DIEGO ESTABLISHING TEN FUNDAMENTAL  
PRINCIPLES FOR AN EFFECTIVE, COOPERATIVE AND  
TRANSPARENT MAYOR-COUNCIL FORM OF  
GOVERNMENT IN THE CITY OF SAN DIEGO.

WHEREAS, since 1931, pursuant to the City Charter of the City of San Diego (Charter),  
the City of San Diego has operated under a governance structure known as the City Manager  
form of government; and

WHEREAS, on November 2, 2004, the voters of the City of San Diego voted to amend  
the Charter by adding Article XV which modified the City Manager form of governance for a  
trial period of five years to test implementation of a form of governance commonly referred to as  
a Mayor-Council form of government; and

WHEREAS, on June 8, 2010, the voters of the City of San Diego voted to continue the  
form of governance commonly referred to as the Mayor-Council form of government; and

WHEREAS, with the Mayor-Council form of government the voters of the City of  
San Diego also created the position of Independent Budget Analyst; and

WHEREAS, the Office of the Independent Budget Analyst reviews and provides  
budgetary and policy analysis for the Council, independent of the Mayor; and

WHEREAS, the Charter sets forth certain rights, powers, duties and responsibilities of  
the Mayor under the Mayor-Council form of government; and

WHEREAS, the Mayor is the chief executive officer of the City; and

WHEREAS, the Mayor supervises the administration of the affairs of the City except as otherwise specifically provided in the Charter and makes such recommendations to the Council concerning the affairs of the City as may seem to him desirable; and

WHEREAS, with the Mayor-Council form of government the voters of the City of San Diego did not add or subtract from the powers conferred upon the City Attorney in Charter sections 40 and 40.1, including the City Attorney's sole authority to prepare and approve all ordinances, resolutions, and contracts and that such ordinances, resolutions and contracts are not valid without City Attorney approval; and

WHEREAS, the Mayor shall keep the Council advised of the financial condition and future needs of the City; and

WHEREAS, the Council must approve a Salary Ordinance each year, fixing the salaries of all officers and employees of the City; and

WHEREAS, it is the role of the Mayor to propose to the Council the terms in the Salary Ordinance, which must be consistent with any existing Memoranda of Understanding between the City and its recognized employee organizations or otherwise in conformance with the Meyers-Milias-Brown Act (MMBA), City Council Policy 300-06, or any other legal requirements governing labor relations binding upon the City; and

WHEREAS, the MMBA provides that the legislative body of a public agency employer – like the City, or the agency's administrative officers or other representatives as designated by the legislative body or by law – must meet and confer in good faith regarding wages, hours, and other terms and conditions of employment with representatives of the agency's recognized employee organizations, in an endeavor to reach agreement on matters within the scope of bargaining prior to arriving at a determination of policy or course of action; and

WHEREAS, it is the role of the Council to approve any memoranda of understanding with the City's recognized employee organizations concerning wages, hours, and other terms and conditions of employment; and

WHEREAS, each year, the Mayor must submit a proposed budget for the next fiscal year to the Council, which must approve the budget as submitted by the Mayor or modify the budget in whole or in part; and

WHEREAS, the Mayor shall cooperate fully with the Council and Office of the Independent Budget Analyst, including, but not limited to, supplying requested information concerning the budget process and fiscal condition of the City to the Council and the Office of Independent Budget Analyst; and

WHEREAS, the Mayor may prescribe such general rules and regulations as he may deem necessary or expedient for the general conduct of the administrative Departments; and

WHEREAS, on or before the 15th day of January of each year, the Mayor shall communicate by message to the Council a statement of the conditions and affairs of the City, including a report of the City's affairs for the previous fiscal year and make recommendations on such matters as he or she may deem expedient and proper; and

WHEREAS, subject to the Civil Service provisions of the Charter and except as otherwise provided in the Charter, the Mayor shall be responsible to the Council for the proper administration of all affairs of the City placed in his charge; and

WHEREAS, the Mayor and non-Mayoral officers of the City shall inform the Council of all material facts or significant developments relating to all matters under the jurisdiction of the Council as provided under the Charter except as may be otherwise controlled by the laws and regulations of the United States or the State of California; and

WHEREAS, the Mayor and all non-Mayoral officers shall comply promptly with all lawful requests for information by the Council; and

WHEREAS, the Council desires that the Mayor work in a timely, efficient and effective manner to carry out Council-initiated services, which include those services that are for the benefit of the City's constituents; and

WHEREAS, the Council or any Council committee may summon any city official or department head to provide information or answer a question of the Council or Council committee; and

WHEREAS, the Charter provides that all legislative powers of the City are vested, subject to the terms of the Charter and the Constitution of the State of California, in the Council, except for those legislative powers reserved by the Charter and the Constitution of the State; and

WHEREAS, subject to certain exceptions, the Mayor must approve or veto Council actions; and

WHEREAS, the Council may override a Mayoral veto with five votes until such time as a ninth Councilmember is seated at which time six votes of the Council would override a Mayoral veto; and

WHEREAS, the Council is empowered by the Charter to adopt an administrative code providing for the detailed powers and duties of the administrative offices and departments of the City Government, based upon the provisions of the Charter; and

WHEREAS, except as established by the provisions of the Charter, the Council may change, abolish, combine, and rearrange the departments, divisions and boards of the City Government provided for in said administrative code, but such ordinance creating, combining,

abolishing or decreasing the powers of any department, division or board shall require a vote of two-thirds of the members elected to the Council; and

WHEREAS, the Council may, by ordinance or resolution, require the Mayor to perform such other duties; and

WHEREAS, in recognition of the respective duties of the Mayor as the Chief Executive Officer of the City and the Council as the legislative and policy-setting body of the City under the City's Charter, the Council has identified certain principles that would ensure an effective, cooperative and transparent working environment between the executive and legislative branches; and

WHEREAS, the Statement of Budgetary Principles clarifies respective roles and sets guiding principles regarding budgetary authority, implementation and communication between the two branches following adoption of the City's annual budget; and

WHEREAS, the Structural Budget Deficit Principles, adopted by Council on February 22, 2010, by San Diego Resolution R-305615 (Mar. 2, 2010), are a compilation of best financial practices that have guided the executive and legislative branches over the last several years as the City worked to eliminate the City's structural budget deficit; and

WHEREAS, the Mid-Year Budget Authority Ordinance," adopted by Council on August 2, 2011, as San Diego Ordinance O-20084 (Aug. 4, 2011), establishes spending priorities while respecting the Mayor's obligation to balance City-wide priorities with available resources; requires the Mayor, in the event of a projected budget deficit or surplus at mid-year, to recommend changes to the City's adopted General Fund budget which the Council can adopt or revise; and requires the Mayor to provide written notification to the Council prior to making any significant reductions to programs or services provided to the community; and

WHEREAS, publicly reporting performance results for core City services periodically throughout the fiscal year assist in monitoring how tax dollars are being spent, determining whether goals are being achieved as originally intended, help identify if programmatic or policy changes are necessary, and communicating expectations and results of City programs and services to the public; and

WHEREAS, the Council desires that the Mayor effectively communicate with the Council, the IBA, and the City Attorney to ensure the Council has the information necessary to make well-informed decisions; and

WHEREAS, effective communication includes presentations by the Mayor or designated staff at Council or committee meetings, providing written reports and/or memoranda, and participating in briefings; and

Whereas, Council expects the Mayor himself or herself to personally participate in monthly Council meetings; and

WHEREAS, multi-year financial planning allows policymakers to make decisions within the greater context of the annual budget process and facilitates understanding whether the funding priorities in the Mayor's Proposed Budget are consistent with the City's short and long term priorities, funding obligations, and projected available resources; and

WHEREAS, if Council chooses to designate the Mayor as the City's Chief Labor Negotiator in negotiating with the City's labor organizations as required by the MMBA, it is vital the Mayor take direction from the Council, communicate and work cooperatively with the City Attorney, Independent Budget Analyst and Council, and include the Independent Budget Analyst and City Attorney in all labor negotiation processes; and

(R-2013-212 REV.)

WHEREAS, adherence to these principles will facilitate the Mayor and Council carrying out its mandates under the Charter and more effectively meeting the needs of the City of San Diego residents; NOW, THEREFORE,

BE IT RESOLVED, that the Council of the City of San Diego adopts the following Ten Fundamental Principles for an Effective, Cooperative and Transparent Mayor-Council Form of Government in the City of San Diego:

1. Cooperate with the Council to create annually a “Statement of Budgetary Principles.”
2. Adhere to the “Structural Budget Deficit Principles” adopted by Council on February 22, 2010, by San Diego Resolution R-305615 (Mar. 2, 2010), to ensure the City maintains a structurally balanced budget.
3. Adhere to the “Mid-Year Budget Authority Ordinance” adopted by Council on August 2, 2011, as San Diego Ordinance O-20084 (Aug. 4, 2011).
4. Publicly report performance results and future goals for core City services. This information will be published annually in the Mayor’s Proposed and Final Budget; and beginning fiscal year 2015, annual performance reporting will be supplemented with quarterly reporting through the issuance of a stand-alone “City of San Diego Quarterly Performance Report” to the City Council, to also be made available on the City’s website.
5. Present to Council no later than November of each fiscal year a financial outlook that includes projected revenues and committed expenditures for a five-year outlook period.

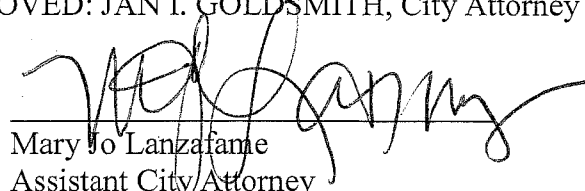
6. Address the City's deferred capital backlog by implementing funded projects in a timely and cost effective manner and working with the Council to identify resources necessary to address remaining unfunded deferred capital as well as new infrastructure needs.
7. Work cooperatively and timely with the City Attorney, Independent Budget Analyst and Council to effectively carry out the City's labor relations policies and duties under State and local law if the Council chooses to designate the Mayor as the City's Chief Labor Negotiator.
8. Participate with Council in developing a Comprehensive City of San Diego Economic Development Strategy to ensure continued economic growth and prosperity for our community.
9. Communicate in a timely and effective manner with the Independent Budget Analyst, City Attorney and Council, including the Mayor personally participating in monthly Council meetings, to ensure that Council has the information it needs to make well-informed decisions and that City contracts conform to Charter and Municipal Code requirements.

(R-2013-212 REV.)

10. Work cooperatively with Independent Budget Analyst, City Attorney Council Committees, and Council to efficiently carry out Council-initiated policy directives, services, including constituent services, and programs that have been included in the annual adopted budget.

APPROVED: JAN I. GOLDSMITH, City Attorney

By

  
Mary Jo Lanza  
Assistant City Attorney

MJL:ccm  
09/12/2012  
10/16/2012 REV.  
Or.Dept: Council District 4  
456616.doc

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of OCT 15 2012.

ELIZABETH S. MALAND  
City Clerk

By   
Deputy City Clerk

Approved: 10-23-12

(date)

  
JERRY SANDERS, Mayor

Vetoed: \_\_\_\_\_

(date)

\_\_\_\_\_  
JERRY SANDERS, Mayor

Passed by the Council of The City of San Diego on OCT 15 2012, by the following vote:

Council Members	Yeas	Nays	Not Present	Ineligible
Sherri Lighter	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kevin Faulconer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Todd Gloria	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Anthony Young	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carl DeMaio	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage OCT 23 2012.

AUTHENTICATED BY:

(Seal)

JERRY SANDERS

Mayor of The City of San Diego, California.

ELIZABETH S. MALAND

City Clerk of The City of San Diego, California.

By

*Hevenson Cruz* Deputy

Office of the City Clerk, San Diego, California

Resolution Number 307737

ORDINANCE NUMBER O- 20837 (NEW SERIES)DATE OF FINAL PASSAGE JUN 26 2017

AN ORDINANCE ADOPTING THE ANNUAL BUDGET FOR  
FISCAL YEAR 2018 AND APPROPRIATING THE  
NECESSARY MONEY TO OPERATE THE CITY OF  
SAN DIEGO FOR FISCAL YEAR 2018.

WHEREAS, San Diego City Charter (Charter) section 69 requires that the form,  
arrangement and itemization of the Appropriation Ordinance be determined and prescribed by  
the Chief Financial Officer and the City Attorney; and

WHEREAS, in accordance with Charter sections 69, and 290, the annual Salary  
Ordinance and the adopted budget are controlling documents for the preparation of the  
Appropriation Ordinance; and

WHEREAS, on April 25, 2017 Ordinance No. 20817, the Salary Ordinance, was  
approved by the City Council in accordance with Charter section 290; and

WHEREAS, on June 13, 2017, the City Council failed to override the Mayor's veto of  
the budget approved by the City Council on June 5, 2017, resulting in the budget, as vetoed by  
the Mayor on June 9, 2017, becoming the approved Fiscal Year 2018 Budget as set forth in  
Resolution No. R-31158; NOW, THEREFORE,

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

Section 1. The budget for the expense of conducting the affairs of the City of  
San Diego (City) for the fiscal year commencing July 1, 2017, and ending June 30, 2018 (Fiscal  
Year), heretofore prepared and submitted to this City Council by the Mayor is hereby adopted as  
the Annual Budget for the Fiscal Year.

Section 2. There is hereby appropriated for expenditure out of the funds of the City  
for municipal purposes the amounts set forth in Attachment I, on file with the City Clerk as

Document No. O- 20837, and in the approved Capital Improvements Program (CIP)

Budget, which defines the legal levels at which the Chief Financial Officer (CFO), as designee of the Mayor, shall control operational and capital project spending.

A. GENERAL FUND

1. The CFO is authorized to appropriate and expend interest earnings and/or original issue premium generated from the issuance and/or administration of Tax and Revenue Anticipation Notes, if issued, for the purpose of funding expenditures related to their issuance, including interest costs.
2. The provisions in the Library Ordinance, San Diego Municipal Code section 22.0228, restricting funding are hereby waived.
3. The CFO is authorized to transfer appropriations for costs avoided in one department by a mutual agreement to incur them in another department.
4. The CFO is authorized to increase and/or decrease revenue and expenditure appropriations for the purpose of implementing City Charter or City Council Policy approved programs:
  - Business and Industry Incentive Program (Council Policy 900-12)
  - Small Business Enhancement Program (Council Policy 900-15)
  - Storefront Improvement Program (Council Policy 900-17), and
  - Mission Bay and Other Regional Park Improvements (San Diego Charter section 55.2b).
5. The CFO is authorized to increase and/or decrease revenue and expenditure appropriations for the purpose of implementing City Council approved Community Parking District Policy (Council Policy 100-18).

(O-2017-152)  
(COR. COPY3)

The CFO is authorized to transfer funds from Community Parking District Funds to the General Fund, and to appropriate and expend those funds for the purpose of implementing City Council approved Community Parking District Plans in accordance with the Community Parking District Policy (Council Policy 100-18).

6. The CFO is authorized to increase revenue and expenditure appropriations for the purpose of paying unanticipated Property Tax Administration fees to the County of San Diego.
7. City Council Community Projects, Programs and Services
  - (a) The City Council Community Projects, Programs and Services funds shall be administered in accordance with Council Policy 100-06.
  - (b) Upon written direction from the City Councilmember, the CFO is authorized to transfer and appropriate funds from that Councilmember's Community Projects, Programs and Services account to other General Fund departments, Non General Funds, and/or existing capital improvement projects to supplement the project, program, or service identified by the Councilmember.
  - (c) Upon written direction from the City Councilmember, the CFO is authorized to transfer excess non-personnel appropriations from the administration of that Councilmember's office to the Councilmember's Community Projects, Programs and Services account.

(O-2017-152)  
(COR. COPY3)

8. Upon written direction from the City Councilmember, the CFO is authorized to transfer funds from EDCO Community Fund (Fund No. 700042) to the General Fund and to appropriate and expend those funds for the purpose that fund was created which is to enhance community activities (Park and Recreation and Library) in neighborhoods near the EDCO Transfer Station.
9. The CFO is authorized to modify revenue and expenditure appropriations for the purpose of transferring funds to Civic San Diego in accordance with any approved adjustments to the Fiscal Year 2018 Budget for the City of San Diego, solely in its capacity as the designated successor agency to the former Redevelopment Agency (Successor Agency).

#### B. SPECIAL REVENUE FUNDS

1. Transient Occupancy Tax Fund (Fund No. 200205)
  - (a) The provisions of Council Policy 100-03 (Transient Occupancy Tax), for specific activities funded by this Ordinance, are deemed and declared to be complied with by the adoption of this Ordinance. Notwithstanding the foregoing, the City Council hereby waives certain provisions of Council Policy 100-03, as specified, for the entity set forth below:
 

Horton Plaza Theatres Foundation	B-1, B-2, and B-4
----------------------------------	-------------------
  - (b) The Mayor or his designee is hereby authorized to execute appropriate agreements for the conduct of activities associated with the allocations for Fiscal Year 2018. It is the intent of the City

(O-2017-152)  
(COR. COPY3)

Council that the Transient Occupancy Tax Fund appropriations be expended in accordance with Council Policy 100-03.

2. Public Art Fund (Fund No. 200002)
  - (a) The CFO is authorized to transfer, appropriate, and expend Arts, Culture, & Community Festivals funds between the Transient Occupancy Tax (TOT) Fund and the Public Art Fund, in accordance with the budget.
  - (b) The CFO is authorized to appropriate and expend unbudgeted revenues or fund balance in the Public Art Fund to support public art and civic enhancement-related programs, projects, administration costs and activities in accordance with San Diego Municipal Code section 26.0701.
3. Environmental Growth Funds (Fund Nos. 200110, 200111, 200109)
  - (a) It is the intent of the City Council that the Environmental Growth Fund(s) appropriations are to be expended for those purposes described in Charter section 103.1a. The provisions in San Diego Municipal Code section 63.30 are hereby waived.
  - (b) Any monies deposited in the Environmental Growth Fund(s) in excess of estimated revenue as described in Charter section 103.1a and any carryover monies from the previous fiscal year are hereby appropriated for the purpose for which the Environmental Growth Fund was created and may be expended only by City Council resolution. The City Council may, from time-to-time, for purposes

(O-2017-152)  
(COR. COPY3)

of augmenting specified programs, elect to allocate additional monies to the Environmental Growth Fund from sources other than those enumerated in Charter section 103.1a. In that event, those additional monies shall not be subject to any fractional allocation but shall be used solely and exclusively for the program purpose designated by City Council.

4. Maintenance Assessment District Funds

- (a) The CFO is authorized to transfer allocations from contributing Maintenance Assessment District (MAD) Funds excess revenue or reserves to increase the appropriations to reimburse the MAD Management Fund (Fund No. 200023) accordingly, in the event that actual expenses related to administration exceed budgeted levels.
- (b) The CFO is authorized to appropriate and expend any monies deposited in the MAD Funds in excess of estimated revenue and any carryover monies from the previous fiscal year for which each Fund(s) was created.

5. Zoological Exhibits Fund (Fund No. 200219)

The CFO is authorized to appropriate and expend unanticipated revenues or fund balance for the purpose of transferring funds to support zoological exhibits in accordance with Charter section 77A.

(O-2017-152)  
(COR. COPY3)

6. Utilities Undergrounding Program Fund (Fund No. 200217)

The CFO is authorized to reallocate appropriations among the Utilities Undergrounding Program Fund's capital improvement project (AID00001) and the annual operating budget for costs associated with San Diego Gas and Electric provided that such reallocation does not increase or decrease the total Utilities Undergrounding Program Fund appropriations.

7. Prop 42 Replacement – Transportation Relief Fund (Fund No. 200306)

and Road Maintenance and Rehabilitation Fund (Fund No. 200731)

The CFO is authorized to adjust operating appropriations in the Prop 42 Replacement – Transportation Relief Fund (Fund No. 200306) and the Road Maintenance and Rehabilitation Fund (Fund No. 200731) at the end of the Fiscal Year based on actual revenues received and/or available fund balance.

C. CAPITAL PROJECTS FUNDS AND CAPITAL IMPROVEMENTS PROGRAM

1. The CFO is authorized to add maintenance projects funded elsewhere which are determined to be of a capital nature to the CIP.
2. The CFO is authorized to close completed CIP projects and transfer unexpended balances to the appropriate reserve, or to fund balance, or up to \$100,000 to an Annual Allocation of the same asset type (e.g., water/sewer mains, facilities, streets or storm drains).
3. Once an asset has been put into service (Technically Completed "TECO"), the CFO is authorized to transfer unexpended balances not required to

close the project to the appropriate reserve, or to fund balance, or up to \$100,000 to an Annual Allocation of the same asset type (e.g., water/sewer mains, facilities, streets or storm drains).

4. The CFO is authorized to return unexpended balances that were allocated to an Annual Allocations in a prior fiscal year and are not allocated to a specific sub-project in the current Fiscal Year to the appropriate reserve or to fund balance. The CFO shall report transfers that are made using this authority to the City Council.
5. Once an asset has been put in service, the CFO is authorized to transfer and appropriate a maximum of \$200,000 per project not to exceed 10% of the project budget from Annual Allocations, earned interest or unappropriated fund balances to CIP projects to support remaining project costs in excess of approved appropriations in order to complete and/or close the project.
6. The CFO is authorized to make cash advances from the appropriate revenue source funds for the purpose of funding incidental and engineering costs of projects included in the long-range CIP Budget. Such advances shall be reimbursed to the respective Fund upon appropriation. In addition, the CFO is authorized and directed to advance funds as required for grant funded projects based on earned grant revenue receivable. Advances will be returned upon the payment of the grant receivable.

(O-2017-152)  
(COR. COPY3)

7. The CFO is authorized to reallocate revenue sources between CIP projects, in accordance with the restrictions placed on various revenues where the net reallocation does not result in a net increase to any of the revenue sources or project budgets.
8. The CFO is authorized to appropriate revenue sources to CIP projects from fund balance, in accordance with the restrictions placed on various revenues, and to return existing revenue sources to fund balance within the same CIP project where the net change in funding does not result in a net change to the project budget.
9. Development Impact Fee Community Funds and Developer Contributions-CIP (Fund Nos. 400080-400095, 400111-400137, 400097-400110, 400849, 400855-400858, 400863-400864, and 200636).
  - (a) The CFO is authorized to modify individual project appropriations, close projects, and/or add new projects to the CIP in accordance with City Council-approved Development Impact Fee plans (Public Facilities Financing Plans and Impact Fee Studies) provided funding is available for such action.
  - (b) The CFO is authorized to reallocate Development Impact Fee (DIF) Community Funds funded appropriations between City Council-approved projects to expedite the use of DIF Community Funds in accordance with AB1600 requirements.

(O-2017-152)  
(COR. COPY3)

- (c) The CFO is authorized to appropriate in the DIF Community Funds a sufficient and necessary amount to reimburse the administrative costs incurred by other City funds.
10. Mission Bay Improvements Fund (Fund No. 200386) and Regional Park Improvements Fund (Fund No. 200391)
- (a) Capital Improvements in San Diego Regional Parks, as recommended and prioritized by the San Diego Regional Park Improvement Fund Oversight Committee, pursuant to Charter section 55.2, are hereby approved as set forth below.

CIP Project	Amount
Balboa Park West Mesa Comfort Station Replacement / S15036	\$200,000
California Tower Seismic Retrofit / L12003	\$650,000
Chollas Lake Improvements / L18001	\$500,000
Coastal Erosion and Access / AGF00006 Bermuda Avenue Coastal Access and Seawall Repair Santa Cruz Avenue Access Stairs and Walkway Narragansett Street Coastal Access	\$825,307
Junipero Serra Museum ADA Improvements / S15034	\$500,000
Mohnike Adobe and Barn Restoration / S13008	\$1,000,000

- (b) The CFO is authorized to increase and/or decrease appropriations in the Mission Bay Improvements project (AGF00004) and Regional Park Improvements project (AGF00005) at the end of the Fiscal Year based on actual revenues received and/or available fund balance to support capital improvements in accordance with Charter section 55.2.

(O-2017-152)  
(COR. COPY3)

11. The CFO is authorized to appropriate and expend the remaining fund balances and/or interest earnings from funds up to \$25,000 for the purpose of fully expending and closing that fund. Funds shall be used solely for their intended or restricted purpose and for previously Council-approved projects.
12. The CFO is authorized to appropriate and expend interest earnings from any bond construction funds for the purpose of transferring bond construction fund interest earned to support debt service payments as permitted in the respective bond indenture(s).
13. The CFO is authorized to transfer unexpended capital bond fund appropriations from TECO, completed, and closed CIP projects to an Annual Allocation for the same asset type (e.g., facilities, streets or storm drains) in order to expedite the expenditure of capital bond funds.
14. The CFO is authorized to modify the accounting of CIP projects to ensure the use of the most appropriate project type among the following types: P: Preliminary Engineering, S: Standalone, L: Large, and RD: Reimbursement to Developer.
15. The CFO is authorized to convert a sub-project within an Annual Allocation into a new standalone CIP project, and transfer the associated appropriation.

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D. ENTERPRISE FUNDS

1. All Enterprise Funds are hereby appropriated for the purpose of providing for the operation, maintenance and development of their respective purposes.
2. Reserve Funds are hereby appropriated to provide funds for the purpose for which the Fund was created. The CFO is hereby authorized to return to the source Fund monies deposited in Reserve Funds in excess of amounts required, consistent with the City's Reserve Policy (Council Policy 100-20).
3. Water Funds (Fund Nos. 700010, 700011, 700012) and Sewer Funds (Fund Nos. 700000, 700001, 700002, 700008, 700009)
  - (a) The CFO may reallocate appropriations and associated encumbrances from any City Council approved budgeted project in the CIP to the Fund's annual operating budget for costs associated with extended environmental monitoring for re-vegetation. Such reallocation shall decrease the total appropriation and encumbrance for the project and increase the appropriation and encumbrance in the annual operating budget by an equal amount provided that the reallocation is no greater than 5% of the Capital Project Budget.

E. INTERNAL SERVICE FUNDS

1. The CFO is hereby authorized to distribute surplus retained earnings or excess contributions from various internal service funds back to the appropriate contributing funds.

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2. Fleet Services Operating Fund (Fund No. 720000) and Fleet Services Replacement Funds (Fund Nos. 720001-720038, 720056, 720058, 720059)

The CFO is hereby authorized to redistribute contributions among the Fleet Services Operating and Fleet Services Replacement Internal Service Funds or to advance funds between these internal service funds.

3. Central Stores Fund (Fund No. 720040), Publishing Services Fund (Fund No. 720041), Fleet Services Operating Fund (Fund No. 720000), Fleet Services Replacement Funds (Fund No. 720001-720038, 720056, 720058, 720059), and Risk Management Administration Fund (Fund No. 720048)

The CFO is hereby authorized to appropriate expenditures from unanticipated revenues for the purpose of allowing for the uninterrupted provision of services.

4. The CFO is authorized to increase and/or decrease revenue and expenditure appropriations in Non General Funds for the purpose of reimbursing the Public Liability Operating Fund (Fund No. 720045) for Non General Fund claims incurred in the course of complying with Council Policy on Claims Against the City (Council Policy 000-09).

#### F. TRUST AND AGENCY FUNDS

These Funds are established to account for assets held by the City as an agent for individuals, private organizations, other governments and/or funds; for example, federal and State income taxes withheld from employees, 401(k) and deferred compensation plans, parking citation revenues, and employee benefit plans. The

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CFO is authorized and directed to establish the appropriate agency funds and to deposit and disburse funds in accordance with the respective agency relationships.

G. GRANT FUNDS

Community Development Block Grant Funds

- (a) Community Development Block Grant (CDBG) Funds are appropriated for the purposes established by the grant provisions as approved and authorized by the City Council. All authorized but incomplete program activities and unexpended monies related thereto remaining in the CDBG Funds on June 30, 2017, shall be carried forward to future years for the purpose of completing the authorized activities in accordance with Council Policy 700-02 which includes the requirement to use funds within 18 months of the start of the fiscal year for which the funds are allocated.
- (b) The CFO is authorized to transfer funds allocated to projects that have been completed, or where any portion has been deemed ineligible upon written confirmation from the sub-recipient or the CDBG Program office or in accordance with section 2.C.2 for the City's CIP projects, to Unobligated CDBG Funds to be reappropriated by the City Council.
- (c) In accordance with section 2.C.3 herein, the CFO is authorized to transfer and appropriate a maximum of \$100,000 per City CIP project from Unobligated CDBG Funds or excess program income to projects for eligible costs, such as engineering, in excess of previously approved appropriations.

Section 3. The Mayor is hereby authorized to execute appropriate initial and continuing contracts and agreements for the conduct of activities associated with the allocations authorized by City Council and in accordance with provisions of grant agreements.

Section 4. The CFO is authorized and directed to make inter-fund loans, including interest at the City's pooled rate of return, between funds to cover cash needs. These loans may, if appropriate, extend beyond the current Fiscal Year.

Section 5. All interest earnings generated by any fund which has been established pursuant to a legal or contractual requirement, externally imposed restriction, or by enabling legislation (including, but not limited to, the Appropriation Ordinance) shall remain in such fund solely for the purpose the fund was intended.

Section 6. All Funds, not otherwise contained herein, established by the City Council in previous fiscal years or during the current Fiscal Year, are appropriated for the purposes established by applicable laws and/or in accordance with provisions of agreements authorized by Council and for projects contained in the Council-approved CIP or authorized by Council resolution. The CFO is authorized and directed to appropriate and expend monies within the funds for services provided by those funds. The CFO is authorized and directed to return any surplus monies to the contributing funds or, when the contributing funds cannot be legally determined, to the General Fund.

Section 7. The CFO is authorized and directed to transfer current and/or prior years' forfeited monies within the flexible spending accounts to the Risk Management Administration Fund (Fund No. 720048) to be expended, up to the full forfeited amount, for programs which benefit City employees.

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The CFO is authorized and directed to transfer surplus monies between flexible benefit plan funds.

Section 8. The CFO is authorized to increase revenue and expenditure appropriations in accordance with City Council-approved capital lease agreements for the purpose of financing the acquisition of essential projects and equipment.

Section 9. The CFO is authorized and directed to make appropriate inter-fund transfers in accordance with the Annual Budget Document and estimated sources of revenue.

The CFO may transfer funds to related City entities in accordance with the Annual Budget Document and appropriate funding source rules and regulations.

Section 10. The CFO is authorized and directed to appropriate and expend donations in accordance with Council Policy 100-02 (City Receipt of Donations).

Section 11. All revenues generated consistent with the Public Trust pursuant to California Public Resources Code section 6306 in relation to operation of Mission Bay Park and Ocean Beach Park which are greater than expenditures for operations, maintenance and capital improvements during the Fiscal Year are hereby placed in a special fund to be used exclusively for past and future operations, maintenance and capital improvements and for past, current, and future expenditures uncompensated by past, current and future revenues derived from Mission Bay Park and Ocean Beach Park as required by agreements with the State of California. Unanticipated revenues are hereby appropriated for such purposes and may be expended only by Council resolution or in accordance with projects contained in the Council-approved Capital Improvements Program.

All revenues generated by sovereign trust lands granted by the State of California to the City pursuant to California Public Resources Code section 6306 are hereby appropriated for purposes consistent with the Public Trust.

Section 12. All other revenues which are not appropriated by any other section of this ordinance, and which are in excess of budgeted revenue may be transferred by the CFO to legally established reserve fund(s) or account(s). However, in no event shall the total appropriations of all tax revenues as defined by article XIII B of the California Constitution made pursuant to this ordinance exceed the City's legal limit.

The total appropriation is \$3,642,571,374 a portion of which will be derived from proceeds of taxes as defined within article XIII B of the California Constitution.

It is the intent of this ordinance to comply with article XIII B of the California Constitution.

Section 13. The CFO is authorized and directed to modify appropriations in accordance with the Fiscal Year 2018 Tax Rate Ordinance as approved by Council.

Section 14. The CFO is authorized and directed to close obsolete or inactive funds and appropriate and expend for the purpose of returning residual balances of such funds to their source or, if the source cannot be determined, to the General Fund. The CFO shall periodically report fund closures to the City Council and recommend the appropriation of any residual balances.

Section 15. The CFO is hereby authorized to restrict from the departmental appropriations as set forth in Attachment I an amount sufficient to assure that, in the event there is a shortfall in projected revenues, there are sufficient revenues to cover the remaining

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(COR. COPY3)

appropriations; provided that in the case that projected revenue estimates are met, the restricted funds may be released.

Section 16. Unless otherwise specified in this ordinance, the CFO is authorized to modify appropriations upon adopted City Council resolution, provided funding is available for such action and in accordance with funding source guidelines and applicable grant agreements.

Section 17. The powers of the City Council not delegated to the Mayor and CFO, as specifically set forth herein, are reserved to the Council in accordance with the terms of the Charter.

Section 18. That a full reading of this ordinance is dispensed with prior to its passage, a written or printed copy having been available to the City Council and the public prior to the day of its final passage.

Section 19. This ordinance is declared to take effect and be in force immediately upon its passage pursuant to the authority contained in Charter sections 275 and 295.

Section 20. The Mayor shall have no veto power over this ordinance pursuant to Charter section 280(a)(4).

APPROVED: MARA W. ELLIOTT, City Attorney

By

  
Brant C. Will

Deputy City Attorney

BCW:jdf  
06/15/17  
06/21/17 COR. COPY  
06/22/17 COR. COPY 2  
06/26/17 COR. COPY 3  
Or. Dept: FM  
Doc. No.: 1522713\_4

## Fiscal Year 2018 Operating and Capital Appropriations

OPERATING APPROPRIATIONS	Salary & Wages	Fringe & Non-Personnel	FY 2018 Appropriation
<b>General Fund</b>			
City Attorney	\$28,356,542	\$25,922,367	\$54,278,909
City Auditor	\$2,049,577	\$1,939,486	\$3,989,063
City Clerk	\$2,461,483	\$3,223,341	\$5,684,824
City Comptroller	\$6,088,526	\$6,186,715	\$12,275,241
City Treasurer	\$6,904,100	\$9,689,923	\$16,594,023
Citywide Program Expenditures	-	\$156,248,640	\$156,248,640
Communications	\$2,038,365	\$1,903,606	\$3,941,971
Council Administration	\$1,306,582	\$1,321,733	\$2,628,315
Council District 1	\$606,985	\$566,829	\$1,173,814
Council District 1 - CPPS	-	\$25,000	\$25,000
Council District 2	\$632,547	\$680,823	\$1,313,370
Council District 2 - CPPS	-	\$104,638	\$104,638
Council District 3	\$616,696	\$499,083	\$1,115,779
Council District 3 - CPPS	-	\$25,000	\$25,000
Council District 4	\$630,663	\$583,153	\$1,213,816
Council District 4 - CPPS	-	\$101,509	\$101,509
Council District 5	\$669,411	\$456,933	\$1,126,344
Council District 5 - CPPS	-	\$82,173	\$82,173
Council District 6	\$669,023	\$439,448	\$1,108,471
Council District 6 - CPPS	-	\$46,820	\$46,820
Council District 7	\$691,071	\$457,416	\$1,148,487
Council District 7 - CPPS	-	\$76,101	\$76,101
Council District 8	\$637,102	\$731,979	\$1,369,081
Council District 8 - CPPS	-	\$54,113	\$54,113
Council District 9	\$632,402	\$664,065	\$1,296,467
Council District 9 - CPPS	-	\$248,548	\$248,548
Debt Management	\$1,662,727	\$1,498,912	\$3,161,639
Department of Information Technology	-	\$482,500	\$482,500
Development Services	\$4,005,509	\$3,878,371	\$7,883,880
Economic Development	\$4,282,917	\$9,100,785	\$13,383,702
Environmental Services	\$8,494,068	\$32,225,121	\$40,719,189
Ethics Commission	\$526,710	\$702,437	\$1,229,147
Financial Management	\$2,421,464	\$1,949,752	\$4,371,216
Fire-Rescue	\$128,376,322	\$129,234,935	\$257,611,257
Human Resources	\$2,805,925	\$2,792,644	\$5,598,569
Infrastructure/Public Works	\$504,610	\$487,027	\$991,637
Internal Operations	\$220,944	\$239,794	\$460,738
Library	\$20,428,100	\$33,768,258	\$54,196,358
Neighborhood Services	\$636,633	\$418,544	\$1,055,177
Office of Homeland Security	\$1,202,730	\$1,401,989	\$2,604,719
Office of the Assistant COO	\$1,135,628	\$910,995	\$2,046,623
Office of the Chief Financial Officer	\$290,434	\$328,505	\$618,939
Office of the Chief Operating Officer	\$786,698	\$665,039	\$1,451,737
Office of the IBA	\$1,130,471	\$1,022,464	\$2,152,935
Office of the Mayor	\$2,349,613	\$2,252,254	\$4,601,867
Park & Recreation	\$37,240,791	\$72,255,301	\$109,496,092
Performance & Analytics	\$1,433,615	\$1,378,035	\$2,811,650
Personnel	\$4,362,710	\$4,291,192	\$8,653,902
Planning	\$4,857,306	\$5,242,033	\$10,099,339
Police	\$215,220,936	\$253,820,379	\$469,041,315

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FY 2018 Appropriations Ordinance

Attachment I  
FY 2018 Operating and CIP Appropriations

<b>OPERATING APPROPRIATIONS</b>	<b>Salary &amp; Wages</b>	<b>Fringe &amp; Non- Personnel</b>	<b>FY 2018 Appropriation</b>
<b>General Fund (continued)</b>			
Public Utilities	-	\$2,495,029	\$2,495,029
Public Works - Contracts	\$1,271,226	\$1,068,547	\$2,339,773
Public Works - General Services	\$8,429,569	\$11,603,226	\$20,032,795
Purchasing & Contracting	\$3,533,721	\$3,196,795	\$6,730,516
Real Estate Assets	\$2,443,193	\$5,553,478	\$7,996,671
Transportation & Storm Water	\$32,010,755	\$90,223,476	\$122,234,231
<b>General Fund Total</b>	<b>\$547,056,400</b>	<b>\$886,767,258</b>	<b>\$1,433,823,658</b>
<b>Capital Project Funds</b>			
Capital Outlay Fund	-	\$6,050,831	\$6,050,831
TransNet Extension Administration & Debt Fund	-	\$324,730	\$324,730
TransNet Extension Congestion Relief Fund	-	\$3,351,330	\$3,351,330
TransNet Extension Maintenance Fund	-	\$9,644,481	\$9,644,481
<b>Capital Project Funds Total</b>	<b>-</b>	<b>\$19,371,372</b>	<b>\$19,371,372</b>
<b>Enterprise Funds</b>			
Airports Fund	\$1,190,271	\$4,532,468	\$5,722,739
Development Services Fund	\$29,336,835	\$41,123,002	\$70,459,837
Golf Course Fund	\$4,344,280	\$13,885,544	\$18,229,824
Recycling Fund	\$5,709,543	\$19,801,106	\$25,510,649
Refuse Disposal Fund	\$7,793,521	\$28,124,342	\$35,917,863
Sewer Funds	\$51,657,709	\$300,526,515	\$352,184,224
Water Utility Operating Fund	\$45,042,888	\$476,083,031	\$521,125,919
<b>Enterprise Funds Total</b>	<b>\$145,075,047</b>	<b>\$884,076,008</b>	<b>\$1,029,151,055</b>
<b>Internal Service Funds</b>			
Central Stores Fund	\$786,129	\$9,334,841	\$10,120,970
Energy Conservation Program Fund	\$1,267,033	\$2,612,873	\$3,879,906
Fleet Services Operating Fund	\$11,487,093	\$46,353,022	\$57,840,115
Fleet Services Replacement Fund	-	\$42,773,746	\$42,773,746
Publishing Services Fund	\$497,726	\$3,162,839	\$3,660,565
Risk Management Administration Fund	\$5,110,677	\$5,896,589	\$11,007,266
<b>Internal Service Funds Total</b>	<b>\$19,148,658</b>	<b>\$110,133,911</b>	<b>\$129,282,569</b>
<b>Special Revenue Funds</b>			
Automated Refuse Container Fund	-	\$1,100,000	\$1,100,000
Concourse and Parking Garages Operating Fund	\$121,934	\$4,979,284	\$5,101,218
Convention Center Expansion Funds	-	\$13,396,450	\$13,396,450
Engineering & Capital Projects Fund	\$46,519,788	\$48,787,981	\$95,307,769
Environmental Growth 1/3 Fund	-	\$4,406,822	\$4,406,822
Environmental Growth 2/3 Fund	-	\$10,303,909	\$10,303,909

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FY 2018 Appropriations Ordinance

Attachment I  
FY 2018 Operating and CIP Appropriations

<b>OPERATING APPROPRIATIONS</b>	<b>Salary &amp; Wages</b>	<b>Fringe &amp; Non- Personnel</b>	<b>FY 2018 Appropriation</b>
<b>Special Revenue Funds (continued)</b>			
Facilities Financing Fund	\$1,125,150	\$1,782,961	\$2,908,111
Fire and Lifeguard Facilities Fund	-	\$1,388,181	\$1,388,181
Fire/Emergency Medical Services Transport Program Fund	\$2,494,427	\$9,825,388	\$12,319,815
Gas Tax Fund	-	\$30,727,282	\$30,727,282
General Plan Maintenance Fund	-	\$2,650,000	\$2,650,000
GIS Fund	\$123,094	\$2,294,649	\$2,417,743
Information Technology Fund	\$4,177,322	\$7,903,108	\$12,080,430
Infrastructure Fund	-	\$6,440,002	\$6,440,002
Junior Lifeguard Program Fund	\$71,760	\$538,098	\$609,858
Local Enforcement Agency Fund	\$337,500	\$731,686	\$1,069,186
Los Penasquitos Canyon Preserve Fund	\$111,301	\$150,845	\$262,146
Maintenance Assessment District (MAD) Funds	\$1,600,203	\$38,870,514	\$40,470,717
Mission Bay/Balboa Park Improvement Fund	-	\$2,125,166	\$2,125,166
New Convention Facility Fund	-	\$3,436,000	\$3,436,000
OneSD Support Fund	\$3,012,502	\$23,769,394	\$26,781,896
Parking Meter Operations Fund	\$776,229	\$9,537,546	\$10,313,775
PETCO Park Fund	\$109,000	\$16,652,105	\$16,761,105
Public Art Fund	-	\$467,819	\$467,819
Public Safety Services & Debt Service Fund	-	\$9,203,815	\$9,203,815
QUALCOMM Stadium Operations Fund	\$1,964,020	\$21,897,260	\$23,861,280
Road Maintenance and Rehabilitation Fund	-	\$8,025,413	\$8,025,413
Seized Assets - California Fund	-	\$11,919	\$11,919
Seized Assets - Federal DOJ Fund	-	\$1,608,456	\$1,608,456
Seized Assets - Federal Treasury Fund	-	\$119,187	\$119,187
State COPS	-	\$2,140,000	\$2,140,000
Storm Drain Fund	-	\$5,700,000	\$5,700,000
Successor Agency Admin & Project - CivicSD Fund	-	\$2,654,407	\$2,654,407
Transient Occupancy Tax Fund	\$1,093,213	\$115,149,061	\$116,242,274
Trolley Extension Reserve Fund	-	\$1,058,250	\$1,058,250
Underground Surcharge Fund	\$1,162,181	\$58,366,618	\$59,528,799
Wireless Communications Technology Fund	\$3,144,667	\$5,967,777	\$9,112,444
Zoological Exhibits Maintenance Fund	-	\$13,187,804	\$13,187,804
<b>Special Revenue Funds Total</b>	<b>\$67,944,291</b>	<b>\$487,355,157</b>	<b>\$555,299,448</b>
<b>TOTAL OPERATING APPROPRIATIONS</b>	<b>\$779,224,396</b>	<b>\$2,387,703,705</b>	<b>\$3,166,928,101</b>

FY 2018  
Appropriation**CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS****Citywide**

S14000	I AM San Diego Project	\$3,395,240
<b>Citywide Total</b>		<b>\$3,395,240</b>

**Environmental Services**

AFA00001	Minor Improvements to Landfills	\$200,000
L17000	Miramar Landfill Facility Improvements	\$2,000,000
S15000	CNG Fueling Station for Refuse & Recycling	\$1,230,000
S16052	Miramar Landfill Gas Recovery Improvemen	\$4,300,000
S16053	Aerated Static Pile System	\$4,500,000
S16054	Miramar Landfill Storm Water Improvement	\$2,000,000
<b>Environmental Services Total</b>		<b>\$14,230,000</b>

**Fire-Rescue**

S00787	Fire Station No. 22 - Point Loma	\$1,000,000
<b>Fire-Rescue Total</b>		<b>\$1,000,000</b>

**Library**

S00802	San Ysidro Branch Library	\$710,000
S13022	Mission Hills-Hillcrest Library	\$1,884,482
<b>Library Total</b>		<b>\$2,594,482</b>

**Park & Recreation**

AEA00001	Torrey Pines Golf Course	\$5,500,000
AGF00004	Mission Bay Improvements	\$6,825,570
AGF00006	Coastal Erosion and Access	\$825,307
AGF00007	Park Improvements	\$400,000
L12000	Convert RB Medians-Asphalt to Concrete	\$350,000
L12003	California Tower Seismic Retrofit	\$650,000
L18000	Downtown Greenways	\$1,000,000
L18001	Chollas Lake Improvements	\$500,000
P18000	Building 619 at NTC - Rec Center	\$1,170,000
P18001	North Park Recreation Center Expansion	\$459,865
P18002	Ocean Beach Pier Condition Assessment	\$670,981
P18003	Hendrix Pond/Aviary Park Development	\$300,000
S00649	Cesar Solis Community Park	\$3,500,000
S00752	Beyer Park Development	\$400,000
S00995	Hidden Trails Neighborhood Park	\$400,000
S00999	Riviera Del Sol Neighborhood Park	\$6,350,000
S11103	Valencia Park Acquisition & Development	\$350,987
S13000	Tubman Charter School JU Improvements	\$150,000
S13005	University Village Park Tot Lot	\$150,000
S13008	Mohnike Adobe and Barn Restoration	\$1,000,000
S14016	East Fortuna Staging Area Field Stn Blg	\$1,927,365
S15004	Rancho Mission Neighborhood Park Play Area Upgrade	\$800,000
S15021	Rolling Hills Neighborhood Park ADA Upgrades	\$146,464
S15031	Egger/South Bay Community Park ADA Improvements	\$1,100,000
S15034	Junipero Serra Museum ADA Improvements	\$500,000
S15036	Balboa Park West Mesa Comfort Station Replacement	\$200,000
S16012	East Village Green Phase 1	\$5,500,000
S16013	Children's Park Improvements	\$3,000,000
S17001	Talmadge Traffic Calming Infrastructure	\$100,000
S17007	Pershing MidSch Joint Use Synthet Turf Replacement	\$423,985
<b>Park &amp; Recreation Total</b>		<b>\$44,650,524</b>

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FY 2018 Appropriations Ordinance

Attachment I  
FY 2018 Operating and CIP Appropriations

### Public Utilities

ABI00001	Water Treatment Plants	\$1,000,000
ABJ00001	Water Pump Station Restoration	\$4,948,360
ABL00001	Standpipe and Reservoir Rehabilitations	\$2,450,000
ABM00001	Groundwater Asset Development Program	\$700,000
ABO00001	Metro Treatment Plants	\$2,450,000
ABP00001	Pump Station Restorations	\$1,200,000
ABP00003	Pump Station 64,65, Penasquitos, E Mission Gorge	\$250,000
AHC00004	Recycled Water Systems Upgrades	\$388,967
AJA00001	Sewer Main Replacements	\$47,058,301
AJA00002	Pipeline Rehabilitation	\$11,759,341
AJA00003	Unscheduled Projects	\$300,000
AJB00001	Metropolitan Waste Water Department Trunk Sewers	\$7,837,584
AKA00002	Pressure Reduction Facility Upgrades	\$500,000
AKA00003	Large Diameter Water Transmission PPL	\$16,343,400
AKB00003	Water Main Replacements	\$46,202,093
ALA00001	PURE Water Program	\$74,112,022
RD16001	Harbor Dr TS Participation Agreement	\$1,000,000
S00050	Water Department Security Upgrades	\$200,000
S00312	PS2 Power Reliability & Surge Protection	\$8,000,000
S11021	University Ave Pipeline Replacement	\$4,301,407
S11022	Upas St Pipeline Replacement	\$850,000
S11024	Miramar Clearwell Improvements	\$37,087,853
S11025	Chollas Building	\$17,006,500
S12008	Catalina 12inch Cast Iron Mains	\$1,540,000
S12009	La Jolla Scenic Drive 16inch Main	\$3,192,358
S12010	30th Street Pipeline Replacement	\$8,000,000
S12011	69th & Mohawk Pump Station	\$6,000,000
S12012	Cielo & Woodman Pump Station	\$1,000,000
S12013	Alvarado 2nd Extension Pipeline	\$2,500,000
S12015	Pacific Beach Pipeline South (W)	\$9,271,723
S12016	Otay 1st/2nd PPL West of Highland Avenue	\$1,950,000
S12040	Tierrasanta (Via Dominique) Pump Station	\$6,495,996
S13015	Water & Sewer Group Job 816 (W)	\$4,325,508
S15016	Otay Second Pipeline Relocation-PA	\$200,000
S15019	Alvarado Trunk Sewer Phase IV	\$2,000,000
S15020	Tecolote Canyon Trunk Sewer Improvement	\$4,080,000
S15027	La Jolla View Reservoir	\$440,000
S16027	Morena Pipeline	\$3,202,101
S17006	University Heights Water Tower Seismic Retrofit	\$1,363,000
S17008	Advanced Metering Infrastructure	\$27,411,444
S17012	NCWRP Improvements to 30 mgd	\$1,400,000
S17013	MBC Equipment Upgrades	\$400,000

**Public Utilities Total** **\$370,717,958**

### Public Works - General Services

ABT00001	City Facilities Improvements	\$4,800,000
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**Public Works - General Services Total** **\$4,800,000**

FY 2018  
Appropriation**CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS****Transportation & Storm Water**

ACA00001	Drainage Projects	\$6,507,560
AIA00001	Minor Bike Facilities	\$400,000
AID00005	Street Resurfacing and Reconstruction	\$4,067,459
AIE00001	Bridge Rehabilitation	\$50,000
AIG00001	Median Installation	\$150,000
AIH00001	Installation of City Owned Street Lights	\$100,000
AIK00001	New Walkways	\$850,000
AIK00003	Sidewalk Repair and Reconstruction	\$2,672,850
AIL00001	Traffic Calming	\$385,000
AIL00002	Install T/S Interconnect Systems	\$150,000
AIL00004	Traffic Signals - Citywide	\$2,251,000
AIL00005	Traffic Signals Modification	\$936,200
P18007	Alvarado Road Realignment	\$1,000,000
S00851	SR 163/Friars Road	\$2,000,000
S00915	University Avenue Mobility	\$2,750,000
S00944	Bayshore Bikeway	\$35,000
S11060	Otay Mesa Truck Route Phase 4	\$4,700,000
S13018	Avenida de la Playa Infrastructure-SD	\$1,500,000
S14009	SR94/Euclid Av Interchange Phase 2	\$2,600,000
S15023	Torrey Pines Road Improvement Phase 2	\$1,000,000
S18000	Streamview Drive Improvements Phase 2	\$150,000
<b>Transportation &amp; Storm Water Total</b>		<b>\$34,255,069</b>

<b>TOTAL CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS</b>	<b>\$475,643,273</b>
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<b>TOTAL COMBINED APPROPRIATIONS</b>	<b>\$3,642,571,374</b>
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**MAINTENANCE ASSESSMENT DISTRICT APPROPRIATIONS**

<b>Fund</b>	<b>Maintenance Assessment District Fund</b>	<b>Salary &amp; Wages</b>	<b>Fringe &amp; Non-Personnel</b>	<b>FY 2018 Appropriation</b>
200023	Maintenance Assessment District (MAD)	\$1,600,203	\$2,692,723	\$4,292,926
200025	Street Light District #1 MAD Fund	-	\$797,551	\$797,551
200028	Scripps/Miramar Ranch MAD Fund	-	\$2,645,380	\$2,645,380
200030	Tierrasanta MAD Fund	-	\$2,144,325	\$2,144,325
200031	Campus Point MAD Fund	-	\$76,611	\$76,611
200032	Mission Boulevard MAD Fund	-	\$168,233	\$168,233
200033	Carmel Valley MAD Fund	-	\$3,793,043	\$3,793,043
200035	Sabre Springs MAD Fund	-	\$369,966	\$369,966
200037	Mira Mesa MAD Fund	-	\$1,278,359	\$1,278,359
200038	Rancho Bernardo MAD Fund	-	\$945,987	\$945,987
200039	Penasquitos East MAD Fund	-	\$627,370	\$627,370
200040	Coronado View MAD Fund	-	\$59,106	\$59,106
200042	Park Village MAD Fund	-	\$567,388	\$567,388
200044	Eastgate Technology Park MAD Fund	-	\$268,312	\$268,312
200045	Calle Cristobal MAD Fund	-	\$380,943	\$380,943
200046	Gateway Center East MAD Fund	-	\$382,078	\$382,078
200047	Miramar Ranch North MAD Fund	-	\$1,909,459	\$1,909,459
200048	Carmel Mountain Ranch MAD Fund	-	\$700,277	\$700,277
200052	La Jolla Village Drive MAD Fund	-	\$99,814	\$99,814
200053	First SD River Imp. Project MAD Fund	-	\$462,517	\$462,517
200055	Newport Avenue MAD Fund	-	\$83,688	\$83,688
200056	Linda Vista Community MAD Fund	-	\$305,662	\$305,662
200057	Washington Street MAD Fund	-	\$146,490	\$146,490
200058	Otay International Center MAD Fund	-	\$683,059	\$683,059
200059	Del Mar Terrace MAD Fund	-	\$417,810	\$417,810
200061	Adams Avenue MAD Fund	-	\$63,194	\$63,194
200062	Carmel Valley NBHD #10 MAD Fund	-	\$438,290	\$438,290
200063	North Park MAD Fund	-	\$726,280	\$726,280
200065	Kings Row MAD Fund	-	\$21,810	\$21,810
200066	Webster-Federal Boulevard MAD Fund	-	\$55,370	\$55,370
200067	Stonecrest Village MAD Fund	-	\$1,104,650	\$1,104,650
200068	Genesee/North Torrey Pines Road MAD Fund	-	\$473,841	\$473,841
200070	Torrey Hills MAD Fund	-	\$1,753,355	\$1,753,355
200071	Coral Gate MAD Fund	-	\$224,350	\$224,350
200074	Torrey Highlands MAD Fund	-	\$904,430	\$904,430
200076	Talmadge MAD Fund	-	\$220,801	\$220,801
200078	Central Commercial MAD Fund	-	\$409,103	\$409,103
200079	Little Italy MAD Fund	-	\$1,244,239	\$1,244,239
200080	Liberty Station/NTC MAD Fund	-	\$194,770	\$194,770
200081	Camino Santa Fe MAD Fund	-	\$186,955	\$186,955
200083	Black Mountain Ranch South MAD Fund	-	\$1,146,490	\$1,146,490
200084	College Heights Enhanced MAD Fund	-	\$575,643	\$575,643
200086	C&ED MAD Management Fund	-	\$430,000	\$430,000
200087	City Heights MAD Fund	-	\$428,088	\$428,088
200089	Black Mountain Ranch North MAD Fund	-	\$567,979	\$567,979
200091	Bay Terraces - Parkside MAD Fund	-	\$106,118	\$106,118
200092	Bay Terraces - Honey Drive MAD Fund	-	\$31,398	\$31,398
200093	University Heights MAD Fund	-	\$92,281	\$92,281
200094	Hillcrest MAD Fund	-	\$43,936	\$43,936
200095	El Cajon Boulevard MAD Fund	-	\$646,789	\$646,789
200096	Ocean View Hills MAD Fund	-	\$1,088,178	\$1,088,178
200097	Robinhood Ridge MAD Fund	-	\$192,985	\$192,985
200098	Remington Hills MAD Fund	-	\$57,179	\$57,179
200099	Pacific Highlands Ranch MAD Fund	-	\$706,535	\$706,535
200101	Rancho Encantada MAD Fund	-	\$155,499	\$155,499
200103	Bird Rock MAD Fund	-	\$342,586	\$342,586
200105	Hillcrest Commercial Core MAD Fund	-	\$138,182	\$138,182
200614	Mission Hills Special Lighting MAD Fund	-	\$52,246	\$52,246
200707	Barrio Logan Community Benefit MAD Fund	-	\$636,431	\$636,431

0-2017-152  
FY 2018 Appropriations Ordinance

Attachment I  
FY 2018 Operating and CIP Appropriations

## MAINTENANCE ASSESSMENT DISTRICT APPROPRIATIONS

Fund	Maintenance Assessment District Fund	Salary & Wages	Fringe & Non- Personnel	FY 2018 Appropriation
200714	Civita MAD Fund	-	\$1,108,229	\$1,108,229
200717	Kensington Heights MAD	-	\$99,756	\$99,756
200718	Kensington Manor MAD	-	\$57,274	\$57,274
200719	Kensington Park North MAD	-	\$67,405	\$67,405
200720	Talmadge Park North MAD	-	\$23,876	\$23,876
200721	Talmadge Park South MAD	-	\$47,842	\$47,842
<b>MAINTENANCE ASSESSMENT DISTRICT TOTAL</b>		<b>\$1,600,203</b>	<b>\$38,870,514</b>	<b>\$40,470,717</b>

Passed by the Council of The City of San Diego on JUN 26 2017, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Barbara Bry	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Ward	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Myrtle Cole	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Cate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Georgette Gomez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage JUN 26 2017.

AUTHENTICATED BY:

KEVIN L. FAULCONER  
Mayor of The City of San Diego, California.

(Seal)

ELIZABETH S. MALAND  
City Clerk of The City of San Diego, California.

By Linda Dravin, Deputy

I HEREBY CERTIFY that the foregoing ordinance was passed on the day of its introduction, to wit, on

JUN 26 2017, said ordinance being of the kind and character authorized for passage on its introduction by Section 295 of the Charter.

I FURTHER CERTIFY that said ordinance was read in full prior to passage or that such reading was dispensed with by a vote of five members of the Council, and that a written copy of the ordinance was made available to each member of the Council and the public prior to the day of its passage.

(Seal)

ELIZABETH S. MALAND  
City Clerk of The City of San Diego, California.

By Linda Dravin, Deputy

Office of the City Clerk, San Diego, California

Ordinance Number O- 20837



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