



Adopted Budget
Fiscal Year
2020

MAYOR KEVIN L. FAULCONER

Appendix

Fiscal Year 2020 Changes in Full-Time Equivalent (FTE) Positions

ATTACHMENT A

Information reflecting changes in FTE positions from the Fiscal year 2019 Adopted Budget by fund and department.

Public Utilities Department's Organization Chart

ATTACHMENT B

The Public Utilities Department, at the direction of the Mayor, has undergone a thorough and comprehensive internal review of staff and processes in place to ensure a customer-focused, mission-driven utility while restoring stability and confidence in the Department.

May Revision to the Fiscal Year 2020 Proposed Budget

ATTACHMENT C

A memorandum that presents the Mayor's recommended revisions to the Fiscal Year 2020 Proposed Budget, dated May 14, 2019.

Recommended City Council Modifications to the Mayor's Proposed FY 2020 Budget and Review of May Revision and FY 2019 Third Quarter Reports

ATTACHMENT D

Office of the Independent Budget Analyst, Report Number 19-12, dated May 31, 2019.

Addendum to IBA Report 19-12: Recommended City Council Modifications to the Mayor's Proposed FY 2020 Budget

ATTACHMENT E

Office of the Independent Budget Analyst, Report Number 19-14, dated June 5, 2019.

Resolution R-312506

ATTACHMENT F

Resolution of the Council of the City of San Diego adopting the Fiscal Year 2020 Budget, including approving the Mayor's Fiscal Year 2020 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 2020 Statement of Budgetary Principles

ATTACHMENT G

Office of the Independent Budget Analyst, Report Number 19-17, dated July 17, 2019.

Appropriation Ordinance O-21091

ATTACHMENT H

An ordinance adopting the annual budget for Fiscal Year 2020 and appropriating the necessary money to operate the City of San Diego for Fiscal Year 2020, dated June 25, 2019.

Fiscal Year 2020-2024 Five-Year Financial Outlook

ATTACHMENT I

A report that guides long-range fiscal planning and serves as the framework for the development of the Fiscal Year 2020 Adopted Budget



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Attachment A

Table 1 below reflects the changes in Full-time Equivalent (FTE) positions in the General Fund from the Fiscal Year 2019 Adopted Budget to the Fiscal Year 2020 Adopted Budget by department. Descriptions of these changes in positions immediately follow.

Table 1: General Fund FTE Changes by Department

Department	FY 2019 Adopted Budget	FY 2020 Adopted Budget	FTE Change
City Attorney	375.73	385.98	10.25
City Auditor	22.00	22.00	-
City Clerk	47.32	47.32	-
City Treasurer	124.00	128.00	4.00
Communications	33.00	33.00	-
Council Administration	17.37	19.37	2.00
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	20.00	20.00	-
Department of Finance	113.27	113.27	-
Development Services	73.00	72.00	(1.00)
Economic Development	59.35	61.00	1.65
Environmental Services	171.72	172.68	0.96
Ethics Commission	5.00	5.50	0.50
Fire-Rescue	1,240.52	1,307.52	67.00
Government Affairs	5.00	7.00	2.00
Human Resources	29.72	33.72	4.00
Infrastructure/Public Works	2.00	2.00	-
Internal Operations	1.50	1.50	-
Library	444.59	444.22	(0.37)
Neighborhood Services	6.00	11.00	5.00
Office of Boards & Commissions	10.00	5.00	(5.00)
Office of Homeland Security	18.05	20.27	2.22
Office of the Assistant COO	2.00	3.00	1.00
Office of the Chief Financial Officer	2.00	2.00	-
Office of the Chief Operating Officer	5.00	5.00	-
Office of the IBA	10.00	10.00	-
Office of the Mayor	24.32	24.00	(0.32)
Parks and Recreation	908.05	924.97	16.92
Performance & Analytics	14.00	15.00	1.00
Personnel	69.99	69.99	-
Planning	64.95	65.75	0.80
Police	2,657.01	2,655.14	(1.87)
Purchasing & Contracting	52.96	52.96	-
Real Estate Assets	32.00	32.00	-

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Department	FY 2019 Adopted Budget	FY 2020 Adopted Budget	FTE Change
Real Estate Assets - Facilities Services	223.50	211.50	(12.00)
Smart & Sustainable Communities	1.50	10.50	9.00
Sustainability	-	4.00	4.00
Transportation & Storm Water	637.70	639.70	2.00
Total General Fund FTE Changes	7,614.12	7,727.86	113.74

General Fund FTE Changes**City Attorney: 10.25 FTE Increase**

- 1.00 Addition of 1.00 Assistant City Attorney to support the Administration Division.
- 9.25 Addition of 9.25 FTE positions for supplemental positions currently filled to support the City Attorney's Office, and a corresponding increase in budgeted vacancy savings.

City Council: 2.00 FTE Increase

- 1.00 Addition of 1.00 Program Coordinator to support government affairs for the City Council.
- 1.00 Addition of 1.00 Program Manager to support public communication efforts.

City Treasurer: 4.00 FTE Increase

- (1.00) Reduction of 1.00 Senior Clerk/Typist from the Business Tax Program associated with Cannabis Business Tax contractual audit service.
- 5.00 Addition of 5.00 FTE positions associated with the administration of the Short Term Residential Occupancy Tax Compliance Program.

Development Services: 1.00 FTE Decrease

- (3.00) Reduction of 3.00 FTE positions in the Code Enforcement Division.
- 2.00 Addition of 2.00 Code Compliance Officers to support operations.

Economic Development: 1.65 FTE Increase

- (0.35) Funding allocated according to a zero-based annual review of hourly funding requirements.
- 1.00 Addition of 1.00 Assistant Deputy Director to support the Community Development and Promise Zone Divisions. This position will be fully supported by successor agency and Community Block Development Grant funding sources.
- 1.00 Transfer of 1.00 Executive Director from the Neighborhood Services branch to the Economic Development Department.

Environmental Services: 0.96 FTE Increase

- (1.00) Reduction of 1.00 Asbestos and Lead Inspector 2 in the Disposal & Environmental Protection Division.
- (1.00) Reduction of 1.00 Senior Code Compliance Supervisor in the Waste Reduction Division.
- (1.00) Reduction of 1.00 Utility Worker 2 in the Waste Reduction Division.
- (0.60) Reduction of 0.60 Assistant Engineer-Mechanical position that supports the weekly residential refuse collection program.
- 0.60 Addition of 0.60 Associate Management Analyst to support the biweekly residential recycling and yard waste collection programs.
- 0.96 Redistribution of positions to better align budget with department operations.
- 3.00 Addition of 3.00 FTE positions to support the expansion of Clean SD services.

Ethics Commission: 0.50 FTE Increase

- 0.50 Addition of 1.00 Program Manager to support the Commission's education and training programs. The FY2020 FTE position is annualized to reflect the projected start date throughout the fiscal year.

Fire-Rescue: 67.00 FTE Increase

(2.88)	Funding allocated according to a zero-based annual review of hourly funding requirements.
(1.00)	Reduction of 1.00 Emergency Medical Services Fire Captain/Paramedic in the Emergency Medical Services Division.
1.00	Addition of 1.00 Fire Prevention Inspector 2 in the Community Risk Reduction Division supported by user fee program.
1.00	Addition of 1.00 Fire Prevention Inspector 2 to serve as a liaison for new construction plan review and inspection of projects supported by user fee program.
1.00	Addition of 1.00 Fire Battalion Chief to oversee the San Diego Urban All Hazard Incident Management Team supported by the Urban Area Securities Initiative (UASI) grant.
1.00	Transfer of 1.00 Paramedic Coordinator from the Emergency Medical Service Fund to the Fire-Rescue Department.
2.00	Addition of 2.00 Fire Prevention Inspector 2s for the Combustible, Explosive, and Dangerous Materials (CEDMAT) Program supported by user fee program .
2.00	Addition of 2.00 Helicopter Mechanics for helicopter maintenance, offset by a reduction of contract services and overtime expenditures.
2.00	Addition of 2.00 Fire Prevention Inspector 2s for the High-Rise Program supported by user fee program.
2.00	Addition of 2.00 Payroll Specialists 2 to process payroll.
2.88	Addition of 2.88 Lifeguard 1 - Hourly for an advanced lifeguard academy.
4.00	Addition of 4.00 Lifeguard 3s to support the Boating Safety Unit and the Children's Pool/La Jolla Cove.
6.00	Addition of 6.00 FTE positions and a reduction of overtime expenditures associated with dedicated Bomb Squad technicians and Unmanned Aerial System pilots.
9.00	Addition of 9.00 FTE positions and a reduction of overtime expenditures associated with full-time coordination, instruction and support of year-round fire academies.
37.00	Addition of 37.00 FTE positions for a Relief Pool to be filled by full time fire suppression staff dedicated to backfilling existing positions, offset by a reduction of overtime expenditures associated with existing positions no longer covering shifts with overtime pay.

Government Affairs: 2.00 FTE Increase

1.00	Transfer of 1.00 Program Manager from the Neighborhood Services Branch to the Government Affairs Department for grants management support.
1.00	Addition of 1.00 Program Manager to manage immigrant affairs policies and programs.

Human Resources: 4.00 FTE Increase

(1.00)	Reduction of 1.00 Employee Assistance Program Manager in the Employee Assistance Program section.
1.00	Addition of 1.00 Program Coordinator to provide coordination related to child care services.
2.00	Addition of 2.00 Program Managers to provide guidance, training, and assistance on human resources issues.
2.00	Addition of 2.00 Program Managers to provide human resources support to the Public Utilities Department.

Library: 0.37 FTE Decrease

(0.37)	Funding allocated according to a zero-based annual review of hourly funding requirements.
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Neighborhood Services: 5.00 FTE Increase

(1.00)	Reduction of 1.00 Associate Management Analyst in the Corporate Partnerships and Development Program.
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- (1.00) Transfer of 1.00 Program Manager from the Corporate Partnerships and Development Program to Government Affairs Department.
- (1.00) Transfer of 1.00 Executive Director from the Neighborhood Services branch to the Economic Development Department.
- 3.00 Addition of 2.00 Associate Management Analysts, 1.00 Senior Management Analyst to assist in the coordination of homeless services.
- 5.00 Transfer of the Office of the ADA and Accessibility from the Office of Boards & Commissions to the Neighborhood Services Branch to better align with services provided by this Office.

Office of Boards & Commissions: 5.00 FTE Decrease

- (5.00) Transfer of the Office of the ADA and Accessibility from the Office of Boards & Commissions to the Neighborhood Services Branch to better align with services provided by this Office.

Office of Homeland Security: 2.22 FTE Increase

- (1.00) Reduction of 1.00 Supervising Management Analyst associated with operational efficiencies and streamlining efforts.
- (0.06) Funding allocated according to a zero-based annual review of hourly funding requirements.
- 1.00 Addition of 1.00 Program Coordinator to provide support for the Cyber-Security, Unmanned Aircraft System (UAS), and Smart City efforts and provide subject matter expertise, maintenance, and operational coordination.
- 1.00 Addition of 1.00 Associate Management Analyst to provide support for the Advanced Initiatives section and subject matter expertise, maintenance, and operational coordination.
- 1.28 Addition of 1.28 Management Interns to support all mission areas in the Homeland Security Division.

Office of the Assistant COO: 1.00 FTE Increase

- 1.00 Addition of 1.00 Assistant Chief Operating Officer to oversee operations in the Internal Operations, Neighborhood Services, and Smart and Sustainable Communities Branches.

Office of the Mayor: 0.32 FTE Decrease

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

Parks and Recreation: 16.92 FTE Increase

(1.00)	Reduction of 1.00 Aquatic Technician 1 in the Developed Regional Parks Division.
(0.25)	Addition of 1.00 Program Coordinator offset by the reduction of 1.00 Safety and Training Manager to support training and human resources functions within the Administrative Services Division. This position will be funded 75% in the General Fund and 25% in the Golf Course Fund.
0.17	Addition of 0.17 Grounds Maintenance Worker 2 to maintain the new half-acre mini park in North Park.
0.50	Addition of 0.50 Recreation Specialist to support operations and maintenance at the East Fortuna Staging Area Field Station.
0.50	Addition of 0.50 Grounds Maintenance Worker 2 to support maintenance and operations at Audubon Elementary Joint Use Park.
0.50	Addition of 0.50 Grounds Maintenance Worker 2 to support the maintenance and operations of the Innovation (MacDowell) Middle School Joint Use Park.
0.50	Addition of 0.50 FTE positions to support the maintenance and operations of the Longfellow Elementary School Joint Use Park.
2.00	Addition of 2.00 Park Rangers to support the Downtown and Chollas Lake areas.
3.00	Transfer of 3.00 FTE positions from the READ - Facilities Services Division to the Parks and Recreation Department for parks and recreation specific facilities.
3.00	Transfer of 3.00 FTE positions from the Public Works Engineering & Capital Projects Department, Development Services Department and Planning Department to the Parks and Recreation Department.
8.00	Addition of 1.00 Equipment Operator 1, 2.00 Utility Worker 2s, 1.00 Equipment Technician 1, 2.00 Light Equipment Operators, 1.00 Tree Trimmer and 1.00 Pesticide Applicator to support the expansion, maintenance, and operations of parks.

Performance & Analytics: 1.00 FTE Increase

1.00	Addition of 1.00 Program Manager to support Get it Done enhancements related to dockless devices.
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Planning: 0.80 FTE Increase

(1.20)	Funding allocated according to a zero-based annual review of hourly funding requirements.
(1.00)	Transfer of 1.00 FTE position from the Planning Department to the Parks and Recreation Department
1.00	Addition of 1.00 Program Manager to manage the Civic Engagement and the Community Outreach Program.
2.00	Addition of 1.00 Associate Planner, 1.00 Senior Traffic Engineer to support Transit Priority Area Non-Residential study, community plan updates and various feasibility studies.

Police: 1.87 FTE Decrease

(8.75)	Reduction of 2.00 Cal-ID Technicians, 1.75 Word Processing Operator, 1.00 Clerical Assistant 2, 1.00 Police Service Officer 2, and 3.00 Police Investigative Service Officer 2s, within the Communications and Patrol Operations units.
1.00	Addition of 0.50 Police Lead Dispatcher and 0.50 Word Processing Operator to support Communications and Internal Affairs.
2.88	Addition of 1.73 Police Detective - Hourly and 1.15 Police Officer 2 - Hourly to support the following Units: Homeless Outreach Team, Sex Crimes, Domestic Violence, Backgrounds, and Collision Investigation Bureau.
3.00	Addition of 1.00 Interview and Interrogation Specialist 3, 1.00 Geographic Information Systems Specialist 3, and 1.00 Information Systems Specialist 3 to support operations.

Real Estate Assets - Facilities Services: 12.00 FTE Decrease

(10.00)	Reduction of 10.00 FTE positions associated with the maintenance of City facilities.
(4.00)	Transfer of 4.00 FTE positions from the READ - Facilities Services Division to the Business Operations Support Services Division in the Public Works Department.
(3.00)	Transfer of 3.00 FTE positions from the READ - Facilities Services Division to the Parks and Recreation Department for parks and recreation specific facilities.
(2.00)	Transfer of 2.00 FTE positions from the READ - Facilities Services Division to the Engineering & Capital Projects Division in the Public Works Department.
(2.00)	Transfer of 2.00 FTE positions from the READ - Facilities Services Division to the Engineering Support & Technical Services Division in the Public Works Department.
1.00	Addition of 1.00 Information Systems Analyst II to support EAM.
8.00	Transfer of 8.00 FTE positions from the Public Utilities Department to the READ - Facilities Services Division for centralization of facilities maintenance functions.

Smart & Sustainable Communities: 9.00 FTE Increase

9.00	Addition of 9.00 FTE positions for the absorption of CivicSD's planning, permitting, and parking functions.
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Sustainability: 4.00 FTE Increase

4.00	Transfer of 4.00 FTE positions from the Energy Conservation Program Fund to the General Fund.
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Transportation & Storm Water: 2.00 FTE Increase

(1.00)	Transfer of 1.00 Account Clerk from the Transportation & Storm Water Department to the Risk Management Administration Fund.
1.00	Addition of 1.00 Horticulturalist to support tree maintenance, planning, and the City's goal of planting 2,000 trees as a part of the Climate Action Plan.
2.00	Addition of 1.00 Principal Utility Supervisor, 1.00 Public Works Dispatcher to support the planning and scheduling of repair work for Street Division.

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Table 2 below reflects the changes in Full-time Equivalent (FTE) positions in the Non-General Fund from the Fiscal Year 2019 Adopted Budget to the Fiscal Year 2020 Adopted Budget by fund. Descriptions of these changes in positions immediately follow.

Table 2: Non-General Funds FTE Changes by Fund

Fund	FY 2019 Adopted Budget	FY 2020 Adopted Budget	FTE Change
Airports Fund	22.00	23.00	1.00
Central Stores Fund	20.00	20.00	-
City Employee's Retirement System Fund	63.00	63.00	-
Concourse and Parking Garages Operating Fund	2.00	2.00	-
Development Services Fund	470.10	505.50	35.40
Energy Conservation Program Fund	25.35	22.25	(3.10)
Engineering & Capital Projects Fund	774.75	825.50	50.75
Facilities Financing Fund	18.00	18.00	-
Fire/Emergency Medical Services Transport Program Fund	17.00	15.00	(2.00)
Fleet Operations Operating Fund	205.75	206.25	0.50
GIS Fund	2.00	9.83	7.83
Golf Course Fund	102.08	104.83	2.75
Information Technology Fund	45.00	45.00	-
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	24.50	(0.50)
Metropolitan Sewer Utility Fund	473.24	486.38	13.14
Municipal Sewer Revenue Fund	398.50	422.34	23.85
OneSD Support Fund	29.00	30.00	1.00
Parking Meter Operations Fund	15.00	13.00	(2.00)
PETCO Park Fund	1.00	1.00	-
Publishing Services Fund	9.00	9.00	-
Recycling Fund	111.48	114.08	2.60
Refuse Disposal Fund	140.30	142.50	2.20
Risk Management Administration Fund	86.23	89.23	3.00
Stadium Operations Fund	2.00	2.00	-
Transient Occupancy Tax Fund	14.00	14.00	-
Underground Surcharge Fund	22.15	22.16	0.01
Water Utility Operating Fund	784.18	808.83	24.64
Wireless Communications Technology Fund	44.00	44.38	0.38
Total Non-General Fund FTE Changes	3,931.11	4,092.56	161.45

Non-General Fund FTE Changes**Airports Fund: 1.00 FTE Increase**

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| 1.00 | Addition of 1.00 Program Manager to oversee upcoming real estate lease agreements for the Airports Division. |
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Development Services Fund: 35.40 FTE Increase

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| (4.60) | Funding allocated according to a zero-based annual review of hourly funding requirements. |
| (1.00) | Transfer of 1.00 FTE position from the Development Services Department to the Parks and Recreation Department. |
| 3.00 | Addition of 3.00 Program Coordinators to develop, maintain and support Accela and the Project Tracking System. |
| 4.00 | Addition of 4.00 FTE positions to provide analytical and organizational support related to department operations. |
| 10.00 | Addition of 10.00 FTE positions to support residential permitting. |
| 24.00 | Addition of 24.00 FTE positions to support the permit approval process associated with 5th generation (5G) wireless communication facilities. |

Energy Conservation Program Fund: 3.10 FTE Decrease

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| (4.00) | Transfer of 4.00 FTE positions from the Energy Conservation Program Fund to the General Fund. |
| (1.10) | Funding allocated according to a zero-based annual review of hourly funding requirements. |
| 1.00 | Addition of 1.00 Program Coordinator to support grant related energy efficiency projects. |
| 1.00 | Addition of 1.00 Senior Management Analyst to support energy billing. |

Engineering & Capital Projects Fund: 50.75 FTE Increase

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| (2.50) | Funding allocated according to a zero-based annual review of hourly funding requirements. |
| (1.00) | Transfer of 1.00 Information System Analyst 2 from the Public Works Department to the READ - Facilities Services Division to support EAM and IT related needs. |
| (1.00) | Transfer of 1.00 FTE position from the Public Works Engineering & Capital Projects Department to the Parks and Recreation Department. |
| 0.25 | Addition of 0.25 Assistant Engineer-Civil to provide increased material inspections. |
| 1.00 | Addition of 1.00 Supervising Management Analyst to analyze and coordinate developer permit fees related to inspection services. |
| 1.00 | Addition of 1.00 Associate Engineer-Civil to support City park capital improvement projects. |
| 1.00 | Addition of 1.00 Assistant Deputy Director to support the Capital Asset Management Division. |
| 1.00 | Addition of 1.00 Project Officer 1 to monitor and track Capital Improvement Program projects schedules. |
| 1.00 | Addition of 1.00 Program Manager to support centralized department operations and functions. |
| 1.00 | Addition of 1.00 Executive Assistant to provide administrative support to the Public Works Department Director. |
| 1.00 | Addition of 1.00 Information Systems Analyst 4 to oversee information technology installations and maintenance. |
| 2.00 | Transfer of 2.00 FTE positions from the READ - Facilities Services Division to the Engineering & Capital Projects Division in the Public Works Department. |

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- 2.00 Transfer of 2.00 FTE positions from the READ - Facilities Services Division to the Engineering Support & Technical Services Division in the Public Works Department.
- 2.00 Addition of 1.00 Senior Civil Engineer, 1.00 Associate Engineer-Civil to support the Underground Utility Program.
- 3.00 Addition of 1.00 Associate Engineer Civil, 1.00 Assistant Engineer-Civil, 1.00 Project Officer to support in the asset management planning on Citywide facilities capital improvement projects.
- 4.00 Addition of 1.00 Project Officer, 3.00 Project Assistants for graphic information systems support for capital improvement projects.
- 4.00 Addition of 2.00 Associate Engineer-Civils, 2.00 Principal Engineering Aides to assist with the planning and design of transportation, water and sewer capital improvement projects.
- 4.00 Transfer of 4.00 FTE positions from the READ - Facilities Services Division to the Business Operations Support Services Division in the Public Works Department.
- 5.00 Addition of 5.00 Assistant Engineer-Civils to coordinate and assist the development of Pure Water project contracts.
- 6.00 Addition of 2.00 Associate Engineer-Civils, 4.00 Assistant Engineer-Civils to coordinate and support high speed 5G internet permits inspections.
- 6.00 Addition of 5.00 Associate Management Analysts, 1.00 Word Processing Operator to provide inspections to comply with new Prevailing Wage requirements.
- 10.00 Addition of 2.00 Principal Survey Aides, and 8.00 Land Surveying Assistants to address the increase in surveys for the right-of-way of public and private utilities and easement acquisitions.

Fire/Emergency Medical Services Transport Program Fund: 2.00 FTE Decrease

- (1.00) Reduction of 1.00 Emergency Medical Technician in the Fire-Rescue Department.
- (1.00) Transfer of 1.00 Paramedic Coordinator from the Emergency Medical Service Fund to the Fire-Rescue Department.

Fleet Operations Operating Fund: 0.50 FTE Increase

- (0.50) Funding allocated according to a zero-based annual review of hourly funding requirements.
- 1.00 Addition of 1.00 Program Coordinator to manage, provide operational support and implement policies and procedures in support of the Fleet Focus Enterprise Asset Management System.

GIS Fund: 7.83 FTE Increase

- 2.00 Restructure of 1.00 Information Systems Analyst 4, 1.00 Program Manager from the Information Technology Fund to the GIS Fund.
- 5.83 Addition of 10.00 FTE positions to support citywide Enterprise Geographic Information System (GIS) services. The FY 2020 FTE positions are annualized to reflect the projected start dates throughout the fiscal year.

Golf Course Fund: 2.75 FTE Increase

- 0.25 Addition of 0.25 Program Coordinator to support training and human resources functions for the Golf Course Fund.
- 0.50 Addition of 0.50 Golf Starter to support golf operations.
- 1.00 Addition of 1.00 Account Clerk to support accounts payable and receivable functions.
- 1.00 Addition of 1.00 Golf Starter Supervisor to support operations at the Torrey Pines Golf Course.

Maintenance Assessment District (MAD) Management Fund: 0.50 FTE Decrease

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

Metropolitan Sewer Utility Fund: 13.14 FTE Increase

- (5.25) Reduction of 5.25 FTE positions to support the reorganization of water and wastewater operations within the department.
- (2.51) Transfer of 2.51 FTE positions from the Public Utilities Department to the READ - Facilities Services Division for centralization of facilities maintenance functions.
- 0.52 Funding allocated according to a zero-based annual review of hourly funding requirements.
- 0.60 Addition of 0.60 Storekeeper 2 to support inventory expansion and improve procurement processes across the department.
- 0.90 Addition of 0.90 Associate Department Human Resources Analyst to support hiring, performance management, and Occupational Health Services (OHS).
- 1.04 Addition of 1.04 Assistant Chemist to provide analytical lab support for the Pure Water Program.
- 1.12 Addition of 1.05 Program Manager and 0.35 Program Coordinator partially offset by the reduction of 0.28 Information System Analyst II to support the Information Technology Management Section.
- 1.15 Addition of 1.15 FTE positions to maintain industry required certifications to continue performing scientific and technical analyses.
- 1.20 Addition of 0.30 Plant Process Control Supervisor and 0.90 Program Coordinator to support Enterprise Asset Management.
- 2.63 Reallocation among funds associated with moving Long Range Planning Division functions to other divisions to increase efficiency and support the reorganization of water and wastewater operations within the department.
- 3.00 Addition of 1.00 Plant Technician 2, 1.00 Plant Technician 3 and 1.00 Instrumentation and Control Technician to support the Wastewater Treatment and Disposal Division.
- 8.74 Addition of 8.74 FTE positions to support the reorganization of water and wastewater operations within the department.

Municipal Sewer Revenue Fund: 23.85 FTE Increase

- (2.08) Reduction of 2.08 FTE positions to support the reorganization of water and wastewater operations within the department.
- (1.99) Transfer of 1.99 FTE positions from the Public Utilities Department to the READ - Facilities Services Division for centralization of facilities maintenance functions.
- (1.72) Funding allocated according to a zero-based annual review of hourly funding requirements.
- 0.06 Addition of 0.60 Program Manager and 0.20 Program Coordinator partially offset by the reduction of 0.74 Information System Analyst II to support the Information Technology Management Section.
- 0.46 Addition of 0.46 Assistant Chemist to provide analytical lab support for the Pure Water Program.
- 0.46 Addition of 0.46 Storekeeper 2 to support inventory expansion and improve procurement processes across the department.
- 0.69 Addition of 0.69 Associate Department Human Resources Analyst to support hiring, performance management, and Occupational Health Services (OHS).
- 0.92 Addition of 0.23 Plant Process Control Supervisor and 0.69 Program Coordinator to support Enterprise Asset Management.
- 1.50 Personnel adjustments to increase efficiency and align Customer Support Division services as related to the reorganization of the department.

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- 2.60 Addition of 2.60 FTE positions to maintain industry required certifications to continue performing scientific and technical analyses.
- 7.45 Addition of 7.45 FTE positions to support the reorganization of water and wastewater operations within the department.
- 15.50 Reallocation among funds associated with moving Long Range Planning Division functions to other divisions to increase efficiency and support the reorganization of water and wastewater operations within the department.

OneSD Support Fund: 1.00 FTE Increase

- 1.00 Addition of 1.00 Program Coordinator to support the City's payroll system.

Parking Meter Operations Fund: 2.00 FTE Decrease

- (2.00) Reduction of 2.00 Parking Meter Technicians in the Parking Meter Operations Fund.

Recycling Fund: 2.60 FTE Increase

- (0.50) Reduction of 0.50 Utility Worker 2 in the Environmental Services Division.
- (0.40) Reduction of 0.40 Assistant Engineer-Mechanical that supports the weekly residential refuse collection program.
- (0.16) Redistribution of positions to better align budget with department operations.
- 0.40 Addition of 0.40 Associate Management Analyst to support the biweekly residential recycling and yard waste collection programs.
- 1.00 Addition of 1.00 Associate Management Analyst to support the Construction and Demolition Ordinance.
- 1.00 Addition of 1.00 Public Information Clerk to support the Customer Service Contact Center.
- 1.26 Funding allocated according to a zero-based annual review of hourly funding requirements.

Refuse Disposal Fund: 2.20 FTE Increase

- (0.80) Redistribution of positions to better align budget with department operations.
- 1.00 Addition of 1.00 Senior Civil Engineer to support customer service and efforts to extend the life of the Miramar Landfill.
- 1.00 Addition of 1.00 Public Information Clerk to support the Customer Service Contact Center.
- 1.00 Addition of 1.00 Senior Disposal Site Representative to support high quality public service at the Miramar Landfill.

Risk Management Administration Fund: 3.00 FTE Increase

- (1.00) Reduction of 1.00 Employee Benefits Specialist 2 in the Employee Benefits Division.
- 1.00 Addition of 1.00 Program Coordinator to support the administration of health insurance benefits for City retirees.
- 1.00 Addition of 1.00 Program Coordinator to support the administration of the Public Liability Claims Management System.
- 1.00 Addition of 1.00 Claims Representative 2 to support the Loss Prevention Section.
- 1.00 Transfer of 1.00 Account Clerk from the Transportation & Storm Water Department to the Risk Management Administration Fund.

Underground Surcharge Fund: 0.01 FTE Increase

- (0.57) Funding allocated according to a zero-based annual review of hourly funding requirements.
- 0.58 Addition of 0.58 hourly Junior Engineer-Civil to support the Utilities Undergrounding Program (UUP).

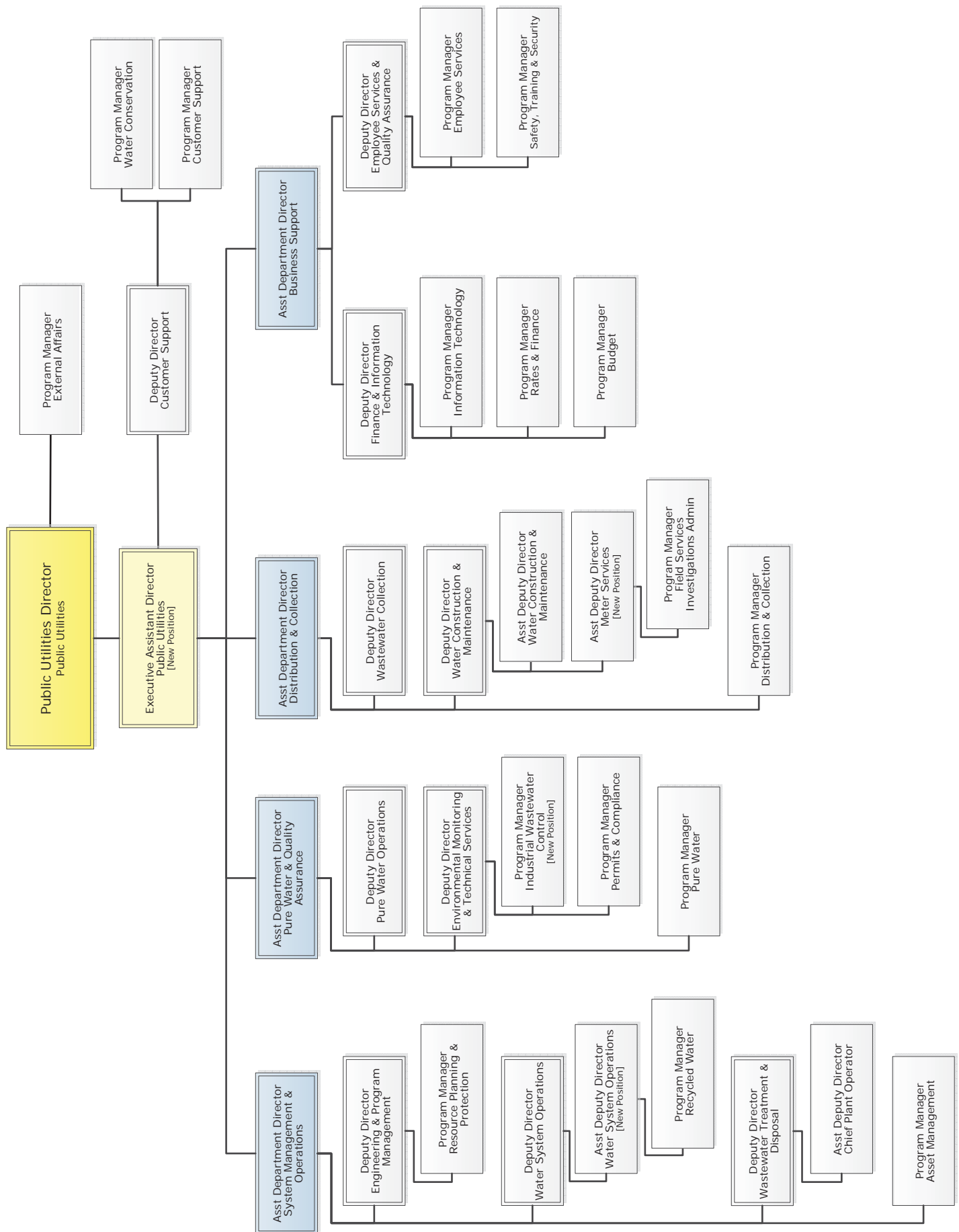
Water Utility Operating Fund: 24.64 FTE Increase

- (23.67) Reduction of 23.67 FTE positions to support the reorganization of water and wastewater operations within the department.
- (18.13) Reallocation among funds associated with moving Long Range Planning Division functions to other divisions to increase efficiency and support the reorganization of water and wastewater operations within the department.
- (3.50) Transfer of 3.50 FTE positions from the Public Utilities Department to the READ - Facilities Services Division for centralization of facilities maintenance functions.
- (3.40) Funding allocated according to a zero-based annual review of hourly funding requirements.
- 0.50 Addition of 0.50 Assistant Chemist to provide analytical lab support for the Pure Water program.
- 0.82 Addition of 1.35 Program Manager and 0.45 Program Coordinator partially offset by the reduction 0.98 Information System Analyst II to support the Information Technology Management Section.
- 0.94 Addition of 0.94 Storekeeper 2 to support inventory expansion and improve procurement processes across the department.
- 1.00 Addition of 1.00 Assistant Deputy Director to support the Water System Operations Division.
- 1.25 Addition of 1.25 FTE positions to maintain industry required certifications to continue performing scientific and technical analyses.
- 1.41 Addition of 1.41 Associate Department Human Resources Analyst to support hiring, performance management, and Occupational Health Services (OHS).
- 1.50 Personnel adjustments to increase efficiency and align Customer Support Division services as related to the reorganization of the department.
- 1.88 Addition of 0.47 Plant Process Control Supervisor and 1.41 Program Coordinator to support Enterprise Asset Management.
- 2.00 Addition of 1.00 Assistant Engineer-Corrosion and 1.00 Associate Engineer-Corrosion to provide support for water main break preventative services.
- 3.00 Addition of 1.00 Plant Process Control Supervisor, 1.00 Instrumentation and Control Supervisor, and 1.00 Plant Technician Supervisor to support the Demo Pure Water Facility and maintenance of Pump Station 64.
- 15.04 Addition of 15.04 FTE positions to support the reorganization of water and wastewater operations within the department.
- 19.00 Addition of 19.00 FTE positions to support the Water System Operations Division.
- 25.00 Addition of 25.00 FTE positions to support the Water Operations - Construction and Maintenance Division.

Wireless Communications Technology Fund: 0.38 FTE Increase

- 0.38 Addition of 0.38 Associate Communications Engineer to support the Public Safety Radio System.

SAN DIEGO PUBLIC UTILITIES DEPARTMENT





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

DATE: May 14, 2019

TO: Honorable Council President Georgette Gómez and Members of the City Council

FROM: Kris Michell, Chief Operating Officer
 Rolando Charvel, Chief Financial Officer
 Tracy McCraner, Department of Finance Director and City Comptroller

SUBJECT: May Revision to the Fiscal Year 2020 Proposed Budget

This memorandum presents the Mayor's recommended revisions (May Revision) to the Fiscal Year 2020 Proposed Budget. The May Revision is based on the most current financial information and economic assumptions available after the development of the Fiscal Year 2020 Proposed Budget (Proposed Budget). The May Revision contains recommended changes to the Proposed Budget based on current year revenue and expenditure projections as projected in the Fiscal Year 2019 Year-End Budget Monitoring Report (Third Quarter Report), 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: brush management, increased funding for fee waivers for companion units, mobility related positions and projects, restoration of funding for programs and services, department reorganizations, and technical revisions to department budgets to align with the most current information.

The May Revision for the General Fund increases expenditures by \$6.7 million and 30.10 Full-Time Equivalent (FTE) positions over the Proposed Budget. These additional expenditures and positions are supported by minimal increases in ongoing revenue primarily related to permits for dockless mobility devices, reductions in ongoing expenditures, and one-time revenue from the use of fund balance in excess of reserves (Excess Equity) from Fiscal Year 2019. Per the Third-Quarter Report, issued on May 14, 2019, approximately \$38.1 million in Excess Equity is projected, of which \$30.7 million was used in the Proposed Budget and \$4.9 million in the May Revision, for a total of \$35.6 million to support one-time expenditures in Fiscal Year 2020. The total projected Excess Equity remaining after the May Revision proposal is \$2.5 million. It is important to note that Excess Equity projections reflect nine months of actual activity and three months of projections. Final numbers for Fiscal Year 2019 will not be available until the completion of the audited financial statements in the winter of 2019.

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 revenue.

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

Summary of the Fiscal Year 2020 General Fund May Revision

The May Revision for the General Fund represents an increase of \$4.9 million in additional Excess Equity and an increase of \$1.8 million in revenue for a total of \$6.7 million in new resources. These resources support \$6.7 million in expenditures over the Proposed Budget for a total budget of \$1.58 billion. For a summary of the adjustments included in the May Revision for the General Fund by resources and expenditures, refer to *Attachment 2*.

	Expenditures	Resources ¹
Proposed Budget	\$ 1,574,769,943	\$ 1,574,769,943
May Revision	\$ 6,712,341	\$ 6,712,341
Total Budget	\$ 1,581,482,284	\$ 1,581,482,284

¹ Resources reflects the sum of revenue plus the use of Excess Equity

As is reflected in the following table, the May Revision maintains a structurally balanced budget, as the combined May Revision and Proposed Budget of \$54.8 million in one-time expenditures exceed the \$54.3 million in one-time resources, reflecting that ongoing expenditures are supported by ongoing revenue as required by the City's Budget Policy. For a list of all General Fund one-time resources and expenditures included in the Proposed Budget and May Revision refer to *Attachment 3*.

Expenditures / Resources	Amount
One-Time Expenditures (Fiscal Year 2020 Proposed Budget and May Revision)	\$ 54,754,817
One-Time Resources (Fiscal Year 2020 Proposed Budget and May Revision)	54,253,678
One-Time Expenditures Exceed One-Time Resources	\$ 501,139

Excess Equity

As stated earlier, the Excess Equity is projected to be approximately \$38.1 million. Of this amount, \$30.7 million was included in the Proposed Budget and \$4.9 million is included in the May Revision, for a total of \$35.6 million to support one-time expenditures. The total projected Excess Equity remaining after the proposal in the May Revision is \$2.5 million. 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 in the winter of 2019. For additional information about the projected Excess Equity calculation, please refer to the Third Quarter Report.

Citywide Adjustments

The following sections summarize May Revision adjustments with a citywide impact.

Citywide Reorganization/Restructuring

The May Revision includes citywide reorganizations of divisions and programs for the overall efficiency and effectiveness of City operations. There are few significant reorganizations impacting the departments and Civic San Diego (CivicSD), including transferring the following:

- The Office of Homeland Security (OHS) Division to the Police Department;
- Permitting and planning, and parking programs functions from Civic San Diego (CivicSD) to the Smart & Sustainable Communities Branch; and
- The Facilities Services Division from the Public Works Department to the Real Estate Assets Department.

The May Revision includes the required budget adjustments for the reorganizations, which are discussed in more detail in the Department Adjustments section of this report. The net additions to the General Fund from these reorganizations are 9.00 FTE positions, with total expenditures of \$1.6 million and an equal amount in offsetting revenue. These net additions are primarily related to the transfer of the planning and permitting, and parking programs functions from CivicSD to the City, which is slightly offset by budgetary savings of \$52,520 from the repurposing of 2.00 FTE positions for the OHS Division reorganization.

The OHS Division will be transferred into the Police Department to help support the City's mission to achieve safe and livable neighborhoods by promoting cross training and improving efficiencies in homeland security operations through the allocation of resources. The current accounting structure for the OHS Division will continue to exist in Fiscal Year 2020; however, operationally the OHS Division will report as a unit to the Police Department. Updates to the accounting structure will be evaluated in Fiscal Year 2020, and changes will be considered as part of the Fiscal Year 2021 budget development process.

A settlement related to CivicSD will result in the integration of its planning and permitting, and parking programs functions into the City's Smart & Sustainable Communities Branch. The addition of 9.00 FTE positions in the branch will allow the City to support these functions going forward. The permit and planning functions include the operation and management of downtown Community Plan implementation studies, jobs, and consultant agreements, as well as the provision of development entitlement services, including review of new project designs and discretionary property use permits. Parking programs include investing in and managing public parking assets within downtown San Diego, with the objective of increasing the supply of parking and managing the current public on-street and off-street parking, easing traffic, reducing congestion, encouraging walking and biking, providing pedestrian safety improvements, and improving community appearance in the downtown area.

The May Revision also includes the transfer of the Facilities Services Division and its services from the Public Works Department to the Real Estate Assets Department to align programmatic goals and produce synergies and efficiencies with property management services. Facilities Services will continue to have the same accounting structure but will operationally report to the Real Estate Assets Department.

Lastly, the Office of ADA Compliance and Accessibility and its functions will be transferred from the Office of Boards and Commissions to the Neighborhood Services Branch.

Salary and Fringe Benefit Adjustments

The May Revision includes the implementation of salary adjustments to select job classifications approved by the City Council on April 9, 2019. The citywide amount of these salary adjustments in the May Revision is \$2.2 million, with \$571,866 in the General Fund. These adjustments are offset by a corresponding reduction of \$2.5 million, with \$525,081 in the General Fund, which was included as part of the Proposed Budget for the anticipated

adjustments pending approval by City Council in April. The net impact of these salary adjustments after the implementation in the budget system is a reduction of \$332,419 citywide, with an increase of \$46,785 in the General Fund when compared to the Proposed Budget. The primary reason for the citywide variance is due to anticipated vacancy savings associated with classifications receiving special salary adjustments. The primary reason for the variance in the General Fund is due to the addition of job classifications receiving a special salary adjustment after implementation of the budget adjustment in the Proposed Budget.

As a result of the implementation of the select salary adjustments mentioned above and the increase of 77.43 FTE positions citywide, a citywide fringe benefit adjustment was included in the May Revision to ensure that the Actuarially Determined Contribution (ADC) pension payment to SDCERS, Other Post-Employment Benefits, Workers' Compensation, Risk Management Administration, and Unemployment Insurance are correctly allocated to all funds and departments.

Revenue from the Regulation of Shared Dockless Mobility Devices

On May 14, 2019, the City Council is expected to approve an ordinance regulating shared dockless mobility devices, which was first introduced and reviewed by the City Council on April 23, 2019. The additions to the San Diego Municipal Code establish a permitting process and regulate shared dockless mobility use in the City of San Diego. The City is proposing to charge a fee to recover the cost of administering these permits and for the use of City-owned property by each shared mobility device put into operation by these companies. The revenue associated with fees charged for the use of City-owned property is projected to total \$2.4 million¹ in Fiscal Year 2020 and is included in the May Revision to support a variety of mobility-related projects and services, including:

- \$750,000 transfer to the CIP for citywide Vision Zero projects to be completed by the Transportation & Storm Water Department (TSW);
- \$300,000 transfer to the Capital Improvements Program (CIP) for the preliminary design of phase III of the Downtown Mobility Plan by the Public Works Department;
- \$250,000 for the Mobility Action Plan² in the TSW Department;
- \$150,000 in the Police Department for the creation of a dockless mobility enforcement program in Fiscal Year 2020, which will be used to match a State grant to reduce dockless mobility violations and improve safety for all roadway users;
- \$100,000 in the Communications Department for Vision Zero education including social media promotions and outreach;
- \$150,000 for scooter and dockless mobility device corral painting. Sites are currently being identified and will be prioritized based on impact and need;
- \$100,000 for a dedicated bus lane pilot on El Cajon Boulevard from Park Blvd to Fairmont Ave. An evaluation of the pilot will be conducted by San Diego Metropolitan Transit System (MTS) to determine if this treatment provides any operational benefits (i.e. travel time & reliability) along the corridor;

¹ The May Revision conservatively assumes 18,000 estimated permitted devices and that shared dockless mobility companies will have an approved equity program, resulting in a per device fee of \$135.

² Formally the Strategic Transportation Optimization Program (STOP) Guide.

- \$162,000 for 1.00 Principal Utility Supervisor and 1.00 Dispatcher in the TSW Department to support Enterprise Asset Management (EAM) and Get it Done related requests to schedule repairs and services work in the public right-of-way; and
- \$500,000 in the Performance & Analytics Department, including:
 - \$150,000 in total expenditures for 1.00 Mobility Program Coordinator who will integrate scooter enforcement reporting and data into Get it Done, manage and analyze scooter datasets, and facilitate mobility data coordination; and
 - \$350,000 in one-time non-personnel expenditures to develop new applications related to scooters and other mobility issues that will enhance the customer experience with Get it Done.

Departmental Adjustments

The following sections include 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 salary and fringe benefit 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 year-end revenue projections found in the Third Quarter Report.

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ -	\$ (1,580,479)

Property Tax Revenue

The May Revision includes reduction of \$2.0 million in property tax due to updated projections based on the most recent information from the county and economic indicators.

These adjustments include a reduction of \$1.1 million of current secured supplemental property tax. Current secured supplemental property tax is generated from changes in ownership or new construction. Due to fewer home sales and slower growth in home price, this component of property tax has been adjusted down. This is offset by an increase of \$105,000 of the remaining components of property tax based on Third Quarter Report revenue projections.

In April 2019, the City Council did not approve the sale of the Successor Agency owned property at 6901 Linda Vista Road, known as “Skateworld”. The Fiscal Year 2020 Proposed Budget had projected Redevelopment Property Tax Trust Fund (RPTTF) residual distributions of \$845,000 from the sale of Skateworld and \$486,000 from other properties. Based on updated projections and scheduling of the sale of various properties, the May Revision includes a total reduction of \$1.0 million RPTTF residual distributions from the Fiscal Year 2020 Proposed Budget.

Sales Tax Revenue

Addition of \$191,000 in Sales Tax revenue primarily due updated Third Quarter Report revenue projections and adjustments.

Transient Occupancy Tax Revenue

Reduction of \$44,000 in Transient Occupancy Tax revenue based on updated Fiscal Year 2019 receipts.

Franchises Fee Revenue

Addition of \$287,000 in Franchise Fee revenue based on updated Fiscal Year 2019 receipts.

Other Revenue Categories

Other revenue categories include adjustments to transfers in from other funds, revenue from money and property (including office rent), and property transfer tax. The May Revision adjustments reflect the most recent available information and projections for these categories. The net addition of \$32,000 in Other Revenue Categories is due to a reduction of \$764,000 in property transfer tax from fewer home sales and slower growth in property values, an increase of \$804,000 in interest earnings due to higher interest rates and reserve balances, and a reduction of \$8,000 in TOT 1-cent discretionary transfers-in based on updated TOT projections.

City Attorney

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
1.00	\$ 201,021	\$ -

Assistant City Attorney – Administration Division

Addition of 1.00 Assistant City Attorney and total expenditures of \$230,996 in the Administration Division to support day-to-day operations by providing oversight of the Office's administrative functions.

City Council

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ (142,293)	\$ -

Community Projects, Programs, and Services Adjustment

Reduction of \$126,172 in the Council Districts' budgets for Community Projects, Programs, and Services (CPPS) based on the updated savings from the Fiscal Year 2019 Council Districts' budgets as detailed in the Third-Quarter Report.

Citywide Program Expenditures

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ (290,264)	\$ -

Transfer to the Capital Improvements Program (CIP) Budget

Addition of \$1.4 million for a one-time transfer to the CIP including \$750,000 for citywide Vision Zero projects, \$300,000 for storm drain lining projects, and \$300,000 for the preliminary design of phase III of the Downtown Mobility Plan. The citywide Vision Zero CIP projects and the Downtown Mobility Plan will be supported by revenue from the regulation of shared dockless mobility devices.

Companion Unit Fee Waiver Program

Addition of \$300,000 in additional one-time non-personnel expenditures, for a total of \$600,000 in Fiscal Year 2020, for a transfer to Public Utilities to cover the cost of Water and Sewer Capacity fees for the Companion Unit Fee Waiver Program. The funding will support the construction of approximately 166 units in Fiscal Year 2020.

San Diego Association of Governments (SANDAG) Member Agency Assessment

Addition of \$234,817 in non-personnel expenditures related to a consumer price index increase in the member agency assessments charged by SANDAG.

Zuniga Jetty Shoal Patrol Transfer

Transfer of \$200,000 in non-personnel expenditures from the Fire-Rescue Department to Citywide Program Expenditures for the enforcement, monitoring, towing, and abatement of abandoned vessels at the Zuniga Jetty Shoal.

Stadium Sale Negotiations Contract

Transfer of \$250,000 in non-personnel expenditures to the Real Estate Assets Department and Public Utilities Department from Citywide Program Expenditures associated with the contract for stadium sale negotiations. This adjustment is further modified in the Real Estate Assets section of this report.

Salary Adjustments

Reduction of \$525,081 in personnel expenditures associated with the removal of a placeholder adjustment for salary adjustments to select job classifications not yet final at the time of the development of the Proposed Budget. As discussed earlier in this Report, the salary adjustments have been allocated to impacted departments as part of the May Revision.

Transfer to the Mission Bay and Regional Park Improvement Funds

Reduction of \$1.6 million in non-personnel expenditures related to the transfer to the park improvement funds based on projected Mission Bay rents and concessions revenue per the Mission Bay Ordinance.

City Treasurer

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ (271,348)	\$ 400,000

Revised Revenue

Addition of \$400,000 in revenue associated with Business Tax, Cannabis Business Tax, and Rental Unit Business Tax due to updated Third Quarter revenue projections.

Short-Term Residential Occupancy (STRO) Compliance Software License

Reduction of \$250,000 in non-personnel expenditures for a contract related to a compliance software license that was not renewed. The Department has the STRO data it currently needs, but if it requires additional STRO data analytic services, it will conduct an RFP and request funding via the Fiscal Year 2020 Mid-Year Budget Monitoring Report, or the Fiscal Year 2021 budget development process.

Communications

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
1.00	\$ 228,228	\$ -

Public Records Administration Program Support

Addition of 1.00 Program Coordinator and total expenditures of \$136,378 to support Public Record Administration Program and the increase of related requests. This addition will enhance the City's compliance with the California Public Records Act.

Vision Zero Education

Addition of \$100,000 in one-time non-personnel expenditures for Vision Zero education, including social media promotions and outreach to support the City's goal of zero traffic related fatalities and severe injuries by 2025. Revenue from the regulation of shared dockless mobility devices will be used to support these efforts.

Development Services

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ (10,573)	\$ 2,400,000

Revised Revenue

Addition of \$2.4 million in revenue related to the regulation of shared dockless mobility devices. As discussed earlier in this report, revenue from the regulation of shared dockless mobility devices will be used to support a variety of mobility-related projects and services.

Economic Development

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 33,196	\$ 38,979

Revised Revenue

Addition of \$38,979 in revised revenue associated with the Corporate Partnerships and Development Program.

Environmental Services

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.60	\$ 230,462	\$ -

Clean San Diego (Clean SD) Expansion

Addition of \$200,000 in one-time non-personnel expenditures for contractual services to increase area coverage for litter and waste abatement. This is in addition to the funding included in the Proposed Budget for litter removal 24 hours per day, seven days per week, and waste abatements associated with illegal encampments on two shifts, seven days per week.

Collection Programs Administrative Support

Addition of 0.60 Associate Management Analyst and total expenditures of \$50,219 to support the bi-weekly residential recycling and yard waste collection programs.

Ethics Commission

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.50	\$ 75,724	\$ -

Program Manager – Education and Training Programs

Addition of 1.00 Program Manager and total expenditures of \$154,748 to support education and training programs. The 0.50 FTE position and expenditures of \$77,374 are annualized in Fiscal Year 2020 to reflect a projected start date of January 2020.

Fire-Rescue

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
2.00	\$ (220,941)	\$ -

Helicopter Mechanics

Addition of 2.00 Helicopter Mechanics and total expenditures of \$165,551 offset by a reduction of \$260,000 in associated contractual services for helicopter maintenance. The net decrease of these adjustments is \$94,449 in total expenditures.

Diversity Training

Addition of \$150,000 in one-time non-personnel expenditures for a consultant to design and facilitate a workplace diversity training program to be implemented department wide with a focus on gender inclusion, internal communications and an equitable selection process.

Zuniga Jetty Shoal Patrol Transfer

Transfer of \$200,000 in non-personnel expenditures from the Fire-Rescue Department to Citywide Program Expenditures for the enforcement, monitoring, towing, and abatement of abandoned vessels at the Zuniga Jetty Shoal.

Government Affairs

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
1.00	\$ 133,729	\$ -

Grants Management Support

Transfer of 1.00 Program Manager and personnel expenditures of \$127,981 from the Neighborhood Services Branch to Government Affairs to support grants management. The adjustment also includes the addition of \$7,203 in non-personnel expenditures for travel, training, and other miscellaneous expenditures, for total expenditures of \$135,184.

Human Resources

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 241,254	\$ -

Employee Assistance Program (EAP) Expansion

Addition of \$250,000 in non-personnel expenditures associated with the expansion of Employee Assistance Program services to include employees, immediate family members and members of their households.

Internal Operations

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 210,790	\$ -

DCOO Salary and Benefit Adjustment

During the development of the Fiscal Year 2020 Proposed Budget, the Deputy Chief Operating Officer position within the Internal Operations Branch was vacant and assigned default system values for salaries and fringe. Since that time, the position has been filled and the budget has been adjusted to reflect the anticipated expenditures for the position in Fiscal Year 2020.

Neighborhood Services

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
7.00	\$ 1,046,403	\$ -

Homelessness Coordination

Addition of 2.00 Program Managers, 1.00 Program Coordinator, and total expenditures of \$420,106 to oversee the operations and delivery of programs and services for individuals and families experiencing homelessness. One Program Manager will develop new policies and programs to support individuals and families experiencing homelessness, engage with community stakeholders, develop citywide housing strategies, lead efforts to identify and pursue grant opportunities, and integrate efforts to address homelessness across City departments and working with regional partners. The second Program Manager will oversee financial and administrative operations; develop and manage program budgets; provide grant oversight; perform data analysis and implement improvements to existing programs; oversee contracts, monitoring, and reporting efforts; and will be supported by the additional Program Coordinator.

Office of the ADA Compliance and Accessibility Restructure

Transfer of 5.00 FTE positions and total expenditures of \$756,490 from the Office of Boards and Commissions to the Neighborhood Services Branch.

Grants Management Support

Transfer of 1.00 Program Manager and personnel expenditures of \$127,981 from the Neighborhood Services Branch to Government Affairs to support grants management.

Office of Boards and Commissions

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
(5.00)	\$ (758,637)	\$ -

Office of the ADA Compliance and Accessibility Restructure

Transfer of 5.00 FTE positions and total expenditures of \$756,490 from the Office of Boards and Commissions to the Neighborhood Services Branch.

Office of Homeland Security

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ (85,313)	\$ -

Office of Homeland Security Division Restructure – Program Manager

Repurpose of 1.00 Executive Director to 1.00 Program Manager in the Office of Homeland Security Division associated with the organizational structural change to align with the Police Department and the overarching public safety goals of the City.

Office of the Mayor

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
1.00	\$ 110,920	\$ (148,245)

LGBTQ+ Coordinator

Addition of 1.00 Program Coordinator and total expenditures of \$116,786 in the Office of the Mayor associated with the coordination of LGBTQ+ policies and programs. This position will work with the community to recommend policies and programs that promote LGBTQ+ opportunities and resources.

Revised Revenue

Adjustment to reflect revised revenue projections.

Parks and Recreation

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
3.00	\$ 529,464	\$ 209,291

Brush Management and Abatement

Addition of \$626,000 in non-personnel expenditures in the Parks and Recreation Department to restore brush management services to Fiscal Year 2019 service levels. This addition will increase the frequency of brush abatement activity in high priority Open Space areas citywide and result in an increase in the number of acres of brush abatement from 452 acres to 509 acres annually.

Restoration of Park Rangers

Restoration of 3.00 Park Rangers and total expenditures of \$205,086 to support the Developed Regional Parks and Open Space Divisions to meet several key performance measures such as customer satisfaction with the park system and the amount of habitat restoration areas.

Revised Revenue

Addition of \$209,291 in reimbursable revenue for services supporting Non-General Fund departments.

Citywide Maintenance for New Facilities Revision

Addition of \$4,102 in personnel expenditures associated with a technical correction to a job classification included in the Proposed Budget. The job classification should have been a Utility Worker 2 instead of the Utility Worker 1 as was included in the Proposed Budget.

Contributions to Maintenance Assessment Districts

Reduction of \$227,736 in non-personnel expenditures associated with the State-mandated funding for the general benefit contribution for City parks maintained by Maintenance Assessment Districts (MADs). These adjustments reflect the results from a recently completed Engineer's Assessment Report of the general benefit obligation to MADs.

Performance & Analytics

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
1.00	\$ 747,302	\$ -

Mobility Program Coordinator and Get it Done Enhancements

Addition of \$499,872 in the Performance & Analytics Department, including \$149,872 in total expenditures for 1.00 mobility Program Coordinator, and \$350,000 in one-time non-personnel expenditures for Get it Done enhancements. The mobility Program Coordinator will integrate scooter enforcement reporting and data into Get it Done, manage and analyze scooter datasets, and facilitate mobility data coordination. The \$350,000 in one-time non-personnel expenditures will support the development of new applications related to scooters and other mobility issues that will enhance the customer experience with Get it Done. Revenue from the regulation of shared dockless mobility devices will be used to support these efforts.

Pay Equity Study

Addition of \$250,000 in one-time non-personnel expenditures in the Performance & Analytics Department to perform a citywide pay equity study. A pay equity study is a report that analyzes qualitative and quantitative data on compensation. This analysis is done with the intent of identifying whether pay disparities exist by gender, race, or ethnicity, and includes recommendations on how to remedy inequities.

Personnel

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
1.00	\$ 82,460	\$ -

Restoration of Associate Personnel Analyst

Restoration of 1.00 Associate Personnel Analyst and total expenditures of \$95,306 for additional support for classification and compensation studies. This position was reduced in Fiscal Year 2020 Proposed Budget.

Planning

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
3.00	\$ 281,258	\$ 388,879

Long-Range Planning Support

Addition of 1.00 Senior Traffic Engineer, 1.00 Associate Planner, total expenditures of \$237,060, and associated revenue to support additional work programs such as the Transit Priority Area Non-Residential study, community plan updates and various feasibility studies and is associated with an increase to the General Plan Maintenance Fee.

Civic Engagement and Community Outreach

Addition of 1.00 Program Manager and total expenditures of \$151,651 and associated revenue to develop and manage a new Civic Engagement and Community Outreach (CECO) program. This program is intended to proactively engage and educate residents ahead of several long-range planning initiatives and is associated with an increase to the General Plan Maintenance Fee.

Housing Affordability Program

Reduction of \$100,000 in non-personnel expenditures for contractual services related to the Housing Affordability Program which will now be budgeted in the General Plan Maintenance Fund associated with an increase to the General Plan Maintenance Fee.

Police

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 217,341	\$ -

Police Officer Homebuyer Down Payment Assistance Pilot

Addition of \$250,000 in one-time non-personnel expenditures for a Police Officer Homebuyer Down Payment Assistance Program pilot to provide down-payment assistance in the form of a subordinate loan to qualified SDPD police officers who are buying a home in the City of San Diego for the first time. This program is intended to provide an additional incentive for police officers to join the Department and assist in the recruitment and retention of SDPD officers.

Dockless Mobility Enforcement

Addition of \$150,000 in one-time non-personnel expenditures in the Police Department for the creation of a dockless mobility enforcement program in Fiscal Year 2020, which will be used to match a State grant to reduce dockless mobility violations and improve safety for all roadway users. Revenue from the regulation of shared dockless mobility devices will be used to support these efforts.

Office of Homeland Security Division Restructure – Police Captain

Repurpose of 1.00 Police Lieutenant to 1.00 Police Captain in the Police Department and the net addition of \$29,570 in total expenditures to support the Office of Homeland Security Division organizational change which is intended to position homeland security services within the overarching public safety goals of the City.

Civilian Positions

Addition of \$15,185 in personnel expenditures due to the revised budget reduction proposal submission related to civilian positions. The Department will reduce 1.00 Word Processing Officer instead of 1.00 Police Investigative Service Officer 2. This revised proposal minimizes the operational impacts of the reduction included in the Proposed Budget.

Purchasing & Contracting

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 193,523	\$ -

Disparity Study

Addition of \$200,000 in one-time non-personnel expenditures for contractual services related to a citywide disparity study. The Purchasing and Contracting Department does not anticipate spending the \$200,000 appropriated in the Fiscal Year 2019 Mid-Year Budget Monitoring Report. This addition, in conjunction with the \$800,000 already included in the Proposed Budget, would provide the department with \$1.0 million to complete a citywide disparity study to identify whether any gaps exist in the City's contracting with traditionally underrepresented groups and would include recommendations on how to remedy any gaps identified.

Real Estate Assets Department

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
1.00	\$ (446,847)	\$ (1,501,128)

Supervising Property Agent for Property Dispositions

Addition of 1.00 Supervising Property Agent and total expenditures of \$98,816 with offsetting revenue associated with demand for creative utilization and increased disposition (sales) of City property assets.

Stadium Sale Negotiations Contract

Net transfer of \$60,450 in one-time non-personnel expenditures associated with the contract for stadium sale negotiations from Citywide Program Expenditures. This net addition is due to the reduction of the contract amount as approved in the Proposed Budget and the expectation that 50 percent of the contractual obligation would be expended in the current

year with the remaining 50 percent expended in Fiscal Year 2020. Of the Fiscal Year 2020 amount, \$37,050 will be assumed by the Public Utilities Department.

Mission Bay RV Park Settlement Agreement

Reduction of \$600,000 in non-personnel expenditures for contractual services and revenue of \$1.6 million associated with a settlement agreement to exchange rent credits for contractual services related to debris removal and improvements that the City would have performed prior to this agreement. The item is expected to be heard by the City Council in June.

Real Estate Assets- Facilities Services

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
1.00	\$ 135,878	\$ -

Facilities Services Division Restructure

Addition of 1.00 Information Systems Analyst 2, the repurpose of 1.00 Deputy Director to 1.00 Assistant Director and 1.00 Clerical Assistant 2 to 1.00 Information Systems Analyst 2 and total expenditures of \$135,878 to support the restructure of the Facilities Services Division from the Public Works Department to the Real Estate Assets Department. The newly restructured Facilities Services Division requires additional administrative, technical, and managerial support for day to day operations. With the Airports Division, the Facilities Division will report directly to the repurposed Assistant Director.

Smart & Sustainable Communities

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
9.00	\$ 1,618,078	\$ 1,618,450

Downtown Planning, Permitting, and Parking

Addition of 9.00 FTE positions and total expenditures of \$1.6 million with offsetting revenue for the absorption of Civic San Diego (CivicSD) downtown planning and permitting, and parking programs functions into City operations which will be supported by the General Plan Maintenance Fund, parking district revenue, and permitting and planning fee revenues.

Transportation & Storm Water

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
2.00	\$ 2,449,391	\$ -

Brush Management and Abatement

Addition of \$1.3 million in non-personnel expenditures for brush management and abatement in the public right-of-way. Of the \$1.3 million, \$200,000 will be used for high priority cases referred to the department from the Fire Marshal, and \$1.1 million will be used for 300 locations citywide in Fiscal Year 2020 to assist with the increased growth in brush from the above average wet season this year. Of the 300 citywide locations, 200 sites will be funded on an on-going basis.

Private Property Graffiti Abatement

Addition of \$300,000 in one-time non-personnel expenditures related to contractual services for private property graffiti abatement services.

Mobility Action Plan

Addition of \$250,000 in one-time non-personnel expenditures for the development of a citywide Mobility Action Plan³. The Mobility Action plan will serve as guidance for planning, prioritization, implementation and operation of future transportation projects. The plan will support the City's commitment to Vision Zero, aiming to make San Diego's roadways safer for pedestrians and bicyclists through the identification of short-term, intermediate, and long-term transportation priorities and provide guidance for progressive transportation planning, decision-making, and implementation of multi-modal transportation projects throughout the City. Revenue from the regulation of shared dockless mobility devices will be used to support these efforts.

Street Corral Painting and Dedicated Bus Lane Pilot

Addition of \$250,000 in one-time non-personnel expenditures, including \$150,000 for street corral painting for scooters, and \$100,000 to pilot a dedicated bus lane on El Cajon Boulevard from Park Boulevard to Fairmont Avenue. An evaluation of the dedicated bus lane pilot will be conducted by San Diego Metropolitan Transit System (MTS) to determine if this treatment provides any operational benefits (i.e. travel time & reliability) along the corridor. Sites for scooter corral painting are currently being identified in collaboration with stakeholders and will be prioritized based on impact and need. Revenue from the regulation of shared dockless mobility devices will be used to support these efforts.

Enterprise Asset Management and Get it Done Support

Addition of 1.00 Principal Utility Supervisor, 1.00 Dispatcher, and total expenditures of \$161,695 in the TSW Department to support Enterprise Asset Management (EAM) and Get it Done related requests to schedule mobility related repairs and service work. This would include both routine maintenance and requests from the public to repair sidewalks, roadways, bike paths and other infrastructure in the public right-of-way. Revenue from the regulation of shared dockless mobility devices will be used to support these additions.

Restoration of Tree Planting Services

Addition of \$77,800 in non-personnel expenditures to fully restore contractual services for tree planting services which will result in approximately 650 trees planted annually. Of this addition, \$22,200 will be utilized as a grant match for the recently awarded CalFire Urban Forestry Grant.

Non-General Funds

The May Revision increased non-general fund expenditures by \$51.3 million. The following describes the significant adjustments within each non-general fund.

³ Formally the Strategic Transportation Optimization Program (STOP) Guide.

Convention Center Expansion Administration Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 479,001	\$ -

Dewatering Expenses

Addition of \$479,001 in non-personnel expenditures to support increased expenses for dewatering the convention center property which were identified in the Third Quarter Report. Expenditures will be supported with fund balance.

Development Services Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
41.00	\$ 4,710,884	\$ 4,468,039

5G Permitting Staff

Addition of 24.00 FTE positions and total expenditures of \$2,171,876 to support department permit approval processes associated with 5th generation (5G) wireless communication facilities. These positions will serve as a resource to State Utility Franchise companies and internal City asset owning departments in the administration and management of ministerial public right-of-way permits associated with the 5G Program including technical reviews in conformance with local, State, and federal regulations. The positions will help the department conform with City and Federal Communications Commission regulations, as current staffing levels cannot sustain industry expectations for increased review assignments without adversely impacting current department non-5G assignments.

Residential Permitting Staff

Addition of 10.00 FTE positions and total expenditures of \$952,014 to support department permit approval processes associated with one and two-family residential structures, townhomes, and accessory dwelling units to maintain safe occupancy standards.

Downtown Permitting

Addition of \$905,147 in non-personnel expenditures and associated revenue to support the permitting functions in the downtown area previously performed by Civic San Diego. Expenditures will be used to support staff in the Smart and Sustainable Communities Branch.

Accela and Project Tracking System Support

Addition of 3.00 Program Coordinators and total expenditures of \$414,228 to develop, maintain and support Accela and the Project Tracking System. This includes developing reports and creating interfaces with other City systems.

Analytics and Organizational Support

Addition of 4.00 FTE positions and total expenditures of \$318,313 to measure service levels, study permit response times, review fee structures and transfer records.

Revised Revenue

Addition of \$3,562,892 in revenue due to new revenue generating positions and updated revenue projections, including an expected user fee increase.

Engineering and Capital Projects Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
(1.00)	\$ (113,191)	\$ -

Prevailing Wage Compliance

Transfer of 6.00 FTE positions and personnel expenditures of \$22,752 from Public Works-Engineering & Capital Projects to Public Works-Contracts to support inspections in accordance with Prevailing Wage requirements.

Facilities Services Division Restructure

Transfer of 1.00 Information System Analyst 2 and total expenditures of \$86,755 from Public Works-Engineering & Capital Projects to the Facilities Services Division in the Real Estate Assets Department to support the Enterprise Asset Management (EAM) System.

Facilities Financing Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 3,260	\$ (5,423)

Revised Revenue

Reduction of \$5,423 in revenue to properly align with department expenditures.

Fleet Operations Replacement Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ -	\$ 28,250,162

Revised Revenue

Addition of \$28,250,162 in revenue associated with debt reimbursement payments for General Fund vehicle purchases from the Equipment and Vehicle Financing Program.

Gas Tax Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ (51,113)	\$ -

Water and Electricity

Reduction of \$51,113 to reflect final water and electrical allocations in the Fiscal Year 2020 Proposed Budget publication.

General Plan Maintenance Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 1,761,000	\$ 1,761,000

General Plan Maintenance Fee Increase

Addition of \$1.8 million in non-personnel expenditures and associated revenue to support the Parks Master Plan, Community Plan Updates, Housing Affordability Program, and other Planning Department initiatives. Revenue is generated by user fees that were increased after the development of the Proposed Budget.

Golf Course Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.50	\$ 88,158	\$ -

Overtime

Addition of \$60,000 in overtime expenditures to enhance golf course maintenance for tournaments including the US Open in 2021 and anticipated salary increase of 9 percent for Greenskeepers. This addition is supported by fund balance

Golf Starter

Addition of 0.50 Golf Starter and total expenditures of \$40,707 to supplement an existing vacant 0.50 Golf Starter and create one full-time position. Increasing the Golf Starter to a full-time position will assist with recruitment and retention of personnel, and provide a higher level of customer service to better serve increases in the volume of golfers. This addition is supported by fund balance.

La Jolla Self-Managed Maintenance Assessment District (MAD) Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 502,378	\$ 502,378

La Jolla MAD

Addition of \$502,378 in non-personnel expenditures and associated revenue to maintain service levels per the MAD Assessment Engineer's Report.

Long Range Property Management Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 1,012,723	\$ (7,818)

Property Management Support

Addition of \$740,000 in non-personnel expenditures in the Long-Range Property Management Fund associated with the property management of the Successor Agency properties transferred to the City under the Long-Range Property Management Plan (LRPMP).

ROPs/Civic San Diego Administrative Support

Addition of \$272,723 in non-personnel expenditures to support potential changes to the Recognized Obligation Payment (ROPs) scheduled allotments and administrative services provided by Civic San Diego associated with contractual requirements.

Revised Revenue

Reduction of \$7,818 to reflect revised revenue projections to interest on pooled investments.

Mission Bay Park Improvement Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ -	\$ 1,053,687

Revised Revenue

Addition of \$1,053,687 to reflect revised revenue projections on Mission Bay Leases.

Recycling Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
(0.40)	\$ (79,490)	\$ -

Assistant Engineer-Mechanical

Reduction of \$61,877 in personnel expenditures associated with the reduction of 0.40 Assistant Engineer-Mechanical. The General Fund portion was already reduced in the Proposed Budget.

San Diego Regional Parks Improvement Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ -	\$ 567,370

Revised Revenue

Addition of \$567,370 to reflect revised revenue projections on Mission Bay Leases.

Successor Agency Admin & Project - CivicSD Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ (89,431)	\$ (89,431)

Successor Agency Transfer

Reduction of \$89,431 in non-personnel expenditures and associated revenue to be in line with the Successor Agency Fiscal Year 2020 Budget.

Transient Occupancy Tax (TOT) Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ (9,705)	\$ (40,161)

Per Council Policy 100-03, funding recommendations and amounts for: Organizational Support, Creative Communities San Diego, Citywide Economic Development, and Economic Development and Tourism Support, are provided to the City Council for consideration and final approval as *Attachment 4*.

Revised Revenue

Reduction of \$40,161 because of updated TOT revenue projections for Fiscal Year 2020.

One-Cent Discretionary

Reduction of \$8,033 in the one-cent discretionary funding transfers to the General Fund due to updated TOT revenue projections for Fiscal Year 2020.

Support to Other Funds

Reduction of \$35 in the transfer to the Public Art Fund due to a reduction in non-discretionary expenditures.

Underground Surcharge Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 42,004,591	\$ -

Utilities Undergrounding Program

Addition of \$42.0 million in non-personnel expenditures to support the expected accelerated pace of undergrounding work performed by SDG&E and the City as part of the Utilities Undergrounding Program.

Wireless Communication Technology Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 88,051	\$ 100,000

Motorola Contractual Support

Addition of \$100,000 in non-personnel expenditures and associated revenue to support the maintenance of the public safety radio system.

Public Utilities Department

The May Revision includes revisions to the Public Utilities Department's budget in the Metropolitan Sewer Utility Fund, Municipal Sewer Revenue Fund, and Water Utility Operating Fund. These adjustments focus on increased efficiency in the Department's Information Technology and Customer Services functions and support the continued reorganization of water and wastewater operations within the department.

Metropolitan Sewer Utility Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
2.02	\$ 324,656	\$ -

Information Technology Management Support

Addition of 1.05 Program Manager and 0.35 Program Coordinator and \$200,055 in personnel expenditures in the Information Technology Management Section to support, increase efficiency, and align internal IT services with Department needs by moving the IT branch into its own division.

Public Utilities Reorganization

Addition of 0.90 FTE positions and \$93,181 in personnel expenditure adjustments that were reduced during the Fiscal Year 2020 Proposed Budget development. These positions will support the reorganization of water and wastewater operations within the department.

Repurpose of Laboratory Technician

Addition of 1.00 Laboratory Technician and \$13,118 in personnel expenditures, offset by the reduction of 1.00 Assistant Laboratory Technician, to support the reorganization of water and wastewater operations within the department.

Reduction of Information Technology Personnel

Reduction of 0.28 Information System Analyst 2 and \$26,305 in personnel expenditures to partially offset the Information Technology position additions to increase efficiency and align internal IT services within the department.

Municipal Sewer Revenue Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
2.42	\$ 362,835	\$ -

Customer Support

Net addition of 1.50 FTE positions and personnel expenditures of \$205,514 to increase efficiency and address the reorganization of the Customer Support Division. The reorganization and adjustments are needed to improve the customer experience with the department.

Information Technology Management Support

Addition of 0.60 Program Manager and 0.20 Program Coordinator and \$114,320 in personnel expenditures in the Information Technology Management Section to support, increase efficiency, and align internal IT services with Department needs by moving the IT branch into its own division.

Public Utilities Reorganization

Addition of 0.86 FTE positions and personnel expenditures of \$57,090 that were reduced during the Fiscal Year 2020 Proposed Budget development. These positions will support the reorganization of water and wastewater operations within the department.

Reduction of Information Technology Personnel

Reduction of 0.74 Information System Analyst 2 positions and \$65,937 in personnel expenditures to partially offset the Information Technology position additions to increase efficiency and align internal IT services within the department.

Water Utility Operating Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
2.79	\$ 344,040	\$ -

Information Technology Management Support

Addition of 1.35 Program Manager, 0.45 Program Coordinator, and \$257,213 in personnel expenditures in the Information Technology Management Section to support, increase efficiency, and align internal IT services with Department needs by moving the IT branch into its own division.

Customer Support

Net addition of 1.50 FTE positions and \$178,410 in personnel expenditures to increase efficiency and address the reorganization of the Customer Support Division. The reorganization and adjustments are needed to improve the customer experience with the department.

Stadium Sale Negotiations Contract

Transfer of \$37,050 in non-personnel expenditures related to the negotiation of appropriate terms and conditions for the sale and development of the stadium site from the Real Estate Assets Department to the Public Utilities Department.

Public Utilities Reorganization

Addition of 0.47 FTE positions and \$31,416 in personnel expenditure adjustments that were reduced in the Fiscal Year 2020 Proposed Budget. These positions will support the reorganization of water and wastewater operations within the department.

Reduction of Information Technology Personnel

Reduction of 0.98 Information System Analyst 2 positions and \$88,471 in personnel expenditures to partially offset the Information Technology position additions to increase efficiency and align internal IT services within the department.

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 2020 May Revision CIP adjustments total a net decrease of \$9.15 million to the Fiscal Year 2020 Proposed CIP Budget. Significant adjustments include:

- \$48,500 allocation from the Ocean Beach Urban Community Fund for the Ocean Beach Branch Library.
- \$4.2 million deappropriation from the Water Fund for Cielo & Woodman Pump Station due to funds not being needed at this time.

- \$316,000 allocation from the Water Fund for Muirlands Pump Station design changes.
- \$3.6 million allocation from the Sewer Fund for the Mira Mesa Trunk Sewer project to support the construction contract award.
- \$4.0 million deappropriation from the Water Fund for Otay 1st/2nd PPL West of Highland Avenue due to funds not being needed at this time.
- \$9.4 million deappropriation from the Sewer Fund for Pipeline Replacement due to funds not being needed at this time.
- \$500,000 appropriation from the Water Fund for the University Heights Reservoir Rehabilitation to support consultant costs.
- \$1.0 million allocation from the Water Fund for the Navajo Pump Station needed to support the additional design.
- \$1.4 million allocation from the Water Fund for Pressure Reducing Lifting Vault as a result of project scope changes and project cost increases.
- \$300,000 Infrastructure Fund transfer from the Street Resurfacing and Reconstruction Annual Allocation to Citrus and Conifer Road Reconstruction.
- \$300,000 allocation from the CIP contributions from the General Fund for the Drainage Annual Allocation.
- \$250,000 allocation from the CIP contributions from the General Fund for the Maple Canyon storm drain upgrade.
- \$750,000 allocation from the CIP contributions from the General Fund for the Median Installation Annual Allocation for the following projects:
 - Sixth Avenue and Juniper roundabout
 - Sixth Avenue and Nutmeg Pedestrian Refuge Island
 - Sixth Avenue and Palm Street Pedestrian Refuge Island
 - El Cajon Boulevard and Aragon Drive (RRFB & Ped Refuge Island, TUNL 7391)
 - El Cajon Boulevard and 68th Street (RRFB & Ped Refuge Island, TUNL 8173)
- \$300,000 allocation from the CIP contributions from the General Fund for Minor Bike Facilities Annual Allocation for the Downtown Complete Street Implementation project.
- \$2.0 million TransNet Fund transfer from the Street Resurfacing and Reconstruction annual allocation to SR163/Friars Road.

Attachment 5 – FY 2020 CIP May Revision Adjustments provides an itemized list of the changes by project along with a brief description of each change.

Attachments:

1. FY 2020 May Revision Summary Table
2. FY 2020 Summary of General Fund May Revision Adjustments
3. FY 2020 One-Time Resources and Expenditures List
4. FY 2020 Transient Occupancy Tax Fund Allocations
5. FY 2020 CIP May Revision Adjustments

cc: Honorable Mayor Kevin L. Faulconer
Honorable City Attorney Mara Elliott
Aimee Faucett, Chief of Staff, Office of the Mayor
Andrea Tevlin, Independent Budget Analyst
Ronald H. Villa, Assistant Chief Operating Officer

Stacey LoMedico, Assistant Chief Operating Officer
Matt Awbrey, Deputy Chief of Staff & Chief of Communications, Office of the Mayor
Almis Udrys, Deputy Chief of Staff - Innovation & Policy, Office of the Mayor
Felipe Monroig, Deputy Chief of Staff & Strategic Initiatives, Office of the Mayor
Jessica Lawrence, Director of Finance Policy and Council Affairs, Office of the Mayor
Robert Vacchi, Deputy Chief Operating Officer, Neighborhood Services
Jeff Sturak, Deputy Chief Operating Officer, Internal Operations
Johnnie Perkins, Deputy Chief Operating Officer, Infrastructure / Public Works
Erik Caldwell, Deputy Chief Operating Officer, Smart & Sustainable Communities
Department Directors /Assistant Directors
Deputy Directors / Assistant Deputy Directors
Department Analysts
Department of Finance Staff

FY 2020 MAY REVISION SUMMARY TABLE

ATTACHMENT C

ATTACHMENT 1

GENERAL FUND		FTE	PE	NPE	EXP	REV
Department Title	Budget Adjustment					
City Attorney	Assistant City Attorney - Administration Division	1.00	\$ 228,496	\$ 2,500	\$ 230,996	\$ -
	Salary and Fringe Benefit Adjustment	-	\$ (29,975)	\$ -	\$ (29,975)	\$ -
City Attorney Total		1.00	\$ 198,521	\$ 2,500	\$ 201,021	\$ -
City Auditor	Salary and Fringe Benefit Adjustment	-	\$ (4,899)	\$ -	\$ (4,899)	\$ -
City Auditor Total		-	\$ (4,899)	\$ -	\$ (4,899)	\$ -
City Clerk	Salary and Fringe Benefit Adjustment	-	\$ (8,184)	\$ -	\$ (8,184)	\$ -
City Clerk Total		-	\$ (8,184)	\$ -	\$ (8,184)	\$ -
City Treasurer	Salary and Fringe Benefit Adjustment	-	\$ (21,348)	\$ -	\$ (21,348)	\$ -
	Short Term Residential Occupancy Compliance Software License	-	\$ -	\$ (250,000)	\$ (250,000)	\$ -
	Revised Revenue	-	\$ -	\$ -	\$ -	\$ 400,000
City Treasurer Total		-	\$ (21,348)	\$ (250,000)	\$ (271,348)	\$ 400,000
Citywide Program Expenditures	Transfer to the Capital Improvements Program (CIP) Budget	-	\$ -	\$ 1,350,000	\$ 1,350,000	\$ -
	Companion Unit Fee Waiver Program	-	\$ -	\$ 300,000	\$ 300,000	\$ -
	SANDAG Member Agency Assessment	-	\$ -	\$ 234,817	\$ 234,817	\$ -
	Salary and Fringe Benefit Adjustment	-	\$ (525,081)	\$ -	\$ (525,081)	\$ -
	Zuniga Jetty Shoal Patrol Transfer	-	\$ -	\$ 200,000	\$ 200,000	\$ -
	Stadium Sale Negotiations Contract	-	\$ -	\$ (250,000)	\$ (250,000)	\$ -
	Transfer to the Mission Bay and Regional Park Improvement Funds	-	\$ -	\$ (1,600,000)	\$ (1,600,000)	\$ -
Citywide Program Expenditures Total		-	\$ (525,081)	\$ 234,817	\$ (290,264)	\$ -
Communications	Salary and Fringe Benefit Adjustment	-	\$ (8,150)	\$ -	\$ (8,150)	\$ -
	Public Records Act Program Support	1.00	\$ 132,478	\$ 3,900	\$ 136,378	\$ -
	Vision Zero Education	-	\$ -	\$ 100,000	\$ 100,000	\$ -
Communications Total		1.00	\$ 124,328	\$ 103,900	\$ 228,228	\$ -
Council Administration	Salary and Fringe Benefit Adjustment	-	\$ (4,533)	\$ -	\$ (4,533)	\$ -
Council Administration Total		-	\$ (4,533)	\$ -	\$ (4,533)	\$ -
Council District 1	Community Projects, Programs, and Services Adjustment	-	\$ -	\$ (22,854)	\$ (22,854)	\$ -
	Salary and Fringe Benefit Adjustment	-	\$ (2,027)	\$ -	\$ (2,027)	\$ -
Council District 1 Total		-	\$ (2,027)	\$ (22,854)	\$ (24,881)	\$ -
Council District 2	Community Projects, Programs, and Services Adjustment	-	\$ -	\$ 6,674	\$ 6,674	\$ -
	Salary and Fringe Benefit Adjustment	-	\$ (1,185)	\$ -	\$ (1,185)	\$ -
Council District 2 Total		-	\$ (1,185)	\$ 6,674	\$ 5,489	\$ -
Council District 3	Community Projects, Programs, and Services Adjustment	-	\$ -	\$ (24,610)	\$ (24,610)	\$ -
	Salary and Fringe Benefit Adjustment	-	\$ (927)	\$ -	\$ (927)	\$ -
Council District 3 Total		-	\$ (927)	\$ (24,610)	\$ (25,537)	\$ -

FY 2020 MAY REVISION SUMMARY TABLE

ATTACHMENT C

ATTACHMENT 1

GENERAL FUND							
Department Title	Budget Adjustment	FTE	PE	NPE	EXP	REV	
Council District 4	Community Projects, Programs, and Services Adjustment	-	\$	-	\$ (30,925)	\$ (30,925)	\$ -
	Salary and Fringe Benefit Adjustment	-	\$	(895)	\$ -	\$ (895)	\$ -
Council District 4 Total		-	\$	(895)	\$ (30,925)	\$ (31,820)	\$ -
Council District 5	Community Projects, Programs, and Services Adjustment	-	\$	-	\$ (11,930)	\$ (11,930)	\$ -
	Salary and Fringe Benefit Adjustment	-	\$	(963)	\$ -	\$ (963)	\$ -
Council District 5 Total		-	\$	(963)	\$ (11,930)	\$ (12,893)	\$ -
Council District 6	Community Projects, Programs, and Services Adjustment	-	\$	-	\$ (12,404)	\$ (12,404)	\$ -
	Salary and Fringe Benefit Adjustment	-	\$	(1,056)	\$ -	\$ (1,056)	\$ -
Council District 6 Total		-	\$	(1,056)	\$ (12,404)	\$ (13,460)	\$ -
Council District 7	Community Projects, Programs, and Services Adjustment	-	\$	-	\$ (82,198)	\$ (82,198)	\$ -
	Salary and Fringe Benefit Adjustment	-	\$	(918)	\$ -	\$ (918)	\$ -
Council District 7 Total		-	\$	(918)	\$ (82,198)	\$ (83,116)	\$ -
Council District 8	Community Projects, Programs, and Services Adjustment	-	\$	-	\$ 51,404	\$ 51,404	\$ -
	Salary and Fringe Benefit Adjustment	-	\$	(1,516)	\$ -	\$ (1,516)	\$ -
Council District 8 Total		-	\$	(1,516)	\$ 51,404	\$ 49,888	\$ -
Council District 9	Community Projects, Programs, and Services Adjustment	-	\$	-	\$ 671	\$ 671	\$ -
	Salary and Fringe Benefit Adjustment	-	\$	(2,101)	\$ -	\$ (2,101)	\$ -
Council District 9 Total		-	\$	(2,101)	\$ 671	\$ (1,430)	\$ -
Debt Management	Salary and Fringe Benefit Adjustment	-	\$	(3,828)	\$ -	\$ (3,828)	\$ -
Debt Management Total		-	\$	(3,828)	\$ -	\$ (3,828)	\$ -
Department of Finance	Salary and Fringe Benefit Adjustment	-	\$	(35,468)	\$ -	\$ (35,468)	\$ -
Department of Finance Total		-	\$	(35,468)	\$ -	\$ (35,468)	\$ -
Development Services	Salary and Fringe Benefit Adjustment	-	\$	(10,573)	\$ -	\$ (10,573)	\$ -
	Revised Revenue	-	\$	-	\$ -	\$ -	\$ 2,400,000
Development Services Total		-	\$	(10,573)	\$ -	\$ (10,573)	\$ 2,400,000
Economic Development	Salary and Fringe Benefit Adjustment	-	\$	33,196	\$ -	\$ 33,196	\$ -
	Revised Revenue	-	\$	-	\$ -	\$ -	\$ 38,979
Economic Development Total		-	\$	33,196	\$ -	\$ 33,196	\$ 38,979
Environmental Services	Clean SD Expansion	-	\$	-	\$ 200,000	\$ 200,000	\$ -
	Collection Programs Administrative Support	0.60	\$	50,219	\$ -	\$ 50,219	\$ -
	Salary and Fringe Benefit Adjustment	-	\$	(19,757)	\$ -	\$ (19,757)	\$ -
Environmental Services Total		0.60	\$	30,462	\$ 200,000	\$ 230,462	\$ -
Ethics Commission	Program Manager - Education and Training Programs	0.50	\$	77,374	\$ -	\$ 77,374	\$ -
	Salary and Fringe Benefit Adjustment	-	\$	(1,650)	\$ -	\$ (1,650)	\$ -
Ethics Commission Total		0.50	\$	75,724	\$ -	\$ 75,724	\$ -
Fire-Rescue	Diversity Training	-	\$	-	\$ 150,000	\$ 150,000	\$ -
	Helicopter Mechanics	2.00	\$	165,551	\$ (260,000)	\$ (94,449)	\$ -
	Salary and Fringe Benefit Adjustment	-	\$	(76,492)	\$ -	\$ (76,492)	\$ -
	Zuniga Jetty Shoal Patrol Transfer	-	\$	-	\$ (200,000)	\$ (200,000)	\$ -
Fire-Rescue Total		2.00	\$	89,059	\$ (310,000)	\$ (220,941)	\$ -

FY 2020 MAY REVISION SUMMARY TABLE

ATTACHMENT C

ATTACHMENT 1

GENERAL FUND		FTE	PE	NPE	EXP	REV
Department Title	Budget Adjustment					
Government Affairs	Salary and Fringe Benefit Adjustment	-	\$ (1,455)	\$ -	\$ (1,455)	\$ -
	Grants Management Support	1.00	\$ 127,981	\$ 7,203	\$ 135,184	\$ -
Government Affairs Total		1.00	\$ 126,526	\$ 7,203	\$ 133,729	\$ -
Human Resources	Employee Assistance Program Expansion	-	\$ -	\$ 250,000	\$ 250,000	\$ -
	Salary and Fringe Benefit Adjustment	-	\$ (8,746)	\$ -	\$ (8,746)	\$ -
Human Resources Total		-	\$ (8,746)	\$ 250,000	\$ 241,254	\$ -
Infrastructure/Public Works	Salary and Fringe Benefit Adjustment	-	\$ (313)	\$ -	\$ (313)	\$ -
Infrastructure/Public Works Total		-	\$ (313)	\$ -	\$ (313)	\$ -
Internal Operations	DCOO Salary and Benefit Adjustment	-	\$ 210,790	\$ -	\$ 210,790	\$ -
Internal Operations Total		-	\$ 210,790	\$ -	\$ 210,790	\$ -
Library	Salary and Fringe Benefit Adjustment	-	\$ 234,214	\$ -	\$ 234,214	\$ -
Library Total		-	\$ 234,214	\$ -	\$ 234,214	\$ -
Major General Fund Revenues	Major General Fund Revenues	-	\$ -	\$ -	\$ -	\$ (1,580,479)
Major General Fund Revenues Total		-	\$ -	\$ -	\$ -	\$ (1,580,479)
Neighborhood Services	Office of ADA Compliance and Accessibility Restructure	5.00	\$ 727,747	\$ 28,743	\$ 756,490	\$ -
	Homelessness Coordination	3.00	\$ 414,006	\$ 6,100	\$ 420,106	\$ -
	Salary and Fringe Benefit Adjustment	-	\$ (2,212)	\$ -	\$ (2,212)	\$ -
	Grants Management Support	(1.00)	\$ (127,981)	\$ -	\$ (127,981)	\$ -
Neighborhood Services Total		7.00	\$ 1,011,560	\$ 34,843	\$ 1,046,403	\$ -
Office of Boards & Commissions	Office of ADA Compliance and Accessibility Restructure	(5.00)	\$ (727,747)	\$ (28,743)	\$ (756,490)	\$ -
	Salary and Fringe Benefit Adjustment	-	\$ (2,147)	\$ -	\$ (2,147)	\$ -
Office of Boards & Commissions Total		(5.00)	\$ (729,894)	\$ (28,743)	\$ (758,637)	\$ -
Office of Homeland Security	Salary and Fringe Benefit Adjustment	-	\$ (3,223)	\$ -	\$ (3,223)	\$ -
	Office of Homeland Security Division Restructure - Program Manager	-	\$ (82,090)	\$ -	\$ (82,090)	\$ -
Office of Homeland Security Total		-	\$ (85,313)	\$ -	\$ (85,313)	\$ -
Office of the Assistant COO	Salary and Fringe Benefit Adjustment	-	\$ (2,233)	\$ -	\$ (2,233)	\$ -
Office of the Assistant COO Total		-	\$ (2,233)	\$ -	\$ (2,233)	\$ -
Office of the Chief Financial Officer	Salary and Fringe Benefit Adjustment	-	\$ (1,200)	\$ -	\$ (1,200)	\$ -
Office of the Chief Financial Officer Total		-	\$ (1,200)	\$ -	\$ (1,200)	\$ -
Office of the Chief Operating Officer	Salary and Fringe Benefit Adjustment	-	\$ (2,692)	\$ -	\$ (2,692)	\$ -
Office of the Chief Operating Officer Total		-	\$ (2,692)	\$ -	\$ (2,692)	\$ -
Office of the IBA	Salary and Fringe Benefit Adjustment	-	\$ (3,872)	\$ -	\$ (3,872)	\$ -
Office of the IBA Total		-	\$ (3,872)	\$ -	\$ (3,872)	\$ -
Office of the Mayor	LGBTQ+ Coordinator	1.00	\$ 115,686	\$ 1,100	\$ 116,786	\$ -
	Salary and Fringe Benefit Adjustment	-	\$ (5,866)	\$ -	\$ (5,866)	\$ -
	Revised Revenue	-	\$ -	\$ -	\$ -	\$ (148,245)
Office of the Mayor Total		1.00	\$ 109,820	\$ 1,100	\$ 110,920	\$ (148,245)
Parks & Recreation	Brush Management and Abatement	-	\$ -	\$ 626,000	\$ 626,000	\$ -
	Restoration of Park Rangers	3.00	\$ 205,086	\$ -	\$ 205,086	\$ -
	Citywide Maintenance for New Facilities Revision	-	\$ 4,102	\$ -	\$ 4,102	\$ -
	Salary and Fringe Benefit Adjustment	-	\$ (77,988)	\$ -	\$ (77,988)	\$ -
	Contributions to Maintenance Assessment Districts	-	\$ -	\$ (227,736)	\$ (227,736)	\$ -
	Revised Revenue	-	\$ -	\$ -	\$ -	\$ 209,291
Parks & Recreation Total		3.00	\$ 131,200	\$ 398,264	\$ 529,464	\$ 209,291

FY 2020 MAY REVISION SUMMARY TABLE

ATTACHMENT C

ATTACHMENT 1

GENERAL FUND							
Department Title	Budget Adjustment	FTE	PE	NPE	EXP	REV	
Performance & Analytics	Mobility Program Coordinator and Get it Done Enhancements	1.00	\$ 149,272	\$ 350,600	\$ 499,872	\$ -	-
	Salary and Fringe Benefit Adjustment	-	\$ (2,570)	\$ -	\$ (2,570)	\$ -	-
	Pay Equity Study	-	\$ -	\$ 250,000	\$ 250,000	\$ -	-
Performance & Analytics Total		1.00	\$ 146,702	\$ 600,600	\$ 747,302	\$ -	-
Personnel	Restoration of Associate Personnel Analyst	1.00	\$ 95,306	\$ -	\$ 95,306	\$ -	-
	Salary and Fringe Benefit Adjustment	-	\$ (12,846)	\$ -	\$ (12,846)	\$ -	-
Personnel Total		1.00	\$ 82,460	\$ -	\$ 82,460	\$ -	-
Planning	Long-Range Planning Support	2.00	\$ 237,060	\$ -	\$ 237,060	\$ 237,172	-
	Civic Engagement and Community Outreach	1.00	\$ 151,651	\$ -	\$ 151,651	\$ 151,707	-
	Salary and Fringe Benefit Adjustment	-	\$ (7,453)	\$ -	\$ (7,453)	\$ -	-
	Housing Affordability Program	-	\$ -	\$ (100,000)	\$ (100,000)	\$ -	-
Planning Total		3.00	\$ 381,258	\$ (100,000)	\$ 281,258	\$ 388,879	-
Police	Police Officer Homebuyer Down Payment Assistance Pilot	-	\$ -	\$ 250,000	\$ 250,000	\$ -	-
	Dockless Mobility Enforcement	-	\$ -	\$ 150,000	\$ 150,000	\$ -	-
	Office of Homeland Security Division Restructure - Police Captain	-	\$ 29,570	\$ -	\$ 29,570	\$ -	-
	Civilian Positions	-	\$ 15,185	\$ -	\$ 15,185	\$ -	-
	Salary and Fringe Benefit Adjustment	-	\$ (227,414)	\$ -	\$ (227,414)	\$ -	-
Police Total		-	\$ (182,659)	\$ 400,000	\$ 217,341	\$ -	-
Purchasing & Contracting	Salary and Fringe Benefit Adjustment	-	\$ (6,477)	\$ -	\$ (6,477)	\$ -	-
	Disparity Study	-	\$ -	\$ 200,000	\$ 200,000	\$ -	-
Purchasing & Contracting Total		-	\$ (6,477)	\$ 200,000	\$ 193,523	\$ -	-
Real Estate Assets	Supervising Property Agent for Property Dispositions	1.00	\$ 98,816	\$ -	\$ 98,816	\$ 98,872	-
	Stadium Sales Negotiations Contract	-	\$ -	\$ 60,450	\$ 60,450	\$ -	-
	Salary and Fringe Benefit Adjustment	-	\$ (6,113)	\$ -	\$ (6,113)	\$ -	-
	Mission Bay RV Park Settlement Agreement	-	\$ -	\$ (600,000)	\$ (600,000)	\$ (1,600,000)	-
Real Estate Assets Total		1.00	\$ 92,703	\$ (539,550)	\$ (446,847)	\$ (1,501,128)	-
Real Estate Assets - Facilities Division		1.00	\$ 136,768	\$ -	\$ 136,768	\$ -	-
Real Estate Assets - Facilities Division Total		1.00	\$ 136,768	\$ -	\$ 136,768	\$ -	-
Smart & Sustainable Communities	Downtown Planning, Permitting, and Parking	9.00	\$ 1,141,904	\$ 476,546	\$ 1,618,450	\$ 1,618,450	-
	Salary and Fringe Benefit Adjustment	-	\$ (372)	\$ -	\$ (372)	\$ -	-
Smart & Sustainable Communities Total		9.00	\$ 1,141,532	\$ 476,546	\$ 1,618,078	\$ 1,618,450	-
Sustainability Department		-	\$ (280)	\$ -	\$ (280)	\$ -	-
Sustainability Department Total		-	\$ (280)	\$ -	\$ (280)	\$ -	-
Transportation & Storm Water	Brush Management and Abatement	-	\$ -	\$ 1,250,000	\$ 1,250,000	\$ -	-
	Private Property Graffiti Abatement	-	\$ -	\$ 300,000	\$ 300,000	\$ -	-
	Mobility Action Plan	-	\$ -	\$ 250,000	\$ 250,000	\$ -	-
	Street Corral Painting and Dedicated Bus Lane Pilot	-	\$ 250,000	\$ -	\$ 250,000	\$ -	-
	Salary and Fringe Benefit Adjustment	-	\$ 159,896	\$ -	\$ 159,896	\$ -	-
	Enterprise Asset Management and Get it Done Support	2.00	\$ 155,695	\$ 6,000	\$ 161,695	\$ -	-
	Restoration of Tree Planting Services	-	\$ -	\$ 77,800	\$ 77,800	\$ -	-
Transportation & Storm Water Total		2.00	\$ 565,591	\$ 1,883,800	\$ 2,449,391	\$ -	-
Grand Total		30.10	\$ 3,273,233	\$ 3,439,108	\$ 6,712,341	\$ 1,825,747	-

FY 2020 MAY REVISION SUMMARY TABLE

ATTACHMENT C

ATTACHMENT 1

NON-GENERAL FUNDS						
Fund Name	Budget Adjustment	FTE	PE	NPE	EXP	REV
Airports Fund	Salary and Fringe Benefit Adjustment	-	\$ (3,676)	\$ -	\$ (3,676)	\$ -
Airports Fund Total		-	\$ (3,676)	\$ -	\$ (3,676)	\$ -
Central Stores Fund	Salary and Fringe Benefit Adjustment	-	\$ (3,247)	\$ -	\$ (3,247)	\$ -
Central Stores Fund Total		-	\$ (3,247)	\$ -	\$ (3,247)	\$ -
City Employee's Retirement System Fund	Salary and Fringe Benefit Adjustment	-	\$ (5,931)	\$ -	\$ (5,931)	\$ -
City Employee's Retirement System Fund Total		-	\$ (5,931)	\$ -	\$ (5,931)	\$ -
Concourse and Parking Garages Operating Fund	Salary and Fringe Benefit Adjustment	-	\$ (345)	\$ -	\$ (345)	\$ -
Concourse and Parking Garages Operating Fund Total		-	\$ (345)	\$ -	\$ (345)	\$ -
Convention Center Expansion Administration Fund	Dewatering Expenses	-	\$ -	\$ 479,001	\$ 479,001	\$ -
Convention Center Expansion Administration Fund Total		-	\$ -	\$ 479,001	\$ 479,001	\$ -
Development Services Fund	5G Permitting Staff	24.00	\$ 2,171,876	\$ -	\$ 2,171,876	\$ -
	Residential Permitting Staff	10.00	\$ 952,014	\$ -	\$ 952,014	\$ -
	Downtown Permitting	-	\$ -	\$ 905,147	\$ 905,147	\$ 905,147
	Accela and Project Tracking System Support	3.00	\$ 414,228	\$ -	\$ 414,228	\$ -
	Analytics and Organizational Support	4.00	\$ 318,313	\$ -	\$ 318,313	\$ -
	Salary and Fringe Benefit Adjustment	-	\$ (50,694)	\$ -	\$ (50,694)	\$ -
	Revised Revenue	-	\$ -	\$ -	\$ -	\$ 3,562,892
Development Services Fund Total		41.00	\$ 3,805,737	\$ 905,147	\$ 4,710,884	\$ 4,468,039
Energy Conservation Program Fund	Salary and Fringe Benefit Adjustment	-	\$ (32,091)	\$ -	\$ (32,091)	\$ -
Energy Conservation Program Fund Total		-	\$ (32,091)	\$ -	\$ (32,091)	\$ -
Engineering & Capital Projects Fund	Prevailing Wage Compliance	-	\$ 22,752	\$ -	\$ 22,752	\$ -
	Salary and Fringe Benefit Adjustment	-	\$ (49,188)	\$ -	\$ (49,188)	\$ -
	Facilities Services Division Restructure	(1.00)	\$ (86,755)	\$ -	\$ (86,755)	\$ -
Engineering & Capital Projects Fund Total		(1.00)	\$ (113,191)	\$ -	\$ (113,191)	\$ -
Facilities Financing Fund	Salary and Fringe Benefit Adjustment	-	\$ 3,260	\$ -	\$ 3,260	\$ -
	Revised Revenue	-	\$ -	\$ -	\$ -	\$ (5,423)
Facilities Financing Fund Total		-	\$ 3,260	\$ -	\$ 3,260	\$ (5,423)
Fire/Emergency Medical Services Transport Program Fund	Salary and Fringe Benefit Adjustment	-	\$ (2,800)	\$ -	\$ (2,800)	\$ -
Fire/Emergency Medical Services Transport Program Fund Total		-	\$ (2,800)	\$ -	\$ (2,800)	\$ -
Fleet Operations Operating Fund	Salary and Fringe Benefit Adjustment	-	\$ 96,495	\$ -	\$ 96,495	\$ -
Fleet Operations Operating Fund Total		-	\$ 96,495	\$ -	\$ 96,495	\$ -
Fleet Operations Replacement Fund	Revised Revenue	-	\$ -	\$ -	\$ -	\$ 28,250,162
Fleet Operations Replacement Fund Total		-	\$ -	\$ -	\$ -	\$ 28,250,162
Gas Tax Fund	Water and Electricity	-	\$ -	\$ (51,113)	\$ (51,113)	\$ -
Gas Tax Fund Total		-	\$ -	\$ (51,113)	\$ (51,113)	\$ -
General Plan Maintenance Fund	General Plan Maintenance Fee Increase	-	\$ -	\$ 1,761,000	\$ 1,761,000	\$ 1,761,000
General Plan Maintenance Fund Total		-	\$ -	\$ 1,761,000	\$ 1,761,000	\$ 1,761,000
GIS Fund	Salary and Fringe Benefit Adjustment	-	\$ (1,763)	\$ -	\$ (1,763)	\$ -
GIS Fund Total		-	\$ (1,763)	\$ -	\$ (1,763)	\$ -

FY 2020 MAY REVISION SUMMARY TABLE

ATTACHMENT C

ATTACHMENT 1

NON-GENERAL FUNDS							
Fund Name	Budget Adjustment	FTE	PE	NPE	EXP	REV	
Golf Course Fund	Overtime	-	\$ 60,000	\$ -	\$ 60,000	\$ -	
	Golf Starter	0.50	\$ 40,707	\$ -	\$ 40,707	\$ -	
	Salary and Fringe Benefit Adjustment	-	\$ (12,549)	\$ -	\$ (12,549)	\$ -	
Golf Course Fund Total		0.50	\$ 88,158	\$ -	\$ 88,158	\$ -	
Information Technology Fund	Salary and Fringe Benefit Adjustment	-	\$ (10,761)	\$ -	\$ (10,761)	\$ -	
Information Technology Fund Total		-	\$ (10,761)	\$ -	\$ (10,761)	\$ -	
Junior Lifeguard Program Fund	Salary and Fringe Benefit Adjustment	-	\$ (409)	\$ -	\$ (409)	\$ -	
Junior Lifeguard Program Fund Total		-	\$ (409)	\$ -	\$ (409)	\$ -	
La Jolla Self-Managed Maintenance Assessment District (MAD) Fund	La Jolla MAD	-	\$ -	\$ 502,378	\$ 502,378	\$ -	
Los Penasquitos Canyon Preserve Fund Total		-	\$ -	\$ 502,378	\$ 502,378	\$ -	
Local Enforcement Agency Fund	Salary and Fringe Benefit Adjustment	-	\$ (1,416)	\$ -	\$ (1,416)	\$ -	
Local Enforcement Agency Fund Total		-	\$ (1,416)	\$ -	\$ (1,416)	\$ -	
Long Range Property Management Fund	Property Management Adjustment	-	\$ -	\$ 740,000	\$ 740,000	\$ -	
	ROPs/Civic San Diego Administrative Support	-	\$ -	\$ 272,723	\$ 272,723	\$ -	
	Revised Revenue	-	\$ -	\$ -	\$ -	\$ (7,818)	
Long Range Property Management Fund Total		-	\$ -	\$ 1,012,723	\$ 1,012,723	\$ (7,818)	
Los Penasquitos Canyon Preserve Fund	Salary and Fringe Benefit Adjustment	-	\$ (358)	\$ -	\$ (358)	\$ -	
Los Penasquitos Canyon Preserve Fund Total		-	\$ (358)	\$ -	\$ (358)	\$ -	
Maintenance Assessment District (MAD) Management Fund	Salary and Fringe Benefit Adjustment	-	\$ (5,515)	\$ -	\$ (5,515)	\$ -	
Maintenance Assessment District (MAD) Management Fund Total		-	\$ (5,515)	\$ -	\$ (5,515)	\$ -	
Metropolitan Sewer Utility Fund	Information Technology Management Support	1.40	\$ 200,055	\$ -	\$ 200,055	\$ -	
	Public Utilities Reorganization	0.90	\$ 93,181	\$ -	\$ 93,181	\$ -	
	Salary and Fringe Benefit Adjustment	-	\$ 44,607	\$ -	\$ 44,607	\$ -	
	Repurpose of Laboratory Technician	-	\$ 13,118	\$ -	\$ 13,118	\$ -	
	Reduction of Information Technology Personnel	(0.28)	\$ (26,305)	\$ -	\$ (26,305)	\$ -	
Metropolitan Sewer Utility Fund Total		2.02	\$ 324,656	\$ -	\$ 324,656	\$ -	
Mission Bay Park Improvement Fund	Revised Revenue	-	\$ -	\$ -	\$ -	\$ 1,053,687	
Mission Bay Park Improvement Fund Total		-	\$ -	\$ -	\$ -	\$ 1,053,687	
Municipal Sewer Revenue Fund	Customer Support	1.50	\$ 205,514	\$ -	\$ 205,514	\$ -	
	Information Technology Management Support	0.80	\$ 114,320	\$ -	\$ 114,320	\$ -	
	Public Utilities Reorganization	0.86	\$ 57,090	\$ -	\$ 57,090	\$ -	
	Salary and Fringe Benefit Adjustment	-	\$ 51,848	\$ -	\$ 51,848	\$ -	
	Reduction of Information Technology Personnel	(0.74)	\$ (65,937)	\$ -	\$ (65,937)	\$ -	
Municipal Sewer Revenue Fund Total		2.42	\$ 362,835	\$ -	\$ 362,835	\$ -	

FY 2020 MAY REVISION SUMMARY TABLE

ATTACHMENT C

ATTACHMENT 1

NON-GENERAL FUNDS						
Fund Name	Budget Adjustment	FTE	PE	NPE	EXP	REV
OneSD Support Fund	Salary and Fringe Benefit Adjustment	-	\$ (7,836)	\$ -	\$ (7,836)	\$ -
OneSD Support Fund Total		-	\$ (7,836)	\$ -	\$ (7,836)	\$ -
Parking Meter Operations Fund	Salary and Fringe Benefit Adjustment	-	\$ (2,790)	\$ -	\$ (2,790)	\$ -
Parking Meter Operations Fund Total		-	\$ (2,790)	\$ -	\$ (2,790)	\$ -
PETCO Park Fund	Salary and Fringe Benefit Adjustment	-	\$ (154)	\$ -	\$ (154)	\$ -
PETCO Park Fund Total		-	\$ (154)	\$ -	\$ (154)	\$ -
Publishing Services Fund	Salary and Fringe Benefit Adjustment	-	\$ (1,019)	\$ -	\$ (1,019)	\$ -
Publishing Services Fund Total		-	\$ (1,019)	\$ -	\$ (1,019)	\$ -
Recycling Fund	Salary and Fringe Benefit Adjustment	-	\$ (17,613)	\$ -	\$ (17,613)	\$ -
	Assistant Engineer Mechanical	(0.40)	\$ (61,877)	\$ -	\$ (61,877)	\$ -
Recycling Fund Total		(0.40)	\$ (79,490)	\$ -	\$ (79,490)	\$ -
Refuse Disposal Fund	Salary and Fringe Benefit Adjustment	-	\$ (14,690)	\$ -	\$ (14,690)	\$ -
Refuse Disposal Fund Total		-	\$ (14,690)	\$ -	\$ (14,690)	\$ -
Risk Management Administration Fund	Salary and Fringe Benefit Adjustment	-	\$ (17,798)	\$ -	\$ (17,798)	\$ -
Risk Management Administration Fund Total		-	\$ (17,798)	\$ -	\$ (17,798)	\$ -
San Diego Regional Parks Improvement Fund	Revised Revenue	-	\$ -	\$ -	\$ -	\$ 567,370
San Diego Regional Parks Improvement Fund Total		-	\$ -	\$ -	\$ -	\$ 567,370
Stadium Operations Fund	Salary and Fringe Benefit Adjustment	-	\$ (770)	\$ -	\$ (770)	\$ -
Stadium Operations Fund Total		-	\$ (770)	\$ -	\$ (770)	\$ -
Successor Agency Admin & Project - CivicSD Fund	Successor Agency Transfer	-	\$ -	\$ (89,431)	\$ (89,431)	\$ (89,431)
Successor Agency Admin & Project - CivicSD Fund Total		-	\$ -	\$ (89,431)	\$ (89,431)	\$ (89,431)
Transient Occupancy Tax Fund	Support to Other Funds	-	\$ -	\$ (35)	\$ (35)	\$ -
	Salary and Fringe Benefit Adjustment	-	\$ (1,637)	\$ -	\$ (1,637)	\$ -
	One-Cent Discretionary	-	\$ -	\$ (8,033)	\$ (8,033)	\$ -
	Revised Revenue	-	\$ -	\$ -	\$ -	\$ (40,161)
Transient Occupancy Tax Fund Total		-	\$ (1,637)	\$ (8,068)	\$ (9,705)	\$ (40,161)
Underground Surcharge Fund	Utilities Undergrounding Program	-	\$ -	\$ 42,000,000	\$ 42,000,000	\$ -
	Salary and Fringe Benefit Adjustment	-	\$ 4,591	\$ -	\$ 4,591	\$ -
Underground Surcharge Fund Total		-	\$ 4,591	\$ 42,000,000	\$ 42,004,591	\$ -
Water Utility Operating Fund	Customer Support	1.50	\$ 178,410	\$ -	\$ 178,410	\$ -
	Information Technology Management Support	1.80	\$ 257,213	\$ -	\$ 257,213	\$ -
	Stadium Sale Negotiations Contract	-	\$ -	\$ 37,050	\$ 37,050	\$ -
	Public Utilities Reorganization	0.47	\$ 31,416	\$ -	\$ 31,416	\$ -
	Salary and Fringe Benefit Adjustment	-	\$ (71,578)	\$ -	\$ (71,578)	\$ -
	Reduction of Information Technology Personnel	(0.98)	\$ (88,471)	\$ -	\$ (88,471)	\$ -
Water Utility Operating Fund Total		2.79	\$ 306,990	\$ 37,050	\$ 344,040	\$ -
Wireless Communications Technology Fund	Motorola Contractual Support	-	\$ -	\$ 100,000	\$ 100,000	\$ 100,000
	Salary and Fringe Benefit Adjustment	-	\$ (11,949)	\$ -	\$ (11,949)	\$ -
Wireless Communications Technology Fund Total		-	\$ (11,949)	\$ 100,000	\$ 88,051	\$ 100,000
Grand Total		47.33	\$ 4,673,086	\$ 46,648,687	\$ 51,321,773	\$ 36,057,425
City Total		77.43	\$ 7,946,319	\$ 49,544,998	\$ 57,491,317	\$ 39,464,155

Summary of General Fund May Revision Adjustments

Resources	May Revision
Ongoing Resources	
Department Revenue	\$ 3,406,226
Major General Fund Revenue	(578,268)
Proposed Departmental Revenues Determined to be One-Time	(111,699)
One-Time Resources	
Proposed Departmental Revenues Determined to be One-Time	111,699
Major General Fund Revenue (One-time Loss of Residual RPTTF)	(1,002,211)
Use of Excess Equity	\$ 4,886,594
Total Resources	\$ 6,712,341

Expenditures	
Ongoing Expenditures	
Downtown Planning, Permitting and Parking	\$ 1,618,450
Brush Management and Abatement	1,526,000
Homelessness Coordination	420,106
Employee Assistance Program Expansion	250,000
Long-Range Planning Support	237,060
SANDAG Member Agency Assessment	234,817
Assistant City Attorney - Administration Division	230,996
Restoration of Park Rangers	205,086
Mobility: Enterprise Asset Management and Get it Done Support	161,695
Civic Engagement and Community Outreach	151,651
Mobility: Program Coordinator Data Manager	149,872
Public Records Act Program Support	136,378
Facilities Services Division Restructure	135,878
LGBTQ+ Coordinator	116,786
Supervising Property Agent for Property Dispositions	98,816
Restoration of Associate Personnel Analyst	95,306
Tree Planting Services	77,800
Program Manager - Education and Training Programs	77,374
Collection Programs Administrative Support	50,219
Office of Homeland Security Division Restructure - Police Captain	29,570
Civilian Position Proposed Reduction Revision	15,185
Grants Management Support	7,203
Citywide Maintenance for New Facilities Revision	4,102
Office of Homeland Security Division Restructure - Program Manager	(82,090)
Helicopter Mechanics	(94,449)
Housing Affordability Program	(100,000)
Contributions to Maintenance Assessment Districts	(227,736)
Short Term Residential Occupancy Compliance Software License	(250,000)
Salary and Fringe Benefit Adjustment	(498,012)
Mission Bay RV Park Settlement	(600,000)
Transfer to the Mission Bay and Regional Park Improvement Funds	(1,600,000)
Subtotal Ongoing Expenditures	\$ 2,578,063
One-Time Expenditures	
Mobility (partial) : Transfer to Capital Budget	1,350,000
Mobility: Get It Done Mobility Development Resources	350,000
Brush Management and Abatement	350,000
Companion Unit Fee Waiver Program	300,000
Private Property Graffiti Abatement	300,000
Mobility: Mobility Action Plan	250,000
Mobility: Street Corral Painting and Dedicated Bus Lane Pilot	250,000

Summary of General Fund May Revision Adjustments

<i>One-Time Expenditures (continued)</i>		
Pay Equity Study		250,000
Police Officer Homebuyer Down Payment Assistance Pilot		250,000
Clean SD Expansion		200,000
Disparity Study		200,000
Diversity Training		150,000
Mobility: Dockless Mobility Traffic Enforcement		150,000
Mobility: Vision Zero Education		100,000
Community Projects, Programs, and Services Adjustment		(126,172)
Reduction of excess General Fund in Stadium Negotiation Contract in Proposed Budget		(189,550)
Subtotal One-Time Expenditures	\$	4,134,278
Total Expenditures	\$	6,712,341

One-Time Expenditures (Fiscal Year 2020 Proposed Budget and May Revision)	\$	54,754,817
One-Time Resources (Fiscal Year 2020 Proposed Budget and May Revision)	\$	54,253,678
One-Time Expenditures Exceed One-Time Resources	\$	501,139

ATTACHMENT C

FY 2020 ONE-TIME RESOURCES AND EXPENDITURES LIST

ATTACHMENT 3

One-Time Resources	
FY 2020 Proposed Budget	
Use of Excess Equity	\$ 30,680,368
TOT Excess Fund Balance	10,900,000
Transfer of Excess Long-Term Disability Reserves	4,833,310
Redevelopment Property Trust Fund (RPTTF) Distributions	1,330,651
Reimbursement for Disparity Study from Engineering & Capital Projects Fund	800,000
Use of Non-General Fund Fund Balances	641,652
Reimbursement for Supplemental Environmental Projects - RWQCB	491,383
Facility Franchise Agreement Revenue	290,000
Reimbursement for Debt Management services from Public Utilities Department	137,981
Reimbursement for Fire-Rescue Citygate Consulting Services	80,751
Reimbursement for Mission Bay Summer Trash Collection from TOT Revenue	70,000
Otay Mesa Enhanced Infrastructure Financing District (EIFD) Reimbursements	1,500
FY 2020 Proposed Budget Subtotal	\$ 50,257,596
FY 2020 May Revision	
Use of Excess Equity	\$ 4,886,594
Proposed Departmental Revenues Determined to be One-Time	\$ 111,699
Major General Fund Revenue (One-time Loss of Residual RPTTF)	\$ (1,002,211)
FY 2020 May Revision Subtotal	3,996,082
Total	\$ 54,253,678

One-Time Expenditures	
FY 2020 Proposed Budget	
Transfer to the Infrastructure Fund (Charter Section 77.1)	\$ 24,073,271
Contribution to General Fund Reserve - FY2019 Reserve Target of 15.25%	8,600,000
Clean SD Expansion	6,250,000
Transfer to Replenish the Pension Payment Stabilization Reserve	4,334,238
Commission for Arts & Culture Funding	3,949,600
Contribution to General Fund Reserve - FY2020 Reserve Target of 15.50%	3,300,000
Animal Control and Services Program	2,174,519
Community Projects, Programs, and Services (CPPS) Funds	1,617,975
Consultant for Energy Franchise Agreement Negotiations	1,000,000
Fire Rescue Staffing Model and Relief Pool - Supplies for Two (2) Fire Academies	862,648
Disparity Study	800,000
Various Information Technology Expenditures	787,802
New Parks and Recreation Facilities	761,350
Relocation to 101 Ash Street Building	689,152
RWQCB Penalty and Supplemental Environmental Projects	501,411
Neighborhood Policing Overtime	447,050
Citywide Election Costs	429,664
Lateral and Recruitment Incentive Programs	400,000
Companion Unit Fee Waiver Program	300,000
Police Promotional Examinations	270,200
Contributions to the Capital Improvements Program for IT Projects	258,000
Real Estate Consultant for Sale of San Diego County Credit Union (SDCCU) Stadium	250,000
Fire-Rescue Helicopter Pilot Training	185,400
Emergency Command and Data Center (ECDC) Expansion	160,000
Citygate Consulting Services for ECDC	138,000
Advanced Lifeguard Academy	113,350
Housing Affordability Program	100,000
Consulting Support for Climate Action Plan (CAP) - Sustainability Department	100,000
Mission Beach Trash Collection	70,000
Supplies for Police Supplemental Civilian Positions	6,060
Supplies for Homeless Coordination Positions in Neighborhood Services	3,600
Supplies for Fire-Rescue Fire Company Inspection Program (FCIP)	2,160
Use of Excess Workers' Compensation Reserves for Expenditure Rate Relief	(1,190,000)
Use of Excess Long-Term Disability (LTD) Reserves for Expenditure Rate Relief	(2,029,713)
Use of Capital Outlay Fund for Deferred Capital Bond Debt Service	(2,500,000)
Use of Excess Public Liability Reserves for Expenditure Rate Relief	(2,600,000)
Use of Infrastructure Funds for Right of Way Maintenance	(3,995,198)
FY 2020 Proposed Budget Subtotal	\$ 50,620,539

ATTACHMENT C

FY 2020 ONE-TIME RESOURCES AND EXPENDITURES LIST

ATTACHMENT 3

FY 2020 May Revision	
Mobility (partial): Transfer to Capital Budget	\$ 1,350,000
Mobility: Get It Done Mobility Development Resources	350,000
Brush Management and Abatement	350,000
Companion Unit Fee Waiver Program	300,000
Private Property Graffiti Abatement	300,000
Mobility: Mobility Action Plan	250,000
Mobility: Street Corral Painting and Dedicated Bus Lane Pilot	250,000
Pay Equity Study	250,000
Police Officer Homebuyer Down Payment Assistance Pilot	250,000
Clean SD Expansion	200,000
Disparity Study	200,000
Diversity Training	150,000
Mobility: Dockless Mobility Traffic Enforcement	150,000
Mobility: Vision Zero Education	100,000
Community Projects, Programs, and Services Adjustment	(126,172)
Reduction of excess General Fund in Stadium Negotiation Contract in Proposed Budget	(189,550)
FY 2020 May Revision Subtotal	\$ 4,134,278
Total	\$ 54,754,817

Fiscal Year 2020 Transient Occupancy Tax Fund Allocations ATTACHMENT C

ATTACHMENT 4

ORGANIZATION/PROGRAM	FY 20 Allocation
Arts, Culture, and Community Festivals - Organizational Support	
Art of Elan	22,985
ArtReach	26,687
Bach Collegium San Diego	31,705
Backyard Renaissance	7,171
Balboa Park Cultural Partnership	229,911
Balboa Park Online Collaborative	34,782
Black Mountain Dance Foundation	46,028
California Ballet Association, Inc.	141,140
CAMARADA	13,253
Center for World Music	20,963
Choral Club of San Diego	5,000
Choral Consortium of San Diego	5,000
City Ballet, Inc	86,206
Classics for Kids, Inc	33,833
Cygnnet Theatre Company	166,434
David's Harp Foundation	14,667
Diversionary Theater Productions Inc.	64,475
Fern Street Community Arts, Inc.	23,556
Finest City Performing Arts, Inc.	57,379
Flying Leatherneck Historical Foundation	36,982
Friends of Balboa Park	65,682
Gaslamp Quarter Historical Foundation	48,344
Guitars in the Classroom	23,439
Intrepid Shakespeare Company	34,674
Japan Society of San Diego and Tijuana	29,294
Japanese Friendship Garden Society of San Diego	176,630
La Jolla Historical Society	74,272
La Jolla Music Society	254,464
La Jolla Symphony and Chorus Association	49,562

Fiscal Year 2020 Transient Occupancy Tax Fund Allocations ATTACHMENT C

ATTACHMENT 4

ORGANIZATION/PROGRAM	FY 20 Allocation
Lambda Archives of San Diego	19,222
Lao Community Cultural Center of San Diego	5,925
Library Association of La Jolla dba Athenaeum Music & Arts Library	119,783
Mainly Mozart, Inc.	106,136
Malashock Dance & Company	46,973
Maritime Museum Association of San Diego	227,278
Media Arts Center San Diego	95,601
Mingei International	148,343
Mojalet Dance Collective	13,803
Moxie Theatre, Inc	33,035
Museum of Contemporary Art San Diego	280,383
Museum of Photographic Arts	113,441
New Americans Museum	34,205
NTC Foundation	184,119
Old Globe Theatre	459,050
Opera Neo	22,141
Outside the Lens	51,676
Pacific Arts Movement	72,099
Persian Cultural Center	40,156
Playwrights Project	46,615
Poway Center for the Performing Arts Foundation	62,924
Prophet World Beat Productions	35,607
Putnam Foundation dba Timken Museum of Art	144,678
Resounding Joy Inc	27,826
Reuben H. Fleet Science Center	293,786
SACRA/PROFANA	16,974
San Diego Air & Space Museum	296,615
San Diego Archaeological Center	30,307
San Diego Art Institute	51,634
San Diego Automotive Museum	54,352

Fiscal Year 2020 Transient Occupancy Tax Fund Allocations

ORGANIZATION/PROGRAM	FY 20 Allocation
San Diego Ballet	45,702
San Diego Center for Jewish Culture	125,468
San Diego Children's Choir	55,691
San Diego Chinese Historical Society & Museum	18,134
San Diego Civic Youth Ballet	65,423
San Diego Comic Convention dba Comic-Con International	370,237
San Diego Dance Theater	48,500
San Diego Early Music Society	12,205
San Diego Guild of Puppetry, Inc.	12,058
San Diego Historical Society	176,850
San Diego Junior Theatre	89,822
San Diego Model Railroad Museum	74,551
San Diego Museum Council, Inc.	25,219
San Diego Museum of Art	392,310
San Diego Museum of Man	228,835
San Diego Musical Theatre	105,780
San Diego Opera Association	392,006
San Diego Pro Arte Voices	7,758
San Diego Repertory Theatre	173,705
San Diego Society of Natural History Balboa Park	392,101
San Diego Sports Association	65,310
San Diego Symphony Orchestra Association	458,799
San Diego Theatres, Inc.	340,741
San Diego Watercolor Society	30,301
San Diego Winds	16,346
San Diego Women's Chorus	14,712
San Diego Writers, Ink	24,861
San Diego Young Artists Music Academy	8,428
San Diego Youth Symphony and Conservatory	132,666
Save Our Heritage Organisation	88,688

Fiscal Year 2020 Transient Occupancy Tax Fund Allocations

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ATTACHMENT 4

ORGANIZATION/PROGRAM	FY 20 Allocation
Scripps Ranch Theatre	22,888
So Say We All	15,402
Space 4 Art	26,028
Spreckels Organ Society	27,834
The Aja Project	49,488
The New Children's Museum	204,476
The PGK Project, Inc.	16,387
Theater and Arts Foundation of San Diego County	457,525
transcendANCE Youth Arts Project	38,624
Veterans Memorial Center, Inc	24,715
Villa Musica	77,564
Westwind Brass	6,133
Women's History Reclamation Project	17,894
Write Out Loud	20,128
Young Audiences of San Diego dba Arts for Learning	97,083
Youth Philharmonic Orchestra	11,044
Arts, Culture, and Community Festivals - Organizational Support Total*	10,065,625
Arts, Culture, and Community Festivals - Creative Communities San Diego	
A Ship in the Woods Foundation	5,000
Adams Avenue Business Association	35,071
Amateur Pianists	5,000
American Water Works Association	12,256
Armed Services YMCA of the USA- San Diego Branch	126,548
Asian Story Theater	5,000
Balboa Park Conservancy	27,189
Biocom Institute	98,562
Bodhi Tree Concerts	5,000
Brazilian Institute for Arts & Culture	10,906
Cabrillo Festival	5,000
California Lawyers for the Arts	51,226

Fiscal Year 2020 Transient Occupancy Tax Fund Allocations

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ATTACHMENT 4

ORGANIZATION/PROGRAM	FY 20 Allocation
Casa Familiar	5,000
CoTA (Collaborations: Teachers and Artists)	5,000
Depositing Empowerment through Outreach and Urban Redevelopment	5,000
Hillcrest Business Improvement Association	21,693
Indian Fine Arts Academy of San Diego	25,201
Italian American Art and Cultural Association of San Diego	17,843
Jacobs & Cushman San Diego Food Bank	57,272
Karama	7,145
Karen Organization of San Diego	5,000
Kyoto Symposium	16,993
La Maestra Family Clinic, Inc.	7,147
Linda Vista Multi-Cultural Fair, Inc.	8,866
Little Italy Association	19,408
Little Saigon San Diego Foundation	25,454
Mandate Project Impact	20,694
Mariachi Scholarship Foundation	27,529
Media Heritage, Inc.	16,568
Musicians for Education	19,757
Ocean Beach Merchants Association	28,021
Old Town Chamber of Commerce	12,915
Options for All	11,895
Pacific Beach Business Improvement Association	15,105
Pacific Beach Town Council	5,000
Paving Great Futures	9,039
Point Loma Summer Concerts	20,790
Rancho de los Penasquitos Town Council	8,496
Rolando Community Council	7,231
San Diego Architectural Foundation	14,444
San Diego Audubon Society	27,117
San Diego Earth Day	39,085

Fiscal Year 2020 Transient Occupancy Tax Fund Allocations

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ATTACHMENT 4

ORGANIZATION/PROGRAM	FY 20 Allocation
San Diego Film Foundation	85,184
San Diego Lesbian, Gay, Bisexual, Transgender Pride	138,894
San Diego Performing Arts League	5,000
San Diego Shakespeare Society	5,000
San Diego State University Foundation for KPBS	42,484
San Ysidro Improvement Corporation	10,304
Spirit of the Fourth	11,545
Teatro Mascara Magica	5,000
The Bon Temps Social Club of San Diego	119,316
The Cooper Family Foundation	11,215
Torrey Pines Kiwanis Foundation	50,369
Via International	7,158
Arts, Culture, and Community Festivals - Creative Communities Total *	1,388,935
Arts, Culture, and Community Festivals - Public Art Fund	555,771
Arts, Culture, and Community Festivals - Horton Plaza Theatre Foundation	420,000
Arts, Culture, and Community Festivals - Allocation Adjustment	77,396
Arts, Culture, and Community Festivals - Mayor and City Council Allocations	400,000
Office of Boards and Commissions - Arts and Culture Division Administration	1,337,556
Citywide Economic Development	
California Western School of Law	40,000
CONNECT Foundation	40,000
Economic Development Corporation San Diego County	60,000
EvoNexus (formerly CommNexus San Diego)	45,000
Mission Trails Regional Park Foundation, Inc.	40,000
San Diego Venture Group	40,000
Startup San Diego	50,000
Citywide Economic Development Total	315,000
Economic Development and Tourism Support	
Biocom San Diego	40,000
Cabrillo National Monument, Inc	38,200

Fiscal Year 2020 Transient Occupancy Tax Fund Allocations

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ATTACHMENT 4

ORGANIZATION/PROGRAM	FY 20 Allocation
CleanTECH San Diego	38,200
CyberHive, Inc.	38,200
Downtown San Diego Partnership Foundation	38,200
Finnish-American Chamber of Commerce Cal. Chapter, Inc.	28,600
LaunchBio, Inc.	40,000
North Park Organization of Business	40,000
Otay Mesa Chamber of Commerce	40,000
Pro Kids Golf Academy	25,800
San Diego Diplomacy Council	40,000
San Diego French-American Chamber of Commerce	39,500
South County Economic Development Council	40,000
The Maritime Alliance	40,000
The Scintillon Institute	38,200
The Swedish-American Chamber of Commerce in San Diego	20,000
Travelers Aid Society of San Diego	40,000
University of San Diego	40,000
US Green Building Council San Diego Chapter	35,100
Economic Development and Tourism Support Subtotal	700,000
Other	
Business Expansion, Attraction, and Retention (BEAR)	847,200
Economic Development Program Administration	180,000
Other Subtotal	1,027,200
Economic Development - Economic Development and Tourism Support Total	2,042,200
*Funding award recommendations are tentative until June 30, 2019 because a variety of factors in the City's budget process can cause fluctuations in the numbers.	

FY 2020 Capital Improvements Program (CIP) May Revision Adjustment

Attachment 5 (Rev. 5/16/19)

Library

Ocean Beach Branch Library - P18005

Fund	Proposed	Change	Revised
400124 Ocean Beach Urban Comm	\$0	\$48,500	\$48,500

Funding has been added to this project to support the initiation of design efforts. Additionally, CPPS funds from Council District 2 in the amount of \$25,000 have been identified for planned allocation in Fiscal Year 2020. With these allocations a project schedule can be developed, and the project will be converted to a stand-alone project.

Public Utilities

Cielo & Woodman Pump Station - S12012

Fund	Proposed	Change	Revised
700010 Water Utility - CIP Funding Source	\$4,200,000	(\$4,200,000)	\$0

Funding has been removed from this project due to scope changes during design that have delayed construction, and funds are not needed in the project at this time.

La Jolla Scenic Drive 16inch Main - S12009

Fund	Proposed	Change	Revised
700010 Water Utility - CIP Funding Source	\$0	\$316,000	\$316,000

Funding has been added to this project to support construction management for the duration of the project.

* Metropolitan Waste Water Department Trunk Sewers - AJB00001

Fund	Proposed	Change	Revised
700010 Water Utility - CIP Funding Source	\$845,801	\$3,578,909	\$4,424,710
700008 Muni Sewer Utility - CIP Funding Source	\$845,801	\$3,578,909	\$4,424,710

Funding has been added to this project to support expected construction contract awards in FY 2020.

*Revisions made to align with page 24 of the report.

* Otay 1st/2nd PPL West of Highland Avenue - S12016

Fund	Proposed	Change	Revised
700008 Muni Sewer Utility - CIP Funding Source	\$10,000,000	(\$4,000,000)	\$6,000,000
700010 Water Utility - CIP Funding Source	\$10,000,000	(\$4,000,000)	\$6,000,000

Funding has been removed from this project to realign the budget to reflect current cost estimates.

*Revisions made to align with page 24 of the report.

Pipeline Rehabilitation - AJA00002

Fund	Proposed	Change	Revised
700008 Muni Sewer Utility - CIP Funding Source	\$35,066,239	(\$9,391,796)	\$25,674,443

Funding has been removed from this project to realign the budget to reflect current cost estimates.

University Heights Reservoir Rehabilitation - S20002

Fund	Proposed	Change	Revised
700010 Water Utility - CIP Funding Source	\$500,000	\$500,000	\$1,000,000

Funding has been added to this project to support increased design cost estimates.

Water Pump Station Restoration - ABJ00001

Fund	Proposed	Change	Revised
700010 Water Utility - CIP Funding Source	\$477,453	\$1,000,000	\$1,477,453

Funding has been added to this project to support the design phase of a sub-project.

FY 2020 Capital Improvements Program (CIP) May Revision Adjustment

Attachment 5 (Rev. 5/16/19)

Water & Sewer Group Job 816 (W) - S13015

Fund	Proposed	Change	Revised
700010 Water Utility - CIP Funding Source	\$0	\$1,400,000	\$1,400,000

Funding has been added to this project to support increased scope changes and cost estimates.

Transportation Storm Water

Citrus & Conifer Reconstruction Study - P20002

Fund	Proposed	Change	Revised
100012 Infrastructure Fund	\$0	\$300,000	\$300,000

Funding has been added to this project to support the preliminary engineering phase.

Drainage Projects - ACA00001

Fund	Proposed	Change	Revised
400265 CIP Contributions from General Fund	\$0	\$300,000	\$300,000

Funding has been added to this project to support additional storm drain linings in sub-projects.

Maple Canyon Storm Drain Upgrade - S20003

Fund	Proposed	Change	Revised
400265 CIP Contributions from the General Fund	\$0	\$250,000	\$250,000

Funding has been added to this project to support the design phase.

Median Installation - AIG00001

Fund	Proposed	Change	Revised
400265 CIP Contributions from the General Fund	\$0	\$750,000	\$750,000

Funding has been added to this project to support the sub-projects related to Vision Zero.

Minor Bike Facilities - AIA00001

Fund	Proposed	Change	Revised
400265 CIP Contributions from the General Fund	\$0	\$300,000	\$300,000

Funding has been added to this project to support the sub-project related to Phase 3 Downtown Mobility Plan.

SR163/Friars Road - S00851

Fund	Proposed	Change	Revised
400169 TransNet Extension Congestion Relief Fund	\$0	\$2,200,000	\$2,200,000

Funding has been added to this project to support the construction phase.

Street Resurfacing and Reconstruction - AID00005

Fund	Proposed	Change	Revised
100012 Infrastructure Fund	\$1,121,622	(\$300,000)	\$821,622
400169 TransNet Extension Congestion Relief Fund	\$8,919,394	(\$2,200,000)	\$6,719,394

Funding has been removed from this project and transferred to SR163/Friars Road - S00851 to support the construction phase.

Funding has been removed from this project and transferred to Citrus & Conifer Reconstruction Study - P20002 to support the preliminary engineering phase.

Total CIP	\$715,760,542	(\$9,569,478)	\$706,191,064
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THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: May 31, 2019**IBA Report Number:** 19-12**City Council Docket Date:** June 10, 2019**Item Number:** TBD

Recommended City Council Modifications to the Mayor's Proposed FY 2020 Budget and Review of May Revision and FY 2019 Third Quarter Reports

This report presents the Office of the Independent Budget Analyst's final FY 2020 budget review and recommendations for Council budget modifications. The recommendations are based on the following: our analysis of the May Revision to the FY 2020 Proposed Budget (May Revision), the FY 2019 Year-End Budget Monitoring Report (Third Quarter Report), the FY 2019 CIP Year-End Budget Monitoring Report, and the FY 2020 Proposed Budget. Recommendations also reflect our review of Councilmember budget modification memoranda that were submitted to our Office on May 20, 2019 and released separately as IBA Report 19-13, as well as 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 2020 Proposed Budget by the City Council and the IBA, including:

- The IBA's review of the Mayor's FY 2020 Proposed Budget issued on April 26, 2019 as IBA Report No. 19-06
- Departmental and agency budget hearings with the BRC that took place on May 1-3 and May 6-7, 2019
- An evening BRC meeting held on May 1, 2019 and an evening City Council meeting held on May 13, 2019, in order to solicit input from the community on the Mayor's budget proposals and City Council's budget priorities for FY 2020
- The discussion of the May Revision and Third Quarter Report (both of which were released on May 14, 2019) at the BRC on May 17, 2019
- The discussion of the FY 2019 CIP Year-End Budget Monitoring Report at the Active Transportation and Infrastructure Committee on May 22, 2019
- Department of Finance responses to BRC requests for additional information released following BRC hearings

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 2019 THIRD QUARTER REPORT, THE RESULTING EXCESS EQUITY, AND ADDITIONAL RESOURCES FOR FY 2020

The Third Quarter Report describes revenue and expenditure year-end projections based on actual (unaudited) data from July 2018 through March 2019 and includes several requests for authority for City Council approval. We address select components of the Third Quarter Report including General Fund revenues and salaries and wages expenditures, as well as other significant issues, such as homelessness and the Engineering & Capital Projects Fund deficit in Attachment 2 to this report.

Additionally, the Third Quarter Report provides an updated estimate of General Fund Excess Equity, which increased by \$7.4 million since the Mid-Year Report – from \$30.7 million to \$38.1 million. The FY 2020 Proposed Budget and May Revision incorporate the use of most of this Excess Equity into the FY 2020 budget, leaving \$2.5 million in Excess Equity, which is shown in the following table.

Excess Equity Estimate (\$ in millions)	
FY 2019 Beginning Reserve Balance	\$ 227.5
FY 2019 Projected Revenues in Excess of Expenditures ¹	3.4
FY 2019 Year-End Reserve Estimate	\$ 230.9
FY 2019 15.25% Reserve Requirement (includes FY 2019 contribution)	(192.8)
FY 2019 Year-End Excess Equity Estimate	\$ 38.1
FY 2020 Proposed Budget Use of Excess Equity	(30.7)
FY 2020 May Revision Use of Excess Equity	(4.9)
Estimated Available Excess Equity (as of the May Revision)	\$ 2.5

¹ FY 2019 Projected Revenues in Excess of Expenditures does not include the FY 2019 General Fund Reserve contribution, which is incorporated in the "FY 2019 15.25% Reserve Requirement" line.

Subsequent to the Third Quarter Report, the City received a California Department of Finance determination on the 13th Recognized Obligation Payment Schedule (ROPS 13), which disallowed the Park Boulevard At-Grade Crossing project. This disallowance results in an estimated \$1.7 million in additional residual Redevelopment Property Tax Trust Fund (RPTTF) **one-time** funds for FY 2019. It also produces an estimated \$1.8 million in **ongoing** residual RPTTF revenues. For further discussion of the disallowed project see Attachment 2 to this report, under General Fund Revenues. Combining the additional RPTTF monies with the Third Quarter Excess Equity estimate yields \$6.0 million in resources for final Council budget modifications as shown on the following page.

RESOURCES AVAILABLE FOR COUNCIL MODIFICATIONS

The following table summarizes the funding available to City Council for consideration of final budget adjustments and identifies if the resources are one-time or ongoing.

Resources for Final Budget Modifications			
(\$ in millions)	One-time	Ongoing	Total
FY 2019 Excess Equity per Third Quarter Report	\$ 2.0	\$ 0.5	\$ 2.5
Additional RPTTF Revenues	1.7	1.8	3.5
Housing Affordability Program Expenditure Correction ¹	0.1	(0.1)	-
Total Resources	\$ 3.8	\$ 2.2	\$ 6.0

¹ The May Revise includes a \$100,000 reduction to Housing Affordability Program expenditures that was incorrectly included as an ongoing expenditure reduction (a resource in this table), when it should have been a one-time expenditure reduction. This General Fund expenditure was reduced because it is being funded by the General Plan Maintenance Fund. See the Discussion of Selected Significant May Revise Adjustments in Attachment 1 of this report for more information.

RESULTS OF COUNCILMEMBERS' FINAL BUDGET MEMOS AND IBA-RECOMMENDED BUDGET MODIFICATIONS

Following the release of the May Revision and Council's subsequent review at the BRC hearing on May 17, 2019, Councilmembers submitted budget modification memoranda to our Office on May 20, 2019. These memos identified expenditure priorities and potential new funding sources that were not included in the FY 2020 Proposed Budget or May Revision.

Our Office reviewed all budget priorities mentioned in Councilmembers' memos. **We recommend funding those items which are supported by a majority (five or more) of the Council.** Council memos also identified a number of funding opportunities; however, none of them received majority support.

Our recommended additions total \$4.3 million from the General Fund and include all items which received majority support from the Councilmembers and several items that are high priority and/or high impact and can be supported by the available funding discussed above. The table on the following page, titled "Recommended Modifications to the Mayor's FY 2020 Budget", specifies whether items are ongoing or one-time and what resources are available to fund them. Descriptions of the recommended expenditures are discussed following the table. As shown in the table, **\$1.7 million remains available for Council allocation.**

Recommended Modifications to the Mayor's FY 2020 Budget

\$4.3M General Fund	
Ongoing Expenditure Items	Amount
Tree Trimming	\$ 971,000
Lifeguard Positions - 4.00 FTE Lifeguard IIIs	533,000
Deputy City Attorneys Association MOU	478,000
Child Care Coordinator - 1.00 FTE	118,000
Library Programming	100,000
City Attorney - Convert 9.25 FTEs Supplemental to Permanent	-
Total Ongoing Expenditures	\$ 2,200,000
Ongoing Resources	Amount
Ongoing RPTTF	\$ 1,800,000
Ongoing Excess Equity	500,000
Correction to May Revise - Housing Affordability Program	(100,000)
Total Ongoing Resources	\$ 2,200,000
Balance of Ongoing Expenditures/Resources	\$ -
One-Time Expenditure Items	Amount
Storm Water Pipe Re-Lining	\$ 1,100,000
Fire-Rescue Wellness Program	300,000
Chicano Park Museum & Cultural Center Improvements	250,000
Oak Park Library Feasibility Study	250,000
Library Programming	200,000
Total One-Time Expenditures	\$ 2,100,000
One-time Resources	Amount
One-Time Excess Equity	\$ 2,000,000
One-Time RPTTF	1,700,000
Correction to May Revise - Housing Affordability Program	100,000
Total One-Time Resources	\$ 3,800,000
Balance of One-Time Expenditures/Resources	\$ 1,700,000
Grand Total of All General Fund Expenditures	\$ 4,300,000
Grand Total of All General Fund Resources	\$ 6,000,000
Final Balance of All General Fund Expenditures/Resources	\$ 1,700,000

Non-General Fund	
Ongoing Expenditure Items	Amount
Public Utilities - 2.00 FTE Corrosion Engineers (Water Fund)	\$ 187,500

Recommended General Fund Expenditure Additions

Tree Trimming - \$971,000 Ongoing

The Proposed Budget reduced all funding for routine non-palm tree trimming services with a reduction totaling \$1.1 million. As noted in our analysis, this reduction has been in previous proposed budgets but subsequently restored by Council on a one-time basis. **Our final recommendations include partially restoring this funding at \$971,000 on an ongoing basis.** This would increase the number of non-palm trees trimmed by approximately 14,000, from 4,000 to 18,000. A further increase to the \$1.1 million amount would restore funding for an additional 2,000 trees.

Lifeguard Positions (4.00 FTEs) - \$533,000 Ongoing

This item will fund 4.00 FTE Lifeguard III positions on an ongoing basis. Council memos specifically requested adding Lifeguards to the Boating Safety Unit and the Children's Pool/La Jolla Cove on a year-round basis to enhance public safety. The addition of 4.00 FTEs allows for increased staffing of two Lifeguard III positions, assigned seven days per week, to both locations (one for the Boating Safety Unit and one for Children's Pool/La Jolla Cove).

Deputy City Attorneys Association MOU - \$478,000 Ongoing

The FY 2020 Proposed Budget included \$1.0 million as a placeholder for compensation increases for Deputy City Attorneys Association (DCAA) members. Based on recent negotiations with DCAA regarding its FY 2020 labor contract with the City, the \$1.0 million included in the Proposed Budget will need to be increased by \$478,000, for a total of approximately \$1.5 million. **Our budget recommendation includes the \$478,000.**

Child Care Coordinator (1.00 FTE) - \$118,000 Ongoing

Several Council budget memos supported funding to reinstate the Child Care Coordinator position that existed in the City in 2005. **Our office recommends \$118,000 in ongoing funding to create this position.** The Coordinator's role would be to update City Council Policy 300-12: Child Care and the City's 1995 Child Care Work Plan, and pursue ways to increase the accessibility of child care facilities and services for City employees and the City of San Diego. While this item did not achieve majority support, it is a relatively low-cost item that could potentially benefit many City employees and possibly others in need of child care services.

Library Programming - \$300,000 (\$100,000 Ongoing and \$200,000 One-Time)

Our Office recommends \$300,000 (including \$100,000 in ongoing funding and \$200,000 one-time) be added to the Library Department budget to further library programming. This would bring the total library programming budget for FY 2020 up to \$400,000.

City Attorney Supplemental Positions (9.25 FTEs) – \$0 Ongoing

During our review of the FY 2020 Proposed Budget, we noted that the City Attorney's Office had requested to convert 10.25 FTE supplemental positions to permanent positions. Current staff have held these positions since as early as March 2012 to as recently as March 2018. The May Revision adds one of these positions, the Assistant City Attorney. **Our office recommends adding the remaining filled supplemental positions of 7.25 FTE Deputy City Attorneys and 2.00 FTE Program Coordinators for \$1,285,703, with an offsetting increase in budgeted vacancy savings, resulting in a net zero impact to the General Fund budget.**

Storm Water Pipe Re-Lining - \$1.1M One-Time

Several budget memos expressed a desire to restore funding for storm water channel maintenance, which is reduced in the Proposed Budget from 6 to 4 channels per year (a total reduction of \$1,000,000). The Transportation & Storm Water Department indicates that, even with enhanced funding, it is unlikely that they will be able to address more than 4 storm water channels this year due to current renegotiations regarding storm water channel permits.

In lieu of additional funding for channel maintenance, we recommend providing additional funding for storm drain lining projects. The Proposed Budget and the May Revision contain a total of \$1,167,000 for storm drain lining projects, as discussed in Attachment 1. This funding is enough for approximately 6.5 locations, or 2,275 linear feet of pipe repair. However, this is still less than half of the \$2.6 million requested by the department, which is facing a significant backlog in projects related to storm drain infrastructure. **Our final recommendations include increasing the transfer to the CIP by an additional \$1.1 million on a one-time basis.** This would increase the total amount of locations addressed to 13, covering approximately 4,550 linear feet of pipe repair.

Fire-Rescue Wellness Program - \$300,000 One-Time

An additional \$300,000 is needed to fully fund the contract for the Fire-Rescue Wellness Program and avoid reducing health and wellness services for the City's Fire-Rescue personnel. **Our final recommendations include adding this \$300,000 as one-time funding for the Fire-Rescue Wellness Program.**

Chicano Park Museum & Cultural Center Improvements - \$250,000 One-Time

Our Office recommends \$250,000 for Chicano Park Museum and Cultural Center improvements. This is a current capital improvement project (S18008). The FY 2020 Proposed Budget reflects almost \$1.0 million available for the project but there are many needed improvements, including asbestos abatement and roof repair. This funding would support HVAC replacement and an enhanced HVAC system to be installed in some parts of the facility.

Oak Park Library Feasibility Study - \$250,000 One-Time

Our Office recommends \$250,000 for a feasibility study for the Oak Park Library. This would result in the creation of a new capital improvement project. The feasibility study would examine the library's needs and evaluate the suitability of the existing site, including associated constraints. The study would also offer program layout options which would become the basis of the design.

Recommended Non-General Fund Expenditure AdditionsPublic Utilities Corrosion Engineers (2.00 FTEs) - \$187,500 Ongoing

This item will fund 1.00 Associate Engineer – Corrosion and 1.00 Assistant Engineer – Corrosion for a total of \$187,499 in ongoing funding in the Water Operations Fund of the Public Utilities Department. The department currently has 6.00 FTE corrosion engineering positions (1.00 FTE Senior Corrosion Specialist, 2.00 FTE Associate Engineer-Corrosion, 1.00 FTE Assistant Engineer-Corrosion, and 2.00 FTE Principle Corrosion Engineering Aides). This addition will bring the total up to 8.00 FTE positions working towards identifying and preventing water main breaks in the City.

POTENTIAL USES FOR REMAINING \$1.7M IN ONE-TIME RESOURCES

As discussed earlier in our report, after funding our recommended items which total \$4.3 million, \$1.7 million in one-time funding remains available for Council allocation.

Option 1	Department	Amount
Remain as Excess Equity for FY 2020		\$ 1,700,000
Total Option 1		\$ 1,700,000

Option 2	Department	Amount
Additional Storm Water Pipe Re-Lining (for total \$1.5 million)	Transportation & Storm Water	\$ 400,000
Initiate Emerald Park General Development Plan Amendment	Planning	400,000
Climate Action Resiliency Study	Sustainability	300,000
Additional Companion Unit Fee Waivers (for total \$800,000)	Citywide Program Expenditures	200,000
1.00 City Council Government Affairs Coordinator ¹	Council Administration	150,000
1.00 City Council Public Communications Position ¹	Council Administration	150,000
Additional Tree Trimming (for total \$1.1 million)	Transportation & Storm Water	100,000
Total Option 2		\$ 1,700,000

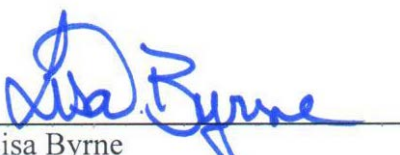
¹ For one or both Council Administration positions to be funded as an ongoing expenditure, one-time funds could be swapped for a portion of ongoing tree trimming funds. This would not change the amount of tree trimming funding for FY 2020.

FINAL BUDGET ACTIONS

In order to approve the FY 2020 budget, the City Council is being asked to approve the following three actions:

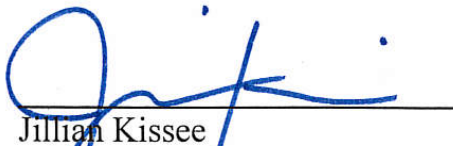
1. Approve the Mayor's FY 2020 Proposed Budget, as modified by the Mayor's May Revision.
2. Approve the Independent Budget Analyst's recommended final budget modifications included in IBA Report 19-12 in the table entitled "Recommended Modifications to the Mayor's FY 2020 Budget", and as modified by the City Council.
3. Approve the Independent Budget Analyst's Option 1 or Option 2 for the remaining \$1.7 million available as reflected in IBA Report 19-12, and as modified by the City Council.


Chris Olsen
Fiscal & Policy Analyst



Lisa Byrne
Fiscal & Policy Analyst

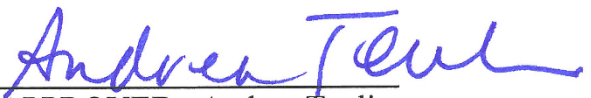


Angela Colton
Fiscal & Policy Analyst

Baku Patel
Fiscal & Policy Analyst

Jillian Kisse
Fiscal & Policy Analyst

Jordan More
Fiscal & Policy Analyst

Jeff Kavar
Deputy Director

APPROVED: Andrea Tevlin
Independent Budget Analyst

Attachments:

1. IBA Review of the May Revision to the FY 2020 Proposed Budget
2. IBA Review of the FY 2019 Third Quarter Budget Monitoring Report

IBA Review of the May Revision to the FY 2020 Proposed Budget

Our Office has reviewed the additions included in the May Revision and notes no significant concerns. In the discussion that follows, we highlight selected items included in the May Revision that may be of particular interest to the City Council or provide additional information.

General Fund Adjustments

The May Revision increases the Mayor's FY 2020 General Fund expenditures budget to approximately \$1.58 billion, a \$6.7 million or 0.4% increase over the Proposed Budget. This increase in expenditures is supported by \$4.9 million of Excess Equity and a net increase of \$1.8 million in General Fund revenues, as displayed in the table below. Overall, our Office considers the use of these resources to be appropriate.

Resources for May Revise Expenditures	
Use of Excess Equity	\$ 4,886,594
Department Revenue ¹	3,406,226
Major General Fund Revenue ²	(1,580,479)
Total Resources	\$ 6,712,341

¹ The largest increases in department revenue include \$2.4 million related to shared dockless mobility device regulations and \$1.6 million in revenue from CivicSD downtown planning/permitting and parking program functions, which are being restructured into the General Fund. The largest offsetting decrease includes \$1.6 million in Mission Bay area lease revenues resulting from the exchange of rent credits for contractual services.

² The net decrease in major General Fund revenue includes a \$2.0 million decrease in Property Tax revenue due to updated projections and the removal of residual RPTTF that had been anticipated from the sale of "Skateworld" and other properties. The largest offsetting increases include \$287,000 in Franchise Fee revenue and \$191,000 in Sales Tax revenue.

In the table on the following page, we summarize all General Fund revenue and expenditure adjustments included in the May Revision. This table identifies the Department and any positions and/or revenue associated with each line item.

Summary of General Fund May Revision Adjustments				
Ongoing Revenue & Expenditure Adjustments	Department	FTE	EXP	REV
Shared Dockless Mobility Device Permit Revenue	Development Services	-	\$ -	\$ 2,400,000
Other Departmental Revenue	Various	-	-	500,025
Franchise Fees	Major Revenue	-	-	287,256
Sales Tax	Major Revenue	-	-	191,206
Other Major General Fund Revenue	Major Revenue	-	-	31,830
Transient Occupancy Tax	Major Revenue	-	-	(44,178)
Property Tax	Major Revenue	-	-	(1,044,382)
Downtown Planning, Permitting and Parking	Smart & Sustainable Comm.	9.00	1,618,450	1,618,450
Brush Management and Abatement ¹	Transp. & Storm Water	-	900,000	-
Brush Management and Abatement ¹	Parks & Recreation	-	626,000	-
Homelessness Coordination	Neighborhood Services	3.00	420,106	-
Employee Assistance Program Expansion	Human Resources	-	250,000	-
Long-Range Planning Support	Planning	2.00	237,060	237,172
SANDAG Member Agency Assessment	Citywide Program Exp.	-	234,817	-
Assistant City Attorney - Administration Division	City Attorney	1.00	230,996	-
Restoration of Park Rangers	Parks & Recreation	3.00	205,086	-
Enterprise Asset Management & Get it Done	Transp. & Storm Water	2.00	161,695	-
Civic Engagement and Community Outreach	Planning	1.00	151,651	151,707
Program Coordinator Data Manager	Performance & Analytics	1.00	149,872	-
Public Records Act Program Support	Communications	1.00	136,378	-
Facilities Services Division Restructure	Real Estate Assets	1.00	135,878	-
LGBTQ+ Coordinator	Office of the Mayor	1.00	116,786	-
Property Dispositions	Real Estate Assets	1.00	98,816	98,872
Restoration of Associate Personnel Analyst	Personnel	1.00	95,306	-
Tree Planting Services	Transp. & Storm Water	-	77,800	-
Education and Training Programs	Ethics Commission	0.50	77,374	-
Collection Programs Administrative Support	Environmental Services	0.60	50,219	-
Civilian Position Proposed Reduction Revision	Police	-	15,185	-
Grants Management Support	Government Affairs	-	7,203	-
Citywide Maintenance for New Facilities Revision	Parks & Recreation	-	4,102	-
Office of Homeland Security Restructure	Police & Homeland Security	-	(52,520)	-
Helicopter Mechanics	Fire-Rescue	2.00	(94,449)	-
Contributions to Maintenance Assessment Districts	Parks & Recreation	-	(227,736)	-
STRO Compliance Software License	City Treasurer	-	(250,000)	-
Salary and Fringe Benefit Adjustment	All	-	(498,012)	-
Mission Bay RV Park Management ²	Real Estate Assets & Citywide	-	(2,200,000)	(1,600,000)
Subtotal Ongoing Adjustments		30.10	\$ 2,678,063	\$ 2,827,958
One-Time Revenue & Expenditure Adjustments	Department	FTE		Revenue
Property Tax (One-time Loss of Residual RPTTF)	Major Revenue	-	\$ -	\$ (1,002,211)
Vision Zero CIP Projects	Citywide Program Exp.	-	750,000	-
Get It Done Mobility Development Resources	Performance & Analytics	-	350,000	-
Brush Management and Abatement ¹	Transp. & Storm Water	-	350,000	-
Downtown Mobility Plan Phase III CIP Project	Citywide Program Exp.	-	300,000	-
Storm Drain Lining CIP Projects	Citywide Program Exp.	-	300,000	-
Companion Unit Fee Waiver Program	Citywide Program Exp.	-	300,000	-
Private Property Graffiti Abatement	Transp. & Storm Water	-	300,000	-
Mobility Action Plan	Transp. & Storm Water	-	250,000	-
Pay Equity Study	Performance & Analytics	-	250,000	-
Police Officer Homebuyer Down Payment Assistance	Police	-	250,000	-
Clean SD Expansion	Environmental Services	-	200,000	-
Disparity Study	Purchasing & Contracting	-	200,000	-
Corral Painting for Dockless Mobility Devices	Transp. & Storm Water	-	150,000	-
Diversity Training	Fire-Rescue	-	150,000	-
Dockless Mobility Traffic Enforcement	Police	-	150,000	-
Dedicated Bus Lane Pilot on El Cajon Blvd	Transp. & Storm Water	-	100,000	-
Vision Zero Education	Communications	-	100,000	-
Housing Affordability Program ³	Planning	-	(100,000)	-
Community Projects, Programs, and Services	Council Districts 1-9	-	(126,172)	-
Reduction of Excess Stadium Negotiation Contract	Citywide & Real Estate Assets	-	(189,550)	-
Subtotal One-Time Adjustments		-	\$ 4,034,278	\$ (1,002,211)
Total Adjustments		30.10	\$ 6,712,341	\$ 1,825,747

¹ Total Brush Management and Abatement adjustment is \$1,876,000.

² Combines the reductions in Property Management (\$600,000) and Transfer to the Mission Bay Park Improvements Fund (\$1.6 million).

³ Recategorized from Ongoing to One-Time

Discussion of Select General Fund May Revision Adjustments**Mobility Programming - \$2.4 million**

On May 14, 2019, Council approved an ordinance regulating shared dockless mobility devices, which included a charge for the use of City-owned property by each shared mobility device put into operation. The revenue associated with this charge is estimated to total \$2.4 million in FY 2020 on an ongoing basis. For FY 2020, the May Revision has proposed additional mobility-related items, as further described below.

- \$750,000 for a transfer to the CIP to complete various Vision Zero projects
- \$350,000 in one-time non-personnel expenditures for the Performance & Analytics Department to enhance Get It Done to accommodate user reporting related to the new regulations
- \$300,000 transfer to the CIP for the preliminary design of the Phase III Downtown Mobility Plan
- \$250,000 for the Mobility Action Plan in the Transportation & Storm Water Department. This funding was mentioned in our analysis as an unfunded request, and the project was previously known as the Strategic Transportation Optimization Program (STOP) Guide
- \$150,000 in Police for the creation of a dockless mobility enforcement program, which will be matched with grant funds
- \$150,000 for scooter and dockless mobility device corral painting. This is part of the overall dockless mobility directive
- \$150,000 for 1.00 FTE Program Coordinator who will serve as a data manager, responsible for overseeing enhancements to Get It Done and to coordinate data analysis among City departments and private mobility device companies
- \$162,000 for 2.00 FTE positions in Transportation & Storm Water, including a Principal Utility Supervisor and a Dispatcher to support Enterprise Asset Management and Get It Done related work. These positions were noted in our analysis as unfunded requests of the department
- \$100,000 for a dedicated bus lane pilot on El Cajon Boulevard from Park Boulevard to Fairmont Avenue
- \$100,000 in the Communications Department for Vision Zero Education

Brush Management - \$1.9 million

The May Revision includes \$1.9 million in additional expenditures for brush management and abatement, of which \$350,000 is one-time. The expenditures are allocated within the budgets for the Parks and Recreation Department and Transportation & Storm Water Department.

For Transportation & Storm Water, \$900,000 in ongoing expenditures and \$350,000 in one-time expenditures will be utilized for brush management and abatement in the public right-of way. This includes \$200,000 that will be used for high priority cases referred to the department from the Fire Marshal, with the balance of the funding to be used to mitigate 300 locations citywide in FY 2020. On an ongoing basis, funding will be included for the Fire Marshal cases as well as 200 locations citywide.

For Parks and Recreation, \$626,000 in ongoing expenditures will maintain brush abatement in Open Space areas at FY 2019 service levels, which equates to 509 acres per year.

Downtown Planning, Permitting, and Parking - \$1.6 million

Due to a legal settlement between the City, Civic San Diego, and the San Diego Building & Construction Trades Council, the City will be reassuming the planning, permitting, and parking district functions for the downtown area. In order to take on these responsibilities, the May Revision adds 9.00 FTE positions and \$1.6 million in expenditures to support these functions. This action also adds \$1.6 million in revenue which is derived from permitting revenue, parking district revenue, and the General Plan Maintenance Fund. The City Council still needs to approve the final terms of the settlement, which will be presented on June 4th.

Additional Positions for Homelessness Coordination - \$420,000

The May Revision provides an additional 3.00 FTE positions and \$420,000 in General Funds to support the City's homelessness programs. This is in addition to the 3.00 FTE positions and \$286,000 provided in the FY 2020 Proposed Budget. The May Revision positions are ongoing while two of the three positions provided in the Proposed Budget are limited-term. If the positions provided in the Proposed Budget and the May Revision are approved, the City would have a total of 8.00 FTE positions to support homelessness programs. With the combined positions, staff intends to, among other things:

- Better respond to existing issues and requests
- Develop and implement programs approved by Council funded by state Homeless Emergency Aid Program (HEAP) funds
- Monitor the effectiveness of City programs and whether they meet the needs of homeless individuals
- Ensure programs align with an overarching strategy, including alignment with housing policies
- Implement recommendations from the City's Strategic Plan on Homelessness expected to be released in summer 2019

More specifically, two analyst positions provided in the Proposed Budget would largely develop and monitor programs, manage related contracts, and ensure compliance related to state HEAP funds. The third analyst position, which is currently filled, will also do limited work on HEAP programs. However, this position will primarily work on broader program development, stakeholder engagement, and strategic planning. One Program Manager proposed in the May Revision would oversee these functions. The May Revision also proposes another Program Manager to oversee financial and administrative activities, as well as provide program monitoring and performance improvement. The third position proposed in the May Revision, a Program Coordinator, would support these functions. Staff intends to adjust position duties based on needs.

Planning Department Positions - \$389,000

The May Revision includes the addition of 1.00 Program Manager and \$152,000 in expenses for the Planning Department to develop and manage a new Civic Engagement and Community Outreach program within the Planning Department. The program is expected to be focused on engaging with residents, Community Planning Groups, and other stakeholders to share

information, solicit feedback, and drive public participation as the department prepares long range planning initiatives. It is also anticipated that the Program Manager will manage reform efforts in response to both the City Auditor's Performance Audit and the Grand Jury's report on Community Planning Groups.

Also included in the May Revision is the addition of 2.00 FTEs and \$237,000 in expenses to support the Planning Department's long-range planning initiatives, including community plan updates. The positions include 1.00 Senior Traffic Engineer and 1.00 Associate Planner.

Revenue from the General Plan Maintenance Fund fee increase are included as a transfer to fully support all three positions added in the May Revision.

Storm Drain Lining Projects - \$300,000

The May Revision includes an additional \$300,000 in General Fund support to the CIP for storm drain lining projects. This funding is in addition to the \$867,000 included in the Proposed Budget for this purpose from the Infrastructure Fund. As mentioned in our analysis, the Transportation & Storm Water department initially requested \$2.6 million in funding for this purpose, which is used to repair and extend the useful life of a pipe that is currently minimally impacted or compromised. This potentially precludes the need for emergency repairs of these pipes in the future, and this practice was highlighted in the most recent audit of the Storm Water Division.

Companion Unit Fee Waiver Program - \$300,000

The May Revision includes the addition of \$300,000 in one-time funds within the Citywide Program Expenditures budget to provide additional funding for the Companion Unit Fee Waiver Program. The funding for this Program is utilized to reimburse the Public Utilities Department for water and sewer capacity fees that cannot be waived and that otherwise would need to be paid by companion unit permittees. This addition, together with \$300,000 in one-time funds that were included in the Proposed Budget, brings the total budget to \$600,000 for FY 2020.

In FY 2019, the Adopted Budget included \$300,000 for the Program. According to the Development Services Department, this funding was spent down within six months supporting the permitting of 84 companion units. Based on this experience, the FY 2020 funding level is reasonable.

Private Property Graffiti Abatement - \$300,000

As mentioned in our analysis, the Proposed Budget removed one-time funding for private property graffiti abatement, which had been reduced in prior proposed budgets and restored by the Council. The May Revision restores this funding for FY 2020, again on a one-time basis.

Restoration of Park Rangers - \$205,000

The May Revision includes the restoration of 3.00 Park Rangers and \$205,000 in expenses that were reduced in the FY 2020 Proposed Budget as a budget reduction measure for the Parks and Recreation Department.

Clean SD Expansion - \$200,000

The May Revision includes an additional \$200,000 in one-time expenditures within the Environmental Services Department (ESD) for the Clean SD Program. This program was expanded in the Proposed Budget with one-time funds totaling \$2.7 million specifically intended to increase service levels for litter removal to occur 24 hours, 7 days per week and to add a second waste abatement shift. With this addition in the May Revision, service areas are expected to be increased. A draft workplan has been prepared which identifies specific service areas that will be targeted given the total \$2.9 million in additional funding for FY 2020. The department plans to provide a briefing to each Council office on the work plan prior to Council's final budget deliberations on June 10th.

Disparity Study - \$200,000

During our review of the FY 2020 Proposed Budget, we noted that the \$200,000 of General Fund budget in FY 2019 for a disparity study would not be spent and recommended it be re-budgeted in FY 2020. This adjustment is included as one-time funding in the May Revision. This brings the total allocation for the disparity study to \$1.0 million for FY 2020, of which \$800,000 is from the Engineering and Capital Projects Fund for study of CIP contracts.

The full cost of a disparity study is still unknown. Our office had estimated \$1.0 million minimum cost in FY 2016 and noted that the scope of the study would impact the cost. Based on the discussion at the Budget Hearing on May 3, 2019, Council supports a broad RFP to evaluate conducting the study on the full scope of City contracts. In addition, the study is likely to span multiple fiscal years. Further discussion of the costs and appropriate allocation among all impacted funded sources is expected to occur in the fall, following the results of the RFP.

Tree Planting - \$77,800

As mentioned in our analysis, the Proposed Budget contained a reduction for tree planting services that was made in error. The May Revision restored this funding.

Housing Affordability Program

The Proposed Budget included \$100,000 in one-time expenditures in the Planning Department's General Fund budget to support the development of additional Housing Affordability Program initiatives under the Housing SD plan. The May Revision replaces this funding with an equal amount of revenue projected from the General Plan Maintenance Fund fee increase, thereby reducing the General Fund expenditure. We note that the May Revision incorrectly reflected this adjustment as a reduction to *ongoing* expenditures, when it should be a *one-time* reduction. As a result, ongoing resources available for final budget modifications must be adjusted downward by \$100,000 and available one-time resources are increased by \$100,000. This correction is accounted for in our discussion of available resources for final budget modifications earlier in this report.

Discussion of Select Non-General Fund May Revision AdjustmentsDevelopment Services Fund - \$4.7 million

The May Revision includes the addition of 41.00 FTEs and \$4.7 million in expenditures in the Development Services Fund (DSF). The majority of these additions, 24.00 FTEs and \$2.2 million in expenditures, is for dedicated 5G permitting staff. The additional staff is necessary to be

compliant with federal and state laws, including the Spectrum Act, which imposes mandated review and approval timeframes for wireless carrier facilities. Consequences of not meeting these timeframes may result in some permit applications to be “deemed granted” under federal and state law, as well as the potential for litigation to force the City to approve applications based on a failure to process the application in a timely manner.

The proposed staffing level was determined by DSD based on projected workload information provided by each wireless carrier estimated to result in approximately 6,500 – 10,000 additional permits annually. Given that this new staff will be expected to fully address all the Department’s 5G workload, existing staff will have a greater capacity to complete SDG&E and other non-utility driven permits. According to the Department, SDG&E projects are currently limited to 20 per week; it is the Department’s goal to increase this to 40-60 projects weekly. Expenditures for this additional staff is expected to be fully offset by revenue from permitting activities; we note, however, that revenue generated from these positions is budgeted at 50% of budget expenditures (or \$1.1 million) given the department’s expectation of filling these positions mid-fiscal year.

Also notable is the addition of 10.00 FTEs and \$952,000 in expenditures for residential permitting staff. The additional staff will accelerate turnaround times for the inspection of structural, plumbing, mechanical, electrical and fire sprinkler installations associated with one and two-family residential homes, townhomes, and accessory dwelling/companion units. Similar to the assumption for the 5G permitting staff, revenue generated from these positions is budgeted at 50% of budget expenditures (or \$476,000).

In addition to \$1.5 million in revenue generated from the positions discussed above, \$2.0 million of additional revenue is included in the May Revision from a 3.3% user fee increase. This increase percentage was determined in order to offset recently approved special salary increases (\$1.6 million) and pension cost increases (\$400,000). The City Attorney’s Office has indicated that authority to implement this fee increase currently exists through a 2009 Council Resolution (R-305326) which allowed for annual adjustments to DSD’s fees to account for Council approved changes in staff salary and fringe benefit costs, as well as overhead.

General Plan Maintenance Fund - \$1.8 million

The City Council approved the Planning Department’s Fee and Deposit schedule on April 8, 2019, which included an increase to the General Plan Maintenance Fund (GPMF) Fee from \$275 to \$450 per applicable permit application. The May Revision includes \$1.8 million in additional revenue projected as a result of the fee increase. This additional revenue will be utilized to offset General Fund funding that would otherwise be necessary for several adjustments to the Planning Department’s General Fund budget in the May Revision. As discussed earlier (in Attachment 1), this includes a total of \$389,000 in funding for 3.00 FTEs added to the Planning Department’s General Fund budget, as well as \$100,000 to replace funding for Housing Affordability Program initiatives that was reduced in the General Fund budget in the May Revision. GPMF funds will also be used to entirely mitigate impacts from the reduction of \$297,000 of NPE for long-range planning that was included in the Proposed Budget.

IBA Review of the FY 2019 Third Quarter Budget Monitoring Report

Overall, our Office concurs with the year-end expenditure and revenue projections included in the FY 2019 Third Quarter Report. Additionally, the Third Quarter Report appropriation adjustment requests appear reasonable. Note that any remaining deficits at year-end are planned to be remedied through use of the 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, expenditure variances in salaries and wages, as well as significant issues identified by our Office, are discussed in the following sections.

General Fund Revenues

FY 2019 General Fund revenues are projected to be approximately \$1.48 billion at fiscal year-end, \$44.9 million or 3.1% above the FY 2019 Adopted Budget, and \$3.7 million over the FY 2019 Mid-Year Budget Monitoring Report projection, as displayed on the following table.

FY 2019 Projected General Fund Revenue (\$ in millions)					
Revenue Source	Adopted Budget	Mid-Year Projection	Year-End Projection	Variance: Adopted to Year-End	Variance: Mid-Year to Year-End
Major General Fund Revenues					
Property Tax	\$ 560.0	\$ 566.7	\$ 567.8	\$ 7.8	\$ 1.1
Sales Tax	282.1	301.9	302.1	20.0	0.2
Transient Occupancy Tax	128.4	130.3	131.8	3.4	1.5
Franchise Fees	77.1	79.1	79.3	2.2	0.2
Other Major Revenues	88.8	89.7	92.3	3.5	2.6
Subtotal Major Revenues	\$ 1,136.4	\$ 1,167.7	\$ 1,173.3	\$ 36.9	\$ 5.6
Department Revenues	300.2	310.1	308.2	8.0	(1.9)
Total	\$ 1,436.6	\$ 1,477.8	\$ 1,481.5	\$ 44.9	\$ 3.7

Note: Table may not total due to rounding.

Our Office agrees with the revenue projections in the Third Quarter Report. Generally, projections were revised from the Mid-Year Report based on actual revenue receipts through the third quarter of FY 2019. This results in minor increases for Sales Tax and Franchise Fees and a \$1.5 million increase in Transient Occupancy Tax projected for FY 2019.

Property Tax is projected to be \$1.1 million higher than projected in the Mid-Year Report due to higher than anticipated residual Redevelopment Property Tax Trust Fund (RPTTF) dollars from property sales closing more quickly than expected, as well as higher anticipated revenues due to an adjustment made by the State Department of Finance (DOF) for a prior period adjustment.

Subsequent to the release of the Third Quarter Report, a letter was issued containing the final determinations from the State DOF concerning the Recognized Enforceable Obligations Schedule (ROPS) 13. In this letter, the State DOF has denied the eligibility for the capital project known as Park Boulevard At-Grade Crossing to be funded through the RPTTF allocation. This denial

reduces the ROPS RPTTF commitment by \$9.5 million in FY 2019, which results in an additional amount of Excess Equity to the City's General Fund of \$1.7 million (the City receives 18% of the total apportionment). In addition, the FY 2020 Proposed Budget and May Revision for Property Tax assumed that the next ROPS schedule would also include \$9.7 million for this project. With this denial, the residual RPTTF funding is estimated to increase by an additional \$1.8 million on an ongoing basis.

General Fund Expenditures

As of the Third Quarter Report, projected year-end General Fund expenditures of \$1.48 billion are \$19.4 million higher than the FY 2019 Adopted Budget¹, or 1.33%. A portion of the variance was addressed with \$11.9 million in mid-year budget adjustments, including the addition of the following Police Department appropriations: \$4.2 million for fixed fringe, \$3.0 million for overtime, and \$3.4 million for supplies and contracts. Other General Fund expenditure increases since the Mid-Year Report include \$4.9 million in additional fringe benefits and \$3.4 million in additional NPE. The Department of Finance has provided explanations for many of the budget variances in the Third Quarter Report.

Salaries and wages are projected to be lower than the Adopted Budget by a net \$504,000. However, there are significant overages in overtime and other wage components which are offset by additional vacancy savings that are above budgeted vacancy savings. Our report discusses those aspects in the following pages.

Salaries and Wages

The following table compares the FY 2019 Third Quarter expenditure projections to the Adopted Budget for various salaries and wages categories. The fourth column shows that salaries and wages in total are projected to be \$504,000 lower than what was included in the FY 2019 Adopted Budget.

Looking at the separate rows in the table, we can see that there is \$19.5 million in salary savings, primarily related to higher vacancies than anticipated in the Adopted Budget. We can also see that this \$19.5 million in vacancy savings offsets overages in other salaries and wages categories: special pay, overtime, hourly wages, vacation pay-in-lieu, and termination pay.

The most significant overage, \$13.7 million in overtime, is largely related to the Fire-Rescue and Police Departments – \$7.4 million and \$4.6 million, respectively. Note that an additional \$2.7 million in Police overtime is being projected in the Seized Assets Fund, for a total overage of \$7.3 million for the Police Department. This is a departure from past practice, where all Police overtime was included in the General Fund. We have concerns regarding transparency and year-over-year comparability with overtime split between two funds. Note that the FY 2020 Proposed Budget also includes Police overtime in the Seized Assets Fund.

¹ Budget and projected expenditures totals in this analysis and the Third Quarter Report do not include amounts for the FY 2019 General Fund reserve contribution.

FY 2019 Salaries and Wages Expenditures - General Fund				
	Adopted Budget	3d Quarter Projections	Variance: 3d Quarter to Adopted ¹	Variance %: 3d Qtr. to Adopted
Salaries	\$ 467,332,700	\$ 447,805,800	\$ (19,526,900)	-4.2%
Special Pay	32,345,900	34,025,900	1,680,000	5.2%
Overtime	66,633,600	80,344,600	13,711,000	20.6%
Hourly	13,534,800	14,180,200	645,400	4.8%
Vacation Pay-in-Lieu of Annual Leave	6,881,900	8,529,100	1,647,200	23.9%
Termination Pay	2,368,700	3,708,100	1,339,400	56.5%
Total	\$ 589,097,600	\$ 588,593,700	\$ (503,900)	-0.1%

Note: Table may not total due to rounding.

¹Positive variances are overages, or spending above budget levels. Negative variances are spending below budget levels.

The next table displays FY 2019 projected departmental spending variances (as compared to the Adopted Budget) for various salaries and wages categories. The total salaries and wages spending variance of \$504,000 – which is the net of all categories’ overages and under-budget spending – is shown in the right-most column. A majority of departments’ under-budget salaries more than offset over-spending in the other salaries and wages categories. However, the Police Department has a net overage of \$6.1 million, which is largely related to overtime.

Variances for Salaries and Wages Expenditures - General Fund							
Variances: FY 2019 Third Quarter to Adopted Budget	Salaries	Overtime	Special Pay	Hourly	Vacation Pay-in-Lieu	Termination Pay	Total Salaries and Wages
Fire-Rescue	\$ (8,113,000)	\$ 7,350,700	\$ 665,800	\$ 430,700	\$ (868,200)	\$ (133,100)	\$ (667,100)
Police	(480,200)	4,621,200	886,400	136,700	337,600	555,600	6,057,300
Parks and Recreation	(1,801,700)	443,400	55,800	(98,100)	189,200	55,900	(1,155,500)
Facilities Services	(1,259,900)	412,800	22,600	200	132,800	9,200	(682,300)
Transportation & Storm Water	(1,755,300)	62,000	471,500	(57,000)	181,700	45,600	(1,051,500)
City Treasurer	(521,600)	(15,200)	(5,400)	(800)	48,100	(20,600)	(515,500)
Environmental Services	(695,800)	674,100	1,800	600	127,900	13,500	122,100
City Attorney	(802,400)	27,700	(375,600)	258,000	389,700	206,600	(296,000)
Development Services	(463,100)	(59,300)	1,600	9,200	41,900	21,200	(448,500)
Planning	(408,900)	5,000	8,400	(3,500)	55,000	7,200	(336,800)
Purchasing & Contracting	(450,400)	20,000	700	(29,600)	44,600	41,300	(373,400)
Library	(498,700)	55,900	(44,800)	4,900	97,000	50,400	(335,300)
Other Departments	(2,276,100)	112,800	(8,600)	(6,000)	869,700	486,500	(821,700)
Total	\$ (19,527,100)	\$ 13,711,100	\$ 1,680,200	\$ 645,300	\$ 1,647,000	\$ 1,339,300	\$ (504,200)

Note: Table may not total due to rounding.

¹Positive variances are overages, or spending above budget levels. Negative variances are spending below budget levels.

Vacancy Savings

Under-budget salaries – again primarily due to vacancies and totaling \$19.5 million – are shown in the second column of the table above. This \$19.5 million in vacancy savings is *in addition* to the \$33.2 million in budgeted vacancy savings for 2019. Adding the budgeted vacancy savings to

the additional vacancy savings yields a total vacancy savings of \$52.7 million. This \$52.7 million in projected vacancy savings is approximately \$9.0 million higher than the \$43.8 million projected in the Mid-Year Report, as shown in the following table.

Variances for Salaries Expenditures - General Fund			
Department	Mid-year Projection	3d Quarter Projection	Projection Change
Fire-Rescue	\$ 77,289,700	\$ 73,179,100	\$ (4,110,600)
Police	181,719,100	181,818,900	99,800
Parks and Recreation	31,848,500	31,064,800	(783,700)
Facilities Services	10,473,200	10,224,000	(249,200)
Transportation & Storm Water	31,794,100	30,782,500	(1,011,600)
City Treasurer	7,438,200	6,890,900	(547,300)
Environmental Services	8,371,300	8,182,700	(188,600)
City Attorney	30,896,600	30,610,400	(286,200)
Development Services	4,008,200	3,817,000	(191,200)
Planning	4,606,800	4,429,500	(177,300)
Purchasing & Contracting	3,083,400	2,849,400	(234,000)
Library	17,531,700	17,086,600	(445,100)
Other Departments	47,714,100	46,869,900	(844,200)
Total	\$ 456,774,900	\$ 447,805,700	\$ (8,969,200)

Note: Table may not total due to rounding.

Additionally, for a historical perspective, the City's actual vacancy savings has been trending higher than budgeted amounts as shown in the table below.

Vacancy Savings Comparison - General Fund			
(\$ in millions)	Budgeted Vacancy Savings	Additional Vacancy Savings	Actual/ Projected Vacancy Savings ¹
FY 2019	\$33.2	\$19.5	\$52.7
FY 2018	\$29.7	\$19.9	\$49.6
FY 2017	\$30.4	\$15.7	\$46.1
FY 2016	\$21.5	\$21.9	\$43.4

Note: Table may not total due to rounding.

¹FY 2016 through FY 2018 are actual amounts; FY 2019 is the 3d Quarter projected amount.

Adjustments have been made within the FY 2020 Proposed Budget. Vacancy savings has increased to \$36.4 million (which reduces budget for salaries by that amount); and there have been 44.35 FTE reductions, which decrease budgeted salaries expenditures by \$2.4 million. Any additional reduction in expenditures for salaries could free up budget for other program areas.

We caution, however, that for several years, higher vacancy savings have served as a funding source for overages in other salaries and wages categories. Ensuring that all other salaries and

wage expenditures (overtime, special pays, hourly wages, vacation pay-in-lieu, termination pay) have sufficient funding levels will be important if positions are eliminated and salaries are reduced. Reducing total salaries and wages by eliminating funded positions (or alternatively, by increasing vacancy savings) could leave less of a cushion for other salaries and wages overages – which could pose a difficulty if those other salaries and wage types do not have sufficient budget.

At the Budget & Government Efficiency Committee (B&GE) meeting on January 31, 2019, Chair Bry commented that she would like to have a working group analyze a process to address staffing and vacancy issues, as well as how much more compensation is needed to attract talent. During the April 10, 2019 B&GE meeting, the Department of Finance took the first step related to pending analysis of vacancies and staffing issues by presenting a “Vacancies 101” informational report to the Committee (Item 5, Introduction to the Vacancy Factor).

B&GE has requested that a working group, consisting of staff from a number of City offices, including the IBA, be convened to begin analyzing issues related to staffing and vacancies. Chair Bry has requested the IBA lead this effort, working closely with the appropriate City staff. A citywide examination of the issues of hiring, vacancies, overtime, and staffing is a large and complex task; and it is difficult to determine which issues and departments to examine first. The working group will help to identify which departments and issues are of greatest concern and report potential solutions to B&GE. Due to the timetable of the upcoming budget process, the working group will be formed and work will begin after the budget process is completed in June.

Significant Issues

Homelessness: Bridge Shelters

The Third Quarter Report reflects significant projected over-budget expenditures for operation of the Temporary Bridge Shelter Program. Total City costs are projected to exceed the current \$3.0 million budget by \$670,000 in General Funds (excluding costs related to the winter storm). We note that an additional \$11.1 million is budgeted for the bridge shelters in the FY 2019 San Diego Housing Commission Budget. The projected over-budget expenditures are associated with laundry pumping services, diesel fuel for lighting, and electricity. If costs continue as projected, there may be an appropriation made during the FY 2019 year-end close process in which budget control authority could be used to increase appropriations from fund balance or unanticipated revenues.

Though there are significant over-budget expenditures projected for FY 2019, staff does not anticipate needing additional funds in the FY 2020 budget for the bridge shelters, as other ways to reduce costs are being explored.

In addition, on December 4, 2018 Council approved the appropriation of \$14.1 million in state Homeless Emergency Aid Program (HEAP) funds. Included in this action, was \$1.6 million for the relocation of the Father Joe’s Villages bridge shelter serving families and single women, to accommodate a planned permanent supportive housing project. The Third Quarter Report projects costs to exceed this allocation by \$540,000 in General Funds for a total relocation cost of about \$2.2 million. The report attributes this cost increase to City labor expenses that were not previously factored in, and costs related to state rules, which were adopted by the City, that increase building

requirements for emergency housing under a shelter crisis declaration. The initial \$1.6 million estimate to relocate the shelter was done prior to receiving construction bids.

Finally, \$20,000 in City Concourse Funds is projected for the temporary relocation of the Father Joe's Villages bridge shelter to Golden Hall, prior to its permanent relocation. We note that this is roughly in line with estimated costs provided to our Office at the time that Council approved this action.

Engineering and Capital Projects Fund Deficit

The Engineering and Capital Projects (E&CP) Fund supports the Public Works Department. The E&CP Fund receives revenue largely from staff billing their time working on implementing capital improvement projects. The fund is supposed to be fully cost recoverable, where expenditures equal revenues it receives. However, the Third Quarter Report projects a \$1.8 million deficit at the end of FY 2019. This reflects the fund's projected deficit within a single year, which is in addition to deficits accumulated over previous years.

The FY 2020 Proposed Budget reports the accumulated fund deficit of \$9.6 million, as of FY 2018. Together, with the FY 2019 projected negative fund balance, the total fund deficit at the end of FY 2019 is estimated at \$11.4 million. This estimate is consistent with the estimate provided by the Public Works Department and included in our Office's review of the FY 2020 Proposed Budget.

As our Office's review of the Proposed Budget discusses, Public Works is increasing the overhead rate of the E&CP Fund to recapture revenue that has fallen short in recent years. This rate is applied when staff charges against the Capital Improvements Program (CIP) for work on projects and is intended to account for indirect costs of doing business such as rent and personnel costs that are not directly attributable to an individual CIP project, like management. We note that recent increases to the overhead rate have contributed to the improvement in the single-year fund deficit for FY 2019 of \$1.8 million, as compared to the \$8.0 million deficit reflected in last year's report for FY 2018. Staff also anticipates mitigating the deficit further as more billable positions are hired.

**THE CITY OF SAN DIEGO**

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: June 5, 2019**IBA Report Number:** 19-14**City Council Docket Date:** June 10, 2019**Item Number:** 201

Addendum to IBA Report 19-12: Recommended City Council Modifications to the Mayor's Proposed FY 2020 Budget


This report serves as an addendum to our previous report, IBA Report 19-12, issued on May 31, regarding the Recommended City Council Modifications to the Mayor's Proposed FY 2020 Proposed Budget. In that report, our Office identified additional revenue from the Redevelopment Property Tax Trust Fund (RPTTF) as a result of the disallowance of the Park Boulevard At-Grade Crossing project from the 13th Recognized Obligation Payment Schedule (ROPS). This disallowance resulted in additional revenue, subsequent to the May Revise, of \$1.7 million in one-time funds in FY 2019 and \$1.8 million in ongoing funds in FY 2020.

Following the release of IBA Report 19-12, on June 3, the County Auditor-Controller released the final distributions for the RPTTF for the City of San Diego. In addition to the project disallowance on the ROPS 13 schedule, the total RPTTF deposits are higher than anticipated, at \$159 million for the June distribution, versus the projection used in the Proposed Budget of \$153.5 million. This increases the City's share of the distributions by a total of \$1.3 million in one-time funds in FY 2019, and \$1.5 million in ongoing funds in FY 2020 above the projections provided in our report.

Our Office recommends these funds, which total \$2.8 million, remain in fund balance for the future.



Jordan More
Fiscal & Policy Analyst



APPROVED: Andrea Tevlin
Independent Budget Analyst

RESOLUTION NUMBER R- **312508**

DATE OF FINAL PASSAGE **JUN 18 2019**

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO ADOPTING THE FISCAL YEAR 2020 BUDGET,
INCLUDING APPROVING THE MAYOR'S FISCAL YEAR
2020 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 15, 2019, the Mayor's proposed budget (Proposed Budget) was
presented to the City Council; and

WHEREAS, on May 17, 2019, the Mayor's May revision (May Revision) to the
Proposed Budget, dated May 14, 2019, was presented to the City Council sitting as the Budget
Review Committee; and

WHEREAS, on May 31, 2019, the Independent Budget Analyst issued Report No. 19-12
titled "Recommended City Council Modifications to the Mayor's Proposed FY 2020 Budget and
Review of May Revision and FY 2019 Third Quarter Reports" (IBA FY 2020 Budget Report);
and

WHEREAS, on June 5, 2019, the Independent Budget Analyst released Report No. 19-14
titled "Addendum to IBA Report 19-12: Recommended City Council Modifications to the
Mayor's Proposed FY 2020 Budget" (Addendum); and

WHEREAS, between May 1 and May 17, 2019, the City Council held more than one public hearing to consider the City's Fiscal Year 2020 budget in accordance with San Diego Charter section 69; and

WHEREAS, the City Council has determined to approve the City's Fiscal Year 2020 Budget, including the Mayor's Proposed Budget, as modified by the May Revision, and including certain recommendations contained in both the IBA FY 2020 Budget Report and the Addendum (together, the IBA Budget Report); 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, is hereby approved including the recommendations contained in the IBA Budget Report, except as follows:

1. Council rejects Option 1 and accepts Option 2 in the IBA Budget Report;
2. The funding of \$420,106 for the 2.00 FTE Program Managers and 1.00 FTE Program Coordinator included in the May Revision shall be transferred to the San Diego Housing Commission (SDHC) and be part of the SDHC's Fiscal Year 2020 budget;
3. The 2 FTE Council Administration positions delineated in Option 2 shall be funded from Ongoing Revenues;
4. The FTE LGBTQ position included in the May Revision is defunded;
5. Ongoing Revenues shall be utilized as follows in the General Fund:
 - a. Funding for 2 FTE Code Compliance Officers in the Development Services Department not to exceed \$148,000;
 - b. Funding for 1 FTE Horticulturist in the Transportation & Storm Water Department not to exceed \$100,000;


- c. \$200,000 for support for Get It Done Application requests in the Transportation & Storm Water Department;
 - d. Funding for 2 FTE Park Rangers (1 Downtown, 1 Chollas Lake) in the Parks and Recreation Department not exceed \$136,000;
 - e. \$50,000 for translation services for Community Planning Groups in the Planning Department; and
 - f. \$25,000 for outside legal counsel services to support the Citizen's Review Board in the Office of Boards and Commissions Department; and
6. One-Time Revenues shall be utilized as follows in the General Fund:
- a. Transfer of \$400,000 to S00752 Beyer Park, District 8 (Parks and Recreation);
 - b. Transfer of \$500,000 to AGF00007, Park Improvements, for Trolley Barn Park, District 3 (Parks and Recreation);
 - c. Transfer of \$500,000 to P18005, Ocean Beach Library, District 2 (Library);
 - d. Transfer of \$300,000 to AGF00007, Park Improvements, for City Heights Pool (B19068), District 9 (Parks and Recreation);
 - e. Transfer of \$100,000 to ABT00001, City Facility Improvements, for North Kellogg Comfort Station Repairs, District 1 (Parks and Recreation);
 - f. \$200,000 for Library Technology Upgrades in the Library Department; and
 - g. \$225,000 for mobility monitoring services, Citywide in the Transportation & Storm Water Department; and

7. The \$9,300,000 transferred from CIP L17002 - Balboa Park Plaza De Panama Project to CIP AGF00005 - Regional Park Improvements within Funds 400002 and 400000 shall be specifically allocated as follows:
 - a. \$300,000 for Implementation Plan;
 - b. \$3,500,000 for Facilities Improvement (Federal Building Roof);
 - c. \$4,300,000 for Restrooms (Organ Pavilion, South Palisades, Casa del Prado Theatre and Morley Field); and
 - d. \$1,200,000 for Palisades Projects (Phase I); and
8. Council reverses the reclassification of positions in the Purchasing & Contracting Department as follows:
 - a. The 11 FTE positions in the Proposed Budget shall be funded;
 - b. The 7 FTE Program Coordinator positions in Proposed Budget shall be unfunded; and
 - c. Budgeted vacancy savings shall be increased to offset the net increase in expenditures associated with sections 8.a and 8.b immediately above.

BE IT FURTHER RESOLVED, that the Mayor is directed to present to the City Council the Fiscal Year 2020 First Quarter Budget Monitoring Report (First Quarter Budget Monitoring Report), along with the Five Year Financial Outlook, no later than November 29, 2019.

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.

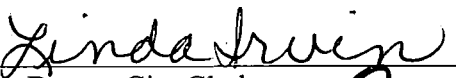
APPROVED: MARA W. ELLIOTT, City Attorney

By 
Bret A. Bartolotta
Deputy City Attorney

BAB:jdf
05/30/19
06/11/19 REV.
Or.Dept: IBA
Doc. No.: 2016109_2

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JUN 10 2019.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 6/18/19
(date)


KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

ATTACHMENT F

Passed by the Council of The City of San Diego on JUN 10 2019, 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"/>
Jennifer Campbell	<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"/>
Monica Montgomery	<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"/>
Vivian Moreno	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Georgette Gómez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage JUN 18 2019.

(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 Ginda Irwin, Deputy

Office of the City Clerk, San Diego, California

Resolution Number R- **312506**



OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: July 9, 2019**IBA Report Number:** 19-17**Budget & Government Efficiency Committee Docket Date:** July 17, 2019**Item Number:** TBD

Proposed FY 2020 Statement of Budgetary Principles

OVERVIEW


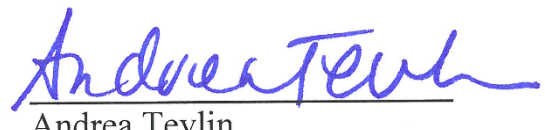
The Statement of Budgetary Principles (Principles) was first put into place in FY 2008 to address issues of budgetary authority and to provide a means to communicate budget changes between the Executive and Legislative branches following budget adoption each year. For the past twelve fiscal years, the 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 25, 2019. 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 2020.

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 order to designate areas of Mayoral and Council authority, and to establish 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.¹

The proposed FY 2020 Principles closely mirror the FY 2019 Principles with only minor revisions reflecting date changes and a reference to a report addendum released by our Office on June 5, 2019.

¹ 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).

This draft of the Principles is provided for the July 17, 2019 Budget and Government Efficiency Committee for review with a recommendation to forward the item, with any desired modifications, to the full City Council for review and adoption. Since this is an agreement between the City's two branches of government, any proposed revisions will also be subject to Mayoral approval.


Chris Olsen
Fiscal & Policy Analyst
Andrea Tevlin
Independent Budget Analyst

Attachments: 1. FY 2020 Statement of Budgetary Principles – Clean Copy
2. FY 2020 Statement of Budgetary Principles – Redline Copy

FY 2020 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 11, 2019, the Mayor released the Fiscal Year 2020 Proposed Budget to the Council and to the public; and

WHEREAS, the Council has duly considered the Mayor's Fiscal Year 2020 Budget; and

WHEREAS, between April 15 and June 10, 2019 the City Council held more than one public hearing to consider the City's Fiscal Year 2020 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 2020 Budget; and

WHEREAS, on May 14, 2019, the Financial Management Director provided the City Council with their May Revision to the Fiscal Year 2020 Proposed Budget (May Revision) in accordance with City Charter Section 69(e); and

WHEREAS, on May 17, 2019, 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 20, 2019 to assist with the development of final budget recommendations; and

WHEREAS, on May 31, 2019, the Independent Budget Analyst's Final Budget Report and Recommendations on the FY 2020 Budget (IBA Report #19-12 *Recommended City Council Modifications to the Mayor's Proposed FY 2020 Budget and Review of May Revision and FY 2019 Third Quarter Report*) was issued; and

WHEREAS, on June 5, 2019, the Independent Budget Analyst released Report #19-14 titled "Addendum to IBA Report 19-12: Recommended City Council Modifications to the Mayor's Proposed FY 2020 Budget"; and

WHEREAS, on June 10, 2019, the City Council approved the City's Fiscal Year 2020 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 2020 Budget, dated May 31, 2019, and the IBA's Addendum, dated June 5, 2019, 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 18, 2019, the Mayor signed Budget Resolution R-312508, which is the Fiscal Year 2020 Adopted Budget, in accordance with Charter section 69(g); 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 2020 Budget; and

WHEREAS, the Mayor and the Council acknowledge that the Fiscal Year 2020 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 2020 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 2020 Budget:

Fiscal Year 2020 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 2020 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 foregoing, 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 2020 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 2020 Budget.
2. The Mayor shall in good faith fulfill the legislative intent reflected in the adopted Fiscal Year 2020 Budget, including the appropriations reflected in the Fiscal Year 2020 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 2020 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 2020 Budget appropriations within departments in order to best carry out the Council's legislative intent.
5. The Appropriation Ordinance implements the Fiscal Year 2020 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 2020 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 2019 and present the results to the Budget and Government Efficiency Committee and City Council.
3. In FY 2020 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 2020. The data will be evaluated for updates quarterly in FY 2020, 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 2020.
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 ~~2019~~2020 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 ~~12~~11, ~~2018~~2019, the Mayor released the Fiscal Year ~~2019~~2020 Proposed Budget to the Council and to the public; and

WHEREAS, the Council has duly considered the Mayor's Fiscal Year ~~2019~~2020 Budget; and

WHEREAS, between April ~~16~~15 and June ~~11~~10, ~~2018~~2019 the City Council held more than one public hearing to consider the City's Fiscal Year ~~2019~~2020 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 ~~2019~~2020 Budget; and

WHEREAS, on May ~~15~~14, ~~2018~~2019, the Financial Management Director provided the City Council with their May Revision to the Fiscal Year ~~2019~~2020 Proposed Budget (May Revision) in accordance with City Charter Section 69(e); and

WHEREAS, on May 17, ~~2018~~2019, 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 ~~21~~20, ~~2018~~2019 to assist with the development of final budget recommendations; and

WHEREAS, on May 31, ~~2018~~2019, the Independent Budget Analyst's Final Budget Report and Recommendations on the FY ~~2019~~2020 Budget (IBA Report #~~18-13~~19-12 *Recommended City Council Modifications to the Mayor's Proposed FY 2019 2020 Budget and Review of May Revision and FY 2019 Third Quarter Report*) was issued; and

WHEREAS, on June 5, 2019, the Independent Budget Analyst released Report #19-14 titled "Addendum to IBA Report 19-12: Recommended City Council Modifications to the Mayor's Proposed FY 2020 Budget"; and

WHEREAS, on June ~~11~~10, ~~2018~~2019, the City Council approved the City's Fiscal Year ~~2019~~2020 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 ~~2019~~2020 Budget, dated May 31, ~~2018~~2019, and the IBA's Addendum, dated June 5, 2019, 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 ~~13~~18, ~~2018~~2019, the Mayor signed Budget Resolution R-~~341783312508~~, which is the Fiscal Year ~~2019-2020~~ Adopted Budget, in accordance with Charter section 69(g); 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 ~~2019-2020~~ Budget; and

WHEREAS, the Mayor and the Council acknowledge that the Fiscal Year ~~2019~~2020 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 ~~2019-2020~~ 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 ~~2019-2020~~ Budget:

Fiscal Year ~~2019-2020~~ 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 ~~2019-2020~~ 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 foregoing, 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 ~~2019-2020~~ 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 ~~2019-2020~~ Budget.
2. The Mayor shall in good faith fulfill the legislative intent reflected in the adopted Fiscal Year ~~2019-2020~~ Budget, including the appropriations reflected in the Fiscal Year ~~2019-2020~~ 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 ~~2019-2020~~ 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 ~~2019-2020~~ Budget appropriations within departments in order to best carry out the Council's legislative intent.
5. The Appropriation Ordinance implements the Fiscal Year ~~2019-2020~~ 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 ~~2019-2020~~ 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 ~~2018-2019~~ and present the results to the Budget and Government Efficiency Committee and City Council.
3. In FY ~~2019-2020~~ 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 ~~2019-2020~~. The data will be evaluated for updates quarterly in FY ~~2019-2020~~, 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 ~~2019-2020~~.
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- 21091 (NEW SERIES)

DATE OF FINAL PASSAGE JUN 25 2019

AN ORDINANCE ADOPTING THE ANNUAL BUDGET FOR
FISCAL YEAR 2020 AND APPROPRIATING THE
NECESSARY MONEY TO OPERATE THE CITY OF
SAN DIEGO FOR FISCAL YEAR 2020.

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 23, 2019 San Diego Ordinance No. O-21069, the Salary
Ordinance, was approved by the City Council in accordance with Charter section 290; and

WHEREAS, on June 10, 2019, the City Council adopted San Diego Resolution
R-312506, (Budget Resolution) approving the Mayor's Fiscal Year 2020 Budget, including the
May Revise, the recommendations in the IBA's Fiscal Year 2020 Budget Report as addended
and specific changes made by the City Council, as set forth in the Budget Resolution; 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, 2019, and ending June 30, 2020 (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, 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

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(COR. COPY)

approved Community Parking District Policy (Council Policy 100-18).

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

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(COR. COPY)

Councilmember's Community Projects, Programs and Services
account.

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 (Parks 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 2020 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 2020. It is the intent of the City 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

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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 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.

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), Gas Tax Fund (Fund No. 200118), 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), Gas Tax Fund (Fund No. 200118), 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.

8. Recreation Center Funds

The CFO is authorized to appropriate and expend any monies deposited in the Recreation Center Funds in excess of City Council approved budgeted revenue and to appropriate any carryover monies from the prior fiscal year

and expend in accordance with the purpose for which each Fund was created.

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 Allocation 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.
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).

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- (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.
- (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 Park Improvement Fund (Fund No. 200386) and San Diego Regional Parks Improvement Fund (Fund No. 200391)
- (a) Capital Improvements in Mission Bay, as recommended and prioritized by the Mission Bay Park Improvement Fund Oversight Committee, pursuant to Charter section 55.2, are hereby approved as set forth below.

CIP Project	Amount
Mission Bay Improvements / AGF00004	
Adult Fitness Course East Shore / B18223	\$1,500,000
Beautification of Traffic Islands Group 1 / B19130	\$100,000
Bonita Cove East Comfort Station / B19177	\$200,000
Bonita Cove East Playground / B19178	\$100,000
Crown Point Parking Lot Improvements / B19022	\$100,000
Crown Point Playground Improvements / B19021	\$100,000
DeAnza North Parking Lot Improvements / B18220	\$100,000
DeAnza South Parking Lot Improvements / B18222	\$100,000
Dusty Rhodes Comfort Station / B19180	\$200,000

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Dusty Rhodes Parking Lot Improvements / B19158	\$100,000
Dusty Rhodes Playground / B19181	\$100,000
Hospitality Point Parking Lot Improvement / B19156	\$100,000
Mission Point Comfort Station	\$200,000
Mission Point Parking Lot	\$100,000
Mission Point Playground	\$200,000
N Bank SD Riv Bike Path & Park Lot Resur / B18221	\$100,000
Playa Pacifica Comfort Station / B19172	\$200,000
Playa Pacifica Playground and Basketball Court / B19173	\$100,000
Robb Field Comfort Station / B19174	\$200,000
Robb Field Playground / B19175	\$100,000
Robb Field Recreation Center / B19187	\$1,100,000
Robb Field Turf & Irrigation Improvement / B19133	\$200,000
Rose Marie Starns Parking Lot Improvements / B19163	\$100,000
Santa Clara Playground Improvements / B19029	\$100,000
Sustainable Lighting	\$1,000,000
Tecolote North Playground Improvements / B18232	\$100,000
Tecolote South Playground Improvements / B19016	\$100,000
Regional Park Improvements / AGF00005	
OB Dog Beach Accessibility Improvements / B19000	\$100,000

- (b) Capital Improvements in San Diego Regional Parks, as recommended and prioritized by the San Diego Regional Parks Improvement Fund Oversight Committee, pursuant to Charter section 55.2, are hereby approved as set forth below.

CIP Project	Amount
Bud Kearns Aquatic Center Improvements / S17000	\$1,000,000
Coastal Erosion and Access / AGF00006	
Bermuda Ave. Coastal Access / B17110	\$335,000
Orchard Avenue, Capri-by-the-Sea, and Old Salt Pool / B14073	\$230,000
EB Scripps Park Comfort Station Replacement / S15035	\$1,085,000
Museum of Man Seismic Retrofit / L12003	\$100,000
Regional Park Improvements / AGF00005	
Balboa Park West Mesa Water Infrastructure Upgrades	\$300,000
Cowles Mountain Comfort Station Improvements	\$450,000

- (c) 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

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Fiscal Year based on actual revenues received and/or available
fund balance to support capital improvements in accordance with
Charter section 55.2.

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.

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.

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 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, 2019, 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.

(O-2019-144)
(COR. COPY)

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. 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 \$4,344,554,161, 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 2020 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 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 CFO is authorized and directed to apply for, accept, appropriate, and expend grants received by the City of San Diego in accordance with Municipal Code sections 22.5201, 22.5202, 22.5203, and 22.5204, and funding source guidelines and applicable grant agreements.

Section 18. The CFO is authorized to accept, appropriate, and expend grant funds awarded to the City for the City Attorney's prosecutorial function in accordance with the provisions of such grant agreements and to increase or decrease revenue and expenditure appropriations for the purpose of implementing any such grant. The CFO shall report all actions that are taken using this authority to the City Council.

Section 19. 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 20. 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 21. 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.

(O-2019-144)
(COR. COPY)

Section 22. The Mayor shall have no veto power over this ordinance pursuant to

Charter section 280(a)(4).

APPROVED: MARA W. ELLIOTT, City Attorney

By 
Bret A. Bartolotta
Deputy City Attorney

BAB:jdf
06/12/19
06/20/19 COR. COPY
Or.Dept.: DoF
Doc. No.: 2027268_2

Passed by the Council of The City of San Diego on JUN 25 2019, 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"/>
Jennifer Campbell	<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"/>
Monica Montgomery	<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"/>
Vivian Moreno	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Georgette Gómez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage JUN 25 2019.

AUTHENTICATED BY:

(Seal)

KEVIN L. FAULCONER

Mayor of The City of San Diego, California.

ELIZABETH S. MALAND

City Clerk of The City of San Diego, California.

By , Deputy

I HEREBY CERTIFY that the foregoing ordinance was passed on the day of its introduction, to wit, on JUN 25 2019, said ordinance being of the kind and character authorized for passage on its introduction by Section 275 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 , Deputy

Office of the City Clerk, San Diego, California

Ordinance Number O- 21091

Fiscal Year 2020 Operating and Capital Appropriations

OPERATING APPROPRIATIONS	Salary & Wages	Fringe & Non-Personnel	FY 2020 Appropriation
General Fund			
City Attorney	\$33,938,267	\$26,365,306	\$60,303,573
City Auditor	\$2,251,165	\$1,765,252	\$4,016,417
City Clerk	\$2,704,161	\$3,287,350	\$5,991,511
City Treasurer	\$8,181,887	\$10,112,958	\$18,294,845
Citywide Program Expenditures	-	\$153,233,189	\$153,233,189
Communications	\$2,479,014	\$2,485,165	\$4,964,179
Council Administration	\$1,621,487	\$1,402,996	\$3,024,483
Council District 1	\$739,251	\$650,538	\$1,389,789
Council District 1 - CPPS	-	\$148,136	\$148,136
Council District 2	\$627,008	\$537,400	\$1,164,408
Council District 2 - CPPS	-	\$271,168	\$271,168
Council District 3	\$723,407	\$432,259	\$1,155,666
Council District 3 - CPPS	-	\$216,829	\$216,829
Council District 4	\$655,898	\$549,035	\$1,204,933
Council District 4 - CPPS	-	\$160,917	\$160,917
Council District 5	\$668,808	\$471,377	\$1,140,185
Council District 5 - CPPS	-	\$267,183	\$267,183
Council District 6	\$787,274	\$473,902	\$1,261,176
Council District 6 - CPPS	-	\$120,682	\$120,682
Council District 7	\$756,779	\$464,685	\$1,221,464
Council District 7 - CPPS	-	\$157,345	\$157,345
Council District 8	\$695,352	\$737,063	\$1,432,415
Council District 8 - CPPS	-	\$148,872	\$148,872
Council District 9	\$697,344	\$775,134	\$1,472,478
Council District 9 - CPPS	-	\$671	\$671
Debt Management	\$1,724,102	\$1,208,234	\$2,932,336
Department of Finance	\$10,692,820	\$9,050,451	\$19,743,271
Department of Information Technology	-	\$267,172	\$267,172
Development Services	\$4,387,923	\$3,658,574	\$8,046,497
Economic Development	\$4,920,310	\$8,789,823	\$13,710,133
Environmental Services	\$9,801,107	\$38,331,898	\$48,133,005
Ethics Commission	\$655,207	\$642,891	\$1,298,098
Fire-Rescue	\$139,491,127	\$145,414,598	\$284,905,725
Government Affairs	\$786,808	\$466,948	\$1,253,756
Human Resources	\$3,079,241	\$2,774,165	\$5,853,406
Infrastructure/Public Works	\$274,328	\$286,971	\$561,299
Internal Operations	\$236,178	\$244,844	\$481,022
Library	\$21,610,111	\$34,798,812	\$56,408,923
Neighborhood Services	\$1,068,153	\$856,871	\$1,925,024
Office of Boards & Commissions	\$505,312	\$296,372	\$801,684

O-2019-144

FY 2020 Appropriation Ordinance

FY 2020 Operating and CIP Appropriations

OPERATING APPROPRIATIONS	Salary & Wages	Fringe & Non-Personnel	FY 2020 Appropriation
General Fund (continued)			
Office of Homeland Security	\$1,558,128	\$1,522,172	\$3,080,300
Office of the Assistant COO	\$519,125	\$546,239	\$1,065,364
Office of the Chief Financial Officer	\$303,938	\$302,433	\$606,371
Office of the Chief Operating Officer	\$613,873	\$646,684	\$1,260,557
Office of the IBA	\$1,231,021	\$958,060	\$2,189,081
Office of the Mayor	\$2,460,711	\$1,639,407	\$4,100,118
Parks and Recreation	\$41,099,633	\$81,148,644	\$122,248,277
Performance & Analytics	\$1,546,910	\$3,114,631	\$4,661,541
Personnel	\$5,235,194	\$4,481,366	\$9,716,560
Planning	\$5,297,429	\$4,678,816	\$9,976,245
Police	\$271,330,326	\$267,932,603	\$539,262,929
Public Utilities	-	\$2,712,536	\$2,712,536
Purchasing & Contracting	\$3,394,899	\$16,755,213	\$20,150,112
Real Estate Assets	\$2,655,874	\$3,686,445	\$6,342,319
Real Estate Assets - Facilities Services	\$10,866,653	\$13,665,222	\$24,531,875
Smart & Sustainable Communities	\$1,091,603	\$886,652	\$1,978,255
Sustainability	\$366,946	\$687,521	\$1,054,467
Transportation & Storm Water	\$38,751,441	\$87,212,476	\$125,963,917
General Fund Total	\$645,083,533	\$944,901,156	\$1,589,984,689
Capital Project Funds			
Capital Outlay Fund	-	\$2,915,000	\$2,915,000
TransNet Extension Administration & Debt Fund	-	\$352,680	\$352,680
TransNet Extension Congestion Relief Fund	-	\$3,851,330	\$3,851,330
TransNet Extension Maintenance Fund	-	\$10,474,596	\$10,474,596
Capital Project Funds Total	-	\$17,593,606	\$17,593,606
Enterprise Funds			
Airports Fund	\$1,511,427	\$4,490,054	\$6,001,481
Development Services Fund	\$38,158,538	\$43,567,943	\$81,726,481
Golf Course Fund	\$5,076,879	\$14,834,902	\$19,911,781
Recycling Fund	\$6,196,076	\$20,863,810	\$27,059,886
Refuse Disposal Fund	\$8,409,593	\$30,803,536	\$39,213,129
Sewer Funds	\$60,233,729	\$314,221,021	\$374,454,750
Water Utility Operating Fund	\$50,012,207	\$520,292,911	\$570,305,118
Enterprise Funds Total	\$169,598,449	\$949,074,177	\$1,118,672,626

OPERATING APPROPRIATIONS	Salary & Wages	Fringe & Non-Personnel	FY 2020 Appropriation
Internal Service Funds			
Central Stores Fund	\$812,797	\$6,676,390	\$7,489,187
Energy Conservation Program Fund	\$1,977,717	\$2,691,087	\$4,668,804
Fleet Operations Operating Fund	\$12,951,863	\$45,285,152	\$58,237,015
Fleet Operations Replacement Fund	-	\$65,864,521	\$65,864,521
Publishing Services Fund	\$481,758	\$1,723,518	\$2,205,276
Risk Management Administration Fund	\$6,360,667	\$6,755,484	\$13,116,151
Internal Service Funds Total	\$22,584,802	\$128,996,152	\$151,580,954
Special Revenue Funds			
Automated Refuse Container Fund	-	\$1,333,324	\$1,333,324
Concourse and Parking Garages Operating Fund	\$130,856	\$4,191,065	\$4,321,921
Convention Center Expansion Funds	-	\$13,879,301	\$13,879,301
Engineering & Capital Projects Fund	\$59,462,142	\$56,246,598	\$115,708,740
Environmental Growth 1/3 Fund	-	\$5,254,180	\$5,254,180
Environmental Growth 2/3 Fund	-	\$10,903,909	\$10,903,909
Facilities Financing Fund	\$1,361,164	\$1,738,690	\$3,099,854
Fire and Lifeguard Facilities Fund	-	\$1,391,981	\$1,391,981
Fire/Emergency Medical Services Transport Program Fund	\$2,424,166	\$9,746,521	\$12,170,687
Gas Tax Fund	-	\$36,177,762	\$36,177,762
General Plan Maintenance Fund	-	\$4,365,000	\$4,365,000
GIS Fund	\$744,226	\$3,049,624	\$3,793,850
Information Technology Fund	\$4,671,196	\$57,220,145	\$61,891,341
Infrastructure Fund	-	\$16,472,649	\$16,472,649
Junior Lifeguard Program Fund	\$76,578	\$542,264	\$618,842
Local Enforcement Agency Fund	\$444,814	\$564,875	\$1,009,689
Long Range Property Management Fund	-	\$1,398,096	\$1,398,096
Los Penasquitos Canyon Preserve Fund	\$117,769	\$118,988	\$236,757
Low & Moderate Income Housing Asset Fund	-	\$42,048,360	\$42,048,360
Maintenance Assessment District (MAD) Funds	\$1,760,052	\$40,699,259	\$42,459,311
Mission Bay/Balboa Park Improvement Fund	-	\$1,885,751	\$1,885,751
New Convention Facility Fund	-	\$2,133,025	\$2,133,025
OneSD Support Fund	\$3,579,745	\$23,550,080	\$27,129,825
Parking Meter Operations Fund	\$808,778	\$10,049,092	\$10,857,870
PETCO Park Fund	\$122,709	\$17,214,492	\$17,337,201
Public Art Fund	-	\$555,771	\$555,771
Public Safety Services & Debt Service Fund	-	\$10,104,026	\$10,104,026
Road Maintenance and Rehabilitation Fund	-	\$20,522,849	\$20,522,849
Seized Assets - California Fund	-	\$11,919	\$11,919
Seized Assets - Federal DOJ Fund	\$3,880,000	\$1,649,910	\$5,529,910
Seized Assets - Federal Treasury Fund	-	\$119,187	\$119,187
Stadium Operations Fund	\$237,447	\$14,113,019	\$14,350,466
State COPS	-	\$2,140,000	\$2,140,000

FY 2020 Operating and CIP Appropriations

OPERATING APPROPRIATIONS	Salary & Wages	Fringe & Non- Personnel	FY 2020 Appropriation
Special Revenue Funds (continued)			
Storm Drain Fund	-	\$5,700,000	\$5,700,000
Successor Agency Admin & Project - CivicSD Fund	-	\$1,934,326	\$1,934,326
Transient Occupancy Tax Fund	\$1,200,245	\$127,552,105	\$128,752,350
Trolley Extension Reserve Fund	-	\$1,068,375	\$1,068,375
Underground Surcharge Fund	\$1,563,710	\$100,758,306	\$102,322,016
Wireless Communications Technology Fund	\$3,168,257	\$6,937,285	\$10,105,542
Zoological Exhibits Maintenance Fund	-	\$14,814,168	\$14,814,168
Special Revenue Funds Total	\$85,753,854	\$670,156,277	\$755,910,131
TOTAL OPERATING APPROPRIATIONS	\$923,020,638	\$2,710,721,368	\$3,633,742,006

CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS		FY 2020 Appropriation
Citywide		
ATT00001	Governmental Funded IT Projects	\$258,000
L14002	Fleet Operations Facilities	\$270,598
P20000	Kearny Mesa Repair Facility	\$1,000,000
Citywide Total		\$1,528,598
Environmental Services		
AFA00001	Minor Improvements to Landfills	\$200,000
L17000	Miramar Landfill Facility Improvements	\$3,100,000
S15000	CNG Fueling Station for Refuse & Recycling	\$250,000
Environmental Services Total		\$3,550,000
Library		
P18005	Ocean Beach Branch Library	\$548,500
P20004	Oak Park Library	\$250,000
Library Total		\$798,500
Parks & Recreation		
AGE00001	Resource-Based Open Space Parks	\$195,332
AGF00004	Mission Bay Improvements	\$7,734,786
AGF00005	Regional Park Improvements	\$750,000
AGF00006	Coastal Erosion and Access	\$565,000
AGF00007	Park Improvements	\$1,197,833
L12003	Museum of Man Seismic Retrofit	\$100,000
P20003	Emerald Hills Park GDP	\$400,000
S00751	Hickman Fields Athletic Area	\$1,000,000
S00752	Beyer Park Development	\$400,000
S01090	MB GC Clbhouse Demo/Prtbl Building Instl	\$3,000,000
S15028	Olive Grove Community Park ADA Improve	\$1,050,000
S15031	Egger/South Bay Community Park ADA Improvements	\$800,000
S15035	EB Scripps Pk Comfort Station Replacement	\$1,085,000
S17000	Balboa Pk Bud Kearns Aquatic Complex Imp	\$1,000,000
S18008	Chicano Park Recreation Center	\$250,000
Parks & Recreation Total		\$19,527,951
Public Utilities		
ABI00001	Water Treatment Plants	\$500,000
ABJ00001	Water Pump Station Restoration	\$1,477,453
ABL00001	Standpipe and Reservoir Rehabilitations	\$2,361,000
ABM00001	Groundwater Asset Development Program	\$1,000,000
ABO00001	Metro Treatment Plants	\$2,014,156
AJA00001	Sewer Main Replacements	\$31,734,776
AJA00002	Pipeline Rehabilitation	\$25,674,443

CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS		FY 2020 Appropriation
Public Utilities (continued)		
AJB00001	Metropolitan Waste Water Department Trunk Sewers	\$4,424,710
AKA00002	Pressure Reduction Facility Upgrades	\$800,000
AKA00003	Large Diameter Water Transmission PPL	\$5,750,295
AKB00003	Water Main Replacements	\$64,191,685
ALA00001	PURE Water Program	\$356,804,821
P19002	Pure Water Pooled Contingency	\$30,033,498
S00041	Morena Reservoir Outlet Tower Upgrade	\$2,000,000
S00312	PS2 Power Reliability & Surge Protection	\$15,350,000
S00314	Wet Weather Storage Facility	\$1,000,000
S00319	EMTS Boat Dock Esplanade	\$400,000
S10008	El Monte Pipeline No 2	\$500,000
S11024	Miramar Clearwell Improvements	\$9,915,800
S11025	Chollas Building	\$2,700,000
S12009	La Jolla Scenic Drive 16inch Main	\$316,000
S12010	30th Street Pipeline Replacement	\$6,253,592
S12013	Alvarado 2nd Extension Pipeline	\$5,000,000
S12015	Pacific Beach Pipeline South (W)	\$5,737,598
S12016	Otay 1st/2nd PPL West of Highland Avenue	\$6,000,000
S12040	Tierrasanta (Via Dominique) Pump Station	\$580,000
S13015	Water & Sewer Group Job 816 (W)	\$1,400,000
S15016	Otay Second Pipeline Relocation-PA	\$8,262,079
S15019	Alvarado Trunk Sewer Phase IV	\$6,670,000
S15020	Tecolote Canyon Trunk Sewer Improvement	\$2,500,000
S15027	La Jolla View Reservoir	\$955,001
S16027	Morena Pipeline	\$15,364,419
S17012	NCWRP Improvements to 30 mgd	\$8,320,539
S17013	MBC Equipment Upgrades	\$11,266,772
S18006	Harbor Drive Trunk Sewer	\$5,000,000
S20000	Kearny Mesa Trunk Sewer	\$500,000
S20001	Otay 2nd Pipeline Phase 4	\$500,000
S20002	University Heights Reservoir Rehabilitation	\$1,000,000
Public Utilities Total		\$644,258,637
Real Estate Assets - Facilities Services		
ABT00001	City Facilities Improvements	\$3,064,500
Real Estate Assets - Facilities Services Total		\$3,064,500

CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS		FY 2020 Appropriation
Transportation & Storm Water		
ACA00001	Drainage Projects	\$2,666,667
AIA00001	Minor Bike Facilities	\$635,000
AID00001	Utilities Undergrounding Program	\$5,000,000
AID00005	Street Resurfacing and Reconstruction	\$13,697,302
AIE00001	Bridge Rehabilitation	\$200,000
AIG00001	Median Installation	\$1,550,000
AIH00001	Installation of City Owned Street Lights	\$200,000
AIK00001	New Walkways	\$2,375,000
AIK00003	Sidewalk Repair and Reconstruction	\$1,000,000
AIL00001	Traffic Calming	\$750,000
AIL00002	Install T/S Interconnect Systems	\$100,000
AIL00004	Traffic Signals - Citywide	\$750,000
AIL00005	Traffic Signals Modification	\$750,000
P20002	Citrus & Conifer Reconstruction	\$300,000
S00851	SR 163/Friars Road	\$2,200,000
S00951	Coastal Rail Trail	\$2,000,000
S16061	Market Street-47th to Euclid-Complete Street	\$2,900,000
S18000	Streamview Drive Improvements Phase 2	\$760,000
S20003	Maple Canyon Storm Drain Upgrade	\$250,000
Transportation & Storm Water Total		\$38,083,969
TOTAL CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS		\$710,812,155
TOTAL COMBINED APPROPRIATIONS		\$4,344,554,161

MAINTENANCE ASSESSMENT DISTRICT APPROPRIATIONS

Fund	Maintenance Assessment District Fund	Salary & Wages	Fringe & Non-Personnel	FY 2020 Appropriation
200023	Maintenance Assessment District (MAD) Management Fund	\$1,760,052	\$2,571,405	\$4,331,457
200025	Street Light District #1 MAD Fund	-	\$907,903	\$907,903
200028	Scripps/Miramar Ranch MAD Fund	-	\$2,485,056	\$2,485,056
200030	Tierrasanta MAD Fund	-	\$2,201,058	\$2,201,058
200031	Campus Point MAD Fund	-	\$71,969	\$71,969
200032	Mission Boulevard MAD Fund	-	\$172,560	\$172,560
200033	Carmel Valley MAD Fund	-	\$4,258,690	\$4,258,690
200035	Sabre Springs MAD Fund	-	\$389,425	\$389,425
200037	Mira Mesa MAD Fund	-	\$1,334,456	\$1,334,456
200038	Rancho Bernardo MAD Fund	-	\$1,827,676	\$1,827,676
200039	Penasquitos East MAD Fund	-	\$646,312	\$646,312
200040	Coronado View MAD Fund	-	\$64,377	\$64,377
200042	Park Village MAD Fund	-	\$669,455	\$669,455
200044	Eastgate Technology Park MAD Fund	-	\$255,197	\$255,197
200045	Calle Cristobal MAD Fund	-	\$352,336	\$352,336
200046	Gateway Center East MAD Fund	-	\$375,010	\$375,010
200047	Miramar Ranch North MAD Fund	-	\$1,795,752	\$1,795,752
200048	Carmel Mountain Ranch MAD Fund	-	\$864,488	\$864,488
200052	La Jolla Village Drive MAD Fund	-	\$99,675	\$99,675
200053	First SD River Imp. Project MAD Fund	-	\$485,352	\$485,352
200055	Newport Avenue MAD Fund	-	\$89,675	\$89,675
200056	Linda Vista Community MAD Fund	-	\$364,175	\$364,175
200057	Washington Street MAD Fund	-	\$126,180	\$126,180
200058	Otay International Center MAD Fund	-	\$617,493	\$617,493
200059	Del Mar Terrace MAD Fund	-	\$558,026	\$558,026
200061	Adams Avenue MAD Fund	-	\$68,500	\$68,500
200062	Carmel Valley NBHD #10 MAD Fund	-	\$447,742	\$447,742
200063	North Park MAD Fund	-	\$896,067	\$896,067
200065	Kings Row MAD Fund	-	\$22,099	\$22,099
200066	Webster-Federal Boulevard MAD Fund	-	\$58,448	\$58,448
200067	Stonecrest Village MAD Fund	-	\$763,790	\$763,790
200068	Genesee/North Torrey Pines Road MAD Fund	-	\$522,186	\$522,186
200070	Torrey Hills MAD Fund	-	\$1,661,732	\$1,661,732
200071	Coral Gate MAD Fund	-	\$197,592	\$197,592
200074	Torrey Highlands MAD Fund	-	\$894,353	\$894,353
200076	Talmadge MAD Fund	-	\$303,561	\$303,561
200078	Central Commercial MAD Fund	-	\$315,061	\$315,061
200079	Little Italy MAD Fund	-	\$1,241,440	\$1,241,440

Fund	Maintenance Assessment District Fund	Salary & Wages	Fringe & Non-Personnel	FY 2020 Appropriation
200080	Liberty Station/NTC MAD Fund	-	\$146,178	\$146,178
200081	Camino Santa Fe MAD Fund	-	\$233,184	\$233,184
200083	Black Mountain Ranch South MAD Fund	-	\$1,142,401	\$1,142,401
200084	College Heights Enhanced MAD Fund	-	\$479,964	\$479,964
200086	C&ED MAD Management Fund	-	\$425,000	\$425,000
200087	City Heights MAD Fund	-	\$503,626	\$503,626
200089	Black Mountain Ranch North MAD Fund	-	\$475,057	\$475,057
200091	Bay Terraces - Parkside MAD Fund	-	\$126,588	\$126,588
200092	Bay Terraces - Honey Drive MAD Fund	-	\$35,193	\$35,193
200093	University Heights MAD Fund	-	\$100,922	\$100,922
200094	Hillcrest MAD Fund	-	\$40,186	\$40,186
200095	El Cajon Boulevard MAD Fund	-	\$647,902	\$647,902
200096	Ocean View Hills MAD Fund	-	\$923,719	\$923,719
200097	Robinhood Ridge MAD Fund	-	\$185,990	\$185,990
200098	Remington Hills MAD Fund	-	\$75,659	\$75,659
200099	Pacific Highlands Ranch MAD Fund	-	\$693,693	\$693,693
200101	Rancho Encantada MAD Fund	-	\$185,628	\$185,628
200103	Bird Rock MAD Fund	-	\$413,314	\$413,314
200105	Hillcrest Commercial Core MAD Fund	-	\$111,518	\$111,518
200614	Mission Hills Special Lighting MAD Fund	-	\$44,503	\$44,503
200707	Barrio Logan Community Benefit MAD Fund	-	\$538,611	\$538,611
200714	Civita MAD Fund	-	\$1,206,693	\$1,206,693
200717	Kensington Heights MAD Fund	-	\$168,089	\$168,089
200718	Kensington Manor MAD Fund	-	\$121,273	\$121,273
200719	Kensington Park North MAD Fund	-	\$95,102	\$95,102
200720	Talmadge Park North MAD Fund	-	\$31,597	\$31,597
200721	Talmadge Park South MAD Fund	-	\$69,019	\$69,019
200732	La Jolla Self-Managed MAD Fund	-	\$502,378	\$502,378
MAINTENANCE ASSESSMENT DISTRICT TOTAL		\$1,760,052	\$40,699,259	\$42,459,311

The City of
SAN DIEGO

**FISCAL YEAR 2020-2024
FIVE-YEAR FINANCIAL OUTLOOK**



Kevin L. Faulconer
Mayor

Kris Michell
Chief Operating Officer

Rolando Charvel
Chief Financial Officer

Tracy McCraner
Department of Finance Director and City Comptroller

David Oñate
Principal Accountant

NOVEMBER 2018

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 2020-2024 Five-Year Financial Outlook (Outlook) is a long-range fiscal planning guide and serves as the framework for the development of the Fiscal Year (FY) 2020 Adopted Budget for the General Fund. The purpose of the report is to encourage discussion to address and prioritize the City's long-range needs as forecasted.

The 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 with opportunity in every community

The Outlook is not a budget. The Outlook is a planning tool to assist in budget decisions related to the allocation of General Fund resources required to meet the City's strategic goals that are critical to core services. The Outlook does this by estimating baseline revenues and expenditures and then integrating critical strategic expenditures that are well thought out, non-routine funding requests, that reflect the shared priorities of the City Council and the Mayor. The Outlook provides the City Council, key stakeholders, and the public with information in advance of the budget meetings to facilitate an informed discussion before departments submit discretionary requests for the FY 2020 Budget. To the extent projected expenditures exceed estimated revenues in any given year of the Outlook, the City will address these shortfalls through mitigating actions as described in the Potential Mitigation Actions section of the report. As required by the City Charter, the Mayor will present a balanced budget for the City Council's consideration in April 2019.

Summary of Key Financial Data

Overall, the Outlook forecasts revenue growth 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 growth decreases in the outer years of the Outlook. The Outlook also projects increases in nearly all expenditure categories.

Based upon baseline projections, growth in ongoing revenues is anticipated to outpace growth in ongoing expenditures during the outlook period; however, a short-term structural shortfall is forecasted once the following key factors are accounted for:

- Moderate growth in revenue
- Projected growth in expenditures
- Critical Strategic Expenditures
- Reserve Contributions

The Outlook does **not** forecast the impacts from any ballot initiatives, referendums, recalls, legal challenges, or any changes to current labor agreements.

As depicted in Table 1.1, and detailed in Attachment 1, projected baseline expenditures exceed revenues in FY 2020 and FY 2021. Beginning in FY 2022, revenue growth is projected to exceed anticipated expenditure growth. Throughout the report, tables may not foot due to rounding differences.

Table 1.1 - Fiscal Year 2020-2024 Financial Outlook Summary of Key Financial Data (\$ in Millions)					
	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Property Tax	\$597.9	\$629.6	\$660.8	\$691.2	\$721.2
Sales Tax	\$290.0	\$297.8	\$305.9	\$313.8	\$321.7
Transient Occupancy Tax	\$134.8	\$140.4	\$145.7	\$150.9	\$156.1
Franchise Fees	\$80.8	\$82.5	\$84.4	\$86.7	\$88.2
All Other Revenue Categories	\$398.2	\$405.5	\$416.9	\$426.7	\$437.6
BASELINE GENERAL FUND REVENUES	\$1,501.8	\$1,555.9	\$1,613.7	\$1,669.3	\$1,724.8
Salaries & Wages	\$592.4	\$593.8	\$594.4	\$593.4	\$593.7
Recognized Employee Organization Agreements	\$32.7	\$38.9	\$38.9	\$38.9	\$38.9
Retirement Actuarially Determined Contributions (ADC)	\$257.1	\$262.3	\$261.9	\$261.5	\$261.8
All other Personnel Expenditures	\$203.6	\$211.0	\$212.6	\$214.2	\$215.9
Non-Personnel Expenditures	\$422.7	\$435.3	\$446.6	\$459.0	\$470.3
Charter Section 77.1 - Infrastructure Fund Contribution	\$18.2	\$19.6	\$19.2	\$0.0	\$0.0
Reserve Contributions	\$14.0	\$16.0	\$17.1	\$18.4	\$13.4
BASELINE GENERAL FUND EXPENDITURES	\$1,540.6	\$1,576.8	\$1,590.6	\$1,585.3	\$1,593.9
BASELINE (SHORTFALL)/SURPLUS	(\$38.8)	(\$20.9)	\$23.0	\$84.1	\$130.9
CRITICAL STRATEGIC EXPENDITURES NET OF REVENUES	\$34.8	\$45.0	\$58.4	\$75.2	\$84.5
(AMOUNT TO BE MITIGATED) / AVAILABLE RESOURCES	(\$73.6)	(\$65.9)	(\$35.3)	\$8.9	\$46.4

Report Outline

The Outlook includes a discussion on baseline projections for revenues and expenditures, summarizes critical strategic expenditures, and identifies potential options that could be used to mitigate projected revenue shortfalls.

The baseline projections section of the Outlook 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 2020-2024 Financial Outlook. The Baseline Projections section includes revenue and expenditure adjustments necessary to support current service levels provided by the City. Critical Strategic Expenditures identified in prior Outlooks and other budget requests incorporated in the FY 2019 Adopted Budget are the starting point for the Outlook. This includes funding for major programs such as Clean SD, funding for homeless programs, salaries and benefit increases required by the

agreements with the City's Recognized Employee Organizations (REOs), annual pension contributions, and new positions for Public Safety, the City Attorney's Office and the Transportation and Storm Water Department. One-time revenues and expenditures are removed from the Adopted Budget, unless otherwise noted, to create the baseline. One-time revenues and expenditures that have been removed from the baseline projections are detailed in Attachment 2: One-Time Resources and Expenditures.

Following the baseline projection discussion, the Critical Strategic Expenditures section quantifies department submissions that have been preliminarily identified as necessary in meeting core service levels and the City's Strategic Plan. Requests that are not strategic in nature, fully developed, or previously approved by the Mayor or City Council were not considered for this report. Examples include inflationary increases or minor operational needs such as increases to supplies, which are accounted for in baseline expenditure projections. These types of budgetary requests are expected to be submitted and vetted through the annual budget process. Department submissions considered in the development of the Outlook are provided to the Office of the Independent Budget Analyst for evaluation in their report.

Potential mitigation actions are discussed to address the anticipated revenue shortfalls identified in the report. Although no specific solution is identified, general concepts are presented that could mitigate the anticipated revenue shortfalls.

Finally, there are risks and other unforeseen issues that would cause the revenues and expenditures projected to materially deviate from the projections used in the preparation of this report. The Other Assumptions and Considerations section of the report details the most significant items that could impact the projections reflected in the Outlook at the time of the preparation of this report.

Per the City Charter, the Mayor will present a balanced budget for the City Council's consideration in April 2019.

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BASELINE PROJECTIONS

The Baseline Projections section describes forecasted changes based on known and anticipated events at the time of the preparation of this report. This section provides forecasted growth rates for 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. General Fund expenditures are reviewed thereafter, including major changes and growth assumptions within each category.

Unless otherwise noted, baseline projections assume growth based on the FY 2019 Adopted Budget with one-time resources and expenditures removed. The Outlook discusses only the General Fund.

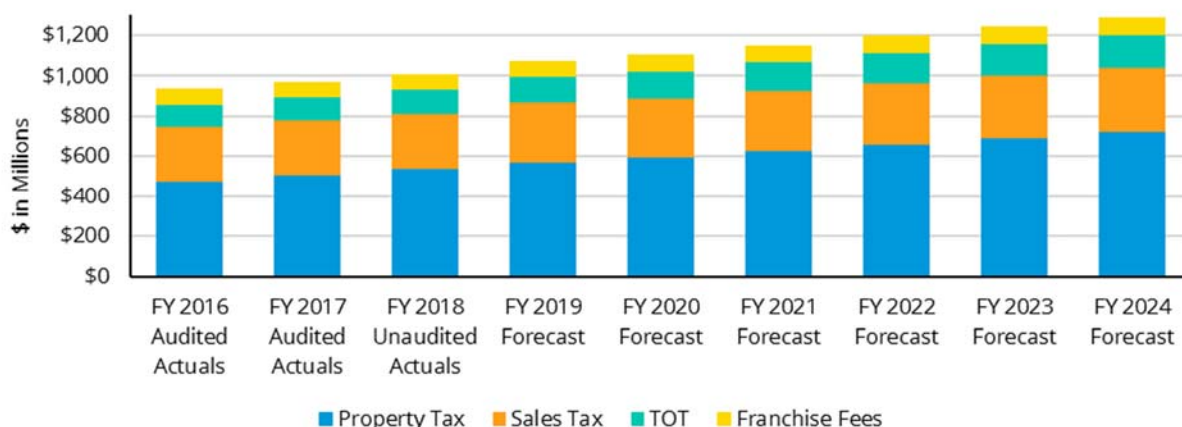
Baseline General Fund Revenues

The U.S. economy never boomed or robustly bounced back from the Great Recession; rather the economy has improved slowly and steadily since 2009. This recovery period has exceeded the average duration 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 to what extent is not within the scope of the Outlook, but it is an important risk factor among others discussed in the Other Assumptions And Considerations section of this Report.

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 the potential variability to revenue projections, a “High” and “Low” projection has been included for property tax, sales tax, and transient occupancy tax (TOT). It is important to note that the “High” and “Low” projections provide a range of possibilities within the current economic parameters, and do not account for a recession scenario.

The City’s four major revenues sources, property tax, sales tax, TOT, and franchise fees, represent 73.0 percent of the City’s General Fund FY 2019 Adopted Budget. As depicted in Figure 2.1, all four major revenue sources are projected to increase through the Outlook period; however, the annual rate of growth is expected to decrease in the outer years. This overall expectation and projection for the City’s revenues is based on actual trends and is consistent with information received from the City’s sales tax consultant (Avenu Insights & Analytics), the San Diego Tourism Authority, Beacon Economics, the UCLA Anderson Forecast, and the State of California’s Legislative Analyst’s Office Economic Outlook. 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 below details the forecasted Outlook revenues as well as recent actual revenues.

Figure 2.1 - Major General Fund Revenues



Property Tax

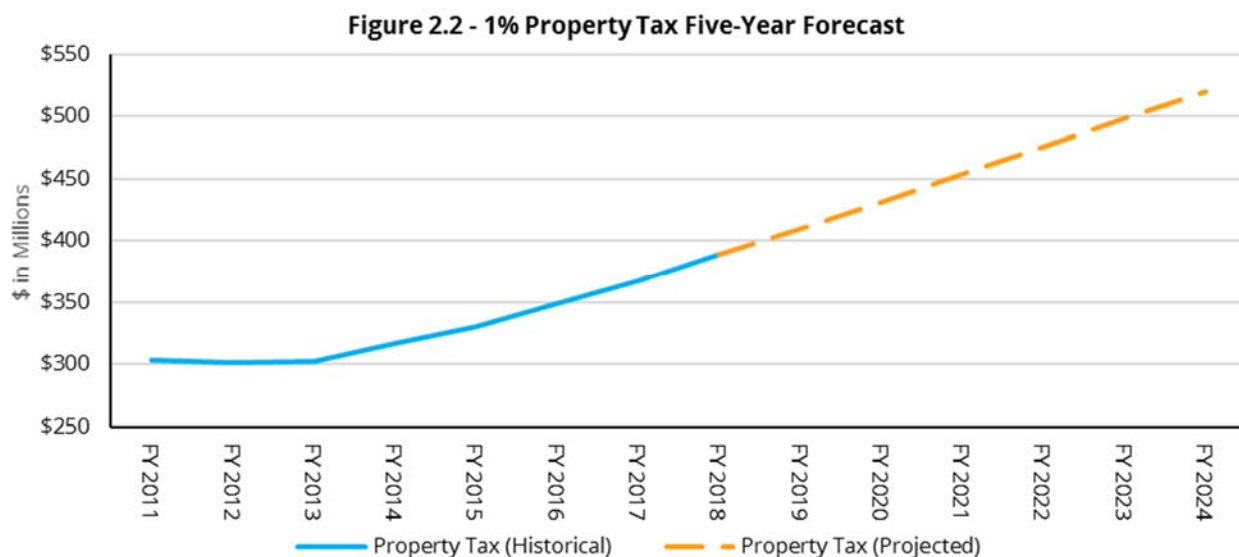
Property tax is the City's largest revenue source representing 39.0 percent of the General Fund FY 2019 Adopted Budget. The primary component of the property tax category is the 1.0 percent levy on the assessed value of all real property within the City limits. The property tax category also includes 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 due to the dissolution of Redevelopment Agencies (RDA) statewide.

Forecast

The following table shows the budget and year-end projection for FY 2019 and the forecast for FY 2020 through FY 2024 for revenue from property tax. The FY 2019 projection for the property tax category of \$568.7 million is an \$8.7 million increase over the FY 2019 Adopted Budget and serves as the base for the Outlook projections. Consistent with the FY 2019 First Quarter Budget Monitoring Report, the FY 2019 Adopted Budget growth rate of 5.5 percent remains unchanged.

	FY 2019 Adopted	FY 2019 Projection	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Growth Rate	5.50%	5.50%	5.25%	5.00%	4.75%	4.50%	4.25%
Projection	\$ 560.0	\$ 568.7	\$ 597.9	\$ 629.6	\$ 660.8	\$ 691.2	\$ 721.2

The forecast for property tax was determined using an analysis of the relationship of property tax 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.



Economic Trends

The major economic drivers of 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 which 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 had not yet been released. The latest CCPI released by the California Department of Finance (DOF) was 273.844 as of August 2018, a 3.9 percent increase from the August 2017 CCPI of 263.473. Assuming the CCPI holds constant, the assessed valuation of properties not improved or sold will increase by 2.0 percent for FY 2020, the maximum allowable increase.

The City has experienced positive growth in home prices, with an increase of 9.3 percent in the median home price from September 2017 to September 2018. Despite the rise in home prices, the growth in the number of home sales has slowed. Year-to-date home sales, as of September 2018, have decreased by 7.6 percent compared to September 2017.

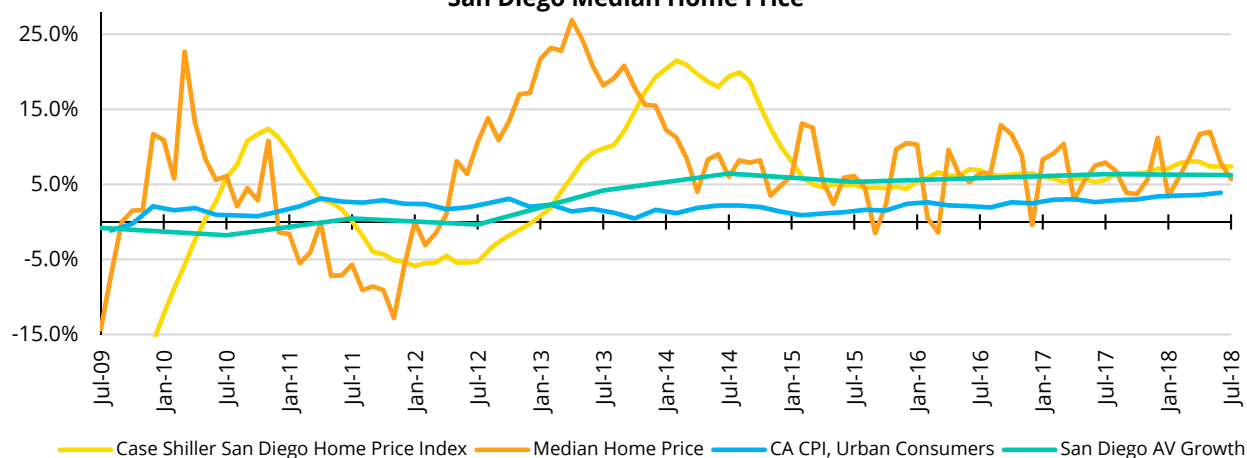
Based on property sales as of September 2018 and an approximate 2.0 percent increase in the CCPI, the City's estimated assessed valuation will see a positive increase for FY 2020.

- In addition to positive home price growth in the City, there are year-to-date declines in notices of default and foreclosures of 11.2 and 25.2 percent, respectively, in the County of San Diego as of September 2018.
- The Case-Shiller home price index as of August 2018 is 257.2, a 4.8 percent increase over the August 2017 index of 245.5.

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 the median home price have 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.

Figure 2.3 - Case-Shiller Home Price Index, California CPI, San Diego Median Home Price



Other factors to consider in developing a revenue projection for property tax include mortgage rates, changes to federal tax policy, and property tax refunds. Over the past year, federal interest rates have increased. These increases along with the continued strength in the economy support the case for a rise in mortgage rates which combined with federal tax policy limiting mortgage interest deductions would likely 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 slowly return to lower levels of growth in outer years.

Due to 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. 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. As ROPS obligations are paid off, residual RPTTF revenues will grow.

The following table and graph provides details on the components of the FY 2019 Adopted Budget for property tax and the forecasted property tax revenue for FY 2020 through FY 2024.

Table 2.2 - Property Tax Components (\$ in Millions)							
	FY 2019 Adopted	FY 2019 Projection	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Growth Rate	5.50%	5.50%	5.25%	5.00%	4.75%	4.50%	4.25%
1% Property Tax	\$ 393.5	\$ 394.4	\$ 415.3	\$ 436.3	\$ 457.2	\$ 477.9	\$ 498.3
MVLF Backfill	\$ 144.5	\$ 145.8	\$ 153.7	\$ 161.4	\$ 169.0	\$ 176.6	\$ 184.1
RPTTF Pass-Through Tax Sharing Payment	\$ 7.2	\$ 7.5	\$ 7.8	\$ 8.2	\$ 8.6	\$ 9.0	\$ 9.4
RPTTF Residual Property Tax Payment	\$ 14.8	\$ 20.9	\$ 21.0	\$ 23.7	\$ 25.9	\$ 27.7	\$ 29.4
Total Property Tax Projection	\$ 560.0	\$ 568.7	\$ 597.9	\$ 629.6	\$ 660.8	\$ 691.2	\$ 721.2

Figure 2.4 - Property Tax Revenue Projections: Fiscal Years 2020 - 2024

Projections including Redevelopment Property Tax Trust Fund (RPTTF)



Scenario Analysis

The factors described were used in the development of 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. 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 FY 2019 through FY 2024.

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**Figure 2.5 - Property Tax Revenue Five-Year Forecast:
Fiscal Years 2020 - 2024**

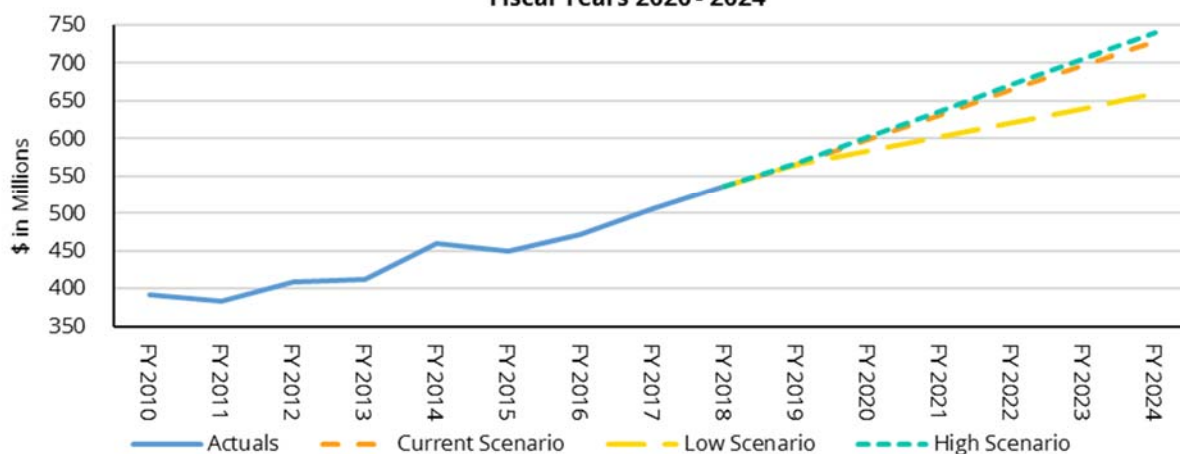


Table 2.3 - Property Tax Five-Year Forecast: Growth Rate Scenarios

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Current Growth Rate	5.50%	5.25%	5.00%	4.75%	4.50%	4.25%
High Growth Rate	6.00%	5.75%	5.50%	5.25%	5.00%	4.75%
Low Growth Rate	5.50%	3.00%	3.00%	3.00%	3.00%	3.00%

The “Low” scenario assumes that mortgage interest rates will increase rapidly over 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. Further, contributing to the “Low” scenario is existing higher prices changing home ownership behavior reducing turnover, and therefore reduced growth in assessed valuation. Higher interest rates and lower turnover will result in lower annual assessed valuation growth rates for FY 2020 through FY 2024 of 3.0 percent across all years. A “Low” scenario would reduce property tax projections by \$14.1 million in FY 2020 and \$61.1 million by FY 2024.

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 2022 through FY 2024. 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. The projections in this scenario reflect higher levels of growth similar to those seen in recent years, while slowing in later years. A “High” scenario would increase property tax projections by \$4.0 million in FY 2020 and \$18.3 million by FY 2024.

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 and lead 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 are two outstanding legal challenges that may influence the property tax forecast for the City. First, a dispute between the County of San Diego and various local entities regarding 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 in late 2018 or early 2019. 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. Currently, the estimated aggregate value of underpayments is at least \$40.0 million.

The second dispute involves the San Diego County Office of Education and other school districts against numerous city successor agencies including the City of San Diego Successor Agency regarding the distribution of funds from the RPTTF to taxing entities. Should the school districts receive a favorable decision, the City's liability is estimated to be between \$2.0 and \$13.0 million.

Sales Tax

The City's second largest revenue source is sales tax and represents 19.6 percent of the General Fund FY 2019 Adopted Budget. Sales tax is collected at the point of sale and remitted to the California Department of Tax and Fee Administration, which allocates tax revenue owed to the City in monthly payments. The total citywide sales tax rate in San Diego is 7.75 percent, of which the City receives 1.0 percent of all point of sale transactions within the City.

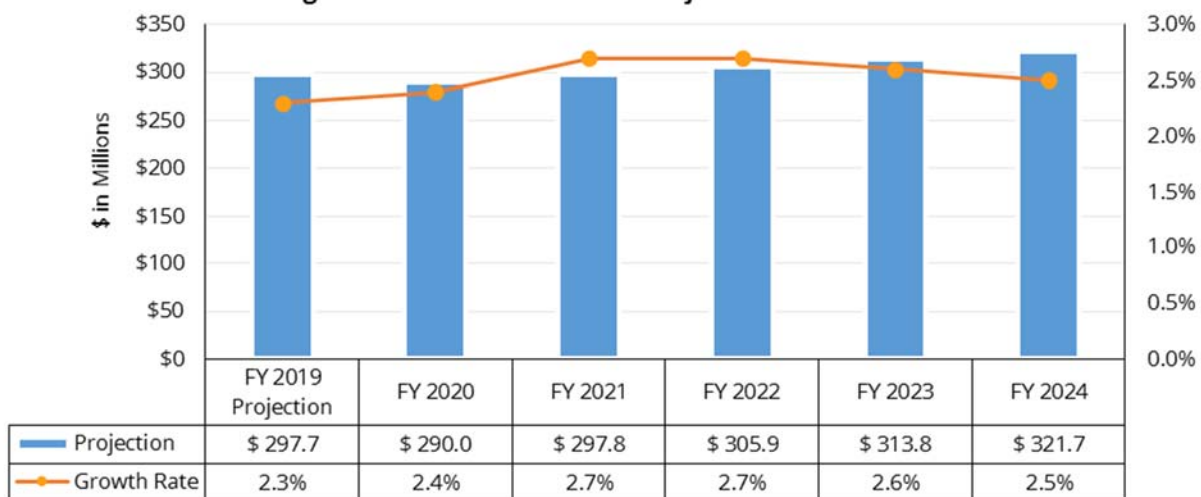
Forecast

The following table displays the budget and year-end projection for FY 2019 as well as the forecast for FY 2020 through FY 2024 for revenue from sales tax. As discussed in the FY 2019 First Quarter Budget Monitoring Report, the FY 2019 projection for sales tax of \$297.7 million includes a \$15.7 million increase over the FY 2019 Adopted Budget of \$282.1 million. This projection includes \$14.7 million in one-time revenues for FY 2018 taxable sales whose distribution was delayed until FY 2019 and are excluded from the FY 2019 Baseline. Further, as discussed in the FY 2019 First Quarter Budget Monitoring Report, the growth rate has been reduced from 3.0 percent to 2.3 percent.

Table 2.4 - Sales Tax Five-Year Forecast (\$ in Millions)							
	FY 2019 Adopted	FY 2019 Projection	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Growth Rate	3.0%	2.3%	2.4%	2.7%	2.7%	2.6%	2.5%
Projection	\$ 282.1	\$ 297.7	\$ 290.0	\$ 297.8	\$ 305.9	\$ 313.8	\$ 321.7

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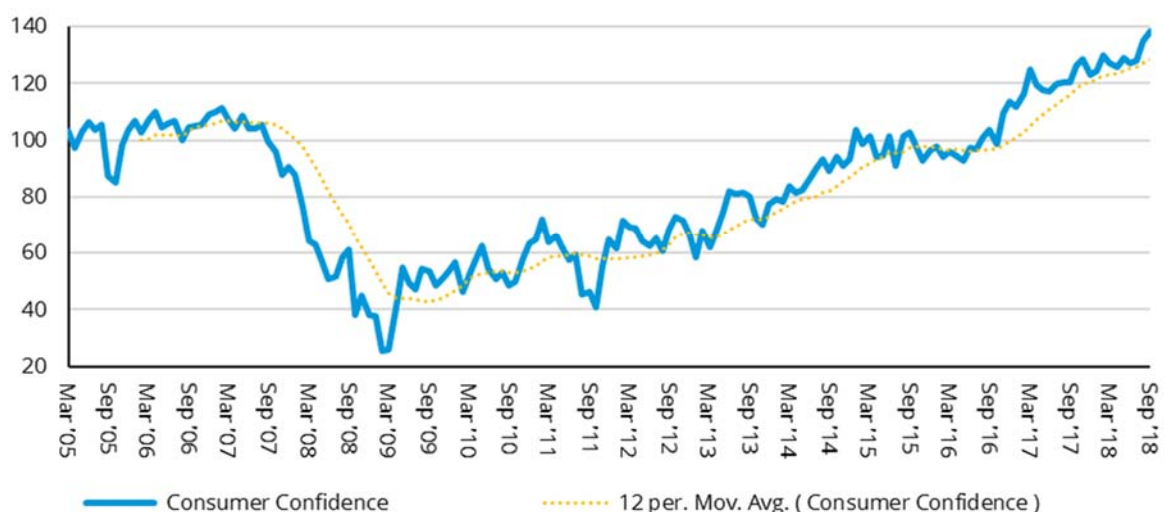
Figure 2.6 - Sales Tax Revenue Projection: Fiscal Years 2020 - 2024



Economic Trends

The major local economic drivers of the City's sales tax include the unemployment rate, consumer confidence, and consumer spending. As of August 2018, the City unemployment rate was 3.3 percent, compared to a rate of 4.2 percent in August 2017, as reported by the California Employment Development Department. Consumer confidence, a measurement of the consumer's willingness to spend, has experienced significant growth since 2009 reaching an all-time high in September 2018 at 138.4. Consumer spending, a major driver of sales tax is dependent on the level of employment and consumer confidence.

Figure 2.7 - Consumer Confidence



Source: The Conference Board – Consumer Confidence Survey ®

While consumer confidence has steadily increased in the last seven years, it is unclear how long this sustained trend will continue. Furthermore, as consumers continue to shift from in-store to online sales, the City receives a smaller portion of those sales tax revenues. Sales tax revenues from online

sales Countywide are distributed to the City through the county pool of funds at a current rate of 0.48 percent compared to 1.0 percent for point of sales transactions within the City.

The forecast for sales tax reflects the stability in employment and consistent growth in consumer confidence, and therefore, continues with moderate strength in the near term while tapering off in the outer years due to the uncertainty of sustained growth and stability. Retail sales in brick and mortar stores are expected to remain relatively flat during the Outlook period. This is expected to be offset partially by growth in the county pool, reflecting the shift from brick and mortar to online sales. The food products category (including restaurants), and the transportation category (including fuel and automobile sales) are also expected to lead the growth in the sales tax during the Outlook period.

This forecast is consistent with recent reports from the City's sales tax consultant, Avenu Insights & Analytics. Beacon Economics and UCLA Anderson have also reported that California is operating at full employment with stable economic fundamentals for the next year, while housing and labor shortages will continue to constrain growth in California.

A recent Supreme Court ruling in South Dakota vs. Wayfair, Inc. opines that states may require online retailers to collect and remit sales tax, overruling a long-standing physical presence requirement. Although this decision will increase local sales tax revenues, the estimated impact and date of implementation by the California Department of Tax and Fee Administration is unknown and therefore not projected in the Outlook.

Scenario Analysis

The 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, "High" and "Low" projections were prepared for 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 2020 through 2024.

Figure 2.8 - Sales Tax Projections: Fiscal Years 2020 - 2024

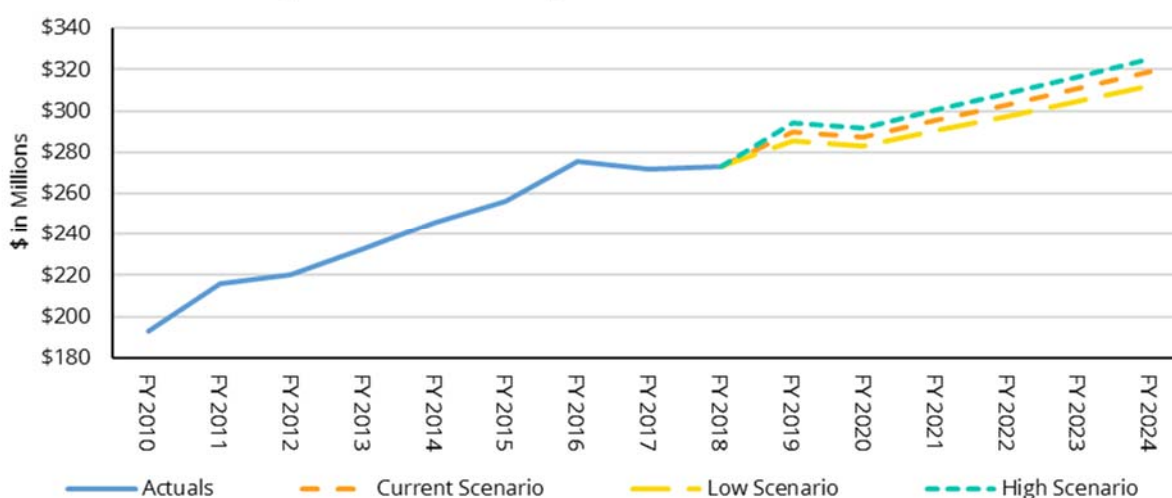


Table 2.5 - Sales Tax Five-Year Forecast: Growth Rate Scenarios						
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Current Growth Rates	2.3%	2.4%	2.7%	2.7%	2.6%	2.5%
High Growth Rates	3.8%	2.5%	2.8%	2.8%	2.7%	2.6%
Low Growth Rates	0.7%	2.3%	2.6%	2.5%	2.5%	2.4%

The “Low” scenario reflects higher unemployment and lower consumer confidence in the local and State economies. This scenario also reflects an increased transition to online sales reducing point of sales transactions for brick and mortar stores within the City limits. The “Low” scenario also assumes a rise in the lending rates, which would increase the cost to purchase vehicles. Correspondingly this scenario anticipates a reduction in City receipts from the auto sales industry. A “Low” scenario would reduce sales tax projections by \$7.3 million in FY 2020 and \$9.4 million by FY 2024.

The “High” scenario includes sustained growth in consumer confidence, continuing low unemployment, which continues to be constrained by available labor due to housing availability and full employment already having been achieved. A “High” scenario would increase sales tax projections by \$1.9 million in FY 2020 and \$3.3 million by FY 2024.

Transient Occupancy Tax (TOT)

TOT represents 8.9 percent of the City’s General Fund FY 2019 Adopted Budget. TOT is levied at 10.5 cents per dollar of taxable rent for a transient’s stay of less than one month. TOT is levied on properties such as hotels, Short Term Residential Occupancy (STRO) locations, and Recreational Vehicle (RV) parks. 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. TOT from RV parks are levied at 10.5 cents which is directed entirely towards general governmental purposes.

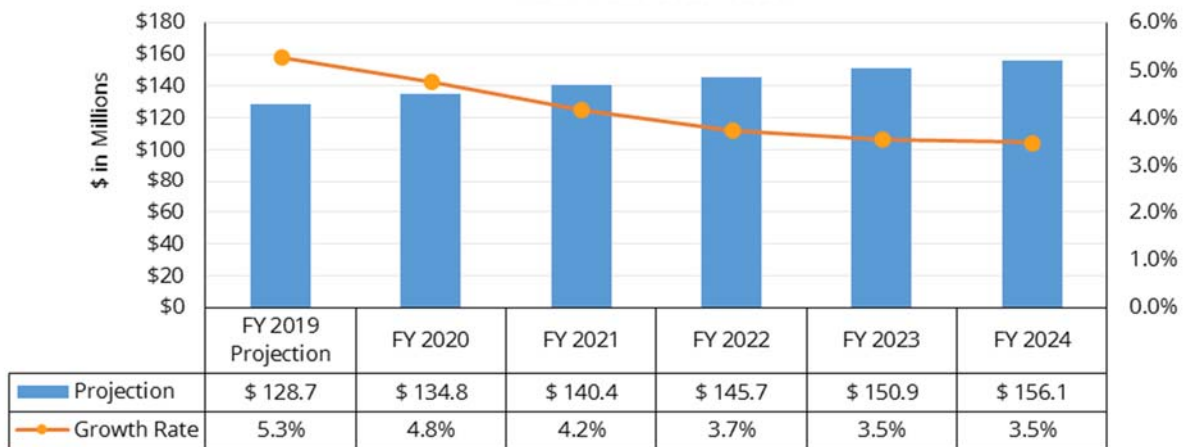
Forecast

The following table displays the budget and year-end projection for FY 2019 and the forecast for FY 2020 through FY 2024 for revenue from TOT. The FY 2019 projection for total citywide TOT receipts is \$244.1 million. The General Fund’s 5.5 cent portion of total TOT projected receipts is \$128.7 million and serves as the base for the Outlook projections. Consistent with the FY 2019 First Quarter Budget Monitoring Report, the FY 2019 Adopted Budget growth rate of 5.3 percent remains unchanged.

Table 2.6 - Transient Occupancy Tax (TOT) Five-Year Forecast (\$ in Millions)							
	FY 2019 Adopted	FY 2019 Projection	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Growth Rate	5.3%	5.3%	4.8%	4.2%	3.7%	3.5%	3.5%
Projection	\$ 128.4	\$ 128.7	\$ 134.8	\$ 140.4	\$ 145.7	\$ 150.9	\$ 156.1

The five-year forecast for TOT was calculated using historical actuals and relevant economic indicators. Figure 2.9 below represents the growth rates generated by the analysis which were then applied to actual TOT receipts from FY 2018.

Figure 2.9 - Transient Occupancy Tax (TOT) General Fund Revenue Projection: Fiscal Years 2020 - 2024



As depicted in the Figure 2.9, TOT revenue is projected to have continued but tempered growth for the five-year period. The growth rates for TOT are projected to reduce from 5.3 percent in FY 2019 to 3.5 percent in FY 2024.

Economic Trends

The primary economic drivers for TOT revenues are room rates, occupancy, and overnight visitor growth. 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 reflect steady but restrained growth in calendar year 2018 before experiencing a long-term easing of growth. This is depicted in the table below.

Table 2.7 - San Diego Tourism Summary Outlook (Annual % Growth)					
	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023
Visits	2.1%	2.1%	2.1%	2.0%	1.8%
Overnight Visits	2.1%	2.0%	2.1%	2.0%	2.2%
Room Supply	2.4%	2.3%	2.2%	2.1%	1.9%
Room Demand	1.9%	1.9%	1.9%	2.1%	2.2%
Occupancy	77.2%	76.9%	76.6%	76.6%	76.8%
Avg. Daily Room Rate	\$ 171.64	\$ 177.38	\$ 180.84	\$ 183.08	\$ 185.25

Source: San Diego County Tourism Authority and Tourism Economics

The City is projected to see continued growth in TOT revenue due to projected long-term increases in the supply of rooms and room rates, but at a slower rate of growth.

Scenario Analysis

The factors described above combine to make up the TOT projection, however, any changes to major economic drivers or indicators could have a corresponding change in TOT revenues. To account for variances in these factors, "High" and "Low" projections were prepared for the Outlook period. Figure

2.10 and Table 2.8 depict historical data as well as the current, “High”, and “Low” forecast scenarios for FY 2020 through 2024.

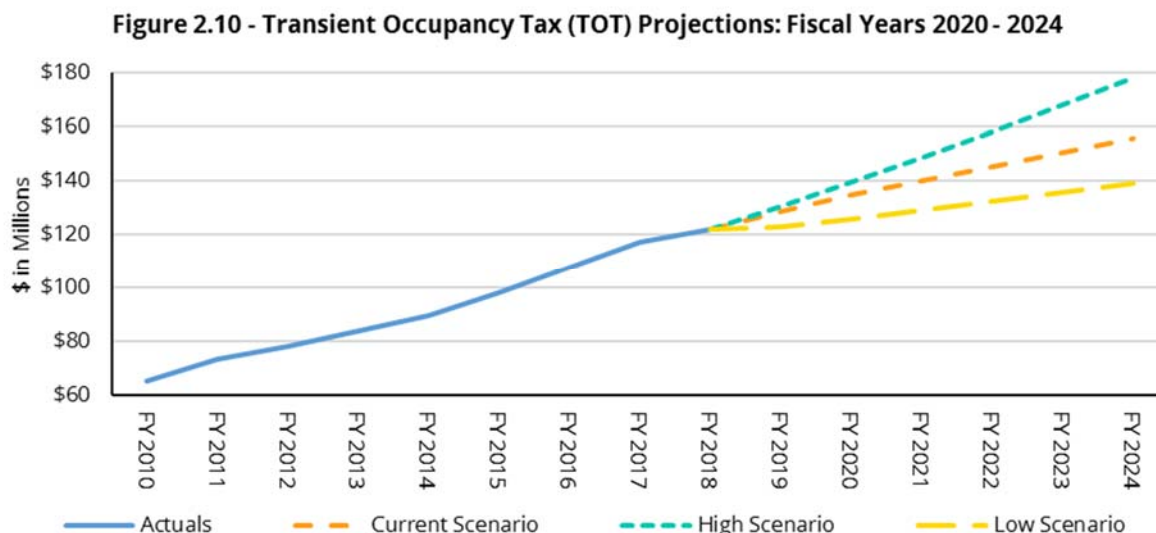


Table 2.8 - Transient Occupancy Tax (TOT) Five-Year Forecast: Growth Rate Scenarios

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Current Growth Rates	5.3%	4.8%	4.2%	3.7%	3.5%	3.5%
High Growth Rates	7.1%	6.8%	6.6%	6.4%	6.2%	6.1%
Low Growth Rates	3.4%	3.3%	3.3%	3.2%	3.2%	3.1%

An analysis comparing historical TOT activity to hotel and visitor data (TOT Indicators) was used to develop a model to be used in conjunction with the San Diego Tourism Authority's forecast to develop the current TOT forecast as well as a “High” and “Low” scenario.

The “Low” forecast looked at long-term TOT indicators which included periods of low or negative growth and applied the averages over the long-term of each TOT indicator to the model to forecast TOT growth rates. A “Low” scenario would reduce TOT projections by \$4.5 million in FY 2020 and \$8.3 million by FY 2024.

The “High” forecast assumed the continuation of activity similar to past five years which had sustained strong growth in TOT revenues. The averages of each TOT indicator during this period were applied to the model to generate the “High” Growth rates. A “High” scenario would increase TOT projections by \$4.6 million in FY 2020 and \$22.0 million by FY 2024.

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.

Franchise Fees

Revenue from franchise fees makes up 5.5 percent of the City's General Fund FY 2019 Adopted Budget. These revenues are based on agreements with private utility companies in exchange for the use of the City's right-of-ways. Currently, San Diego Gas and Electric (SDG&E), Cox Communications, Spectrum (formerly Time Warner Cable), and AT&T pay a franchise fee to the City. The City also collects franchise fees from private refuse haulers that conduct business within the City limits. The fee received from the agreements with utility companies is based on a percentage of gross revenue while the fee received from refuse haulers is based on tonnage.

Forecast

The following table displays the budget and year-end projection for FY 2019 and the forecast for FY 2020 through FY 2024 for revenue from franchise fees. The FY 2019 projection for franchise fees of \$79.2 million serves as the base for the Outlook projections. For the FY 2019 First Quarter Budget Monitoring Report, there is a slight increase in the franchise fee for refuse haulers based on FY 2018 actual revenues.

Table 2.9 - Franchise Fees Five-Year Forecast (\$ in Millions)							
	FY 2019 Adopted	FY 2019 Projection	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
SDG&E Growth Rate	2.0%	2.0%	3.2%	3.5%	3.5%	2.6%	2.6%
Cable Growth Rate	-2.0%	-2.0%	-2.2%	-1.9%	-1.3%	-1.3%	-1.3%
Projection	\$ 78.8	\$ 79.2	\$ 80.8	\$ 82.5	\$ 84.4	\$ 86.7	\$ 88.2

Franchise fee growth rates were projected utilizing historical year-end actuals. These growth rates were then applied to FY 2019 first quarter projection and each subsequent year to develop the five-year projections.

Economic trends

SDG&E and cable companies are the largest contributors to Franchise Fees, generating approximately 80.4 percent of Franchise Fee revenue. The growth rate for SDG&E is expected to be higher than previous outlooks with the most notable increases occurring in FY 2021 and 2022 (3.5 percent) due anticipated changes in their rate structure. Franchise fees from cable companies are expected to decrease due to the increasing loss of market share to digital competitors like Netflix, Hulu, and Amazon. Cable franchise fees are expected to decrease between 2.2 percent and 1.3 percent across the Outlook. Later years are projected at a lower decline of 1.3 percent which assumes traditional cable companies will adjust their business in response to the market shift to digital services.

Additionally, the Outlook considers the redistribution of revenue from the General Fund to the Recycling Fund per the Sycamore Canyon Landfill Franchise Agreement. In FY 2019, the franchise fee revenue received at the Sycamore Canyon Landfill is distributed 20 percent the General Fund and 80 percent to the Recycling Fund. The General Fund's allocation will be eliminated for FY 2020 and beyond and the Recycling Fund will receive 100 percent of those revenues. Lastly, adjustments to the refuse franchise fee rates of \$1.00 / ton in FY 2020 and an additional \$1.00 / ton in FY 2023 are incorporated into the revenue forecasts.

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 rates and consumption of electricity can cause fluctuations in revenue growth. SDG&E is currently implementing a phased-in electric rate restructure to be completed in calendar year 2020. Additionally, a new franchise agreement with SDG&E is anticipated to begin in FY 2021, which may change the terms of the franchise fee from that point going forward. The General Fund impact for these events is currently unknown. For cable revenue, variances in media advertising, 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 monthly and represents 0.8 percent of the City's General Fund FY 2019 Adopted Budget.

Forecast

The following table displays the FY 2019 Adopted Budget and the forecast for FY 2020 through FY 2024 for property transfer tax. The FY 2019 projection for property transfer tax is as budgeted for FY 2019 Adopted Budget and serves as the base for the Outlook projections.

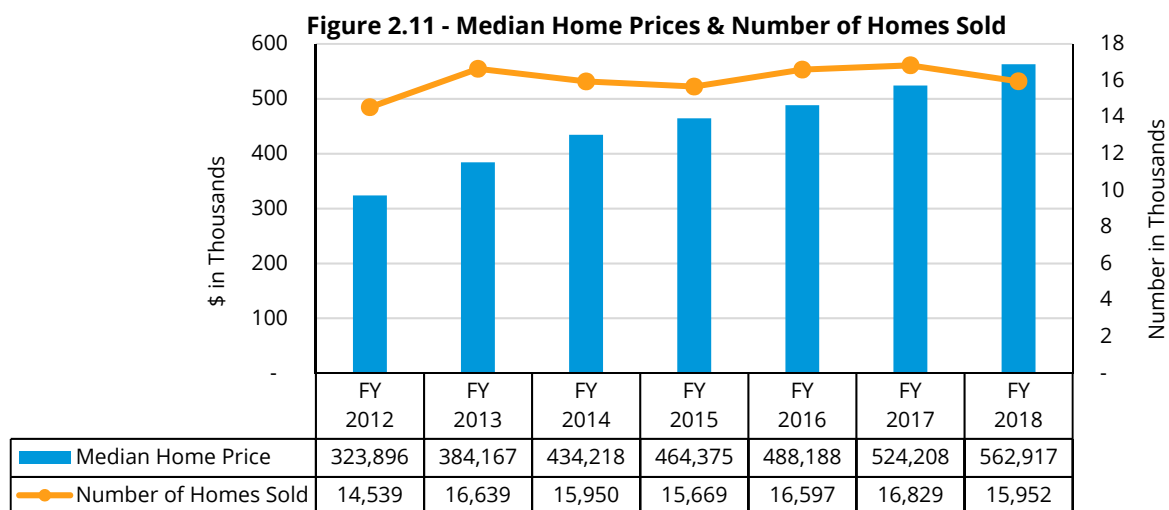
Table 2.10 - Property Transfer Tax Five-Year Forecast (\$ in Millions)						
	FY 2019 Adopted	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Current Forecast	4.0%	4.0%	3.5%	3.0%	3.0%	3.0%
Projection	\$ 11.0	\$ 11.5	\$ 11.9	\$ 12.2	\$ 12.6	\$ 12.9

Property transfer tax growth rates were developed using historical receipts and growth rates.

Economic Trends

The major economic drivers for property transfer tax are volume of property sales and home prices. Unlike the 1.0 percent property tax revenue, Property Transfer Tax receipts reflect current economic conditions without lag time. While the median home price has continued to grow over the past several years, the growth in the number of home sales has decreased when comparing current year-to-date data with the same time period last year. Figure 2.11 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.

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Source: DQNews/CoreLogic

Licenses and Permits

The Licenses and Permits category includes revenue associated with regulating certain activities within the City 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 2019 Adopted Budget.

The following table displays the FY 2019 Adopted Budget and the forecast for FY 2020 through FY 2024 for revenue from licenses and permits.

Table 2.11 - Licenses and Permits Five-Year Forecast (\$ in Millions)						
	FY 2019 Adopted	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Growth Rate		2.5%	2.5%	2.5%	2.5%	2.5%
Projection	\$ 25.8	\$ 31.9	\$ 34.2	\$ 36.6	\$ 39.1	\$ 41.7

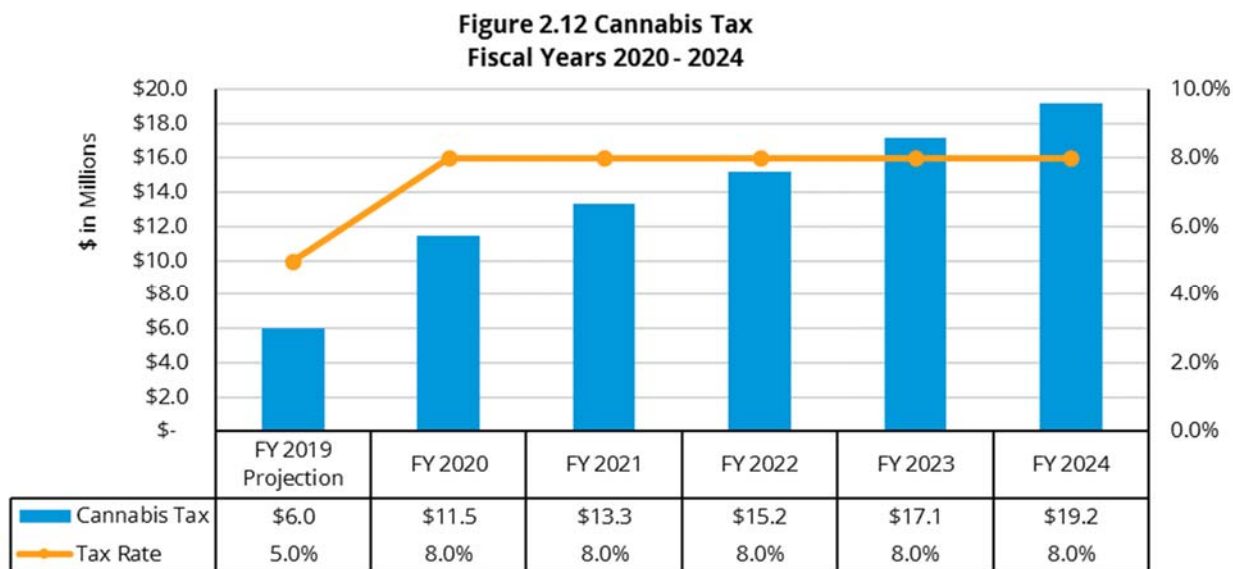
A constant growth rate of 2.5 percent is applied from FY 2020 to FY 2024. The Outlook reflects revenue adjustments based on nine years of historical data.

Cannabis Tax

Included within the Licenses and Permits category is business tax received from the sale, distribution, and cultivation of non-medical cannabis products. The City Council has authorized and regulated the sale of non-medical cannabis within the City limits. The City levies gross receipts tax of 5.0 percent on for-profit cannabis sales, production, and distribution. This tax rate will increase to 8.0 percent in FY 2020.

To develop the projection, sales data from existing cannabis outlets from January through July 2018 were used to develop an average of monthly taxable sales per outlet. This figure was then scaled to the number of dispensaries projected in each fiscal year and considers the tax rate change and a growth rate on sales based on the Consumer Price Index (CPI) forecast. There are currently no data points to build a projection for cultivation, production, and distribution of non-medical cannabis.

Additionally, this projection does not contemplate potential changes to State, Federal, and local regulations including compliance with respect to non-medical cannabis outlets and the payment of related taxes. As the industry matures, the City will continue to monitor and update projections from all cannabis businesses.



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 2019 Adopted Budget.

The following table displays the FY 2019 Adopted Budget and the forecast for FY 2020 through FY 2024 for revenue from fines, forfeitures, and penalties.

Table 2.12 - Fines, Forfeitures and Penalties Five-Year Forecast (\$ in Millions)						
	FY 2019 Adopted	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Growth rate		0.7%	0.7%	0.7%	0.7%	0.7%
Projection	\$ 31.4	\$ 31.6	\$ 31.8	\$ 32.0	\$ 32.3	\$ 32.5

Revenue from fines, forfeitures, and penalties is projected to increase at a constant rate of 0.7 percent for FY 2020 through FY 2024 based on historical averages.

Revenue from Money and Property

The Revenue from Money and Property category primarily consists of interest from city investments and 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 2019 Adopted Budget.

The following table displays the FY 2019 Adopted Budget and the forecast for FY 2020 through FY 2024 for the Revenue from Money and Property category.

Table 2.13 - Revenue from Money and Property Five-Year Forecast (\$ in Millions)						
	FY 2019 Adopted	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Growth Rate		2.6%	2.6%	2.6%	2.6%	2.6%
Projection	\$ 60.0	\$ 65.8	\$ 68.5	\$ 69.7	\$ 71.2	\$ 73.1

A growth rate of 2.6 percent is applied from FY 2020 to FY 2024 based on the annual growth rate from historical revenues. Within this category, interest on pooled investments, office space rent, and Mission Bay Park Concessions are projected separately from the 2.6 percent growth rate and then aggregated with the other revenue from money and property.

Interest on pooled investments was projected on the current General Fund participation level in the treasury pool and then anticipated interest earning rates are applied to those amounts. Due to recent market conditions and increases in Federal Funds rates, significant increases are anticipated during the outlook.

Office space rent revenue is received from non-general fund departments occupying General Fund owned buildings. Revenues received in this category are based on the rental agreements and occupancy levels for those departments.

Revenue from Money and Property includes revenue from Mission Bay rents and concessions which the Real Estate Assets Department projects will increase during the Outlook period. Per City Charter Section 55.2, the threshold amount of \$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 Parks Improvement Fund and the Mission Bay Park Improvement Fund. The San Diego Regional Parks Improvement Fund is to receive 35.0 percent of revenues in excess of the threshold amount or \$3.5 million, whichever is greater, with 65.0 percent or the remaining amount allocated to the Mission Bay Park Improvement Fund.

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, such as court crime lab revenue, urban search and rescue grants, and service level agreements. This revenue source represents 0.4 percent of the City's General Fund FY 2019 Adopted Budget.

Table 2.14 displays the FY 2019 Adopted Budget and the forecast for FY 2020 through FY 2024 for revenue from federal and other agencies.

Table 2.14 - Revenue From Federal and Other Agencies Five-Year Forecast (\$ in Millions)						
	FY 2019 Adopted	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Growth Rate		0.0%	0.0%	0.0%	0.0%	0.0%
Projection	\$ 5.5	\$ 5.5	\$ 5.5	\$ 5.5	\$ 5.5	\$ 5.5

No adjustments or growth is projected within the Revenue from Federal and Other Agencies category for the FY 2020 through FY 2024 Outlook period.

Charges for Services

The revenue forecasted in the Charges for Services category is comprised of cost reimbursements for services rendered by the City to non-general 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 11.2 percent of the City's General Fund FY 2019 Adopted Budget.

The following table displays the FY 2019 Adopted Budget and the forecast for FY 2020 through FY 2024 for revenue from charges for services.

Table 2.15 - Charges for Services Five-Year Forecast (\$ in Millions)						
	FY 2019 Adopted	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Growth Rate		5.5%	1.4%	0.2%	0.0%	0.2%
Projection	\$ 160.3	\$ 165.9	\$ 166.2	\$ 175.5	\$ 179.6	\$ 184.2

The projected growth of Charges for Services is primarily attributable to increases in Salaries and Wages as well as the projected increase of TOT reimbursements to the General Fund for the safety and maintenance of visitor related facilities.

One-time adjustments were also made for a reimbursement for National Incident Based Reporting System in the amount of \$0.81 million, Regional Water Quality Control Board in the amount of \$0.49 million, Enhanced Infrastructure Financing District and financing services in the amount of \$0.47 million, and adult library fines in the amount of \$0.10 million, reducing the base for the Charges for Services by \$1.9 million.

Other Revenue

The Other Revenue category includes library donations, ambulance fuel reimbursements, corporate sponsorships, and other miscellaneous revenues. This revenue source represents 0.2 percent of the City's General Fund FY 2019 Adopted Budget.

The following table displays the FY 2019 Adopted Budget and the forecast for FY 2020 through FY 2024 for revenue from other sources.

Table 2.16 - Other Revenue Five-Year Forecast (\$ in Millions)						
	FY 2019 Adopted	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Growth rate		0.0%	0.0%	0.0%	0.0%	0.0%
Projection	\$ 3.1	\$ 3.1	\$ 2.6	\$ 2.6	\$ 2.6	\$ 2.6

The growth rate for Other Revenue is projected to remain flat for all five fiscal years. However, beginning in FY 2021, Other Revenue will decrease by \$0.5 million in FY 2021 due to the end of a \$10.0

million donation from the Friends of the Library to support the operations of the New Central Library. This donation was allocated \$2.0 million annually for Fiscal Years 2014 through 2017, \$1.0 in Fiscal Year 2018, and \$0.5 million in FY 2019 and \$0.5 million in FY 2020.

Transfers In

The Transfers In category primarily represents transfers to the General Fund from non-general funds. The major components in this category are transfers from the Public Safety Services Fund, storm drain fees, gas taxes and TransNet funds, the one-cent TOT revenue transfer from the TOT Fund, backfill of the tobacco securitized revenue, and reimbursement of the services performed by Public Works–Facilities employees for the maintenance of the stadium. This revenue source represents 6.3 percent of the City's General Fund FY 2019 Adopted Budget.

Table 2.17 displays the FY 2019 Adopted Budget and the forecast for FY 2020 through FY 2024 for revenue from Transfers In.

Table 2.17 - Transfers In Five-Year Forecast (\$ in Millions)						
	FY 2019 Adopted	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Growth Rate		0.0%	0.0%	0.0%	0.0%	0.0%
Projection	\$ 90.2	\$ 83.0	\$ 84.8	\$ 82.7	\$ 83.9	\$ 85.1

A generic growth rate is not applied to the Transfers In category as each transfer is unique and individually programmed. For example, growth in Transfers In from sources such as 1-cent TOT transfer and Safety Sales Tax are based on their respective growth rate, while Storm Drain Fees do not increase, and therefore, no growth rate is applied.

The projections are developed from the baseline that includes removal of \$8.2 million in one-time revenues from the FY 2019 Adopted Budget. The one-time revenues were \$3.4 million from the Fleet Replacement Fund and \$4.8 million from the Compensated Absences Fund.

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. 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.

The 1-cent TOT Transfer In is linked to the TOT revenue growth as discussed in the TOT revenue section of the report. The Transfer In for stadium maintenance is projected through the planned wind down of the stadium in Fiscal Year 2021.

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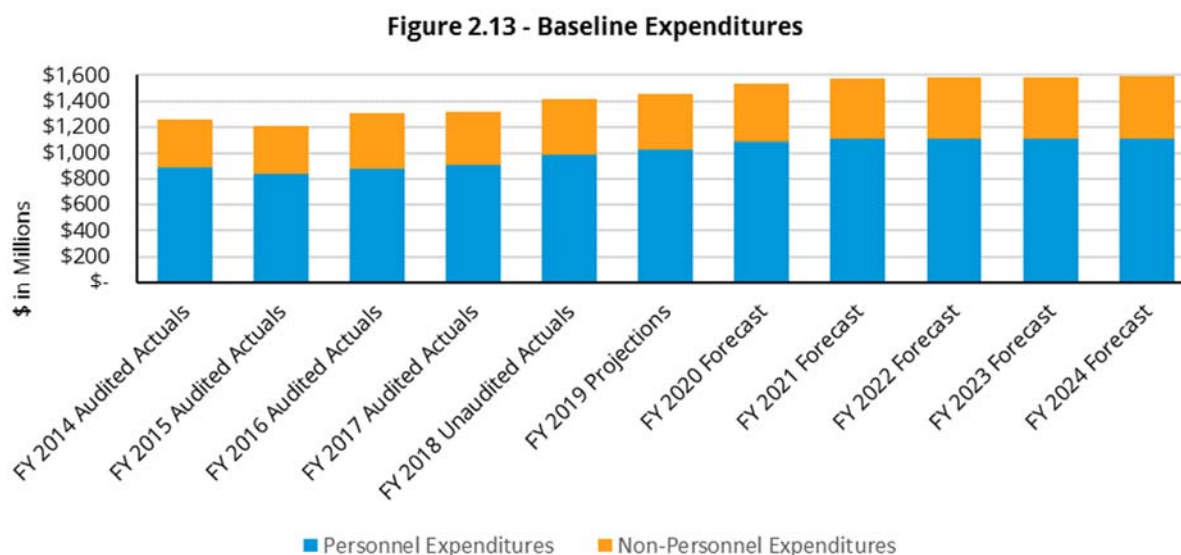
Baseline Expenditures

General Fund expenditures are comprised of both personnel and non-personnel expenditures including debt service and other non-discretionary payments. Unless otherwise noted, baseline projections assume growth based upon the FY 2019 Adopted Budget with the removal of one-time resources and expenditures.

Personnel expenditures represent 70.4 percent of the City's General Fund FY 2019 Adopted Budget. This section discusses the following key components of personnel expenses: Salaries and Wages; the City's annual 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 due to the inclusion of pensionable and non-pensionable compensation increases, including overtime, special salary adjustments, annual leave, fringe benefits and changes resulting from agreements in previous fiscal years between the City and its REOs.

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, and energy and utilities, the most significant non-personnel expenses are for reserve contributions consistent with the City's Reserve Policy, Information Technology (IT) fixed costs, and transfer to the Infrastructure Fund in accordance with Charter Section 77.1.

Figure 2.13 depicts the growth in Baseline Personnel and Non-Personnel 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. This category also includes adjustments related to Memoranda of Understanding (MOU) with each of the City's REOs. The FY 2019 Adopted Budget for General Fund salaries and wages was \$589.1 million and included 7,614.12 full-time equivalents (FTE). Table 2.18 displays the FY 2019 Adopted Budget and the forecast for FY 2020 through FY 2024 for salaries and wages.

Table 2.18 - Salaries and Wages (\$ in Millions)						
	FY 2019 Adopted	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Projection	\$ 589.1	\$ 636.1	\$ 643.8	\$ 644.3	\$ 643.4	\$ 643.7

Adjustments within the Salaries and Wages category incorporate only those expenditures associated with positions included in the FY 2019 Adopted Budget. Most of the increases in Salaries and Wages are attributed to the REO MOU's as discussed later in this section. Position additions identified in the Outlook are to support critical strategic expenditures, which 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 \$1.9 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 remains a significant 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 projected terminal leave payouts for FY 2020 through FY 2024 are displayed in Table 2.19 below.

Table 2.19 - Salaries and Wages (Annual Leave -DROP) (\$ in Millions)						
	FY 2019 Adopted	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Projected Number of Retirees	68	127	144	148	129	137
Projection	\$ 2.4	\$ 3.5	\$ 4.3	\$ 4.8	\$ 3.9	\$ 4.1

The number of DROP participants anticipated to retire in FY 2024 is not yet available as DROP is a five-year program. Therefore, the FY 2024 projected number of retirees and the Terminal Leave (DROP) projection are based on the averages of the FY 2020 through FY 2023.

In FY 2015 and FY 2016, the City and its REOs entered separate MOUs. The San Diego Police Officers Association (POA) MOU included a provision to re-open salary negotiations and a new agreement was ratified on December 5, 2017. These multi-year agreements expire in FY 2020, except for the agreement with the Deputy City Attorneys Association of San Diego (DCAA), which expires in FY 2019. Table 2.20 details the incremental compensation, including: regular wages, special pay and negotiated overtime above the Fiscal Year 2019 Adopted Budget amounts for the REOs and the City's

unrepresented employees. This Outlook does not project for any impact of future MOUs with REOs, and therefore salary and wages forecasts are fixed to the last negotiated amounts.

Table 2.20 - Salaries and Wages (Recognized Employee Organization & Unclassified Employee Contracts) (\$ in Millions)					
Recognized Organization Agreements & Unclassified Employee Contracts	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
DCAA	\$ -	\$ -	\$ -	\$ -	\$ -
Local 127	1.8	1.9	1.9	1.9	1.9
Local 145	6.5	6.5	6.5	6.5	6.5
Teamsters 911	0.3	0.3	0.3	0.3	0.3
POA	24.3	29.2	29.2	29.2	29.3
MEA	8.2	9.3	9.3	9.3	9.3
Unrepresented	2.5	2.7	2.7	2.7	2.7
Total	\$ 43.8	\$ 50.0	\$ 49.9	\$ 50.0	\$ 50.0

Starting in FY 2020 based on, the terms of the MOU with POA, \$11.1 million used for flexible benefits in the FY 2019 Adopted budget would transition to salary and wages increases. The table above only accounts for the increase in salary and wages; the corresponding decrease to flexible benefits is incorporated in Employee Flexible Benefits section.

One-time adjustments to hourly wages and overtime totaling \$3.7 million in the FY 2019 Adopted Budget have been removed to establish the baseline for the Salaries and Wages expenditure category. Adjustments to budgeted overtime over the Outlook period were included in the baseline to account for increases in existing overtime related to salary adjustments provided for in the MOU discussed above.

Table 2.21 - Salaries & Wages (Budgeted Overtime) (\$ in Millions)						
	FY 2019 Adopted	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Projection	\$ 66.6	\$ 66.9	\$ 67.6	\$ 67.6	\$ 67.6	\$ 67.6

Retirement Actuarially Determined Contribution (ADC)

The pension payment or Actuarially Determined Contribution (ADC) paid by the City on July 1, 2018 for FY 2019 was based on the San Diego City Employee's Retirement System (SDCERS) Actuarial Valuation Report prepared by the system actuary, Cheiron, as of June 30, 2017 which was released in January 2018.

The City's FY 2019 ADC payment was \$322.9 million, of which \$238.9 million was allocated to the General Fund. Based on current estimates from Cheiron, the ADC for FY 2020 is projected to be \$347.4 million, an increase of \$24.5 million or 7.6 percent. The General Fund allocation is expected to be \$257.1 million or 74.0 percent of the City's total ADC, representing an increase of \$18.1 million to the General Fund. The final amount of the City's FY 2020 ADC payment will not be known until the June 30, 2018 actuarial valuation report is released, which is expected to be presented to the SDCERS Board of Administration in January 2019. It is important to note that no adjustments are projected in this

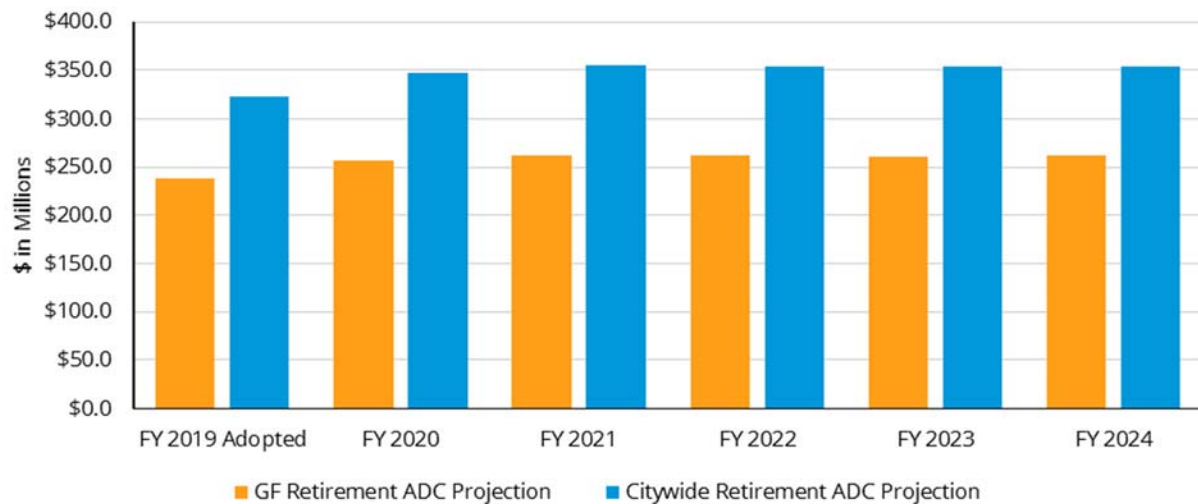
report in advance of any SDCERS action, and the ADC projections in this report are based on the SDCERS Actuarial Valuation Report as of June 30, 2017.

The FY 2020 Adopted Budget will include the full ADC amount determined by the actuary in the 2018 valuation report.

Table 2.22 displays both the citywide ADC and the General Fund's proportionate share for FY 2019 through FY 2024 and is based on the SDCERS Actuary Valuation Report as of June 30, 2017.

Table 2.22 - ADC Pension Payment (\$ in Millions)							
	FY 2019 Adopted	FY 19 GF % of Citywide	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
GF ADC Estimate	\$ 238.9	74.0%	\$ 257.1	\$ 262.3	\$ 261.9	\$ 261.5	\$ 261.8
Citywide ADC Estimate	\$ 322.9		\$ 347.4	\$ 354.5	\$ 353.9	\$ 353.4	\$ 353.8

Figure 2.14 - Retirement ADC



Actuarially Determined Contribution Assumptions

On September 8, 2017, the SDCERS Board of Administration (SDCERS Board) approved major changes to actuarial assumptions resulting in significant impacts to the City's current and future pension payments. These changes include a lowering of actuarially assumed investment earnings on an incremental basis over the next two valuation reports and a smoothing of future pension payments. The following assumptions, imitated in the FY 2017 Actuarial Valuation, have had major impacts on the City's pension payment:

- An actuarially assumed rate of return was lowered from 7.0 to 6.75 percent for the FY 2017 valuation, followed thereafter by a further reduction to 6.5 percent for the June 30, 2018 Actuarial Valuation. This produced a notable spike in future payments.
- Due to the change in actuarial assumptions, a smoothing of future payments requires notably higher City contributions in FY 2029 to FY 2033. The smoothing or revised amortization of unfunded liabilities was designed to achieve a more consistent and level cash flow into the pension system.

On September 14, 2018 and November 5, 2018, the SDCERS Board evaluated making additional changes to the actuarial methods that could further increase the City's annual pension payment, but no action was taken by the board.

Employee Flexible Benefits

The City offers flexible benefits to all eligible employees under an Internal Revenue Service (IRS) qualified benefits program (Flexible Benefits Plan). The Flexible Benefits Plan 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 a credit amount on a biweekly basis for use in various options offered within the Flexible Benefits Plan. 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 2019 Adopted Budget, \$94.1 million was budgeted in flexible benefits. Table 2.23 displays the projection for flexible benefits for FY 2020 through FY 2024.

Table 2.23 - Flexible Benefits (\$ in Millions)						
	FY 2019 Adopted	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Projection	\$ 94.1	\$ 83.1	\$ 83.1	\$ 83.1	\$ 83.1	\$ 83.1

Individual flexible benefit costs vary by each employee's benefits selection and the total flexible benefit cost varies by the total number of employees. As a result, the Flexible Benefits projection is held constant throughout the Outlook period since position additions are not included as part of the baseline projections. Rather, they are reflected within the Critical Strategic Expenditures section of this report. Per the updated POA MOU, flexible benefits for Fiscal Year 2020 and beyond have been reduced by \$11.1 million when compared to the FY 2019 Adopted Budget.

Other Post-Employment Benefits (OPEB)

Other Post-Employment Benefits (OPEB) represent the cost of retiree healthcare. The OPEB Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2018 was approximately \$550.4 million and the annual required contribution was determined to be \$48.5 million.

In FY 2012, the City entered a 15-year memorandum of understanding with each of the Recognized Employee Organizations regarding reforms to the retiree healthcare benefit for health-eligible employees (Healthcare MOU). The Healthcare MOU sets 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. The City also has a trust with the California Employers' Retiree Benefit Trust (CERBT) from which it draws annually to cover the full cost of other post-employment benefits. Beginning in FY 2015, the terms of the Healthcare MOU may be renegotiated. The following table displays both the citywide OPEB projection and the General Fund's proportionate share for FY 2020 through FY 2024.

Table 2.24 - Other Post Employment Benefits (OPEB) (\$ in Millions)							
	FY 2019 Adopted	FY 19 GF % of Citywide	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Growth Rate		65.3%	2.5%	2.5%	2.5%	2.5%	2.5%
GF OPEB Projection	\$ 41.7		\$ 42.7	\$ 43.8	\$ 44.9	\$ 46.0	\$ 47.1
Citywide OPEB Projection	\$ 63.8		\$ 65.4	\$ 67.0	\$ 68.7	\$ 70.4	\$ 72.2

The FY 2019 Adopted Budget included \$41.7 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.

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.

The City's workers' compensation expenses are comprised of two components. Operating expenses are the first component, which covers the costs of current medical expenses and claims. The second component covers contributions to the Workers' Compensation Reserve. Table 2.25 displays the General Fund's projected share of Workers' Compensation expenses.

Table 2.25 - Workers' Compensation (\$ in Millions)						
	FY 2019 Adopted	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Operating	\$ 19.7	\$ 22.1	\$ 26.0	\$ 26.5	\$ 27.0	\$ 27.5
Reserves	\$ -	\$ -	\$ 0.3	\$ 0.5	\$ 0.5	\$ 0.6
Total	\$ 19.7	\$ 22.1	\$ 26.3	\$ 27.0	\$ 27.5	\$ 28.1

The projections for operating expenses are based on actual prior year experience and forecasted to increase by 1.95 percent annually based on the Consumer Price Index for Medical Care. 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), a defined contribution plan. This benefit provides a way for eligible employees to supplement retirement income, with employee 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 other than sworn police officers hired after July 20, 2012, the effective date of Proposition B, 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 2020 through FY 2024.

Table 2.26 - Supplemental Pension Savings Plan (SPSP) (\$ in Millions)						
	FY 2019 Adopted	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Projection	\$ 19.6	\$ 20.1	\$ 20.3	\$ 20.3	\$ 20.3	\$ 20.3

SPSP is a fringe benefit that is projected based on a percentage of employees' salaries. In the FY 2019 Adopted Budget, SPSP was approximately 3.3 percent of General Fund salaries. For the Outlook period, SPSP as a percentage of salaries is projected to remain consistent at 3.3 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 2019 Adopted Budget to the FY 2020 through FY 2024 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 2019 Adopted Budget. All position additions included in the Critical Strategic Expenditures section of this report assume that new employees are hired with post Proposition B plans.

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. Table 2.27 displays the projection for Other Fringe Benefits.

Table 2.27 - Other Fringe Benefits (\$ in Millions)						
	FY 2019 Adopted	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Projection	\$ 24.0	\$ 24.6	\$ 26.8	\$ 26.8	\$ 26.8	\$ 26.8

Other Fringe Benefits are projected based on a percentage of employees' salaries. In the FY 2019 Adopted Budget, Other Fringe Benefits were approximately 4.1 percent of General Fund salaries. For the Outlook period, that percentage is projected to remain consistent at 4.1 percent. Minor increases during the Outlook period are 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 REOs. 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. Table 2.28 displays projections for the Supplies category.

Table 2.28 - Supplies (\$ in millions)						
	FY 2019 Adopted	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Growth Rate		4.6%	4.6%	4.6%	4.6%	4.6%
Projection	\$ 30.2	\$ 31.3	\$ 32.8	\$ 34.3	\$ 35.8	\$ 37.5

The FY 2019 Adopted Budget includes one-time expenditures for personal fire suppression safety equipment of \$242,000. Also included as one-time expenditures are office supplies and other low-value assets for new Parks and Recreation and Library facilities of \$24,000. These one-time expenditures totaling \$266,000 have been removed from the FY 2020 through FY 2024 baseline projections. Additionally, a 4.6 percent increase has been applied 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. Table 2.29 displays the projections for the Contracts category.

Table 2.29 - Contracts (\$ in Millions)						
	FY 2019 Adopted	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Growth Rate		3.9%	3.9%	3.9%	3.9%	3.9%
Projection	\$ 240.7	\$ 249.4	\$ 256.0	\$ 262.8	\$ 270.9	\$ 279.7

The annual growth rate of 3.9 percent is based on historical analysis. Adjustments are made to the baseline for known and anticipated events including cyclical election and census redistricting costs, elimination of refuse fees subsidies, changes in franchise fee rates and methodologies, known public liability insurance costs, pre-programmed Parks Master Plan wind down, and the end of rate relief from the Fleet Operations usage fees. The FY 2019 Adopted Budget included \$6.1 million in one-time expenditures within the Contracts category. The following summarizes the one-time expenditures that have been removed from the baseline projections:

- \$2.1 million for relocation and additional rent costs during construction to move staff into the 101 Ash Street building, which was anticipated to be a one-time event which will now occur in Fiscal Year 2020 as discussed in the August 2018 staff report on the project
- \$1.0 million for community projects, programs, and services (CPPS) which are calculated based on saving from the prior year budget
- \$0.6 million for brush trimming and management services that was funded for one year

- \$0.5 million for Supplemental Environmental Projects that will take place in Fiscal Year 2019 as a result of the Regional Water Quality Control Board penalty
- \$0.5 million for Executive Complex relocation costs which was expected to occur in Fiscal Year 2019
- \$0.3 million for the littering and graffiti abatement program that was funded for one year
- \$0.3 million for security services for various library facilities that was funded for one year
- Funding for miscellaneous contractual services that are not projected to be needed past fiscal Year 2019

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. Table 2.30 displays the projections for the Information Technology category.

Table 2.30 - Information Technology (\$ in Millions)						
	FY 2019 Adopted	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Growth Rate		11.5%	8.0%	1.1%	-0.7%	2.2%
Projection	\$ 32.0	\$ 35.6	\$ 38.5	\$ 38.9	\$ 38.6	\$ 39.5

Base IT costs are inflated by the California Consumer Price Index. An adjustment to the FY 2019 Adopted Budget for one-time fixed costs for transition of IT network and desktop services as well as discretionary expenditures totaling \$0.6 million serves as the baseline for this category.

Non-discretionary IT costs which include desktop support, networks, data-centers, cyber security and applications are independently forecasted from base IT costs, since these costs include planned transition and end-of-life equipment replacement which changes from year to year. These estimates are developed assuming that City will maintain the current level of IT security and services. New projects and initiatives are evaluated as critical strategic expenditures.

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 projections for the Energy and Utilities category.

Table 2.31 - Energy and Utilities (\$ in Millions)						
	FY 2019 Adopted	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Growth Rate		-0.5%	3.9%	3.8%	3.9%	3.7%
Projection	\$ 49.3	\$ 48.9	\$ 50.8	\$ 52.7	\$ 54.7	\$ 56.7

The Energy and Utilities category includes various costs. Each cost component has a different applicable rate. Growth rates for each category, excluding water and wastewater rates, are based on the Annual Energy Outlook 2018 report prepared by the U.S. Energy Information Administration. Fuel

growth rates range from 2.8 percent to 10.0 percent depending on the year and the type of fuel. Electrical growth rates range from 3.7 percent to 6.2 percent. The City's Public Utilities Department determines water and wastewater rates. In FY 2016, City Council approved adjustments to increase the water rate by 7.0 percent in FY 2020. Water rates are estimated to grow 5.00 percent for Fiscal Years 2021-2024. Sewer rates are held at their current rates.

In Fiscal Year 2018, the City began purchasing and installing energy efficient street lights, which are funded through a lease purchase program with GE Capital. The lease payments are expected to be funded through the savings in energy costs due to energy efficiencies gained from the new streetlights. Therefore, the energy expenses throughout the Outlook period has been reduced by the amount of the lease payment. The corresponding debt service is included below in the Other Expenses section of this report.

The growth rates for the Energy and Utilities category represent a weighted growth rate that was calculated after applying the corresponding growth rate for each component before applying the savings from the energy efficient streetlight program.

Reserve Contributions

The City's Reserve Fund Policy requires that 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. The City also maintains other reserves for various enterprise funds which are not included in this report.

Table 2.32 details the FY 2019 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						
	FY 2019 Proj.	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
General Fund Target (%)	15.25%	15.50%	15.75%	16.00%	16.25%	16.50%
General Fund Reserve Level (\$)	\$ 192.8	\$ 202.5	\$ 213.9	\$ 225.9	\$ 239.5	\$ 252.3
General Fund Contribution Amount ¹	\$ 1.1	\$ 9.8	\$ 11.4	\$ 12.0	\$ 13.5	\$ 12.9
Pension Stability Target (%)	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Pension Stability Reserve Target (\$)	\$ 24.2	\$ 26.5	\$ 27.3	\$ 28.2	\$ 28.3	\$ 28.3
Pension Stability Reserve Level Projection (\$)	\$ 4.8	\$ 10.6	\$ 16.4	\$ 22.5	\$ 28.3	\$ 28.3
Pension Stability Contribution Amount	\$ 4.8	\$ 5.8	\$ 5.8	\$ 6.1	\$ 5.8	\$ (0.0)
Pension Stability Contribution Amount (GF)	\$ 3.6	\$ 4.2	\$ 4.3	\$ 4.5	\$ 4.3	\$ (0.0)
Public Liability Target (%)	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Public Liability Reserve Level Goal (\$)	\$ 32.1	\$ 32.1	\$ 32.1	\$ 32.1	\$ 32.1	\$ 32.1
Public Liability Reserve Level Projection (\$)	\$ 34.7	\$ 34.7	\$ 34.7	\$ 34.7	\$ 34.7	\$ 34.7
Public Liability Contribution Amount	-	-	-	-	-	-
Long-Term Disability Fund Target (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Long-Term Disability Fund Reserve Target(\$)	\$ 3.9	\$ 3.9	\$ 3.9	\$ 3.9	\$ 3.9	\$ 3.9
Long-Term Disability Fund Reserve Level Projection (\$)	\$ 12.9	\$ 10.2	\$ 10.2	\$ 10.2	\$ 10.2	\$ 10.2
Long-Term Disability Contribution Amount	-	-	-	-	-	-
Workers' Compensation Target (%)	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Workers' Compensation Reserve Target (\$)	\$ 31.3	\$ 31.8	\$ 32.2	\$ 32.8	\$ 33.4	\$ 34.1
Workers' Compensation Reserve Level Projection (\$)	\$ 35.8	\$ 31.8	\$ 32.2	\$ 32.8	\$ 33.4	\$ 34.1
Workers' Compensation Contribution Amount	\$ -	\$ -	\$ 0.4	\$ 0.6	\$ 0.6	\$ 0.7
Workers' Compensation Contribution Amount (GF)	\$ -	\$ -	\$ 0.3	\$ 0.5	\$ 0.5	\$ 0.6

¹The FY 2018 Adopted Budget included \$10.3 million to prefund the FY 2019 General Fund Reserve contribution. The Fiscal Year 2019 Adopted Budget included a \$0.6 million contribution and the First Quarter Budget Monitoring Report identified an incremental contribution of \$0.6 million based on revised FY18 actual revenues.

The Outlook includes annual contributions that fully fund the General Fund Reserves to their targeted levels.

Per the City's Reserve Policy, a plan was implemented to replenish the pension stabilization reserve on an incremental basis to achieve the target levels by FY 2023, and the Outlook is consistent with this plan.

Public Liability Reserve exceeds its target level of 50.0 percent of outstanding claims and no additional contributions are anticipated in the Outlook period. Excess reserves are discussed in the Potential Mitigation Actions section of this report.

The Long-Term Disability Fund exceeds its target level of 100.0 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 reserves in the Long-Term Disability Fund is a potential source to fund the death and disability plan and is further discussed in the Potential Mitigation Actions section of this Report. No additional contributions to the Long-Term Disability Fund are anticipated in the Outlook period.

The Workers' Compensation Reserve exceeds its target levels through FY 2020 and assumes continued rate relief in FY 2019 and 2020. This is due to City Council amending the Workers' Compensation Reserve target from 25.0 percent to 12.0 percent of the three-year average of outstanding actuarial

liabilities in February 2016. The Outlook projects minor General Fund contributions due to assumed incremental changes in the three-year average of outstanding actuarial liabilities.

Other Expenditures

Expenses included in this category are debt service payments, transfers out to other funds, capital expenses, and other miscellaneous expenditures. Adjustments are made only to account for anticipated transfers, and projected debt service amounts. No growth rate is assumed for all other expenditures in this category. The following table displays the FY 2020 through FY 2024 projections for the Other Expenditures Category.

Table 2.33 - Other Expenditures						
	FY 2019 Adopted	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Growth Rate		0.0%	0.0%	0.0%	0.0%	0.0%
Projection	\$ 62.9	\$ 71.8	\$ 73.2	\$ 75.2	\$ 77.2	\$ 70.3

The one-time expenditures totaling \$10.0 million included in the FY 2019 Adopted Budget and removed from the Outlook baseline are detailed below:

- \$3.9 million transfer related to the Commission for Arts and Culture allocation
- \$4.2 million transfer to the Pension Stability and General Fund Reserve
- \$1.2 million of General Fund CIP contributions
- \$0.8 for companion unit fee waivers, vessel replacement, and various general fund vehicles

It is important to note that FY 2019 transfer to Commission for Arts and Culture allocation was funded by one-time General Fund Revenue to support one-time arts & culture Special Promotional Programs for FY 2019 over the Fiscal Year 2018 Base Budget. Per the methodology used in the Outlook, the one-time restoration of the arts & culture funding is not assumed in this Outlook and will be reviewed annually through the budget development process.

Charter Section 77.1 – Infrastructure Fund

In accordance with City Charter section 77.1, 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 – an amount equal to 50.0 percent of the year over year growth in property tax revenues, unrestricted General Fund TOT, and unrestricted franchise fees (FY 2018 through FY 2022 only)
- 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 lessor of California Consumer Price Index (CCPI) or 2.0 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 2019 Adopted	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Projection	\$ 17.1	\$ 18.2	\$ 19.6	\$ 19.2	\$ -	\$ -

The Infrastructure Fund is programmed on a year-by-year basis for one-time expenditures and therefore the transfer to the fund is considered one-time in nature. As a result, \$17.1 million in one-time expenditures was removed from the FY 2019 Adopted Budget in developing the baseline. The Outlook then projects infrastructure deposits throughout the Outlook pursuant to the City Charter.

The portion of the deposit calculation from major revenue increment is only in effect for five years (FY 2018 through FY 2022). Commencing in FY 2023, no new deposits are forecasted since there are no sales tax increment or General Fund pension cost savings projected.

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 2020 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.

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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 several issues such as critical operational funding, State and Federal mandates, legal obligations, and new facilities. These needs have been preliminarily identified as necessary for meeting core service levels and are consistent with the City's Strategic Plan. Critical strategic expenditures are well thought out, non-routine funding requests, that reflect the shared priorities of the City Council and the Mayor. Departments were asked to only submit requests that meet these stringent criteria for inclusion in the Outlook.

As noted previously, 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 purpose of this section is the identification of future known needs, that are consistent with strategic initiatives supported by the Mayor and the City Council and to provide estimated fiscal impacts of those initiatives.

Total Critical Strategic Expenditures

	FTE/Rev/Exp	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Total Critical Strategic Expenditures	Dept. Total FTE	111.2	214.6	293.9	354.2	402.7
	Dept. Total Expense	35,809,830	47,629,980	61,178,452	78,038,339	87,297,828
	Dept. Total Revenue	1,051,000	2,666,000	2,816,000	2,816,000	2,816,000

The table above summarizes the total critical strategic expenditures including costs associated with citywide initiatives and departmental specific critical strategic expenditures. It should be noted that department expenditures that were identified as budgetary requests or capital improvement projects are not included in the Outlook. Budgetary requests are items that are not strategic or programmatic in nature such as: inflationary increases for contracts and supplies, or an incremental staffing request due to increased volume of work. Capital improvement projects will be addressed in the FY 2020-2024 Five-Year Capital Infrastructure Planning Outlook to be released in January 2019.

Homeless Programs and Services

The City's homeless programs and services can be funded through a variety of General Fund and non-General Fund sources, including Federal funds, recent State Homeless Emergency Aid Program (HEAP) funding, and local funding through San Diego Housing Commission. The City and the San Diego Housing Commission are spending over \$101 million in Fiscal Year 2019 on homelessness programs and initiatives, when accounting for Federal Housing and Urban Development funding. The Outlook's baseline General Fund budget includes \$7.7 million in ongoing General Fund support for homeless programs and services. While the Outlook does not identify any new General Fund resources, the Mayor will continue to work with the City Council and regional partners to move forward on new initiatives and long-term financing to address the homelessness crisis through the budget process as well as other independent actions brought forward to the City Council.

Enterprise Asset Management (EAM)

Request	FTE/Rev/Exp	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Phase I	FTE	-	-	-	-	-
EAM Laptops & IT Equipment for	Expense	125,000	125,000	-	-	-
Public Works Field Staff	Revenue	-	-	-	-	-
Phase I	FTE	8.00	10.00	10.00	10.00	10.00
EAM Support for Transportation	Expense	757,061	1,284,608	1,284,608	908,143	908,143
Storm Water Department	Revenue	-	-	-	-	-
Phase II	FTE	-	-	-	-	-
Department of IT	Expense	-	545,528	1,435,600	1,004,920	1,185,600
One-SD Support for EAM	Revenue	-	-	-	-	-
	Dept. Total FTE	8.0	10.0	10.0	10.0	10.0
	Dept. Total Expense	882,061	1,955,136	2,720,208	1,913,063	2,093,743
	Dept. Total Revenue	-	-	-	-	-

The Enterprise Asset Management (EAM) project is a citywide strategic initiative to develop and implement an integrated SAP-based software solution that will improve the City's management of infrastructure assets for the repair and/or construction of municipal infrastructure. The project began implementation in FY 2016 and Phase 1 includes five departments/divisions: Information Technology/Wireless Services, Public Utilities, Public Works — General Services, Public Works—Engineering and Capital Projects, and Transportation and Storm Water. The system went live in three releases during FY 2018.

The Outlook contains two requests related to this Project; additional hardware resources and staff needs resulting from Phase 1 in the Public Works and Transportation and Storm Water Departments and funding for the rollout to the Phase 2 Departments consisting of Department of Information Technology, Fire-Rescue, Library, Police, Environmental Services, and Parks and Recreation. The One-SD Fund supports the implementation of the project and bills the Phase 2 Departments through the budget process.

Short Term Residential Occupancy (STRO)

Request	FTE/Rev/Exp	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Short Term Residential	FTE	8.00	8.00	8.00	8.00	8.00
Occupancy License & Tax	Expense	1,673,228	1,672,444	1,286,881	1,286,881	1,286,881
Auditing Program	Revenue	800,000	2,400,000	2,800,000	2,800,000	2,800,000
	Dept. Total FTE	8.0	8.0	8.0	8.0	8.0
	Dept. Total Expense	1,673,228	1,672,444	1,286,881	1,286,881	1,286,881
	Dept. Total Revenue	800,000	2,400,000	2,800,000	2,800,000	2,800,000

On August 1, 2018, the City Council approved an ordinance regulating short-term residential occupancy and authorizing an annual licensing fee of \$949 to pay for the administration and enforcement of the regulations and program. On August 30, 2018, a referendum petition to repeal the approved STRO regulations was submitted to the City Clerk and on October 22, 2018 the City Council voted to repeal the ordinance. Because the City Council has repealed the ordinance, there will not be funding available for enforcement until a new ordinance is put in place. In the meantime, the City is moving forward with hiring for positions to collect back tax revenue and get out-of-compliant operators registered for a TOT Certificate and paying taxes. As such, all critical strategic expenditures submitted by departments related to enforcing regulations were not included in the Outlook. The table above includes critical expenditures and estimated revenues submitted by the City Treasurer that are needed to enforce compliance with existing regulations including tax auditing.

City Clerk

Request	FTE/Rev/Exp	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Replacement of the Electronic Voting System	FTE	-	-	-	-	-
	Expense	250,000	256,000	6,000	6,000	6,000
	Revenue	250,000	250,000	-	-	-
Dept. Total FTE		-	-	-	-	-
Dept. Total Expense		250,000	256,000	6,000	6,000	6,000
Dept. Total Revenue		250,000	250,000	-	-	-

The Outlook for the City Clerk's Department supports the City's Strategic Plan to ensure equipment and technology are in place that allows employees to achieve high quality public service. Funding needs have been identified for one-time costs to replace the twelve-year-old voting system and audio-visual equipment in the City Council chambers. City Staff have included the use of Public, Educational, and Government access (PEG) funds to offset this impact to the General Fund in Fiscal Year 2020 and 2021.

City Treasurer

Request	FTE/Rev/Exp	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Centralized Payment Processing Solution (CPPS)	FTE	-	-	-	-	-
	Expense	180,000	210,000	240,000	165,000	185,000
	Revenue	-	-	-	-	-
Replace Legacy Delinquent Accounts System & Services	FTE	-	-	-	-	-
	Expense	1,300,000	345,000	360,000	378,000	400,000
	Revenue	-	-	-	-	-
Dept. Total FTE		-	-	-	-	-
Dept. Total Expense		1,480,000	555,000	600,000	543,000	585,000
Dept. Total Revenue		-	-	-	-	-

The Outlook for the City Treasurer Department supports the City's Strategic Plan to ensure equipment and technology are in place that allows employees to achieve high quality public service. Critical needs have been identified for a citywide payment processing platform that will allow for a consolidated online payment solution and a comprehensive debt collection solution for delinquent accounts. These efforts are expected to result in efficiencies in collecting funds owed for city services and are a mission critical investment to provide and bill for city services.

Citywide Program Expenditures

Request	FTE/Rev/Exp	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Franchise Agreement Consultant	FTE	-	-	-	-	-
	Expense	1,000,000	2,000,000	-	-	-
	Revenue	-	-	-	-	-
Commercial Paper Expense & Long Term Borrowing Costs	FTE	-	-	-	-	-
	Expense	-	3,370,000	6,840,000	8,950,000	12,490,000
	Revenue	-	-	-	-	-
Dept. Total FTE		-	-	-	-	-
Dept. Total Expense		1,000,000	5,370,000	6,840,000	8,950,000	12,490,000
Dept. Total Revenue		-	-	-	-	-

The Outlook for Citywide Program identifies critical funding for General Fund financing for capital projects and consultant support for upcoming franchise agreement negotiations.

The table above includes debt service costs for \$270.0 million in new financing for ongoing General Fund capital improvements program in FY 2020 through FY 2024. The borrowing amounts and debt service cost projections above assumes a long-term bond issuance in FY 2021 of \$88.5 million to pay

down/refund the commercial paper notes approved in Fiscal Year 2018 which are expected to be issued in Fiscal Year 2019. A subsequent new long-term bond issuance and corresponding \$90.75 million increases in commercial paper is projected in FY 2023. Not included in the table above are the debt service costs beyond Fiscal Year 2024, including the anticipated issuance of \$90.75 million of long-term bonds in Fiscal Year 2025 to refund the FY 2023 commercial paper notes. The timing of each of these bond issuances and a cost-effective financing mechanism (commercial paper or long-term bonds) will be further evaluated based on cash needs and market conditions.

San Diego Gas and Electric currently operates under a 50-year City franchise that was granted in 1970. The agreement is set to expire in 2020 and the city anticipates the need to retain outside consultants to prepare for and advise the City during these negotiations and evaluate the City's energy distributor. Those estimated costs have been included in the Outlook.

Communications

Request	FTE/Rev/Exp	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
General Fund support of PEG	FTE	-	-	-	-	-
funded obligations	Expense	-	-	-	447,000	447,000
	Revenue	-	-	-	-	-
	Dept. Total FTE	-	-	-	-	-
	Dept. Total Expense	-	-	-	447,000	447,000
	Dept. Total Revenue	-	-	-	-	-

The Outlook for the Communications Department supports the City's Strategic Plan to ensure equipment and technology are in place that allows employees to achieve high quality public service. The Outlook includes general funds to support obligations that are currently funded with PEG funds. These funds are tied to cable franchise funding, which is expected to decline through the Outlook period and requires general fund resources to supplant the declining PEG funds.

Environmental Services

Request	FTE/Rev/Exp	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Compressed Natural Gas (CNG)	FTE	-	-	-	-	-
Fueling Station Maintenance	Expense	210,000	210,000	210,000	210,000	210,000
	Revenue	-	-	-	-	-
	Dept. Total FTE	-	-	-	-	-
	Dept. Total Expense	210,000	210,000	210,000	210,000	210,000
	Dept. Total Revenue	-	-	-	-	-

The table above identifies the addition of non-personnel expenditures for the operation and maintenance of compressed natural gas (CNG) fueling stations that are expected to open in FY 2020.

Fire-Rescue

Request	FTE/Rev/Exp	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Fire-Rescue Staffing Model and Relief Pool To Reduce Overtime Costs	FTE	37.00	74.00	111.00	111.00	111.00
	Expense	1,126,695	238,021	(471,619)	(1,479,303)	(1,479,303)
	Revenue	-	-	-	-	-
Fire Stations (Black Mountain Ranch, Fairmount, North University City, Paradise Hills)	FTE	-	12.00	24.00	36.00	60.00
	Expense	146,040	2,118,937	4,091,834	6,416,016	10,256,013
	Revenue	-	-	-	-	-
Helicopter Maintenance and Fuel for Recently Acquired Helicopter	FTE	-	-	-	-	-
	Expense	820,000	820,000	820,000	820,000	820,000
	Revenue	-	-	-	-	-
Peak Hour Engines	FTE	24.00	48.00	48.00	48.00	48.00
	Expense	3,267,578	6,535,157	6,535,157	6,535,157	6,535,157
	Revenue	-	-	-	-	-
Replace One Fire-Rescue Helicopter	FTE	-	-	-	-	-
	Expense	-	-	-	-	1,437,946
	Revenue	-	-	-	-	-
	Dept. Total FTE	61.0	134.0	183.0	195.0	219.0
	Dept. Total Expense	5,360,313	9,712,115	10,975,371	12,291,869	17,569,813
	Dept. Total Revenue	-	-	-	-	-

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 additional fire academies to support the constant staffing model and establish a relief pool for firefighter personnel, maintenance costs for the helicopter purchased in FY 2018, replacement of one additional helicopter in FY 2024, establishment of peak hour engines, and the addition of four new fire stations. The operational expenses for the new fire stations are listed below:

- FY 2021 – North University City
- FY 2022 – Black Mountain Ranch
- FY 2023 – UCSD, Fairmont Avenue
- FY 2024 – Paradise Hills

The addition of 111.0 additional firefighters, provided by one ongoing and three one-time academies, will produce the staffing level needed for the Fire-Rescue Department's constant staffing model to reduce overtime costs. The costs of additional personnel and academies are offset by overtime reduction once the 111.0 FTE are fully operational.

The Fire-Rescue Department has identified gaps in service and intends to fill these gaps by phasing-in six peak hour engine (PHE) companies over two years (three PHE per fiscal year) as recommended in the February 2017 Citygate Report. Coverage gaps may be long term gaps as identified in the Citygate report or short term such as a significant incident drawing many resources, or planned event leaving certain areas with service gaps. These companies may also be used to send help to an incident instead of pulling other resources out of their home areas. This will significantly improve response time performance citywide, reducing the need to build new fire stations that are not already in some form of design or construction. The PHE would be in operation 12 hours per day, seven days per week.

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Fleet Operations

Request	FTE/Rev/Exp	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Fleet Facility Repairs and Safety Upgrades	FTE	-	-	-	-	-
	Expense	2,803,339	1,010,272	1,181,577	1,096,880	939,483
	Revenue	-	-	-	-	-
Vehicle Replacements	FTE	-	-	-	-	-
	Expense	4,609,202	9,218,403	16,218,403	23,218,403	23,218,403
	Revenue	-	-	-	-	-
	Dept. Total FTE	-	-	-	-	-
	Dept. Total Expense	7,412,541	10,228,675	17,399,980	24,315,283	24,157,886
	Dept. Total Revenue	-	-	-	-	-

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 the fees for the replacement of General Fund vehicles and the General Fund's share of costs for critical repairs and safety improvements at fleet facilities.

Information Technology

Request	FTE/Rev/Exp	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
OSHA Reporting Implementation and Licensing	FTE	-	-	-	-	-
	Expense	389,963	139,263	42,363	42,363	42,363
	Revenue	-	-	-	-	-
Public Safety Radio Site Updates, Maintenance, Licensing, and Support Contract	FTE	-	-	-	-	-
	Expense	352,600	528,900	2,027,450	2,468,200	2,468,200
	Revenue	-	-	-	-	-
City Website Security and Webhosting Support	FTE	-	-	-	-	-
	Expense	341,446	60,900	60,900	60,900	60,900
	Revenue	-	-	-	-	-
SAP Migration	FTE	-	-	-	-	-
	Expense	-	290,700	-	-	-
	Revenue	-	-	-	-	-
	Dept. Total FTE	-	-	-	-	-
	Dept. Total Expense	1,084,009	1,019,763	2,130,713	2,571,463	2,571,463
	Dept. Total Revenue	-	-	-	-	-

The Outlook for the City's Department of Information Technology supports the City's Strategic Plan through equipment and technology that allow employees to provide high-quality public service. The table above identifies the General Fund costs associated with critical software, hardware, and maintenance managed by the Department of IT.

Library

Request	FTE/Rev/Exp	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
New Library (Pacific Highlands Ranch)	FTE	-	8.50	8.50	8.50	8.50
	Expense	-	783,740	783,740	783,740	783,740
	Revenue	-	-	-	-	-
	Dept. Total FTE	-	8.5	8.5	8.5	8.5
	Dept. Total Expense	-	783,740	783,740	783,740	783,740
	Dept. Total Revenue	-	-	-	-	-

The Outlook for the City's Library Department supports the City's Strategic Plan to foster services that improve the quality of life in all neighborhoods. The table identifies staffing and operating costs for the new Pacific Highlands branch library, which is the only fully funded library scheduled to go online in the Outlook period. The outlook assumes that some of the costs associated with one-time operating

expenses will come from non-general fund sources such as library system improvement funding or grants.

Parks and Recreation

Request	FTE/Rev/Exp	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
New Facilities	FTE	26.16	39.11	46.36	51.73	55.15
	Expense	3,775,408	4,115,685	4,912,953	5,613,534	6,069,895
	Revenue	1,000	16,000	16,000	16,000	16,000
Dept. Total FTE		26.2	39.1	46.4	51.7	55.2
Dept. Total Expense		3,775,408	4,115,685	4,912,953	5,613,534	6,069,895
Dept. Total Revenue		1,000	16,000	16,000	16,000	16,000

The Outlook for the City's Parks and Recreation Department supports the City's Strategic Plan to improve the quality of life in all neighborhoods. The table above identifies the addition of personnel and non-personnel expenditures for the operation and maintenance of 16 new facilities and 28 new "Play All Day" joint use facilities. Attachment 3 identifies these facilities.

Performance and Analytics

Request	FTE/Rev/Exp	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
311 Phone System Enhancement	FTE	-	-	-	-	-
	Expense	-	250,000	-	-	-
	Revenue	-	-	-	-	-
Get It Done - Phase 2 Expansion	FTE	-	-	-	-	-
	Expense	-	-	-	400,000	-
	Revenue	-	-	-	-	-
Dept. Total FTE		-	-	-	-	-
Dept. Total Expense		-	250,000	-	400,000	-
Dept. Total Revenue		-	-	-	-	-

The Outlook for Performance and Analytics supports the City's Strategic Plan to provide high quality public service by promoting a customer-focused culture that prizes consistent, predictable delivery of services. The funding needs identified in the Outlook represents the integration of Parks and Recreation services into the Get It Done application (Phase 2) and enhancements to the City's information phone system to make it more user-friendly and responsive.

Planning

Request	FTE/Rev/Exp	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Climate Adaptation & Resiliency Plan	FTE	-	-	-	-	-
	Expense	310,000	190,000	-	-	-
	Revenue	-	-	-	-	-
Housing Affordability Program	FTE	-	-	-	-	-
	Expense	250,000	250,000	250,000	-	-
	Revenue	-	-	-	-	-
Dept. Total FTE		-	-	-	-	-
Dept. Total Expense		560,000	440,000	250,000	-	-
Dept. Total Revenue		-	-	-	-	-

The Outlook for the City's Planning Department supports the City's Strategic Plan for fostering safe and livable neighborhoods. Funding needs were identified to support the HousingSD program, which would focus on affordable housing incentive program, permanent supportive housing streamlining ordinance, additional updates to the Land Development Code to support housing, and General Fund resources to augment grant funding already secured for climate adaptation & resiliency planning.

Police

Request	FTE/Rev/Exp	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Addition of Sworn Positions and Equipment	FTE	-	-	21.00	42.00	63.00
	Expense	-	-	3,387,486	6,364,173	9,346,259
	Revenue	-	-	-	-	-
Police Overtime	FTE	-	-	-	-	-
	Expense	6,490,000	7,750,000	7,150,000	6,550,000	5,950,000
	Revenue	-	-	-	-	-
Police Helicopter Maintenance Savings	FTE	-	-	-	-	-
	Expense	(329,588)	(1,150,237)	(1,513,698)	(1,305,822)	(1,792,006)
	Revenue	-	-	-	-	-
Promotional Examination Process	FTE	-	-	-	-	-
	Expense	249,000	-	249,000	-	249,000
	Revenue	-	-	-	-	-
Dept. Total FTE		-	-	21.0	42.0	63.0
Dept. Total Expense		6,409,412	6,599,763	9,272,788	11,608,351	13,753,253
Dept. Total Revenue		-	-	-	-	-

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 63.0 of the 85.0 sworn officers needed to return police staffing to the 2009 levels of 2,128 sworn officers by FY 2024, with the remaining 22.0 Officers expected in Fiscal Year 2025. Also identified is funding for promotional examinations to determine candidates eligible for promotion to sergeant and lieutenant ranks.

As reported in the Fiscal Year 2019 First Quarter Budget Monitoring Report, the Police Department is projecting additional overtime due to vacancies and support for Neighborhood Policing Division. Appropriations for these expenditures will be requested of City Council later in Fiscal Year 2019. Subject to Council approval, these expenditures will continue during the outlook period, however at a diminishing amount as staffing levels are increased through the department's programmed academies and recruiting efforts discussed above.

The City's Police Department, through cooperation with the Federal Government's Seized Assets Program has received significant funding in Fiscal Year 2019. The Outlook assumes that a portion of these funds are used to replace three existing helicopters, resulting in General Fund savings of maintenance costs for the City's police helicopter fleet. The remaining use of fund balance will be considered in conjunction with the budget development process to ensure the best use of these one-time resources.

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Public Works

Request	FTE/Rev/Exp	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Asbestos Remediation	FTE	-	-	-	-	-
	Expense	150,000	150,000	150,000	150,000	150,000
	Revenue	-	-	-	-	-
Facilities Condition Assessments	FTE	-	-	-	-	-
	Expense	-	250,000	250,000	250,000	-
	Revenue	-	-	-	-	-
Rehabilitation Projects	FTE	-	-	-	-	-
	Expense	350,000	700,000	700,000	700,000	700,000
	Revenue	-	-	-	-	-
Support for Emergency Generators	FTE	1.00	1.00	1.00	1.00	1.00
	Expense	193,369	98,369	98,369	98,369	98,369
	Revenue	-	-	-	-	-
Dept. Total FTE		1.0	1.0	1.0	1.0	1.0
Dept. Total Expense		693,369	1,198,369	1,198,369	1,198,369	948,369
Dept. Total Revenue		-	-	-	-	-

The Outlook for the City's Public Works Department supports the City's Strategic Plan in achieving safe and livable neighborhoods. The strategic expenditures included in the Outlook focus on quantifying the conditions of existing facilities, dedicate funding to remediate asbestos in existing city projects, a dedicated crew to maintain emergency backup generators, and funding for critical construction projects which are too small for the Capital Improvements Program (CIP).

Real Estate Assets

Request	FTE/Rev/Exp	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Removal of Mobilehomes from DeAnza Cove	FTE	-	-	-	-	-
	Expense	1,831,767	-	-	-	-
	Revenue	-	-	-	-	-
Dept. Total FTE		-	-	-	-	-
Dept. Total Expense		1,831,767	-	-	-	-
Dept. Total Revenue		-	-	-	-	-

The Outlook for the City's Real Estate Assets Department supports the City's Strategic Plan by providing high quality public service. The table above identifies the addition of non-personnel expenditures to remove mobile homes from the former De Anza Cove mobile home park.

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Transportation and Storm Water

Request	FTE/Rev/Exp	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Additional Positions to Support Programs (Get It Done, Climate Action Plan, Vision Zero)	FTE	2.00	4.00	4.00	4.00	4.00
	Expense	200,555	409,682	409,682	409,682	409,682
	Revenue	-	-	-	-	-
Consulting Services (Transportation Optimization Program - STOP)	FTE	-	-	-	-	-
	Expense	250,000	250,000	-	-	-
	Revenue	-	-	-	-	-
Litigation and PRA Support	FTE	1.00	2.00	2.00	2.00	2.00
	Expense	142,323	208,217	208,217	208,217	208,217
	Revenue	-	-	-	-	-
Pavement Assessment	FTE	-	-	-	-	-
	Expense	450,000	300,000	-	-	-
	Revenue	-	-	-	-	-
Pipe Maintenance & Repair	FTE	-	-	-	22.00	22.00
	Expense	-	-	-	3,551,297	1,976,297
	Revenue	-	-	-	-	-
Sidewalk Repair	FTE	4.00	8.00	10.00	10.00	10.00
	Expense	2,144,843	2,095,393	1,973,551	1,730,590	1,730,590
	Revenue	-	-	-	-	-
	Dept. Total FTE	7.0	14.0	16.0	38.0	38.0
	Dept. Total Expense	3,187,721	3,263,292	2,591,450	5,899,785	4,324,785
	Dept. Total Revenue	-	-	-	-	-

The Outlook for the City's Transportation and Storm Water Department supports the City's Strategic Plan in achieving safe and livable neighborhoods by performing the services summarized in the table above. These expenditures allow for faster mitigation of sidewalk trip hazards via an additional ramping crew, engineering staff to support CAP and Vision Zero projects, and an update to the City's street Overall Condition Index (OCI) ratings.

Furthermore, the City must comply with the Regional Water Quality Control Board (RWQCB) storm water permit requirements creating significant operational and capital needs. In the outer years of the outlook a dedicated preventative maintenance storm drain crew has been included to extend the life of existing storm water infrastructure. The 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 2019.

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POTENTIAL MITIGATION ACTIONS

The Outlook has identified the potential need to identify additional sources of funds as a result of the growth in ongoing expenditures outpacing the growth in ongoing revenues. The Mayor will present a balanced FY 2020 budget in April 2019 to the City Council. If the projected revenues and sources of funds do not improve, several mitigation actions, including budget reductions, will need to be considered. The following section presents potential measures to address the potential need for additional resources in FY 2020.

One-Time Resources

Resources are available from excess equity and in reserve accounts; however, these resources are one-time in nature and therefore are only available for one-time purposes.

- The Public Liability Reserve exceeds FY 2019 policy goal of 50 percent of outstanding claims. Funds available at the end of FY 2019 could be available in FY 2020.
- The current Long-Term Disability Fund Reserve is funded beyond the policy goal 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.
- The Workers' Compensation Reserve is currently overfunded in comparison to its target level of 12 percent of the three-year average of outstanding actuarial liabilities. The FY 2019 Adopted Budget incorporated a plan to utilize the funds for workers compensation operating expenses in FY 2020. There are no additional funds available, at this time, above what is currently planned to be utilized.
- In the FY 2019 First Quarter Budget Monitoring Report, the FY 2019 ending fund balance (excess equity) is projected to be \$12.5 million. This will be updated during the FY 2019 Mid-Year Budget Monitoring Report once the audit of the FY 2018 financial statements is complete and will include updated Fiscal Year 2019 projections. These funds could be used in either FY 2019 or in future fiscal years to fund one-time expenditures.

Budget Reductions

To address the projected revenue shortfall, General Fund departments will be requested to submit budget reduction proposals. Any budget reduction proposals submitted for consideration are only proposals subject to careful evaluation. 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.

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OTHER ASSUMPTIONS AND CONSIDERATIONS

The Outlook was developed based on information available and known at the time of the preparation of the report. Projections were developed using reasonable assumptions, however, risks to the projections include events that may be expected to occur during the Outlook period whose outcomes are unpredictable. Previous sections of the report have discussed risks related to economic recession, changes in other economic growth rates, and changes to the actuarial valuation of the City's Pension. This section details several other known assumptions.

Referendum and Ballot Measures

The City Council approved regulations governing STRO on July 16, 2018 and on August 30, 2018, a petition to repeal approved STRO regulations was submitted to the City Clerk. The City Council voted to repeal the STRO measure on October 22, 2018. The Outlook includes Treasurer Department's STRO requests because they are related to ongoing licensing and tax collection and not dependent on the STRO ordinance. Further actions by City Council on STRO regulations are expected during the Outlook period and are not accounted for in this Outlook.

Local ballot Measure G, regarding the sale of the stadium site to San Diego State University (SDSU), appears to have been approved by the electorate on November 6, 2018, subject to certification by the San Diego County Registrar of Voters. The fiscal impact of this item on the General Fund has not been reflected in the Outlook due to the timing of the preparation of this report. Baseline assumptions were developed based on the closure and wind down of the stadium following the SDSU football season ending in December 2020.

On July 9, 2018, an initiative titled "For A Better San Diego" was filed with the City Clerk to increase the TOT rate. On September 20, 2018, it was determined by the Registrar of Voters that the petition contained the requisite number of valid signatures. The matter will be placed on the ballot for the next citywide Municipal General Election ballot in November 2020, unless the City Council decides to place the matter on a Special Election ballot.

MOUs

As previously discussed in the Salaries and Wages section of this report, in FY 2015 and FY 2016, the City and its REOs entered into separate MOUs. These multi-year agreements expire in FY 2020, except for the agreement with the DCAAs, which expires in FY 2019. Since over 70 percent of expenditures in the FY 2019 Adopted Budget are related to wages and fringe benefits, small changes in MOU provisions can have large impacts on City expenditures. A 1.0 percent change in salaries across all MOU's could increase this category by approximately \$6.0 million. The Outlook report does not contain any projections related to potential changes to the MOUs.

Recession

The impact of a future economic recession has not been incorporated into this Outlook. In each fiscal year of the Outlook, growth is projected from its prior year. Based on historical examples of a recession, the City's Major Revenues, (Property Tax, Sales Tax, TOT, and Franchise Fees) could be significantly impacted. Prior recessions have impacted the City's aggregated Major Revenues by -1.0% to -4.9%. A recession affects each revenue source differently. Changes to Property Taxes are likely to

lag since current revenue is based on prior calendar year valuations. Property Taxes are also less variable due to the amount of base assessed valuations that are below market value. However, small percentage changes to property tax growth can equate to large swings in taxes. Sales tax and TOT are based on consumer's discretionary funds; therefore, they are more quickly and erratically impacted by a recession.

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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 and reflect the Mayor and Council's shared priorities over the next five-year period.

Based upon baseline projections, growth in ongoing expenditures is anticipated to outpace growth in ongoing revenues in FY 2020 and FY 2021. A structural shortfall is forecasted based on the following key factors:

- Moderate growth in revenue
- Employee Organization Agreements and amendments entered into between FY 2015 and FY 2018
- Increases in the Actuarially Defined Contribution to the City's Pension
- The City's commitments to funding reserves and investing in infrastructure projects

The Outlook is not a budget. The Outlook provides the City Council, City staff, key stakeholders, and the public with information in advance of the budget meetings to facilitate an informed discussion during the development of the FY 2020 Adopted Budget.

Per the City Charter, the Mayor will present a balanced budget for the City Council's consideration in April 2019.

ATTACHMENT 1

FY 2020 – 2024 FIVE-YEAR FINANCIAL OUTLOOK

(\$ in millions)

GENERAL FUND REVENUES	Fiscal Year 2019 Adopted Budget	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Property Tax	\$ 560.0	\$ 597.9	\$ 629.6	\$ 660.8	\$ 691.2	\$ 721.2
Sales Tax	282.1	290.0	297.8	305.9	313.8	321.7
Transient Occupancy Tax	128.4	134.8	140.4	145.7	150.9	156.1
Franchise Fees	78.8	80.8	82.5	84.4	86.7	88.2
Property Transfer Tax	11.0	11.5	11.9	12.2	12.6	12.9
Licenses and Permits	19.8	20.4	20.9	21.5	22.0	22.5
Cannabis Business Tax	6.0	11.5	13.3	15.2	17.1	19.2
Fines, Forfeitures and Penalties	31.4	31.6	31.8	32.0	32.3	32.5
Revenue from Money and Property	60.0	65.8	68.5	69.7	71.2	73.1
Revenue from Federal and Other Agencies	5.5	5.5	5.5	5.5	5.5	5.5
Charges for Services	160.3	165.9	166.2	175.5	179.6	184.2
Other Revenue	3.1	3.1	2.6	2.6	2.6	2.6
Transfers In	90.2	83.0	84.8	82.7	83.9	85.1
BASELINE GENERAL FUND REVENUES	\$ 1,436.5	\$ 1,501.8	\$ 1,555.9	\$ 1,613.7	\$ 1,669.3	\$ 1,724.8
GENERAL FUND EXPENDITURES	Fiscal Year 2019 Adopted Budget	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Salaries & Wages	\$ 589.1	\$ 636.1	\$ 643.8	\$ 644.3	\$ 643.4	\$ 643.7
Retirement Actuarially Determined Contribution (ADC) ¹	238.9	257.1	262.3	261.9	261.5	261.8
Employee Flexible Benefits	94.1	83.1	83.1	83.1	83.1	83.1
Other Post Employment Benefits (OPEB)	41.7	42.7	43.8	44.9	46.0	47.1
Workers' Compensation	19.7	22.1	26.0	26.5	27.0	27.5
Supplemental Pension Savings Plan (SPSP)	19.6	20.1	20.3	20.3	20.3	20.3
Other Fringe Benefits	24.0	24.6	26.8	26.8	26.8	26.8
Personnel Expenditures	\$ 1,027.1	\$ 1,085.7	\$ 1,106.0	\$ 1,107.7	\$ 1,107.9	\$ 1,110.2
Supplies	\$ 30.2	\$ 31.3	\$ 32.8	\$ 34.3	\$ 35.8	\$ 37.5
Contracts	240.7	249.4	256.0	262.8	270.9	279.7
Information Technology	32.0	35.6	38.5	38.9	38.6	39.5
Energy and Utilities	49.3	48.9	50.8	52.7	54.7	56.7
Reserve Contributions	4.2	14.0	16.0	17.1	18.4	13.4
Charter Section 77.1 - Infrastructure Fund Contribution	17.1	18.2	19.6	19.2	0.0	0.0
Other Expenditures	58.7	57.5	57.2	58.0	58.8	56.9
Non-Personnel Expenditures	\$ 432.1	\$ 454.9	\$ 470.8	\$ 482.9	\$ 477.3	\$ 483.7
BASELINE GENERAL FUND EXPENDITURES	\$ 1,459.2	\$ 1,540.6	\$ 1,576.8	\$ 1,590.6	\$ 1,585.3	\$ 1,593.9
BASELINE SURPLUS / (SHORTFALL)	\$ (38.8)	\$ (20.9)	\$ 23.0	\$ 84.1	\$ 130.9	
CRITICAL STRATEGIC EXPENDITURES NET OF REVENUES	\$ 34.8	\$ 45.0	\$ 58.4	\$ 75.2	\$ 84.5	
(AMOUNT TO BE MITIGATED) /AVAILABLE RESOURCES²	\$ (73.6)	\$ (65.9)	\$ (35.3)	\$ 8.9	\$ 46.4	

Numbers may not add to exact figures due to rounding.

¹ The final amount of the City's FY 2020 ADC payment will not be known until the June 30, 2018 actuarial valuation report is released, which is expected to be presented to the SDCERS Board of Administration in January 2019.

² Per City Charter Section 69, the Mayor will propose a balanced budget by the 15th of April preceding each fiscal year.

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ATTACHMENT 2

ONE-TIME RESOURCES AND USES OF FUNDS

The tables below detail the one-time resources and expenditures that were included in the Fiscal Year 2019 Adopted Budget that were adjusted to develop FY 2020-2024 Five-Year Financial Outlook baseline budget.

One-Time Resources	
Compensated Absences Leave Fund Balance	4,752,491
Fleet Operations Replacement Fund Transfer	3,400,000
Redevelopment Property Trust Fund (RPTTF) Distributions	855,090
Reimbursement for National Incident Based Reporting System	814,000
Supplemental Environmental Projects - Regional Water Quality Control Board	491,143
Otay Mesa Enhanced Infrastructure Financing District (EIFD) Election	289,811
Reimbursement for Debt Management services from Public Utilities Department	175,626
Library Fines Revenue	99,607
Total	\$10,877,768

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Attachment I

One-Time Uses	
Transfer to the Infrastructure Fund (Charter Section 77.1)	\$17,090,909
Commission for Arts & Culture Funding	3,949,600
Transfer to Replenish the Pension Payment Stabilization Reserve	3,612,662
Fire-Rescue Overtime	3,416,937
101 Ash Relocation Costs	2,100,000
Contributions to the Capital Improvements Program for IT Projects	1,168,000
Community Projects, Programs, and Services (CPPS) Funds	981,163
Brush Management	555,000
Contributions to Maintain General Fund Reserves - FY 2019 Reserve Target of 15.25%	554,424
Regional Water Quality Control Board - Supplemental Environmental Projects	501,166
Executive Complex Relocation Costs	450,000
Parks and Recreation New Park and Facilities	404,920
Companion Unit Fee Waiver Pilot	300,000
Private Property Graffiti Abatement	300,000
Equipment and Vehicle Purchases - Clean SD	290,000
Library Security Services	288,000
Lifeguard Vessel Replacements	256,000
Mixed Income Housing Density Program Funding	250,000
Personal Protective Equipment (PPE)	241,500
Lifeguard Academy	238,356
Vehicle Purchases - Parks and Recreation	97,500
Civic Theatre Maintenance	75,000
Mission Beach Trash Collection	70,000
Mission Hills Library	68,088
Parks and Recreation User Fee Study	50,000
Pipe Repair Team Vehicle Purchases - Transportation & Storm Water	43,145
SMART Program Funding	40,000
Consultant for Select Committee on Homelessness	38,000
San Ysidro Library	20,611
Otay Mesa Enhanced Infrastructure Financing District (EIFD) General Election Ballot	20,250
Use of Fund Balance to Reduce Expenditures	-4,601,855
Total	\$32,869,376

**ATTACHMENT 3
PARK AND RECREATION NEW FACILITIES**

Park and Recreation New Facilities	
Audubon Elementary JU (PAD)	2020
Bay Terrace Recreation and Senior Center	2020
Dennerly Ranch Neighborhood Park - CIP S00636	2020
East Village Green NP - CIP S16012	2020
Innovation (MacDowell) Middle School JU (PAD)	2020
Longfellow Elementary JU (PAD)	2020
Noth Park Mini Park	2020
Pacific View Leadership Academy JU (PAD)	2020
Rolando Park Elementary JU (PAD)	2020
Rowan Elementary JU (PAD)	2020
Salk Neighborhood Park and JU Development (PAD)	2020
Sandburg Elementary JU (PAD)	2020
Spreckels Elementary JU (PAD)	2020
14th Street Promenade	2021
Canon Street Pocket Park - CIP S16047	2021
Children's Park Enhancement	2021
Fairbrook Neighborhood Park - CIP S01083	2021
Franklin Ridge Pocket Park	2021
Johnson Elementary JU (PAD)	2021
Lindbergh-Schweitzer Elementary School JU (PAD)	2021
Olive Street Mini Park - CIP S10051	2021
Tubman Charter Elementary JU (PAD)	2021
Standley Middle School JU (PAD)	2021
Standley Middle School JU Pool (PAD)	2021
Taft Middle JU (PAD)	2021
Valencia Mini Park - CIP S11103	2021
Wangenheim Middle School JU (PAD)	2021
Florence Elementary School JU (PAD)	2022
Hawthorne Elementary JU (PAD)	2022
Hickman Elementary JU (PAD)	2022
Hidden Trails Neighborhood Park - CIP S00995	2022
Jones Elementary JU (PAD)	2022
Lafayette Elementary JU (PAD)	2022
Logan/Memorial K-8/Middle School JU (PAD)	2022
Mira Mesa Community Park (Phase II) - CIP L16002	2022

Attachment I

Park and Recreation New Facilities (continued)	
Pacific Beach Elementary School JU Expansion (PAD)	2022
Benchley / Weinberger Elementary JU (PAD)	2023
Dewey Elementary JU (PAD)	2023
Marie Curie Elementary JU (PAD)	2023
NTC Building 619	2023
Toler Elementary JU (PAD)	2023
Riviera Del Sol Neighborhood Park - CIP S00999	2023
Webster Elementary JU(PAD)	2023
Canyon Hills Resource NP Improvements - CIP S15006	2024
Carmel Valley Neighborhood Park - CIP S00642	2024