



Adopted Budget Fiscal Year 2020

MAYOR KEVIN L. FAULCONER

Citywide Budget Overview

The City of San Diego's Fiscal Year 2020 Adopted Budget of \$4.3 billion is comprised of five operating fund types and the Capital Improvements Program (CIP):

- General Fund;
- Special Revenue Funds;
- Capital Project Funds;
- Enterprise Funds;
- Internal Service Funds; and
- Capital Improvements Program.

Table 1 shows the change in expenditures from Fiscal Year 2018 to Fiscal Year 2020 by fund type or program.

Table 1: Change in Total City Expenditures from Fiscal Years 2018 - 2020 by Fund Type/Program

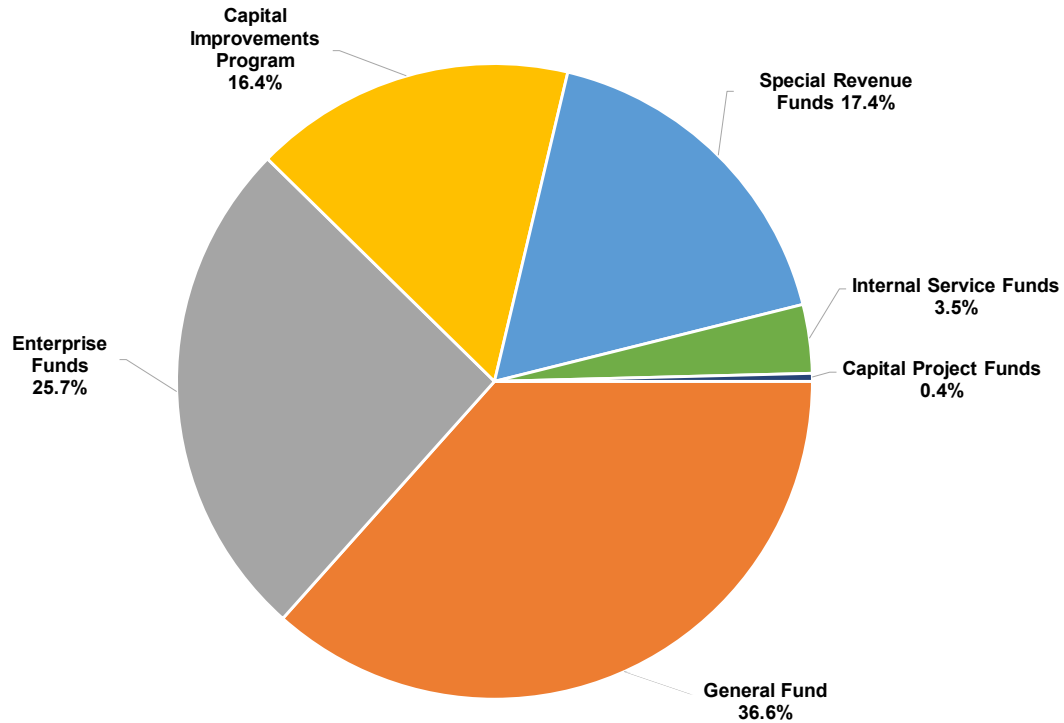
Fund Type	FY 2018 Actual	FY 2019 Adopted Budget	FY 2020 Adopted Budget	FY 2019 - FY 2020 Change	Percent Change
General Fund	\$ 1,418,216,257	\$ 1,459,227,163	\$ 1,589,984,689	\$ 130,757,526	9.0%
Special Revenue Funds	502,206,319	616,962,242	755,910,131	138,947,889	22.5%
Capital Project Funds	21,904,924	13,601,446	17,593,606	3,992,160	29.4%
Enterprise Funds	965,359,414	1,061,471,832	1,118,672,626	57,200,794	5.4%
Internal Service Funds	120,202,141	124,949,932	151,580,954	26,631,022	21.3%
Capital Improvements Program	552,573,203	558,854,340	710,812,155	151,957,815	27.2%
Total	\$ 3,580,462,258	\$ 3,835,066,955	\$ 4,344,554,161	\$ 509,487,206	13.3%



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Figure 1 displays the Fiscal Year 2020 Adopted Expenditure Budget by Fund Type/Program.

Figure 1: Fiscal Year 2020 Adopted Expenditure Budget by Fund Type/Program



Note: Percentages may not sum to 100% due to rounding.

Table 2: Changes in Total City Revenue from Fiscal Years 2018 – 2020 by Fund Type

Fund Type	FY 2018 Actual	FY 2019 Adopted Budget	FY 2020 Adopted Budget	FY 2019 - FY 2020 Change	Percent Change
General Fund	\$ 1,427,502,290	\$ 1,436,540,860	\$ 1,549,226,498	\$ 112,685,638	7.8%
Special Revenue Funds	539,907,677	579,012,311	656,120,577	77,108,266	13.3%
Capital Project Funds	55,616,726	43,528,940	47,029,997	3,501,057	8.0%
Enterprise Funds	1,309,375,367	1,302,023,029	1,781,535,967	479,512,938	36.8%
Internal Service Funds	122,868,821	111,020,422	158,293,430	19,022,846	42.6%
Total¹	\$ 3,455,270,881	\$ 3,472,125,562	\$ 4,192,206,469	\$ 720,080,907	20.7%

¹Operating revenues may be less than operating expenditures due to the use of fund balance in excess of reserves.

Expenditure Overview by Fund Type/Program

General Fund

Departments within the General Fund provide core community services such as public safety (including police/fire protection and life safety), parks and recreation, library services, and refuse collection, as well as vital support functions such as finance, legal, and human resources. These core services are primarily supported by major revenue sources that include property tax, sales tax, transient occupancy tax, and franchise fees. The City's Fiscal Year 2020 Adopted Budget reflects General Fund expenditures totaling \$1.59 billion, which is an increase of \$130.8 million



or 9.0 percent from the Fiscal Year 2019 Adopted Budget. Details on the total net increase in the General Fund are described in the General Fund Expenditures section of this Volume.

Special Revenue Funds

Special Revenue Funds account for revenues that are received for specifically identified purposes. The two largest special revenue funds are Transient Occupancy Tax (TOT) and Engineering & Capital Projects. The Fiscal Year 2020 Adopted Budget for Special Revenue Funds is \$755.9 million, representing an increase of \$138.9 million or 22.5 percent from the Fiscal Year 2019 Adopted Budget. This net increase is primarily due to the following adjustments:

- \$48.9 million in the Information Technology Fund primarily related to the centralization of existing citywide information technology expenditures within the fund to improve accounting and procurement processes;
- \$42.4 million in the Underground Surcharge Fund, \$42.0 million of which is to support the underground utility projects performed by the Utilities Undergrounding Program service provider and the City.
- \$16.5 million in the Infrastructure Fund for slurry seal and public right-of-way operations and maintenance;
- \$13.5 million in the Engineering & Capital Projects Fund related to: a citywide disparity study, Pure Water Program support, federal and state mandates (e.g. 5G and Prevailing Wage compliance), and improvements in the management and oversight of contracting functions that support the Capital Improvements Program;
- \$10.5 million in the Gas Tax Funds related to revised State of California Gas Taxes projections; and
- \$5.5 million in the Transient Occupancy Tax Fund to support the safety and maintenance of visitor-related facilities, and arts and culture.

Capital Project Funds

Capital Project Funds are primarily used for the acquisition or construction of major capital facilities. These funds typically make up a small portion of the overall CIP, which can be supported by all fund types. The Fiscal Year 2020 Adopted Budget for Capital Project Funds is \$17.6 million, which is an increase of \$4.0 million or 29.4 percent from the Fiscal Year 2019 Adopted Budget. This increase is primarily due to the following additions:

- \$2.9 million for one-time expenditures in the Capital Outlay Fund related to debt service payments for deferred capital bonds; and
- \$1.1 million related to allowable operating TransNet expenditures such as projects to relieve traffic congestion, which qualify as reimbursable activities.

Enterprise Funds

Enterprise Funds account for specific services that are funded directly through user fees. These funds include Water, Sewer, Development Services, Refuse Disposal, Recycling, Golf Course, and Airports. Typically, these funds are intended to be fully self-supporting and are not subsidized by the General Fund. The Fiscal Year 2020 Adopted Budget for Enterprise Funds is \$1.12 billion, representing an increase of \$57.2 million or 5.4 percent from the Fiscal Year 2019 Adopted Budget. This net increase is primarily due to the following adjustments:

- \$27.7 million in the Water Utility Operating Fund primarily for additional positions to support infrastructure upgrades, repair and preventative maintenance, a reorganization to improve customer service, heavy machinery and equipment, and a sustainable groundwater maintenance plan;
- \$9.3 million in the Development Services Fund primarily for increases in personnel costs, contractual services, and permitting related to 5G communication facilities, residential units, and development in the downtown area;
- \$8.2 million in the Metropolitan Sewer Utility Fund primarily for the mandatory removal of waste, facilities and heavy machinery maintenance, increased security services and equipment, and a reorganization to improve customer service;
- \$5.5 million in the Refuse Disposal Fund primarily to support and extend the life of the Miramar Landfill;
- \$3.7 million in the Municipal Sewer Revenue Fund primarily for a reorganization to improve customer service, service-level agreement increases with Public Works, credit payment processing customer support, and heavy equipment replacement;
- \$1.3 million in the Recycling Fund primarily for increases in personnel costs and contractual services;
- \$1.1 million in the Golf Course Fund primarily for increases in personnel cost and contractual services;
- \$600,000 in the Airports Fund for consulting services related the completion of an Environmental Impact Report for the Airport Master Plan and the addition of 1.00 Asset Manager to assist with real estate lease agreements.

Internal Service Funds

Internal Service Funds support the City's internal operations on a cost-reimbursable basis. The Fiscal Year 2020 Adopted Budget for Internal Service Funds totals \$151.6 million, which is an increase of \$26.6 million or 21.3 percent from the Fiscal Year 2019 Adopted Budget. This net increase is primarily due to the following additions:

- \$21.1 million in the Fleet Operations Replacement Fund primarily for vehicle replacement purchases in Fiscal Year 2020; and
- \$4.9 million in the Fleet Operations Operating Fund primarily to support an increase in auto parts and increases in the price of fuels.

Capital Improvements Program

The CIP budget allocates available revenue to rehabilitate, restore, improve, enhance and increase the City's capital assets. This fiscal year's budget is comprised of various funding sources such as sewer and water rate fees, a one half-cent local sales tax for transportation improvements (TransNet Extension), Mission Bay lease revenue, and other City enterprise funds. The Fiscal Year 2020 Adopted CIP Budget totals \$710.8 million. This is an increase of \$152.0 million or 27.2 percent from the Fiscal Year 2019 Adopted CIP Budget of \$558.9 million, primarily due to an increase in Public Utilities Department Enterprise Fund projects for the Pure Water Program and water main replacements.



The CIP budget projects *anticipated funding* in the CIP project pages. For Fiscal Year 2020, a total of \$191.1 million in *anticipated funding* for CIP projects is included but will not be appropriated in the Fiscal Year 2020 Adopted Budget. Anticipated funding may include a variety of sources such as commercial paper, lease revenue bonds, donations, grants, developer funding, and Facilities Benefit Assessments. As anticipated sources of funds are received, a separate City Council action will be brought forward to appropriate any anticipated funding during Fiscal Year 2020.

Citywide Reorganization/Restructuring

The Fiscal Year 2020 Adopted Budget reflects the restructures of several departments and programs as a result of executive management decisions and department-initiated reorganizations. Reorganizations include restructuring of departments and major divisions within a department and are intended to increase the overall efficiency and effectiveness of City operations. The following provides an overview of significant changes to the City's organizational structure that are included in the Fiscal Year 2020 Adopted Budget.

Corporate Partnerships and Development

Corporate Partnerships and Development Program functions have been transferred from the Neighborhood Services Branch to the Economic Development Department. The Corporate Partnerships and Development Program seeks to create new cooperative corporate partnerships

and revenue opportunities to benefit residents and services in the General Fund.

Downtown Parking, Permitting and Planning

A settlement related to Civic San Diego (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 planning and permitting functions include the operation and management of downtown Community Plan implementation studies, jobs, and consultant agreements, in addition to 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.

Facilities Services Division – Real Estate Assets Department

The Facilities Services Division provides maintenance and repair services to City facilities. Beginning in April 2019, the Facilities Services Division was transferred from the Public Works Department to the Real Estate Assets Department to align the procurement, disposition, and management of real estate with ongoing preventative maintenance.

Office of ADA Compliance and Accessibility

The Office of ADA Compliance and Accessibility and its functions have been transferred to the Neighborhood Services Branch from the Office of Boards and Commissions to align and focus branch goals with the Americans with Disabilities Act.

Office of Homeland Security Division

The Office of Homeland Security Division (OHS Division) has been transferred to 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 where they are needed. The current accounting structure for OHS Division will continue to exist in Fiscal Year 2020, with any changes being implemented as part of the Fiscal Year 2021 budget process.

Office of the Assistant COO

The Fiscal Year 2020 Adopted Budget includes the addition of 1.00 Assistant Chief Operating Officer who will oversee the Internal Operations, Neighborhood Services, and Smart and Sustainable Communities Branches. The preexisting Assistant Chief Operating Officer will now oversee the operations of the Infrastructure Branch. The addition of this position was effective in February 2019.

Public Facilities Planning

The Facilities Financing Program Division of the Planning Department has been renamed the Public Facilities Planning Division. This new naming convention more accurately describes the strategic and organizational components, and actual activities performed by the program.

Public Utilities Department

The Public Utilities Department, at the direction of the Mayor, has undergone a thorough and comprehensive internal review of staff and processes, and the Department will continue to look for opportunities to enhance customer service, while restoring stability and confidence in the Department. The Fiscal Year 2020 Adopted Budget reflects a number of changes to the organizational structure of the Department including the following: addition of an Executive Assistant Director for direct supervision of daily water and wastewater operations and monitoring of the Customer Support Division; the unwinding of the Long-Range Planning & Water Resources Division; creation of the Pure Water Operations Division to manage related functions as they are implemented; transfer of the water meter program to the Water Construction and Maintenance Division to align related functions and increase speed and efficiency for the repair and installation of water meters; and the centralization of internal support functions to encourage consistency and decrease redundancies. Please see the Appendix for the updated Public Utilities Department Organization Chart.



Short Term Rental Occupancy Program

The Short Term Residential Occupancy (STRO) Program is a newly established program in the Office of the City Treasurer that is expected to generate revenue due to enhanced compliance activities.

Sustainability Department

The Sustainability Department was created as part of the Fiscal Year 2019 Adopted Budget to centralize the City's effort to reach Climate Action Plan (CAP) goals. For the Fiscal Year 2020 Adopted Budget, a General Fund component is being created to allow for CAP related work that benefits the City's achievement of greenhouse gas reduction targets. These efforts will promote renewable electricity; water and energy efficiency; zero waste; bicycling, walking, transit, smart growth and land use; and resiliency measures.

Transportation Alternatives Program (TAP)

The Transportation Alternatives Program (TAP) functions have been transferred from the Transportation & Storm Water Department to the Risk Management Department. The Risk Management Department will continue to provide transportation alternatives to City of San Diego employees. These functions have been integrated with other employee benefit programs managed by the Risk Management Department.

Summary of Adjustments in the General Fund

The Fiscal Year 2020 Adopted Budget includes General Fund expenditures of \$1.59 billion to provide core community services, as well as funding for new critical strategic expenditures. These expenditures are primarily supported by major General Fund revenue sources that include property tax, sales tax, transient occupancy tax, and franchise fees. These four major General Fund revenue sources account for \$1.12 billion or 72.2 percent of the revenue in the Fiscal Year 2020 Adopted Budget, with the remainder of revenues generated by a variety of sources. In total, the Fiscal Year 2020 Adopted Budget includes General Fund revenues of \$1.55 billion, which are discussed in detail in the General Fund Revenues Section of this Volume. Additionally, the Fiscal Year 2020 General Fund Adopted Budget includes the use of one-time fund balance (Excess Equity) of \$40.8 million. The \$40.8 million in Excess Equity is composed of \$38.1 million, which was estimated in the Fiscal Year 2019 Year-End Budget Monitoring Report (Third Quarter Report), and \$2.7 million of the \$3.0 million in one-time Redevelopment Property Tax Trust Fund (RPTTF) revenue noted in the Independent Budget Analyst's Reports 19-12 and 19-14. After incorporating all adjustments, the Fiscal Year 2020 Adopted Budget adheres to the City's Budget Policy, maintaining a structurally balanced budget with ongoing revenues supporting ongoing expenditures.

The following sections provide a summary of select initiatives, budget reduction proposals, and other fiscal actions included in the Fiscal Year 2020 Adopted Budget for the General Fund. For a summary of all significant budget adjustments included in the General Fund, please refer to the General Fund Expenditures Section of this Volume.

Clean SD Expansion

In May of 2017, the City began a pilot program for litter and graffiti abatements throughout the City called Clean SD. The program proactively addresses illegal dumping throughout the City and responds to public requests. The objective of Clean SD is to maintain the public right of way, keep City property clear of waste, and ensure that private property owners and other public agencies comply with the City's Municipal Code. The program utilizes City staff and non-profit contractors to conduct waste abatements associated with illegal encampments, remove illegal dumping and litter, and enforce applicable municipal codes.

The Fiscal Year 2020 Adopted Budget includes additional funding of \$6.5 million to expand the Clean SD Program, including \$2.9 million in the Environmental Services Department and \$3.5 million in the Police Department. In the Environmental Services Department the additional funding increases contractual services to expand Clean SD services to include litter removal 24 hours per day, seven days per week, and waste abatements associated with illegal encampments on two shifts, seven days per week. Provisional staff, including two additional Code Compliance Officers and one Code Compliance Supervisor, will monitor contractor performance on litter removal activities.

The Police Department's Neighborhood Policing Division (NPD) is tasked with managing quality of life complaints in all City of San Diego neighborhoods and business districts. The Division is staffed with eight enforcement teams and three outreach teams that cover all seven days per week. Most of NPD staffing works the morning shift starting at 5:00 am, which creates a need for additional staffing in the afternoon and evening hours. To provide a consistent presence during

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off peak hours, NPD supplements its staffing with overtime. The shifts are assigned to areas where greater police services are needed. This allows the Police Department to be flexible and quickly adapt to a constantly changing environment within our neighborhoods and business districts.

The addition of \$3.5 million in funding for overtime staffing will allow NPD to dedicate one additional Sergeant and six additional Police Officers during the day and night shifts. The additional staffing will work in collaboration with ESD in the Clean SD program. NPD focuses the majority of their efforts on addressing homelessness through outreach, enforcement and ensuring that neighborhoods and business districts heavily impacted by homelessness are clean, safe and sanitary. NPD also works hand-in-hand with ESD and reports to them any areas where litter and trash need to be removed and sanitized. Additionally, NPD will provide as needed security for staff when conducting abatements of unattended property.

Table 3: Clean SD Expansion

General Fund	FY 2020 Adopted Budget
Environmental Services	
Litter Removal and Abatements Contractor	\$ 2,670,415
Compliance Positions	230,196
Environmental Services Total	\$ 2,900,611
Police Department	
Neighborhood Policing Overtime	3,549,407
Police Department Total	\$ 3,549,407
General Fund Total	\$ 6,450,018

Homeless Programs and Services

The Fiscal Year 2020 Adopted Budget includes \$10.0 million in funding for homeless programs and services, with \$9.8 million budgeted in the General Fund and \$250,000 budgeted in the Low to Moderate Income Housing Asset Fund. Additionally, in April the City Council approved an item that included \$12.6 million in Community Development Block Grant (CDBG) for homelessness- and housing related programs, services, and projects for Fiscal Year 2020. In addition to these three funding sources, the City will leverage \$14.1 million from the State's Homeless Emergency Aid Program (HEAP) in Fiscal Years 2019-2021 to address the immediate emergency needs of individuals and families experiencing homelessness or at imminent risk of homelessness.

Table 4 displays the Fiscal Year 2020 Adopted Budget for homeless programs and services by department and fund.

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Table 4: Homeless Programs and Services by Department and Fund¹

General Fund	FY 2020 Adopted Budget ¹
Neighborhood Services Branch	
Coordination of City Homeless Programs and Services	\$ 746,149
Neighborhood Services Branch Total	\$ 746,149
Citywide Program Expenditures Department	
Bridge Shelters	3,066,385
Citywide Program Expenditures Department Total	\$ 3,066,385
Economic Development Department	
Homeless Shelters and Services Programs	2,218,493
Housing Navigation Center Operations	300,000
Transfer to San Diego Housing Commission	420,106
Economic Development Department Total	\$ 2,938,599
Police Department	
Homeless Outreach Team (HOT)	3,010,475
Police Department Total	\$ 3,010,475
General Fund Total	\$ 9,761,608
Low to Moderate Income Housing Asset Fund	
Housing Navigation Center Operations	250,000
Low to Moderate Income Housing Asset Fund Total	\$ 250,000
Citywide Budgeted Resources Total	\$ 10,011,608

¹ Table is not intended to capture all staff related costs.

Coordination of Homeless Programs and Services

The Fiscal Year 2020 Adopted Budget includes \$746,149 in the Neighborhood Services Branch for personnel and non-personnel expenditures associated with staff coordinating citywide homeless programs and services. In Fiscal Year 2020, the department added three analysts to support the Chief of Homelessness Strategies in managing these efforts. The General Fund will be reimbursed \$160,929 using the Homeless Emergency Aid Program (HEAP) grant funds for the administration of the block grant.

Bridge Shelters

On November 14, 2017, the San Diego City Council authorized a Memorandum of Understanding for the San Diego Housing Commission (Housing Commission) to oversee, administer, and manage the City's three Bridge Shelters that are operated by Alpha Project, Veterans Village of San Diego, and Father Joe's Villages. The bridge shelters offer a safe place for individuals and families experiencing homelessness to receive shelter and supportive services while they await permanent housing placements. In total, the three locations provide up to 674 beds per day and supply meals, showers, restrooms, laundry facilities, 24-hour security, alcohol and substance abuse counseling, job training, and mental health services.

The Fiscal Year 2020 Adopted Budget includes \$3.1 million from the General Fund in the Citywide Program Expenditures budget for the three bridge shelters, which represents a \$304,385 increase

over Fiscal Year 2019. This budget continues to fund the rental of mobile offices, restrooms, showers, laundry units, storage units, and equipment. Additional funding will support new services including laundry and storage units that are needed at the new Single Women and Families Bridge Shelter site.

Homeless Shelters and Services Program

The Fiscal Year 2020 Adopted Budget includes \$2.2 million from the General Fund in the Economic Development Department for the following four homeless programs and services:

- Year-Round Interim Housing Program
- Connections Housing/PATH Interim Bed Program
- Serial Inebriate Program (SIP)
- Transitional Storage Center located at 252 16th Street

The Housing Commission administers these programs through a Memorandum of Understanding with the City that was authorized by City Council on July 1, 2010. The \$2.2 million included in the Fiscal Year 2020 Adopted Budget includes a reduction of \$68,613 from the amount budgeted in Fiscal Year 2019.

Housing Navigation Center

On November 13, 2018, the City Council authorized a Memorandum of Understanding for the Housing Commission to oversee and manage the City's Housing Navigation Center that will be operated by the Family Health Centers of San Diego. The Housing Navigation Center, which is expected to open in Fall 2019, will provide individuals and families experiencing homelessness with onsite intake, assessment, triage, and referrals for permanent housing opportunities. The Housing Navigation Center will deploy mobile outreach teams throughout the city to bring homeless individuals into the regional care network, and will provide an array of services from multiple agencies under one roof.

The Fiscal Year 2020 Adopted Budget includes \$550,000 for Housing Navigation Center operations, including \$300,000 from the General Fund and \$250,000 from the Low to Moderate Income Housing Asset Fund. An additional \$1.0 million in CDBG funding was approved for Housing Navigation Center operations in Fiscal Year 2019, which is anticipated to be used in Fiscal Year 2020.

Safe Parking Program

The Safe Parking Program provides individuals and families who are temporarily living in their vehicles with a safe and secure place to park at night. The program, operated by Jewish Family Services of San Diego, offers a total of 120 spots at two locations. Participants are provided with case management, food assistance, access to restrooms and showers, and assistance in finding permanent housing.

The Fiscal Year 2020 Adopted Budget includes a reduction of \$410,667 from the General Fund in the Economic Development Department due to the use of HEAP block grant funding that will now support the program, as authorized by City Council resolution R-312127.

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Transfer to San Diego Housing Commission for Homelessness

The Fiscal Year 2020 Adopted Budget includes the transfer \$420,106 to the San Diego Housing Commission for homelessness related efforts.

Homeless Outreach Team

The Police Department's Homeless Outreach Team (HOT) together with the Psychiatric Emergency Response Team (PERT) and the Health and Human Services Association (HHS) provides homeless outreach and engagement services through the City of San Diego. The purpose of HOT is to seek out and engage chronically homeless persons in the field, and for those that are willing, place them in supportive services.

The Fiscal Year 2020 Adopted Budget includes \$3.0 million from the General Fund to fund the personnel and non-personnel costs associated with City police officers. This budget represents an increase of \$1.3 million to the General Fund from the Fiscal Year 2019 Adopted Budget primarily due to the transfer of 5.15 FTE positions from other Police Department units, and general salary increases.

Community Development Block Grant Funding

In Fiscal Year 2020, \$12.6 million in CDBG program entitlement allocations are anticipated to fund homeless programs, services, and projects, and the rehabilitation of multifamily housing. **Table 5** displays the Fiscal Year 2020 CDBG entitlement allocations related to homeless and housing programs, services, and projects.

Table 5: Adopted CDBG Entitlement Allocations for Homeless and Housing Programs, Services, and Projects

Program, Service, and Project	Fiscal Year 2020
CDBG Entitlement Allocations	
Multifamily Rehabilitation	\$ 10,000,000
Homeless Facility Acquisition and/or Operations	1,000,000
Day Center for Homeless Adults	541,251
Connections Housing Interim Bed Program	303,575
Interim Housing for Homeless Adults	267,351
Cortez Hill Family Center	205,902
Homeless related Public Services projects proposed for funding ¹	329,227
Total CDBG Entitlement Allocations	\$ 12,647,306

¹CDBG entitlement funds recommended for homelessness related activities to be carried out by community nonprofit organizations based on a competitive application process.

Homeless Emergency Aid Program (HEAP) Funding

In September 2018, the State of California approved the City's application for \$14.1 million from the Homeless Emergency Aid Program (HEAP), and in December 2018, the City Council voted to accept, appropriate, and expend the block grant. The HEAP funding allows the City to address the immediate emergency needs of individuals experiencing homelessness and individuals at imminent risk of homelessness. This funding must be 50 percent contractually obligated by January 1, 2020 and fully expended by June 30, 2021. Between Fiscal Years 2019 and 2021, the City anticipates using HEAP funding for the following homeless programs and services:

- \$5.2 million for rental assistance or subsidies including: creation of a flexible spending pool for housing solutions, and expansion of landlord engagement and rapid re-housing efforts;
- \$4.3 million for services including the continuation and creation of new storage facilities and safe parking programs, expansion of family reunification efforts, the Housing Commission's Diversion program, and the Prosecution and Law Enforcement Assisted Diversion Services (PLEADS) pilot program;
- \$1.6 million for the operation of a fourth bridge shelter located at 17th and Imperial;
- \$1.6 million for the deconstruction, relocation, and reconstruction of the Single Women and Families Bridge Shelter;
- \$705,521 for youth-serving homeless programs; and
- \$705,521 for administrative costs such as grant administration, monitoring, and program coordination.

Infrastructure Fund (Charter Section 77.1)

The Fiscal Year 2020 Adopted Budget includes a total of \$24.1 million for the Infrastructure Fund, of which \$20.7 million is required under Charter section 77.1 to be dedicated to new General Fund infrastructure such as streets, sidewalks, bridges, buildings, and the maintenance and repair of such infrastructure. In addition to the required amount, the Adopted Budget includes \$474,000 to further address the City's backlog of infrastructure needs, and \$2.9 million to reconcile with Fiscal Year 2018 actuals.

The calculation to fund the new Infrastructure Fund is based upon the following:

- Major Revenues Increment – amount equal to 50.0 percent of the year over year growth in property tax revenues, unrestricted General Fund TOT, and unrestricted franchise fees for Fiscal Year 2018 through Fiscal Year 2022.
- Sales Tax Increment – an amount equal to the annual change in sales tax revenue when compared to the sales tax baseline of Fiscal Year 2016 actual receipts, adjusted by the California Consumer Price Index (CCPI) for Fiscal Year 2018 through Fiscal Year 2042.
- General Fund Pension Cost Reduction – any amount if pension costs for any fiscal year are less than the base year of Fiscal Year 2016 for Fiscal Year 2018 through Fiscal Year 2042.

Based on the definitions in Charter Section 77.1, the only required deposit to the Infrastructure Fund for Fiscal Year 2020 is the Major Revenues Increment, unless the Mayor requests the suspension of section 77.1 for one fiscal year and two-thirds of the City Council approves that

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suspension. **Table 6** displays the Fiscal Year 2020 Adopted Budget for the Infrastructure Fund from the Major Revenues Increment:

Table 6: Infrastructure Fund Components

Revenue Type	FY 2020 Adopted Budget
Property Tax	\$ 17,699,349
Transient Occupancy Tax	2,543,707
Franchise Fees	456,480
FY 2020 Major Revenues Increment	\$ 20,699,536
Fiscal Year 2020 Additional Major Revenue Contribution	473,722
Fiscal Year 2018 Actual Reconciliation	2,900,013
Total	\$ 24,073,271

The planned uses for the \$24.1 million are as follows:

- \$12.5 million for slurry seal maintenance;
- \$4.0 million for supplies to support sidewalks, street lights, traffic signals, and signage;
- \$1.0 million for Olive Grove Community Park ADA improvements;
- \$1.0 million for the repair and reconstruction of sidewalks;
- \$1.0 million for Hickman Fields Athletic Area improvements;
- \$866,600 for storm drain projects;
- \$821,600 for overlay and reconstruction of streets and roads;
- \$800,000 for Egger/South Bay Community Park ADA improvements;
- \$450,000 for City Heights Pool reconstruction;
- \$400,000 for Ward Canyon Phase II;
- \$300,000 for Citrus and Conifer reconstruction;
- \$264,500 for Martin Luther King Jr., Recreation Center moisture intrusion;
- \$250,000 for Rancho Penasquitos Library skylight replacement;
- \$250,000 for citywide traffic calming;
- \$150,000 for CNG Fueling Station for refuse and recycling.

Vision Zero

In June 2015, Mayor Kevin Faulconer and Councilmembers joined Circulate San Diego, to announce the City's support for the Vision Zero campaign to eliminate all traffic fatalities and severe injuries in San Diego by 2025. Vision Zero is supported through the integration of the 3 E's of traffic safety: Engineering, Education, and Enforcement.

- Engineering – to develop and implement a data driven strategy that employs best practices for planning and design.
- Education – to develop and implement an array of educational strategies that will serve to inform bicyclists, pedestrians, drivers and regional stakeholders about the Vision Zero campaign in an effort to decrease severe injuries and fatalities across all modes of transportation.

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- Enforcement – ensure the City of San Diego employs proven methods of traffic safety enforcement and proactively seeks opportunities to enhance existing techniques.

In Fiscal Year 2020, \$13.0 million will be allocated to promote the City's Vision Zero goals, including over \$2.8 million for bicycle facilities and \$2.4 million for the installation of new sidewalks. **Table 7** displays the allocation of funds to applicable Vision Zero projects.

Table 7: Vision Zero Projects

Vision Zero Project Type/Grouping	Project ID	FY 2020 Adopted Budget ¹
Bicycle Facilities		
Bike Counters Citywide	New	\$ 50,000
Bike Racks Citywide	New	50,000
Bike Striping Citywide	New	100,000
Coastal Rail Trail	S00951	2,000,000
Bicycle Facilities	AIA00001	635,000
Chollas Creek to Bayshore Multi-Use Path	B17113	335,000
Downtown Complete Streets - Phase 3	B19144	300,000
Bicycle Facilities Total		\$ 2,835,000
Communications		
Vision Zero Education	N/A	\$ 100,000
Communications Total		\$ 100,000
Medians		
Median Installation	AIG00001	\$ 1,550,000
Adams Ave & 49th Street Splitter Islands	B17205	310,000
Crown Point Drive Roundabouts	B18009	480,000
El Cajon Boulevard and 68th Street RRFB & Pedestrian Refuge Island	New	100,000
El Cajon Boulevard and Aragon Drive RRFB & Pedestrian Refuge Island	New	100,000
Moraga Traffic Circles	B16178	90,000
Sixth Avenue and Juniper Roundabout	New	270,000
Sixth Avenue and Nutmeg Pedestrian Refuge Island	New	100,000
Sixth Avenue and Palm Street Pedestrian Refuge Island	New	100,000
Medians Total		\$ 1,550,000
Roadway - Improvements		
Market St--47th St to Euclid Complete Street	S16061	2,900,000
Streamview Drive Improvements Phase 2	S18000	760,000
Roadway - Improvements Total		\$ 3,660,000
Sidewalks		
New Walkways	AIK00001	\$ 2,375,000
54th--Market to Santa Margarita Sidewalk	B18158	150,000

Citywide Budget Overview

Vision Zero Project Type/Grouping	Project ID	FY 2020 Adopted Budget ¹
63rd St from Broadway to Imperial Ave (West Side)	B14039	100,000
ADA Mid-City MS TSW-1	B18054	200,000
Cordero Rd Boquita to Mira Montana Sidewalk	B15024	50,000
Date St--28th to Granada Sidewalk	B18156	200,000
Howard Ave--Village Pine to Iris Sidewalk	B18019	150,000
La Media Improvements--Siempre Viva to Truck Route	B19020	900,000
San Diego Av--Wright to Noell Sidewalk	B14157	25,000
Seaworld Dr Sidewalk	New	100,000
Thermal Ave--Donax Av to Palm Ave Sidewalk	B18157	200,000
Tourmaline and Pacific Beach Dr Sidewalk	B16052	50,000
Wabaska--Voltaire St to Tennyson Sidewalk	B19030	100,000
Woodman St--Cielo to Pagel Pl Sidewalk	B18159	150,000
Sidewalks Total		\$ 2,375,000
Signals - Calming/Speed Abatement		
Traffic Calming	AIL00001²	\$ 500,000
2nd & Cedar RRFB and Ped Refuge	B18047	20,000
Electronic Speed Signs 6 locations	New	98,000
Kettner & Palm Hybrid Beacon	B18046	125,000
Mira Monte Refuge Island	New	30,000
RRFBs 12 locations	New	120,000
Torrey Pines Rd--Ped Hybrid Beacon	New	67,000
W. San Ysidro Bl & Sunset Lane RRFB	B18048	40,000
Signals - Calming/Speed Abatement Total		\$ 500,000
Streetlights - Citywide		
Installation of City-Owned Streetlights	AIH00001	\$ 200,000
Streetlights various locations	New	200,000
Streetlights - Citywide Total		\$ 200,000
Traffic Signals		
Traffic Signals -- Citywide	AIL00004	\$ 750,000
31st Street/National Ave	B17019	150,000
47th Street/Solola Avenue	New	150,000
4th Ave and Date St	B13137	100,000
Beyer Blvd and Smythe Ave	B14015	100,000
Division/Osbourn	B15047	100,000
Mississippi Street/El Cajon Boulevard	New	150,000
Traffic Signals Modification	AIL00005	\$ 750,000
14th St & Broadway -- new mast arm	New	30,000
32nd & Normal Scott Rd TS Upgrade	B15005	100,000
45th St & Market St -- 2 Street lights on signal poles	New	50,000

Citywide Budget Overview

Vision Zero Project Type/Grouping	Project ID	FY 2020 Adopted Budget ¹
<i>62nd & Imperial TS Upgrade</i>	<i>New</i>	<i>100,000</i>
<i>ADA APS Group 2E Washington St & Normal</i>	<i>B16099</i>	<i>100,000</i>
<i>Mid-City & Eastern Area Signal Mods</i>	<i>B17128</i>	<i>220,000</i>
<i>Mira Mesa Blvd & Marbury Dr/Westmore Rd 2 new signal mast arms</i>	<i>New</i>	<i>50,000</i>
<i>Signal Mods in Barrio Logan @ National & Sampson</i>	<i>B13010</i>	<i>100,000</i>
Traffic Signal Mods -- Citywide	New	\$ 300,000
Traffic Signals Total		\$ 1,800,000
Total Vision Zero Project Type/Grouping		\$ 13,020,000

¹Parent projects are in **bold** and contain the sum of the *child* projects which are indented and *italicized*

²Does not include \$250,000 related to flood gates which are not part of Vision Zero

Implementation of the Climate Action Plan

In December 2015, the City Council adopted the Climate Action Plan (CAP). The CAP set greenhouse gas (GHG) emissions reduction targets for 2020 (15% reduction) and 2035 (50% reduction) from a 2010 baseline. The CAP identifies goals and actions in the following five strategic areas to reach or exceed GHG targets and ensure the City is prepared for a changing climate:

- Energy & Water Efficient Buildings
- Clean & Renewable Energy
- Bicycling, Walking, Transit & Land Use
- Zero Waste
- Climate Resiliency

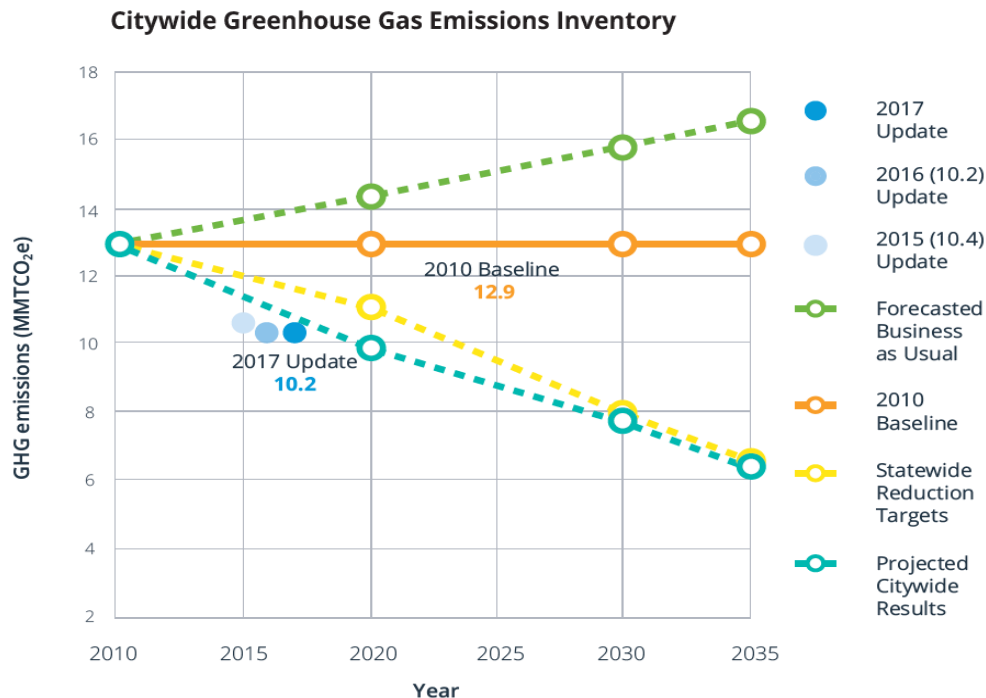
Principles of sustainability and projects that reduce GHG emissions or improve the economic, social, or environmental sustainability of the City are woven throughout many departments and functions within City operations. However, the City budget is structured by functional departments and not by sector or initiatives. Because the efforts that support the CAP cross many departments and are embedded in many different projects and initiatives, the CAP Implementation Budget Summary presented here highlights new funding which is requested through the City's official budget process to support the different strategic areas of the CAP in order to facilitate a discussion about implementation of the CAP. It is important to note that throughout the year there are other sources of funding (e.g. Community Development Block Grants) or budget adjustments that are not captured in this report but do assist in achieving the City's CAP goals.

San Diego's CAP is considered a national model. The City is breaking new ground in policies, programs, and methodologies to implement the plan. As a national leader, techniques for implementing evolve and improve over time as processes are established, metrics are created or improved, and annual monitoring begins. The Fiscal Year 2020 Adopted Budget demonstrates that the City remains committed to keeping the economic, social, and environmental principles of sustainability at the forefront of decision-making.

Progress Towards Achieving Climate Action Plan Goals

Figure 2 shows the citywide GHG inventory. In 2017, total GHG emissions have remained at similar levels when compared to the updated 2016 inventory or 21 percent below the 2010 baseline. In 2017, GHG emissions from water use decreased due to less reliance on imports. Since 2010, emissions from the use of natural gas remain the only category with an overall increase.

Figure 2: Citywide Greenhouse Emissions Inventory and Projections



Summary of Climate Action Plan Adopted Budget

Table 8 is a summary of investments across City departments that support the five strategic areas of the CAP. The investment amounts represent new resources included in the Fiscal Year 2020 Adopted Budget. These new resources are added to existing CAP investment in the departments' base budgets (continuing appropriations).

Table 8: Funding Across City Departments

Climate Action Plan Fiscal Year 2020 Adopted Budget ¹			
Strategy	Direct	Indirect	Total
Overarching Implementation	\$ 261,798	\$ 122,544	\$ 384,341
Strategy 1 - Water & Energy Efficient Buildings	966,550	-	966,550
Strategy 2 - Clean & Renewable Energy	800,000	-	800,000
Strategy 3 - Bicycling, Walking, Transit, and Land Use	8,444,559	\$ 7,973,651	16,418,210
Strategy 4 - Zero Waste	\$ 9,805,097	\$ 35,105	\$ 9,840,202
Strategy 5 - Climate Resiliency	\$ 1,261,698	\$ 366,307,204	\$ 367,568,902
Grand Total	\$ 21,539,701	\$ 374,438,504	\$ 395,978,205

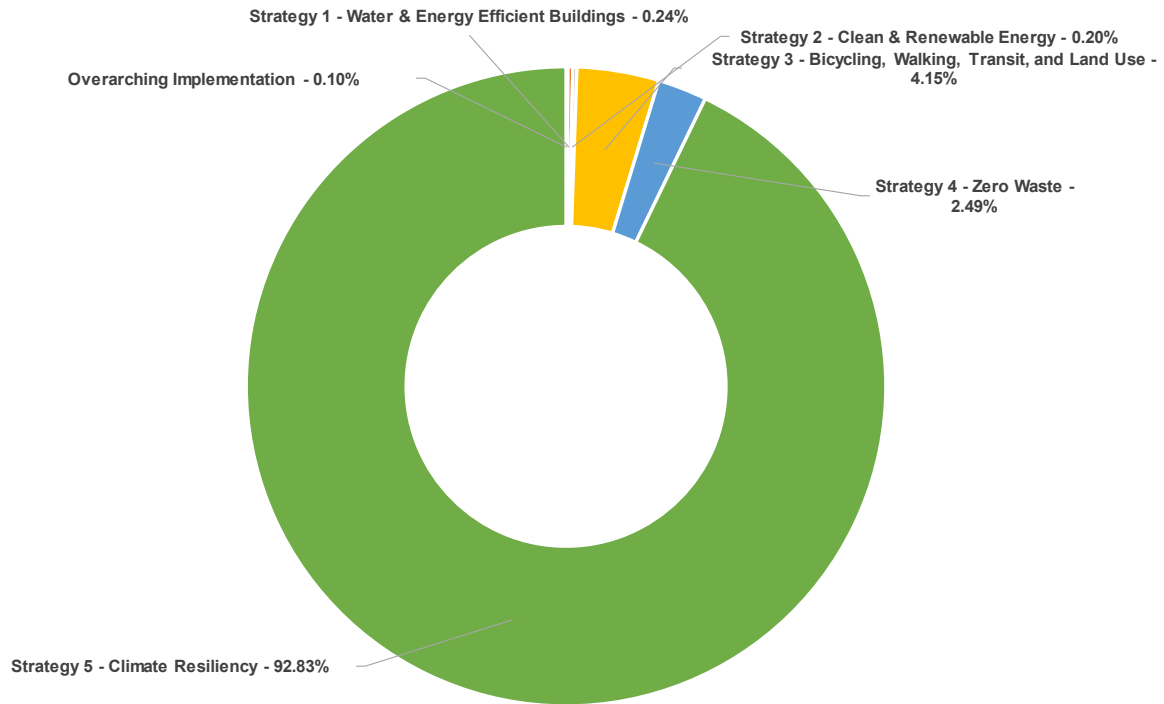
¹Table may not foot due to rounding

Citywide Budget Overview

This budget analysis identifies both *direct* and *indirect* CAP efforts. *Direct* CAP efforts are explicitly identified as actions in the CAP (e.g. landfill gas capture) or directly support the CAP GHG reduction goals (e.g. increasing sidewalks or bikeways to increase walking or biking). *Indirect* CAP efforts are not explicitly referenced in the CAP or only partially support the CAP through climate change efforts (e.g. funding for the Pure Water Program, which supports climate resiliency through a diversified water supply and water results to help prepare or prevent periods of drought).

Figure 3 is a representation of these investments as a percentage by each CAP strategy.

Figure 3: Climate Action Plan Fiscal Year 2020 Adopted Budget



Public Safety Overtime

Public Safety overtime personnel expenditures for the Fiscal Year 2020 Adopted Budget total \$72.5 million with \$68.7 million budgeted in the General Fund and \$3.9 million budgeted in Seized Assets. This reflects an increase of \$9.8 million or 15.7 percent from the Fiscal Year 2019 Adopted Budget. **Table 9** shows changes in overtime in the Fire-Rescue and Police Departments.

Table 9: Fiscal Year 2020 Adopted Budget - Public Safety Overtime

Public Safety Overtime	FY 2019 Adopted Budget	FY 2020 Adopted Budget	FY 2019 - FY 2020 Change	Percent Change
General Fund				
Fire-Rescue	\$ 38,126,159	\$ 36,589,653	\$ (1,536,506)	(4.0%)
Police	24,570,000	32,062,338	7,492,338	30.5%
General Fund Total	\$ 62,696,159	\$ 68,651,991	\$ 5,955,832	9.5%
Seized Assets Fund				
Fire-Rescue	\$ -	\$ -	\$ -	0.0%
Police	-	3,880,000	3,880,000	0.0%
Seized Assets Fund Total	\$ -	\$ 3,880,000	\$ 3,880,000	0.0%
Public Safety Overtime Total	\$ 62,696,159	\$ 72,531,991	\$ 9,835,832	15.7%

For more information, please see the General Fund Expenditures section in this Volume.

Budget Reductions

As part of the budget development process, General Fund departments were required to submit budget reduction proposals equating to 3.0 percent of the department's Fiscal Year 2019 Adopted Budget. Approximately \$35.8 million in budget reduction proposals were submitted and reviewed by City management to ensure the overall impact to service levels provided to residents would be minimal.

Of the \$35.8 million in budget reduction proposals submitted, the Fiscal Year 2020 Adopted Budget includes \$13.8 million of ongoing expenditure budget reductions, including the elimination of 36.35 FTE positions. The budget reductions identified in the Fiscal Year 2020 Adopted Budget are focused on efficiencies and minimizing the impact to service levels. These ongoing expenditure budget reductions are required to allow ongoing expenditures to be funded by ongoing revenues, ensuring the City maintains a structurally balanced budget.

Table 10 provides the total for budget reductions by department included in the Fiscal Year 2020 Adopted Budget.

Citywide Budget Overview

Table 10: General Fund Budget Reductions by Department

Department	Budgeted FTE Positions	FY 2020 Adopted Budget
City Treasurer	1.00	\$ 140,791
Communications	1.00	96,546
Debt Management	-	5,000
Department of Finance	1.00	105,347
Department of Information Technology	-	899,200
Development Services	3.00	264,658
Economic Development	-	493,500
Environmental Services	3.60	1,502,336
Fire-Rescue	1.00	1,360,000
Human Resources	1.00	100,274
Infrastructure/Public Works	-	112,949
Internal Operations	-	850
Library	-	128,360
Neighborhood Services	2.00	218,856
Office of Boards and Commissions	-	41,127
Office of Homeland Security	1.00	116,619
Office of the Assistant COO	-	4,051
Office of the Chief Financial Officer	-	18,215
Office of the Chief Operating Officer	-	10,250
Office of the Mayor	-	112,652
Parks and Recreation	1.00	119,258
Performance & Analytics	-	117,000
Planning	-	297,219
Police	8.75	3,618,494
Public Utilities	-	78,195
Purchasing & Contracting	-	280,085
Real Estate Assets	12.00	976,707
Smart & Sustainable Communities	-	11,140
Transportation & Storm Water	-	2,605,000
Total	36.35	\$ 13,834,679

For additional information about General Fund budget reductions, please refer to the General Fund Expenditures section of this Volume.

Other Fiscal Actions

City staff strategically evaluated all available funding sources as part of the FY 2020 Adopted Budget to ensure those resources were deployed as effectively as possible to maintain and minimize impact to public safety and neighborhood services. In addition to the budget reduction proposals noted previously, the Fiscal Year 2020 Adopted Budget includes the following one-time fiscal actions while maintaining a structurally balanced General Fund budget:

- Use of \$40.8 million in ending fund balance (Excess Equity), \$38.1 million of which was estimated in the Fiscal Year 2019 Third Quarter Report.
- Use of \$12.5 million in additional Gas Tax revenue associated with the reallocation of slurry seal expenditures from the Gas Tax Fund to the Infrastructure Fund and a one-time transfer of \$4.0 million in expenditures to the Infrastructure Fund for operations and maintenance of the public right-of-way.
- Use of \$2.7 million in excess Long-Term Disability Fund reserves to support long-term disability operating expenses, of which approximately \$2.0 million will provide relief to the General Fund. The remaining excess Long-Term Disability Fund reserves of \$6.5 million will be returned to contributing funds in Fiscal Year 2020, \$4.8 million of which will return to the General Fund.
- Use of \$2.6 million in excess Public Liability Fund reserves to support Public Liability pay-go claims in Fiscal Year 2020.
- One-time reallocation of \$2.5 million in General Fund deferred capital bond debt service due to a transfer of the Fiscal Year 2020 payment to the Capital Outlay Fund.
- Use of \$1.2 million in remaining excess Workers' Compensations Fund reserves to support workers' compensation operating expenses. This is the final portion of the \$5.2 million in the excess that were identified in the Fiscal Year 2018 Adopted Budget.

Special Revenue and Internal Service Fund Budget Reduction Proposals

As part of the budget development process, non-general fund departments that impact the General Fund were required to submit budget reduction proposals. The non-general fund budget reduction proposals that impact the General Fund are as follows:

Central Stores Fund

The Fiscal Year 2020 Adopted Budget includes the reduction of \$67,500 in non-personnel expenditures for miscellaneous contracts and supplies.

Energy Conservation Program Fund

The Fiscal Year 2020 Adopted Budget includes the reduction of \$25,000 in the Energy Conservation Program Fund primarily due to historical savings in the maintenance of City-owned solar equipment.

Fire/Emergency Medical Services Transport Fund

The Fiscal Year 2020 Adopted Budget includes the reduction of 1.00 Emergency Medical Technician (EMT) and \$66,631 in associated personnel expenditures. Impacts to services are not anticipated because the position's duties have been reassigned to the City's 9-1-1 ambulance contractor.

Citywide Budget Overview

Information Technology Fund

The Fiscal Year 2020 Adopted Budget includes the reduction of \$512,889 in non-personnel expenditures primarily related to the consolidation of disk storage, consolidation of proxy and Structured Query Language (SQL) servers, implementation of a modernized telephone system, and other miscellaneous contractual expenditures.

OneSD Support Fund

The Fiscal Year 2020 Adopted Budget includes the reduction of \$846,808 in non-personnel expenditures associated with the consolidation of SAP servers, consulting services, and replacement of computers and hardware.

Publishing Services Fund

The Fiscal Year 2020 Adopted Budget includes the reduction of \$75,000 for as needed equipment and paper in the Print Shop.

Risk Management Administration Fund

To better align with Department operations, the Fiscal Year 2020 Adopted Budget includes the reduction of \$110,546 in personnel expenditures associated with the reduction of 1.00 Employee Benefits Specialist 2 and the repurpose of 1.00 Supervising Management Analyst to 1.00 Associate Management Analyst. The Fiscal Year 2020 Adopted Budget also includes the addition of 1.00 Claims Representative 2 and \$82,332 in personnel expenditures in the Loss Prevention section of the Department; \$185,000 in revenue associated with this position is anticipated to more than offset the cost of the addition.

Transient Occupancy Tax Fund - Commission for Arts & Culture

The Fiscal Year 2020 Adopted Budget includes the reduction of \$45,208 from the Public Art Fund and the Arts, Culture, and Community Festivals (ACCF) allocations within Special Promotional Programs. This will reduce funding available for department initiated public art projects and for the Arts Education Enrichment Initiative.

Stadium Operations Fund

The Fiscal Year 2020 Adopted Budget includes the reduction of \$214,536 due to a reduction in budgeted overtime, capital equipment expenditures, and auto repair supplies that are not expected to impact Stadium operations.

Wireless Communications Technology Fund

The Fiscal Year 2020 Adopted Budget includes the reduction of \$36,000 from the Wireless Communications Technology Fund's overtime budget.

Enterprise Fund Budget Reduction Proposals

As part of the budget development process, certain enterprise funds were required to submit budget reduction proposals. The enterprise funds budget reduction proposals are as follows:

Development Services Fund

The Fiscal Year 2020 Adopted Budget includes an expenditure reduction of \$400,000 in the Development Services Fund associated with reduced printing services, various contracts for as needed technical studies, and for janitorial services at the City Operations building.

Citywide Budget Overview

Recycling Fund

The Fiscal Year 2020 Adopted Budget includes an expenditure reduction of \$546,609 in the Recycling Fund including the reduction of 0.50 Utility Worker 2, 0.40 Assistant Engineer-Mechanical, in addition to various contracts and supplies that are anticipated to have minimal to no impact on service levels.

Refuse Disposal Fund

The Fiscal Year 2020 Adopted Budget includes an expenditure reduction of \$418,189 in the Refuse Disposal Fund associated with various supplies, contracts, and overtime expenditures.

Sewer Funds

The Fiscal Year 2020 Adopted Budget includes an expenditure reduction of \$8.0 million in the Metropolitan Sewer Utility and Municipal Sewer Revenue Funds. These budget reduction proposals include:

- \$5.8 million in contractual expenditures for Pure Water, facility and equipment maintenance funding for wastewater treatment plants, and historical savings in capital expenditures; and
- \$2.2 million in contractual expenditures for wastewater condition assessments, the use of Escondido's Hale Avenue Resource Recovery Facility (HARRF), and other contracts based on historical savings.

Water Utility Operating Fund

The Fiscal Year 2020 Adopted Budget includes an expenditure reduction of \$13.0 million in the Water Utility Operating Fund. These budget reduction proposals include:

- \$6.5 million for department-wide capital expenditures, contracts in the Long Range Planning Division, and projects that have been completed including the Reynolds Desalination Plant;
- \$4.3 million for water purchases and contractual services to align with the City's Cost of Service Study; and
- \$2.2 million for the reduction of 23.67 FTE positions that will be redundant in Fiscal Year 2020 or whose processes will be incorporated into existing positions in other divisions.

Citywide Budget Overview

Citywide Personnel Expenditures

The Fiscal Year 2020 Adopted Budget includes a total of \$928.6 million in budgeted salaries and wages, and \$653.8 million for fringe expenditures, resulting in a total personnel budget of \$1.58 billion in personnel expenditures citywide. **Table 11** illustrates the budgeted FTE positions, salaries and wages, fringe, and total personnel expenditures by fundtype.

Table 11: Fiscal Year 2020 Adopted Personnel Expenditures Budget

Fund Type ¹	Budgeted FTE Positions	Budgeted Salaries and Wages	Budgeted Benefits	Budgeted Personnel Expenditures
General Fund	7,727.86	\$ 645,083,533	\$ 466,832,928	\$ 1,111,916,461
Special Revenue Funds	1,075.37	85,753,854	51,208,480	136,962,334
Enterprise Funds	2,607.46	169,598,449	115,251,130	284,849,579
Internal Service Funds	346.73	22,584,802	17,024,421	39,609,223
Other Funds	63.00	5,556,090	3,489,911	9,046,001
Total	11,820.42	\$ 928,576,728	\$ 653,806,870	\$ 1,582,383,598

¹ Other Funds includes San Diego City Employee's Retirement System (SDCERS) FTE Positions.

Total City Personnel

The Fiscal Year 2020 Adopted Budget includes a total of 11,820.42 FTE positions with 7,727.86 or 65.4 percent of these positions budgeted within the General Fund. While overall FTE positions are increasing, there are some departments and programs reducing FTE positions. A summary of FTE changes is summarized below.

Table 12 presents the change in positions based within job classifications from Fiscal Year 2019 to Fiscal Year 2020.

Table 12: Total City FTE Position Changes Fiscal Year 2019 - 2020

Fund Type	FY 2019 Adopted Budget	Additions	Reductions	Reorganizations	FY 2020 Adopted Budget	FY 2019-FY 2020 Change	Percent Change
General Fund	7,614.12	141.38	(35.35)	7.71	7,727.86	113.74	1.5 %
Special Revenue Funds ¹	1,019.90	53.47	(3.00)	5.00	1,075.37	55.47	5.4 %
Enterprise Funds	2,501.88	149.19	(33.90)	(9.71)	2,607.46	105.58	4.2 %
Internal Service Funds	346.33	4.40	(1.00)	(3.00)	346.73	0.40	0.1 %
Other Funds ²	63.00	-	-	-	63.00	0.00	0.0 %
Total	11,545.23	348.44	(73.25)	-	11,820.42	275.19	2.3 %

¹Total number of budgeted positions includes positions from Maintenance Assessment Districts (MADs).

²Other Funds includes San Diego City Employee's Retirement System (SDCERS) FTE positions.

For details on all position changes, refer to Attachment A - Fiscal Year 2020 Changes in Full-time Equivalent (FTE) Positions in the Appendix.

Citywide Budget Overview

Salaries and Wages

The Fiscal Year 2020 Adopted Budget includes \$928.6 million in budgeted salaries and wages, with \$645.1 million or 69.5 percent budgeted in the General Fund. **Table 13** represents the allocation of FTE positions per employee labor group within each fund type. The largest employee labor group, the Municipal Employees Association (MEA), represents 34.8 percent of General Fund positions and 44.9 percent of all City positions. **Table 14** displays the Fiscal Year 2020 Adopted Budget for salaries and wages by fund type.

Table 13: Fiscal Year 2020 Adopted FTE Positions by Labor Group

Labor Group	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Other Funds ¹	Labor Group Total
MEA	2,692.12	878.54	1,562.66	140.23	37.00	5,310.55
AFSCME LOCAL 127	1,056.71	41.00	871.52	160.25	-	2,129.48
POA	2,038.23	-	-	-	-	2,038.23
IAFF LOCAL 145	993.00	8.00	-	-	-	1,001.00
Unclassified / Unrepresented	464.55	100.00	99.59	29.25	19.00	712.39
Classified / Unrepresented	143.64	47.83	73.69	17.00	7.00	289.16
Teamsters Local 911	166.38	-	-	-	-	166.38
DCAA	162.23	-	-	-	-	162.23
Elected Officials	11.00	-	-	-	-	11.00
Fund Total	7,727.86	1,075.37	2,607.46	346.73	63.00	11,820.42

¹ Other Funds includes San Diego City Employees' Retirement System (SDCERS) FTE positions

Table 14: Fiscal Year 2020 Adopted Budgeted Salaries and Wages

Salary and Wage Type	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Other Funds ¹	Budgeted Salaries and Wages
Salaries/Add-on-Pays	\$ 589,209,235	\$ 82,216,241	\$ 164,236,062	\$ 22,285,250	\$ 5,567,966	\$ 866,514,754
Vacancy Factor	(37,996,009)	(5,634,413)	(9,150,826)	(379,300)	-	(53,160,548)
Salary Savings	(2,037,502)	(325,731)	(767,889)	(54,898)	(14,254)	(3,200,274)
Vacation Pay In Lieu	6,601,344	759,407	1,117,052	108,114	-	8,585,917
Termination Pay/Annual Leave	2,189,922	193,898	307,987	83,518	-	2,775,325
Hourly Wages	14,244,765	318,939	1,517,874	41,232	2,378	16,125,188
Overtime	72,871,778	5,225,513	12,338,189	500,886	-	90,936,366
Total	\$ 645,083,533	\$ 85,753,854	\$ 169,598,449	\$ 22,584,802	\$ 5,556,090	\$ 928,576,728

¹ Other Funds includes San Diego City Employees' Retirement System (SDCERS) FTE positions

Citywide Budget Overview

The Fiscal Year 2020 Adopted Budget reflects the current Memoranda of Understanding (MOU) with the City's six Recognized Employee Organizations (REOs). The current MOUs between the City and the Municipal Employees Association (MEA), International Association of Firefighters (Local 145), American Federation of State, County, and Municipal Employees (Local 127), and Teamsters (Local 911) provide for a 3.3 percent general salary increase on July 1, 2019. The MOU between the City and Deputy City Attorneys Association (DCAA) provides for a general salary increase of 8.5 percent for all Deputy City Attorneys (DCA) I and II, and 7.5 percent for DCAs III, IV, V and Senior Deputy positions on July 1, 2019. The Fiscal Year 2020 Adopted Budget includes \$19.9 million for the negotiated salary increases with these five REOs. Additionally, the City reached an agreement with the San Diego Police Officers Association (POA) on October 18, 2017 which provides that POA members receive a 7.3 percent general salary increase effective July 1, 2019 and 5.0 percent general salary increase effective January 1, 2020. Furthermore, on July 1, 2019, POA members who have 20 or more years of sworn service will receive an additional 5.0 percent salary increase. The Fiscal Year 2020 Adopted Budget includes \$20.7 million in increased salaries for the members of POA. In addition to the agreed upon salary increases in the current MOUs between the City and the six REOs, the Fiscal Year 2020 Adopted Budget includes additional funding for: salaries which are attributable to increased staffing; infrastructure premium pay for engineering services; overtime to align budget with current service levels; and salary adjustments to select job classifications. Offsetting these adjustments, is an increase in the vacancy factor associated with projected personnel savings by department.

Vacancy Factor

Vacancy factor is used as a budgeting tool to allocate resources that are projected to remain unspent to other priority needs. As part of the development of the Fiscal Year 2020 Adopted Budget, the City is estimating an amount of personnel savings or vacancy savings by department that is attributable to normal attrition, extended leaves of absence, under-filled positions, and newly hired employees that may start at a lower salary than the salary of the prior incumbent. Savings from vacant reimbursable positions have been excluded from the estimated vacancy factor as the City does not realize savings due to offsetting revenue for these unfilled positions. These estimates will require that departments monitor Fiscal Year 2020 personnel expenditures against available allocated appropriations; however, this does not prohibit departments from filling any budgeted positions. The Fiscal Year 2020 vacancy factor is \$53.2 million, representing an increase of \$6.3 million or 13.5 percent from the Fiscal Year 2019 Adopted Budget. **Table 15** displays the budgeted vacancy factor from Fiscal Year 2018 to Fiscal Year 2020.

Table 15: Budgeted Vacancy Factor Fiscal Year 2018 - 2020

Departments/Funds	FY 2018 Adopted Budget	FY 2019 Adopted Budget	FY 2020 Adopted Budget
City Attorney	\$ 602,112	\$ 603,241	\$ 2,489,386
City Clerk	74,797	39,084	40,373
City Comptroller	93,745	-	-
City Council	-	-	64,803
City Treasurer	211,286	265,548	276,872
Communications	87,028	44,950	85,849
Debt Management	54,059	-	57,691

Citywide Budget Overview

Departments/Funds	FY 2018 Adopted Budget	FY 2019 Adopted Budget	FY 2020 Adopted Budget
Department of Finance	-	189,005	-
Development Services	141,773	179,540	326,226
Economic Development	254,634	120,152	128,940
Environmental Services	332,592	355,877	498,444
Facilities Services	466,648	313,049	857,936
Financial Management	65,291	-	-
Fire-Rescue	3,398,859	3,873,144	6,616,559
Human Resources	-	55,843	57,691
Library	541,547	566,134	587,508
Office of Homeland Security	59,363	43,983	-
Parks and Recreation	970,217	696,569	1,407,745
Performance & Analytics	-	-	85,849
Personnel	53,893	37,236	-
Planning	153,588	254,469	545,318
Police	19,860,629	23,248,651	21,248,895
Public Works - Contracts	57,866	-	-
Purchasing & Contracting	157,019	414,987	535,820
Real Estate Assets	54,059	117,165	57,691
Transportation & Storm Water	2,008,505	1,790,712	2,026,413
Total General Fund	\$ 29,699,510	\$ 33,209,339	\$ 37,996,009
Airports Fund	\$ 59,363	\$ 32,810	\$ 43,068
Central Stores Fund	30,056	-	-
Development Services Fund	3,534,927	2,987,202	1,326,664
Energy Conservation Program Fund	31,491	-	-
Engineering & Capital Projects Fund	2,998,684	4,212,166	5,323,300
Facilities Financing Fund	50,003	-	-
Fleet Operations Operating Fund	325,185	134,400	229,518
Golf Course Fund	163,528	63,084	56,187
Information Technology Fund	80,454	144,431	85,849
Local Enforcement Agency Fund	60,674	-	-
Metropolitan Sewer Utility Fund	1,546,641	1,290,991	2,085,092
Municipal Sewer Revenue Fund	1,583,690	1,179,582	1,955,768
OneSD Support Fund	80,454	-	-
Parking Meter Operations Fund	41,330	-	-
Recycling Fund	369,700	307,275	431,956
Refuse Disposal Fund	382,729	396,154	345,953
Risk Management Administration Fund	318,615	115,639	149,782
Stadium Operations Fund	59,363	-	-
Underground Surcharge Fund	-	119,550	123,504
Water Utility Operating Fund	2,851,234	2,553,972	2,906,138
Wireless Communications Technology Fund	58,157	109,624	101,760
Total Non-General Fund	\$ 14,626,278	\$ 13,646,880	\$ 15,164,539
Total	\$ 44,325,788	\$ 46,856,219	\$ 53,160,548

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Total Budgeted Fringe Allocations

Total budgeted fringe allocations represent personnel costs that are non-wage related. A significant portion of the total budgeted fringe allocations are considered fixed fringe costs. Fixed fringe costs are expenditures that meet specific obligations established through agreements with the labor unions, City ordinances, or the City's Reserve Policy, regardless of current FTE position count or salary amounts. Fixed fringe costs include the San Diego City Employees' Retirement System's (SDCERS) Actuarially Determined Contribution (ADC), as well as contributions for Workers' Compensation, Long-Term Disability (LTD), Other Post-Employment Benefits (OPEB), Unemployment Insurance, and Risk Management Administration (RMA). These expenditures account for \$461.3 million or 70.5 percent of budgeted fringe in Fiscal Year 2020. The remaining budgeted fringe allocations are variable to payroll activity such as reductions or additions in staff and salary increases or decreases. **Table 16** displays the citywide fringe allocation which totals \$653.8 million for Fiscal Year 2020, of which \$466.8 million or 71.4 percent is budgeted in the General Fund.

Table 16: Fiscal Year 2020 Budgeted Fringe by Fund Type

Fringe Type	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Other Funds ¹	Fringe Totals
Retirement ADC	\$ 264,834,113	\$ 24,518,268	\$ 51,900,334	\$ 7,579,910	\$ 1,671,657	\$ 350,504,282
Flexible Benefits	84,679,251	11,717,786	27,848,560	3,992,013	780,430	129,018,040
Retiree Health/Other Post-Employment Benefits	42,294,990	5,943,338	14,689,550	2,065,656	385,875	65,379,409
Supplemental Pension Savings Plan	22,220,150	5,298,239	10,684,708	1,483,037	385,521	40,071,655
Workers' Compensation	26,479,946	497,718	3,363,755	934,014	29,245	31,304,678
Risk Management Administration	8,320,868	1,169,263	2,890,005	406,386	75,915	12,862,437
Medicare	8,088,040	1,137,743	2,199,886	312,956	78,436	11,817,061
Employee Offset Savings	6,246,093	419,893	660,375	110,649	47,744	7,484,754
Retirement DROP	1,733,416	225,704	522,852	71,341	14,382	2,567,695
Unemployment Insurance	808,322	115,348	235,017	32,777	8,541	1,200,005
Retiree Medical Trust	900,749	99,575	173,539	24,016	7,337	1,205,216
Retirement 401 Plan	226,990	65,605	82,549	11,666	4,828	391,638
Fund Type Totals	\$ 466,832,928	\$ 51,208,480	\$ 115,251,130	\$ 17,024,421	\$ 3,489,911	\$ 653,806,870

¹ Other Funds includes San Diego City Employee's Retirement System (SDCERS) FTE Positions.

City Retirement Contributions

The City's payment for retirement benefits in Fiscal Year 2020 Adopted Budget is \$350.5 million and is described below:

- In September 2017, the SDCERS Board of Administration (Board) approved the lowering of the discount rate from 7.0 percent to 6.75 percent, for the June 30, 2017 Actuarial Valuation, which was further reduced from 6.75 percent to 6.5 percent for the June 30, 2018 Actuarial Valuation. Also, the Board approved incorporating a five year layering method for certain components of the unfunded actuarial liability (UAL) to improve the projected stability of future employer contributions. Based on the assumptions accepted by the Board, Cheiron prepared the City's Actuarial Valuation Report as of June 30, 2018, which includes the City's ADC for Fiscal Year 2020. The City's pension payment for Fiscal Year 2020 is \$350.5 million, an increase of \$27.6 million from the Fiscal Year 2019 Adopted Budget; approximately \$264.8 million or 75.6 percent of the ADC is budgeted in the General Fund. The significant offsetting changes which led to the increase in the pension payment was the discount rate decrease from 6.75 percent to 6.5 percent which increased the ADC by \$18.4 million, and the liability experience loss, driven largely by salary increases for POA members, which increased the ADC by \$17.5 million. Additionally, offsetting the increases were a net asset experience gain, which decreased the ADC by \$2.5 million and a reduction of \$5.6 million in the ADC that had been anticipated based on the prior year's actuarial valuation.
- \$1.5 million is budgeted in the Citywide Program Expenditures Department for the Preservation of Benefits Plan contribution to SDCERS to cover benefit payments in excess of Internal Revenue Service (IRS) limits. Note this figure is not reflected in **Table 16**.
- \$1.7 million has been budgeted citywide (\$1.3 million in the General Fund) to fund the pay-go costs for the supplemental cost of living adjustment (COLA) benefit. The supplemental COLA benefit was established by San Diego Ordinance O-18608, adopted on January 11, 1999, to increase the monthly retirement allotment for retirees who retired before July 1, 1982 with at least ten years of service credit and whose benefits had fallen below 75 percent of their original purchasing power. The City funds the supplemental COLA benefit annually in accordance with Ordinance O-20282. Note this figure is not reflected in **Table 16**.

Retiree Healthcare/Other Post Employment Benefits

The Retiree Health or Other Post Employment Benefits (OPEB) Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2018 is approximately \$467.7 million and the Actuarially Determined Contribution (ADC) for Fiscal Year 2020 was determined to be \$43.4 million. In Fiscal Year 2012, the City entered into a 15-year memorandum of understanding with each of its labor organizations and provided the same terms to unrepresented employees regarding



reforms to the retiree healthcare benefit for health-eligible employees. The agreements set the City's annual OPEB budget at \$57.8 million for Fiscal Years 2013 through 2015, with annual increases of up to 2.5 percent after 2015. The City has budgeted \$65.4 million in Fiscal Year 2020 for retiree health care benefits. If the retiree health defined contribution and pay-as-you-go actuals exceed \$65.4 million, then the excess will be withdrawn from the City's CalPERS Employer Retiree Benefit Trust (CERBT) account.

Employee Offset Savings (EOS) The Fiscal Year 2020 Adopted Budget includes Employee Offset Savings of \$7.5 million, which is budgeted as an expense to all City departments and revenue to the respective funds. The \$7.5 million will be transferred to the General Fund to backfill the Tobacco Settlement Revenues securitized in Fiscal Year 2006.

Retirement DROP

In accordance with the Deferred Retirement Option Program (DROP) adopted in Fiscal Year 1997, the City is required to match 3.05 percent of the DROP participants' salary. The Fiscal Year 2020 Adopted Budget for Retirement DROP contributions is \$2.6 million.

Workers' Compensation

State Workers' Compensation laws ensure that employees who suffer work-related injuries or illnesses are provided with medical treatment and monetary awards. State Workers' Compensation statutes establish this framework of laws for the City.

In February 2017, City Council approved amendments to the City's Reserve Policy (Council Policy 100-20) to reduce the Workers' Compensation Reserve target from 25 percent to 12 percent of the three-year average of outstanding actuarial liabilities. As a result of this amendment to the Reserve Policy, the remaining excess Worker's Compensation Reserve available for use is \$1.4 million, which will be used to reduce workers' compensation operating expenses in Fiscal Year 2020. The workers' compensation contribution in the Fiscal Year 2020 Adopted Budget is \$31.3 million.

Long-Term Disability

Long-term disability is an employee benefit plan designed to provide partial salary replacement to eligible employees who are unable to work due to a disability as a result of injury, illness, or pregnancy. The Fiscal Year 2019 ending reserve balance is projected to be \$13.2 million, exceeding the policy goal of \$3.9 million, which is the current three-year average of the annual actuarial liability. The Fiscal Year 2020 Adopted Budget includes the use of \$2.7 million in excess reserves from the Long-Term Disability (LTD) Fund to support LTD operating expenses. The remaining excess Long-Term Disability Fund reserves of \$6.5 million will be returned to the contributing funds in Fiscal Year 2020.

Flexible Benefits

An Internal Revenue Service (IRS) qualified cafeteria-style benefits program is offered to all eligible employees. All employees in one-half, three-quarter, or full-time status are eligible. The Fiscal Year 2020 Adopted Budget for Flexible Benefits is \$129.0 million, representing a decrease of \$8.0 million from the Fiscal Year 2019 Adopted Budget. This decrease is primarily the result of the reduction in flexible benefit allotments for sworn police officers who have eight or more years of service as outlined in the labor agreement between the City and POA.

Through the Flexible Benefits Plan, the City currently offers healthcare coverage to all of its full time, three-quarter time, half-time employees, and non-standard hour employees working an average of at least 30 hours per week or 130 hours per month, per the Affordable Care Act (ACA), through the Flexible Benefits Plan. The majority of City employees qualify for the Flexible Benefits Plan, thus complying with a key component of the ACA. The City continues to monitor ACA mandates and clarifications to assess the impacts on City benefit plans.

Supplemental Pension Savings Plan (SPSP) and New Retirement Plans

In 1982, the City opted out of Social Security and established the Supplemental Pension Savings Plan (SPSP). SPSP accounts provide a way for eligible employees to add to savings for retirement income, which is in addition to SDCERS' benefits. Employees hired before July 1, 2009 must contribute a mandatory 3 percent. Employees hired on or before July 1, 1986 can voluntarily contribute up to an additional 4.5 percent, and if hired after July 1, 1986 an additional 3.05 percent. This amount is deducted from employees' paychecks and placed into an SPSP account for the employee. The City also matches these contributions. The Fiscal Year 2020 Adopted Budget for SPSP is \$15.9 million.

General members hired on or after July 1, 2009 but before July 20, 2012 receive a hybrid retirement plan which includes a reduced defined benefit retirement plan as well as a defined contribution savings plan with a mandatory employee contribution of 1.0 percent of payroll, which the City matches. The Fiscal Year 2020 Adopted Budget for the City's contribution match is \$391,638, based on 560.50 FTE general members.

New hires with offers of employment made on or after July 20, 2012, with no prior City service, 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 contributions is 11.0 percent of compensation. The Fiscal Year 2020 Adopted Budget for the

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City's Interim Defined Contribution Retirement Plan is \$23.3 million, which represents an increase of \$5.2 million over the Fiscal Year 2019 Adopted Budget. This increase is primarily due to the assumption that vacant and new positions being added to the budget will be filled by employees in the Interim Defined Contribution Retirement Plan. Additionally, the Fiscal Year 2020 Adopted Budget includes \$934,776 in the SPSP-H account for hourly employees. **Table 16** reflects a total budgeted amount of \$40.1 million which includes SPSP, SPSP-H and hourly SPSP-H contributions.

Retiree Medical Trust (RMT)

The Fiscal Year 2020 Adopted Budget for retiree health trust contributions is \$1.2 million. General members hired on or after July 1, 2009 must contribute 0.25 percent of payroll into a retiree medical trust, which the City matches. The Fiscal Year 2020 Adopted Budget for the City's contribution match to general members is \$621,584. In addition, \$583,632 is included in the Fiscal Year 2020 Adopted Budget for contributions to the Southern California Firefighters Benefit Trust for each active International Association of Firefighters (IAFF) Local 145 member.

Risk Management Administration

The Risk Management Administration rate was established to support the programs and services provided by the Risk Management Department, which is an Internal Service Fund. These services include the administration of Workers' Compensation, Public Liability and Loss Recovery, Safety and Environmental Health Services, Employee Benefits, Savings Plans, and Long-Term Disability. The Fiscal Year 2020 Adopted Budget for Risk Management Administration is \$12.9 million.

Medicare

Medicare is a federal tax established by the Federal Insurance Contributions Act (FICA) that all employees and employers are required to pay. The application of this rate applies to all City employees and is based on earned income, including any earned income related to overtime or other employee special pays. The Fiscal Year 2020 Adopted Budget for Medicare is \$11.8 million.

Unemployment Insurance

Unemployment Insurance provides temporary unemployment benefits to eligible workers who are unemployed and meet State law eligibility requirements to receive the benefit. The Fiscal Year 2020 Adopted Budget for Unemployment Insurance is \$1.2 million.

California Supreme Court Ruling on Proposition B

On June 5, 2012, City of San Diego voters approved Proposition B, a pension reform initiative amending the San Diego City Charter. As a result, all employees hired on or after July 20, 2012, other than sworn police officers, are no longer eligible to participate in the City's defined benefit plan and are only eligible to participate in a defined contribution plan.

In December 2015, the Public Employment Relations Board (PERB) issued a decision (PERB Order) in an Unfair Practice Charge (UPC) filed by certain of the City's labor unions (Unions) ruling that the City had violated the Meyers-Milius-Brown Act (MMBA) when it failed to meet and confer with the Unions over the language of Proposition B prior to placing it on the June 2012 ballot.

Between January 2016 and March 2019, the matter was adjudicated at both the California Appellate Court and Supreme Court levels. The California Supreme Court ultimately upheld PERB's determination of an MMBA violation, and remanded the matter back to the Court of Appeal for further proceedings to determine the appropriate judicial remedy. The City sought review with the United States Supreme Court, however, it was denied.

On March 25, 2019, the Court of Appeal affirmed the PERB Order with the following modifications (Modified PERB Order): (1) The City must meet and confer with the Unions over the effects of Proposition B. (2) Until the completion of the bargaining process (including the exhaustion of impasse measures, if an impasse occurs), the City must pay the affected current and former employees represented by the Unions the difference, plus seven percent annual interest, between the compensation (including retirement benefits) the employees would have received prior to when Proposition B took effect and the compensation those employees received after Proposition B took effect (Make-Whole Provision). (3) The City must meet and confer at the Unions' request and is precluded from placing a charter amendment on the ballot that is advanced by the City that affects employee pension benefits and/or other negotiable subjects until the bargaining process is complete.

The Unions requested that the Court of Appeal invalidate Proposition B, however, the court declined to do so concluding that the question of Proposition B's validity would be more appropriately decided in a separate *quo warranto* proceeding. On June 25, 2019, the Unions served the California Attorney General with an Application for Leave to Sue in *Quo Warranto*. Assuming the Attorney General grants leave to sue, the *quo warranto* action will be filed in Superior Court. Depending on the nature of the Proposition B proponents' opposition and potential appeals, it could take until 2024 before there is final resolution of Proposition B's validity if the case is reviewed by the California Supreme Court.

Neither PERB nor the Appellate Court clearly defined how the value of the benefits under the



Citywide Budget Overview

Make-Whole Provision should be calculated; meaning the ultimate cost to the City, if any, will likely be the subject of negotiations between the City and the Unions. The City's preliminary analysis and work performed by SDCERS' actuary has provided a preliminary understanding of what disparity exists between the benefits provided under Proposition B versus what employees would have otherwise received under the City's defined benefit plan. That preliminary analysis identified several assumptions that would be the subject of negotiations between the City and Unions including, but not limited to, the investment rate of return, the discount rate, and how interest earnings are calculated. Any one of these assumptions could significantly alter the estimated one-time and ongoing costs to the City. A further consideration in implementing any compensatory remedy is compliance with federal tax laws and regulations, which may also restrict the remedies available through labor negotiations. Accordingly, it would not be meaningful or informative for the City to provide any such preliminary costs estimates at this time. The Fiscal Year 2020 Adopted Budget does not include any potential costs associated with implementation of the remedy.



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