FISCAL YEAR 2021



Appendix











ADOPTED BUDGET —

MAYOR KEVIN L. FAULCONER

Appendix



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Appendix

Fiscal Year 2021 Changes in Full-Time Equivalent (FTE) Positions

ATTACHMENT A

Information reflecting changes in FTE positions from the Fiscal year 2020 Adopted Budget by fund and department.

Fiscal Year 2021-2025 Five-Year Financial Outlook

ATTACHMENT B

A report that guides long-range fiscal planning and serves as the framework for the development of the Fiscal Year 2021 Proposed Budget.

Fiscal Year 2021 Council Budget Priorities

ATTACHMENT C

City Council budget priorities for Fiscal Year 2021.

May Revision to the Fiscal Year 2021 Proposed Budget

ATTACHMENT D

A memorandum that presents the Mayor's recommended revisions to the Fiscal Year 2021 Proposed Budget, dated May 19, 2020.

Recommended City Council Modifications to the Mayor's Proposed Fiscal Year 2021 Budget and May Revision

ATTACHMENT E

Office of the Independent Budget Analyst, Report Number 20-11, dated June 3, 2020.

Fiscal Year 2021 Councilmember Budget Modification Memoranda

ATTACHMENT F

City Council budget priorities in response to the Mayor's Fiscal Year 2021 May Revised Budget.

Resolution R-313071 ATTACHMENT G

Resolution of the Council of the City of San Diego

ATTACTIMENT G

Proposed Fiscal Year 2021 Statement of Budgetary Principles

ATTACHMENT H

Office of the Independent Budget Analyst, Report Number 20-16, dated July 20, 2020

Appropriation Ordinance O-21206

ATTACHMENT I

An ordinance adopting the annual budget for Fiscal Year 2021 and appropriating the necessary money to operate the City of San Diego for said fiscal year on June 30, 2020

Appendix



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

Table 1: General Fund FTE Changes by Department

Table 1: General Fund FTE Changes by Department FY 2020 FY 2021							
	Adopted	Adopted	01				
Department	Budget	Budget	FTE Change				
City Attorney	385.98	386.73	0.75				
City Auditor	22.00	22.00	-				
City Clerk	47.32	47.32	- (10.00)				
City Treasurer	128.00	118.00	(10.00)				
Communications	33.00	32.00	(1.00)				
Council Administration	19.37	19.37	-				
Council District 1	10.00	10.00	-				
Council District 2	10.00	10.00	-				
Council District 3	10.00	10.00	-				
Council District 4	10.00	10.00	-				
Council District 5	10.00	10.00	-				
Council District 6	10.00	10.00	-				
Council District 7	10.00	10.00	-				
Council District 8	10.00	10.00	-				
Council District 9	10.00	10.00	-				
Debt Management	20.00	17.00	(3.00)				
Department of Finance	113.27	106.00	(7.27)				
Development Services	72.00	69.00	(3.00)				
Economic Development	61.00	53.00	(8.00)				
Environmental Services	172.68	172.90	0.22				
Ethics Commission	5.50	6.25	0.75				
Fire-Rescue	1,307.52	1,349.67	42.15				
General Services	-	1.50	1.50				
Government Affairs	7.00	7.00	-				
Homelessness Strategies	-	9.00	9.00				
Human Resources	33.72	31.00	(2.72)				
Internal Operations	1.50	-	(1.50)				
Library	444.22	444.22	-				
Mobility	-	16.50	16.50				
Neighborhood Services	11.00	1.50	(9.50)				
Office of Boards & Commissions	5.00	6.00	1.00				
Office of Homeland Security	20.27	18.98	(1.29)				
Office of Race & Equity	-	3.00	3.00				
Office of the Assistant COO	3.00	2.00	(1.00)				
Office of the Chief Financial Officer	2.00	2.00	-				
Office of the Chief Operating Officer	5.00	4.00	(1.00)				
Office of the IBA	10.00	10.00	-				
Office of the Mayor	24.00	20.00	(4.00)				
Parks and Recreation	924.97	905.71	(19.26)				
Performance & Analytics	15.00	15.00	-				
Personnel	69.99	69.99	-				
Planning	65.75	51.75	(14.00)				
Police	2,655.14	2,632.14	(23.00)				
Public Works & Utilities	2.00	1.50	(0.50)				
Purchasing & Contracting	52.96	47.96	(5.00)				
READ-Facilities Services	211.50	176.33	(35.17)				
Real Estate Assets	32.00	26.00	(6.00)				
Smart & Sustainable Communities	10.50	10.50	-				
Storm Water	-	212.75	212.75				
Sustainability	4.00	4.00	-				
Transportation	639.70	420.45	(219.25)				
Total General Fund FTE Changes	7,727.86	7,640.02	(87.84)				

General Fund FTE Changes

City Attorney: 0.75 FTE Increase

0.75 Addition of 1.75 Legal Intern - Hourly to support the Internship Program. This increase is offset by a reduction of 1.00 Senior Legal Intern.

City Treasurer: 10.00 FTE Decrease

- (2.00) Reduction of 2.00 Accountant 2s in the Revenue Audit section due to the consolidation of department operations.
- (2.00) Reduction of 1.00 Account Clerk, 1.00 Clerical Assistant 2 in the Treasury Accounting and Delinquent Accounts sections due to a consolidation of department operations.
- (1.00) Reduction of 1.00 Administrative Aide 2 in the Treasury Accounting section.
- (1.00) Reduction of 1.00 Assistant Director in the Treasury Accounting and Business Tax sections.
- (1.00) Reduction of 1.00 Collections Investigator 1 in the Delinquent Accounts section due to the consolidation of department operations.
- (1.00) Reduction of 1.00 Public Information Clerk in the Business Tax section.
- (1.00) Reduction of 1.00 Public Information Clerk in the Parking Administration section.
- (1.00) Reduction of 1.00 Senior Account Clerk in the Delinquent Accounts section.

Communications: 1.00 FTE Decrease

(1.00) Reduction of 1.00 Senior Public Information Officer in the Public Information section.

Debt Management: 3.00 FTE Decrease

- (1.00) Reduction of 1.00 Associate Economist supporting cross-functional department duties.
- (1.00) Reduction of 1.00 Program Manager supporting the Infrastructure Loans (unit).
- (1.00) Reduction of 1.00 Senior Management Analyst in the Bond Finance and Administration section.

Department of Finance: 7.27 FTE Decrease

- (8.27) Reduction of 5.00 Financial Analysts, 2.00 Account Audit Clerks and 1.27 Hourly Interns who provide citywide financial support for budget processes, internal controls, accounts payable and financial accounting.
- 1.00 Transfer of 1.00 Buyer's Aide 1 from the Purchasing and Contracting Department to Department of Finance to support for the Vendor Management Software System.

Development Services: 3.00 FTE Decrease

(3.00) Redistribution of 3.00 FTE positions to better align budget with department operations.

Economic Development: 8.00 FTE Decrease

- (5.00) Reduction of 5.00 FTE positions who provide support for the attraction, retention and expansion of businesses in the City.
- (2.00) Transfer of 2.00 FTE positions to the new Mobility Department from the Economic Development Department to support the Community Parking District Program.
- (1.00) Transfer of 1.00 Program Manager to the new Mobility Department from the Economic Development Department to manage the Shared Mobility Device Program.

Environmental Services: 0.22 FTE Increase

- (7.00) Reduction of 5.00 Sanitation Driver 2s, and 2.00 Sanitation Driver 3s that support the Weekly Residential Refuse Collection Program.
- (1.00) Reduction of 1.00 Hazmat Inspector 2 supporting the Disposal and Environmental Protection Division.
- (0.63) Reduction of 1.00 Clerical Assistant 2.
- 0.85 Redistribution of positions to better align the budget with the Mayor's Clean SD Initiative.
- 1.00 Addition of 1.00 Environmental Health Inspector 2 to support the Santa Clara Paint Lawsuit Settlement agreement.
- 3.00 Addition of 1.00 Code Compliance Supervisor, 2.00 Code Compliance Officers to maintain current services levels for the Clean SD program of 24 hours/7 days a week.
- 4.00 Addition of 4.00 Code Compliance Officers to support encampment abatement activities.

Ethics Commission: 0.75 FTE Increase

- 0.25 Addition of 1.00 Ethics Commission Director for succession planning.
- 0.50 Adjustments to reflect savings resulting from vacant positions for any period of the fiscal year, retirement contributions, retiree health contributions, and labor negotiations.

Fire-Rescue: 42.15 FTE Increase

- (3.52) Funding allocated according to a zero-based annual review of hourly funding requirements.
- (2.33) Reduction of 2.00 Fire Captains and 2.00 Fire Fighter 2s associated with the elimination of the South University City Fast Response Squad. Due to the timing of the elimination, the budget reflects the adjusted equivalent reduction of 2.33 FTF.
- 1.00 Addition of 1.00 Program Manager to support the Computer Aided Dispatch (CAD) system.
- 1.00 Transfer of 1.00 Program Manager from the Office of Homeland Security to the Fire-Rescue Department to support the Employee Wellness Program.
- 9.00 Addition of 12.00 FTE positions to support operations of the new North University Fire Station. Due to the opening of the fire station in the fall of Fiscal Year 2021, the budget reflects the adjusted equivalent of 9.00 FTE, which will be annualized in Fiscal Year 2022
- 37.00 Addition of 37.00 FTE positions and one additional fire academy for a Relief Pool to backfill existing positions, offset by a reduction of overtime expenditures.

General Services: 1.50 FTE Increase

- 0.50 Reallocation of 0.50 Executive Assistant to align with time spent in support of Branch offices.
- 1.00 Transfer of 1.00 Deputy Chief Operating Officer from the Office of the ACOO to the new General Services Branch.

Homelessness Strategies: 9.00 FTE Increase

- 3.00 Addition of 2.00 Program Managers and 1.00 Program Coordinator to provide fiscal and programmatic support.
- $6.00\ Transfer\ of\ 6.00\ FTE\ positions\ from\ the\ Neighborhood\ Services\ Branch\ to\ the\ Homelessness\ Strategies\ Department.$

Human Resources: 2.72 FTE Decrease

- (1.00) Reduction of 1.00 Associate Human Resources Analyst in the Labor Relations section.
- (1.00) Reduction of 1.00 Program Coordinator in the Labor Relations section.
- (0.72) Funding allocated according to a zero-based annual review of hourly funding requirements.

Internal Operations: 1.50 FTE Decrease

- (1.00) Reduction of 1.00 Deputy Chief Operating Officer in the Internal Operations Department.
- (0.50) Reallocation of 1.00 Executive Assistant to align with time spent in support of Branch offices.

Mobility: 16.50 FTE Increase

- 0.50 Addition of 1.00 Program Coordinator to provide Mobility Analytics programmatic support and coordination in the new Mobility Department.
- 1.00 Addition of 1.00 Executive Director for the new Mobility Department.
- 1.00 Addition of 1.00 Program Manager and 1.00 Senior Management Analyst to provide fiscal and administrative support to the new Mobility Department.
- 1.00 Transfer of 1.00 Program Manager to the new Mobility Department from the Economic Development Department to manage the Shared Mobility Device Program.
- 2.00 Transfer of 2.00 FTE positions to the new Mobility Department from the Economic Development Department to support the Community Parking District Program.
- 3.00 Transfer of 3.00 FTE positions from the Neighborhood Services Branch to the new Mobility Department to support ADA compliance activities.
- 8.00 Transfer of 8.00 FTE positions from the Planning Department to the new Mobility Department.

Neighborhood Services: 9.50 FTE Decrease

- (6.00) Transfer of 6.00 FTE positions from the Neighborhood Services Branch to the Homelessness Strategies Department.
- (3.00) Transfer of 3.00 FTE positions from the Neighborhood Services Branch to the new Mobility Department to support ADA compliance activities.
- (1.00) Transfer of 1.00 Associate Management Analyst from the Neighborhood Services Branch to the Office of Boards & Commissions to align staff with commission functions.
 - $0.50\,\,Real location\,\,of\,\,1.00\,\,Executive\,\,Assistant\,\,to\,\,align\,\,with\,\,time\,\,spent\,\,in\,\,support\,\,of\,\,Branch\,\,offices.$

Office of Boards & Commissions: 1.00 FTE Increase

- (1.00) Reduction of 1.00 Administrative Aide 2 in the Gang Commission, Human Relations Commission and Citizens' Review Board sections.
- 1.00 Addition of 1.00 Executive Director to lead the Citizens Advisory Board on Police/Community Relations.
- 1.00 Transfer of 1.00 Associate Management Analyst from the Neighborhood Services Branch to the Office of Boards & Commissions to align staff with commission functions.

Office of Homeland Security: 1.29 FTE Decrease

- (1.00) Transfer of 1.00 Program Manager from the Office of Homeland Security to the Fire-Rescue Department to support the Employee Wellness Program.
- (0.29) Funding allocated according to a zero-based annual review of hourly funding requirements.

Office of Race & Equity: 3.00 FTE Increase

3.00 Addition of 3.00 FTE positions to establish the Office of Race & Equity.

Office of the Assistant COO: 1.00 FTE Decrease

(1.00) Transfer of 1.00 Deputy Chief Operating Officer from the Office of the ACOO to the new General Services Branch.

Office of the Chief Operating Officer: 1.00 FTE Decrease

(1.00) Reduction of 1.00 Senior Legislative Recorder in the Docket Office

Office of the Mayor: 4.00 FTE Decrease

- (2.00) Reduction of 2.00 Mayor's Representative 2s in the Office of the Mayor.
- (1.00) Reduction of 1.00 Mayor's Representative 2. This reduction offsets the addition of 1.00 Executive Director in the Office of Boards and Commissions.
- (1.00) Transfer of 1.00 Mayor's Representative 2 from the Office of the Mayor to the Cultural Affairs Department to be repurposed as a Program Coordinator to support the new Department of Cultural Affairs Department.

Parks and Recreation: 19.26 FTE Decrease

- (16.00) Reduction of 16.00 FTE positions in the Developed Regional Parks Division.
- (2.00) Reduction of 1.00 Senior Management Analyst and 1.00 Word Processing Operator related to administrative support in the Administrative Services Division.
- (2.00) Reduction of 2.00 Grounds Maintenance Worker 2s related to park maintenance and safety in the Community Parks I Division.
- (1.00) Reduction of 1.00 Assistant Recreation Center Director in the Community Parks II Division.
- (1.00) Reduction of 1.00 Park Ranger related to Mission Trails Park Management in the Open Space Division.
- 0.25 Addition of 0.25 Grounds Maintenance Worker 2 to support operations and maintenance at the 14th Street Promenade.
- 0.33 Adjustments to reflect savings resulting from vacant positions for any period of the fiscal year, retirement contributions, retiree health contributions, and labor negotiations.
- 0.50 Addition of 0.50 Grounds Maintenance Worker 2 to support operations and maintenance at Harriet Tubman Charter School Joint Use Park.
- 1.66 Addition of 0.66 Recreation Center Director 1, 0.33 Recreation Leader 1-Hourly, 0.66 Grounds Maintenance Worker 2 to support operations and maintenance at the Bay Terraces Senior Center.

Planning: 14.00 FTE Decrease

- (8.00) Transfer of 8.00 FTE positions from the Planning Department to the new Mobility Department.
- (3.00) Reduction of 1.00 Associate Planner, 1.00 Information Systems Technician, and 1.00 Executive Assistant related to Community Planning and administrative support.
- (2.00) Reduction of 1.00 Associate Planner and 1.00 Senior Planner related to the Multiple Species Conservation Program and Community Plan Updates.
- (1.00) Reduction of 1.00 Associate Engineer-Traffic associated with the formation of the new Mobility Department.

Police: 23.00 FTE Decrease

- (6.00) Reduction of 6.00 Police Investigative Service Officer within Patrol Operations units.
- (5.00) Reduction of 1.00 Clerical Assistant 2 in Narcotics and 4.00 Police Records Clerks in Records.
- (5.00) Reduction of 3.00 Police Officer 2s, 1.00 Police Sergeant, and 1.00 Word Processing Operator within the STAR/PAL Unit.
- (5.00) Reduction of 5.00 Word Processing Operators in the following units: Eastern Division, STAR/PAL, Homicide, Accident Investigation Bureau, and Human Resources.
- (3.00) Reduction of 2.00 Police Officer 2s and 1.00 Police Sergeant associated with the Trolley team.
- (1.00) Reduction of 1.00 Associate Management Analyst in the Domestic Violence Unit.
- 2.00 Addition of 2.00 Criminalist 2 in the Police Crime Lab for analysis of all collected sexual assault evidence as required by Senate Bill 22.

Public Works & Utilities: 0.50 FTE Decrease

(0.50) Reallocation of 0.50 Executive Assistant to align with time spent in support of Branch offices.

Purchasing & Contracting: 5.00 FTE Decrease

- (2.00) Reduction of 1.00 Senior Procurement Officer supporting the purchasing functions and 1.00 Word Processing Operator supporting the Equal Opportunity Contracting Program.
- (1.00) Reduction of 1.00 Associate Procurement Contracting Officer associated with procurement and contracting of goods and services.
- (1.00) Reduction of 1.00 Senior Procurement Contracting Officer associated with procurement and contracting of goods and services.
- (1.00) Transfer of 1.00 Buyer's Aide 1 from the Purchasing and Contracting Department to Department of Finance to support for the Vendor Management Software System.

READ-Facilities Services: 35.17 FTE Decrease

- (29.00) Reduction of 29.00 FTE positions supporting the Stadium Operating Fund due to the sale of the Stadium.
- (11.00) Reduction of 11.00 FTE positions associated with the maintenance of City facilities.
 - 1.83 Addition of 1.83 FTE positions for 1 month to support the Stadium Operating Fund.
 - 3.00 Addition of 3.00 FTE positions to support the Public Utilities Department.

Real Estate Assets: 6.00 FTE Decrease

(6.00) Reduction of 4.00 Property Agents and 2.00 Supervising Property Agents related to acquisition, disposition, and asset management, and associated contractual expenditures.

Storm Water: 212.75 FTE Increase

- (0.50) Reduction of 0.50 Clerical Assistant 2 in the Storm Water Division.
- 1.00 Addition of 1.00 Department Director to lead the new Storm Water Department.
- 3.25 Funding allocated according to a zero-based annual review of hourly funding requirements
- 209.00 Transfer of 209.00 FTE positions from the Transportation Department to create the new Storm Water Department.

Transportation: 219.25 FTE Decrease

- (209.00) Transfer of 209.00 FTE positions from the Transportation Department to create the new Storm Water Department.
 - (5.00) Reduction of 1.00 Utility Worker 2, 3.00 Utility Workers 1s, 1.00 Equipment Operator 1 that support related to traffic installations support.
- (3.25) Funding allocated according to a zero-based annual review of hourly funding requirements.
- (1.00) Reduction of 1.00 Heavy Truck Driver 2 supporting street paving projects.
- (1.00) Reduction of 1.00 Principal Engineering Aide supporting street resurfacing projects.

Table 2 below reflects the changes in Full-time Equivalent (FTE) positions in the Non-General Fund from 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

Table 2. Non-General Funds FTE Ci	FY 2020	FY 2021	
	Adopted	Adopted	
Fund	Budget	Budget	FTE Change
Airports Fund	23.00	23.00	-
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	505.50	516.00	10.50
Energy Conservation Program Fund	22.25	22.75	0.50
Engineering & Capital Projects Fund	825.50	825.50	-
Facilities Financing Fund	18.00	18.00	-
Fire/Emergency Medical Services Transport Program Fund	15.00	15.00	-
Fleet Operations Operating Fund	206.25	206.25	-
GIS Fund	9.83	15.00	5.17
Golf Course Fund	104.83	104.83	-
Information Technology Fund	45.00	44.00	(1.00)
Junior Lifeguard Program Fund	1.00	1.00	-
Local Enforcement Agency Fund	6.00	5.00	(1.00)
Los Penasquitos Canyon Preserve Fund	2.00	2.00	-
Maintenance Assessment District (MAD) Management Fund	24.50	24.50	-
Metropolitan Sewer Utility Fund	486.38	484.91	(1.47)
Municipal Sewer Revenue Fund	422.34	417.95	(4.40)
OneSD Support Fund	30.00	30.00	-
Parking Meter Operations Fund	13.00	12.00	(1.00)
PETCO Park Fund	1.00	1.00	-
Publishing Services Fund	9.00	3.00	(6.00)
Recycling Fund	114.08	113.73	(0.35)
Refuse Disposal Fund	142.50	143.63	1.13
Risk Management Administration Fund	89.23	85.23	(4.00)
Stadium Operations Fund	2.00	0.17	(1.83)
Transient Occupancy Tax Fund	14.00	13.00	(1.00)
Underground Surcharge Fund	22.16	22.16	-
Water Utility Operating Fund	808.83	806.57	(2.25)
Wireless Communications Technology Fund	44.38	45.73	1.35
Total Non-General Fund FTE Changes	4,092.56	4,086.91	(5.65)

Non-General Fund FTE Changes

Development Services Fund: 10.50 FTE Increase

- 0.50 Addition of 1.00 Assistant Deputy Director in support of department management strategy and policy development and implementation.
- 0.50 Addition of 1.00 Assistant Deputy Director in support of structural engineering management permit review activity.
- 1.00 Addition of 2.00 FTE positions in support of revenue deposit account/fee management. Due to anticipated hiring dates, the budget reflects the adjusted equivalent of 1.00 FTE, which will be annualized in Fiscal Year 2022.
- 4.00 Redistribution of 4.00 FTE positions to better align budget with department operations.
- 4.50 Addition of 9.00 FTE positions to centralize cannabis permitting activities and support the cannabis permit bureau. Due to anticipated hiring dates, the budget reflects the adjusted equivalent of 4.50 FTE, which will be annualized in Fiscal Year 2022.

Energy Conservation Program 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 Information System Analyst 3 to support the technology section.

GIS Fund: 5.17 FTE Increase

5.17 Adjustments to reflect savings resulting from vacant positions for any period of the fiscal year, retirement contributions, retiree health contributions, and labor negotiations.

Information Technology Fund: 1.00 FTE Decrease

(1.00) Reduction of 1.00 Information Systems Analyst 3 in the Information Technology Service Management Division associated with Service Desk, Desktop Support, Desktop Engineering and Cross-Functional programs.

Local Enforcement Agency Fund: 1.00 FTE Decrease

(1.00) Redistribution of 1.00 Account Clerk to better align budget with department operations.

Metropolitan Sewer Utility Fund: 1.47 FTE Decrease

- (0.73) Adjustment reflects reallocation of funds associated with increasing efficiency and to support the reorganization of water and wastewater operations within the department.
- (0.32) Reduction of 0.21 Public Information Clerk and 0.11 Project Officer associated with positions reduced in Fiscal Year 2020.
- (0.30) Funding allocated according to a zero-based annual review of hourly funding requirements.
- (0.12) Adjustments to reflect savings resulting from vacant positions for any period of the fiscal year, retirement contributions, retiree health contributions, and labor negotiations.

Municipal Sewer Revenue Fund: 4.40 FTE Decrease

- (1.96) Funding allocated according to a zero-based annual review of hourly funding requirements.
- (1.06) Adjustment reflects reallocation of funds associated with increasing efficiency and to support the reorganization of water and wastewater operations within the department.
- (0.93) Reduction of 0.93 FTE positions associated with positions reduced in Fiscal Year 2020.
- (0.45) Adjustments to reflect savings resulting from vacant positions for any period of the fiscal year, retirement contributions, retiree health contributions, and labor negotiations.

Parking Meter Operations Fund: 1.00 FTE Decrease

(1.00) Reduction of 1.00 Parking Meter Technician in the Parking Meter Operations section due to a decrease in parking meter coin collection.

Publishing Services Fund: 6.00 FTE Decrease

- (5.00) Reduction of 5.00 FTE positions to align with a decrease in print shop services..
 - (1.00) Reduction of 1.00 Senior Press Operator to better align program expenditures with expected revenues

Recycling Fund: 0.35 FTE Decrease

- (0.19) Redistribution of positions to better align the budget with the Mayor's Clean SD Initiative.
 - (0.16) Reduction of Clerical Assistant 2.

Refuse Disposal Fund: 1.13 FTE Increase

- (0.66) Redistribution of positions to better align the budget with the Mayor's Clean SD Initiative.
- (0.21) Reduction of Clerical Assistant 2.
- 2.00 Addition of 2.00 Utility Worker 2s to service waste containers related to the Clean SD Initiative.

Risk Management Administration Fund: 4.00 FTE Decrease

- (2.00) Reduction of 2.00 Claims Representative 2s from the Public Liability & Loss Recovery Division.
- (1.00) Reduction of 1.00 Employee Benefits Specialist 2 in the Employee Benefits Division.
- (1.00) Reduction of 1.00 Payroll Specialist from the Administration and Finance Division.

Stadium Operations Fund: 1.83 FTE Decrease

(1.83) Reduction of 1.00 Facility Manager and 1.00 Program Manager associated with the sale of the Stadium

Transient Occupancy Tax Fund: 1.00 FTE Decrease

- (1.00) Reduction of 1.00 Public Information Clerk in the Special Events & Filming section.
- (1.00) Reduction of 1.00 Associate Management Analyst in the Commissions for Arts & Culture section.
- (1.00) Reduction of 1.00 Executive Assistant in the Commission for Arts & Culture section.
 - 1.00 Addition of 1.00 Public Information Clerk in the Special Events & Filming section.
 - 1.00 Transfer of 1.00 Mayor's Representative 2 from the Office of the Mayor to the Cultural Affairs Department to be repurposed as a Program Coordinator to support centralized operations and functions in the new Cultural Affairs Department.

Water Utility Operating Fund: 2.25 FTE Decrease

- (3.62) Funding allocated according to a zero-based annual review of hourly funding requirements.
- (0.99) Reduction of 0.99 FTE positions associated with positions reduced in Fiscal Year 2020.
- 2.36 Adjustments to reflect savings resulting from vacant positions for any period of the fiscal year, retirement contributions, retiree health contributions, and labor negotiations.

Wireless Communications Technology Fund: 1.35 FTE Increase

- (1.00) Reduction of 1.00 Equipment Technician 2 associated with the installation of radios for public safety vehicles.
- (1.00) Reduction of 1.00 Equipment Technician 1 associated with the installation of radios for public safety vehicles.
- 0.35 Funding allocated according to a zero-based annual review of hourly funding requirements.
- 3.00 Addition of 1.00 Senior Communications Technician, 2.00 Equipment Technician 1s to support citywide cabling projects.

SAN DIEGO FISCAL YEAR 2021-2025 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

Adrian Del Rio
Assistant Director

Nicole Chalfant
Financial Operations Manager

Vanessa Montenegro
Principal Accountant

NOVEMBER 2019

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 2021-2025 Five-Year Financial Outlook Report (Outlook) is a long-range fiscal planning guide and serves as the framework for the development of the Fiscal Year (FY) 2021 Adopted Budget for the General Fund. The purpose of the Report is 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 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; therefore, should not be considered a budget. The Outlook does this by estimating baseline revenues and expenditures for current service levels and then integrating critical strategic expenditure requests that are the highest priority and reflect the shared goals of the City Council and the Mayor. The Outlook provides the City Council, key stakeholders, and the public with information at the start of budget process to facilitate a discussion regarding the coming year's General Fund budget allocations. 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 2020. The decisions impacting the FY 2021 budget will likely have an impact on the entire outlook period.

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
- Reserve Contributions
- Critical Strategic Expenditures

As discussed later in the report, the Outlook does not forecast the impacts from potential mitigation actions and other information not known at the time of the preparation of the report, such as an economic recession, ballot initiatives, and changes to current labor agreements.

As depicted in Table 1.1, and detailed in Attachment 1, projected baseline expenditures exceed revenues in FY 2021. Beginning in FY 2022, baseline revenue growth is projected to exceed anticipated expenditure growth. Once incorporating the recommended critical strategic expenditures included in the Outlook, the potential shortfall extends through FY 2024. Beginning in FY 2025, the projected revenue growth is projected to exceed anticipated expenditure growth with the inclusion of the recommended critical strategic expenditures. Throughout the report, tables may not foot due to rounding differences.

Table 1.1 - Fiscal Year 2021-2025 Financial Outlook Summary of Key Financial Data (\$ in Millions)									
	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025				
Property Tax	\$636.1	\$666.5	\$696.7	\$726.6	\$755.9				
Sales Tax	\$311.1	\$321.1	\$331.0	\$340.9	\$350.8				
Transient Occupancy Tax	\$141.8	\$146.9	\$152.2	\$157.6	\$163.1				
Franchise Fees	\$84.1	\$86.0	\$87.9	\$89.6	\$91.4				
All Other Revenue Categories	\$422.7	\$434.7	\$445.5	\$448.7	\$458.1				
BASELINE GENERAL FUND REVENUES	\$1,595.7	\$1,655.1	\$1,713.3	\$1,763.5	\$1,819.3				
	-								
Salaries & Wages	\$652.7	\$654.3	\$652.2	\$652.0	\$653.2				
Retirement Actuarially Determined Contributions (ADC)	\$268.6	\$266.6	\$265.0	\$264.2	\$263.6				
All other Personnel Expenditures	\$207.8	\$209.7	\$211.6	\$213.5	\$215.4				
Non-Personnel Expenditures	\$444.8	\$465.4	\$498.3	\$511.6	\$525.4				
Charter Section 77.1 - Infrastructure Fund Contribution	\$25.5	\$18.7	\$0.0	\$0.0	\$0.0				
Reserve Contributions	\$17.4	\$18.8	\$16.6	\$13.6	\$13.0				
BASELINE GENERAL FUND EXPENDITURES	\$1,616.9	\$1,633.6	\$1,643.7	\$1,654.9	\$1,670.7				
	-								
BASELINE (SHORTFALL)/SURPLUS	(\$21.2)	\$21.6	\$69.6	\$108.6	\$148.7				
CRITICAL STRATEGIC EXPENDITURES	\$62.5	\$88.1	\$103.2	\$116.2	\$123.1				
(AMOUNT TO BE MITIGATED) / AVAILABLE RESOURCES	(\$83.7)	(\$66.6)	(\$33.6)	(\$7.6)	\$25.5				

Report Outline

The Outlook includes a discussion on General Fund baseline projections for revenues and expenditures, summarizes critical strategic expenditures, identifies potential options that could be used to mitigate projected revenue shortfalls, and reviews other assumptions and considerations not included in the projections used in this report.

The Baseline Projections section of the Outlook consists of the City's projections for the next five years for ongoing revenues and expenditures, as displayed in Table 1.1 – Fiscal Year 2021-2025 Financial Outlook. The Baseline Projections section includes baseline revenue and expenditure growth, and anticipated adjustments to the FY 2020 Adopted Budget necessary to support current service levels provided by the City. Examples of anticipated adjustments in the baseline projections include the removal of one-time resources and expenditures and other known adjustments included in the FY 2020 Adopted Budget.

Following the baseline projections discussion, the Critical Strategic Expenditures section quantifies department requests that have been identified as necessary in meeting core service levels and the City's Strategic Plan. Examples of critical strategic expenditures include funding to support homeless programs, streets and neighborhood improvements, Clean SD program, Public Safety, new facilities and the Climate Action Plan. Requests that are currently accounted for in the baseline projections, not fully developed, require additional prioritization, or not previously approved by the Mayor or City Council were not considered critical strategic expenditures for this report. Examples include inflationary and contractual increase requests, which are accounted for in baseline expenditure projections, addition of personnel positions not associated with a critical strategic need, and new programs or enhancements to services that may require additional analysis and research. Any requests submitted for capital project costs, were not included in this report, as these requests are accounted for in the Five-Year Capital Infrastructure Planning Outlook. All 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 quantified, general concepts are presented that could mitigate the anticipated revenue shortfalls.

Lastly, 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, of note is the potential of an economic recession.

Per the City Charter, the Mayor will present a balanced budget for the City Council's consideration in April 2020.

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BASELINE PROJECTIONS

The Baseline Projections section describes forecasted General Fund changes based on growth assumptions and anticipated adjustments to the FY 2020 Adopted Budget 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 significant changes and growth assumptions within each expenditure category.

Unless otherwise noted, baseline projections assume growth based on the FY 2020 Adopted Budget with one-time resources and expenditures removed. The one-time resources and expenditures that have been removed from the baseline projections are detailed in Attachment 2: One-Time Resources and Expenditures.

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 now the longest economic expansion in American history exceeding 120 consecutive months of economic growth. An economic recession, based on historical averages (approximately every five years), could occur during this outlook period. However, predicting the timing or severity of an economic downturn is not within the scope of the Outlook; nevertheless, 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 significant 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 revenue sources, property tax, sales tax, TOT, and franchise fees, represent 72.2 percent of the City's General Fund FY 2020 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.

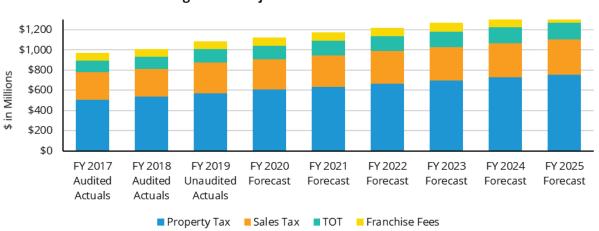


Figure 2.1 - Major General Fund Revenues

Property Tax

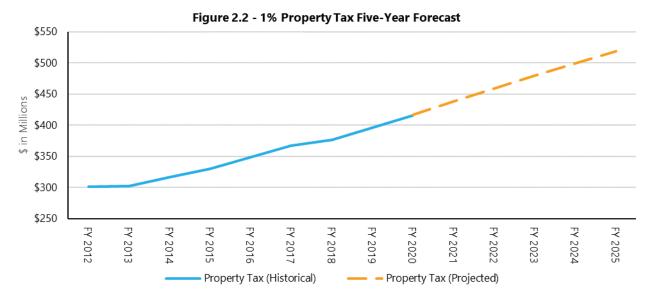
Property tax is the City's largest revenue source representing 38.9 percent of the General Fund FY 2020 Adopted Budget. The primary component of the property tax category is the 1.0 percent levy on the assessed value of all real property within the City limits. The property tax category also includes the Motor Vehicle License Fee (MVLF) backfill payment, which is a result of MVLF 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 2020 and the forecast for FY 2021 through FY 2025 for revenue from property tax. The FY 2020 projection for the property tax category of \$604.7 million is a \$2.8 million increase over the FY 2020 Adopted Budget and serves as the base for the Outlook projections. Consistent with the FY 2020 First Quarter Budget Monitoring Report, the FY 2020 Adopted Budget growth rate of 5.25 percent remains unchanged.

Table 2.1 - Property Tax Five-Year Forecast							
(\$ in Millions)							
	FY 2020 Adopted	FY 2020 Projection	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Growth Rate	5.25%	5.25%	5.00%	4.75%	4.50%	4.25%	4.00%
Projection	\$ 601.9	\$ 604.7	\$ 636.1	\$ 666.5	\$ 696.7	\$ 726.6	\$ 755.9

The forecast for property tax was determined using an analysis of the relationship of property tax to assessed values and assessed valuation growth. 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 281.247 as of August 2019, a 2.7 percent increase from the August 2018 CCPI of 273.844. 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.

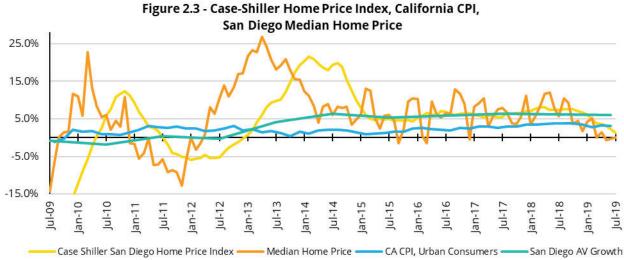
The City has experienced a modest positive growth in home prices, with an increase of 1.97 percent in the median home price from August 2018 to August 2019. Despite the rise in home prices, the growth in the number of home sales has slowed. Year-to-date home sales, as of August 2019, have decreased by 2.3 percent compared to August 2018.

Based on property sales as of August 2019 and an approximate 2.7 percent increase in the CCPI, the City's estimated assessed valuation will see a positive increase for FY 2021.

- In addition to positive home price growth in the City, there are year-to-date declines in notices
 of default and foreclosures of 4.6 and 6.2 percent, respectively, in the County of San Diego as
 of September 2019.
- The Case-Shiller home price index as of August 2019 is 263.23, a 2.3 percent increase over the August 2018 index of 257.32

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.



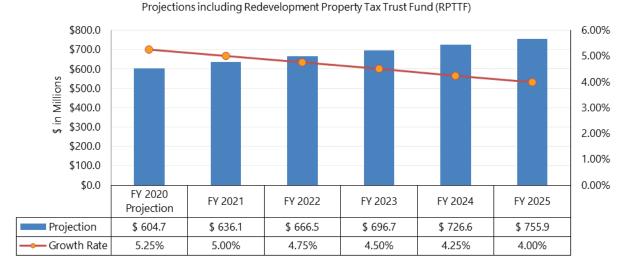
Other factors to consider in developing a revenue projection for property tax include mortgage rates, changes to federal tax policy, and property tax refunds. The Federal Reserve recently approved a quarter-point interest rate cut in October 2019. This would be the third cut this year; however, the Federal Reserve indicates it may pause additional rate cuts from here. These decreases coincide with a decrease in mortgage rates which will likely stabilize demand in the 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. Passthrough 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 provide details on the components of the FY 2020 Adopted Budget for property tax and the forecasted property tax revenue for FY 2021 through FY 2025.

Table 2.2 - Property Tax Components (\$ in Millions)									
	FY 2020 Adopted	FY 2020 Projection	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025		
Growth Rate	5.25%	5.25%	5.00%	4.75%	4.50%	4.25%	4.00%		
1% Property Tax	\$ 415.7	\$ 417.1	\$ 438.8	\$ 459.2	\$ 479.4	\$ 499.5	\$ 519.2		
MVLF Backfill	\$ 153.5	\$ 154.2	\$ 161.9	\$ 169.6	\$ 177.2	\$ 184.8	\$ 192.2		
RPTTF Pass-Through Tax Sharing Payment	\$ 8.0	\$ 8.5	\$ 9.0	\$ 9.4	\$ 9.8	\$ 10.2	\$ 10.6		
RPTTF Residual Property Tax Payment	\$ 24.7	\$ 24.9	\$ 26.5	\$ 28.4	\$ 30.2	\$ 32.1	\$ 33.9		
Total Property Tax Projection	\$ 601.9	\$ 604.7	\$ 636.1	\$ 666.5	\$ 696.7	\$ 726.6	\$ 755.9		

Figure 2.4 - Property Tax Revenue Projections: Fiscal Years 2021 - 2025



Scenario Analysis

The factors described above 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 2021 through FY 2025.

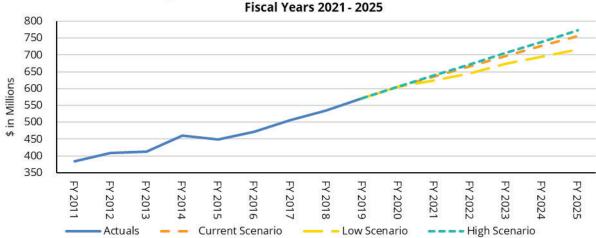


Figure 2.5 - Property Tax Revenue Five-Year Forecast:

Table 2.3 - Property Tax Five-Year Forecast: Growth Rate Scenarios								
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025			
Current Growth Rate	5.00%	4.75%	4.50%	4.25%	4.00%			
High Growth Rate	5.50%	5.25%	5.00%	4.75%	4.50%			
Low Growth Rate	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 2021 through FY 2025 of 3.0 percent across all years. A "Low" scenario would reduce property tax projections by \$11.2 million in FY 2021 and a cumulative total of \$127.4 million throughout the outlook period.

A "High" scenario is projected to exist should homes sales and valuations continue at the current levels, with slightly restrained growth. 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 \$2.8 million in FY 2021 and a cumulative total of \$48.0 million throughout the outlook period.

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 court ruling is anticipated to occur sometime in 2020. If the trial court's decision is upheld, the City would be compensated for any past underpayment of RPTTF residual amounts and would receive an increase in RPTTF residual payments going forward throughout the outlook period.

The 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. In the event of the school districts receiving a favorable decision, this may result in an increased liability to the City.

Sales Tax

The City's second largest revenue source is sales tax and represents 19.2 percent of the General Fund FY 2020 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. Sales tax revenue also includes online sales from out-of-state businesses that meet a threshold in cumulative sales and delivers goods into California. 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 2020 as well as the forecast for FY 2021 through FY 2025 for revenue from sales tax. As discussed in the FY 2020 First Quarter Budget Monitoring Report, the FY 2020 projection for sales tax of \$300.6 million includes a \$2.8 million increase over the FY 2020 Adopted Budget of \$297.9 million due to the delayed distribution of sales tax to the City as a result of complications with the California Department of Tax and Fee Administration's (CDTFA) new sales tax reporting software system. These adjustments are accounted for in the baseline projections. Further, as discussed in the FY 2020 First Quarter Budget Monitoring Report, the growth rate has been increased from 3.75 percent to 3.90 percent due to revised projections from the City's sales tax consultant, which reflect the most likely scenario.

Table 2.4 - Sales Tax Five-Year Forecast							
(\$ in Millions)							
	FY 2020 Adopted	FY 2020 Projection	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Growth Rate	3.75%	3.90%	3.40%	3.20%	3.10%	3.00%	2.90%
Projection	\$ 297.9	\$ 300.6	\$ 311.1	\$ 321.1	\$ 331.0	\$ 340.9	\$ 350.8

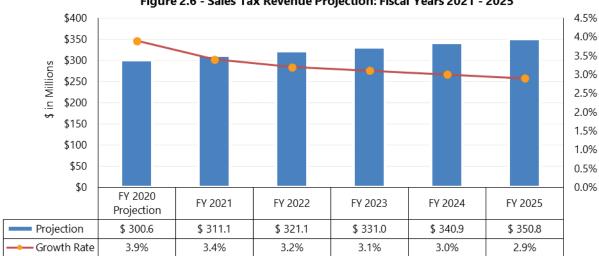


Figure 2.6 - Sales Tax Revenue Projection: Fiscal Years 2021 - 2025

Economic Trends

The major local economic drivers of the City's sales tax include the unemployment rate, consumer confidence, and consumer spending. As of September 2019, the City unemployment rate was 2.6 percent, compared to a rate of 3.0 percent in September 2018, 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 of 137.9 in October of 2018, and is 125.9 as of October 2019. Consumer spending, a major driver of sales tax is dependent on the level of employment and consumer confidence.

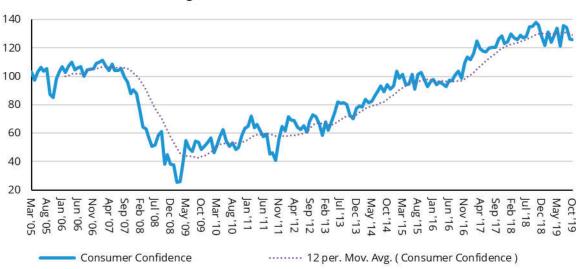


Figure 2.7 - Consumer Confidence

Source: The Conference Board - Consumer Confidence Survey ®

While consumer confidence has consistently increased over the past several 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 relative stability in employment, anticipated revenue from outof-state online sales and consistent growth in consumer confidence. Therefore, sales tax revenue 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 Sales Tax growth rate factors-in growth associated with the 2019 California legislation, (AB) 147, that extends the criteria for determining taxable out-of-state online sales. Per the California Department of Tax and Fee Administration (CDTFA), California will extend Sales and Use taxes to out-of-state retailers engaged in business in California and require to be registered with CDTFA and collect and remit sales tax. This includes any retailer that has total combined sales of property for delivery in California that exceed \$500,000 in the preceding 12 months. This decision is projected to increase local sales tax revenues, and the potential impact is projected within the growth rates in the Outlook.

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 Forecast have also reported that California is beginning to see a slight decrease in employment, but continues to outpace national growth in both

payroll and employment rate growth primarily due to productivity gains. Additionally, housing shortages will continue to constrain growth in California.

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 also prepared utilizing the most recent projections from the City's sales tax consultant. Figure 2.8 reflects the current scenario as well as the "High" and "Low" scenario. In addition, Table 2.5 details the assumed growth rates for each scenario for FY 2021 through FY 2025.

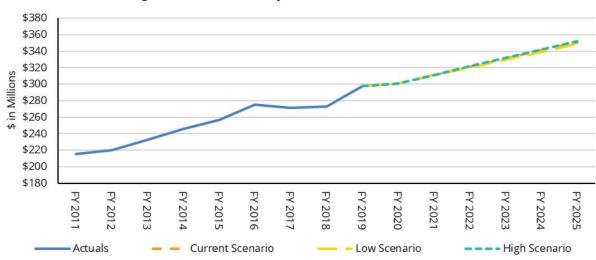


Figure 2.8 - Sales Tax Projections: Fiscal Years 2021 - 2025

Table 2.5 - Sales Tax Five-Year Forecast: Growth Rate Scenarios								
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025			
Current Growth Rates	3.40%	3.20%	3.10%	3.00%	2.90%			
High Growth Rates	3.48%	3.28%	3.18%	3.09%	3.00%			
Low Growth Rates	3.28%	3.07%	2.97%	2.88%	2.79%			

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 \$0.4 million in FY 2021 and a cumulative total of \$46.0 million throughout the outlook period.

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 \$0.2 million in FY 2021 and a cumulative total of \$4.1 million throughout the outlook period.

Transient Occupancy Tax (TOT)

TOT represents 8.9 percent of the City's General Fund FY 2020 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.

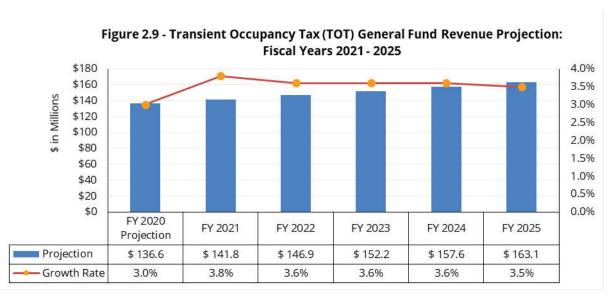
Forecast

The following table displays the budget and year-end projection for FY 2020 and the forecast for FY 2021 through FY 2025 for revenue from TOT. The FY 2020 projection for total citywide TOT receipts is \$259.8 million. The General Fund's 5.5 cent portion of total TOT projected receipts is \$136.6 million and serves as the base for the Outlook projections. Consistent with the FY 2020 First Quarter Budget Monitoring Report, the FY 2020 Adopted Budget growth rate of 3.0 percent remains unchanged.

Table 2.6 - Transient Occupancy Tax (TOT) Five-Year Forecast (\$ in Millions)								
	FY 2020 Adopted	FY 2020 Projection	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	
Growth Rate	3.0%	3.0%	3.8%	3.6%	3.6%	3.6%	3.5%	
Projection	\$ 136.9	\$ 136.6	\$ 141.8	\$ 146.9	\$ 152.2	\$ 157.6	\$ 163.1	

Table 2.6 represents only the General Fund portion of total TOT (5.5 cents of the total 10.5 cents TOT).

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 and projected TOT receipts



As depicted in Figure 2.9, TOT revenue is projected to have continued but tempered growth for the five-year period. The FY 2021 growth rate is expected to increase to 3.8 percent from the FY 2020 Adopted Budget growth rate as a result of a projected increase in the average daily room rate and the projected increase in the total supply of hotel rooms in the City through FY 2021. The growth rates for TOT are projected to reduce from 3.8 percent in FY 2021 to 3.5 percent in FY 2025.

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 (SDTA) by Tourism Economics, overnight visits, room supply, and room demand are projected to reflect steady but restrained growth in calendar year 2019 and part of 2020 before experiencing an easing of growth in the outer years of the Outlook. This is depicted by calendar year in the table below.

Table 2.7 - San Diego Tourism Summary Outlook (Annual % Growth)									
	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024				
Visits	2.20%	2.20%	2.00%	1.90%	1.90%				
Overnight Visits	1.80%	1.70%	1.40%	1.60%	1.60%				
Room Supply	2.1%	2.0%	1.8%	2.4%	2.4%				
Room Demand	1.8%	1.7%	1.8%	2.3%	2.3%				
Occupancy	77.2%	77.0%	77.1%	77.0%	77.0%				
Avg. Daily Room Rate	\$ 172.84	\$ 176.71	\$ 180.49	\$ 184.67	\$ 184.67				

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; however, at a slower rate of growth in the upcoming fiscal years.

Scenario Analysis

The factors described above combine to make up the TOT projection; nonetheless, 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 utilizing data for various primary economic drivers provided by the SDTA. Figure 2.10 reflects the current scenario as well as the "High" and "Low" scenario. In addition, Table 2.8 details the assumed growth rates for each scenario for FY 2021 through FY 2025.

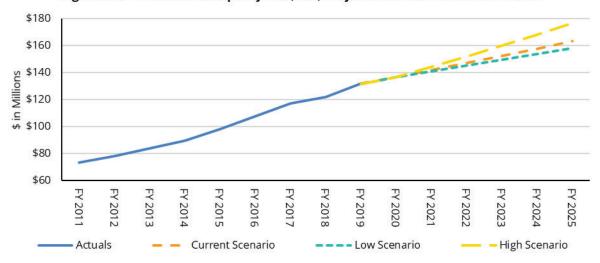


Figure 2.10 - Transient Occupancy Tax (TOT) Projections: Fiscal Years 2021 - 2025

Table 2.8 - Transient Occupancy Tax (TOT) Five-Year Forecast: Growth Rate Scenarios								
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025			
Current Growth Rates	3.80%	3.60%	3.60%	3.60%	3.50%			
High Growth Rates	5.53%	5.38%	5.24%	5.12%	5.01%			
Low Growth Rates	3.07%	3.02%	2.97%	2.92%	2.88%			

An analysis comparing historical TOT activity to hotel and visitor data (TOT Indicators) was prepared 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 \$1.0 million in FY 2021 and a cumulative total of \$14.5 million throughout the outlook period.

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 \$2.4 million in FY 2021 and a cumulative total of \$38.9 million throughout the outlook period.

Franchise Fees

Revenue from franchise fees makes up 5.3 percent of the City's General Fund FY 2020 Adopted Budget. Theses revenues are based on agreements with private utility companies in exchange for the use of the City's rights-of-way.

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 2020 and the forecast for FY 2021 through FY 2025 for revenue from franchise fees. The FY 2020 Adopted Budget for franchise fees of \$82.0 million serves as the base for the Outlook projections. For the FY 2020 First Quarter Budget Monitoring Report, there is a slight decrease in the franchise fee for cable provider revenue based on FY 2019 actual revenues.

Table 2.9 - Franchise Fees Five-Year Forecast (\$ in Millions)								
	FY 2020 Adopted	FY 2020 Projection	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	
SDG&E Electricity Growth Rate	3.20%	3.20%	4.27%	3.94%	3.94%	3.20%	3.20%	
SDG&E Gas Growth Rate	N/A	N/A	0.5%	0.5%	0.5%	0.5%	0.5%	
Cable Growth Rate	-2.20%	-2.20%	-2.50%	-2.80%	-2.80%	-2.80%	-2.20%	
Projection	\$ 82.0	\$ 81.8	\$ 84.1	\$ 86.0	\$ 87.9	\$ 89.6	\$ 91.4	

Franchise fee growth rates were projected utilizing historical year-end actuals. These growth rates were then applied to FY 2020 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 80.5 percent of Franchise Fee revenue. The growth rate for SDG&E electricity sales is expected to be higher than previous Outlooks with decreased growth in the outer years, while the growth rate for SDG&E gas sales is expected to stay constant at 0.5 percent. The electricity increase is primarily due to forecasting electricity and gas rates separately to capture the differences in market, technology, and policy trends. Increased revenue from SDG&E electricity is expected to be constrained in the outer years due to anticipated changes in SDG&E's rate structure that will occur in the early years of the Outlook. Franchise fees from cable companies are expected to decrease due to the increasing loss of market share to digital competitors such as Netflix, Hulu, and Amazon. Cable franchise fees are expected to decrease from 2.5 percent up to 2.8 percent during the outlook period. The increasing loss of market share is expected to continue in the outer years as several new digital content providers are expected to enter the market and significantly impact the cable market share. The forecast for cable revenue assumes the current franchise fee agreement.

Scenario Analysis

The factors described above combine to make up the franchise fees projection; however, should one or several of these economic factors not perform as projected, franchise fee revenues will vary from the current projection. Other potential impacts to revenue from the sale of electricity and gas include a change in rates or consumption, SDG&E's current expansion of Electric Vehicle (EV) infrastructure, and changes to the gas and electricity franchise agreement that is set to expire by January 2021. It should be noted, once Community Choice Aggregation (CCA) becomes operational, there may be

potential impacts to franchise fee revenue, potential savings in City energy costs, or other impacts that are unknown at this time. For cable revenue, variances in content ownership, media advertising, subscription levels, and pricing may also impact franchise fee growth. It should be noted that adequate data sets on these individual factors for all San Diego cable companies are not yet available to City Staff. As a result, cable projections are based on historical actuals and overall fluctuations in these factors.

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 0.7 percent of the City's General Fund FY 2020 Adopted Budget.

Forecast

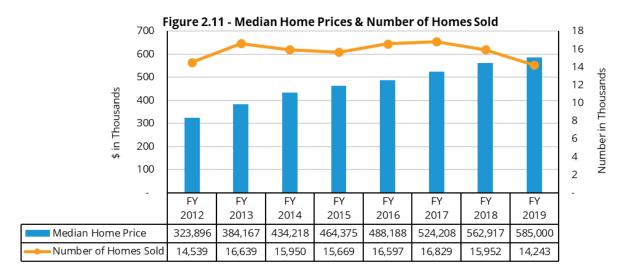
The following table displays the FY 2020 Adopted Budget and the forecast for FY 2021 through FY 2025 for property transfer tax. The FY 2020 projection for property transfer tax is projected as budgeted in the FY 2020 Adopted Budget and serves as the basis for the Outlook projections.

Table 2.10 - Property Transfer Tax Five-Year Forecast								
(\$ in Millions)								
	FY 2020 Adopted	FY 2020 Projection	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	
Growth Rate	-2.2%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%	
Projection	\$ 10.3	\$ 10.9	\$ 10.9	\$ 10.9	\$ 10.9	\$ 10.9	\$ 10.9	

Property transfer tax estimates were developed using historical receipts and year-over-year trends. No growth rate was projected as a result of inconsistent historical trends.

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 remain flat for the outlook period due to inconsistencies in historical receipts and unpredictable growth rates.



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 2.2 percent of the City's General Fund FY 2020 Adopted Budget.

The following table displays the FY 2020 Adopted Budget and the forecast for FY 2021 through FY 2025 for revenue from licenses and permits.

Table 2.11 - Licenses and Permits Five-Year Forecast (\$ in Millions)								
	FY 2020 Adopted	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025		
Growth Rate		2.58%	2.58%	2.58%	2.58%	2.58%		
Projection	\$ 34.7	\$ 42.8	\$ 46.5	\$ 48.8	\$ 51.5	\$ 55.2		

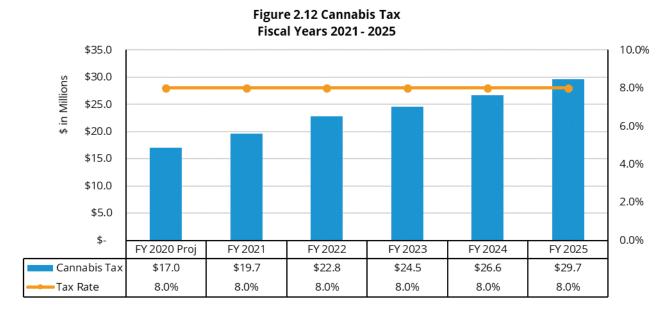
A constant growth rate of 2.58 percent is applied from FY 2021 to FY 2025. The Outlook reflects revenue adjustments based on nine years of historical data as well as projections from Cannabis Tax.

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 8.0 percent on for-profit cannabis sales, production, and distribution.

As reported in the FY 2020 First Quarter Report, cannabis business tax is projecting an increase of \$4.8 million in FY 2020. Since the development of the FY 2020 Adopted budget, there has been an increase in the number of outlets operating within the City. In addition, the increase is due to taxable gross receipts due to restricting medical exemption to customers who only possess a State Issued Medical Marijuana Identification Card, all ancillary products being sold by outlets are now being taxed,

and compliance efforts in registering business based outside our jurisdiction that conduct cannabis business activities. To develop the Outlook projections, sales data from existing cannabis outlets from June 2018 through July 2019 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 the tax rate of 8.0 percent applied. The projection for cultivation, manufacturing, and distribution of cannabis was calculated following a similar methodology. 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 2.0 percent of the City's General Fund FY 2020 Adopted Budget.

The following table displays the FY 2020 Adopted Budget and the forecast for FY 2021 through FY 2025 for revenue from fines, forfeitures, and penalties.

Table 2.12 - Fines, Forfeitures and Penalties Five-Year Forecast (\$ in Millions)							
	FY 2020 Adopted	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	
Growth rate		0.25%	0.25%	0.25%	0.25%	0.25%	
Projection	\$ 31.1	\$ 31.2	\$ 31.3	\$ 31.3	\$ 31.4	\$ 31.5	

Revenue from fines, forfeitures, and penalties is projected to increase at a constant rate of 0.25 percent for FY 2021 through FY 2025 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 4.0 percent of the City's General Fund FY 2020 Adopted Budget.

The following table displays the FY 2020 Adopted Budget and the forecast for FY 2021 through FY 2025 for the Revenue from Money and Property category.

Table 2.13 - Revenue from Money and Property Five-Year Forecast (\$ in Millions)								
	FY 2020 Adopted	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025		
Growth Rate		1.83%	1.83%	1.83%	1.83%	1.83%		
Projection	\$ 64.4	\$ 65.5	\$ 65.7	\$ 66.0	\$ 64.5	\$ 68.7		

A growth rate of 1.83 percent is applied from FY 2021 to FY 2025 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 1.83 percent growth rate and then aggregated with 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.

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 2020 Adopted Budget.

Table 2.14 displays the FY 2020 Adopted Budget and the forecast for FY 2021 through FY 2025 for revenue from federal and other agencies.

Table 2.14 - Revenue From Federal and Other Agencies Five-Year Forecast							
(\$ in Millions)							
	FY 2020 Adopted	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	
Growth Rate		0.0%	0.0%	0.0%	0.0%	0.0%	
Projection	\$ 6.4	\$ 6.3	\$ 6.3	\$ 6.3	\$ 6.3	\$ 6.3	

A slight adjustment for grants in FY 2020 is projected within the Revenue from Federal and Other Agencies category for the FY 2021 through FY 2025 outlook period.

Charges for Services

The revenue forecasted in the Charges for Services category is primarily comprised of cost reimbursements for services rendered by the General Fund 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 11.4 percent of the City's General Fund FY 2020 Adopted Budget.

The following table displays the FY 2020 Adopted Budget and the forecast for FY 2021 through FY 2025 for revenue from charges for services.

Table 2.15 - Charges for Services Five-Year Forecast (\$ in Millions)								
	FY 2020 Adopted	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025		
Growth Rate		0.0%	0.0%	0.0%	0.0%	0.0%		
Projection	\$ 176.4	\$ 163.8	\$ 170.6	\$ 177.4	\$ 177.9	\$ 177.9		

Charges for Services category is projecting no growth since the Outlook does not assume any citywide salary adjustments as discussed earlier in the report. While the estimated growth rate is zero within this category, there is a reduction in revenue in FY 2021 primarily due to the following one-time revenue in FY 2020:

- \$10.9 million for the transfer of TOT excess fund balance
- \$0.8 million for the reimbursement for disparity study from the Engineering & Capital Projects Fund
- \$0.5 million for the reimbursement for supplemental environmental projects- Regional Water **Quality Control Board**

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 2020 Adopted Budget.

The following table displays the FY 2020 Adopted Budget and the forecast for FY 2021 through FY 2025 for revenue from other sources.

Table 2.16 - Other Revenue Five-Year Forecast (\$ in Millions)							
	FY 2020 Adopted	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	
Growth rate		0.0%	0.0%	0.0%	0.0%	0.0%	
Projection	\$ 3.2	\$ 2.7	\$ 2.7	\$ 2.7	\$ 2.7	\$ 2.7	

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 FY 2014 through 2017, \$1.0 in FY 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 6.7 percent of the City's General Fund FY 2020 Adopted Budget.

Table 2.17 displays the FY 2020 Adopted Budget and the forecast for FY 2021 through FY 2025 for revenue from Transfers-In.

Table 2.17 - Transfers In Five-Year Forec ast (\$ in Millions)								
	FY 2020 Adopted	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025		
Growth Rate		0.0%	0.0%	0.0%	0.0%	0.0%		
Projection	\$ 104.1	\$ 99.7	\$ 97.9	\$ 99.2	\$ 100.5	\$ 101.9		

A 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 \$4.8 million in one-time revenues from the FY 2020 Adopted Budget associated with the transfer of excess Long-Term Disability reserves.

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.

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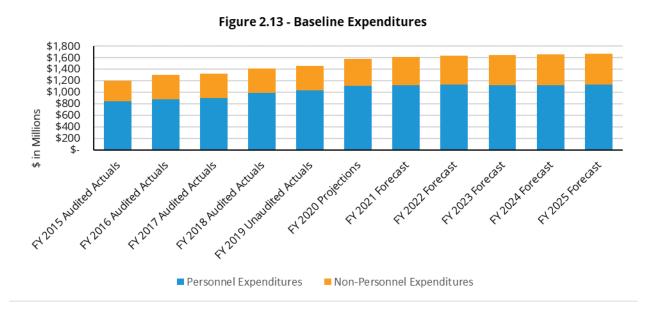
Baseline General Fund Expenditures

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 2020 Adopted Budget with the removal of one-time expenditures. One-time expenditures that have been removed from the baseline projections are detailed in Attachment 2: One-Time Resources and Expenditures.

Personnel expenditures represent 69.9 percent of the City's General Fund FY 2020 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 healthcare 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 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 significant anticipated adjustments and historical trend analysis. Beyond inflationary increases in supplies, contracts, and energy and utilities, the most significant non-personnel expenses are for Information Technology (IT) fixed costs.

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 current Memoranda of Understanding (MOU) with each of the City's REOs. The FY 2020 Adopted Budget for General Fund salaries and wages was \$645.1 million and included 7,727.86 full-time equivalents (FTE). Salary increases from the FY 2020 Adopted Budget to the FY 2021 through FY 2025 projections is a result of existing contractual obligations with REOs, including special salary adjustments and anticipated salary step increases. Table 2.18 displays the FY 2020 Adopted Budget and the forecast for FY 2021 through FY 2025 for salaries and wages.

Table 2.18 - Salaries and Wages (\$ in Millions)							
	FY 2020 Adopted	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	
Projection	\$ 645.1	\$ 652.7	\$ 654.3	\$ 652.2	\$ 652.0	\$ 653.2	

Adjustments within the Salaries and Wages category incorporate only expenditures associated with positions included in the FY 2020 Adopted Budget. The Salaries and Wages category includes an increase of \$7.0 million in FY 2021 attributed to the full-year cost of regular salary and special pays that took effect throughout FY 2020. Examples of these adjustments include the general salary increase of 5.0 percent that will take effect in January 2020 for POA members, as well as the special salary adjustments approved for select job classifications that will go in effect in January and April of 2020. Also included in the Salaries and Wages category are the estimated costs for POA's holiday credit on day-off of \$2.9 million, that will be reinstated July 2020. Based on the current MOU, when an actual holiday or City-observed holiday falls on a POA employee's regularly scheduled day off, the employee will receive compensation for that day. The estimate for the reinstatement of POA's holiday credit on day off was based on the average hourly rate for all eligible POA employees affected by this change. In addition, a decrease of \$2.0 million is projected in overtime costs as a result of the side letter agreement with Local 145 regarding the accumulation of annual leave hour thresholds for Local 145 members. The agreement specifies mandatory pay-in-lieu for Local 145 members who are above set hour thresholds for annual leave and ceasing to accrue annual leave until below the caps established. Therefore, the Outlook is projecting a decrease in overtime costs associated with the reduction of backfilling positions.

The current MOUs with the City's six REOs are set to expire at the end of FY 2020. This Outlook does not project for any impact of future changes to MOUs with REOs; therefore, salaries and wages forecasts are reflective of current MOU provisions. As discussed in the Other Assumptions and Considerations section, a 1.0 percent change in salaries across all MOU's could increase this category by approximately \$5.92 million.

Step increases included in the Outlook are equal to the average of the amount budgeted for step increases over the past three fiscal years. The amount projected for step increases is anticipated to remain constant, at \$2.3 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 2021 through FY 2025 are displayed in Table 2.19 below.

Table 2.19 - Salaries and Wages (Annual Leave -DROP) (\$ in Millions)								
	FY 2020 Adopted	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025		
Projected Number of Retirees	91	126	146	97	95	111		
Projection	\$ 2.2	\$ 3.4	\$ 4.5	\$ 2.4	\$ 2.0	\$ 3.1		

The number of DROP participants anticipated to retire in FY 2025 is not yet available as DROP is a fiveyear program. Therefore, the FY 2025 projected number of retirees and the Terminal Leave (DROP) projection are based on the averages of FY 2021 through FY 2024.

One-time adjustments to overtime totaling \$4.4 million in the FY 2020 Adopted Budget have been removed to establish the baseline for the Salaries and Wages expenditure category. The one-time adjustment in overtime is primarily associated with the Clean SD expansion, which has been recommended to continue in FY 2021 as a critical strategic expenditure. Reference the Critical Strategic Expenditure section of this report for further details.

Table 2.20 - Salaries & Wages (Budgeted Overtime) (\$ in Millions)							
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	EV 202E	
	Adopted	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	
Projection	\$ 72.9	\$ 68.5	\$ 68.5	\$ 68.5	\$ 68.5	\$ 68.5	

Retirement Actuarially Determined Contribution (ADC)

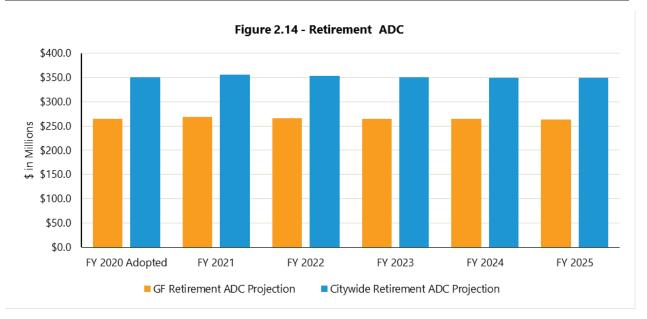
The pension payment or Actuarially Determined Contribution (ADC) paid by the City on July 1, 2019 for FY 2020 was based on the San Diego City Employee's Retirement System (SDCERS) Actuarial Valuation Report prepared by the system actuary, Cheiron, as of June 30, 2018 which was released in December 2018.

The City's FY 2020 ADC payment was \$350.5 million, of which \$264.8 million was allocated to the General Fund. Based on current estimates from Cheiron, the ADC for FY 2021 is projected to be \$355.5 million, an increase of \$5.0 million or 1.4 percent. The General Fund allocation is expected to be \$268.6 million or 75.6 percent of the City's total ADC, representing an increase of \$3.8 million to the General Fund. The final amount of the City's FY 2021 ADC payment will not be known until the June 30, 2019 actuarial valuation report is released, which is expected to be presented to the SDCERS Board of Administration in January 2020. 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, 2018.

The FY 2021 Adopted Budget will include the full ADC amount determined by the actuary in the 2019 valuation report.

Table 2.21 displays both the citywide ADC and the General Fund's proportionate share for FY 2020 through FY 2025 and is based on the SDCERS Actuary Valuation Report as of June 30, 2018.

Table 2.21 - ADC Pension Payment (\$ in Millions)							
	FY 2020 Adopted	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	
GF ADC Estimate (75.6%)	\$ 264.8	\$ 268.6	\$ 266.6	\$ 265.0	\$ 264.2	\$ 263.6	
Citywide ADC Estimate	\$ 350.5	\$ 355.5	\$ 352.9	\$ 350.7	\$ 349.7	\$ 348.9	



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 recognized employee organization, 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 2020 Adopted Budget, \$84.7 million was budgeted in flexible benefits. Table 2.22 displays the projection for flexible benefits for FY 2021 through FY 2025.

Table 2.22 - Flexible Benefits (\$ in Millions)							
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	
	Adopted	F1 2021	F1 2022	F1 2023	F1 2024	F1 2025	
Projection	\$ 84.7	\$ 84.7	\$ 84.7	\$ 84.7	\$ 84.7	\$ 84.7	

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.

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 \$467.7 million and the annual required contribution was determined to be \$43.4 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. The following table displays both the citywide OPEB projection and the General Fund's proportionate share for FY 2021 through FY 2025.

Table 2.23 - Other Post Employment Benefits (OPEB) (\$ in Millions)								
	FY 2020 Adopted	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025		
Growth Rate		2.5%	2.5%	2.5%	2.5%	2.5%		
GF OPEB Projection (64.7%)	\$ 42.3	\$ 43.4	\$ 44.5	\$ 45.6	\$ 46.7	\$ 47.9		
Citywide OPEB Projection	\$ 65.4	\$ 67.0	\$ 68.7	\$ 70.4	\$ 72.2	\$ 74.0		

The FY 2020 Adopted Budget included \$42.3 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 based on the Healthcare MOU agreement.

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 2.24 displays the General Fund's projected share of 84.6 percent of Workers' Compensation expenses.

	Table 2.24 - Workers' Compensation							
(\$ in Millions)								
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025		
	Adopted	F1 2021	F1 2022	F1 2023	F1 2024	F1 2023		
Operating	\$ 26.5	\$ 28.4	\$ 29.1	\$ 29.9	\$ 30.7	\$ 31.4		
Reserves	\$ -	\$ 0.1	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.8		
Total	\$ 26.5	\$ 28.5	\$ 29.8	\$ 30.6	\$ 31.4	\$ 32.2		

The baseline includes the addition of expenses due to the use of one-time fund balance of \$1.4 million to provide rate relief in FY 2020. The projections for operating expenses are based on actual prior year experience and forecasted to increase by 2.58 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 a 401(a) plan. 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 2021 through FY 2025.

Table 2.25 - Supplemental Pension Savings Plan (SPSP) (\$ in Millions)								
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	EV 2025		
	Adopted	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025		
Projection	\$ 22.2	\$ 22.7	\$ 22.7	\$ 22.7	\$ 22.7	\$ 22.7		

SPSP is a fringe benefit that is projected based on a percentage of employees' salaries. In the FY 2020 Adopted Budget, SPSP was approximately 3.4 percent of General Fund salaries. For the outlook period, SPSP as a percentage of salaries is projected to remain relatively consistent at 3.5 percent since the baseline for salaries and wages does not project additional new employees. New employee costs including fringe are included in Critical Strategic Expenditures. Additionally, this projection is based on the number of employees that were enrolled in the SPSP-H Plan during the development of the FY 2020 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.

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Other Fringe Benefits

The Other Fringe Benefits category is comprised of Long-Term Disability, Medicare, Retiree Medical Trust, 401(a) plan contributions, Retirement DROP contributions, Employee Offset Savings, Risk Management Administration, and Unemployment Insurance expenditures. Table 2.26 displays the projection for Other Fringe Benefits.

Table 2.26- Other Fringe Benefits (\$ in Millions)								
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025		
	Adopted	F1 2021	F1 2022	11 2023	112024	F1 2023		
Projection	\$ 26.3	\$ 28.7	\$ 28.7	\$ 28.7	\$ 28.7	\$ 28.7		

The baseline includes the addition of Long-term Disability expenses due to the use of one-time fund balance of \$2.7 million to provide rate relief in FY 2020. Other Fringe Benefits are projected based on a percentage of employees' salaries. In the FY 2020 Adopted Budget, Other Fringe Benefits were approximately 4.1 percent of General Fund salaries. For the outlook period, that percentage is projected to be consistent at 4.4 percent. Slight increases during the outlook period are a result of salary increases included within the Salaries and Wages category.

Supplies

The Supplies category includes costs for office supplies, books, tools, uniforms, safety supplies, and building and electrical materials. Table 2.27 displays projections for the Supplies category.

Table 2.27 - Supplies (\$ in millions)							
	FY 2020 Adopted	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	
Growth Rate		4.6%	4.6%	4.6%	4.6%	4.6%	
Projection	\$ 27.3	\$ 30.9	\$ 32.3	\$ 33.8	\$ 35.4	\$ 36.7	

The FY 2020 Adopted Budget includes one-time expenditures of \$0.7 million associated with supplies for the Fire-Rescue Department's staffing model and relief pool, which includes the addition of two fire academies approved in FY 2020. The one-time expenditures are removed from the baseline and partially offset with an additional \$3.0 million in expenditures previously supported by one-time use of infrastructure funds for right-of-way operations and maintenance in FY 2020. 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 2.28 displays the projections for the Contracts category.

Table 2.28 - Contracts (\$ in Millions)							
	FY 2020 Adopted	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	
Growth Rate		3.9%	3.9%	3.9%	3.9%	3.9%	
Projection	\$ 246.9	\$ 247.9	\$ 256.8	\$ 267.8	\$ 279.3	\$ 291.6	

An annual growth rate of 3.9 percent is applied based on a historical analysis. Adjustments are made to the baseline for known and anticipated events including known public liability insurance costs, and pre-programed Parks Master Plan wind down. The FY 2020 Adopted Budget included \$11.3 million in one-time expenditures within the Contracts category. The following summarizes the majority of onetime expenditures that have been removed from the baseline projections:

- \$2.7 million in expenditures to expand the Clean SD program
- \$2.2 million to support the City's contractual agreement with the San Diego Humane Society for animal services
- \$1.5 million for community projects, programs, and services (CPPS) which are calculated based on savings from the prior year budget
- \$1.0 million for consultant costs associated with the San Diego Gas and Electric (SDG&E) negotiations. SDG&E currently operates under a 50-year City franchise agreement that is set to expire by January 2021

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- \$0.80 million for a citywide disparity study. This analysis is done with the intent of identifying any gaps in an agency's contracting with traditionally underrepresented groups and includes recommendations on how to remedy those gaps
- \$0.70 million in additional moving expenses associated with the 101 Ash Street building
- \$0.50 million in additional one-time vehicle purchases for the support of Parks and Recreation new facilities
- \$0.45 million in net expenses for citywide election costs

This is offset with an additional \$2.6 million for public liability claims/non-claims included as a onetime use of Public Liability Reserves in FY 2020. This one-time adjustment has been added back to the baseline projection to be accounted for in outlying years.

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 2.29 displays the projections for the Information Technology category.

Table 2.29 - Information Technology (\$ in Millions)							
	FY 2020 Adopted	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	
Growth Rate		20.2%	2.5%	-0.7%	0.3%	-1.2%	
Projection	\$ 39.1	\$ 47.0	\$ 48.1	\$ 47.8	\$ 47.9	\$ 47.4	

Base IT costs are inflated by the California Consumer Price Index. An adjustment to the FY 2020 Adopted Budget for one-time miscellaneous IT costs of \$0.8 million serves as the baseline for this category.

The FY 2021 forecast has an increase of \$7.9 million associated with non-discretionary IT costs which include desktop support, networks bandwidth, data-centers, cyber security, cloud transformation, and applications. These costs 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 core levels of IT security and services.

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 2.30 - Energy and Utilities (\$ in Millions)							
	FY 2020 Adopted	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	
Growth Rate		7.7%	3.5%	3.8%	3.8%	3.5%	
Projection	\$ 51.5	\$ 53.2	\$ 55.1	\$ 57.2	\$ 59.3	\$ 61.4	

The Energy and Utilities category includes various costs. Each cost component has a different applicable growth rate. The rates for each category, excluding water and wastewater rates, are based on the Annual Energy Outlook 2019 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 determined the water and wastewater growth rates.

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.

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. The Outlook includes annual contributions that fully fund the General Fund reserves to their targeted levels in the City's Reserve Policy.

Table 2.31 details the FY 2020 projected reserve balance in the funds, the percentage targets, and contribution forecasted to maintain the City's reserve funds.

Tab	le 2.31 - Resei	rve Target Le	vels			
	(\$ in Mi	illions)				
	FY 2020	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	Proj.	2021	2022	2023	2024	2025
General Fund Target (%)	15.50%	15.75%	16.00%	16.25%	16.50%	16.70%
General Fund Reserve Level (\$)	\$ 205.7	\$ 218.5	\$ 231.8	\$ 243.2	\$ 255.9	\$ 268.1
General Fund Contribution Amount	\$ 11.9	\$ 12.8	\$ 13.3	\$ 11.5	\$ 12.7	\$ 12.2
Pension Stability Target (%)	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Pension Stability Reserve Target (\$)	\$ 26.6	\$ 27.4	\$ 28.2	\$ 28.2	\$ 28.1	\$ 28.0
Pension Stability Reserve Level Projection (\$)	\$ 10.6	\$ 16.5	\$ 22.6	\$ 28.2	\$ 28.1	\$ 28.0
Pension Stability Contribution Amount	\$ 10.6	\$ 5.8	\$ 6.1	\$ 5.7	\$ -	\$ -
Pension Stability Contribution Amount (GF)	\$ 4.3	\$ 4.5	\$ 4.7	\$ 4.3	\$ -	\$ -
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 (\$)	\$ 32.1	\$ 32.1	\$ 32.1	\$ 32.1	\$ 32.1	\$ 32.1
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 (\$)	\$ 3.9	\$ 3.9	\$ 3.9	\$ 3.9	\$ 3.9	\$ 3.9
Long-Term Disability Contribution Amount	-	-	-	-	-	-
Workers' Compensation Target (%)	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Workers' Compensation Reserve Target (\$)	\$ 31.9	\$ 32.4	\$ 33.2	\$ 34.0	\$ 34.9	\$ 35.8
Workers' Compensation Reserve Level Projection (\$)	\$ 32.2	\$ 32.4	\$ 33.2	\$ 34.0	\$ 34.9	\$ 35.8
Workers' Compensation Contribution Amount	\$ -	\$ 0.2	\$ 0.8	\$ 0.9	\$ 0.9	\$ 0.9
Workers' Compensation Contribution Amount (GF)	\$ -	\$ 0.1	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.8

The General Fund Reserve annual contributions reflect the required amount to reach the policy target levels and meet overall target level of 16.7 percent by FY 2025.

The Pension Payment Stabilization Reserve contributions reflect the current replenishment plan. The target level of 8.0 percent will be met by FY 2023.

Public Liability Reserve is anticipated to be at the target level of 50.0 percent of outstanding claims and no additional contributions are anticipated in the outlook period.

The Long-Term Disability Fund exceeds its target level of 100.0 percent of outstanding claims. No additional contributions to the Long-Term Disability Fund are anticipated in the outlook period.

The Workers' Compensation Reserve currently exceeds its target levels. 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; therefore, no growth rate is assumed for all other expenditures in this category. The following table displays the FY 2021 through FY 2025 projections for the Other Expenditures Category.

Table 2.32 - Other Expenditures						
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
	Adopted					
Growth Rate		0.0%	0.0%	0.0%	0.0%	0.0%
Projection	\$ 72.9	\$ 65.9	\$ 73.1	\$ 91.8	\$ 89.7	\$ 88.3

The one-time expenditures totaling \$7.0 million included in the FY 2020 Adopted Budget and removed from the Outlook baseline are detailed below:

- \$5.6 million transfer to the General Fund Capital Improvements Program
- \$3.9 million one-time funding to support the Commission for Arts and Culture annual allocation

These one-time expenditures are offset with the addition of a \$2.5 million associated with the use of Capital Outlay Funds for deferred capital bond debt service in FY 2020.

It is important to note that FY 2020 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 2020. Per the methodology used in the Outlook, the one-time restoration of the arts & culture funding is not assumed in baseline expenditures, rather it is included in the Critical Strategic Expenditures section of this report.

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 2.33 shows the forecasted Infrastructure Fund deposits for the outlook period.

Table 2.33- Infrastructure Deposits (\$ in Millions)							
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	
	Adopted	F1 2021	F1 2022	F1 2023	F1 2024	F1 2025	
Projection	\$ 24.1	\$ 25.5	\$ 18.7	\$ -	\$ -	\$ -	

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, \$24.1 million in onetime expenditures was removed from the FY 2020 Adopted Budget in developing the baseline. The Outlook then projects infrastructure deposits throughout the Outlook pursuant to the City Charter.

The FY 2021 portion of the deposit calculation from the major revenue increment is projected at \$19.8 million and an additional \$5.7 million for a true-up payment. The deposit calculation from the 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 for these years.

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 2021 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 necessary for meeting core service levels and are consistent with the City's Strategic Plan. Critical strategic expenditures requests are of the highest priority and reflect the shared goals of the City Council and the Mayor. Requests that are already accounted for in the baseline projections, not fully developed, require additional prioritization, or not previously approved by the Mayor or City Council were not considered critical strategic expenditures for this report. Examples include inflationary and contractual increase requests, which are accounted for in baseline expenditure projections, personnel additions not associated with a critical strategic need, and new programs or enhancements to services that may require additional analysis and research. Any requests submitted for capital project costs, have also not been included in this report, as these requests are accounted for in the Five-Year Capital Infrastructure Planning Outlook. Departments were asked to only submit requests that meet these stringent criteria for inclusion in the Outlook. All department submissions considered in the development of the Outlook are provided to the Office of the Independent Budget Analyst for evaluation in their report.

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

Request	FTE/Rev/Exp	FY 2021	FY2022	FY 2023	FY2024	FY 2025
Total Suitian Stuatonia	Dept. Total FTE	161.32	247.82	292.32	326.32	372.32
Total Critical Strategic Expenditures	Dept. Total Revenue	5,387,790	3,091,588	5,263,588	2,746,588	2,746,588
Experiurcures	Dept. Total Expense	67,893,441	91,216,459	108,449,748	118,938,143	125,892,794

The table above summarizes the total critical strategic expenditures including costs associated with citywide initiatives and departmental specific critical strategic expenditures.

City Clerk

Request	FTE/Rev/Exp	FY 2021	FY2022	FY 2023	FY2024	FY 2025
Dania samant of the	FTE	-	-	-	-	-
Replacement of the Electronic Voting System	Revenue	-	-	-	-	-
Licetronic voting system	Expense	260,000	10,000	10,000	10,000	10,000
	Dept. Total FTE	-	-	-	-	-
	Dept. Total Revenue	-	-	-	-	-
	Dept. Total Expense	260,000	10,000	10,000	10,000	10,000

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. The table above identifies the funding need for a replacement of the twelve-year-old voting system and audiovisual equipment in the City Council chambers. City Staff has requested additional Public, Educational, and Government access (PEG) funds that may offset the one-time costs associated with this request in FY 2021. This additional funding source is tied to cable franchise funding, which is expected to decline through the outlook period.

City Treasurer

Request	FTE/Rev/Exp	FY 2021	FY2022	FY 2023	FY2024	FY 2025
Replace Legacy	FTE	-	-	-	-	-
Delinquent Accounts	Revenue	-	-	-	-	-
System & Services	Expense	550,000	345,000	360,000	378,000	400,000
Callagtian Customs	FTE	-	-	-	-	-
Collection System Replacement Reductions	Revenue	-	-	-	-	-
Replacement Reductions	Expense	-	(220,000)	(220,000)	(220,000)	(220,000)
Controlized Dayment	FTE	-	-	-	-	-
Centralized Payment Processing Solution	Revenue	-	-	-	-	-
Trocessing Solution	Expense	180,000	210,000	240,000	165,000	185,000
	Dept. Total FTE	-	-	-	-	-
	Dept. Total Revenue	-	-	-	-	-
	Dept. Total Expense	730,000	335,000	380,000	323,000	365,000

The Outlook for the Office of the City Treasurer supports the City's Strategic Plan to ensure equipment and technology are in place that allows employees to achieve high quality public service. The table above identifies the funding need for a comprehensive debt collection solution for delinquent accounts and a citywide payment processing platform that will allow for a consolidated online payment solution. City staff have included the expected efficiencies and corresponding reductions related to collecting funds owed for city services starting in FY 2022.

Request	FTE/Rev/Exp	FY 2021	FY2022	FY 2023	FY2024	FY 2025
Commercial Paper	FTE	-	-	-	-	-
Expense & Long Term	Revenue	-	-	-	-	-
Borrowing Costs	Expense	-	7,165,633	13,416,266	13,061,266	13,416,266
Restoration of Comission	FTE	-	-	-	-	-
for Arts & Culture	Revenue	-	-	-	-	-
Funding	Expense	3,949,600	3,949,600	3,949,600	3,949,600	3,949,600
	Dept. Total FTE	-	-	-	-	-
	Dept. Total Revenue	-	-	-	-	-
	Dept. Total Expense	3,949,600	11,115,233	17,365,866	17,010,866	17,365,866

The Outlook for the citywide program expenditures identifies critical funding for General Fund financing for capital projects.

The table above includes debt service costs for \$270.0 million in new financing for ongoing General Fund capital improvements program in FY 2022 through FY 2025. The borrowing amounts and debt service cost projections above assumes a long-term bond issuance in FY 2022 of \$88.5 million to pay down/refund the commercial paper notes approved in FY 2018 which are expected to be issued in FY 2019. The bond issuance in FY 2025 has been increased by \$4.5 million to provide for the capital financing need.

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.

In addition, the citywide program expenditures include the transfer to the Transient Occupancy Tax (TOT) Fund of \$3.9 million for the continued funding to support the Commission for Arts and Culture annual allocation. The funding supports the arts, culture and community festivals programming within the City.

Environmental Services

Request	FTE/Rev/Exp	FY 2021	FY2022	FY 2023	FY2024	FY 2025
	FTE	3.00	3.00	3.00	3.00	3.00
Support for CleanSD	Revenue	-	-	-	-	-
	Expense	2,900,611	2,900,611	2,900,611	2,900,611	2,900,611
	Dept. Total FTE	3.00	3.00	3.00	3.00	3.00
	Dept. Total Revenue	-	-	-	-	-
	Dept. Total Expense	2,900,611	2,900,611	2,900,611	2,900,611	2,900,611

The Outlook for the City's Environmental Services Department supports the City's Strategic Plan by fostering safe and livable neighborhoods that improve quality of life. The table above identifies the funding need for continued support of Environmental Services portion of CleanSD enhancements.

Fire-Rescue

Request	FTE/Rev/Exp	FY 2021	FY2022	FY 2023	FY2024	FY 2025
Fire-Rescue Staffing Model	FTE	37.00	74.00	74.00	74.00	74.00
and Relief Pool To Reduce	Revenue	-	-	-	-	-
Overtime Costs	Expense	(451,101)	(1,333,526)	(1,764,850)	(1,764,850)	(1,764,850)
Fire Stations (North	FTE	9.00	24.00	24.00	36.00	60.00
University City, Black Mountain, Fairmount	Revenue	-	-	-	-	-
Avenue, and Paradise Hills)	Expense	1,380,472	3,681,257	3,751,659	5,832,034	9,552,636
	FTE	16.00	32.00	48.00	48.00	48.00
Peak Hour Engines	Revenue	-	-	-	-	-
	Expense	2,193,840	4,387,681	6,581,520	6,581,520	6,581,520
Danlara Ona Fina Danaua	FTE	-	-	-	-	-
Replace One Fire-Rescue Helicopter	Revenue	-	-	2,000,000	-	-
rielicoptei	Expense	-	1,683,009	2,107,674	3,245,270	3,287,307
	Dept. Total FTE	62.00	130.00	146.00	158.00	182.00
	Dept. Total Revenue	-	-	2,000,000	-	-
	Dept. Total Expense	3,123,211	8,418,420	10,676,003	13,893,974	17,656,613

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 identifies the funding need for fire academies to support the constant staffing model and establish a relief pool for firefighter personnel, establishment of peak hour engines, replacement of an additional helicopter in FY 2022, and the addition of four new fire stations. The Outlook includes the operational expenses for the following new fire stations:

- FY 2021 North University City
- FY 2022 Black Mountain Ranch

- FY 2024 Fairmont Avenue
- FY 2025 Paradise Hills

The addition of 74.00 firefighter positions in FY 2022, will contribute to the staffing level need of 111.00 FTE to establish a Relief Pool and maintain the Fire-Rescue Department's constant staffing model to reduce overtime costs. The requested funding includes the addition of two one-time academies to meet the Department's constant staffing model. The costs of additional personnel and academies are offset by a reduction in overtime.

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 three years (two PHE per fiscal year) as recommended in the February 2017 Citygate Report. Coverage gaps may be predictable 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 not already in some form of design or construction. The PHE would be in operation 12 hours per day, seven days per week.

In addition, the Fire-Rescue Department has requested the acquisition of one helicopter for the Department's Air Operations Section. The new helicopter will have a larger water tank capacity than the current model and provide additional fire safety for the community. The costs included in the

Outlook include one-time sales tax costs, and debt service payments associated with the financing of the new helicopter beginning in FY 2023, partially offset with revenue associated with the sale of the current helicopter.

Fleet Operations

Request	FTE/Rev/Exp	FY 2021	FY2022	FY 2023	FY2024	FY 2025
	FTE	-	-	-	-	-
Vehicle Replacements	Revenue	-	-	-	-	-
	Expense	4,333,588	9,574,878	13,822,210	18,333,181	15,297,443
	Dept. Total FTE	-	-	-	-	-
	Dept. Total Revenue	-	-	-	-	-
	Dept. Total Expense	4,333,588	9,574,878	13,822,210	18,333,181	15,297,443

The Outlook for the City's Fleet Operations Department supports the City's Strategic Plan to ensure equipment and technology are in place so that employees can achieve high quality public service. The table above identifies the funding needed to maintain the replacement schedule of General Fund vehicles.

Homeless Programs and Services

Request	FTE/Rev/Exp	FY 2021	FY2022	FY 2023	FY2024	FY 2025
T 0:1	FTE	-	-	-	-	-
Temporary Bridge Shelters (4)	Revenue	-	-	-	-	-
31161(613 (4)	Expense	15,932,300	15,932,300	15,932,300	15,932,300	15,932,300
	FTE	-	-	-	-	-
Transitional Storage Facility (3)	Revenue	-	-	-	-	-
rucinty (5)	Expense	2,069,913	2,194,913	2,194,913	2,194,913	2,194,913
	FTE	-	-	-	-	-
Family Reunification	Revenue	-	-	-	-	-
	Expense	-	225,000	225,000	225,000	225,000
	FTE	-	-	-	-	-
Safe Parking (3)	Revenue	-	-	-	-	-
	Expense	540,000	950,667	950,667	950,667	950,667
	FTE	-	-	-	-	-
Rapid Rehousing	Revenue	-	-	-	-	-
	Expense	-	1,350,000	1,350,000	1,350,000	1,350,000
	FTE	-	-	-	-	-
PLEADS	Revenue	-	-	-	-	-
	Expense	-	150,000	150,000	150,000	150,000
Landland Facecament	FTE	-	-	-	-	-
Landlord Engagement Program	Revenue	-	-	-	-	-
	Expense	-	250,000	250,000	250,000	250,000
	FTE	-	-	-	-	-
Youth Focused Programs	Revenue	-	-	-	-	-
	Expense	-	352,760	352,760	352,760	352,760
Housing Commission	FTE	-	-	-	-	-
Diversion	Revenue	-	-	-	-	-
DIVERSION .	Expense	-	500,000	500,000	500,000	500,000
	FTE	-	-	-	-	-
Wheels of Change	Revenue	-	-	-	-	-
	Expense	250,000	250,000	250,000	250,000	250,000
	Dept. Total FTE	-	-	•	•	-
	Dept. Total Revenue	-	-	-	-	-
	Dept. Total Expense	18,792,213	22,155,640	22,155,640	22,155,640	22,155,640

The Outlook for the City's Homelessness Strategies Division supports the Mayor's priorities to reduce homelessness by connecting individuals to stabilizing programs that provide temporary relief from the streets, support them with services and workforce training, and help them find a permanent home. The table above identifies the funding needs for existing programs currently funded through various General Fund and non-general fund sources, including Federal funds, State Homeless Emergency Aid Program (HEAP) funding, and local, one-time funding through the San Diego Housing Commission that is no longer available to fully support the ongoing operations of these programs. The Outlook's baseline General Fund budget includes \$9.8 million in ongoing General Fund support and \$18.8 million beginning in FY 2021 in critical strategic expenditures for homeless programs and services.

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The Outlook contains funding needs for four temporary bridge shelters operated by Veterans Village, Alpha Project and Father Joe's Villages, three transitional storage facilities located in Council Districts 3, 8, and 9, three safe parking lots located in Districts 6 and 7, and other various programs currently administered by the San Diego Housing Commission. Due to the State's Homeless Emergency Aid Program (HEAP) funding ending in FY 2021, the funding needs increase in FY 2022 through FY 2025.

Information Technology

Request	FTE/Rev/Exp	FY 2021	FY2022	FY 2023	FY2024	FY 2025
Public Safety Radio Site	FTE	-	-	-	-	-
Updates, Licensing, and	Revenue	-	-	-	-	-
Support Contract	Expense	260,400	1,302,000	1,736,000	2,170,000	2,170,000
Fatararias Assat	FTE	-	-	-	-	-
Enterprise Asset Management Phase II	Revenue	-	-	-	-	-
ividinagement i nase ii	Expense	529,200	1,400,000	980,000	1,400,000	1,400,000
Landan of CAR Harmada	FTE	-	-	-	-	-
Implement of SAP Upgrade with HANA Suite	Revenue	-	-	-	-	-
With HANA Suite	Expense	-	-	-	-	3,780,000
Dublic Cafata Dadia	FTE	-	-	-	-	-
Public Safety Radio Replacement Project	Revenue	-	-	-	-	-
neplacement i roject	Expense	2,300,000	4,600,000	4,600,000	4,600,000	4,600,000
	Dept. Total FTE	-	-	-	-	-
	Dept. Total Revenue	-	-	-	-	-
	Dept. Total Expense	3,089,600	7,302,000	7,316,000	8,170,000	11,950,000

The Outlook for the City's Department of Information Technology (IT) supports the City's Strategic Plan through equipment and technology that allow employees to provide high-quality public service. The table above identifies the funding need associated with the General Fund portion of critical public safety equipment, which includes the public safety radio replacement project and citywide software, hardware, and maintenance costs managed by the Department of IT.

Library

Request	FTE/Rev/Exp	FY 2021	FY2022	FY 2023	FY2024	FY 2025
Common to Common And Alitica and	FTE	-	-	-	-	-
Support for Additional Security Guards	Revenue	-	-	-	-	-
Security dualus	Expense	457,000	457,000	457,000	457,000	457,000
Davidia I liabla a da Davada	FTE	2.00	9.50	9.50	9.50	9.50
Pacific Highlands Ranch Branch Library	Revenue	-	-	-	-	-
Dianer Library	Expense	206,600	427,173	854,347	854,347	854,347
	Dept. Total FTE	2.00	9.50	9.50	9.50	9.50
	Dept. Total Revenue	-	-	-	-	-
	Dept. Total Expense	663,600	884,173	1,311,347	1,311,347	1,311,347

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 the funding need for security staff at various library branches and the 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.

Parks and Recreation

Request	FTE/Rev/Exp	FY 2021	FY2022	FY 2023	FY2024	FY 2025
	FTE	38.32	54.32	59.82	60.82	60.82
New Facilities	Revenue	167,790	167,790	167,790	167,790	167,790
	Expense	6,173,222	6,926,913	7,010,925	7,063,646	7,027,646
	Dept. Total FTE	38.32	54.32	59.82	60.82	60.82
	Dept. Total Revenue	167,790	167,790	167,790	167,790	167,790
	Dept. Total Expense	6,173,222	6,926,913	7,010,925	7,063,646	7,027,646

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 funding need for additional personnel and equipment costs associated with 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 2021	FY2022	FY 2023	FY2024	FY 2025
	FTE	-	-	-	-	-
Pay Equity Study	Revenue	-	-	-	-	-
	Expense	-	-	250,000	-	-
	Dept. Total FTE	-	-	-	-	-
	Dept. Total Revenue	-	-	-	-	-
	Dept. Total Expense	-	-	250,000	-	-

The Outlook for the Performance and Analytics Department 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 table above identifies the recommended funding need for a citywide pay equity study. The pay equity study is anticipated to occur at least every three years to identify earning gaps between employee groups. The first study is being conducted in FY 2020 and the Outlook includes the request for another study scheduled in FY 2023.

Police

Request	FTE/Rev/Exp	FY 2021	FY2022	FY 2023	FY2024	FY 2025
Addition of Sworn Positions and Equipment	FTE	-	21.00	42.00	63.00	85.00
	Revenue	-	-	-	-	-
	Expense	-	3,465,444	6,479,301	9,493,158	12,672,037
Helicopter Fleet	FTE	-	-	-	-	-
Replacement and	Revenue	-	565,000	517,000	-	-
Maintenance Savings	Expense	(1,150,000)	(743,000)	(75,000)	(872,000)	(654,000)
Nichele - de d D - liniu -	FTE	-	-	-	-	-
Neighborhood Policing Overtime	Revenue	-	-	-	-	-
Overtime	Expense	4,327,050	4,327,050	4,327,050	4,327,050	4,327,050
	FTE	-	-	-	-	-
Support for CleanSD	Revenue	-	-	-	-	-
	Expense	3,549,407	3,549,407	3,549,407	3,549,407	3,549,407
	FTE	-	-	-	-	-
Mobility Enforcement	Revenue	-	-	-	-	-
	Expense	170,000	170,000	170,000	170,000	170,000
	FTE	-	-	-	-	-
Police Recruitment and Retention	Revenue	-	-	-	-	-
Retention	Expense	250,000	518,680	250,000	532,680	250,000
	Dept. Total FTE	-	21.00	42.00	63.00	85.00
	Dept. Total Revenue	-	565,000	517,000		-
	Dept. Total Expense	7,146,457	11,287,581	14,700,758	17,200,295	20,314,494

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 funding need for the addition of 63.00 of the 85.00 sworn Police Officer positions needed to return police staffing to the 2009 levels of 2,128 sworn officers by FY 2024, with the remaining 22.00 Police Officer positions expected in FY 2025. Also identified is funding for Neighborhood Policing Overtime, micro-mobility enforcement, and promotional examinations and recruiting efforts to determine candidates eligible for promotion to sergeant and lieutenant ranks. In addition, the table includes a lease to own financing plan for two new helicopters and the associated one-time sales tax costs which are offset by savings in maintenance costs associated with the procurement of four helicopters within the outlook period.

Real	Fstate	Assets -	- Facilities	Services
NEGI	LState	W33Cf3 -	. I acilicies	DCI VICCO

Request	FTE/Rev/Exp	FY 2021	FY2022	FY 2023	FY2024	FY 2025
Asbestos Remediation	FTE	-	-	-	-	-
	Revenue	-	-	-	-	-
	Expense	150,000	150,000	150,000	150,000	150,000
Stadium Operations - Facilities Maintenance	FTE	-	(30.00)	(30.00)	(30.00)	(30.00)
	Revenue	-	(3,081,202)	(3,081,202)	(3,081,202)	(3,081,202)
	Expense	-	(3,081,202)	(3,081,202)	(3,081,202)	(3,081,202)
	Dept. Total FTE	-	(30.00)	(30.00)	(30.00)	(30.00)
	Dept. Total Revenue	-	(3,081,202)	(3,081,202)	(3,081,202)	(3,081,202)
	Dept. Total Expense	150,000	(2,931,202)	(2,931,202)	(2,931,202)	(2,931,202)

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 funding need for asbestos remediation at City owned facilities operated by General Fund departments. Also identified, are the reductions in Stadium facilities maintenance due to the anticipated sale of the stadium site expected to occur in FY 2020. The Outlook assumes stadium facilities maintenance will be required throughout FY 2021 for a combination of regular stadium operations and property transfer related activities. Please refer to the Other Assumptions and Considerations section regarding assumptions on the fiscal impact associated with the potential proceeds from the sale of the stadium site on the General Fund.

Department of Sustainability

Request	FTE/Rev/Exp	FY 2021	FY2022	FY 2023	FY2024	FY 2025
Climata Adamtatian and	FTE	1.00	1.00	1.00	1.00	1.00
Climate Adaptation and Resiliency Support	Revenue	-	-	-	-	-
,	Expense	442,614	352,614	352,614	352,614	352,614
	FTE	-	-	-	-	-
Ongoing Smart Streetlights Program	Revenue	-	-	-	-	-
Streetiights Frogram	Expense	2,273,100	2,835,990	2,931,943	3,031,136	2,003,688
	FTE	1.00	1.00	1.00	1.00	1.00
CAP Implementation	Revenue	-	-	-	-	-
	Expense	358,339	358,339	358,339	358,339	358,339
	FTE					-
SDG&E Franchise Fee Consultant	Revenue	-	-	-	-	-
	Expense	1,000,000	-	-	-	-
	Dept. Total FTE	2.00	2.00	2.00	2.00	2.00
	Dept. Total Revenue	-	-	-	-	-
	Dept. Total Expense	4,074,052	3,546,942	3,642,895	3,742,088	2,714,640

The Outlook for the City's Department of Sustainability supports the City's Strategic Plan for fostering safe and livable neighborhoods and the ongoing commitment to meet greenhouse gas emissions reduction goals identified in the City's Climate Action Plan. The table above identifies the addition of funding needs for the establishment of a Climate Adaptation and Resiliency plan and ongoing support for the General Fund portion of the Smart Streetlights Program as well as implementation of goals identified in the Climate Action Plan.

Also identified in the table is funding related to support the renewal of the San Diego Gas and Electric (SDG&E) franchise fee agreement. SDG&E 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.

Transportation and Storm Water

Request	FTE/Rev/Exp	FY 2021	FY2022	FY 2023	FY2024	FY 2025
Sidewalk Repair and Replacement Team Support	FTE	21.00	23.00	23.00	23.00	23.00
	Revenue	730,000	730,000	730,000	730,000	730,000
	Expense	4,368,900	2,898,359	2,898,359	2,898,359	2,898,359
	FTE	24.00	24.00	24.00	24.00	24.00
Pipe Repair Team Support	Revenue	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000
Support	Expense	7,035,084	5,735,084	5,735,084	5,735,084	5,735,084
Common ant four Alabian in a	FTE	7.00	7.00	7.00	7.00	7.00
Support for Achieving Street Resurfacing Goals	Revenue	540,000	540,000	540,000	540,000	540,000
Street Nesarracing doars	Expense	870,877	675,975	675,975	675,975	675,975
Store to Store Town	FTE	2.00	4.00	6.00	6.00	6.00
Street Sweeping Team Support	Revenue	200,000	420,000	640,000	640,000	640,000
Зирроп	Expense	232,426	380,852	529,278	445,278	445,278
	Dept. Total FTE	54.00	58.00	60.00	60.00	60.00
	Dept. Total Revenue	5,220,000	5,440,000	5,660,000	5,660,000	5,660,000
	Dept. Total Expense	12,507,287	9,690,270	9,838,696	9,754,696	9,754,696

The Outlook for the City's Transportation and Storm Water Department supports the City's Strategic Plan in achieving safe and livable neighborhoods and investing in quality infrastructure by performing the services summarized in the table above. The identified funding need allows for faster mitigation of damaged sidewalks via additional asphalt ramping, concrete replacement crews and slicing contract support. Additionally, support for an in-house storm drain pipe repair team, as identified in the June 2018 Audit, is included. The table also identifies the addition of engineering and support staff to maintain the City's street pavement Overall Condition Index (OCI) rating. Lastly, the table includes the expected General Fund portion of revenue related to the additional positions.

Furthermore, the Outlook includes funding for additional posted street sweeping routes to comply with the Storm Water Permit issued by the Regional Water Quality Control Board. 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 2020.

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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 2021 budget in April 2020 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 2021.

One-Time Resources

Any available resources that are one-time in nature are only available for one-time purposes.

- The Homeless Housing, Assistance and Prevention (HHAP) Program was approved by Governor Gavin Newsom on July 31, 2019. The HHAP Program grant is a one-time grant that provides the City with funds to support, expand and/or develop initiatives for homelessness. The total funding the City will receive is estimated at \$20.0 million in FY 2020; however, final allocations are still pending finalization by the Department of Housing and Urban Development. All or a portion of these funds may be used to offset current and/or future homeless programs, which are listed in the Critical Strategic Initiatives section of this report. The guidelines and direction on how to allocate the funding within the City is still pending.
- In the FY 2020 First Quarter Budget Monitoring Report, the FY 2020 ending fund balance (excess equity) is projected to be \$22.1 million. This will be updated during the FY 2020 Mid-Year Budget Monitoring Report once the audit of the FY 2019 financial statements is complete and will include updated FY 2020 projections. These funds could be used in either FY 2020 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 any assumptions that may result in a specific risk to the revenue and expenditure category projection. This section details other known assumptions.

Ballot Measures

Measure G, regarding the sale of the stadium site to San Diego State University (SDSU), was approved by the voters in November 2018. The fiscal impact associated with the potential proceeds of the sale of the stadium site on the General Fund has not been reflected in the Outlook due to the pending negotiations and use of the proceeds at the time of the preparation of this report.

The Outlook does not assume the approval of any other proposed ballot measures and the associated potential fiscal impacts to the General Fund.

MOUs and ADC

As previously discussed in the Salaries and Wages category section of this report, the current MOUs with the six REOs are set to expire at the end of FY 2020. Since over 69.9 percent of expenditures in the FY 2020 Adopted Budget are related to wages and fringe benefits, small changes in MOU provisions can have large impacts on City expenditures. For example, a 1.0 percent change in salaries across all MOU's could increase this category by approximately \$5.92 million. The City is currently in negotiations will all REOs regarding the current MOUs and changes to MOUs provision; therefore, the associated fiscal impact is not known at this time, and as a result are not included in the Outlook projections.

In addition, there are many factors that can alter the Actuarially Determined Contribution (ADC) payment made by the City to the San Diego City Employees' Retirement System (SDCERS). Fluctuations in the market can impact employer contributions; as well as unanticipated increases in salaries can also alter the total ADC payment each fiscal year. The Outlook Report does not contain any projections related to potential changes to actuarial assumptions that could result in significant impacts to the ADC payment.

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 percent to -4.9 percent. For example, a 1.0 percent decrease across all major revenues could reduce revenues by approximately \$10.8 million. 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; which are more quickly and erratically impacted by a recession. The Department of Finance will continue to monitor major revenue projections and economic indicators throughout the fiscal year and report any fluctuations in revenue.

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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 City 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 2021. Beginning in FY 2022, revenue growth is projected to exceed anticipated expenditure growth. A structural shortfall is forecasted based on the following key factors:

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

The Outlook provides the City Council, key stakeholders, and the public with information at the start of the budget process to facilitate a discussion regarding the coming year's General Fund budget allocations.

Per the City Charter, the Mayor will present a balanced budget for the City Council's consideration in April 2020.

ATTACHMENT 1 FY 2021 – 2025 FIVE-YEAR FINANCIAL OUTLOOK

(\$ in millions)

	_ (-	וו ווו ץ		110113)	_							
GENERAL FUND REVENUES	2020	scal Year 0 Adopted Budget	Fi	iscal Year 2021	ı	Fiscal Year 2022	Fi	scal Year 2023	Fi	scal Year 2024	F	iscal Year 2025
Property Tax	\$	601.9	¢	636.1	\$	666.5	\$	696.7	¢	726.6	¢	755.9
Sales Tax	Ψ.	297.9	φ	311.1	Ф	321.1	Ф	331.0	Ф	340.9	Ф	350.8
Transient Occupancy Tax	+-	136.9		141.8	H	146.9		152.2		157.6		163.1
Franchise Fees	+	82.0		84.1		86.0		87.9		89.6		91.4
Property Transfer Tax	+	10.3		10.9		10.9		10.9		10.9		10.9
Licenses and Permits	+-	22.5		23.1		23.7		24.3		24.9		25.5
Cannabis Business Tax	+-	12.2		19.7	H	22.8		24.5		26.6		29.7
Fines, Forfeitures and Penalties	+-	31.1		31.2	H	31.3		31.3		31.4		31.5
Revenue from Money and Property	+	64.4		65.5		65.7		66.0		64.5		68.7
Revenue from Federal and Other Agencies	+-	6.4		6.3		6.3		6.3		6.3		6.3
Charges for Services	+-	176.4	\vdash	163.8		170.6		177.4		177.9		177.9
Other Revenue	+-	3.2		2.7		2.7		2.7		2.7		2.7
Transfers In	+-	104.1		99.7		100.9		102.3		103.6		105.0
BASELINE GENERAL FUND REVENUES	\$	1,549.2	\$	1,595.7	\$		\$	1,713.3	\$	1,763.5	\$	1,819.3
		1,0 101		1,000	_	1,00011		1,1010	•	1,1 00.0	•	1,01010
GENERAL FUND EXPENDITURES	2020	scal Year 0 Adopted Budget	Fi	iscal Year 2021	ı	Fiscal Year 2022	Fi	scal Year 2023	Fi	scal Year 2024	F	iscal Year 2025
Salaries & Wages	\$	645.1	\$	652.7	\$	654.3	\$	652.2	\$	652.0	\$	653.2
Retirement Actuarially Determined Contribution (ADC) ¹	Ť	264.8	7	268.6	Ť	266.6		265.0	_	264.2	-	263.6
Employee Flexible Benefits	+-	84.7		84.7	H	84.7		84.7		84.7		84.7
Other Post Employment Benefits (OPEB)	+-	42.3		43.4		44.5		45.6		46.7		47.9
Workers' Compensation	 	26.5		28.4		29.1		29.9		30.7		31.4
Supplemental Pension Savings Plan (SPSP)	1	22.2		22.7		22.7		22.7		22.7		22.7
Other Fringe Benefits	+-	26.3		28.7		28.7		28.7		28.7		28.7
Personnel Expenditures	\$	1,111.9	\$	1,129.1	\$		\$	1,128.8	\$	1,129.7	\$	1,132.3
						-						
Supplies	\$	27.3	\$	30.9	\$		\$	33.8	\$	35.4	\$	36.7
Contracts	Щ	246.9		247.9		256.8		267.8		279.3		291.6
Information Technology	ـــــ	39.1		47.0		48.1		47.8		47.9		47.4
Energy and Utilities	ـــــ	51.5		53.2		55.1		57.2		59.3		61.4
Reserve Contributions	₩	16.2		17.4	L	18.8		16.6		13.6		13.0
Charter Section 77.1 - Infrastructure Fund Contribution	₩	24.1		25.5		18.7		0.0		0.0		0.0
Other Expenditures	ـــــ	72.9		65.9		73.1		91.8		89.7		88.3
Non-Personnel Expenditures	\$	478.1	\$	487.7	\$	503.0	\$	514.9	\$	525.2	\$	538.4
BASELINE GENERAL FUND EXPENDITURES	\$	1,590.0	\$	1,616.9	\$	1,633.6	\$	1,643.7	\$	1,654.9	\$	1,670.7
BASELINE SURPLUS / (SHORTFALL)			\$	(21.2)	\$	21.6	\$	69.6	\$	108.6	\$	148.7
RECOMMENDED CRITICAL STRATEGIC INITIATIVES			\$	62.5	\$	88.1	\$	103.2	\$	116.2	\$	123.1
(AMOUNT TO BE MITIGATED) /AVAILABLE												

Numbers may not add to exact figures due to rounding.

-317-

(66.6) \$

(33.6) \$



RESOURCES²

¹The final amount of the City's FY 2021 ADC payment will not be known until the June 30, 2019 actuarial valuation report is released, which is expected to be presented to the SDCERS Board Administration in January 2020.

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

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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 2020 Adopted Budget that were adjusted to develop FY 2021-2025 Five-Year Financial Outlook baseline budget.

One-Time Resources	
Use of Excess Equity	\$40,758,191
TOT Excess Fund Balance	10,900,000
Transfer of Excess Long-Term Disability Reserves	4,833,310
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
Redevelopment Property Trust Fund (RPTTF) Distributions	328,440
Facility Franchise Agreement Revenue	290,000
Reimbursement for Debt Management services from Public Utilities Department	137,981
Proposed Departmental Revenues Determined to be One-Time	111,699
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
One-Time Resources Total	\$59,444,907

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One-Time Uses	
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	6,450,018
Transfer to the Capital Budget	5,550,000
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	1,491,803
Consultant for Energy Franchise Agreement Negotiations	1,000,000
Disparity Study	1,000,000
Fire Rescue Staffing Model and Relief Pool - Supplies for Two (2) Fire Academies	862,648
Companion Unit Fee Waiver Program	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
Library Programming and Technology Upgrades	400,000
Brush Management and Abatement	350,000
Enterprise Asset Management and Get it Done Support	350,000
Climate Action Resiliency Plan	300,000
Fire-Rescue Wellness Program	300,000
Private Property Graffiti Abatement	300,000
Police Promotional Examinations	270,200
Mobility: Mobility Action Plan	250,000
Pay Equity Study	250,000
Police Officer Homebuyer Down Payment Assistance Pilot	250,000
Mobility: Street Corral Painting and Dedicated Bus Lane Pilot	250,000
Mobility: Mobility Monitoring	225,000
Fire-Rescue Helicopter Pilot Training	185,400
Emergency Command and Data Center (ECDC) Expansion	160,000
Mobility: Dockless Mobility Enforcement	150,000
Diversity Training	150,000
Citygate Consulting Services for ECDC	138,000
Advanced Lifeguard Academy	113,350
Consulting Support for Climate Action Plan (CAP) - Sustainability Department	100,000
Tree Trimming	100,000
Mobility: Vision Zero Education	100,000
Mission Beach Trash Collection	70,000
Real Estate Consultant for Sale of San Diego County Credit Union (SDCCU) Stadium	60,450
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 Vorkers' 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
One-Time Uses Total	\$60,121,835



ATTACHMENT 3 NEW FACILITIES

New Facilities				
Parks				
Play All Day- Harriet Tubman Charter Elementary Joint Use	2021			
Play All Day- Hickman Elementary School Joint Use	2021			
Play All Day- Johnson Elementary Joint Use	2021			
Play All Day- Lafayette Elementary Joint Use	2021			
Play All Day- Marie Curie Elementary Joint Use	2021			
Play All Day- Pacific Beach Elementary Joint Use	2021			
Play All Day- Rolando Park Elementary Joint Use	2021			
Play All Day- Rowan Elementary Joint Use	2021			
Play All Day- Salk Neighborhood Park and Joint Use Development	2021			
Play All Day- Sequoia Elementary Joint Use	2021			
Play All Day- Standley Middle School Joint Use	2021			
Play All Day- Standley Middle School Joint Use Pool	2021			
Play All Day- Taft Middle Joint Use	2021			
Play All Day- Wangenheim Middle School Joint Use	2021			
14th Street Promenade	2021			
Bay Terrace Recreation and Senior Center	2021			
Canon Street Pocket Park - CIP S16047	2021			
Children's Park Enhancement	2021			
Franklin Ridge Pocket Park	2021			
La Paz Mini Park	2021			
Fire				
North University City	2021			
Parks				
Play All Day- Benchley / Weinberger Elementary Joint Use	2022			
Play All Day- Hawthorne Elementary Joint Use	2022			
Play All Day- Jones Elementary Joint Use	2022			
Play All Day- King Chavez Elementary Charter School Joint Use	2022			
Play All Day- Pacific View Elementary Joint Use	2022			
Dennery Ranch Neighborhood Park - CIP S00636	2022			
East Village Green NP - CIP S16012	2022			
Fairbrook Neighborhood Park - CIP S01083	2022			
NTC Building 619	2022			
Olive Street Mini Park - CIP S10051	2022			
Riviera Del Sol Neighborhood Park	2022			



New Facilities	
Fire	
Black Mountain Ranch	2022
Library	
Pacific Highlands Ranch	2023
Parks	
Play All Day- Dewey Elementary Joint Use	2023
Play All Day- Florence Elementary School Joint Use	2023
Play All Day- Toler Elementary Joint Use	2023
Play All Day- Webster Elementary Joint Use	2023
Mira Mesa Community Park (Phase III) - CIP L16002	2023
Hidden Trails Neighborhood Park - CIP S00995	2023
Parks	
Play All Day- Lindbergh-Scheweitzer Elementary Joint Use	2024
Play All Day- Spreckels Elementary Joint Use	2024
Fire	
Fairmount Avenue	2024
Fire	
Paradise Hills	2025



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: January 16, 2020 IBA Report Number: 20-02

Budget and Government Efficiency Committee Date: January 22, 2020

Item Number: 1

FY 2021 City Council Budget Priorities

OVERVIEW

Per the City Charter, the first step for the City Council in the City's annual budget process is the development of the annual Budget Priorities Resolution. This annual resolution has been approved by the City Council each year since 2006, and its development is included in the "Fiscal Year 2021 Budget Development and Fiscal Year 2020 Budget Monitoring Key Dates," adopted by the City Council on December 10, 2019. As in prior years, the FY 2021 Budget Priorities Resolution is compiled from individual Councilmember memoranda that outline their budget priorities for the upcoming fiscal year. All priorities submitted by Councilmembers can be found in their memoranda, which are attached to this report.

On December 13, 2019, Budget and Government Efficiency Committee Chair Barbara Bry issued a memorandum requesting that all Councilmembers submit their budget priorities for the FY 2021 Budget to the Office of the Independent Budget Analyst by January 10, 2020. All nine Council Districts submitted their priorities and they are represented in this report.

This report identifies the highest priority fiscal and policy items recurring throughout Councilmember memoranda. Those receiving majority support or more are discussed in this report. We have categorized them into two major headings: operating budget priorities and infrastructure budget priorities.

For the FY 2021 department operating budgets, a majority or more of Councilmembers support the following priorities:

- Addressing Vacancies
- Arts and Culture
- Clean Communities
- Climate Action Plan

- De Anza Revitalization Plan
- Homelessness
- Library
- Public Safety

The following infrastructure needs were listed as FY 2021 budget priorities by a majority or more of Councilmembers:

- Fire-Rescue Facilities
- Library Facility Improvements
- Parks and Recreation Facilities

- Sidewalks
- Streets
- Transportation Safety and Mobility

Councilmembers also proposed a number of potential resources that could either fund new programs or partially mitigate the deficit projected for FY 2021 as reported in the Mayor's FY 2021-2025 Five-Year Financial Outlook (Outlook). The use of available Excess Equity was mentioned by a majority of Councilmembers. The Infrastructure Fund and Building Homes and Jobs Act (Senate Bill 2) were each mentioned as potential resources by four Councilmembers. Many other mitigation measures were mentioned by individual Councilmembers and can be found in the attached memoranda.

This report also includes an overview of City Council policies that guide the annual budget process, which are discussed in the following section.

FISCAL/POLICY DISCUSSION

City Council Budget Policies Guide Development of the Annual Budget

On April 13, 2020 the Mayor will release his FY 2021 Proposed Budget to the City Council and the public. The Council's FY 2021 Budget Priorities Resolution will help to inform the Mayor's budget decisions. For the remainder of the FY 2021 budget process after the Mayor releases the Proposed Budget, the City Council has final budget authority. The Council's authority extends to changing budgeted line items and/or revising funding for services and programs proposed in the Mayor's budget, *as long as the budget remains balanced*.

During this time, the Council receives and considers the Independent Budget Analyst's review, analysis and recommendations regarding the budget proposal (including the Mayor's May Revision to the Proposed Budget); holds numerous hearings to obtain public input; meets with each department head to fully understand their budget needs; and discusses the budget proposal with numerous interested parties, community groups and constituents. The Council is responsible for reviewing and approving a balanced budget on or before June 15. The Mayor can veto Council's approved budget, and the Council can override a Mayoral veto with six votes.

In preparation for the Council's upcoming budget process and as requested by Council President Gomez, the following is a recap of several important standards to keep in mind when developing the City's annual budget, which reside within City Council budget policies and other documents¹:

• The budget must be balanced (expenditures shall not exceed annual revenues plus available unrestricted fund balances).

¹ Key documents include: FY 2020 Statement of Budgetary Principles, Structural Deficit Elimination Guiding Principles (2010), Council Reserve Policy 100-20, Budget Policy 000-02, and San Diego City Charter Section 69.

- A structurally balanced budget shall be achieved through efficiencies, permanent reductions to the expenditure base, and/or ongoing revenue enhancements, and does not rely on reserves or the use of one- time revenues for ongoing expenditures.
- One-time resources must be matched to one-time expenditures, ongoing expenditures must be funded with ongoing resources.
- The City shall fully fund the City's annual pension payment.
- The City shall achieve policy targets for the General Fund Emergency Reserve and Stability Reserve.
- Departmental Key Performance Measures and results will be provided as part of the Mayor's Proposed Budget.
- Public involvement will include hearings, public outreach and dissemination of accessible information.
- The Mayor will issue a May Revision to the Proposed Budget to provide any known or desired changes to the budget for Council consideration.
- The Mayor shall fulfill the legislative intent reflected in the Adopted FY 2021 Budget.
- Subsequent to approval of the FY 2021 Budget, the Council shall not have the authority to make changes to it without first receiving a funding recommendation from the Mayor.

City Council Operating Budget Priorities

Following are discussions of all FY 2021 operating budget priorities mentioned by a majority or more of Councilmembers.

Addressing Vacancies (Districts 1, 3, 6, 8 and 9)

Five Councilmembers expressed support for examining challenges associated with the City's vacancy levels, filling vacancies, and/or adjusting budgeted vacancy savings to match operating needs. Several Councilmembers spoke to issues such as recruitment, retention, and non-competitive compensation.

Arts and Culture (Districts 1, 2, 3, 4, 8 and 9)

Six Councilmembers prioritized either increasing Arts and Culture funding or maintaining funding at the FY 2020 level. The FY 2020 Adopted Budget included a total of \$14.2 million for Arts and Culture, of which \$3.9 million came from one-time resources. The FY 2020 funding level was assumed to be maintained in the Mayor's Outlook.

Clean Communities (Districts 2, 4, 5, 6, 7, 8 and 9)

Seven Councilmembers expressed support for a broad range of items pertaining to the Clean SD program and other services aimed at neighborhood cleanliness. Items mentioned in Councilmember memoranda included graffiti abatement, weed abatement, the addition of public trash receptacles (specifically along Garnet Ave. in District 2), increasing the number of curbside community clean-ups, and continuing funding for Clean SD services such as waste and litter removal and sidewalk sanitation.

Climate Action Plan

Support for the Climate Action Plan (CAP) items was included in six Councilmember priority memoranda. The two main topics mentioned by a majority or more of Councilmembers are listed on the following page.

• Continued Implementation and Expansion (Districts 1, 2, 3, 4, 8 and 9)

Six Councilmember memoranda included requests for funding to continue implementation of the plan and expand CAP reporting. The requests included the publication of a five-year financial outlook for the CAP specifically and the inclusion of the funding necessary to implement the outlook, as well as additional funding for resiliency and other new studies.

• Urban Forestry (Strategy 5) (Districts 1, 2, 3, 4, 8 and 9)

Maintaining and expanding funding for the Urban Forestry program was a priority in six Councilmember budget priority memoranda. Requests included an additional arborist/horticulturalist, as well as additional funding for tree planting, inspections, maintenance, and other activities included in the Five-Year Urban Forest Management Plan. These items are all related to Strategy 5 of the CAP.

De Anza Revitalization Plan (Districts 1, 2, 3, 8 and 9)

Five Councilmembers supported providing additional funding to include the "Wildest" option proposed by Rewild Mission Bay as an alternative within the De Anza Revitalization Plan Environmental Impact Report (EIR). The Planning Department had previously stated, in June 2019, that it will include and analyze this alterative in the EIR.

Homelessness (Districts 1, 2, 3, 4, 5, 6, 7 and 9)

Eight Councilmembers mentioned homelessness in their budget priority memoranda. One priority was expressed by the majority of Councilmembers: to maintain or expand existing homelessness programs. These programs include: Temporary Bridge Shelters, storage programs, safe parking, the flexible spending pool for housing, homeless outreach, and the SDPD's Homeless Outreach Team.

Other priorities mentioned, but that did not have majority support, were specifically made in connection to the City's Community Action Plan on Homelessness, including enhanced data collection and monitoring to track progress, diversion and prevention, and rapid rehousing. Finally, providing additional City staff to support homelessness programs and repairing the Day Center were also mentioned.

Library

Support for Libraries was included in seven Councilmember priority memoranda. The two topics mentioned by a majority or more of Councilmembers are listed below.

• Materials and Technology (Districts 1, 2, 3, 4, 6 and 8)

Six Councilmembers prioritized increased funding for Library materials, as well as technology upgrades and replacements throughout all branch locations.

• **Programming and Hours** (Districts 1, 2, 3, 4, 6, 8 and 9)

In addition to supporting increased Library materials and technology funding, seven Councilmembers prioritized increasing funding for Library programming and maintaining library hours. The total Library programming budget for FY 2020 is \$400,000.

Public Safety

While each Councilmembers priority memorandum included Public Safety items, two specific topics were mentioned by a majority or more of Councilmembers - brush management and lifeguard positions for the Boating Safety Unit. These are listed below.

• **Brush Management** (Districts 1, 2, 3, 4, 6 and 9)

Six Councilmember budget priority memoranda included funding to maintain or increase brush management. Councilmembers seek to maintain funding levels to abate brush in the medians, other parts of the right-of-way, and open space areas.

• Lifeguard Positions for Boating Safety Unit (Districts 1, 2, 3, 8 and 9)

Funding additional Lifeguard positions was included as a priority in five Councilmember budget priority memoranda. This included an additional Lieutenant position as well as Sergeant position for the Boating Safety Unit.

City Council Infrastructure Budget Priorities

Following are discussions of all FY 2021 infrastructure budget priorities mentioned by a majority or more of Councilmembers. This groups items which could be a part of the Capital Improvements Program or the operating budget but are all infrastructure related, regardless of the budgeting mechanism.

Fire-Rescue Facilities (Districts 1, 2, 4, 6, 8 and 9)

Six Councilmember budget priority memoranda included requests for additional funding for Fire-Rescue facilities. Requests varied by district, but, in general, the focus was on repairing and improving the capabilities of current facilities.

Library Facility Improvements (Districts 1, 2, 4, 6, 7 and 9)

Six Councilmembers prioritized funding for facility improvements at various City libraries. While the specific libraries varied by Council District, there was majority support for funding Library infrastructure in general.

Parks and Recreation Facilities (Districts 1, 2, 3, 4, 6, 7, 8 and 9)

Eight Councilmembers supported prioritizing funding for facility improvements at various City parks and recreation centers. Councilmember memoranda also included requests for design and construction funding for new facilities. While the specific park facilities varied by Council District, there was support for funding parks infrastructure in general.

Sidewalks (Districts 1, 2, 3, 4, 5, 6, 8 and 9)

Sidewalk infrastructure was a priority in eight Councilmember budget priority memoranda. Requests included addressing the sidewalk maintenance and repair backlog Citywide, as well as specific replacement and new sidewalk installation projects in a wide variety of locations.

Streets (Districts 1, 2, 3, 5, 6 and 8)

Six Councilmembers included requests in their memoranda for investments in streets. Requests included resurfacing and slurry seal, as well as paving currently unpaved roads. While the specific locations varied by Council District, there was majority support for funding streets generally.

Transportation Safety and Mobility (Districts 1, 2, 3, 4, 5, 6, 7, 8 and 9)

Transportation safety and mobility programs and projects received unanimous support among Councilmember memoranda, with all of them including requests related to Vision Zero projects. Requests include safe intersections, traffic calming measures, bike facilities, crosswalks, streetlights, bus lane expansions, and installation and modification of traffic signals.

CONCLUSION

Our Office recommends that the Budget and Government Efficiency Committee review and discuss the budget priorities highlighted in this report and forward them with any desired modifications to the full City Council for formal adoption as the FY 2021 Budget Priorities Resolution at the February 3, 2020 Council meeting. We note that further changes to the Resolution may be requested at that time by Councilmembers if so desired. Following City Council adoption, the resolution will be submitted to the Mayor for consideration in the proposed budget.

Angela Colton

Fiscal & Policy Analyst

Jillian Kissee

Fiscal & Policy Analyst

Lisa Byrne

Fiscal & Policy Analyst

APPROVED: Andrea Tevlin Independent Budget Analyst Baku Patel

Fiscal & Policy Analyst

Jordan More

Fiscal & Policy Analyst

Brady Balolong

Research Analyst

Attachment 1: Councilmember Memoranda



COUNCIL PRESIDENT PRO TEM BARBARA BRY CITY OF SAN DIEGO

DISTRICT 1

MEMORANDUM

DATE: January 10, 2020

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Council President Pro Tem Barbara Bry, First Council

District

SUBJECT: Fiscal Year 2021 Budget Priorities

Despite favorable financial forecasts and greater than expected return on revenues, the Mayor's Five-Year Financial Outlook¹ projects four straight years of budget deficits. In Fiscal Year 2021 (FY 21), he predicts an \$84M shortfall and that is without consideration for the labor negotiations currently taking place. City of San Diego (City) departments have been asked to produce budgets with a four percent reduction.

My highest priority is to protect our core services from budget cuts and financial instability. To accomplish this, current spending levels and the effectiveness of such spending must be disclosed in line-item detail and scrutinized. Only then may we identify available resources to align with need. Until we know what we spend, where we spend it, and to what end, the budget is incomplete.

I am committed and eager to work with my fellow council members, the Independent Budget Analyst (IBA), the Mayor and staff, and the community to produce a transparent, balanced, and responsible FY 21 budget.

Barbara Bry

¹ The City of San Diego Fiscal Year 2021-2025 Five-Year Financial Outlook https://www.sandiego.gov/sites/default/files/fy21_25outlook.pdf

FY 2021 BUDGET PRIORITIES

Public Safety

Our beaches and bays attract millions of visitors every year. It is compulsory to provide our Lifeguard Division with the critical resources and necessary organizational structure to protect the lives of our visitors and residents through water, cliff, and boat rescues, as well as marine firefighting, law enforcement, harbor patrol, and communications. I support:

- Fully staffing our San Diego Police and Fire Department to cut down on costly overtime
- Maintaining current funding for brush management
- \$250,000 to meet the \$1M Port Security Grant required match
- Addition of one (2FTE) Lifeguard III
- Addition of one (2 FTE) Sergeant Boating Safety Unit
- Addition of one (2 FTE) Lieutenant Boating Safety Unit

Homelessness

This past October, after years of important, yet unprecedented, funding levels on homeless solutions, the City Council adopted the "Community Action Plan on Homelessness." While this plan lays out a strategy, it does not prioritize funding. Much of our homelessness costs are absorbed by city departments, yet the total cost is still unknown or undisclosed. The following homeless costs must be disclosed in one location:

- Police salaries and overtime
- Operational staff salaries and overtime
- CleanSD and Environmental Services
- Bridge Shelters
- Transitional Storage Center
- Navigation Center
- Real Estate Assets leases and purchases
- Community Development Block Grant (CDBG)
- Homeless Emergency Aid Program (HEAP)
- All other costs including but not limited to personnel, operations, contracts, and supplies

Environment

Our economic wellbeing is inextricably linked with the health of our environment. The effects of climate change such as wildfires, sea level rise and air quality will directly impact San Diego. We must battle these very real effects on our community and begin implementing solutions now. The City's landmark Climate Action Plan (CAP) established San Diego as a global leader in environmental policy. It is time for our action to meet our ambition and fund the implementation of the CAP. I recommend:

- A CAP Five-Year Financial Outlook
- Prioritization of retiming traffic signal, installing roundabouts, and an urban tree planting program
- Fully fund the analysis of the "Wildest" alternative in the upcoming Mission Bay Wetland Restoration plan EIR
- \$500,000 for planting 2,500 additional street trees
- \$100,000 for one additional arborist/horticulturalist in the Streets Division
- \$75,000 for a joint TSW-PUD storm-water capture and reuse analysis

Neighborhood Services

Libraries: The San Diego Public Library system welcomes over six million visitors and is an essential resource to provide San Diegans with access to books, technology, internet, innovation labs, homework assistance, tax assistance and much more. Consequently, I recommend:

- No reduction of service levels
- \$400,000 for programs
- \$500,000 for materials

Arts and Culture Funding: A vibrant arts and culture scene is necessary for San Diego to call itself a "World Class City." It enhances our region's capability to attract and retain talent to fuel our workforce and strengthen our economy. I recommend:

• Increase FY20 budgeted amount for Commission for Arts and Culture funding by three percent above with one-time funds (Approximately \$427, 000)

Mobility

The City's Shared Mobility Devices Regulations went into effect in FY 20 and according to the Fiscal Year 2020 First Quarter Budget Monitoring Report, "revenues associated to the Mobility Program are expected to exceed budget by \$400,000." The City should reinvest this money into our communities for infrastructure to accommodate alternative modes of transportation. This need

² https://www.sandiego.gov/sites/default/files/fy20bmfqreport.pdf p. 20

is also highlighted in the CAP's 2019 Annual Report, which states that on-road transportation is accountable for 55% of the greenhouse gas (GHG) emissions in San Diego³. For the City to meet the goals in the legally binding CAP, we must invest in adequate infrastructure to accommodate and encourage alternative modes of transportation. This should be a community led discussion that invites all stakeholders to participate in building a safe mobility network. I recommend:

- \$100,000 for expansion of bus only lanes
- \$335,000 to Chollas Creek to Bayshore Multi Use Path (B17113)
- \$300,000 to Downtown Complete Streets Phase 3 (B19144)
- Continue to monitor progress on implementation of high priority Vision Zero projects, especially those in underserved communities and corridors identified by the Mobility Board
- Continue to fund and leverage coordination of street resurfacing to take advantage of
 opportunities for progressive design standards to facilitate safer mobility, including traffic
 calming treatments, protected bikeways, road diets, pedestrian improvements, traffic
 circles, etc.

Infrastructure

- \$529,000 to fully fund traffic light at Del Mar Heights Road and Mercado
- \$500,000 to begin design of the South University City Library improvements and expansion
- Fully fund first phase of construction for Marcy Neighborhood Park improvements
- Identify site for the Torrey Hills Fire Station identified in Citygate report
- \$2M for the Coastal Rail Trail (Gilman Drive from the La Jolla Colony Drive to La Jolla Village Drive)
- Initiate construction of the Village Loop Road
- Fully fund the transportation evaluation of Carmel Valley and Pacific Highlands Ranch as identified in the Carmel Valley Livability Subcommittee Report
- Repair/Replace the railing at the beach overlook at Moss Lane
- Repair cliff subsidence along Coast Walk, focusing on the eroded section encroaching into the trail at the rear of 7981 Prospect Place
- \$8,000 to secure the parking lot at Kellogg Park to prevent overnight parking
- Repave Hillside Drive from Soledad Avenue to Via Sienna
- \$150,000 to construct sidewalk from Azul Street to Poole Street

Smart & Sustainable Communities

Development Services

³ https://www.sandiego.gov/sites/default/files/2019_cap_digital_version.pdf p. 19

We lose the trust of our constituents when we fail to enforce the very laws that we pass. We need sufficient staff to uphold our municipal code. Consequently, I recommend:

- No cuts for Code Enforcement field personnel
- Fill remaining 8 FTE Code Enforcement zoning investigator vacancies

Economic Development

San Diego needs a highly-educated and highly-skilled workforce that meets employer needs and ensures our residents and graduates a high quality of life. To achieve this goal, we must have an inclusive economy. The City must continue to partner and support programs that link our future workforce, from all districts, with quality career paths. I recommend:

- \$100,000 to Connect2Careers for focused internships for community college students in technical programs in which employers have unmet needs
- Continued funding for compliance and enforcement of Living Wage and Prevailing Wage and violations of wage theft
- Review and implement the results of the Disparity Study

Personnel Department

We balance the budget with vacancies and break it on overtime. This is unsustainable and unacceptable. It is imperative that the City identify and provide to the Council the number of vacancies and length of each vacancy by department. We need a plan that addresses recruitment, retention and employee development. The City needs to be competitive and we need to increase employee salaries. Human Resources and Personnel can begin this plan by using the City's existing 2018 City of San Diego Citywide Human Capital Fact Book⁴ and implementing the next steps found in the 2019 Employee Satisfaction Survey⁵. Such a plan is required to identify and budget efficient staffing levels for the next five, 10, and 20 years.

FY 2021 BUDGET PRIORITY FUNDING RESOURCES

- One-time mobility costs may be paid from the Infrastructure Fund
- On-going mobility costs may be funded by permit fees by scooter companies and monies from infractions and tickets from violations of riding on the boardwalk
- On-going staffing costs may be paid from cost savings from reducing overtime, reducing use of consultants, and reducing the rate we contract out core services
- General Fund revenues
- Newly filled grant writing positions should explore opportunities to receive and leverage Federal, State, and local monies

⁴ https://www.sandiego.gov/sites/default/files/19-001_citywide_human_capital_fact_book.pdf

https://www.sandiego.gov/sites/default/files/report_-_2019_sd_employee_satisfaction_survey.pdf

Thank you for your consideration of the priorities I've outlined here. If you have any questions or concerns, please contact Budget Committee Consultant Mauricio Medina at mauriciom@sandiego.gov or (619)-236-6159.



COUNCILMEMBER JENNIFER CAMPBELL COUNCIL DISTRICT TWO

MEMORANDUM

DATE:

January 10, 2020

TO:

Andrea Tevlin, Independent Budget Analyst Councilmember Jennifer Campbell

FROM:

SUBJECT:

2021 Budget Priorities

During the FY2021 budgetary process, the City of San Diego must prioritize investment in key areas, ensure basic services are maintained, strategically leverage revenue increases, and plan for projected plateaus in city revenue growth.

I am pleased to share the District 2 budget priorities for the upcoming fiscal year which prioritize investments in creating safe, livable neighborhoods while sustaining a resilient and economically prosperous city. These priorities fall into the following overarching categories: Housing & Homelessness, Environmental Protection, Public Safety, Infrastructure, and Neighborhood Services.

HOUSING & HOMELESSNESS

Addressing homelessness requires significant strategic investments that are aligned with the recently adopted overarching Community Action Plan. Below are key items that will enable the City to reach the ambitious goals of the new plan.

City Street Engagement Team – Allocate \$200,000 to establish a pilot program for the city's first Street Engagement Team to go beyond the goals of the point-in-time count, year-round. These teams would assist in data collection to support the goals of ongoing outreach efforts.

Coordinated Outreach - Funding to better coordinate the range of homeless outreach efforts deployed throughout the city in a way that aligns with the goals of the Community Action Plan.

Diversion & Prevention – Allocate funding to support diversion and prevention efforts for youth, veteran, and senior homeless individuals, as specified in the Community Action Plan.

Technology & Data Enhancements – Commit funding to specifically enhance technology and data collection for homelessness and unify the range of efforts tracking and monitoring programmatic progress such as 2-1-1 San Diego, HMIS, Get it Done, and others.

Maintain Existing Programs - Continue funding existing homelessness programs to avoid sunsetting of effective funding.

ENVIRONMENTAL PROTECTION

Protecting the environment is vital for sustaining healthy communities and a vibrant economy. Investing in the items below will promote public and environmental health.

Climate Resilient San Diego - Fully fund the City's Climate Action Plan.

Environmental Services Department – Additional departmental funding to assist with cleanups associated with encampments in and along our canyons, creeks, and rivers.

Brush and Weed Abatement – Allocate funding to the Public Works Department to address potential wildfires in canyons and open spaces due to encampments and overgrowth.

Mission Bay Wetland Restoration – Include funding in the budget to consider all possible options to restore and protect Mission Bay wetlands.

Pollinator-Friendly Landscaping – Allocate funding for pollinator-friendly plants like milkweed to be installed across San Diego to support and sustain native ecosystems.

Storm Water Drains and Channels – Allocate funding to support storm water infrastructure maintenance activities, channel clearing, and neighborhood projects with attention to our boardwalks and beach areas that experience periodic flooding. Also include funding to address the drainage issues at the Kendall Frost Marsh Preserve on Mission Bay.

Sunset Cliffs Natural Park Linear Section – Funding for improvement and maintenance planning should be included in the budget to preserve and protect the mile-long shoreline that features wildlife, sculpted cliffs, ocean vistas, and historical, geologic treasures.

Tree Planting and Maintenance – Allocate funding to increase tree planting, pruning and maintenance programs that safeguard and increase our urban forest canopy.

Blue Carbon Study – Support the \$3 million UC San Diego proposal to account for blue carbon.

INFRASTRUCTURE & SUSTAINABILITY

Strategic, coordinated urban planning and infrastructure investments are essential for San Diego to function, prosper, and protect communities and economies from environmental risk. Below are key investment requests for specific street improvements, coastal access, pedestrian and bicycle safety, and recreation center improvements gathered with community input. These items should be part of the City's larger goals of investing in sustainable infrastructure.

Street Improvements

Street Light Repairs – Rosecrans Avenue; North Pacific Beach (Crown Point); Ute Street; Alcott Street; Foothill Boulevard & Vickie Drive; Foothill Boulevard & Tourmaline Street; Hornblend Street between Mission Boulevard & Fanuel Street; Voltaire Street; Garnet Avenue between Ingraham Street & Lamont Street. Felspar Street between Mission Boulevard & Ingraham.

Morena District – Modify the transition between 1) Morena Boulevard & West Morena Boulevard and 2) Linda Vista Road & West Morena Avenue to a traditional T-intersection.

Roundabouts - Foothill Boulevard at Loring Street; Voltaire Street & Poinsettia Drive; Catalina Boulevard; Hill Street; Santa Barbara Street; Rosecrans & Bessemer Street; Foothill Boulevard & Vickie Drive; Foothill Boulevard & Tourmaline Street; Foothill & Loring; Foothill & Vickie. Foothill & Tourmaline; Foothill & Opal; Crown Point Drive & Lamont; La Cima & Moreland; Diamond at Cass; Diamond & Fanuel; Reed & Cass; Reed & Fanuel.

Midway Corridor Quiet Zone – Finalize the establishment of the Train Horn Quiet Zone along the Midway corridor.

Repairing Alleyways – Include funding to prioritize repairs for alley ways in order of need.

Ocean Beach Street Improvements – Repaving also needed on Newport Avenue where previous resurfacing has damaged the curb.

Pacific Beach Street Improvements – Traffic Islands and improvements are needed along Balboa Ave west of I-5 and Mission Bay Drive around I-5 on/off ramps near Bluffside. Oneway street evaluation on Crown Point Drive between Pacific Beach Drive and Lamont Street.

Point Loma Street Improvements – Traffic calming measures at Nimitz & Evergreen. Install dedicated right-hand turn lane on westbound Shelter Island Drive onto Rosecrans Street. Dedicated left-hand turn/U-turn at Hancock & Camino Del Rio West. \$400,000 for street light, intersection bulb-outs, pedestrian island, and flashing beacons. Resurfacing at Oleander Drive & Oleander Place.

Street Sustainability – Fund a study on the sustainability of streets in an effort to ensure investments in road repairs are effective and efficient.

Coastal Access Points

Many coastal access points have eroded and need maintenance and repairs. Investing in the access points below will ensure that residents and visitors can continue to safely enjoy our beautiful coastline.

Bermuda Avenue Access Point - \$1.2 million for coastal access and seawall repair.

Orchard Avenue Access Point - \$131,331 for Orchard Avenue, Capri by the Sea & Old Salt Pool.

Santa Cruz Avenue Access Point - \$3.8 million for Santa Cruz Avenue stairs and walkway.

Ocean Beach Pier - Include funding to evaluate, repair, and maintain the pier.

Silver Spray Alley Access Point - Repair Silver Spray Alley coastal and tide pool access stairs.

Boardwalk Seawall - Repair boardwalk seawall in Mission and Pacific Beach, excluding Belmont park which was recently repaired.

Pedestrian & Bicycle Safety

In the areas mentioned below, there are clear pedestrian safety and access issues that need to be addressed to provide safe and convenient access for residents.

Balboa Avenue Station – Project #586601: improve overpass pedestrian and bicycle access.

Clairemont Drive Cycle Tracks – Install cycle tracks on Clairemont Drive between Fairfield Avenue to Balboa Avenue to encourage alternate transportation usage.

Continental Crosswalks – (Countdown Timer where appropriate): On Garnet at Bond, Bayard, Fanuel, Gresham, Haines, Ingraham, Jewell; Kendall, Lamont; Morrell, Noyes, Soledad Mt. Road, and Pendleton. Add pedestrian signal countdown timer at Shelter Island and Rosecrans.

Community Bike Racks – Install bike racks at multiple locations on business district streets of Newport, Garnet, Cass, and Grand.

Flashing Beacons - Moorland Drive & Ingraham Street; La Mancha Drive & Crown Point Drive; Soledad Road & Los Altos Way; Voltaire Street & Froude Street; Soledad Mountain Road & Los Altos; Ingraham Street & Fortuna Avenue; Garnet Avenue at Kendall, Morrell, & Noyes streets.

Famosa/Catalina Corridor - Evaluate and dedicate funding for safety recommendations between Voltaire Street and Valeta Street.

Ocean Beach Improvements – Phase 3 of Ocean Beach entryway. Traffic calming measures and protected pedestrian access to bus stop at West Point Loma Boulevard & Cable Street. Pedestrian Crosswalk at Niagara & Sunset Cliffs; Safety improvements where Sunset Cliffs Avenue, Nimitz Boulevard, & I–8 meet. Sunset Cliffs Boulevard at OB Elementary School. Repair the light fixtures on Newport Ave which have compromised bases.,

Pacific Beach Sidewalk Improvements – Garnet repairs between Mission Boulevard & Ingraham Street. Flashing crosswalks with countdown signals along Foothill Boulevard near PB Elementary nearby. Pedestrian safety measures on Hancock Street Between Withery & Noel streets; Complete PB Pathways Phase 3; Widen Balboa Avenue I–5 underpass to better accommodate pedestrian and other forms of mobility traffic. Marked crosswalk at Chatsworth & Plumosa.

Rose Creek Bike Path – Installation of lighting along the bike path to promote safety.

Morena Corridor - Project #58260 - Improve overpass pedestrian and bicycle access

Recreation Center Improvements

Many of our recreation centers in District 2 are due for upgrades which would underscore the city's commitment to supporting our growing communities.

Cadman Park and Recreation Center - Repave basketball and tennis courts, fence off the leash-free dog park, add a dog drinking fountain and fence trash receptacle.

South Clairemont Recreation Center - New signage, energy efficient lighting, bathroom and kitchen renovations, paint, pool renovation and replacement of playground equipment.

Tecolote Recreation Center Feasibility Study – Build out and significantly improve the center as an influx of new units are being planned for the area.

Pacific Beach Recreation Center – The roof has significant leaking, which has caused the weight room equipment to be out of commission.

Intersection Modifications at Longfellow Elementary – Improve Milton & Burgener streets for safety concerns not mediated by existing precautions in place.

PUBLIC SAFETY

Ocean Beach Lifeguard Station – Allocate funding for a replacement station that would serve as a joint use facility for SDPD and our Lifeguards serving Ocean Beach. Specifically, include the full design as a top priority.

Police Technology Upgrades - \$300,000 for ARJIS phones to improve efficiency. In addition, improved emergency communication near the Point Loma Waste Water Treatment Plant.

Police & Fire Dispatchers – Additional safety dispatchers in both Departments to provide optimal services in emergency situations.

Community Resource Access Program – Allocate funding for Community Paramedicine, a community-based healthcare model designed to provide more services at a lower cost.

Fire Station 20 - \$21,000 to upgrade the flooring at Fire Station 20.

Lifeguard Positions - Addition of one Sergeant and one Lieutenant Boating Safety Unit.

Park Rangers - Additional night and weekend Park Ranger staffing at Sunset Cliffs.

Updated Signage at Boardwalk - Updates signage near the boardwalk to reflect changes in restrictions for motorized devices.

Western Division Substation Facility Improvements – Funding for flooring replacements and upgrades to locker room and bathroom facilities.

Walking Patrol – Mission Beach has requested walking patrol to address safety concerns.

NEIGHBORHOOD SERVICES

The City budget should support all departmental efforts in becoming more efficient and responsive to the needs of all San Diegans.

Ocean Beach Library Expansion – Commit additional funding to expedite the timeframe for the completion of the OB library expansion. The FY2021 budget should fully fund the design phase of this long overdue update to the library.

San Diego Public Banking – \$250,000 to establish San Diego's Public Banking system as authorized by AB 857 which was recently signed into law.

Improved Code Enforcement – Support and fund additional inspectors and compliance officers in the Development Services Department. Allocate funding to consider establishing an online system to clearly track the resolution process for reported code violations.

North Clairemont Library – New improvements are recommended as follows: New paint, flooring, bathroom remodel, modern energy efficient lighting, upgrade community rooms, replace landscaping and improve outside signage.

Support Arts and Culture Programs (Penny for the Arts) - Supporting the Penny for the Arts is essential for our local non-profit organizations that provide arts education programs, cultural festival and fairs, and community events throughout the city.

Increase Library Materials & Programs - Increase library budget of \$400,000 each for both materials and programs throughout the library system.

Pacific Beach Entrance Signs – Allocate funding At Westbound Balboa Avenue, at the Ingraham Street Bridge at southbound La Jolla Boulevard; and at northbound Mission Boulevard after the I-5 off ramp.

Investments in Placemaking - Allocate funding for placemaking in District 2 around schools and parks, including benches, murals, artwork, signage, and other areas.

Public Trash Receptacles – Additional trash receptacles along Garnet Avenue to discourage littering and dumping.

Updated Community Signage – Updated signage for street sweeping days and times as well as changes in city ordinances regarding vehicle habitation and motorized devices.

ADA Compliance and Enforcement – Increased funding for the Accessibility Advisory Board to ensure equitable access for all San Diegans.

Newport Avenue Veteran's Plaza Park – Level the grassy area at the foot of Newport Ave. and re-sod the entire triangular area. Include funding to evaluate options to renovate Veteran's Plaza.

Second Trash Pick-up in Mission Beach- Continued funding to Environmental Services for bi-weekly pick up and additional trash pickup during summer months.

REVENUE OPPORTUNITIES

To address funding our budget priorities, following are some possible funding sources:

- General Fund Revenues Expected to exceed budget by \$5 million
- Excess Equity: There is a projected \$22.1 million in excess equity.
- Cannabis Tax Revenue: Projected \$19.7 million.
- Infrastructure Fund: There is an estimated \$25.5 million allocation.
- Public Liability Reserve Utilize excess balance for one-time needs.
- Homeless Housing, Assistance, and Prevention Program (HHAP) Estimated \$20 million one-time revenue source to offset homeless program costs.
- Building Homes and Jobs Act Estimated \$4.6 million ongoing
- **Affordable Housing Fund** \$4.1 million one-time
- **For A Better San Diego Initiative** If approved by City voters, this measure would increase the City's transient occupancy tax.

I look forward to working with my council colleagues, Mayor's Office, Independent Budget Analyst Office, and San Diego residents to produce a budget that is balanced and sound while meeting the needs of communities throughout San Diego.



COUNCILMEMBER CHRISTOPHER WARD THIRD COUNCIL DISTRICT

MEMORANDUM

DATE: January 10, 2020

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Chris Ward

SUBJECT: Budget Priorities for Fiscal Year 2021

San Diego must be an equitable city that manages growth proactively and responsibly to address the needs of all neighborhoods and residents. Sustainable investments in City infrastructure, human capital, and neighborhood facilities, are key strategies for success. The city has a history of delaying major infrastructure investments and relying on budgeted vacant positions to fill budget gaps. Yet these delays and gaps in service often lead to higher costs in the long run due to expensive outsourcing of core city responsibilities and emergency responses. We should be engaged in long-term planning to responsibly manage the City's finances and service levels over the long-term, develop strategies to address massive infrastructure backlogs, invest in City staff to provide excellent service by improving the City's ability to recruit and retain talented employees.

INVESTMENT IN CITY STAFF AND IMPROVED RETENTION

It is time to make long-term investments in City employees to ensure competitiveness, excellent service levels, and job satisfaction. The City of San Diego is not competitive with peer cities in the San Diego region, which offer salaries as much as 30 percent higher across many classifications. This has helped lead to lingering vacancies, and an increasing trend of city employees leaving mid-career. Nearly 25 percent of City positions are vacant, many of which have been vacant for an extended period, highlighting both recruitment and retention challenges faced by the city as we attempt to provide a strong work environment and the highest possible level of service.

Employee Wages

The city should examine the existing positions which have been vacant since prior to 2016, and the hundreds of existing vacant positions which have *never* been occupied. This examination may identify budgeted positions which are no longer necessary or should be reclassified, as well as opportunities to redirect savings toward more competitive compensation for candidates in order to more effectively address the understaffing crisis.

Budget Priorities for Fiscal Year 2021 January 10, 2020 Page 2

Approximate cost: Reallocation of budgeted positions

Child Care Center for City Employees

Finding licensed childcare for many families has become increasingly difficult, including for many parents who work for the City of San Diego. We have begun the process of exploring options for those employees with the addition of the City's Child Care Coordinator position reinstated in the FY20 budget. I request that the city expand its efforts on this important need by establishing a Child Care Center for its employees. The availability of City-owned facilities downtown and the availability of numerous child care operators will help us establish partnerships and minimize costs. Such a facility would operate similarly to "Kiddie Hall", historically located downtown.

Approximate cost: \$2,000,000

Park Ranger Positions

The industry standard for City and County Open space is one (1) Park Ranger for 640 acres of Open space. San Diego currently uses one (1) Park Ranger per approximately 1,200 acres of Open space. To bring the city up to industry standards, I request that the Department of Parks & Recreation add an additional (15) Park Rangers for FY21, as well as an additional Code Enforcement Officer, and an additional Account Clerk dedicated to Open space.

- 15 FTE, Park Rangers (\$75,000)

Approximate cost: \$1,125,000

INVESTMENT IN CITY INFRASTRUCTURE

Backlog of Storm Water and Sewer Improvements and Replacements

As District 3 is home to some of San Diego's oldest neighborhoods, the city is frequently responding to water main breaks. These destructive and expensive events are related to the much larger citywide problem of insufficient funding for current and future storm water needs. It is imperative that the city develop a funding strategy for the short—and long—term operations and capital projects in our entire storm water and sewer systems. In addition, per the recommendation of the Office of the City Auditor, the city should develop and execute a strategic communications plan to educate residents on specific storm water issues, including flood prevention and the need for funding, among other priorities. To this end the city should prioritize increased funding for the exploration of integrated water management solutions, which includes a comprehensive TSW–PUD storm water capture and reuse analysis.

Approximate cost: \$400,000 for joint TSW-PUD storm water capture and reuse analysis

CITY DEPARTMENT RESTRUCTURING

Department of Housing and Homelessness

A Department of Housing and Homelessness should be established to manage the programs related to homelessness solutions and develop a more strategic interface with the San Diego Housing Commission's (SDHC) extensive efforts on this issue. Included in this department

Budget Priorities for Fiscal Year 2021 January 10, 2020 Page 3

will be the existing homelessness strategies staff, Real Estate Assets Department's (READ) portfolio management work, and the Economic Development Department's (EDD) housing and community development services. The long-term investments identified to improve our homeless response system will require an integrated and aligned approach that best connects homeless individuals with housing. Streamlining the staffing, contract oversight and development of affordable housing will ensure adherence to the City's Community Action Plan on Homelessness and enhance communication that is currently spread across departments.

The Department will also include a new Division of Tenant Protections. This Division will advance the work tied to homeless crisis response and implement prevention strategies. The Division will collaborate with the City Attorney's Office to prevent and decrease evictions, and all existing Code Enforcement Officers to receive training in tenant protection and prevention of retaliation.

- 1 FTE, Senior Outreach Coordinator (\$120,000)
- 1 FTE, Program Analyst (\$85,000)

Approximate cost: \$205,000

Mobility Department

With the dynamic state of challenges to ensure safe, timely, and accessible transportation to all residents, San Diego should establish a stand-alone Mobility Department. Its mission is clearly outlined in the recently released *Mobility Action Plan, striving to "effectively serve and support all communities."* The City's transportation planning, design, and implementation services are currently scattered among the Planning, Transportation and Storm Water, and Public Works Departments. Cities across the country are abandoning this model to create a stand-alone mobility department to take a comprehensive approach to transportation, ensure collaboration with regional agencies, and diversify overall transportation services.

- 1 FTE, Mobility Director (\$250,000)

Approximate cost: \$250,000 and reallocation of currently budgeted positions

Office of Labor Standards and Enforcement

Existing City departments that investigate contractors, employers and workplace violations should be restructured into a new Office of Labor Standards Enforcement. Such a program can consolidate the administration and enforcement of Minimum Wage, Earned Sick Days, Living Wage, Prevailing Wage, AB 5 and Equal Opportunity Contracting Program into one overarching department.

Approximate cost: Reorganization of existing positions

HOMELESSNESS

The most effective approach to homelessness requires significant investments in short- and long-term solutions. As such, the continued expansion of our crisis response network, such as the bridge shelters, must be met by the development of permanent, affordable housing. The City's Community Action Plan on Homelessness recognizes that necessary actions come at a substantial cost, but we know the cost of inaction is even greater. We have the tools and

Budget Priorities for Fiscal Year 2021 January 10, 2020 Page 4

the experience to begin budgeting for success with the understanding of which programs work, how much they cost, and how long they will be needed. For example, the bridge shelters provide a safe place every night for over 950 San Diegans. The true success of this program is dependent on connecting its participants to housing, which is limited in the region and will take years to build. In the meantime, we must acknowledge the reality that the bridge shelters serve a vital role in our homeless continuum and fund them similarly as ongoing expenses within the General Fund.

The importance of our ongoing homeless programs underscores the need to identify dedicated funding for them and, at a minimum, maintain the level of service we provide at our safe parking and safe storage programs. The administration and expansion of these services, along with housing resources and permanent housing units, will require additional staffing and increased coordination with SDHC. Through the creation of a Department of Housing and Homelessness, as described above, the role SDHC has taken this past decade to lead our response to homelessness will be properly supported by the city.

San Diego Community Action Plan on Homelessness Data Monitoring

The City's Community Action Plan on Homelessness recommends the use of two types of dashboards for internal leadership and external stakeholders to track progress and provide accountability. These process and data dashboards should be updated regularly with their development and inputs performed in concert with the Regional Task Force on the Homeless (RTFH) and the SDHC.

- 1 FTE, Senior Analyst (\$100,000)

Approximate cost: \$100,000

Bridge Shelters

The City's four bridge shelters provide safe, low-barrier temporary beds and services for 953 individuals. The shelters are aligned with the City's Community Action Plan on Homelessness which states that a crisis response is a necessary component of the City's homeless system to meet the needs of individuals and families currently or estimated to experience homelessness. With the Plan's recommended conversion of Transitional Housing beds to crisis response beds and additional diversion resources still in development, the bridge shelter beds are a required component of our system and their funding should be treated as such. The cost of bridge shelters should be budgeted from the General Fund, preserving external housing funds for permanent housing and eliminating the use of one-time grant funds for existing programs.

Approximate cost: \$18,924,00 based on FY20 costs for all 953 beds

Diversion Assistance for 767 Singles/Families

The city must prioritize permanent housing solutions as part of its immediate and long-term response to homelessness. The City's Community Action Plan estimates that 13 percent of individuals and families entering the homeless system can be diverted to permanent housing options. To meet this need, the Plan recommends the City fund 767 additional diversion subsidies per year for the next ten years. These diversion slots would support 674 single individuals and 93 families.

Approximate cost: \$2,527,000

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Flexible Housing Subsidy Pool

A Flexible Housing Subsidy Pool is a dedicated fund from public and private sources that can be used to assist households to quickly access permanent housing. Flexible Housing Subsidy Pools are used across the country and are underway at the city with \$2,000,000 in State Homeless Emergency Aid Program (HEAP) funding. The RTFH has also dedicated HEAP funding for a Flex Fund and is exploring collaborative options with the County of San Diego and philanthropic partners to leverage the fund's capacity, extending the life of the pool beyond the HEAP grant term. The city should add to a regional Flex Pool beyond the initial HEAP investment to allow for immediate housing interventions and seed a long-term program.

Approximate cost: \$2,000,000

Unsheltered Street Outreach

Unsheltered homeless outreach is essential to reaching individuals on the street and connecting them to housing and services. The City's Community Action Plan lists outreach as a "key item for immediate consideration" noting that the frontline of the homeless response system should be led by outreach workers.

Six 2-person outreach teams

Approximate cost: \$1,400,000

PUBLIC SAFETY

Lifeguard Division

The number of visitors to San Diego has grown steadily year-over-year, and the work of San Diego's Lifeguard Division is critical to ensure safety. Lifeguard staff should be added to continue their high level of services and rescues. Specifically, one permanent lifeguard position to serve La Jolla Shores during Winter and Blacks Beach during Summer should be added, as well as one new Lifeguard Sergeant position to work at the Boating Safety Unit (BSU) year-round, and a new Lifeguard Lieutenant position with the BSU to provide coverage seven days per week.

- 2 FTE, Life Guard III at La Jolla Shores (\$69,938)
- 2 FTE, Lifeguard Sergeant, Boating Safety Unit (\$76,556)
- 1 FTE, Lieutenant, Boating Safety Unit (\$46,459)

Approximate cost: \$385,906

Brush Abatement

The Transportation and Storm Water (TSW) Department and Fire Department are responsible for the inspection of over 47,000 public and private sites within the City of San Diego and abatement of brush throughout the city. There is a significant backlog of work in both departments causing multiple year delays in brush abatement. Given ongoing wildfire conditions and concerns, especially in neighborhoods impacted by urban canyons, this program should be expanded, or at the minimum, restored to funding levels before cuts were made in FY19.

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- 1 FTE, Supervisor (\$160,000)

- 8 FTE, Code Compliance Officer (\$89,000)

Approximate cost: \$872,000

INFRASTRUCTURE AND SUSTAINABILITY

Downtown Mobility Plan

The Downtown Mobility Plan is an interconnected framework of one-way and two-way cycle tracks that will increase safety and mobility for cyclists and scooters riders. I request full funding and programmed implementation of Phase II as well as full funding to complete design work for Phase III.

Approximate cost: \$9,000,000

Bicycling Facilities

The city has made much progress in adding new bicycling facilities in recent years. In 2020, the city should adopt a new Citywide goal of installing at least 20 miles of protected, separated bike lanes citywide to fill network gaps, expand the protected bike lane network, and improve safety at high crash and crash prone areas. Selection of these facilities can be coordinated with repaving efforts and should be prioritized in disadvantaged neighborhoods per recommendations from the Mobility Board.

Approximate cost: TBD

Bus Only Lane Expansion

Successful collaboration between the City and MTS led to the completion of the El Cajon Boulevard Bus-Only Pilot Lane. As the city implements its Complete Communities strategy, I request that a minimum of three additional bus only lanes be implemented in the city through collaboration with MTS to increase ridership, shorten bus travel times, and correspond with planned, increased residential density.

Approximate cost: \$300,000

Vision Zero

The City's recently completed Systemic Safety Analysis Report Program (SSARP) identified conditions which are most likely to lead to injury and fatal crashes. Approximately 66 intersections will receive safety upgrades through State grant funding. I request that an additional 20 intersections receive safety upgrades. These upgrades include Lead Pedestrian Intervals (LPIs) with Blank-out Signs for 20 new intersections:

- Ash Street and Fourth Avenue
- Imperial Avenue and 45th Street
- University Avenue & Rolando Boulevard
- Imperial Avenue and San Jacinto Drive
- Clairemont Mesa Boulevard and Convoy Street

- Euclid Avenue and Market Street
- Euclid Avenue and Guymon Street
- Euclid Avenue and Hilltop Drive
- Imperial Avenue and 49th Street
- Imperial Avenue and Willie James Jones Avenue

Approximate cost: \$500,000

Sidewalk Maintenance and Repairs

A well-maintained and safe network of sidewalks is essential to having a walkable and accessible city. City staff respond to requests for repairs but are experiencing a significant backlog and staff levels have been reduced in recent years. Further, a proactive approach for inspections has not been established. I request funding to address our extensive sidewalk backlog, specifically to restore staffing capacity to pre-2008 levels, and to create a proactive program to inspect, evaluate, and notify property owners about needed repairs.

12 FTEs, Utility Worker (\$42,000)1 FTE, Utility Supervisor (55,450)

Approximate cost: \$559,450

De Anza Revitalization Plan

The De Anza Revitalization Plan should consider all available options for wetlands restoration. As discussed at Council hearings during the approval of the Campland lease extension in 2019, the city should comprehensively analyze the "Wildest" wetland restoration option in the upcoming Environmental Impact Report (EIR).

Approximate cost: \$200,000

ECONOMIC DEVELOPMENT

Public Banking Business Plan

AB 857 was signed into law in 2019, creating the opportunity for local governments to charter a municipal bank. The act lays out specific requirements to prove viability, which would be addressed by the creation of a business plan that meets the requirements of the California Department of Business Oversight and the stipulations in the act itself. I request funding to complete a business plan.

Approximate cost: \$250,000

Cannabis Equity Study

As proposed a newly established Cannabis Equity program in the City of San Diego can help reinvest funds generated through the sale of cannabis into communities that were disproportionately impacted by the criminalization of cannabis, prior to its legalization in California through Proposition 64. An equity study is needed and requested to analyze available data related to disparities in the cannabis industry and to provide policy and funding options to guide the funding of a Cannabis Equity program.

Approximate cost: \$150,000

Penny for the Arts

The Penny for the Arts Blueprint (Blueprint) adopted by the City Council in 2012 included a goal of restoring annual Arts, Culture, and Community Festivals allocations to 9.5 percent of the City's Transient Occupancy Tax (TOT) revenues by FY17. In the years since, the city has never met the Blueprint's annual funding targets. A 2014 study found that San Diego's non-

profit arts and culture industry generates \$1.1 billion in annual economic activity, supports 35,914 full-time equivalent jobs, and generates \$116,000,000 in local and state government

Budget Priorities for Fiscal Year 2021 January 10, 2020 Page 8

revenues. In order to continue supporting the growth of this critical economic driver and get closer to our stated commitments in the Blueprint, funding levels for the Commission for Arts and Culture Funding Programs should be increased to at least 7.5 percent of anticipated TOT receipts.

Approximate cost: \$11,362,500, based on FY19 TOT revenue projections

Library Materials and Programming

Library materials and programming are important resources San Diegans have come to depend on. I request that the materials budget be increased and that programming be maintained in FY21. An increase in the materials budget should specifically fund digital databases to ensure libraries are providing access to a wide variety of San Diegan residents. To protect these important digital resources, I request a modest increase of \$500,000 in FY21 to library's material budget. This represents an approximate \$13,888 allocation to each library branch.

Approximate cost: \$500,000 additional funding for materials and \$400,000 to continue programming

ENVIRONMENT

Climate Action Plan (CAP) Implementation and Monitoring

San Diego has taken great strides to achieve its 2020 emissions targets established in the City's 2015 Climate Action Plan (CAP). By developing a pathway to these targets through five bold strategies, the CAP calls for actionable items that contribute to overall GHG reductions. The city must begin prioritizing all aspects of these strategies to address our climate emergency.

Each of the five strategies - Water & Energy Efficient Buildings; Clean & Renewable Energy; Bicycling, Walking, Transit & Land Use; Zero Waste; and Climate Resiliency - have elements that need to be funded in FY21. The most pressing of these items are listed below and detailed elsewhere in this memorandum under other topics, e.g. storm water reuse analysis, Downtown Mobility Plan, etc. Those not requested here are no less urgent, but may already be nearing completion or require innovative methods to achieve.

I request the specific items below to be funded in the FY21 budget:

CAP Reporting

Provide increased funding for ongoing annual CAP reporting, future updates to the CAP, and support for the City's work on climate equity.

Approximate cost: \$400,000

Climate Resiliency

Continue the City's work on climate resiliency planning to support the rapidly evolving circumstances facing our coastline and wildfire-prone open space. Initial funding was

allocated in FY20 with dedicated funds needed to ensure long-term planning and monitoring.

Approximate cost: \$300,000

Budget Priorities for Fiscal Year 2021 January 10, 2020 Page 9

Provide funding to increase tree canopy coverage in the right-of-way and parks to achieve our CAP goals. We should begin in the five parks most in need of trees. The parks include Mountain View, Sandburg, South Crest, Willie Henderson, and Bay Terrace, accounting for over 250 trees.

Approximate cost: \$146,474

Expand the urban forestry program to increase tree planting, maintenance and protection, and efficiency to meet residential demand. Specifically, provide funding for the following:

- Planting of 2,500 additional street trees (\$500,000)
- Increase in contracts for inspection and scheduled tree (\$1,000,000)
- 1 FTE Code Enforcement Officer, Development Services Department (\$100,000)
- 1 FTE Arborist/Horticulturalist, Streets Division (100,000)

Approximate cost: \$1,700,000

ADDITIONAL REVENUE OPPORTUNITIES

Proposition H

In 2016, San Diego voters approved Proposition H, a ballot measure that requires the dedication of General Fund revenue growth to an Infrastructure Fund. The Outlook recognizes these allocations to the Infrastructure Fund as a General Fund expense, but does not include projections for any expenditures paid for by the Infrastructure Fund. Allocations to the Infrastructure Fund could be used to support certain strategic expenditures, potentially including the City's Infrastructure Asset Management Program, street repair, and storm water permit compliance projects, thereby addressing critical needs while mitigating the projected deficit.

Approximate revenue: \$15,000,000

Senate Bill 2

California's Senate Bill 2 created a dedicated revenue source for affordable housing and directed the Department of Housing and Community Development (HCD) to allocate 70 percent of the funds in the Building Homes and Jobs Trust Fund, collected on and after January 1, 2019, to local governments through the Permanent Local Housing Allocation (PLHA). Approximately \$165,000,000 in PHLA funding is expected to be available annually with an estimated \$5,073,000 received in San Diego this next year.

Approximate revenue: \$5,073,000

Excess Equity

Based on FY20 Actual Budget amounts, Excess Equity is tentatively projected to be \$22,100,000 at year end which may be budgeted for one-time FY21 expenditures.

Approximate revenue: \$22,100,000

Capital Outlay

In 2018, voters approved Measure G, involving the sale of 132 City-owned acres in Mission Valley to SDSU, with construction on the site projected to begin in 2020. The price and terms

Budget Priorities for Fiscal Year 2021 January 10, 2020 Page 10

of the sale have yet to receive final approval by the City Council, however details of tentative proposals have been publicly vetted. While a portion of the sale proceeds will go to the City's Public Utilities Department, a balance (roughly estimated to be in the range of \$47,300,000) will be deposited into the Capital Outlay Fund.

Approximate revenue: \$47,300,000

Pension Fund Stabilization Reserve

The City could consider forgoing the Pension Payment Stabilization Reserve (PPSR) contribution of \$4,500,000 for FY21 (General Fund portion) and utilize these funds to pay part of the General Fund increase in the pension payment for FY21.

Approximate revenue: \$4,500,000

Vacancy Savings

Hundreds of existing budgeted City positions have either been vacant since before 2016 or never been filled. Beginning with these positions, the City should evaluate positions which can be eliminated or re-classified to a purpose which leads to vacancies being filled.

Ongoing CIP Cash Management

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

Cannabis Tax Revenue

According to the FY20 First Quarter Budget Report, the city began collecting tax receipts from the Cannabis Business Tax in January 2018, receiving \$2,700,000 in gross receipts in FY18. The FY19 actual revenue is reported at \$8,200,000, and the FY20 projected revenue is \$17,000,000. FY21 revenue is projected to be \$19,700,000, reflecting continued development of the industry and updates to the tax structure. As licensing and tax revenue to the city increases from the cannabis industry, priority should be given to retaining or expanding services and capital projects in historically underserved communities.

Approximate revenue: \$19,700,000

Smart Streetlight Program

Additional funding for the Smart Streetlight Program should be suspended until the City Council adopts a comprehensive policy on the proper usage of and access to the smart streetlights and its data. The Outlook reports that \$2,300,000 in expenditures for this program is planned in Fiscal Year 2021.

Approximate revenue: \$2,300,000

Budget Priorities for Fiscal Year 2021 January 10, 2020 Page 11

Addendum A

NEIGHBORHOOD IMPROVEMENTS

Streetlights

- Copley Avenue mid-block between Bancroft Street and West Mountain View
- F Street between 21st and 24th Streets
- McClintock Street mid-block between Meade Avenue and Monroe Avenue
- Intersection of Olive Street and Third Avenue

Sidewalks

- New sidewalk in front of 2521 Haller Street
- Repair of sidewalk along 1200 block of 28th Street
- Repair of sidewalk along Upas Street between Florida Street and Alabama Street
- Sidewalk expansion, San Diego Avenue in Old Town

Traffic Signals

- 32nd Street and Madison Avenue
- Adams Avenue and 34th Street
- Adams Avenue and Hawley Boulevard
- 34th and El Cajon Boulevard
- Mississippi Street and El Cajon Boulevard

Street Repaving

- Dale from Ash Street to Date Street
- Hawley Boulevard from Madison to Arthur Avenue
- 33rd from Monroe Avenue to Adams Avenue
- 32nd from Monroe Avenue to Collier Avenue
- Ohio Street from Polk Avenue to University Avenue
- Mansfield from Adams Avenue to Collier Avenue
- India Street from Palm Street to Sassafras Street

Normal Heights

Ward Canyon Park Phase II Improvements

Ward Canyon Park provides an important recreational area to the Normal Heights community. I request completion of the Park in accordance with the approved General Development Plan, including construction of a permanent dog park, community garden, and recreation building.

Approximate cost: \$8,000,000

Security at Normal Heights Elementary School

Security near the Normal Heights Elementary School is an increasing concern among Normal Heights residents. Funding should be provided for security cameras, lighting and personnel to open and lock the gates to Normal Heights Elementary during joint use hours.

Approximate cost: \$60,000

Budget Priorities for Fiscal Year 2021 January 10, 2020 Page 12

Community Plan Update for Mid-City Community Plan

The Mid-Cities Community Plan was most recently updated in 1998, more than 20 years ago. Many of the Mid-City communities have transformed since this update, and a community plan update is necessary to reflect the current character, urban design elements, need for public resources, and vision for these neighborhoods. This community plan update should reflect the transformation of El Cajon Boulevard as an emerging commercial district, and accommodate higher intensity mixed-use developments.

Approximate cost: \$1,500,000 (phased)

South Park and Golden Hill

Grape Street Plaza

Grape Street Plaza is the nexus of the South Park business community and serves as an invaluable pedestrian space in the heart and center of the neighborhood. The community has discussed the possibility of expanding Grape Street Square by vacating the 3000 block of Grape Street. I would like to request funding to vacate this street and make capital improvements to revitalize this public square into a landmark pedestrian plaza.

Approximate cost: TBD

Golf Course Drive Improvements Completion

This project would provide a multi-modal pathway along Golf Course Drive from 26th Street to 28th Street, including a 5' sidewalk, northbound and southbound class II bike lanes, and one lane of traffic each way. This project was requested by the Greater Golden Hill community for more than three decades, as this is a vital thoroughfare for communities surrounding Balboa Park. Inclusion of class II bike lanes will also improve the accessibility to the upcoming Pershing Bikeway currently under design by SANDAG. Preliminary design for this project was completed in 2018. I request funding for the environmental, design, and construction phases.

Approximate cost: \$6,368,650

Return of City Operations Yard to City Parkland

The community of Golden Hill has been home to the City's Central Operations Yard since 1920. A portion of the yard is located within the boundaries of Balboa Park and is identified in the East Mesa Precise Plan for development of the Pershing Recreation Complex, a multiuse sports park. I request funding to convert the relevant lot of the City Operations Yard into a community park. Facilities should include a bathroom, water fountain, soccer fields, and active recreational space.

Approximate cost: TBD

Old Town

Presidio Drive Traffic Study

Traffic Engineering has identified the cost and scope for an evaluation of Presidio Drive to be converted into a one-way street with pedestrian and bike safety enhancements.

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Approximate cost: \$50,000

Roundabout at San Diego Avenue and Congress Street

This roundabout is one of the top priorities of Old Town Community Planning Group and items within the Impact Fee Study. I request that an analysis be completed for the roundabout to determine feasibility and cost.

Approximate cost: TBD

Pedestrian Improvements

Pedestrian improvements such as curb extensions and wider sidewalks are needed at Congress Street, San Diego Avenue and Ampudia Streets.

Approximate cost: TBD

Balboa Park

Balboa Park Implementation Plan

A Balboa Park Implementation Plan is needed to prioritize improvements requested by the community and stakeholders at the Park, and to honor the short- and long-term maintenance needs. The 1989 Balboa Park General Plan outlined projects desired by the community, but a significant number of projects have yet to move forward. An implementation plan will provide a much-needed comprehensive needs list of projects with associated costs.

Approximate cost: TBD

Park Maintenance

Funding for immediate maintenance needs in the Park is needed to ensure a positive visitor experience. Specifically, I request funds for two additional weekend and evening Park Rangers assigned exclusively to the Park, one additional Tree Trimmer, one additional Gardener, and one additional Custodian.

Approximate cost: \$340,783

Downtown

5th Avenue Gaslamp Promenade

The proposed 5th Avenue Gaslamp Promenade will create a north-south link in the heart of the Gaslamp Quarter through the reclamation of underutilized public right-of-way and innovative design. As a newly revitalized pedestrian boulevard, the project will help revive the area for the benefit of the downtown economy and tourism. Funding is needed to advance the design and construction of this community benefit.

Approximate cost: \$7,000,000

Budget Priorities for Fiscal Year 2021 January 10, 2020 Page 14

St. Joseph's Park

The Downtown Community Plan includes St. Joseph's Park as a new amenity in the Cortez Hill neighborhood. To help ensure creation of this highly desired new open space, I request funding to allow staff to begin Park design.

Approximate cost: \$500,000

North Central Square

The Downtown Community Plan includes North Central Square as a new amenity in the Cortez Hill neighborhood. To help ensure creation of this amenity, I request funding to allow staff to begin design.

Approximate cost: \$500,000

<u>Security for Harbor Drive Pedestrian Bridge Elevators and Gaslamp Square Restrooms</u>

The Harbor Drive Pedestrian Bridge and Gaslamp Square restrooms are frequently used resources Downtown. I request funding for security at these two locations to help maintain cleanliness and safety at these locations.

Approximate cost: TBD

Mission Hills

West Lewis Pocket Park

Phase I of this neighborhood park has been completed. I request staff to identify cost and funding availability for Phase II improvements including the trail connection with the existing Phase I in accordance with the general development plan.

Approximate cost: TBD

Pedestrian Safety HAWK Signal

Crossing Washington Street at the intersection of Albatross Street is currently a dangerous situation. Cars traveling the Washington corridor are moving at high speeds and typically do not respond to pedestrians crossing using the recently installed RRFBs. I am concerned this intersection will become another liability for the city and seriously injure or kill a pedestrian in the future. A High-Intensity Activated Crosswalk (HAWK) beacon signal should be considered for this intersection to control traffic and ensure greater safety.

Approximate cost: \$300,000

Bankers Hill

6th Avenue Roundabouts

6th Ave along Balboa Park has been planned for roundabouts as part of a larger traffic calming effort. The City should fund the design and construction of the roundabouts to implement much needed pedestrian safety and traffic calming as soon as possible.

Approximate cost: \$2,000,000

Budget Priorities for Fiscal Year 2021 January 10, 2020 Page 15

Maple Canyon Rehabilitation

Each year, Maple Canyon releases sediment into surrounding neighborhoods of South Mission Hills and floods storm drains as far out as Pacific Coast Highway. I request that staff identify funding for Phases I and II to rehabilitate Maple Canyon to include improved hardscape and natural drainage tools.

Approximate cost: TBD

Replacement of Series Circuits

There are two series circuits in Bankers Hill connecting all street lights in the neighborhood. They are over a hundred years old and are frequently offline causing entire blocks of street lights to go out and preventing the installation of new street lights. I am requesting \$4,000,000 to replace the two Bankers Hill series circuits.

Approximate cost: \$4,000,000

Quince Street Bridge Rehabilitation

Since 1905, the Quince Street Bridge has been a treasured landmark in Bankers Hill providing a critical connection to residents across historic urban canyons. Currently, the bridge is in need of re-painting in order to preserve and protect it as one of the few remaining wooden pedestrian trestles in San Diego. I request staff to identify cost and funding availability for repainting the historic Quince Street Bridge.

Approximate cost: TBD

Hillcrest/Uptown

Normal Street Promenade

Since the 1988 Community Plan, the community of Hillcrest has called for public space on Normal Street. Last year, with funding and collaboration from the City, SANDAG, and the Uptown Community Parking District, this project is moving forward with construction expected in 2021. Currently, the unfunded cost of this project is \$900,000.

Approximate cost: \$900,000

Vermont Street Bridge Circuit and Light Rehabilitation

The Vermont Street Bridge is a cherished, highly utilized pedestrian thoroughfare in need of improved lighting. I am requesting a replacement of the series circuit and improved lighting be installed to increase visibility.

Approximate cost: \$2,000,000

Replacement of Series Circuits

The series circuit in Hillcrest connecting all neighborhood street lights is over a hundred years old and is frequently offline causing entire blocks of street lights to go out and preventing the installation of new street lights. I am requesting \$2,000,000 to replace the Hillcrest series circuit.

Approximate cost: \$2,000,000

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University Heights/ North Park

<u>Evaluation and Feasibility Study of Roundabout at El Cajon Boulevard, Park Boulevard, and Normal Street Intersection</u>

The North Park Impact Fee Study recommends roundabouts to replace existing traffic signals at the intersection of El Cajon Boulevard, Park Boulevard, and Normal Street to help improve safety and traffic flow. Improvements at this intersection are timely as numerous residential development and capital projects are planned or underway immediately surrounding the intersection. I specifically request that the analysis include both a traffic study to determine impacts to the surrounding area and cost estimates for this proposed project.

Approximate cost: TBD

North Park

North Park Water Tower Reservoir Property Repairs

This historic asset was closed in late 2019 due to structural deficiencies. This property is beloved by the community because of the indoor soccer fields located above the reservoir component. I request funding for a retrofit and restoration of the property to allow for continued service to the community in the future.

Approximate cost: TBD

North Park Mini Park Pedestrian Improvements

This much awaited community asset will be breaking ground soon. I request funding for traffic calming measures at North Park Way to accommodate increased foot traffic, including many families, to access the new park. I also request that ADA improvements on 29th Street be completed.

Approximate cost: TBD



THE CITY OF SAN DIEGO OFFICE OF COUNCILMEMBER MONICA MONTGOMERY

MEMORANDUM

DATE: January 10, 2020

TO: Andrea Tevlin, Independent Budget Analyst, IBA

FROM: Councilmember Monica Montgomery, Fourth Council District

SUBJECT: Fiscal Year 2021 Budget Priorities

Each year City of San Diego Council District offices submit individual budget priorities for consideration of the City of San Diego's fiscal year budget. Budget priorities not only reflect the immediate needs of a community, but also reflect the values of a given Council District office. As the budget is also leveraged as a management and planning tool, community needs must be addressed in a fiscally responsible manner while exercising a mastery in urban planning.

With an anticipated budget shortfall of \$21.1 million in FY 2021 and the potential increase of the shortfall to \$83.7 million from recommended critical strategic expenditures¹, it is imperative equitable investment is directed to critical resources and infrastructure in underserved communities.

My budget priorities aim to establish equity and build towards the vision of a world-class city by dedicating resources in public safety, infrastructure, library, parks and recreation, and citywide services. Ultimately, given a constrained budget, it is the City's fiduciary responsibly to implement a budget that will contribute to the resilience, sustainability and quality of life for all in the City of San Diego.

The following are my budget priorities for the Fourth Council District's Fiscal Year 2021 Budget.

¹ IBA Review of the Mayor's FY 2021-2025 Five-Year Financial Outlook https://www.sandiego.gov/sites/default/files/19_28_fy21-25_gf_5yr_outlook_complete_rpt.pdf

PUBLIC SAFETY

Community Oriented Policing

The City must take steps to further define "Community-Oriented Policing" and establish policies that achieve the true spirit of this approach. Each neighborhood has unique needs and the community should take the lead in defining what public safety means and what role police play. Police should form partnerships broadly with community stakeholders around the City and should develop solutions to public safety problems through collaborative problemsolving. It is imperative that we continue to invest resources to expand policing alternatives that deter officers from using force and to continue to build the trust and relationships between our residents and police officers.

Diversity in Recruitment and Retention for First Responders and Law Enforcement

The City should provide additional resources and take the necessary steps to encourage diversity in the recruitment and retention of our First Responder and Law Enforcement programs. As we continue to talk about building trust in our vulnerable communities, a key factor is diversifying these forces in order to reflect all of the communities they serve. The City should also explore incentive programs like low-cost housing, which would not only encourage our First Responders and Law Enforcement officers to live in the community, but could also assist with low retention rates across the board.

Resource Access Program and Emergency Medical Response

The City saw success with the reimplementation of the Resource Access Program (RAP) last year, as 87% of those who called were connected with ongoing mental health services. Because the pilot scope of practice under which RAP operated expired in November 2019, the City should explore options that will restore the program to the level of success that was seen in 2019.

Continued Implementation and Monitoring of AB 953

Monitoring of AB 953 (Racial and Identity Profiling Act of 2015): An annual independent Racial Impact Report should be funded and presented to the City Council analyzing the data collected under the Racial and Identity Profiling Act. The report should include information and recommendations from Center for Policing Equity, who was recently hired by San Diego Police Department to analyze their collected data. With recent findings of discriminatory policing by Campaign Zero, it is crucial that the Council receives updates on any racial bias complaints and the outcomes of such complaints, as well as the action taken by SDPD to mitigate racial biases.

Brush Abatement

In recent years, the City has experienced numerous delays in brush abatement. As California has seen devastating wildfires across the state, it is imperative that we provide the adequate resources needed to take proactive and preventative approaches in the following areas throughout the year: regional parks, open space parks, canyon lands, etc. The City should also provide additional funding to our Fire-Rescue Department to conduct community education programs on brush maintenance and methods to prevent conditions that could lead to large-scale fires.

Police Trainings, Metrics and Impacts

The City must provide line officers and leaders with effective trainings and policies on deescalation, multicultural awareness, and working with people experiencing mental health crises. These trainings and policies must be connected to metrics to measure their impact in the field to ensure the effectiveness and officer accountability.

Police Department's Traffic/Special Events Division

The current structure was designed to accommodate the needs of Traffic Division in 1999. Since that time, the demands placed on the facility have grown. The City Council approved a resolution to fund a feasibility study for a permanent Traffic Division facility. To allow Public Works to work with the Police Department to analyze property issues, operational needs, desired facility conditions, and to develop a project scope, budget, and schedule, the Council should fund a feasibility study.

Permanent Facility for the Encanto Fast Response Squad (FRS 55)/Encanto Fire Station A cost-effective and efficient approach to implementing additional Citygate recommendations is to convert the existing Encanto Fast Response Squad (FRS 55) into a full-service fire station (FS/Engine 55). The call volume and severity of incidents in the Encanto neighborhoods warrant the permanent addition of additional fire-rescue resources. This would require the identification and purchase of land and the construction of a permanent facility.

Neighborhood Code Compliance

The Neighborhood Code Compliance Division of the Development Services Department administers programs designed to protect the public's health, safety, welfare, and property value through enforcement of the City's ordinances and State/Federal laws relating to land use, zoning, housing, public nuisances, graffiti abatement, and vegetation/fire hazard abatement. For too long, the staffing levels in the Division have been low and enforcement priorities have been adjusted downward to keep pace. We request that the resource capacity of the department be analyzed and considered for additional funding.

<u>Credible Messenger Program</u>

San Diego has seen a rise in gang violence across the City over the past year. The City should explore options to implement a Credible Messenger Program which would encourage former gang members to mitigate potential violence in the community and promote peace throughout all neighborhoods. As an innovative restorative justice program to engage "justice-involved" community members, the program would aim to not only stop violence before it starts, but to also enhance public safety, decrease recidivism and provide meaningful social service interventions.

INFRASTRUCTURE

Storm Water Channel and Storm Drain Maintenance

The City has engaged to enhance the maintenance of its storm water channels and storm drains to ensure that life and property are protected. However, much of the work being performed by the department is through emergency permitting. To avoid the need to do last minute emergency permits to prevent flooding, the City should fund an enhanced storm water channel and storm drain maintenance program that addresses high flood risk locations in FY21 and beyond.

Below are storm drains that need to be expanded and upgraded in District 4:

- 1. 6200 Imperial Ave/Akins (Between 62nd and 69th Streets)
- 2. Klauber Ave
- 3. Imperial Avenue starting at 47th St all through Castana St.
- 4. Marie Widman Park (Encanto Park) Storm Drain 6727 Imperial Avenue San Diego, CA 92114
- 5. Storm Drain along Atkins Avenue (Encanto/62nd Trolley Station)

Creek Channel Maintenance

- 1. Chollas Creek in Rolando 4156 Rolando Blvd, San Diego, Ca 92115
- 2. Encanto Expressway Jamacha & 69th to Jamacha & Cadman

Council District Four Sidewalks: Paradise Hills and Rolando Community Areas

The residents of Paradise Hills, supported by its official Community Planning Group, have been advocating for the installation of sidewalks at 48 various locations. Also, the community of Rolando has requested sidewalk projects to be prioritized as well. Funding and grant opportunities should be identified to improve walkability.

<u>V-calming devices - Rolando Park - Traffic and Pedestrian Safety</u>

There have been numerous requests for traffic calming measures in the streets identified below in Rolando Park. A traffic evaluation has been conducted approving the installation of the calming measures.

- 1. Rolando Blvd between Celia Vista and University
- 2. Aragon Dr. between Celia Vista and University
- 3. Vista Grande Dr. between Celia Vista and Racine

Mode Shift Incentive Program – Transportation demand management (TDM) Program Incentivize commute mode shift for City of San Diego employees toward walking, bicycling and transit through a TDM program for City Staff. Reward for mode shift include compensated transit passes, paid time off or other benefits within City of San Diego's control.

Safe intersection improvements

Improve intersections with high visibility crosswalks, Lead Pedestrian Intervals and No Right on Red signals throughout the City and dangerous intersections.

- 1. 45th St & Market Street
 - Lead Pedestrian Interval blank out signs (LPI)
 - Audible Pedestrian Signals
- 2. 62nd St & Imperial Avenue
 - Rebuild curb ramp
 - Directional arrow heads
 - Install opposite crosswalk east of existing crosswalk
- 3. Fund Lead Pedestrian Intervals (LPIs) with blank out signs
 - Ash St & 4th Av
 - Imperial Av & 45th St
 - University Av & Rolando Blvd
 - Imperial Av & San Jacinto Dr
 - Clairemont Mesa Blvd & Convoy St
 - Euclid Av & Market St
 - Euclid Av & Guymon St
 - Euclid Av & Hilltop Dr
 - Imperial Av & 49th St
 - Imperial Av & Willie James Jones Av

Expansion of Bus Lanes

Through the City of San Diego's purview in its Memorandum of Understanding with the San Diego Metropolitan Transit System Promote, support for transit use by improving travel times for buses with dedicated bus lanes is recommended. Traffic signal prioritization should be considered whenever it is possible.

These projects should be citywide, especially for the following thorough-fares in District 4:

- 1. Imperial Avenue
- 2. Euclid Avenue

Expansion of Bus Pads

Bus Pads accommodate capacity and size of Bus Vehicles with designated sections at specific bus stops that are paved with concrete to reduce distress on asphalt roads. In 2019, at Euclid Avenue and Market Place Way, a Bus Pad was installed which enhanced the quality of the bus stop in this area of the district. The following intersections that have distressed roads from bus routes should be included in the budget on the City of San Diego's purview in its Memorandum of Understanding with the San Diego Metropolitan Transit System:

- 1. Parkside Avenue and Dusk Drive (Route 961)
- 2. Paradise Valley Road and Meadowbrook Drive (962)
- 3. Brooklyn Avenue and Stork Street (Route 917)
- 4. South Meadowbrook & Skyline Dr. (Route 4 & 12)
- 5. San Vicente & Meadowbrook (Route 4)
- 6. 54th St & Pirotte (Route 917 & 955)
- 7. Near Euclid & Imperial Trolley Station (415 Euclid St) -

LIBRARY AND PARKS & RECREATION

Accelerate Citywide Park and Recreation Condition Assessment

\$1.5 million to provide full funding to complete the condition assessment at an accelerated pace rather than the scheduled five years. The City must complete this assessment in order to direct investment to under-resourced public parks and help address system-wide needs for park equity throughout our city's neighborhoods.

Create Chollas Creek Master Plan

In November 2015 the Park and Recreation Board Unanimously voted to accept the Chollas Creek Regional Park Designation Feasibility Study and recommended updating and expanding the 2002 Chollas Creek Enhancement Program. The next step would involve the preparation of a Master Plan to be developed under the direction of the City of San Diego Planning Department.

Southcrest Park Security Lights

Park security lights are requested for Southcrest Park. The park is in a high crime neighborhood and has large sections of unlit areas. Additional lighting has been requested by the Recreation Council and Park and Recreation staff for a number of years. The goal of the lights is to increase safety for community members at the park.

Martin Luther King, Jr. Community Park - Basketball Court Lighting

This project provides for retrofit and improvements to the existing basketball court lighting.

Marie Widman Memorial Park Public Safety Redesign and Enhancements

Reconfiguration of the park is needed to enhance public safety. Most importantly enhancements to park amenities can increase park usage and activity.

Emerald Hills Public Park Improvements - Design

The Emerald Hills Community Park is one of the few outdoor public spaces in District 4. This park was built over 50 years ago, and has had no significant upgrades. The FY 2020 adopted budget allocated funds for a General Development Plan. With that, the next step in the park's improvement process is to allocate funds for Design.

Oak Park Library - Design

The neighborhood of Oak Park needs a library as the existing library has been neglected. In the FY 2020 adopted budget, funds were allocated for a feasibility study. With that, the next step towards the library's development is to allocate funds for Design.

<u>Keiller Playground Equipment Improvements</u>

The equipment in Keiller playground is more than 60 years old and not only is the equipment outdated it is deteriorating. Serious improvements need to be made to the equipment to assist in keeping District 4 parks current and maintain park usage.

<u>Paradise Hills Recreation Facility Improvements</u>

Improvements are needed to enhance public safety and to add park amenities to increase park usage and activity.

Potomac Park Temporary improvement project

Potomac Park in Paradise Hills has been an empty space yet to be activated for more than 30 years as it is classified as a landfill. This space must be activated to beautify and serve the community.

<u>Paradise Hills Public Library improvements</u>

The Paradise Hills Public Library has not under gone any serious improvements for more than 40 years. To maintain equity in the library system improvements must be made to this aged library.

Castana Street East of 47th Street Along Chollas Creek

This project provides for the acquisition, design and construction of a Mini-Park. Improvements could include picnic facilities, children's play area, walkways, landscaping and security lighting. Improvements to Chollas Creek, storm drains, and the abutting street will be needed. This project is in conformance with the Encanto Neighborhoods Community Plan and is consistent with the City's General Plan Guidelines for population-based park and recreation facilities and is needed to serve the community at full buildout.

Encanto Open Space Trails Improvements

This project provides for the design and construction of park amenities for the Encanto Neighborhoods open space trail system. Park improvements could include the construction of 2,330 linear feet of new trail, trail kiosks, interpretive signage, native landscaping, benches, picnic tables, and the closure of 11,400 linear feet of trails.

Approximate cost:

- Emerald Hills--1,570 linear FT of new trail
- Chollas Radio--550 linear FT of new trail
- Valencia Canyon--210 linear FT of new trail

Paradise Canyon and Jamacha Canyon Open Space Improvements

This project is referenced from the Skyline-Paradise Hills Community Plan (1987) under its implementation plan for the landscape element. Like the Encanto open space trails proposal, construction walking trails that are feasible within site is desired. Signage, native landscaping and benches is also requested. These two project sites could be funded under open space bonds.

Lomita Park general improvement

In the 2003 Skyline Paradise Hills Public Facilities Plan, Lomita Park was one of the parks referenced to be designated a comfort station and to also bring the park up to ADA compliance.

World Beat Center

The World Beat Center is a cultural jewel within the City of San Diego. According to the Balboa Park Plan that was adopted in 1992, the World Beat Center was promised \$1 million worth of renovations that it has yet to receive. Funding should be designated to provide the physical and policy improvements outlined in the Balboa Park – Central Mesa Precise Plan under Pepper Grove Properties.

Library Ordinance

The Library Appropriation Ordinance requires that the Library Department budget equal six percent of the General Fund's budget each fiscal year. In order strive to achieve compliance with the Ordinance, we request an increased allocation to the Library Department budget beginning with the following items:

- Technology upgrades: San Diego Public Library has approximately 3,000 technology devices it supports. Most devices are not supported by the Department of Information Technology and prevents the library from offering state of the art software. Annual investments are recommended.
- Materials: General fund budget for libraries are currently at 1.8 million, as it
 was in FY2009. To keep up with inflation in library materials, it is
 recommended increase in the San Diego Public Library's materials fund be
 enacted.
- FY09-Fy19: The Library Department's Budget has remained flat for the remaining decade at 1.8 million. The library currently spends 3 million, but relies on donations to fund ongoing materials.
- Library Programs: Many library programs are funded via donations, which can vary year-to-year. Expansion of the programming budget for the City's branch libraries would allow programs to be consistent year to year and relatively equal across all branch libraries.

CITYWIDE SERVICES & OPERATIONAL NEEDS

Office of Tenants Protection

Creation of a 'Rent Board' with the ability to enforce AB 1482 and perform tenant mediation regarding code enforcement. Existing Housing Code Enforcement Officers should be reassigned to this new office. All personnel in this new office should receive training in tenant protection and prevention of retaliation.

- Hire additional Code Enforcement Officers, focused on substandard housing in the following communities: Barrio Logan, Southeastern San Diego and Encanto.
- This office should provide regular "Know Your Rights" clinics to tenants, in multiple languages.

Office of Labor Standards and Enforcement (OLSE).

Support working families by creating an Office of Labor Standards Enforcement (OSLE). The Office of Labor Standards Enforcement should enforce the Minimum Wage Earned Sick Days Ordinance, Living Wage Ordinance, Prevailing Wage, AB 5 and the EEOC program.

- Hire additional staff to proactively investigate minimum wage, sick days and retaliation violations.
- 1 FTE Field Investigator (modeled after the State Labor Commissioner's Bureau of Field Enforcement (BOFE)
- 1 FTE Auditor
- 1 FTE Lawyer

Office of Equity and Inclusion 3 FTE

3.00 Program Managers are needed to manage the delivery of programs to underserved communities and protected classes.

Graffiti Abatement

Graffiti has been a continuous issue in District 4 as it has contributed to some of the violence in the community. Graffiti abatement should be funded in this budget cycle to assist in not only quelling the violence, but to also assist in beautifying the community.

Weed Abatement

The lack of maintenance of weeds in the public right of way have been a constant issue in District 4 and the City in general. Additionally, overgrown weeds are a safety hazard to the community and funding should be allocated contributing to comprehensive and routine clearance efforts.

Additional Grounds Maintenance for Encanto Area Parks

Additional Grounds Maintenance Worker II positions are requested for Encanto area parks.

<u>Small Business Bonding Assistance Program</u>

Resources should be identified to establish a Small Business Bonding Assistance Program as a supplement to the City's existing SLBE/ELBE program, and as an alternative to addressing the bonding needs of small construction firms. By adopting this program, other cities in California have benefitted from expanding the existing pool of bondable contractors, thereby increasing competition and reducing costs.

Youth Employment and Workforce Development

The city needs to analyze, develop and implement a means to monitor the progress and outcomes for opportunity youth. With a strong team, deep community connections, best-in class web-portal and IT solution, we have the foundation needed to dramatically expand the program in FY21 to rival youth employment programs in other large cities. Additionally, we recommend in prioritizing the following programs:

- Connect2Careers
- Hire A Youth Summer Programs
- Tech Hire opening the door for students interested in the technology field.
- SDSU's Compact for Success program for guaranteed SDSU admission
- UCSD's CREATE School and District Partnerships to maximize educational opportunities for both students and teachers.
- Youth Opportunity Passes to ensure youth have free access to public transportation resulting in increased access to jobs and extracurricular activities.

Penny for the Arts

Fully funding the Penny for the Arts program for FY20 is critical to the continued growth of our arts and culture programs across the City.

SD Nights Program

SD Nights is focused on providing services and programming for teens at risk of entering the juvenile justice system during the summer months when school and other structured activities may be unavailable. The City of San Diego's Teen Nite Program currently provides free activities and trips for youth every Friday in the summer at 15 site locations along with the City of San Diego Police Department. Expanding this initiative to include more partners such as One San Diego, the County and the San Diego Unified Schools District will allow the program to grow in scope. Furthermore, it will revamp the program to go from being an afterschool program to a diversion program that will provide both recreational and education opportunities for at risk youth at least 4 times a week during the summer. SD Nights would be based upon a similar program that has been operational and successful in Los Angeles.

Homelessness Outreach

There are two components to successful outreach: building and sustaining trust, and being able to offer something concrete to a person on the street. A homelessness outreach program should be implemented in accordance to the City of San Diego's Community Action Plan on Homelessness. A comprehensive outreach framework that moves from a contact-based approach to housing-focused outreach should be implemented in City-wide homelessness outreach efforts. Service providers with expertise in homelessness outreach must be at the crux to coordinate and carry out core outreach functions rather than SDPD².

Cannabis Equity Program Equity Study

In furtherance of the goals outlined in Proposition 64 and the passing of Measure N, the purpose of such a program would be to invest an appropriate portion of San Diego's Cannabis Business Tax revenues to contribute to the direct repair of communities and individuals that have disproportionality suffered the most from racially charged criminalization of cannabis.

² City of San Diego Community Action Plan on Homeless	sness				
https://www.sdhc.org/wp-content/uploads/2019/10/SD_	_Homeless_	_CSH_	_report_	_final_	_10-2019.pdf

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Rapid Rehousing Assistance

Rapid Rehousing Assistance has been a major intervention for persons coming into the homeless system or who are at risk of homelessness. According to the City of San Diego's Community Action Plan, Rapid Re-housing is often an intervention offered to highly vulnerable people with flexibility with regards to rental assistance or intensity of services. Increasing flexibility of this program is critical for those who many not need the level of services in supportive housing³.

Urban Forestry Program

A critical part of the Climate Action Plan is growing the City's urban forest. Trees make vital contributions to livable and sustainable neighborhoods. Trees also reduce carbon, energy use, and make neighborhoods cooler and more walkable. It is important for the city to increase resources to plant and maintain trees throughout the city limits. The following FY21 budget allocations are vital to meeting the CAP goals related to growing our urban forest, as recommended by our Community Forestry Board as well:

- Additional arborist/horticulturalist, in Streets Division.
- Planting 2,500 additional street trees.
- Increase in contracts for inspection and scheduled tree care.
- Tree trimming for an ongoing basis, as recommended by IBA in FY 2019-2020.

We also recommend that additional focus be placed on tree-related activities in other departments.

- Ensure that sidewalk improvements preserve trees.
- Develop Integrated Pest Management approach for emerging tree pests.
- Invest in trees to meet storm water permit requirements.
- Explore increasing property-based fees.
- Fill vacant funded Landscape Architect position in Public Works.
- Complete tree canopy analysis to provide direction for Climate Action.
- Accelerate applications of Enterprise Asset Management systems.

Public Banking Business Plan

Based on the California Public Banking Act AB857. This is a request to approve funding for a consultant contract to develop a business plan on a potential City of San Diego public bank.

Community Development Block Grant (CDBG) Program

SB 107, approved in 2015, provides substantial reform of the redevelopment wind-down process and ensures that San Diego will properly receive CDBG repayment/recovery of nearly \$240 million. The City should ensure that funds are reinvested in San Diego's economically disadvantaged communities in the form of infrastructure investment, job creation and economic development. Prioritization should be given towards the suggestions outlined in the Annual Action Plan provided by the Consolidated Plan.

City of San Diego Fiscal Year 2021 Adopted Budget

³ City of San Diego Community Action Plan on Homelessness https://www.sdhc.org/wp-content/uploads/2019/10/SD_Homeless_CSH_report_final_10-2019.pdf

Climate Action Plan (CAP) Implementation

The implementation of the City's Climate Action Plan is critical to ensuring that the goals outlined in the plan are achieved. As such it is critical that the FY21 budget fully fund the implementation efforts needed for Phase I and preparations for Phase II goals. Below are a few critical items that should be considered for FY20funding in addition to funding identified in the Mayor's implementation platform, 2016:

- Social Equity Compliance: An important part of CAP implementation is ensuring social equity is monitored and protected in each goal. Consideration of a new staff position, or enhancement of a current staff position to ensure compliance is critical. Accessing available grant funds are critical to ensure implementation as well. Development of an "Equity Division" in the sustainability department is recommended to address this need. Approximate Cost: \$500,000
- Five-Year Climate Action Plan Outlook: As cited from the Climate Action Campaign group's memoranda "We request implementation of the Independent Budget Analyst's 2018 recommendation that the CFO include a CAP Five-Year Forecast as an addendum to the Five-Year Financial Outlook, on an annual basis. That Outlook, a five-year implementation plan for the CAP, with associated costs, would offer the Mayor and council a clear understanding of the actions and investments needed to hit the 2020 and 2035 CAP targets. The city must take a holistic programmatic approach to CAP implementation, rather than continuing to plan implementation simply through the budget cycle on an annual basis. Approximate cost: IBA Determination."

REVENUE SOURCES

Excess Equity

Based on the First Quarter Report of FY 2020 there is a projected ending fund balance estimated \$22.1 million in available excess equity.

Approximate revenue: \$22.1 million

Cannabis Revenues

The Fiscal Year 2020 Adopted Budget includes \$12.2 million in the Office of the City Treasurer for Cannabis Business Tax. Current projections estimate revenues to be over budget by \$4.8 million, totaling \$17.0 million.

Approximate revenue: \$17.0 million

Sale for SDSU stadium Revenue

Approximate revenue: TBD

Homeless Housing, Assistance, and Prevention Program (HHAP)

The Outlook identifies HHAP as a one-time revenue source to offset homeless program costs. HHAP was approved in the state budget for FY 2020 and provides jurisdictions funding to support regional coordination and expand or develop local capacity to address immediate homelessness challenges.

Approximate revenue: \$20.0 million

Senate Bill 2

Governor Brown signed SB 2 creating the Building Homes and Jobs Act. Beginning January 2019 and moving forward local municipalities will receive 70% of revenue collected from the Permanent Local Housing Allocation creating an ongoing funding source to address unmet housing needs. The State is expected to issue a NOFA in February 2020.

Approximate revenue: TBD

Affordable Housing Fund

On June 10, 2019 Council approved the FY 2020 Affordable Housing Fund Annual Plan. At that time the IBA highlighted that \$4.1 million was not budgeted for any purpose since it is program income restricted for use on old programs that, according to the San Diego Housing Commission, ended between 1992 and 1997.

Approximate revenue: \$4.1 million

Redevelopment Property Tax Trust Fund (RPTTF) Lawsuit

The City could receive an estimated \$35-40 million in revenue pending the outcome of the City of Chula Vista, et al. v. County of San Diego (Sandoval) lawsuit.

Approximate revenue: TBD

Storm Water Fee Increase

The amount of revenue that could be generated roughly equates to \$6 million for each \$1.00 (charged per parcel per month) the fee is increased. The City currently charges 95 cents per parcel per month.

Approximate revenue: TBD

People's Ordinance – Paid Refuse Collection

The People's Ordinance establishes the trash collection of single family homes as a responsibility of the City for no fee, but does not include multi-family homes. As a result, City residents that live in multi-family homes normally contract with a third-party collection service and pay for trash collection. The City is the only large city to continue to provide free collection services to single family homes. Monthly fees charged by other large cities in California (top 10) for comparable services ranges between \$23-132 per month. Given the City's current costs, the monthly charge to the roughly 285,000 single family home residents currently served would be approximately \$16 per month.

Approximate revenue: TBD

Gas Tax Revenues

To further enforce Climate Action Plan goals, concentrated allocation of Gas Tax revenues for tree planting in center medians and sidewalk cutouts is encouraged. Trees serve as a method of bioremediation to mitigate the impact of greenhouse gas emissions and reduces the heat island effect that occurs during hot summers where the asphalt on roads attract a substantial amount of heat. This funding source could also be leveraged more for Class I bicycle lanes and dedicated bus lanes as well.

Approximate revenue: TBD

This memo reflects our top priorities and will serve as the basis for our support of the upcoming budget. We will only support a budget that is equitable and responsive and that identifies and seizes opportunities to improve the quality of life of all communities.

MM:me

Mara Elliott, City Attorney cc:

> Patrick Bouteller, Director of Government Relations, Mayor's Office Jessica Lawrence, Director of Council Affairs, Mayor's Office



COUNCILMEMBER MARK KERSEY

DATE: January 10, 2020

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Mark Kersey

RE: Fiscal Year 2021 Budget Priorities

This is in response to Budget & Government Efficiency Committee Chair Barbara Bry's December 13, 2019 memorandum requesting Councilmember input in the development of the Fiscal Year 2021 Budget. In this lean budget time, my top priority is continued investment in our neighborhood infrastructure. City leaders must avoid the mistakes of the past and resist the temptation to neglect our asset network in deficit years. To the extent that funds are available, I put forward the following requests:

Sidewalk Program. I request that the sidewalk repair and replacement program receive a significant contribution from the Infrastructure Fund to support the ten-year funding plan to address the current backlog. Specific contributions to the sidewalk program are listed in the Infrastructure Fund priority section of this memo as well as in the attached sidewalk plan memo. I also request the General Fund be used to hire the 21.00 FTE requested in FY 2021 as outlined in the 5-year outlook.

Prioritize Core Transportation Projects within the Infrastructure Fund. During Fiscal Year 2021, it is estimated that the Infrastructure Fund contribution will be approximately \$25.5 million. This fund was created to be flexible in addressing priority infrastructure needs. As we work to reduce the City's backlog of infrastructure projects, I request that the FY21 Infrastructure Fund contribution be distributed among:

- Sidewalk Program
 - o \$5-6 million in capital sidewalk replacement funding
 - o Purchase of slice and grind equipment and training expenses
 - o Fund the cost of sidewalk permit fees to allow for a no-fee sidewalk permit holiday during Fiscal Year 2021

\$300,000 in funding for the 50/50 program, in addition to the \$300,000
 General Fund allocation, bringing the total 50/50 program funding in FY2021 to \$600,000

- Street repaying and slurry seal
- Mobility and active transportation, including Vision Zero infrastructure and intelligent traffic signals

Utilize Measure N Proceeds for Enforcement. The overwhelming voter approval of Measure N, a local tax on recreational marijuana, ensures the City has the resources to cover costs associated with the legalization of cannabis without hurting our investment in other city services. Enforcement of marijuana laws, and most importantly shutting down illegal operators, should be the top priority for these funds.

Expand Homeless Outreach Services and Housing. Consistent with the City of San Diego Community Action Plan on Homelessness, this Council must continue to prioritize our homelessness crisis. I request that funding be continued for the following programs:

CleanSD Sidewalk Sanitization. Two years ago, our region was devastated by a Hepatitis A outbreak which resulted in a total of 592 cases and 20 deaths. We must take every step necessary to keep our streets and sidewalks clean to avoid another deadly outbreak.

Temporary Bridge Shelters. As we work to house our homeless population, temporary bridge shelters have served as an instrumental tool to get individuals off the street, connected to services, and transitioned into permanent housing. Our existing four shelters house approximately 931 individuals. We must continue the funding for these shelters until we can find permanent housing for our vulnerable homeless population.

Storage Connect Centers. These facilities allow homeless individuals to securely store their belongings, allowing them to more easily get to appointments or receive assistance. We must continue to fund all three of our existing facilities and consider expanding the Sherman Heights storage connect center beyond the current 500 individuals it is permitted to serve.

Safe Parking Lots. The City's Safe Parking Program offers three lots for individuals and families living out of both standard and recreational vehicles. We must continue to fund this program and look to identify new lots to serve additional people as needed.

Sustain Fire-Rescue Response Times in Northeastern San Diego. The Fast Response Squad in San Pasqual Valley was made permanent after the adoption of the Fiscal Year 2018 Budget. In October 2017, a fire sparked in San Pasqual Valley, and the FRS helped contain the fire to 12-acres. The San Pasqual Valley is otherwise served by Station 33 in Rancho Bernardo, which has the largest territory of any station in the department. The San Pasqual Valley FRS must continue to operate on a permanent basis to ensure appropriate Fire-Rescue response times throughout northeastern San Diego.

Improve Customer Service Through 311. An integrated 311 program, as recommended in the City Auditor's March 2015 *Performance Audit of the City's Public Right-of-Way Maintenance Activities*, has the potential to not only enhance customer service, but also streamline operations, reduce unnecessary 911 calls, and support open data. It is important to build upon the success of the Get It Done program, and fully fund future phases and expansions.

Manage City Leases in San Pasqual Valley. The Public Utilities Department has leased land in the San Pasqual Valley to farmers since the 1950s. Over the past several years there has been significant turnover with the position that oversees these land leases, and many leases are in holdover status. I would like to request that this FTE be transitioned into an Agricultural Lease Manager and require someone with extensive knowledge of the agriculture industry to fill the position.

Restore Transportation in the San Pasqual Valley. Ysabel Creek Road is the main thoroughfare between Bandy Canyon Road, where farmers package their products, and San Pasqual Valley Road, where the Zoo Safari Park and the Archaeological Society are located. Severe storms have moved much of the asphalt off Ysabel Creek Road, leaving the road dangerous and inconsistent with the City's Street Design Manual. I request that a CIP be established to properly restore Ysabel Creek Road and safe transportation within the valley.

Keep Hand Sanitizer Available at City Facilities. Last winter I launched a Fight the Flu campaign to educate the public about the severity of influenza. In the winter of 2017-2018 there were 20,833 reported cases and 342 deaths in our region. As part of my campaign, Gojo and Waxie generously donated hand sanitizer dispensers and a Purell refill for each library and recreation center in the City of San Diego. I request that we make funding permanent for Purell refills at our 93 library and recreation center locations.

Establish Consistency Across Council Office Budgets. In the time that I have served on the Council, the discrepancy between council office budgets has been as great as 34% in a single fiscal year. It is my continued belief that all nine council office budgets should be equal and not formulated based on a spending snapshot.

Attachment



City of San Diego MARK KERSEY CITY COUNCILMEMBER, FIFTH DISTRICT

DATE: January 10, 2020

TO: Honorable Mayor Kevin Faulconer

Honorable Councilmembers

Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Mark Kersey

RE: Sidewalk Plan

I respectfully submit the following plan to address the current backlog associated with the City's sidewalk repair and replacement program. My proposed approach leaves Council Policy 200-12 (Sidewalk Maintenance Policy) in place while the City focuses on a funding and maintenance plan that will significantly reduce or eliminate the current backlog. The Council Policy should be reevaluated only after the current backlog has been significantly reduced to ensure that any new policy has the best chance for success. The following proposal will ensure that the City is adequately funding the sidewalk program to address the current backlog in a timely manner.

Fiscal Year 2020

- 1. DSD staff completes their review of the current sidewalk permit fees in Fiscal Year 2020, reducing sidewalk permit fees to the lowest acceptable levels.
 - a. Upon completion of this review, I request that staff and the IBA determine the annual fiscal impact of waiving all sidewalk permit fees for residents, to be absorbed by the Infrastructure Fund in Fiscal Year 2021 as described below.

Fiscal Year 2021

- 2. Fund the sidewalk program as outlined in the most recent 5-year outlook and immediately begin the process of hiring additional staff to support the sidewalk program.
 - a. +21.00 FTE in FY2021, +2.00 FTE in FY2022

3. Utilize Infrastructure Fund revenue in Fiscal Year 2021 to fund the following aspects of the sidewalk program:

- a. \$5-6 million in capital sidewalk funding
- b. Purchase of slice and grind equipment and funding for staff training
- c. Fund the cost of sidewalk permit fees to allow for a no-fee sidewalk permit holiday during Fiscal Year 2021
- d. \$300,000 in funding for the 50/50 program, in addition to the \$300,000 General Fund allocation, bringing the total 50/50 program funding in FY2021 to \$600,000
- 4. Prior to the expiration of the current slice and grind contract, use Infrastructure Fund revenue and the General Fund to hire and equip city crews to take over slice and grind responsibilities.
 - a. Personnel to be funded by the General Fund
 - b. Equipment and training to be funded by the Infrastructure Fund

Future Fiscal Years

- 5. In Fiscal Year 2022 through Fiscal Year 2030, use \$9-10 million/year in Commercial Paper funds to address the capital sidewalk backlog, prioritizing sites with the most pedestrian traffic.
- 6. Fully fund the 50/50 program using the General Fund and make adjustments during the mid-year budget review process to ensure the program is funded and staffed at a level that completes all requests within 6 months.
- 7. Maximize the use of ramping and slice-and-grind to mitigate all new sidewalk reports as expeditiously as possible.



COUNCILMEMBER CHRIS CATE CITY OF SAN DIEGO SIXTH DISTRICT

MEMORANDUM

DATE:

January 10, 2020

TO:

Andrea Tevlin, Independent Budget Analyst

FROM:

Councilmember Chris Cate

SUBJECT:

Fiscal Year 2021 Budget Priority Memo

As the City Council initiates budget discussions for Fiscal Year (FY) 2021, we must do so in a manner that recognizes the significant financial constraints and challenges that face the City of San Diego. Per the Mayor's FY 2021-2025 Five-Year Financial Outlook, a \$21.2 million budget deficit is anticipated for FY21. This number climbs to \$83.7 million when the Mayor's key funding priorities for this upcoming fiscal year are taken into consideration. This budget deficit also does not factor in the costs of potential salary increases currently being negotiated with the City's recognized employee organizations. The Outlook anticipates this deficit to continue into FY22, with a projected net budget shortfall of \$66.6 million. Given the tough fiscal reality facing the City, the Council must focus on prioritizing funding for core city services.

The Council must also seriously consider budget reductions for non-essential programs, services, and full time equivalent (FTE) positions, that have been added in the past several years as ongoing expenses in order to help close the projected budget deficit while protecting essential city services. As such, I am proposing the following reductions in the FY21 budget:

- Accept staff's recommendation to implement a four percent (4%) budget reduction for General Fund Departments in order to help close the projected budget deficit. Each one percent (1%) budget reduction to General Fund Departments represents approximately \$15 million in savings. (\$60 million)
- Reduce all City Council Office Community Projects, Programs, and Services (CPPS) budget allocations. (\$1.5 million)

• Reduce funding for the Commission for Arts & Culture to a baseline budget of \$10.3 million. (\$3.9 million)

- Reduce positions in the City Treasurer's Office overseeing the enforcement of the City's Minimum Wage and Earned Sick Leave Programs (\$400,000)
- Reduce Council Government Affairs position added in FY20 (\$150,000)
- Reduce increased trash pick-up in the Mission Beach community during the summer (\$70,000)
- Increase the FY21 Budgeted Vacancy Savings to better reflect the year-end Actual Total Vacancy Savings. In the adopted budgets of FY17-FY20, the Budgeted Vacancy Savings as a percent of salaries averaged 6.6%. However, the Actual Total Vacancy Savings as a percent of salaries averaged 10.6% for each of those fiscal years. In FY21, the Council should consider increasing the Budgeted Vacancy Savings as a percent of salaries to 10%. If we use the budgeted salaries total for FY20 of \$548.5 million, a Budgeted Vacancy Savings of 10% would amount to approximately \$54.85 million in vacancy savings. (\$54.85 million)

These actions will potentially realize \$120.87 million in savings.

Nevertheless, it is the City Council's fiduciary responsibility to work with the Mayor to identify and allocate resources for the following key issues that significantly impact San Diego residents: housing, homelessness, infrastructure, public safety, and neighborhood services.

The following are my priorities for FY21:

Neighborhood Services

Homelessness - (\$1,216,901: \$956,901 from the California Homeless Housing Assistance and Prevention (HHAP) Grant, \$260,000 in additional ongoing General Fund allocations)

- In September 2017, my office put forth a comprehensive memorandum of policy recommendations to address San Diego's homelessness crisis. One of those items included an expanded Safe Parking Zone program within my district to provide homeless individuals and families with robust services and a pathway to permanent housing. Since this program was expanded within my district in 2017, the program was expanded again into Council District 7 in Mission Valley. This lot provides safe parking for homeless individuals and families and accommodates up to 80 RVs or 200 standard vehicles. The total annual operating costs for the City's three safe parking lots is \$956,901. The City should prioritize continued funding for this program utilizing the new State of California HHAP grant.
- The City should explore expanding the hours of operation of the Homeless Outreach Team (HOT) in order to reach more homeless individuals and respond to calls for service across all neighborhoods. San Diego's homeless crisis is a citywide issue that requires more resources and services at all hours. Currently, the HOT team operates seven days a week between 5AM and 3PM. To add one additional second watch shift per weekday, the approximate total annual cost for one sergeant and three officers is \$260,000. The Council should work with the Mayor's office to identify funding for the addition of one second watch shift per weekday.

• 2-1-1 San Diego serves the City of San Diego and the region as a pathway to social and health services through the 2-1-1 dialing code and online database of resources. 2-1-1 San Diego provides referrals to a wide variety of services, such as housing, food, financial assistance, health related services, and many others. 2-1-1 is also a vital resource for those who are at risk or suffering from homelessness since they serve as an important tool to help folks get connected to housing and other critical services. Almost 43% of calls to 2-1-1 originate from residents within the City of San Diego. Should the HHAP grant funding be used to offset the General Fund being used to pay for the Safe Parking Program, the Council should consider allocating a portion of those funds to support 2-1-1 and the important services they provide to San Diego residents. (One-time funding amount to be determined)

Library & Park and Recreation – (Maintain Current Funding Level for Ongoing Expenses and addition of \$500,000 in One-Time Funding for Library Materials Budget)

- Over the past eight years, the Mayor and City Council have prioritized increasing or maintaining hours at branch libraries, and parks and recreation centers. As the City anticipates a significant budget shortfall this coming fiscal year, it is imperative the Council and Mayor work together to maintain the same levels of service at these facilities, ensuring all City residents can continue to benefit from these valuable neighborhood resources. Every effort must be taken to ensure that not a single library or recreation center hour is reduced in the FY21 budget. Libraries and recreation centers provide some of the most essential and important services residents rely on a daily basis, so we must work to ensure that this quality of life is not impacted by cuts to these areas.
- The budget for new library materials has remained at \$1.8 million since FY09. Increasing funds for library materials is essential to ensure that San Diego residents have access to new, current, and relevant resources. The Council should prioritize \$500,000 in one-time funds to help increase the library materials budget.

San Diego Police Department – (\$200,000 in One-Time Funding)

• The City Council approved an initial two-year contract with Loma Media in June 2018 for marketing and branding strategy services to assist with police recruitment efforts. This initial contract will expire during FY21. The contract provides options to extend the contract for three additional one-year periods for an amount not to exceed \$200,000 per year. Over the past two years, the San Diego Police Department has seen a significant improvement in its recruitment efforts, with academies at or near capacity. It is important that the Council work with the Mayor to extend the contract with Loma Media for an additional year to cover services for FY21 with a one-time allocation of \$200,000.

San Diego Fire-Rescue Department (Fire-Rescue) – (\$451,101 net savings from relief pool, \$480,000 for Training Facility)

 Overtime expenditures for Fire-Rescue have had an impact to the City's General Fund for several years. Last year, Fire-Rescue outlined a pathway to increase the number of academies and establish a relief pool in order to reduce the department's reliance on overtime. The FY20 budget supported the creation of this relief pool through the funding

of 37 FTE Firefighters and an additional fire academy. The Outlook anticipates the addition of 37 additional FTE Firefighters and one additional fire academy to support the expansion of the relief pool in FY21. The allocation for FY21 to support these additional resources totals \$4,780,928. However, the Outlook stipulates that funding for this increase is offset by the decrease in department overtime. After factoring in anticipated overtime savings, the expansion of the relief pool will result in a net savings of \$451,101.

- In 2018, Fire-Rescue and Citygate Associates provided a report to the Public Safety and Livable Neighborhoods Committee regarding the capabilities and needs assessment study of the Emergency Command and Data Center (ECDC). The study indicated that the current location of the ECDC would run out of space by 2020 and, as such, relocation planning would need to happen as soon as possible to address this concern. The study recommended that the City explore the option of merging dispatch centers with San Diego's regional fire services. City and County executive managers approved a co-location effort and a site criteria study has been completed. Phase 2 of this effort involves studying which potential properties can support this joint facility, exploring potential site options, and conducting cost analysis studies. There may be a need for additional funding for this next phase. As this is a time-sensitive matter, the City Council and Mayor should work together to ensure this process receives the necessary funding and support it requires.
- The FY21 budget should provide all the fiscal support necessary for the relocation of the Liberty Station Fire Training Facility to allow for the advancement of the City's Pure Water program. A site has been identified in the community of Kearny Mesa. Staff from Real Estate Assets, Planning, Fire-Rescue, and Public Utilities are currently conducting a feasibility study, which constitutes Phase 1 of the project, and should be completed within the first quarter of this year. Staff is currently looking for funding for Phase 2 which involves pursuing the Planned Industrial Development Permit Amendment. Currently, there is an available budget of \$105,000. Phase 2 of the project requires an estimated \$585,700. The City Council and Mayor should work together to allocate the difference to ensure this project continues to move forward in a timely fashion. (\$480,700)

Expanded "CleanSD" Program (Maintain Current Funding Level)

• In last year's FY20 budget, Council approved an additional \$6.5 million to expand the "Clean SD" Program, which provided additional personnel and other resources to remove trash and debris from public spaces throughout the City. Last year's expansion enabled the City to expand this program to areas outside of Downtown and the San Diego River, and into other neighborhoods affected by debris and trash, including beach areas, canyons, parks, and other open spaces throughout the City. This program is essential in order to maintain a clean and safe environment for City residents. With last year's expansion, the City now spends a total of over \$10 million on the Clean SD initiative. The Council should work with the Mayor's office to ensure that funding for the expanded "CleanSD" Program is maintained in FY21. We must also ensure that this program provides services in specific District 6 locations, such as Tecelote Canyon, Los Penasquitos Canyon, Carroll Canyon, Lopez Canyon, and many others.

Brush Management and Abatement (Maintain Current Funding Level)

• Last year, the Council passed a budget that included a \$1.3 million allocation in non-personnel expenses for the Transportation and Stormwater Department towards brush management and abatement in the public right-of-way. Last year, \$200,000 of these funds were dedicated to addressing high priority cases referred to the department by the Fire Marshall, with the remaining funds earmarked for over 300 other brush areas throughout the City. The Council must work with the Mayor to maintain FY20 funding levels for this important City service. In addition, staff must include the following District 6 priority areas for regular brush maintenance and abatement: Balboa Avenue, Aero Drive, Mira Mesa Blvd, Clairemont Mesa Blvd, Camino Santa Fe, Genesee Avenue, the paper street behind Dellwood Street, and the Los Penasquitos Canyon Preserve, as well as the medians not within a Maintenance Assessment District (MAD) throughout all the neighborhoods of District 6.

Infrastructure

In 2016, voters approved Proposition H, which requires the City to place various General Fund revenues into an Infrastructure Fund. The Outlook identifies an estimated \$25.5 million for the FY21 Infrastructure Fund, which will pay for capital needs throughout the City. Dedicated funding for the Infrastructure Fund **should not** be transferred to the General Fund. In addition, the City should consider moving up the issuance of long-term debt from June 2021 to early FY21 to refund commercial paper borrowing as well as include other critical infrastructure needs. Funding for the debt service can be paid from proceeds in the Infrastructure Fund. Below are infrastructure priorities for District 6 that can be funded from a variety of sources:

Park and Recreation - (\$21,704,106)

- The City's Park and Recreation center facilities are vital to maintaining and promoting vibrant San Diego neighborhoods. The following Park projects should be funded with FY21 Capital Improvement Program Annual Allocations, as well as, potentially new lease revenue bonds:
 - o The heavily utilized basketball court at Olive Grove Community Park is in need of complete resurfacing. Maintenance to the court was performed several years ago, however, the quick return of the damaged surface demonstrates that more needs to be done. (\$16,400)
 - o Funding should be allocated for replacement trees at the North Clairemont Recreation Center that were lost due to the drought. (\$7,500)
 - o The North Clairemont Recreation Center requires new lights for the outdoor basketball and tennis courts. (\$15,000)
 - o Given the high volume of patrons who are 65 years and older who use the Mira Mesa Senior Center, the parking lot needs re-striping and resurfacing. (\$10,000)
 - o The Mira Mesa Senior Center is a neighborhood landmark where many of its patrons who attend and enjoy its many programs and services are 65 years and older. The facility is in need of an Americans with Disabilities Act (ADA) ramp at the front entrance of the building for safe access by its patrons. (\$2,000)

 The Gil Johnson Recreation Center at the Mira Mesa Community Park is heavily utilized by patrons of all ages. As such, new flooring is needed in the multi-purpose room. (\$15,000)

- o Lopez Ridge Park, in the community of Mira Mesa, needs a new storage shed to adequately house maintenance equipment and supplies. (\$5,000)
- o The gymnasium at Hourglass Field in Mira Mesa is need of four (4) plastic portable dividers to allow patrons and staff to maximize the use of this facility. (\$3,700)
- O Hickman Field is a youth sports facility located in the Kearny Mesa community that provides fields for a large variety of youth sports and is used by children and families throughout the City. The design phase of Phase 1 of the Hickman Field Improvement Project is nearing completion and the project will going out to bid in calendar year 2020. The project is fully funded based on current project cost estimates. However, in the event bids for the project are higher than the current cost estimates, the Council should work with the Mayor to ensure that funds are identified in FY21 to make up the difference in order to fully fund the project as planned.
- The Mira Mesa Community Park is in need of significant renovation of its existing facilities. The Mira Mesa Recreation Advisory Group voted to approve an update to the park with the following additions: a new Recreation Center, a new Aquatic Center and swimming pool, and a new All Wheels Plaza. These additions make up the Mira Mesa Community Park Project Phase 2 & 3. This project should be funded with the issuance of new lease revenue bonds which should be pursued in FY21. (\$21,629,506).

Libraries - (\$387,480)

• The City's library system provides tools, resources, and programs that enrich the lives of families everyday. It is imperative to make sure these neighborhood assets are protected and maintained for the enjoyment of future generations.

The following Library projects should be funded with FY21 Capital Improvement Program Annual Allocations:

- Balboa Library
 - Replace the existing carpet and flooring at the Balboa Branch Library. (\$12,600)
 - Replace tile flooring in restrooms. (\$4,600)
- Mira Mesa Library
 - Repaint and re-stripe the parking lot of the Mira Mesa Branch Library.
 (\$2,780)
 - Replace damaged and stained restroom countertop after receiving many complaints from patrons. (\$5,600)
 - Replace a nearly 20-year old carpet that has extensive flood damage. (\$150,000)
 - Install a new surveillance security system to keep patrons and staff safe.
 (\$30,000)
 - Provide modular tables for Children's Area. (\$6,000)
 - Provide chairs for tables in Children's Area. (\$4,000)

- North Clairemont Library
 - Replace old flooring throughout the facility. (~\$55,000)
- Rancho Peñasquitos Library
 - Repair and re-stripe the parking lot. (\$20,000)
 - Replace carpet and tile throughout the facility. (\$60,000)
 - Install necessary lighting at library driveway entrance. (\$10,000)
 - Replace the Information desk and Children's desk. (\$6,000)
 - Replace thirty-five (35) folding tables in the community room. (\$3,000)
 - Replace eighty (80) stacking chairs in the community room. (\$10,000)
- Serra Mesa Kearny Mesa Library
 - Replace twenty-one (21) public internet computer monitors for adults with adjustable height features. (\$6,000)
 - Replace eight (8) patio chairs. (\$1,500)

Street Lights - (\$1,649,000)

- Many older San Diego neighborhoods are in need of additional street light infrastructure to ensure traffic visibility and the safety of residents and pedestrians. The following locations have been identified as priority areas by the community, by Transportation and Stormwater, and SDPD. In last year's FY20 budget, there was an allocation of \$200,000 towards the installation of new city-owned streetlights. It is important that the FY21 budget maintains, if not increases, the current funding level for streetlights. These lights should be funded through the FY21 Capital Improvement Program Annual Allocations:
- Mt. Davis Avenue south of Mt. Foster Avenue 260', south side
 - 0 (\$15,000)
- Ganesta Road north of Camarosa Circle 110', east side
 - 0 (\$20,000)
- Cassioepia Way east of Squamish Road 215', south side
 - o (\$20,000)
- Cassioepia Way west of Bootes Street 225', south side
 - 0 (\$20,000)
- Armstrong Street south of Beagle Street 190', west side
 - 0 (\$20,000)
- Armstrong Street north of Baltic Street 360', east side
 - 0 (\$20,000)
- Armstrong Street north of Baltic Street 175', west side
 - 0 (\$20,000)
- Clairemont Drive north of Iroquois Avenue 175', east side
 - 0 (\$10,000)
- Mt. Cervin Drive north of Boxwood Drive 185', west side
 - 0 (\$10,000)
- Mt. Cervin Drive south of Mt. St. Helens Drive 150', west side
 - 0 (\$10,000)
- Mt. Cervin Drive north of Boxwood Drive 325', east side
 - 0 (\$2,500)
- Mt. Casas Drive east of Mt. Casas Court 180', south side

- o (\$2,500)
- Mt. Casas Drive east of Mt. Casas Court 300', south side
 (\$2,500)
- Mt. Casas Drive east of Mt. Casas Court 430', south side
 (\$2,500)
- Mt. Casas Drive west of Mt. Culebra Avenue 390', south side
 (\$2,500)
- Mt. Casas Drive west of Mt. Culebra Avenue 260', south side
 (\$2,500)
- Mt. Casas Drive west of Mt. Culebra Avenue 150', south side
 (\$2,500)
- Boxford Drive west of Bamburgh Place 140', north side
 (\$2,500)
- Boxford Drive east of Charger Boulevard 160', north side
 (\$2,500)
- Via Alcazar east side of Via Amalia 220', north side
 (\$2,500)
- Jamestown Court west of Jamestown Road 200', west side
 (\$2,500)
- Mt. Durban Drive north of Mt. Casas Court 120', west side
 (\$2,500)
- Mt. Durban Drive west of Mt. Culebra Avenue 640', north side
 (\$2,500)
- Mt. Durban Drive west of Mt. Culebra Avenue 150', south side
 (\$2,500)
- 10442 Baywood Avenue • (\$18,000)
- Baywood Avenue north of Dunholme Street 115', east side
 (\$20,000)
- Baywood Avenue north of Dunholme Street 275', west side
 (\$20,000)
- Two (2) streetlights on the 3900 and 4000 blocks of Antiem Street
 (\$36,000)
- Sixteen (16) streetlights on Beadnell Way between Mt. Abernathy and Charger Blvd.
 (\$288,000)
- Mt. Acadia Boulevard between Mt. Alifan Drive and Mt. Blanca Drive
 (\$15,000)
- 9055 Balboa Avenue west of Ponderosa Avenue 300', south side streetlight
 (\$15,000)
- Balboa Avenue east of Kearny Villa Road 700', north side streetlight
 (\$15,000)
- Balboa Avenue west of Ruffin Road 580', north side at driveway streetlight
 (\$15,000)
- Camino Santa Fe north of Top Gun Street 1150', east side streetlight
 (\$15,000)

- Camino Santa Fe north of Top Gun Street 1750', east side streetlight
 (\$15,000)
- Farnham Street east of Ruffin Road 264', north side streetlight
 (\$15,000)
- Farnham Street east of Ruffin Road 381', south side streetlight
 (\$15,000)
- Farnham Street east of Ruffin Road 506', north side streetlight
 (\$15,000)
- Viewridge Avenue north of Balboa Avenue 145', east side streetlight
 (\$18,000)
- Viewridge Avenue north of Balboa Avenue 290', east side streetlight
 (\$18,000)
- Mercury Street south of Engineer Road 170', west side streetlight
 (\$15,000)
- Engineer Road west of Mercury Street 160', south side streetlight
 (\$15,000)
- Mt. Durban Drive north of Mt. Casas Court 120', west side streetlight
 (\$15,000)
- Mt. Durban Drive west of Mt. Culebra Avenue 640', north side streetlight
 (\$15,000)
- Mt. Durban Drive west of Mt. Culebra Avenue 150', south side streetlight
 (\$15,000)
- Kearny Mesa Road and Magnatron Boulevard, southwest corner
 (\$15,000)
- 9055 Balboa Avenue west of Ponderosa Avenue 300', south side streetlight
 (\$15,000)
- Balboa Avenue east of Kearny Villa Road 700', north side streetlight
 (\$15,000)
- Balboa Avenue west of Ponderosa Avenue 1,765', south side at bus stop streetlight
 (\$15,000)
- Balboa Avenue west of Ponderosa Avenue 1050', south side at bus stop streetlight
 (\$15,000)
- Balboa Avenue west of Ruffin Road 380', south side at bus stop streetlight
 (\$15,000)
- Balboa Avenue west of Ruffin Road 580', north side at driveway streetlight
 (\$15,000)
- Caldy Place east of Kirkcaldy Drive 208', end of cul-de-sac streetlight
 (\$15,000)
- Magnatron Boulevard north of Kearny Mesa Road 1160', east side streetlight
 (\$15,000)
- Kearny Mesa Road east of Magnatron Boulevard 1375', north side streetlight
 (\$15,000)
- Farnham Street east of Ruffin Road 506', north side streetlight
 (\$15,000)
- Clairemont Mesa Boulevard east of Overland Avenue 300', north side streetlight

- o (\$15,000)
- Clairemont Mesa Boulevard west of Overland Avenue 200', north side streetlight
 (\$15,000)
- Clairemont Mesa Boulevard west of Ruffin Road 300', north side streetlight
 (\$15,000)
- Clairemont Mesa Boulevard west of Ruffin Road 300', south side streetlight
 (\$15,000)
- Farnham Street east of Ruffin Road 264', north side streetlight
 (\$15,000)
- Farnham Street east of Ruffin Road 381', south side streetlight
 (\$15,000)
- Vickers Street west of Convoy Street 180', north side street light
 (\$15,000)
- Viewridge Avenue north of Balboa Avenue 145', east side streetlight
 (\$15,000)
- Viewridge Avenue north of Balboa Avenue 290', east side streetlight
 (\$15,000)
- Mercury Street south of Engineer Road 170', west side streetlight
 (\$15,000)
- Engineer Road west of Mercury Street 160', south side streetlight
 (\$15,000)
- Magnatron Boulevard north of Kearny Mesa Road 990', east side streetlight
 (\$15,000)
- Magnatron Boulevard north of Kearny Mesa Road 835', east side streetlight
 (\$15,000)
- Magnatron Boulevard north of Kearny Mesa Road 640', east side streetlight
 (\$15,000)
- Magnatron Boulevard north of Kearny Mesa Road 280', east side streetlight
 (\$15,000)
- Magnatron Boulevard north of Kearny Mesa Road 125', east side streetlight
 (\$15,000)
- Kearny Mesa Road east of Magnatron Boulevard 235', north side streetlight
 (\$15,000)
- Kearny Mesa Road east of Magnatron Boulevard 410', north side streetlight
 (\$15,000)
- Kearny Mesa Road east of Magnatron Boulevard 555', north side streetlight
 (\$15,000)
- Kearny Mesa Road east of Magnatron Boulevard 730', north side streetlight
 (\$15,000)
- Kearny Mesa Road east of Magnatron Boulevard 870', north side streetlight
 (\$15,000)
- Kearny Mesa Road east of Magnatron Boulevard 1040', north side streetlight
 (\$15,000)
- Kearny Mesa Road east of Magnatron Boulevard 1205', north side streetlight
 (\$15,000)

- Aero Drive east of Aero Court 300', north side streetlight
 (\$15,000)
- Aero Drive east of Aero Court 300', south side streetlight
 (\$15,000)
- Aero Drive east of Aero Court 600', north side streetlight
 (\$15,000)
- Aero Drive east of Aero Court 600', south side streetlight
 (\$15,000)
- Beloit Avenue east of Arverne Street 135' north side streetlight
 (\$2,500)
- Engineer Road east of Mercury Street 600', north side streetlight
 (\$15,000)
- Engineer Road west of Kearny Mesa Road 300', north side streetlight
 (\$15,000)
- Clairemont Mesa Boulevard west of Mercury Street 440', south side streetlight
 (\$20,000)
- Clairemont Mesa Boulevard east of Convoy Street 801', south side streetlight
 (\$20,000)
- Clairemont Mesa Boulevard east of Convoy Street 639', south side streetlight
 (\$20,000)
- Clairemont Mesa Boulevard east of Convoy Street 471', south side streetlight
 (\$20,000)
- Clairemont Mesa Boulevard east of Convoy Street 312', south side streetlight
 (\$20,000)
- Clairemont Mesa Boulevard east of Convoy Street 162', south side streetlight
 (\$20,000)
- Carroll Way south of Trade Street 295', west side streetlight
 (\$18,000)
- Chaeswood Drive & Marlesta Drive intersection streetlight
 (\$20,000)
- Chandler Drive west of Cannington Drive 331', north side streetlight
 (\$2,500)
- Kesling Street east of Kesling Place, north side streetlight
 (\$2,500)
- Whitehall Road south of New Salem Street 275', west side streetlight
 (\$18,000)
- Mt. Everest Boulevard south of Mt. Etna Drive 330', west side streetlight
 (\$10,000)
- Mt. Everest Boulevard south of Mount Etna Drive 145', east side streetlight
 (\$2,500)
- Mt. Everest Boulevard north of Mount Durban Drive105', east side streetlight
 (\$2,500)
- Mt. Everest Boulevard north of Mount Durban Drive 240', east side streetlight
 (\$2,500)
- 4521 Rolfe Road

- 0 (\$10,000)
- 5163 Canosa Avenue
 - o (\$10,000)

Street Resurfacing

- Even though the City has surpassed the Mayor's goal of resurfacing 1,000 miles of roads by 2020, we must continue to prioritize funding for street repairs. In last year's FY20 budget, there was a total of \$46.9 million allocated toward street repaving and \$33 million allocated toward slurry seals. It is important that the FY21 budget maintains, if not increases, the current funding level for street repaving. The following streets should be considered in conjunction with future group jobs funded via the allocation of SB1 revenues, FY21 CIP Annual Allocations, and the potential issuance of new lease revenue bonds:
 - Gold Coast Drive, OCI-23 & Parkdale Avenue OCI-23
 - Since taking office in 2014, it has been one of my top priorities to fund the street reconstruction of both Gold Coast Drive and Parkdale Avenue. Both streets are major arterials in the Mira Mesa community, with Jonas Salk Elementary School, Mason Elementary School, Good Shepherd Catholic School, and Wangenheim Middle School all abutting these two streets. Dozens of residents and community members have voiced their concerns to our office about the poor condition of these roads. Due to their severe condition, both are in need of full street reconstruction. This project is currently in its design phase which is anticipated to be completed by August 2020. Our office is requesting \$11.1 million to complete the necessary repairs. This project may be funded with the issuance of new lease revenue bonds, which should be pursued in FY21 as mentioned earlier.
 - Pegasus Avenue from Gemini Avenue to Polaris Drive, OCI-29
 - o Conrad Avenue west of Genesee Avenue, OCI-33
 - o Glasgow Drive, OCI-14.41
 - o Miramar Road, OCI-26
 - Convoy Street, OCI-16
 - As a part of the Convoy Street resurfacing, the stormwater drainage issues at Dagget Street should be resolved
 - Clairemont Mesa Boulevard between the 163 and 805 freeways, OCI-40
 - Clairemont Mesa Boulevard between 805 and Clairemont Drive, OCI-48
 - o Acoma Avenue, OCI-51.3
 - o Antrim Way, OCI-41.62
 - o Angeleno Road, OCI-14.17
 - o Port Royale Drive, OCI-31.4
 - o Royal Ann Avenue, OCI-43.51
 - o Ashford Street, OCI-21.4
 - o Balboa Avenue, OCI-51.3
 - o Baroness Avenue, OCI-38.5
 - o Barstow Street, OCI-43.83
 - Bennington Street, OCI-30.25
 - Baywood Avenue, OCI-61.54

- o Calle Calzada, OCI-34.59
- Calle Dario, OCI 24.07
- o Calle Pino, OCI 12.31
- o Camino Santa Fe, OCI-44.14
- Camino Ruiz, OCI-45.81
- Cloud Way, OCI-35.59
- o Conrad Avenue, OCI-56.79
- Crater Drive, OCI-45
- o Dagget Street, OCI-35.7
- o Diane Avenue, OCI- 30.7
- o Dunholme Street, OCI-13.92
- Delphinus Way, OCI-90
- o Drumcliff Avenue, OCI-62.79
- Fenwick Road, OCI-58.49
- o Flanders Drive, OCI-34.64
- o Frobisher Street, OCI-18.04
- Greenford Drive, OCI-41.7
- o Garde Way, OCI-17.75
- o Glasgow Drive, OCI-14.41
- Kesling Street, OCI-9
- Lanewood Court, OCI-38.99
- o Lipscomb Drive & Gold Coast Drive, OCI-25.27
- Limerick Avenue, OCI-31.48
- o Marlesta Drive between Genesee Avenue and Beagle Street, OCI-33.72
- o Menkar Road, OCI-30.53
- o Mira Mesa Boulevard, OCI- 36.92
- o Merrimac Avenue, OCI-53.4
- o Mt. Acadia Blvd between Via Arcilla and Via Bello, OCI-27.58
- o Mt. Acara Drive between Mt. Abbey Avenue and Accomac Avenue, OCI-56.81
- o Mt. Aguilar, OCI-33.09
- o Mt. Bross Avenue, OCI-19.71
- o Mt. Frissell Drive, OCI-50.09
- o Park Rim Drive, OCI-73.43
- Park Rim Court, OCI-73.1
- o Pegasus Avenue between Capricorn Way and Libra Drive, OCI-37.74
- o Perseus Road, OCI-16.89
- o Prairie Wood Road, OCI-67.73
- o Reagan Road; OCI-36.27
- Saluda Avenue, OCI-38.53
- Sauk Avenue, OCI-35
- Surco Drive, OCI-18.22
- Shoshoni Court, OCI-35.8
- o Squamish Road, OCI-9.45
- Stanfield Circle, OCI-12.38
- o Thanksgiving Lane and Three Seasons Lane, OCI-34.4
- Trebol Street, OCI-13.48

- Torero Place, OCI-65
- o Sorrento Valley Road, OCI-29.57
- Westonhill Drive, OCI-40.2
- o Vicker Street, OCI-29.17
- Vista Sorrento Parkway, OCI-35.04

Traffic Control – (\$2,074,050)

- Traffic Signal Optimization has demonstrated a reduction in travel time by over 20 percent. In FY20, the City fully installed Traffic Signal Optimization along Mira Mesa Blvd. The City should continue identifying additional strategic locations that seek to benefit from this technology, including Miramar Road, Kearny Villa Road, Clairemont Mesa Blvd., Rolfe Road, Genesee Avenue, Mesa College Drive, and Balboa Avenue. This project should receive funding from the Regional Transportation Congestion Improvement (RTCI) Fee and FY21 CIP Annual Allocations.
- The Clairemont community has identified Beadnell Way, Chateau Drive, and the intersection of Mt. Abernathy and Balboa Arms as problematic streets in terms of traffic and pedestrian safety. Utilizing FY21 CIP Annual Allocations, Transportation and Stormwater should work with the community to install traffic calming measures, protected bike lanes, and pedestrian crossing safety improvements.
- V-Calm signs are highly effective traffic calming assets that directly result in the improvement of safety and travel conditions for both motorists and pedestrians by posting the speed of passing vehicles. The following locations have been identified as unfunded needs by the Traffic Engineering Operations Division and should be funded utilizing FY21 CIP Annual Allocations:
 - o Camino Ruiz between Westmore Road and Capricorn Way
 - One (1) electronic V-Calm sign
 - (\$15,000)
 - o Ashford Street from Bagdad Street to Salizar Street
 - Two (2) electronic V-Calm signs
 - (\$30,000)
 - Mercy Road near Black Mountain Road
 - One (1) electronic V-Calm sign
 - (\$15,000)
 - o Mt. Acadia Boulevard between Mt. Alifan Drive and Mt. Ararat Drive
 - Two (2) electronic V-Calm signs
 - (\$30,000)
 - o Calle Cristobal between Camino Ruiz and Camino Santa Fe
 - One (1) electronic V-Calm sign eastbound facing
 - (\$15,000)
 - o Calle Cristobal westbound near Frames Port Place
 - One (1) electronic V-Calm sign
 - (\$15,000)
 - o Mt. Aguilar Drive between Mt. Ainsworth Avenue and Mt. Abraham Avenue
 - Two (2) electronic V-Calm signs
 - (\$30,000)
 - o Mt. Everest Boulevard between Mt. Etna Drive and Mt. Casa Drive

- One (1) electronic V-Calm sign
 - (\$15,000)
- Cole Street between Appleton Street and Lodi Way
 - Two (2) electronic V-Calm signs
 - (\$30,000)
- Park Village Road between Mannix Road and Arucauna Way
 - One (1) electronic V-Calm sign
 - (\$15,000)
- Dubois Drive between Appleton Street & Caywood Street
 - One (1) electronic V-Calm sign
 - (\$15,000)
- o Doliva Drive between Vergara Street and Triana Street
 - One (1) electronic V-Calm sign southbound facing
 - (\$15,000)
- Traffic signal improvements are critical to ensuring the proper flow of traffic and safety of
 pedestrians. The following have been identified as priority locations by the community and
 city staff to receive upgrades in terms of countdown timers, new traffic signal components,
 curb ramps, crosswalks, and median upgrades. These should also be funded using FY21
 CIP Annual Allocations:
 - o Clairemont Mesa Boulevard and Rolfe Road
 - **(\$13,000)**
 - o Appleton Street and Genesee Avenue
 - **(\$220,000)**
 - Marbury Avenue and Westmore Road
 - **(\$82,100)**
 - Balboa Avenue and Viewridge Avenue
 - **(\$140,000)**
 - Balboa Avenue and Kearny Villa Road
 - **(\$550,000)**
 - Clairemont Mesa Boulevard and Convoy Street
 - **(\$84,000)**
 - Convoy Street and Othello Avenue
 - **(\$102,000)**
 - Convoy Court and Convoy Street
 - **(\$5,200)**
 - Balboa Avenue and Ruffin Road
 - **(\$55,000)**
 - Balboa Avenue and Viewridge Avenue
 - **(\$60,000)**
 - Balboa Avenue and Convoy Street
 - **(\$10,000)**
 - 8500 block of Balboa Avenue
 - **(\$40,000)**
 - Montgomery Drive and Sandrock Road
 - **(\$16,700)**
 - Balboa Avenue and Kearny Villa Road

- **(\$60,000)**
- Convoy Street and Ronson Road
 - **(\$51,000)**
- Balboa Avenue and Convoy Street
 - **(\$10,000)**
- o Pacific Heights Boulevard and Pacific Mesa Blvd.
 - **(\$3,050)**
- o Reagan Road and New Salem Street: Curb Ramps only
 - **(\$92,000)**
- o Armstrong Street and Armstrong Place: Curb Ramps only
 - **(\$25,000)**
- Rectangular Rapid Flashing Beacons (RRFB) is a cost-effective traffic improvement that enhances pedestrian safety and maintains traffic flow while avoiding unnecessary traffic signal installations. The following locations have been identified by the community for an RRFB and should be funded with FY21 CIP Annual Allocations:
 - Sandburg Elementary School (\$10,000)
 - o Salk Elementary School (\$10,000)
 - o Cannington Drive at Lafayette Elementary School (\$10,000)
 - o Stalmer Street and Angelucci Street (\$10,000)
 - o Intersection of Armstrong Street and Armstrong Place (\$10,000)
 - o Dubois Drive at Field Elementary School (\$10,000)
 - Farnham Street between Overland Avenue and Ruffin Road with curb ramps (~\$25,000)
 - Dagget Street and Convoy Street (\$10,000)
 - o Opportunity Road and Convoy Street (\$10,000)
 - Raytheon Road and Convoy Street (\$10,000)
 - o Convoy Street between Armour Street and Othello Avenue (\$10,000)
 - o Ross Elementary School (\$10,000)
 - This project requires necessary ADA evaluations for work to move forward
 - o Mt. Augustus Avenue at Holmes Elementary (\$10,000)
 - o Biltmore Street at Whitman Elementary (\$10,000)
 - o Baxter Street at Hawthorne Elementary (\$10,000)
 - o Triana Street at Sequoia Elementary (\$10,000)
 - o Mt. Albertine Avenue at Lindbergh Elementary School (\$10,000)
 - Montongo Street and Goleta Road (\$10,000)
 - o Flanders Drive and Flanders Place (\$10,000)
 - o Gold Coast Drive and Baroness Avenue (\$10,000)

Sidewalks -(\$8,523,000)

• Ensuring sidewalks are installed in priority pedestrian areas are extremely important to creating safe and livable neighborhoods. In last year's FY20 budget, there was an allocation of \$2,375,000 for the installation of new sidewalks. It is important that funding for new sidewalks in the FY21 budget is at least maintained at current levels and increased, if possible. These are the priority areas in District 6 for new sidewalks and should be funded using FY21 CIP Annual Allocations or the issuance of new lease revenue bonds that should take place in FY21:

Many Clairemont pedestrians utilize Balboa Avenue from Clairemont Drive to Mt. Culebra as a means of navigating across Tecolote Canyon. As the City works to implement the goals of the Climate Action Plan by incentivizing alternative modes of transportation, it is vital to ensure the safety of pedestrians. In 2017, this project received \$500,000 for the design phase from the RTCI Fee. The City should consider this revenue source and FY21 CIP Annual Allocations to help fund the remainder of the project. (\$5,140,000)

- The community and City staff have identified Genesee Avenue between Marlesta Drive and Park Mesa Way as being in need of a new sidewalk. This project would install nearly 3,000 linear feet of new sidewalk on the east side of Genesee Avenue. (\$1,007,000)
- Many Clairemont pedestrians utilize Genesee Avenue between Sauk Avenue and Chateau Drive. City staff and residents have identified the need for a new sidewalk on the east side of Genesee between Sauk Avenue and Chateau Drive. The design for this project has been completed. There is currently \$400,000 in the project which was allocated in last year's FY20 budget. The estimated total cost of the project is \$2.4 million. An additional \$2 million is needed to fully fund the construction phase of the project. (\$2,000,000)
- o The Rancho Penasquitos community and City staff have identified Black Mountain Road between Park Village Road and Pimpernel Street for improvements which includes a sidewalk, 1000 feet of guardrail, and streetlights. (\$376,000)

CC:ay



City of San Diego Councilmember Scott Sherman Seventh District

MEMORANDUM

DATE: January 10, 2020

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Scott Sherman

RE: FY 2021 Budget Priorities

Despite enjoying annual revenue growth, the City's baseline spending deficit is projected to be \$21.2 million. Compounding the baseline deficit are labor negotiations currently underway with the City's Recognized Employee Organizations and a funding shortfall of \$62.5 million for anticipated critical expenditures. The Fiscal Year 2021 budget will be a challenge to balance. This Council must show restraint and leadership to prioritize funding our reserves and core quality of life needs to prevent reductions or interruptions in services upon which our residents rely.

The following are my budget priorities for Fiscal Year 2021:

District 7 Community Projects

John Baca Park (Formerly Morley Green) Mini-ADA Park (\$1,250,000-\$1,500,000) - P19003
This project has been a top priority for the Linda Vista community for over a decade. John Baca Park_is centrally located in Linda Vista with a large number of families overlooking the space. Using a ¼ mile radius from the center of the park as the service area, it is estimated that 91% (4,119) of the 4,527 residents who will use the park are in the Low to Moderate Income bracket. The parks adjacent census tracts (86 & 88) have populations of under 18 year olds of 31.8% and 38.7% respectively; the city average is 24%. The average household size for these two census tracts is 3.67 and 3.47; the county average is 2.73. The two closest parks to these census tracts do not contain any equipment or facilities that cater to young children, nor are they ADA accessible.

Morley Green was a former Redevelopment Agency parcel and in October of 2015 DOF relinquished control of the land to the City. Prior to the dissolution of RDAs, CCDC had identified \$1,244,000 in grants and matching funds to develop the parcel into a mini-ADA park. Investing in the Linda Vista community by building a park at this site not only would illustrate the City's commitment to this underserved community, it would also achieve the City's goal of increasing

total park acreage. This project is eligible for CDBG funds to help the community with their plans for the site to include an ADA tot-lot, a shade structure, and picnic tables. There are existing plans for the park improvements that have been approved by the community, and the City can realize \$400,000 in savings for the cost of a park General Development Plan by utilizing these existing plans. Due to the deficit of public park space with accessible equipment in the surrounding area, we should prioritize John Baca Park for CDBG infrastructure funding in FY 2021 to ensure construction can begin as soon as possible.

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

The San Carlos Branch Library has been a community staple for the last forty years. Initially planned as the flagship branch for the surrounding neighborhoods, the San Carlos Library has been in planning stages for a new library for nearly twenty years. The DC-3 bond identified \$1 million in FY 2015 and has been expended to finalize the design documents for the new San Carlos Library which will complete the last steps in preparation for construction. A financing plan needs to be put into place setting funding aside on an annual basis to build the San Carlos library for which residents have been patiently waiting. Conversations with the County regarding the sale of the land are ongoing as we are in the final stages of receiving the "no further action" letter.

Adaptive Traffic Signals in Mission Valley (\$300,000)

Adaptive traffic signal control systems have been found to improve efficiency by up to 20% and have been recently recognized by the State to have positive climate benefits as a result of the reduction of idling of cars.

Traffic is the primary issue for the Mission Valley community. Billions of dollars of residential and commercial development is taking place and the pending stadium sale and development of SDSU west, the growth trend for this area will continue, and a multitude of transportation strategies are needed to address congestion that impacts both public safety and quality of life.

In 2016, the City installed three signals and an adaptive traffic signal control system along Friars Road in Fashion Valley resulting in a tremendous improvement to the flow of traffic through this heavily congested corridor. With the success of these new adaptive signals, expanding the number of signals along this corridor will provide considerable benefit to alleviating congestion and would assist the City with meeting our CAP goals. Friars Road is the ideal candidate for the expansion of the adaptive traffic signal project given the pre-existing fiber optic cables, an established control system, and three traffic signals already in place allowing for a longer chain of reduced wait times and traffic efficiency.

As identified in the San Diego Traffic Signal Communication Master Plan, funding sources for implementation of the plan include DIF fees, RTCIP, and Transnet funds¹.

Senior River Park Ranger FTE (\$133,227)

In the budgets for Fiscal Year 2019 and 2020 we saw the addition of \$133,227 for a Senior River Park Ranger FTE at a crucial time when the homeless crisis along the San Diego River has reached critical levels. The cost is offset by the Public Utility Department's contribution of 50% in enterprise funds for a total General Fund impact of \$66,647 based on PUD's corresponding ownership portion of the San Diego River. Based on feedback from communities along the River,

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¹ https://www.sandiego.gov/sites/default/files/legacy/tsw/pdf/trafficsignalcomm/report.pdf

this position has been an important step in helping to mitigate this crisis from further escalation and continued funding for this position is necessary.

The position will continue to be responsible for collaborating and managing operations of a Ranger work unit along the San Diego River within the City of San Diego. This includes developing and monitoring of the Ranger section budget; developing, collaborating, maintaining and monitoring various projects along the San Diego River including habitat restoration, interpretation and enforcement; liaison for the Department and San Diego River to various advisory groups, City departments, non-profit groups, media, land owners and public; performing outreach and interpretive programs for the areas of responsibility; assisting in the technical aspects of education, interpretation, and enforcement; and supervising various supervisory, volunteers and staff.

Protected Bike Lanes from Old Town Transit Station to Stalmer Street (\$400,000)

The Linda Vista Planning Group's Traffic and Transportation Subcommittee has been working with the City's Transportation and Stormwater Department to evaluate the implantation of a safe, comfortable, and protected bike and micro-mobility lane along Linda Vista Road to access one of the major employment destinations in Kearny Mesa. The City evaluated the location and concluded that a protected buffered bike lane would be beneficial in that region. The installation of this improvement would not require the removal of car lanes or parking.

We would therefore like to prioritize the installation of a safe and protected bicycle facility, per Vision Zero guidelines for strategic solutions for safety, from Old Town Transit to Stalmer. This improvement would also encompass a pedestrian safe crossing at USD.

Citywide

Expand Homeless Strategies Division

The City of San Diego Community Action Plan on Homelessness sets forth a versatile action plan to combat homelessness. To meet the goals set forth in the plan we need to expand our current Department of Homeless Strategies and increase our current successful programs. We also need to ensure that every Council District is doing their part. To accomplish this we must:

- Continue and Expand Clean SD. Clean SD has proved to be extremely successful citywide. Particularly in District 7, Clean SD has been instrumental along the San Diego River. We have seen a dramatic decline in the number of homeless encampments due to the persistence work by SDPD and ESD.
- Restore of 3 FTE for Homeless Strategies. During Budget deliberations last year 3 positions were transferred from the City to the San Diego Housing Commission by direction of the City Council. To meet our goals, it is essential these 3 positions are restored in the FY 2021 Budget. Compared to similar cities our Homeless Strategies Division is understaffed and underfunded. For instance, when you look at comparable municipalities, Denver's Road Home Program has 7 FTEs and is still viewed as understaffed and Dallas' Office of Homeless Solutions has a budget of \$11.5 million. To achieve our goals, it is essential that we have the necessary staff and resources.
- Continue and Expand Bridge Shelters. Bridge shelters are essential for providing temporary relief from the streets for individuals experiencing homelessness. At

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these shelters individuals are not only provided with a place to sleep and meals, but they are connected to services to assist them with finding permanent housing. It is important that we continue funding our current 4 shelters while also looking for other locations.

- Continue and Expand Storage Connect Centers. Our Storage Centers provide the ability for homeless individuals to securely store their belongings so they can be independent giving them the ability to go to work and meet with social workers. We must continue to fund and expand the program if we are at capacity.
- Continue and Expand Safe Parking Lots. Safe Parking lots provide a protected and secure environment for our unsheltered population living out of their own vehicles. At these locations individuals are provided with support and tools to help stabilize and transition back into permanent housing.

Companion Unit Fee Waiver (\$2,000,000)

A San Diego Housing Commission Report suggested that 2,000 to 6,000 new Companion Units (CUs) may be built in San Diego over the next 20 years—a step in the right direction to adequately provide naturally affordable housing.

Excessive government fees on the construction of new CUs, upwards of \$30,000 per unit, were found to be cost prohibitive to their development. On April 30, 2018, the Council unanimously voted to exempt Development Impact Fees and Facility Benefit Assessment Fees and waive General Plan Maintenance Fees and Water and Sewer fees to encourage their construction.

The Companion Unit fee waiver program has been incredibly successful. In fact, demand has outpaced funding for the Water and Sewer connection waiver each year since its inception. In FY 2019, approximately 80 units were permitted before funding ran out at the end of the second quarter, and in FY 2020 approximately 200 units were permitted before funding ran out mid-second quarter. The cost to the City is approximately \$3,500 per new affordable companion unit being produced by the private sector. Compared to Housing Commission Affordable housing projects which range in cost from \$300,000 to \$500,000 per unit, this is an extremely cost effect investment for the City to create desperately needed housing stock.

The County of San Diego is waiving \$11 million in fees over the next 5 years for the construction of CUs. To meet actual demand for the program in FY 2021, City Council should seek to appropriate \$2,000,000 in one-time funds to reimburse PUD for waiver of sewer and water capacity fees for Companion Units. This will encourage continued private investment in naturally occurring affordable housing options.

2-1-1 San Diego (\$275,000)

2-1-1 San Diego is the hub of accessing social and health services for our region, and a resource that our Council offices rely on to refer constituents needing assistance outside the scope of City departments. Additionally, as part of implementing the Community Action Plan on Homelessness, the City could benefit greatly from a more formal partnership with 2-1-1 to access data through the Community Information Exchange. Nearly half (43%) of calls to 2-1-1 come from residents within the City of San Diego, amounting to over 117,000 referrals, 25% of which are for housing and shelter. Three out of four people who call 2-1-1 with an immediate housing need will not become

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homeless. Due to the work load generated from our residents and the benefits this organization brings them, we should dedicate a modest annual investment in supporting their ongoing operations.

Fully Fund Reserves

The Council and Mayor should continue hold to our established policy of high reserve amounts in order to ensure that emergencies and unanticipated economic circumstances, particularly State and Federal budget impacts, will not pose insurmountable challenges. We must rigorously adhere to our goal to not only provide "rainy day" protection and the Pension Payment Stabilization Reserve replenishment plan, but also to sustain the City's favorable credit rating.

Phase Out City's Publishing Services

In a fiscal year facing budget deficits and tough decisions about what our priorities for the City of San Diego are, we must find ways to save taxpayer dollars. In FY 2019 the City budgeted nearly \$2.5 million for nine fulltime employees to supply City Departments with their requested printed and electronic materials. While this service is necessary for City Departments to function, the City itself does not need to be in the printing business and instead should contract this service out and focus on continuing to fund core city services with the savings from eliminating this division.

Apply Zero Based Budgeting Principles for Deficit Management and Mitigation

Examining city budgeting principles and practices is essential to mitigating the impact of reduced revenues. Smart budgeting that empowers departments to holistically examine their finances can identify duplication of efforts among departments, give departments the opportunity to identify needs and redirect existing resources, and provide for greater transparency and efficiency.

According to the IBA's 2016 report "Zero Based Budgeting Concepts and Examples," the potential advantages of using elements of Zero Based Budgeting principles include: ²

- Provides management and the legislative branch with better insight into the detailed activities of departments, and related costs.
- Offers a more rational way to make budget cuts when necessary—as opposed to across-the-board budget cuts that do not differentiate between the value of one service versus another.
- Involves a more detailed review of all expenditures, which helps ensure accountability.
- Enhances transparency and decision-making by more comprehensively examining the entire budget rather than focusing on the incremental change over prior-year spending.
- Focuses on performance measures and results for various decisions/programs.
- Provides more than just an opportunity to cut costs; enhance performance by identifying efficiencies, and help strengthen an organization by offering lessons learned from other municipalities.

Also contained in the report are recommendations from the former CFO of Montgomery County, Pennsylvania, based on that jurisdiction's experience using ZBB, including to "avoid setting"

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² Zero Based Budgeting Concepts and Examples, https://www.sandiego.gov/sites/default/files/ibareport16-16.pdf

arbitrary percentages (e.g. telling Departments they need to cut 5% of their budget). Departments will identify better service improvements if they feel like their needs and concerns are heard."

The City successfully utilizes ZBB principles in specific areas such as non-discretionary accounts, hourly positions, and IT discretionary accounts. The City should expand usage of base-line budgeting principles to identify cost savings and improve service delivery by aligning resources to programs without having to make arbitrary cuts.

cc: Honorable Mayor, Kevin L. Faulconer



COUNCILMEMBER VIVIAN MORENO City of San Diego Eighth District

MEMORANDUM

DATE: January 10, 2020

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Vivian Moreno

SUBJECT: Fiscal Year 2021 Budget Priorities

Please see my budget priorities for the Fiscal Year 2021 budget listed below.

District 8 Capital Improvement Projects and Services

As previously submitted via my Capital Improvement Program (CIP) Priorities for Fiscal Year 2021 through 2025, below are the CIP projects in District 8 that should be funded in the FY21 budget.

Beyer Park Development CIP# S00752

Project Description: The project, located at Beyer Boulevard and Enright Drive, consists of the design and construction of Beyer Park and is working towards approval of the General Development Plan with a target of going to the Park and Rec Board for approval in Fall 2019. The project is currently in the environmental review process and are working with the Development Services Department towards preparation a draft CEQA document. The design phase will be completed in Fall 2020. Construction could begin in Fall 2020 if funding is allocated in FY21. Full construction of the project requires \$17 million.

Boston Linear Park

Creation of a Capital Improvement Project for creation of Boston Linear Park and identification of funding for a General Development Plan.

Chollas Creek Trail

Project Description: The FY21 budget should include funding to implement a Class 1 multi-use trail along Chollas Creek from Southcrest Trails to the Bayshore Bikeway. This project requires \$7 million.

Commercial & 20th Storage Facility Cleaning, Sanitization and Code Enforcement

Project Description: The area around this facility should continue to receive an increased level of streets and sidewalk cleaning/sanitization. Additionally, increased code enforcement staffing is critical to ensure the area around the facility remains clean and free of debris. Funding for these activities is critical and should be included in the FY21 budget.

Dennery Ranch Neighborhood Park CIP# S00636

Project Description: The project, located at Dennery Road and Ballast Lane, consists of the design and construction of Dennery Ranch Neighborhood Park in the Otay Mesa Community. This project was estimated to cost \$15.1 million, however recent bids for construction came back over budget. If staff can develop a strategy to bridge the funding gap, this project can begin construction in FY21.

Hidden Trails Neighborhood Park CIP# S00995

Project Description: This project, located east of Parson's Landing and north of Westport View Dr. in the Ocean View Hills Neighborhood, provides for the acquisition, design and construction of an approximately 3.7-acre Neighborhood Park. The project could include sport fields, children's play areas, walking paths and other amenities. The General Development Plan (GDP) is anticipated to be complete by Summer 2020. The project will require \$340,000 to begin the construction phase in FY21.

Howard Avenue-Village Pine to Iris Avenue Sidewalk CIP# B18019

Project Description: This project will install new concrete sidewalk on the east side of Howard Avenue between Iris Avenue and Village Pine Drive. The project also includes installation of a new retaining wall, curb ramps, traffic signal relocation, and other associated improvements for the installation of the sidewalk. This project is in design and requires \$893,000 for construction in FY21.

La Media Road CIP #S15018

Project Description: This project will widen La Media Road between SR-905 to Siempre Viva Road. La Media Road will be widened to a six-lane primary arterial from SR-905 to Airway Road, a five-lane major between Airway Road and Siempre Viva Road with three southbound

lanes and two northbound lanes. Improvements from Siempre Viva Road to Otay Truck Route will be constructed under a different project. This project will also improve drainage at the intersection of La Media Road and Airway Road. This project has \$11.8 million in unidentified funding needs. The design phase will be complete in December 2019. It should be prioritized to ensure it moves towards construction as swiftly as possible.

Nestor Fire Station No. 30 Upgrades

Project Description: A CIP Project needs to be created to address deferred maintenance issues at the Nestor Fire Station (Station No. 30). Deferred maintenance needs total \$2.05 million and include:

- Complete remodel similar to FS33 with new kitchen, office and dorm expansion, bathrooms, HVAC, exhaust extraction, flooring, paint interior and exterior, window and landscaping. Cost estimate: \$2 million
- New flooring in kitchen, Ready Room, dorms. Cost estimate: \$10,000
- Six ready chairs. Cost estimate: \$6,000
- Programmable PPE washer. Cost estimate: \$2,000
- Exhaust extraction system replacement. Cost estimate: \$25,000

Otay Mesa-Nestor Community Plan Update

Project Description: The first Otay Mesa-Nestor was adopted in 1979 and it was last updated in 1997. An Otay Mesa-Nestor Community Plan Update should be included in the FY21 community plan update work plan and FY21 budget.

Otay Mesa-Nestor Fire Station No. 6 Upgrades

Project Description: Fire Station No. 6 is one of the city's oldest stations and requires several deferred maintenance and living condition improvements. A remodel of current bathrooms, kitchen, individual dorm rooms and replacement of the HVAC system should be included in the FY21 budget. Estimated cost is \$250,000.

Repurposing of Historic San Ysidro Library Building (101 West San Ysidro Boulevard) into a Teen Center

Project Description: The repurposing of this facility into a teen center would provide critical services such as youth programming and a meeting space for youth. The historic San Ysidro Library served the community from 1924 until September 2019 when the new San Ysidro branch library opened. This building is centrally located and easily accessible. Repurposing the building into a Teen Center would ensure the community would continue receiving valuable services. Funding in FY21 should be allocated to allow for the preliminary design of the repurposing of the current building.

San Ysidro Traffic Signals

Project Description: The CIP budget should allocate sufficient funding for the installation of new traffic signals at the following locations, as identified within the San Ysidro Impact Fee Study:

- Dairy Mart Road and Vista Lane. Cost estimate: \$275,000
- Dairy Mart Road and Servando Avenue. Cost estimate: \$275,000
- Dairy Mart Road and Camino De La Plaza. Cost estimate: \$275,000
- West San Ysidro Boulevard and Alverson Road. Cost estimate: \$275,000
- Camino De La Plaza and Sipes Lane. Cost estimate: \$275,000
- East San Ysidro Boulevard and Center Street. Cost estimate: \$275,000

Sherman Heights Community Center Playground CIP# B18006

Project Description: Removal of existing playground equipment, picnic tables, and safety surfacing. The existing ADA ramp is to be evaluated and necessary modifications made to make the playground area accessible from the public way. Some grading may be necessary to accommodate the installation of a concrete base for the new poured in place rubberized safety surfacing. This project requires \$470,000 for construction in FY21.

Sidewalk Installations

- Thermal Ave.-Donax Avenue to Palm Avenue Sidewalk CIP# B18157
 - o **Project Description:** Installation of sidewalk on east side of Thermal Avenue between Palm Avenue and Donax Avenue and the west side of Thermal Avenue from Dahlia Avenue to Donax Avenue. The project is currently in design and will require \$1.1 million in funding in FY21 to be constructed.
- Create CIP for Saturn Boulevard Sidewalk Project
 - O Project Description: Creation of a CIP Project for the construction of a sidewalk on the west side of Saturn Boulevard between Dahlia Avenue and Elm Avenue. In 2016, the Transportation and Storm Water Department determined that this location qualifies for sidewalks under City Council Policy No. 200-03. The project number is Saturn Boulevard (SN 15-770299) and has been added to the City's "Sidewalk Needs List" competing with other similar projects to receive funding for construction.
- Create CIP for the installation of new sidewalks in San Ysidro
 - Project Description: Creation of a CIP Project for the construction of sidewalks at the following locations:
 - 1. West San Ysidro Boulevard, from 156 West San Ysidro Boulevard, to 198 West San Ysidro Boulevard (Fire Station 29).
 - 2. West Side of Otay Mesa Road between Beyer Boulevard and Otay Mesa Place (SYSD).

- Create CIP for the installation of new sidewalks in Nestor
 - **Project Description:** Creation of a CIP Project for the construction of sidewalks at the following locations:
 - 1. Elm Street, from west 16th Street to Harwood Street.
 - 2. Elm Street, from 15th Street to 14th Street.
 - 3. Donax Avenue, from 15th Street to 16th Street.
 - 4. Donax Avenue, from 16th Street to Thermal Avenue.
 - 5. Donax Avenue, from Thermal Avenue to Saturn Avenue.
 - 6. Thermal Avenue, from south Palm Avenue to Donax Avenue.
 - 7. Saturn Avenue, from Dahlia Avenue to Elm Street.
 - 8. 16th Street, from Elder Avenue to Elm Avenue.
 - 9. Elder Avenue, from 16th Street to Thermal Avenue.
 - 10. 951 Granger Street (no existing sidewalk at this address).
 - 11. Granger Street between Elm Street and Donax Avenue.
 - 12. Southwest corner of Elm Avenue and 14th Street.
 - 13. Atwater Street, from Fern Avenue to Coronado Avenue (Missing sections of sidewalk).
 - 14. Grove Avenue, between Saturn Boulevard and Switzerland Drive
 - 15. North side of Avenida Del Mexico, between Saturn Boulevard and Elm Avenue.
 - 16. East side of Hollister Street between Flower Avenue and Starburst Lane (sidewalk is temporary and needs to be built to city standards)

Southwest Neighborhood Park CIP# P18010

Project Description: The project scope is to prepare a General Development Plan (GDP) for an approximately 11.5-acre neighborhood park including a draft environmental document as required for submittal to the Parks and Recreation Board for review. A construction cost estimate based on the final GDP shall be prepared. Improvements may include a children's play area, picnic areas, and comfort station. The GDP and environmental document are expected to be complete in Fall of 2020. The next phase will require funding for construction documents in FY21. The total project cost estimate is \$8.8 million.

Unpaved Roads in Stockton

Project Description: A CIP Project needs to be created for paving the following unpaved roads in the Stockton community.

- 1. South Bancroft Street at the intersection of Greely Avenue.
- 2. Durant Street at the intersection of Payne Street.
- 3. Alley between K and L Street, east of 33rd Street.
- 4. 34th Street between Spring Garden Place and Island Avenue.

Citywide Projects and Services:

Transportation and Storm Water Department Grant Writer

To take advantage of regional, state and federal funding opportunities for transportation projects, the city should hire a grant writer solely focused on securing funding for these activities and projects.

Transportation and Storm Water Department and Public Utilities Department Joint Storm Water Capture and Reuse Analysis

A report by the City Auditor highlighted significant deficiencies in funding for storm water infrastructure. As the city moves forward to address those deficiencies, it is critical that the amount budgeted for Operations and Management of our storm water system be increased, including the possibility of a storm water capture system funded jointly by the Public Utilities Department and the Transportation and Storm Water Department. Construction of a storm water capture facility in Otay Mesa could serve as a pilot program.

Estimated Cost: \$400,000

Sidewalk Maintenance and Repair

The city must act to develop a funding plan to address the findings in the sidewalk condition assessment and mitigate all tripping hazards to effectively reduce the city's liability and improve the conditions of our sidewalks. The FY21 budget should include increased funding for sidewalk repair and construction of new sidewalks.

Mobility Infrastructure

The FY21 budget should include funding within its annual allocations for the installation of a minimum of 20 miles of protected, separated bike lanes citywide to fill network gaps, expand the city's bike lane network and reduce risk in high crash areas. Transnet could be a potential source of funding for these projects.

Bicycle Improvement Projects

The FY21 budget should include funding for the Chollas Creek to Bayshore Multi Use Path (CIP# B17113): Estimated Cost: \$335,000.

Additionally, the following bicycle focused items should be considered for inclusion within the FY21 budget

- Fund interim improvements on Harbor Drive until the SANDAG Bayshore Bikeway project can be completed.
- Fund a full-time position for an Active Transportation grant writer to better pursue available grant funding for bicycle projects.

Expansion of Bus Lanes

The FY21 budget should include funding to promote and support transit use by improving travel times for buses and incorporate traffic signal prioritization where possible. Estimated Cost: \$100.000

Vision Zero Priority Intersections

Allocate \$15,000 for each intersection to address high visibility crosswalks, countdown timers, audible accessibility:

- 4300 block of Camino de las Plaza.
- 1300 block of Palm Avenue.
- Beyer Boulevard and Del Sur Boulevard.
- Near Alverson Road and W. San Ysidro Boulevard.
- Near Del Sol Boulevard and Del Sol Way (near the bus stop).

Harbor Drive Multimodal Corridor Study Recommendations

The recently completed Harbor Drive Multimodal Corridor Study identifies and prioritizes projects that reduce truck-related congestion, noise and pollution in residential areas, reduce truck and employee parking in Barrio Logan, and improve bicycle infrastructure and pedestrian enhancements along the corridor. Completing environmental review and preliminary design are the key next steps to advancing the Harbor Drive project. The estimated cost for those steps is \$700,000 for environmental review by itself or \$1.85 million for environmental review and preliminary design. The improvements will greatly benefit the city and the FY21 budget should allocate resources to assist the Port in implementing the identified improvements and applying for all available grant funding.

DeAnza Revitalization Plan EIR Funding

During the discussion regarding renewal and expansion of the Campland leases in 2019, the Council indicated that Wildest Restoration Plan be included an analyzed as part of the DeAnza Revitalization Plan EIR. The FY21 budget should include the necessary funding to fully analyze the Wildest wetland restoration option to the same extent as the existing alternative in the upcoming EIR.

Climate Action Plan

Climate Action Plan (CAP) Five -Year Outlook

The FY21 budget should include sufficient funding to implement the actions and investments needed to hit CAP targets as identified in the CAP 5-Year Outlook.

Study Accounting for San Diego's Blue Carbon in the Climate Action Plan

UCSD has proposed a study to demonstrate the optimization of wetland ecosystems management for carbon sequestration. The city's Climate Action Plan presently does not account for carbon offsets available from "blue carbon"—the burial of plant material in San Diego's wetlands, effectively removing carbon dioxide from the atmosphere for millennia. There is also the potential to increase the storage of carbon by the restoration of marshes in San Diego to provide further benefits to San Diego's climate planning process. UCSD's study proposes to:

- Assess the present inventory of blue carbon in San Diego.
- Estimate the potential for additional storage of blue carbon if city-owned property was restored to wetlands.
- Calculate the economic value of San Diego's blue carbon resources, both current and achievable.

• Calculate the economic value of San Diego's wetlands for other services, such as tourism, sea level rise protection, water quality improvement, and fisheries improvement.

The FY21 budget should provide phased funding for a three-year study on blue carbon in city wetlands and work with UCSD to determine a potential cost sharing agreement. Estimated Cost: \$1 million in FY21 (the overall study cost is approximately \$3 million).

Urban Forestry

Expand the city's urban forestry staff by hiring two additional FTEs in FY21, one Code Enforcement Officer in Development Services, and one additional arborist/horticulturalist in the Streets Division of Transportation & Storm Water, to support full implementation of the Five-Year Urban Forest Management Plan and progress toward the CAP targets. Additionally, the FY21 budget should include \$500,000 for planting 2,500 additional street trees, and a \$1M increase in contracts for scheduled tree care.

Estimated Cost: \$1.7 million

- \$1.5 million (plantings and tree care).
- \$100,000 (Code Enforcement Officer).
- \$100,000 (arborist/horticulturalist).

Zero Waste Management Implementation

To obtain a 75% diversion rate as cited in the Zero Waste Management Plan, the Environmental Services Department should consider increasing blue bin collection service from biweekly to weekly. The additional expense could be offset by the additional revenue generated by increasing the recycling rate. Additionally, the city should provide green waste collection service, particularly in communities south of Interstate 8. To determine the feasibility of such a change, the city should fund a pilot study in the FY21 budget.

Library Budget

Protection of Current Hours and Service Levels

Community members rely on our libraries not just for access to books and reference materials, but also for critical activities like children's reading programs, youth and adult programming and community meetings. It is critical that the city maintain current hours and service levels at all libraries in FY21.

Programming Budget

The Library programming budget provides free educational and cultural programming to hundreds of thousands of people throughout the city. Currently, the Library Department provides only \$200,000 of ongoing General Fund resources for programs throughout the entire library system. In Fiscal Year 2020, the City Council added \$200,000 in one-time funding to help enhance programming. This figure represents a small investment of \$5,555/branch in program funding. These programs are vital to the success of the library and ensure equity in program access across the system. It is critical to maintain this funding in FY21.

Estimated Cost: \$400,000 of ongoing funding.

Books, Digital Resources and Materials Budget

The Library Department's materials budget has remained flat for a decade. Increasing the budget for books, materials and digital resources is urgently needed to make sure each library keeps pace with circulation needs and allows for adequate access to books, electronic resources and databases. To be on par with other benchmarked library systems the books and materials budget should be increased in the FY21 budget.

Public Safety

Public safety remains a high budget priority. The following items should be considered for inclusion in the FY21 budget.

2-1-1 San Diego funding

2-1-1 serves the city as a trusted pathway to social and health services via the 2-1-1 dialing code and a free online database of resources. The city relies on 2-1-1 to help its constituents in need of vital resource coordination, especially for those at risk of or suffering from homelessness. Nearly half (43%) of calls to 2-1-1 come from residents within the City of San Diego, amounting to over 117,000 referrals. The FY21 budget should allocate funding to support 2-1-1 San Diego. Estimated Cost: \$275,000

Police Department

Barrio Logan Truck Route Enforcement

Funding for enforcement activity in the streets prohibited to truck traffic within the new Barrio Logan Truck Route. An additional 30 hours of police overtime per week should be budgeted to allow for adequate enforcement of the Truck Route.

Estimated Cost: \$100,000

Las Americas Outlets Traffic Enforcement

Increased traffic enforcement along city streets adjacent to the Las Americas Premium Outlets from November 27th to December 24th.

Recruitment and Retention

The city must continue to prioritize the recruitment and retention of police officers. Although the FY20 adopted budget allocated funding towards recruitment and retention efforts, the city must not lose focus on ensuring our police department is appropriately staffed to provide our communities with the public safety services they need. As such, in FY21, the city should continue to fund recruitment and retention efforts.

Fire-Rescue Department

Recruitment and Retention

The Fire-Rescue Department has had difficulty recruiting and retaining firefighters due to uncompetitive salary and benefits. An increase in pay and benefits should be considered in the FY21 budget.

Lifeguard Division

Staffing Increases

Ensuring the Lifeguard Division is appropriately staffed to effectively respond to emergency situations is critical to having a safe environment for visitors to our coastline. As such, the following positions should be included in the FY21 budget.

- Addition of one year-round Lifeguard III for primary backup for both the Children's Pool
 and La Jolla Cove by water and Blacks Beach by land and water. This station sends staff
 to coastal cliff rescues, which places stress on the remaining staff. To more effectively
 respond to emergency situations, the FY21 budget should include funding for additional
 staffing of one Lifeguard III position.
 - o Estimated Cost: \$139,876 (2 FTE)
- Addition of one year-round Lifeguard Sergeant for the Boating Safety Unit (BSU) in
 order to fill vacant supervisory shifts at any stations throughout the Lifeguard Division,
 which will reduce out-of-class assignments and overtime costs. Any combination of calls
 requiring 4-5 total guards leaves the BSU understaffed and the addition of this position
 will prevent that from happening.
 - o Estimated Cost: \$153,112 (2 FTE)
- Addition of one year-round Lieutenant for the Boating Safety Unit (BSU) to provide adequate Lieutenant coverage at the BSU seven days a week, as current staffing only provides for a Lieutenant four days per week. This position would provide adequate coverage for major incidents every day of the week.
 - o Estimated Cost: \$92,918 (2 FTE)

Parks & Recreation Department

Preservation of Current Hours and Service Levels

Community members rely on our parks and recreation centers for critical activities like adult and youth athletic leagues, youth and adult programming, senior programming, summer camps and community meetings, as well as enjoying passive activities within our many parks. It is critical that the city maintain current hours and service levels at all park and recreation centers in FY21.

Independent Rate Consultant

In 2017, the Council passed a resolution of intent that allows the IBA to retain the services of an independent rate consultant that can be utilized during Cost of Service Studies and associated reviews. If the IBA determines a need for these services in FY21, the FY21 PUD budget should provide the resources to retain the desired services.

Penny for the Arts

In FY20 the City Council included \$3.9M in one-time funding for Arts & Culture programming. Even with this funding the city will continue to fall short of the Blueprint's stated funding goals.

This means that for the next five years, Arts and Culture funding will continue to be millions of dollars short of the Blueprint's commitment. Continuing arts funding in the FY21 budget to match FY20 levels would allow our arts and culture programming, a vital part of our economy, to continue to grow.

Estimated Cost: \$3.9 million.

REVENUE OPTIONS

The following revenue opportunities should be explored to fund budget priority items outlined in this memorandum:

Excess Equity

The first quarter budget monitoring report projected \$22.1 million in excess equity at year end that could be used in the FY21 budget.

Pension Stability Reserve

\$7.9 million of the Pension Stability Reserve could be utilized for the FY21 annual required contribution to make up for the higher than expected annual required contribution level.

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

The Five-Year Outlook noted that the adjusted residual RPTTF revenue over the next five years increases from \$24.7 million to \$33.9 million, for a total of \$151.1 million. Using this revenue going forward to invest in San Diego's economically disadvantaged communities, as originally intended allows areas in the greatest need of economic investment an opportunity to attract new commercial activity, which in turn creates new jobs and greater tax revenue for the city's general fund. The prioritized investment of these residual RPTTF funds could fund many capital projects across the city that currently do not have identified funding sources.

Contracts

The city utilizes outside contractors for a variety of services totaling \$247 million. The city should utilize the appropriate termination clause language within each contract to renegotiate the cost of each contract. A 10% overall reduction in contracts for outside services would provide the city with \$24.7 million for more immediate General Fund purposes.

Annual Contract Increase Projection

The Five-Year Outlook reflects a 3.9% annual increase in costs for contracts. A reduction in the assumed increase could free up funding for use in the FY21 budget.

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



CITY OF SAN DIEGO OFFICE OF COUNCIL PRESIDENT GEORGETTE GÓMEZ NINTH DISTRICT

MEMORANDUM

DATF: January 10, 2020

TO: Andrea Tevlin, Independent Budget Analyst

Council President Georgette Gómez, Ninth Council District Manyth FROM:

SUBJECT: Budget Priorities for Fiscal Year 2021

Thank you for the opportunity to share my priorities for the City of San Diego's Fiscal Year 2021 (FY21) Budget. A key objective of mine will be to ensure investment in underserved communities and to maximize opportunities that support affordable housing and address our homeless crisis. Not only should investment be prioritized for communities that need them the most, city projects should deliver concrete community benefits while meeting our Climate Action Plan goals. It is essential we

ensure that underserved communities are not adversely impacted by a reduction in public services while meeting our critical goals. We made progress in 2019, but we still have much more work to do and improve on.

Every year, Councilmembers submit memos prioritizing services, programs, and projects for the residents of the City. After the annual budget process is complete, we lack the City staff to deliver the service levels and service quality we ultimately approved. Vacancy and turnover rates are high and studies show that City compensation is not competitive with other jurisdictions in the region. We must commit to close the competitiveness gap and rebuild our capacity to serve our residents through recruitment and retention of dedicated, quality employees. Without addressing this fundamental function of our City, we cannot expect to be successful in maintaining and expanding the services San Diegans deserve.

We also need to implement the recommendations of our recently-adopted Community Action Plan on Homelessness and take a different approach to addressing our unsheltered community members. I am fully committed to working with my colleagues at the City to ensure that mindful priorities are being made and seek additional revenue to fund those priorities.

Thank you again for considering my FY21 budget priorities. They include citywide priorities, district priorities, and potential revenue sources as described.

RECOMMENDED CITYWIDE EXPENDITURES

CLIMATE ACTION PLAN (CAP)

In 2015, the City Council adopted the Climate Action Plan (CAP) that sets targets for reducing greenhouse gas emissions by 2020 and 2035. The 2019 Climate Action Plan Annual Report shows that the City will miss many of the 2020 targets and is not on track to meet the 2035 targets. We need step by step plans on how we will close the gaps, implement the CAP, and meet the targets.

- Climate Adaptation & Resiliency Plan: Update and implementation of greenhouse gas emissions reduction goals identified in the City's Climate Action Plan. This funding includes \$442,614 to implement the City's Resiliency Plan and a Program Coordinator FTE. Ongoing costs from FY22 to FY25 are estimated at \$352,614 per year. Approximate Cost: \$442,614
- **Urban Forestry Program Funding:** Implementation of the Urban Forestry Five-Year Plan, including staffing, contracts, plantings, and maintenance to ensure healthy trees in every council district and to help meet our Climate Action Plan goals. This request includes \$500,000 for planting 2,500 additional street trees, \$500,000 in contracts for inspections and scheduled street tree care, \$500,000 for pest control treatment, \$100,000 for a code enforcement officer, and \$100,000 for an additional arborist/horticulturalist. *Approximate Cost: \$1.7 million*
- Zero Waste Plan and CAP: Implementation of the Climate Action Plan's goal of diverting all solid waste from landfills by 2040. This could include additional staffing and other support pending the Zero Waste Plan update by Environmental Services that is anticipated to come before City Council in February 2020. Approximate Cost: Unknown

ACTIVE TRANSPORTATION AND INFRASTRUCTURE

- **Sidewalk Infrastructure:** I request that the City's 50/50 sidewalk replacement program be revised to significantly reduce or offer no fee reconstruction sidewalk permits in order to spur the ability for property owners to reconstruct their sidewalks. To that end I support efforts that include:
 - Revise the Council Policy to fully fund the replacement of sidewalks in targeted communities fifty years or older rather than having the 50/50 program that relies on the property owner to pay for half of the replacement of the sidewalks;
 - Alleys that are unpaved or in severe disrepair should be programmed to be redone by city staff; and
 - As part of these improvements, projects should include new shade-producing street trees as well as lighting and any other ADA-required improvements

Approximate Cost: Unknown

• **Stormwater Capture and Reuse Analysis:** Study on integrated water management solutions and identifying infrastructure projects that can harvest/store stormwater to reduce runoff and increase the City's water supply. *Approximate Cost:* \$400,000

Pedestrian and Bicycle Safety: According to the latest data, pedestrian and bicycle fatalities
is at its highest rate since 2014. In order to improve safety for pedestrians and cyclists, as well
as meet our CAP mode-share shift goals in Transit-Priority Areas, more funding is needed for
protected bike lanes and improving unsafe intersections in our district. I recommend these
specific intersections be evaluated for improvements:

- University Ave & Rolando Blvd.
- o El Cajon Blvd & Menlo Ave.
- El Cajon Blvd & Estrella Ave.
- o El Cajon Blvd. & Winona Ave.
- o El Cajon Blvd & 46th Street.

Approximate cost: Unknown.

GOVERNMENT EFFICIENCY

- **Get It Done Support Staff:** Additional Get-It-Done support staff and technological support. This amount includes efficiency improvements to the Get-It-Done application to ensure more services requests from constituents are being addressed. *Approximate cost: Unknown*
- Vacancies, Attrition, Recruitment and Human Capital: For the past several years, the City has had challenges with vacancies, hiring difficulties, and staffing level deficiencies. In addition, employee surveys and research of other comparable jurisdictions have shown that the City of San Diego is facing issues with employee satisfaction, comparable salaries/benefits, and vacancies. In early 2020, the City Auditor's Office plans to release part one of a two-part report on human capital management, which is expected to provide more information on solutions and the potential cost. Additionally, the City intends to explore these issues via working group, per the request of the Budget & Government Efficiency Committee. These issues can also be addressed through the labor negotiations process. Approximate Cost: Unknown pending human capital report in early 2020
- **Public Bank Study:** The California Public Banking Act (AB857- Santiago/Chiu) signed into law by Governor Newsom in 2019 allows local governments to charter their own municipal banks. The act lays out specific requirements to prove viability, which would be addressed by the creation of a business plan that meets the requirements of the California Department of Business Oversight. I request funding to study the viability of a City of San Diego Public Bank to determine the estimated start-up costs, business plan, and potential long-term cost savings to the City. *Approximate Cost: \$250,000*

INNOVATIVE HOUSING SOLUTIONS

• Companion Unit Fee Waiver: Provide funding to cover sewer and water fees for Accessory Dwelling Units for FY21. \$800,000 was provided on a one-time basis in the Adopted FY20 Budget. This funding was not included in the Five-Year Outlook and is on track to be fully expended before the end of FY20. Approximate cost: \$2.4 million

• **Preservation/Repair of the Neil Good Center:** Repairs of facilities at the Neil Good Day Center are needed, including shower and bathrooms. The facility provides a safe place for our unsheltered community to shower or do laundry along with the ability to connect to various social services. *Approximate Cost: Unknown capital costs, \$500,000 annually to operate*

• **Tiny Home Bridge Community Pilot:** Two-year pilot program that uses City-owned land to support temporary "tiny home communities" to help address our growing unsheltered population. This program is modeled off of successful pilots in cities such as Los Angeles, Seattle and Portland. Funding would also provide support services, security, and operations. *Approximate cost:* \$400,000.

NEIGHBORHOOD SERVICES / QUALITY OF LIFE IMPROVEMENTS

- **Community Maintenance:** Expansion of the Environmental Services Department capacity to curb illegal dumping, brush management, and graffiti abatement through additional code enforcement operations and increase the number of community curbside cleanups in underserved communities outside of Downtown. *Approximate cost: \$2.7 million.*
- Code Compliance Officers in the Development Services Department: Additional code compliance officers to address residential and commercial nuisances within underserved neighborhoods, particularly focusing on illegal dumping, brush management, and graffiti abatement. Cost: \$400,000 for 4.0 FTEs.
- **Library Programming Budget:** I request a restoration of the Library programming budget to FY17 levels to ensure greater equity in our underserved communities. *Approximate cost:* \$400,000 additional in reoccurring funds.
- **Penny for the Arts:** Given the projected growth of TOT revenue in the upcoming fiscal years, I request that we increase the Arts & Culture budget from \$14.2 million to \$18 million in order to support the smaller non-profit arts organizations that focus on our underserved communities. *Approximate cost: \$3.8 million.*
- Park Facilities and Programs: I request that current programming and maintenance at City parks be fully sustained in the upcoming fiscal year. The high number of vacant positions in the Parks & Recreation Department highly impacts the open space resource protection in our canyons and elsewhere in the City, as well as the recreational park spaces and programs enjoyed by our communities. With multiple new facilities being introduced in the upcoming years, it is important that the Parks & Recreation Department has the tools to operate and maintain all facilities throughout the City, without compromising the quality of services. Approximate cost: Unknown
- **Street Sweeping:** Increase signage and enforcement of street cleaning especially in areas within 1,000 feet of waterways. Consider alternate methods for collecting debris if signage and enforcement is not possible. *Approximate cost: \$1.1 million*.

PLANNING

• **College Area Community Plan Update:** I request the plan update be completely funded in the FY21 budget. *Approximate cost:* \$1.0 million.

- **Mid-City Communities Plan Update:** I request that the community plan be programmed for update within the next two years. *Approximate cost: Unknown*
- **De Anza Revitalization Plan EIR:** I request that the Wildest restoration plan that is included in the Audubon Society's ReWild Mission Bay Feasibility Study be included and analyzed as part of the De Anza Revitalization Plan EIR at the same comprehensive level of detail as the City's existing alternative. *Approximate Cost: Unknown*

PUBLIC SAFETY

- San Diego Fire-Rescue Department Resource Access Program: The addition of 4.0 FTE Community Paramedics for this program was included in our FY20 Budget Priorities Memo but not funded as part of the FY20 Adopted Budget, nor was it included in the Five-Year Outlook. Approximate cost: \$380,000 and 4.0 FTE.
- **Lifeguard III position:** I request the addition of 1.0 FTE Lifeguard III positions at the La Jolla Shores during winter and Blacks Beach during summer. *Approximate cost: \$139,876 for 2.0 FTE.*
- **Sergeant Boating Safety Unit (BSU):** I request the addition of one Lifeguard Sergeant to work at the Boating Safety Unit (BSU) year-round. *Approximate cost: \$153,112 for 2.0 FTE*.
- **Lifeguard Lieutenant Boating Safety Unit:** I request the addition of a Lifeguard Lieutenant at the Boating Safety Unit (BSU) to provide adequate lieutenant coverage at the BSU seven days per week. *Approximate cost:* \$92,918.
- San Diego Police Department (SDPD) Funding Reprioritization: I request that SDPD consider reprioritizing existing funding to accommodate new strategies for community-oriented policing, and other projects/program that would improve relationships between SDPD and our local neighborhoods. I request consideration of the following:
 - Community-Oriented Policing: I request additional Community Relations Officers and multi-lingual Police Officers/Police Service Officers be added as the Police Department continues to rebuild under the new Police Officers Association agreement. I also request investments in training for officers in community-oriented police practices. Approximate cost: Unknown.
 - o **Minority Recruitment Pilot Project:** I request that SDPD explore a Minority Recruitment Pilot Project to diversify our police force so it reflects the same communities that are being policed on a daily basis. *Approximate cost: Unknown*.

o **Restorative Justice Training for SDPD Officers:** I suggest that the City should fund the training of SDPD officers in restorative justice practices, which would include mediation, counseling, and communication for certain youth offenses. *Approximate cost:* \$300,000.

RECOMMENDED DISTRICT-SPECIFIC EXPENDITURES

• Aldine Drive Storm Water Study: I request an initial pre-design study for road improvements in order to begin to implement Facilities Financing Project T-1. Based on recommendations from city staff, road improvements are needed to fully address the issue of flooding at the area during rains. The full cost to implement Project T-1 is \$6,000,000. It is estimated that \$250,000 would be needed to begin evaluating the project through a commissioned storm water study. Approximate cost: \$250,000.

- Boulevard Bus Way Expansion: The El Cajon Boulevard Bus-Only Lane Pilot project has
 completed re-striping and according to staff has already seen improved travel times on the
 Rapid 215. Expanding the bus-only lane to SDSU with red-paint treatment would require a
 CEQA analysis and include traffic signal prioritization and queue jump signals. This project will
 reduce transit travel times and is expected to increase ridership and help meet our Climate
 Action Plan goals. Approximate Cost: \$4.5 million
- Chollas Creek to Bayshore Bikeway Multi-Use Path: Phase II of this project will complete the final design and development of construction plans and specifications for a proposed 4,000-foot-long (approximately 0.75-mile) extension of the Chollas Creek multi-use path. Approximate cost: \$4.4 million to fund Phase II final design and construction.
- Chollas Creek/Auburn Drive Storm Drain Infrastructure: Significant flooding and property damage impacts the Chollas Creek community due to the lack of adequate storm drain infrastructure. I request City staff evaluate the entire Chollas Creek storm drain channel from Wightman Street to the western side of Ontario Avenue and Auburn Drive. Included in this should be the development of a passive park along the undeveloped portions of the creek. Funding could be allocated from the City's liability fund. Approximate cost: Unknown
- Chollas Triangle Street Closure & Park Development: I request an initial assessment for the Chollas Parkway street closure along with funding for a General Development Plan for the future park. Approximate cost: \$5.0 million for design and construction.
- **City Heights Weingart Library:** The City Heights Weingart Library is one of the most high-trafficked library branches in the City. Recently, patrons have noted that the public computers and computer accessories at the library are outdated and lack the proper operating systems required to meet the demands of contemporary programs. Therefore, I request these amenities be modernized to better serve the neighborhoods that rely on these services. *Approximate cost: Unknown*
- Colina Del Sol Community Park Improvements There has been an increase of concerns related to security and illegal dumping at the Colina Del Sol Community Park. To address these safety concerns proposed improvements could include the installation of security cameras throughout the Colina Del Sol Community Park. Additionally, the basketball courts are damaged and substandard, and could benefit from slurry sealing, upgraded lighting, and equipment modernizing. Approximate cost range for cameras: \$19,000 for the Recreation Center \$78,000 for the entire park. Approximate cost for Basketball Court improvements: \$20,000-\$35,000

• Clay Park Improvements: Rolando Village residents have expressed that Clay Park needs improvements such as light upgrades, security camera installation, sidewalk improvement, a new shade structure, and modern playground amenities. Their top request is funding for an off-leash dog park, which was recently added to the Clay Park's General Development Plan. Approximate cost for the dog park: \$75,000-\$100,000

- **El Cajon Blvd between Highland and 58th Improvements (B17003):** As outlined in the Complete Boulevard Study, I request that the City fund the gap needed to introduce new sidewalk, curb, gutter, bulbouts, crosswalks, lighting and shade-producing street trees. \$1 million has been allocated to date. *Approximate cost: \$1.8 million*
- **Euclid Avenue:** Construct sidewalks and shade-producing trees on the west side of Euclid Avenue between Thorn Street and Dwight Street. Euclid Avenue carries a high traffic volume and the lack of the pedestrian infrastructure presents a great concern for pedestrian safety. This project is listed as Euclid Avenue Improvements Phase I and II (T-14) in the Mid-City Public Facilities Financing Plan. *Approximate cost: Approximate cost: \$200,000 (Civic San Diego has allocated \$1,000,000 toward this project)*.
- Fairmount Avenue Roadway & Median Improvement Study: I request a CalTrans grant-funded multi-modal mobility and urban forestry study for Fairmount Avenue to Interstate-8 to create an enhancement plan for this heavily trafficked corridor that is a gateway to the communities of College Area, City Heights, Talmadge, and Kensington. The roadway has not been evaluated to implement the City's complete streets and storm water initiatives and regulations. This would be the first step in modernizing and beautifying this roadway. A full cost estimate is not available at this time. However, \$350,000 in grant funding should cover the cost of a multi-modal study. Approximate cost: \$350,000
- **Fairmount Fire Station:** There is currently a funding deficit of \$14.9 million to complete the Fairmount Avenue Fire Station. This fire station has been identified in the *FY2021-2025 Five-Year Financial Outlook* requiring operational funding. Given the importance of this infrastructure project in meeting public safety needs for communities in both Council Districts 9 and 4, I would request for this project to be prioritized in FY21 to receive the needed funding to complete the final design and construction of the Fairmount Fire Station: *Approximate cost:* \$15 million.
- **Fire Station #19 Expansion:** In Mountain View, the expansion of Fire Station #19 is necessary to meet current and future San Diego Fire-Rescue Department needs. *Approximate cost: \$1.2 million according to the FY16 Southeastern San Diego Impact Fee Study.*
- **Kensington-Normal Heights Library:** The 1936 Kensington-Normal Heights library was last modernized in the 1970s. Over the years, the community has expressed that the library should be returned to the original Spanish-Revival architectural style from 1936. At this point, a feasibility study has been completed and staff has indicated that community input is necessary to determine potential improvements to modernize this facility. I would request that a community-wide outreach be conducted to seek the community's input and move forward with the next steps for the modernization of this project. *Approximate cost: Unknown*

• Lorca Drive Catwalk and Storm Drain: I request a CIP evaluation to permanently repair the storm drain and restore the concrete stairs, improving the safety and walkability of the catwalk. Approximate cost: Unknown.

- **Montezuma Park:** I request funding for a General Development Plan amendment to include a Tot-Lot and off-leash dog area. *Approximate cost: \$100,000*.
- Montezuma Road Corridor Bicycle Safety Improvement Project: In the College Area, pedestrian and bicyclist safety is a major concern on Montezuma Road from Fairmount Avenue to El Cajon Boulevard. Transportation & Engineering Operations staff conducted a Montezuma Road Corridor Bicycle Safety Improvement Project and recommended re-striping along this portion of Montezuma Road to widen the bike paths. Further, the College Area Community Planning Group requested that sidewalks and a physical separation between bike and vehicle traffic be included in the implementation of this project. Per the Climate Action Plan (CAP), the City's priority is to increase access for multi-modal transit. These improvements along the Montezuma Rd. corridor would help accomplish our CAP goals. Through this project, the City should provide sidewalks where none exist, provide bike baths where none exist, widen bike lanes where possible, and install concrete barriers between bike lanes and vehicular traffic. A full cost estimate is not included at this time. However, \$350,000 in grant funding should cover the cost of this corridor improvement study. Approximate cost: \$350,000
- **Sidewalk installations:** I request the City prioritize the installation of the following sidewalks, identified on the Transportation and Storm Water Unfunded Needs List:
 - Broadway 40th St to 41st St This project proposes to install approximately 275 LF of new PCC sidewalk and curb & gutter on the south side of Broadway between 40th St to 41st St., as well as install two (2) new driveways. Approximate cost: Unknown
 - Toyne St F St to Hilltop Dr (both sides) This project proposes to install approximately 440 LF of new PCC sidewalk and curb & gutter on both sides of Toyne St from F St to Hilltop Dr. Approximate cost: Unknown
 - Delta St 43rd St to Delta Park Ln (north side) This project proposes to install approximately 110 LF of new PCC sidewalk on the north side of Delta St from 43rd Street/North Highland Avenue to Delta Park Lane. Approximate cost: Unknown
- **Streetlights:** There are neighborhoods in District 9 that are lacking adequate street lights. While some neighborhoods are lacking street lights altogether, there are some that are in dire need of maintenance and replacement. *See Attachment 1 for specific locations.*
- Sunshine Berardini Field Improvements: The Sunshine Berardini Field is identified in the Mid-City Public Facilities Financing Plan as the "Sunshine Berardini Field Improvements" as P-13. Community members have been advocating for facility improvements at this site and ADA accessibility. According to the plan, proposed improvements for this park include: field upgrades, sport field lighting, comfort stations, children's play area, security lightning, and ADA accessibility path of travel. Approximate cost: \$18,850,000.

• **Traffic calming improvements:** S. 35th St (National Ave-Ocean View Blvd) V-Calm This project will install two (2) electronic V-Calm signs on S. 35th Street between National Ave and Ocean View Boulevard. - one sign per direction. *Approximate cost:* \$16,000.

• Willie Henderson Sports Complex Improvements: I request the City prioritize upgrades to this facility, including a full GDP process to redo the entire park and maximize the usage of this land. *Approximate cost: Unknown*

SUGGESTED REVENUE SOURCES

4% Budget Reduction Proposals - Unknown amount

In November 2019, the Chief Operating Officer released a memorandum directing departments to submit 4% budget reduction proposals as part of the FY 2021 budget development process. The memoranda further noted that departments "are required to *suspend all nonessential discretionary expenditures in Fiscal Year 2020*". While it is likely that not all department reductions submitted will be accepted and implemented due to potential operational impacts, we should evaluate reductions to ensure we are not impacting services in our neighborhoods.

Alternative Housing and Homelessness Funding

Per the IBA's Review of the Outlook, \$18.8 million in FY 2021, and \$22.2 million in each year thereafter has been identified as needed to sustain existing homelessness programs. Pending the implementation of the City's Community Action Plan on Homelessness, the City could pursue one-time and ongoing sources that could temporarily address funding needs:

Homeless Housing, Assistance, and Prevention Program (HHAP) - \$20 million

Per the Outlook, HHAP can serve as a one-time revenue source to offset homeless program costs, and is estimated at \$20 million for FY2021. HHAP was approved in the state budget for FY 2020 and provides jurisdictions funding to support regional coordination and expand or develop local capacity to address immediate homelessness challenges. While funding estimates are not yet finalized, a Notice of Funding Availability (NOFA) is expected to be released by December 2019 with applications for funding due February 15, 2020.

Building Homes and Jobs Act (SB 2) - \$4.6 million

In 2017, Governor Brown signed Senate Bill 2 which created the Building Homes and Jobs Act establishing a \$75 recording fee on real estate documents. In the first year of funding, planning grants were made available to local governments to streamline housing production, in which the City received \$625,000. Beginning January 2019 and going forward, local governments will receive 70% of revenue collected through the Permanent Local Housing Allocation, creating an ongoing funding source to address unmet housing needs. Preliminary estimates indicate that the City will receive \$4.6 million, with a required 20% allocated for affordable owner-occupied workforce housing. The state is expected to issue a NOFA in February 2020 which will include the allocations for which local governments are eligible, and awards are expected to be made beginning August 2020.

Affordable Housing Fund - \$4.1 million

The Office of the IBA has previously noted that as part of the FY 2020 Affordable Housing Fund Annual Plan, \$4.1 million was not budgeted for any purpose since it is program income restricted for use on old programs that, according to the San Diego Housing Commission, ended between 1992 and 1997. Should the San Diego Housing Commission seek Council approval, these one-time funds can be freed up to either support Critical Strategic Expenditures related to homelessness, or to increase the supply of affordable housing.

General Fund Excess Equity - Unknown amount

The City could consider the use of any available Excess Equity for FY 2021 one-time needs. The amount that may be available is uncertain because the current \$22.1 million estimate is not based on

comprehensive projections for FY 2020, but rather the FY 2020 Adopted Budget amounts. The FY 2020 projections that will be included in the Mid-Year Report (expected to be released at the end of January 2020) will provide a more updated sense of potentially available FY 2020 Excess Equity.

Pension Payment Stabilization Reserve - \$3.8 million

The City could consider using \$3.8 million of the FY 2021 \$4.5 million PPSR contribution to cover the estimated General Fund increase in the City's FY 2021 ADC which is consistent with the City's Reserve Policy. Per the Policy, the intent of the PPSR is to "mitigate service delivery risk due to increases in the annual pension payment", or ADC. The Policy also states that the purpose of the PPSR is to provide a source of funding for the ADC when the ADC has increased year over year. The FY 2020 General Fund portion of the ADC was \$264.8 million, while the FY 2021 amount is projected to be \$268.6 million, an increase of \$3.8 million year over year. This action would free up \$3.8 million in one-time General Fund monies which could be used to help maintain critical services.

Redevelopment Property Tax Trust Fund (RPTTF) Lawsuit - \$35-40 million

The City could receive an estimated \$35-40 million in revenue pending the outcome of the City of Chula Vista, et al. v. County of San Diego (Sandoval) lawsuit. Local cities are challenging how the County allocates the RPTTF. A ruling is expected sometime in 2020; however, even if the cities prevail, the timing of receiving payment would still need to be determined.

Stadium Revenue - Implications for Sale to SDSU - \$7.6 million/\$47.3 million

While the Outlook does not include any revenue or expenditure assumptions that consider the City's current negotiations with San Diego State University (SDSU) for the sale of the SDCCU Stadium site, this may serve as a one-time revenue, should the sale close prior to the beginning of FY2021, or should SDSU seek to lease the property starting July 1, 2020. Assuming that the PSA and this lease provision are approved prior to the end of FY 2020, the City would no longer have to pay ongoing operating costs for the stadium beginning in FY 2021. This would result in an immediate savings to the General Fund of \$7.6 million in FY 2021. If the stadium deal does close by March 2020, or even prior to July 1, 2020, then based on the purchase price offered the Capital Outlay Fund would receive \$47.3 million.

Storm Water Fee Increase - \$5.7 million

An increase to the City's Storm Drain Fee could generate roughly \$6 million for each \$1.00 (charged per parcel per month) the fee is increased. The City currently charges 95 cents per parcel per month, which per the IBA's Review of the Outlook, is considered low compared to other coastal cities. As the City continues to lack a dedicated funding source to address its storm water needs, and multiple emergency contracts were approved in FY20 as a result from failed storm drains, this fee increase could help support the operational needs of the City's Storm Water Division.

Support for Curbside Recycling Program

Due to China's National Sword Policy impacts on the recyclables market, recycling costs are estimated to increase, with an estimated General Fund impact of \$600,000 in FY 2021 and an additional \$600,000 in FY 2022 on an ongoing basis. These additional General Fund costs are not included in the Outlook. Environmental Services will be bringing a request to increase the fees to cover the cost. Tentatively, the request is to increase the AB939 fees by \$2 from \$12 currently, to \$14 per ton in FY21, and a total of \$16 per ton in FY22. Each \$2 per ton rate increase would generate an additional \$2.8 million in revenue. Without these increases, the Recycling Fund would likely run into a deficit and services potentially cut.

TransNet

Based on the most recent CIP Budget Monitoring Report from October 2019, there is an estimated \$40M allocated to Transnet projects. It is my understanding that this figure represents not only how much money we have at the city that we have planned for projects but haven't spent yet, but also how much money is allocated at SANDAG waiting for the City to request funding. As such, I would like to request that if projects are not expected to utilize the funding for this Budget year, that at least 20% of the amount, or \$8M, be allocated for sidewalk replacement projects in FY 2021.

Attachment C ATTACHMENT 1

ATTACHMENT 1 STREET LIGHT LOCATIONS

• **Azalea Park Lighting:** There is currently a lack of lighting throughout the Azalea Park community. Staff has estimated that the community is currently deficient in about 40 street lights. Please refer to the attached map for a complete overview of the locations.

- **Kensington-Talmadge Lighting:** In the communities of Kensington and Talmadge the following locations have been identified as lacking sufficient lighting:
 - o Terrace Drive cul-de-sac between Park Place and Madison Avenue
 - o Aldine Drive, north side, approximately 650 ft. west of Monroe Avenue
 - o 4600 and 4800 blocks of Biona Drive and Biona Place
- **Kensington Street Light Circuit Modernization**: I request that the City fully fund the Kensington Heights #2 Series Circuit Upgrade Project (B17146) and establish a similar CIP for circuit modernization in Talmadge Park North through the City Circuit Upgrades annual allocation (AIH-00002). To date, there is an approximate \$2.5 million funding gap to complete this project. *Approximate cost:* \$2,500,000.
- Mountain View and Willie Henderson Sports Complex Lighting: I propose that we install street lights in the following areas:
 - o S 39th Street north of Superior Street at alley 120', west side streetlight
 - o S 39th Street south of Imperial Avenue at alley 120', west side streetlight
 - o 44th Street, north of K Street, at the end of cul-de-sac, west side
 - o 44th Street, north of K Street, at the end of cul-de-sac, west side
 - o 44th Street, north of K Street ~380', west side
 - o 44th Street, north of K Street ~172', west side

Approximate cost: \$10,000 through the annual allocation dedicated to the Installation of City Owned Street Lights (AIH-00001).

- Mt. Hope Lighting: The community of Mt. Hope lacks sufficient street and parks lighting. It is
 imperative that we provide adequate lighting in Mount Hope due to the high crime in the
 neighborhood. I propose that we install street lights in the following areas:
 - o Federal Boulevard west of Home Avenue 940', at end of cul-de-sac
 - o Southlook Avenue south of Gilmore Street 165', west side streetlight
 - o Southlook Avenue south of Imperial Avenue 110', west side streetlight
 - o Gavin Street, south of J Street ~175', east side
 - o Carlos Street, north of J Street ~195', east side

Approximate cost: \$46,000 through the annual allocation dedicated to the Installation of City Owned Street Lights (AIH-00001).

Reservoir Drive Lighting: I recommend the installation of street lights along Reservoir Dr. from Montezuma Rd. to Alvarado Rd. to mitigate the public safety concerns in the College Area. Approximate cost: Unknown, but efforts to install on Reservoir Drive could be funded through the annual allocation dedicated to the Installation of City Owned Street Lights (AIH-00001).

Attachment C ATTACHMENT 1

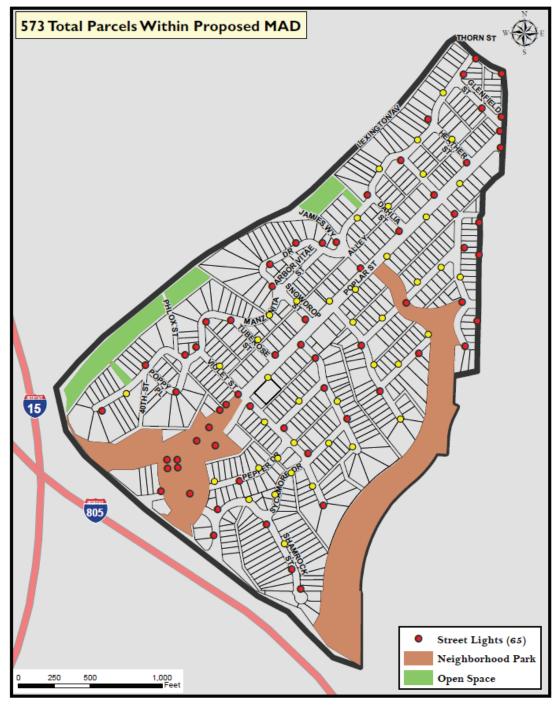
• Southcrest Lighting

- o Acacia Street west of South 35th Street 140', north side streetlight
- o Delta Street east of Acacia Street 150', south side
- o Delta Street east of Acacia Street 150', south side
- o 35th Street north of Tompkins Street 135', west side
- o S 38th Street south of Superior Street 160', east side
- o S 39th Street south of T Street 150', east side
- o 39th Street north of F Street 170', west side
- o 39th Street south of Hilltop Drive 130', west side
- o 42nd Street north of F Street 120', west side
- o 42nd Street south of Hilltop Drive 170', west side

Approximate cost: \$67,500 through the annual allocation dedicated to the Installation of City Owned Street Lights (AIH-00001).

Attachment C ATTACHMENT 1

ATTACHMENT 2
AZALEA PARK STREET LIGHT LOCATIONS



Approximate cost: Unknown



THE CITY OF SAN DIEGO MEMORANDUM

DATE:

May 19, 2020

TO:

Honorable Council President Georgette Gómez and Members of the City Council

FROM:

Kris Michell, Chief Operating Officer

Rolando Charvel, Chief Financial Officer

Matthew Vespi, Department of Finance Director and City Comptrolle

SUBJECT:

May Revision to the Fiscal Year 2021 Proposed Budget

This memorandum presents the Mayor's recommended revisions (May Revision) to the Fiscal Year 2021 Proposed Budget. The May Revision is based on the most current financial information and economic assumptions available after the development of the Fiscal Year 2021 Proposed Budget (Proposed Budget), released on April 15, 2020. The May Revision contains recommended changes to the Proposed Budget based on current year revenue and expenditure projections as projected in the Fiscal Year 2020 Third Quarter Budget Monitoring Report (Third Quarter Report), and adjustments to projects within the Capital Improvements Program (CIP).

The May Revision continues to maintain a balanced budget and a focus on public safety and core services essential during the COVID-19 pandemic. The effects of the COVID-19 pandemic to the economy has resulted in a significant decline in General Fund revenues in the May Revision. The most impacted revenues include Transient Occupancy Tax, Sales Tax, and departmental revenues. The fiscal actions in the Proposed Budget, including the budget reductions, have resulted in a better financial position to respond to fiscal impacts from these revenue losses. While the General Fund budget is balanced in Fiscal Year 2021, one-time resources are supporting ongoing expenditures. As such, it is expected that revenue shortfalls will continue in Fiscal Year 2022, and will require additional fiscal actions to maintain a balanced budget.

The May Revision includes funding for essential City operations, small businesses, and support for the City's most vulnerable residents affected by the COVID-19 pandemic. These new expenditures are primarily supported by federal funds and represent a fiscally and socially responsible use of these one-time resources.

The May Revision for the General Fund increases expenditures by \$63.0 million and 78.82 Full—Time Equivalent (FTE) positions over the Proposed Budget. After these adjustments, the General Fund maintains reductions of 263.11 FTE positions. The following information provides a summary of adjustments to the Proposed Budget, including changes to non–general funds and the CIP. For a list of all the adjustments included in the May Revision please refer to the *Attachments* included with this memorandum.

Honorable Council President Georgette Gómez and Members of the City Council May 19, 2020

Summary of Adjustment in the General Fund

The May Revision for the General Fund represents an increase of \$63.0 million in revenue and expenditures over the Proposed Budget for a total budget of \$1.60 billion.

Table 1: May Revision Summary – General Fund

	Expenditures		Revenues
Proposed Budget	\$ 1,539,758,040	\$	1,539,758,040
May Revision	\$ 62,962,881	\$	62,962,881
Total	\$ 1,602,720,921	\$	1,602,720,921

The following table reflects a summary of adjustments included in the May Revision for the General Fund.

Table 2: May Revision Adjustment Summary – General Fund

Revenue	Cha	nge (in millions)
Major General Fund Revenues	\$	(54.0)
Departmental Revenue	\$	(29.2)
COVID-19 State and Federal Relief Funds	\$	146.1
Total Revenue	\$	63.0

Expenditures	Cha	nge (in millions)
Operation Shelter to Home	\$	39.70
Small Business Relief Fund (\$2M was budgeted in the Proposed Budget for a total of \$12.85M)	\$	10.85
Flexible Benefit Plan Adjustment	\$	6.86
CARES Act Funding - New Operational Expenditures	\$	5.76
Restoration of Recreation Center Hours	\$	3.22
Revised Debt Service Payments Related to Stadium Sale Proceeds	\$	2.36
Restoration of 16.00 FTE Positions in the Code Enforcement Division	\$	1.34
Revised Citywide Rent Expenditures	\$	0.86
Restoration of Pool Hours	\$	0.49
Restoration of Stadium Operating Expenses	\$	0.39
Restoration of Mountain View/Beckwourth Hours of Operation	\$	0.25
Sexual Harassment Prevention Training	\$	0.07
Revision to Positions Reduced in Proposed Budget in Department of Finance	\$	0.03
Restoration of Executive Assistant in DCOO Branches	\$	(0.04)
Reduction of Contractual Services in Public Works & Utilities Branch	\$	(0.06)
Reduction of Executive Assistant in Office of Boards and Commissions	\$	(0.08)
Correction of Associate Management Analyst in Office of Boards and Commissions	\$	(0.08)
Reduction of Accountant 2 in City Treasures Department	\$	(0.09)
Transfer of Expenditures to the Lead Payment Settlement Fund	\$	(0.12)
Revised Energy Expenditures	\$	(0.28)
Savings in the Public Liability Expenditures	\$	(0.32)
Reduction of Aircraft Maintenance in the Fire-Rescue Department	\$	(0.35)
Reduction of Consulting Services in the Transportation Department	\$	(0.38)
Salary and Fringe Benefit Adjustments	\$	(0.61)
Reduction of 8 Word Processing Operators in the Police Department	\$	(0.62)
Reduction of Smart Streetlights Program	\$	(1.72)
Adjustment to Mission Bay and Regional Park Improvements Funds	\$	(1.94)
Savings in VVSD Relocation Cost	\$	(2.50)
Total Expenditures	\$	63.0

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Citywide Adjustments

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

General Fund Revenues

General Fund revenue reflects a net increase of \$63.0 million over the Proposed Budget. This is attributed to decreases of \$54.0 million in major General Fund revenues and \$29.2 million in departmental revenue, and an increase of \$146.1 million in COVID-19 State and federal relief funds revenue.

Table 3: General Fund Revenue Change

General Fund Revenue	FY:	FY 2021 Proposed Budget		•		FY 2021 May Revision Budget		Change (in millions)	
Major General Fund Revenues	\$	1,200.2	\$	1,146.3	\$	(54.0)			
Departmental Revenue	\$	339.6	\$	310.4	\$	(29.2)			
COVID-19 State and Federal Relief Funds	\$	_	\$	146.1	\$	146.1			
Total	\$	1,539.8	\$	1,602.7	\$	63.0			

Major General Fund Revenues

Major General Fund revenue budget is \$1.15 billion, which reflects a decrease of \$54.0 million from the Fiscal Year 2021 Proposed Budget. All major General Fund revenue projections have been revised based on the most recent economic data and information available, including impacts resulting from the COVID-19 pandemic; and the year-end revenue projections found in the Third Quarter Report. The following table displays the components of the \$54.0 million projected decrease in major General Fund revenues from the Proposed Budget.

Table 4: Major General Fund Revenue Change

Major General Fund Revenues	FY 2021 Proposed Budget		•		FY 2021 May Revision Budget		Change (in millions)
Property Tax	\$	629.6	\$	630.6	\$ 1.0		
Sales Tax	\$	282.2	\$	274.4	\$ (7.7)		
Transient Occupancy Tax	\$	123.0	\$	90.5	\$ (32.5)		
Franchise Fees	\$	68.2	\$	67.7	\$ (0.6)		
Other Major General Fund Revenue	\$	97.2	\$	83.1	\$ (14.1)		
Total	\$	1,200.2	\$	1,146.3	\$ (54.0)		

The following table displays the Fiscal Year 2021 Proposed Budget growth rates and the May Revision growth rates for the four General Fund major revenues.

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Table 5: Growth Rates for General Fund Major Revenues

Major General Fund Revenues	FY 2021 Proposed Budget Growth Rates	FY 2021 May Revision Growth Rates
Property Tax	4.25%	4.25%
Sales Tax ¹	-13.53%	-13.53%
Transient Occupancy Tax ¹	-10.91%	-36.71%
Franchise Fees (SDGE-Electricity/Cable)	-9.47% / -9.38%	-9.47%/-9.38%

¹The Sales Tax and Transient Occupancy Tax growth rates are based on an average annual rate for the fiscal year.

Considering the current economic environment and impacts from the COVID-19 pandemic, actual economic and financial conditions may change materially from those assumed. The Department of Finance (DoF) will continue to monitor the situation closely and will incorporate these changes as needed and report significant changes in quarterly budget monitoring reports.

The most significant changes in General Fund major revenues are discussed in further detail in the following sections.

Sales Tax

Sales tax revenue reflects a decrease of \$7.7 million from the Fiscal Year 2021 Proposed Budget. Similar to the Fiscal Year 2021 Proposed Budget, the Fiscal Year 2021 May Revision budget for sales tax was developed assuming a negative 23.06 percent growth rate in the first quarter of Fiscal Year 2021, primarily from decreases in projected sales tax receipts as a result of decreased spending in travel, leisure, and entertainment sectors, all impacts from the COVID-19 pandemic. The sales tax growth rate for the remainder of Fiscal Year 2021 is projected at negative 4.00 percent based on the projected continued volatility in consumer confidence and a continued decline in the economy. This is in line with the City's sales consultant's recession scenario.

Consumer confidence, a measurement of the consumer's willingness to spend, is highly correlated with sales tax. As of April 2020, consumer confidence is measured at 86.8 which is a 32.8% decrease from April 2019. When compared to March 2019, the unemployment rate and the number of unemployed in the City of San Diego for March 2020 has increased by 0.5%, from 3.4% to 3.9%. The unemployment rate for the City of San Diego is anticipated to increase significantly over the next several months as a result of impacts from the COVID-19 pandemic. As more restaurants, retail stores and other non-essential businesses temporarily or permanently close, and re-openings continue to be postponed, more people are left without work. The City of San Diego had 686,900 persons employed as of March 2020, representing a 1.6% decrease from March 2019. As discussed in the Third Quarter Report, the national unemployment rate is the highest recorded rate in history, since the start of the data collection in 1948. There are many variables that will contribute to the final outcome, including how long social distancing measures will be in place, how effectively State and federal governments provide relief and the timing for the ultimate containment and treatment of COVID-19.

The revised sales tax revenue includes the potential impact on the sales and use tax deferment recently implemented by the State. As discussed in the Third Quarter Report, the State has implemented a monthly payment plan for businesses with \$5.0 million or less in California total sales revenue to defer and repay up to \$50,000 in annual sales tax liability in twelve equal monthly installments resulting in less sales tax deposits in Fiscal Year 2021. The true impacts of the sales and use tax deferment is difficult to predict. However, based on a recent survey conducted by the San Diego Regional Economic Development Corporation and the Downtown San Diego Partnership, 42.0% of small businesses have closed and 61% have indicated a need for financial assistance. As a

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result, it is expected that many of small businesses are likely to take advantage of the sales tax deferment option, potentially impacting the City's sales tax revenues by \$9.8 million in Fiscal Year 2021.

Additionally, the sales tax revenue includes projected revenue increases associated with AB 147 which provides for the collection of additional sales taxes from out-of-state businesses and the new Marketplace Facilitator Act. The Marketplace Facilitator Act requires marketplace facilitators to be responsible for collecting and paying the tax on retail sales made through their marketplace for delivery to California customers. Marketplace facilitators include companies such as Amazon, eBay, Etsy and Walmart and is expected to offset the declines in sales tax growth and impacts from the sales and use tax deferment.

It is unclear how current uncertainties around the global health conditions will ultimately impact the full fiscal year. The City will closely monitor sales tax revenues and adjust the projections as necessary.

Transient Occupancy Tax

Transient Occupancy Tax (TOT) reflects a decrease of \$62.1 million from the Fiscal Year 2021 Proposed Budget. Of the total TOT revenue decrease, \$32.5 million is associated with a 5.5 cent tax and is received directly in the General Fund, \$5.9 million is for City Council discretionary one-cent tax and is reflected in the other Major General Fund revenue category, and \$23.6 million is for reimbursement of tourism and safety related expenditures in the General Fund and other Special Promotional Programs. The majority of the reduction is reflected in revenue adjustments within the Parks and Recreation and Fire-Rescue departments.

The May Revision incorporates an average growth rate of negative 36.71 percent. This decrease is primarily due to lower projected tourism activity similarly forecasted by the San Diego Tourism Authority and San Diego Tourism and Marketing District, which extends the impact of the COVID-19 pandemic than previously projected in the Fiscal Year 2021 Proposed Budget. Since the release of the Fiscal Year 2021 Proposed Budget, major events and conferences previously scheduled in the City have now been cancelled as a result of the continued travel restrictions, limit on public gatherings and the extended Stay at Home Order.

The current travel restrictions, and public gathering limitations in place due to COVID-19 will continue to affect tourism in a negative manner. However, the full impacts are all dependent on when these limitations are lifted by the State and local governments. Any changes in the travel industry will directly impact the City's TOT projection and the transfer of funds from the Special Promotional Program Fund to the General Fund.

Other Major General Fund Revenue

Property tax reflects an increase of \$1.0 million due to updated projections based on the most recent information from the County and economic indicators. This increase is primarily related to revised Redevelopment Property Tax Trust Fund (RPTTF) deposits received on April 1, 2020 and adjustments to the Recognized Obligation Payment Schedule (ROPS) reviewed by the California Department of Finance on April 15, 2020 (payment to be received June 2020). Similar to the Proposed Budget, the property tax growth rate remains at 4.25%, which is reflective of a continued moderate growth in home prices and home sales. Moreover, the collection rate estimates reflect a decrease of 1.6 percent for the first half of the fiscal year; a collection rate of 97.6 percent.

Franchise Fee revenue reflects a decrease of \$590,000 based on updated Fiscal Year 2020 receipts. This decrease is primarily due to a decrease in refuse hauler collection as a result of less tonnage collected due to many businesses temporarily closing in response to the COVID-19 pandemic.

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Other Revenue categories reflect a decrease of \$14.1 million based on adjustments to transfers from other funds, revenue from money and property (including office rent), and property transfer tax. This decrease is primarily due to \$7.9 million related to the transfer of the Pension Payment Stabilization Reserve; and a decrease of \$5.9 million associated with the one-cent TOT transfer into the General Fund as discussed in the TOT of this memorandum.

COVID-19 State and Federal Relief Funds

State Funds

As part of the state's response to address the COVID-19 pandemic, the Governor declared a State of Emergency on March 4, 2020 to make additional resources available, formalize emergency actions already underway across multiple state agencies and departments, and help the State prepare for broader spread of COVID-19.

On March 17, 2020, the State passed emergency legislation – SB 89 and SB 117 – providing up to \$1 billion in funding for purposes related to the March 4, 2020 proclamation of a State of Emergency. Included within the emergency funding was an augmentation of \$150 million to assist local governments in protecting the health and safety of homeless populations. This funding was distributed by the California Business, Consumer Services, and Housing Agency according to the Homeless Housing, Assistance and Prevention Program (HHAP) formula. Of the \$7.1 million that was allocated to the greater San Diego region, the City received \$3.7 million. The City Council voted on April 7, 2020 to allocate its COVID–19 Emergency Homelessness allocation, along with those for the County of San Diego and the Regional Task Force on the Homeless, toward emergency shelter operations at the Convention Center.

Federal Funds

On March 27, 2020, the federal government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide emergency assistance and health care response for individuals, families, and businesses affected by the COVID-19 pandemic. The CARES Act provides \$150 billion in payments to states and local governments from its Coronavirus Relief Fund (Fund) that may only be used to cover costs that: (1) are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19); (2) were not accounted for in the budget most recently approved as of the date of enactment of the CARES Act; and (3) were incurred during the period that begins on March 1, 2020, and ends on December 20, 2020. The CARES Act also provided additional allocations to Community Development Block Grant Program (CDBG), Emergency Solutions Grant Program (ESG), Housing Opportunities for Persons with AIDS Program (HOPWA). The funding allocation for these three programs was presented to City Council for approval on May 19, 2020.

Per federal guidelines, the requirement that expenditures be incurred "due to" the public health emergency means that expenditures must be used for actions taken to respond to the public health emergency. The Fund may not be used to cover shortfalls in government revenue, and communities receiving these payments are required to certify compliance with federal guidance regarding expenditures of CARES Act funds.

On May 4, 2020, the United States Department of the Treasury provided a frequently asked questions¹ to supplement Treasury's Coronavirus Relief Fund ("Fund") Guidance for State, Territorial, Local, and Tribal Governments. This document provided clarifications on key provisions

¹ <u>https://home.treasury.gov/policy-issues/cares/state-and-local-governments</u> "Coronavirus Relief Fund Frequently Asked Questions"

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in the legislation and guidance related to "payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency" and costs "not accounted for in the most recently approved budget if the cost is for a substantially different use from any expected use of funds". The document also stated that "the Fund is designed to provide ready funding to address unforeseen financial needs and risks created by the COVID-19 public health emergency. For this reason, and as a matter of administrative convenience in light of the emergency nature of this program, a State, territorial, local, or Tribal government may presume that payroll costs for public health and public safety employees are payments for services substantially dedicated to mitigating or responding to the COVID-19 public health emergency, unless the chief executive (or equivalent) of the relevant government determines that specific circumstances indicate otherwise."

To date, the total COVID-19 relief funds available to the City from the State and federal government are presented in the following table.

Table 6: COVID-19 State and Federal Funds Summary

COVID-19 State and Federal Relief Funds Summary	Amount
Federal	
CARES Act Funds	
Coronavirus Relief Fund (CRF)	\$ 248.5
Community Development Block Grants (CDBG) ¹	\$ 7.2
Emergency Solutions Grant Program (ESG) ¹	\$ 3.6
Housing Opportunities for Persons with AIDS Program (HOPWA) ¹	\$ 0.7
U.S Department of Justice - Coronavirus Emergency Supplemental Funding (CESF)	\$ 1.2
Program	
State	
COVID-19 Emergency Homelessness Funds	\$ 7.1
Total	\$ 268.3

¹The funding allocation for these three programs was presented to City Council for approval on May 19, 2020.

Based on federal guidance, data obtained from the City's existing COVID-19 internal tracking order, input from departments, and review from the City's executive management team, the May Revision includes the use of \$156.2 million in COVID-19 State and federal relief funds. This proposal is in addition to the \$112.1 million in funds that will be used in Fiscal Year 2020, for a total of \$268.3 million in COVID-19 State and federal relief funds.

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Table 7: COVID-19 State and Federal Relief Funds Used in the May Revision

COVID-19 State and Federal Relief Funds Used in the May Revision	Change	e (in millions)
Police Payroll, Staffing, and Supplies	\$	42.2
Operation Shelter to Home	\$	39.7
Fire-Rescue Payroll, Staffing, and Supplies	\$	38.9
Small Business Relief Fund	\$	12.8
Parks and Recreation Staffing and Supplies	\$	10.2
Environmental Services Staffing and Supplies	\$	1.2
Library Staffing and Supplies	\$	0.9
Economic Development Staffing and Supplies	\$	0.2
Code Enforcement Staffing and Supplies	\$	0.1
General Fund Total	\$	146.1
Emergency Medical Services Fund Staffing and Supplies	\$	0.3
Information Technology Fund Expenditures	\$	8.5
Public Utility Funds Staffing and Supplies	\$	1.3
Non-General Funds Total	\$	10.1
Total	\$	156.2

Operation Shelter to Home

In the beginning of April, the City restructured its homeless shelter system to respond to the COVID-19 pandemic under "Operation Shelter to Home." The effort included moving more than 800 individuals experiencing homelessness who were living in City shelters into the San Diego Convention Center (Convention Center) to provide protective measures to prevent the spread of COVID-19, to allow for better physical distancing, and to allow service providers to consolidate resources. The restructure also included reducing the density of populations at other shelters and relocating some households into hotel rooms managed by the County and Regional Task Force on the Homeless. After the initial moves were completed, in mid-April outreach teams began working to bring individuals living on the streets into the Convention Center to provide safe and healthy living conditions and to provide support to help find permanent housing. Case managers and housing navigators are focused on identifying the most appropriate exit strategy for shelter clients and working to end their cycle of homelessness, with the goal of ultimately reducing the number of individuals experiencing homelessness in San Diego. The Third Quarter Report and May Revision includes a total of \$50 million in funding from COVID-19 State and federal relief funds to support operations and exit strategies at the Convention Center.

The current capacity at the Convention Center is 1500 individuals. Monthly expenditures for 1500 clients is projected at \$4.97 million per month.

- \$2.7 million (54%) for Meals, Operations, and Ancillary Services (sanitary, laundry, and showers)
- \$2.3 million (46%) related to Convention Center Rent and Operations & Maintenance Costs

The monthly Convention Center shelter expenditures include discounted rent for the space at the Convention Center of \$1.6 million and operational costs being incurred by the San Diego Convention Center Corporation (SDCCC) as a result of the shelter of \$0.7 million. These costs will cover SDCCC share of operational costs, maintenance, supplies, utilities, and general overhead, as well as

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funding for essential management and sales efforts while the Convention Center operates as a shelter. These funds will allow SDCCC to remain solvent and maintain operations necessary for the Corporation to quickly transition back to normal operations and start to benefit the local economy.

The State allocated \$7.1 million to the City, County, and Regional Task Force for the Homeless (RTFH) to help prevent the spread of the COVID-19 among the homeless population. This funding is anticipated to be used first to pay for "Operation Shelter to Home." Current projections suggest the City should be able to use State funding to run the project through mid-June. The additional \$32.9 million to fund operations through December is anticipated to be covered by CARES Act funding.

Additionally, \$10 million of CARES funding is being projected for use to support successful exits from the Convention Center, to ensure that individuals have the opportunity to obtain shelter and housing when the City transitions the Convention Center back to its normal operations. This funding is critical and includes a variety of solutions: lease or purchase of hotels for long-term use, one-time interventions to help individuals who are candidates for diversion, and costs associated with expanding shelter opportunities at current facilities in a manner that will allow providers to serve more individuals or to serve specific subpopulations like families in the short-term.

Small Business Relief Fund

To ensure the resiliency of local businesses and assist in job retention, the City established a Small Business Relief Fund (SBRF) to provide grants and forgivable or low- to zero-interest-rate loans to eligible small businesses for working capital. The goal of the SBRF is to help businesses retain employees and sustain continuity of business operations impacted by federal, California, San Diego County and local emergency declarations regarding COVID-19.

Recently, the City released approximately \$6.1 million in the SBRF funds and the demand for the funds was overwhelming, with 10,500 small businesses applying. The May Revision prioritizes CARES Act funds for small business relief with an additional \$12.8 million in available funds to expand the SBRF. The Economic Development Department is currently bringing forward SBRF program enhancements to the City Council that will allocate these resources as soon as possible.

Additional information regarding the uses of COVID-19 State and federal relief funds are reflected in the Departmental Adjustments section of this memorandum.

General Fund Departmental Revenues

Excluding COVID-19 State and federal relief funds, departmental revenues are projected to decrease by \$29.2 million from the Fiscal Year 2021 Proposed Budget. All departmental revenue projections have been revised based on the most recent economic data and information available and primarily reflect the impacts resulting from the COVID-19 pandemic. The following table displays the \$29.2 million projected decrease by department.

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Table 7: General Fund Departmental Revenue Changes

General Fund Departmental Revenues	Change	(in millions)
City Clerk	\$	(0.03)
City Treasurer	\$	(0.93)
Department of Finance	\$	(0.01)
Development Services	\$	2.34
Economic Development	\$	0.75
Environmental Services	\$	(0.12)
Fire-Rescue	\$	(5.49)
Homelessness Strategies	\$	0.16
Library	\$	(0.59)
Neighborhood Services	\$	(0.16)
Parks and Recreation	\$	(17.48)
Police	\$	(1.20)
READ - Facilities Services	\$	0.71
Real Estate Assets	\$	(4.61)
Transportation	\$	(2.53)
Total	\$	(29.19)

Additional information regarding the changes in General Fund departmental revenue are described in the Departmental Adjustments section of this memorandum.

Salary and Fringe Benefit Adjustments

The May Revision includes the implementation of proposed adjustments to City's flexible benefit plan for the City's six Recognized Employee Organizations (REOs). At the time of the preparation of the May Revision, only four REOs have tentatively accepted the City's proposal. These REOs include the Municipal Employees Association (MEA), the International Association of Firefighters (Local 145), the American Federation of State, County, and Municipal Employees (Local 127) and the Deputy City Attorneys Association (DCAA). The Teamsters (Local 911) and the San Diego Police Officers Association (POA) have yet to accept the City's flexible benefit plan proposal. The proposed adjustments to the flexible benefit plan include increases in the tiered benefits for employees and their families while also limiting the cash-back options to existing employees that waive or select employee only coverage. The citywide amount of these flexible benefit adjustments in the May Revision is \$10.5 million, with \$6.9 million in the General Fund. These increases were calculated by allocating each REO an allotment equal to \$1,000 per capita to be used to benefit the coverage tiers that are most impacted by out-of-pocket expenses.

Departmental Adjustments

The following sections include department or fund specific operational budget 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.

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General Fund

City Clerk

FTE Adjustment	Expenditure Adjustment		Revenue Adjustment
0.00	\$ ((2,867)	\$ (30,000)

Passport Services Revised Revenue

Reduction of \$30,000 in one-time revenue associated with a decrease in passport services provided due to the impacts of the COVID-19 pandemic.

City Treasurer

FTE Adjustment	Expenditure Adjustment		Reve	nue Adjustment
(1.00)	\$	(100,514)	\$	(930,000)

Accountant 2

Reduction of 1.00 Accountant 2 and total expenditures of \$93,586 in support of revenue auditing activity related to Transient Occupancy Tax receipts. This position is currently vacant.

Business Tax Revenue

Reduction of \$430,000 in one-time revenue to reflect revised projections related to Business Tax due to anticipated reductions in the number of business operating in the City in Fiscal Year 2021.

Collection Referral Fee Revised Revenue

Reduction of \$500,000 in one-time revenue for the collection referral fees from parking citations. Due to the impacts of the COVID-19 pandemic, the number of citations issued by the Police Department has declined in Fiscal Year 2020 resulting in less citations anticipated to be referred to collections in Fiscal Year 2021.

Citywide Program Expenditures

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 7,816,787	\$ -

Revised Debt Service Payments Related to Stadium Sale Proceeds

The Proposed Budget assumed the use of \$16.9 million in anticipated Stadium sale proceeds for General Fund debt service out of the Capital Outlay Fund. Since the release of the Proposed Budget, the total estimated Stadium sale proceeds has been lowered resulting in \$14.5 million in available funds for debt service. As a result, the May Revision includes the addition of \$2.4 million in the General Fund debt service previously assumed to be paid out of the Capital Outlay Fund.

Revised Citywide Rent Expenditures

Adjustment of \$857,804 in non-personnel expenditures for revised rent expenditures citywide.

Adjustment to Mission Bay and Regional Park Improvements Funds

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Reduction of \$1.9 million in non-personnel expenditures related to the transfer to the park improvement funds based on projected Mission Bay rent and concession revenue per the Mission Bay Ordinance.

Savings in the Public Liability Fund

Reduction of \$323,604 in one-time non-personnel expenditures for public liability claims due to the use of anticipated excess fund balance in the Public Liability Operating Fund.

Department of Finance

FTE Adjustment	Expenditur	e Adjustment	Rever	ue Adjustment
(0.47)	\$	19,771	\$	(14,200)

Revision to Positions Reduced in Proposed Budget

Reduction of 0.47 FTE positions and an addition of \$28,299 in personnel expenditures related to the revision of 7.80 FTE positions reduced in the Proposed Budget. These adjustments are to align the position classifications of the reductions with the long-term strategic development of the Department. The most impactful adjustments are as follows: reduction of 1.00 Finance Analyst 4 and a corresponding addition of 2.00 Finance Analyst 2s; reduction of 1.00 Finance Analyst 2 and a corresponding addition of 1.00 Finance Analyst 3; and, an additional reduction for hourly staff support. Please refer to the Proposed Budget for related and similar service level impacts.

TransNet Revised Revenue

Adjustment to reflect revised impacts from COVID-19 pandemic to TransNet revenue projections from the San Diego Association of Governments (SANDAG).

Development Services

FTE Adjustment	Expendit	ure Adjustment	Reve	nue Adjustment
16.00	\$	1,333,674	\$	2,387,438

Restoration of 16.00 FTE Positions in the Code Enforcement Division

Addition of \$1.3 million in one-time revenue from the Civil Penalties Fund to restore the 16.00 FTE positions in the Code Enforcement Division that were reduced during the Proposed Budget.

Civil Penalty Fund for Code Enforcement Division Enhancements

Addition of \$1.0 million in a one-time revenue from the Civil Penalties Fund for the enhancement of the City's code enforcement efforts, including the reimbursement for investigative costs and costs associated with the hearing process provided by the Code Enforcement Division.

CARES Act Funding - Code Enforcement Staffing and Supplies

Addition of \$50,000 in one-time revenue to support CARES Act eligible expenditures in the Proposed Budget.

Economic Development

FTE Adjustment	Expendi	ture Adjustment	Reve	nue Adjustment
0.00	\$	10,845,032	\$	13,807,814

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CARES Act Funding - Small Business Relief Funds

Addition of \$12.9 million in one-time revenue and expenditures to support for the Small Business Relief Fund (SBRF) which provides grant funds to small businesses impacted by the COVID-19 pandemic. Please refer the CARES Act Funds section of this memorandum for additional information on the SBRF.

Former Enterprise Zone Funding

Addition of \$750,000 in one-time revenue from the Former Enterprise Zone Fund to support economic development activities in the Economic Development Department in Fiscal Year 2021.

CARES Act Funding – Economic Development Staffing and Supplies

Addition of \$209,449 in one-time revenue to support CARES Act Funding eligible expenses, primarily for reassigned staff and supplies.

Environmental Services

FTE Adjustment	Expenditu	re Adjustment	Rever	nue Adjustment
0.00	\$	994,488	\$	1,034,176

Transfer to the Lead Payment Settlement Fund

Transfer of \$117,250 in one-time non-personnel expenditures and associated revenue to the Lead Payment Settlement Fund in support of the Asbestos Lead and Mold, Lead Safety and Healthy Homes, and Hazardous Materials Management Program. This reduction will have no impact to this Program and reflects appropriate accounting and budgeting of these expenditures and revenues.

CARES Act Funding - Refuse Collection Enhancement

Addition of \$1.1 million in one-time non-personnel expenditures and \$1.2 million in one-time revenue to support enhanced refuse collections efforts provided during the COVID-19 pandemic.

Fire-Rescue

FTE Adjustment	Expenditure	e Adjustment	Rever	ue Adjustment
0.00	\$	1,470,039	\$	33,417,746

CARES Act Funding - Public Safety Payroll Expenses

Addition of \$33.9 million in one-time revenue to support payroll costs for public safety employees considered as payments for services substantially dedicated to mitigating or responding to the COVID-19 public health emergency.

CARES Act Funding – Fire-Rescue Upstaffing

Addition of \$1.9 million in one-time non-personnel expenditures and \$5.0 million in one-time revenue to support an increase emergency medical services and upstaffing to respond to the COVID-19 public health emergency.

Reduction of Aircraft Maintenance

Reduction of \$350,000 in one-time non-personnel expenditures due to usage and maintenance savings for Copter 1 resulting from usage capacity of the new Sikorsky helicopter (Copter 3).

Inspection Services Revised Revenue

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Reduction of \$2.1 million in one-time revenue for inspections services not needed due to COVID-19 related closures and public event cancellations.

Reimbursement of Tourism and Safety Related Expenditures - TOT Fund

Reduction of \$2.2 million reimbursement of tourism and safety related expenditures due to updated TOT revenue projections impacted by the COVID-19 pandemic. See Major General Fund Revenues section of this memorandum for more information.

Safety Sales Tax Allocation

Reduction of \$1.2 million due to updated Sales Tax projections impacted by COVID-19. See Major General Fund Revenues section of this memorandum for more information.

General Services

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ (15,218)	\$ -

Restoration of Executive Assistant

Restoration of 0.50 Executive Assistant position in the General Services Branch. This position is offset a reduction of 0.50 Program Coordinator added in the Proposed Budget.

Homelessness Strategies

FTE Adjustment	Expend	iture Adjustment	Reve	nue Adjustment
0.00	\$	37,195,980	\$	39,857,508

Operation Shelter to Home

Addition of \$39.7 million in one-time non-personnel expenditures with supporting revenue to provide funding for CARES Act eligible expenses in support of Operation Shelter to Home. Please refer the COVID-19 State and Federal Relief Funds section of this memorandum for additional information on Operation Shelter to Home.

Transfer of Grant Revenue from the Neighborhood Services Department

Transfer of \$160,929 in grant revenue budget from the Neighborhood Services Branch to the Homelessness Strategies Department.

Savings in VVSD Relocation Cost

The May Revision includes the reduction of \$2.5 million in relocation expenses for the veterans' bridge shelter, which were included as one-time expenditures in the Fiscal Year 2021 Proposed Budget. Per the terms of the temporary license with the Navy, the City must vacate by June 30, and with the site currently unoccupied, the City has an opportunity to comply without disruption to clients, and expects that the need for relocation expenses will begin in Fiscal Year 2020. The City of San Diego is currently in discussions with the City of Chula Vista to transfer the bridge shelter located in the Midway district to the City of Chula Vista to serve individuals experiencing homelessness there as well as neighboring cities. For additional information about the relocation expenses expected to be incurred, please see the Third Quarter Report.

The remaining \$4.1 million included in the Proposed Budget for the veterans' shelter will be used for one or more shelters to make neutral the loss of 200 beds from the transfer of the Midway

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district bridge shelter to Chula Vista. The need is to at least maintain and, if possible, increase shelter capacity in accordance with the recently-approved Community Action Plan on Homelessness. The use of funds will likely include one or more of the following: a further expansion of Golden Hall, an expansion opportunity at Father Joe's Imperial Avenue campus, and the funding of shelter related to criminal justice diversion.

Human Resources

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 70,279	\$ -

Sexual Harassment Prevention Training

Addition of \$72,632 in non-personnel expenditures to manage and administer the citywide Sexual Harassment Prevention Training program.

Library

FTE Adjustment	Expenditure Adjustment		t Revenue Adjustmen	
3.50	\$	303,747	\$	305,246

Restoration of Mountain View/Beckwourth Hours of Operation

Restoration of 3.50 FTE positions and total expenditures of \$250,094 to restore Mountain View/Beckwourth Library Branch hours reduced in the Proposed Budget.

CARES Act Funding - Library Staffing and Supplies

Addition of \$76,721 in one-time non-personnel expenditures and \$893,437 in one-time revenue to support CARES Act Funding eligible expenses, primarily for reassigned staff and supplies.

Photocopy Services Fee Revised Revenue

Reduction of \$40,749 in one-time revenue for photocopy service fee revenue. This revenue is expected to be impacted by the demand for these services during the COVID-19 pandemic.

Lost/Damaged Library Material Fee Revised Revenue

Reduction of \$79,688 in one-time revenue related to lost and damaged library material fee revenue. This revenue is expected to be impacted by the circulation of library materials during the COVID-19 pandemic.

Special Events Revised Revenue - Central Library

Reduction of \$94,589 in one-time revenue for special event fees due to the number anticipated events scheduled at the Central Library.

Parking Garage Revised Revenue

Reduction of \$370,000 in one-time revenue for parking garage fees due to the anticipated reduction in attendance at the Central Library and larger events at Petco Park during the COVID-19 pandemic.

Neighborhood Services

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FTE Adjustment	Expenditure A	Adjustment	Reven	ue Adjustment
0.00	\$	6,840	\$	(160,929)

Transfer of Grant Revenue to the Homelessness Strategies Department

Transfer of \$160,929 in grant revenue budget from the Neighborhood Services Branch to the Homelessness Strategies Department.

Restoration of Executive Assistant

Restoration of 0.50 Executive Assistant position in the Neighborhood Services Branch. This position is offset by a reduction of 0.50 Program Coordinator added in the Proposed Budget.

Office of Boards and Commissions

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
(2.00)	\$ (165,180)	\$ -

Correction of Associate Management Analyst

Technical correction to reduce 1.00 Associate Management Analyst and total expenditures of \$83,609 erroneously added in the Proposed Budget.

Reduction of Executive Assistant

Reduction of 1.00 Executive Assistant position and total expenditures of \$81,158 for administrative support to several boards and commissions.

Office of the Chief Financial Officer

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ (28,324)	\$ -

Restoration of Executive Assistant

Restoration of 1.00 Executive Assistant position in the General Services Branch. This position is offset by a reduction of 1.00 Program Coordinator added in the Proposed Budget.

Parks and Recreation

FTE Adjustment	Expenditu	re Adjustment	Revei	nue Adjustment
65.29	\$	4,062,829	\$	(7,319,022)

Restoration of Recreation Center Hours

Restoration of 53.75 FTE positions and total expenditures of \$3.2 million with \$1,777 in revenue to fully restore recreation center hours from 45 to 60 hours reduced in the Proposed Budget.

Restoration of Pool Hours

Restoration of 11.54 FTE positions and total expenditures of \$486,986 with \$129,235 in revenue to fully restore pool hours from 45 to 60 hours reduced in the Proposed Budget.

CARES Act Funding - Parks and Recreation Staffing and Supplies

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Addition of \$400,000 in one-time non-personnel expenditures and \$10.2 million in one-time CARES Act Fund revenue for reassigned staff and supplies.

Reimbursement of Tourism and Safety Related Expenditures - TOT Fund

Reduction of \$17.6 million reimbursement of tourism and safety related expenditures due to updated TOT revenue projections impacted by the COVID-19 pandemic. See Major General Fund Revenues section of this memorandum for more information.

Police

FTE Adjustment	Expenditure Adjustment		Reve	enue Adjustment
(8.00)	\$	1,429,538	\$	40,992,017

CARES Act Funding - Public Safety Payroll Expenses

Addition of \$33.9 million in one-time revenue to support payroll costs for public safety employees considered as payments for services substantially dedicated to mitigating or responding to the COVID-19 public health emergency.

CARES Act Funding - Policing Staffing and Supplies

Addition of \$2.3 million in one-time non-personnel expenditures and \$8.3 million in one-time CARES Act Fund revenue to support an increase in patrol to respond to the COVID-19 public health emergency.

Reduction of Word Processing Operators

Reduction of 8.00 Word Processing Operators and total expenditures of \$624,738 providing administrative support in various divisions in the Police Department. This reduction will require existing staff to support work performed by these positions.

Safety Sales Tax Allocation

Reduction of \$1.2 million due to updated Sales Tax projections impacted by COVID-19. See Major General Fund Revenues section of this memorandum for more information.

Public Works & Utilities

FTE Adjustment	Expenditure Adjustmen	Revenue Adjustment
0.00	\$ (76,776) \$ -

Reduction of Contractual Services

Reduction of \$61,743 in non-personnel expenditures for contractual services associated with the Enterprise Asset Management (EAM) Project.

Restoration of Executive Assistant

Restoration of 0.50 Executive Assistant position in the Public Works & Utilities Branch. This position is offset by a reduction of 0.50 Program Coordinator added in the Proposed Budget.

READ - Facilities Services

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FTE Adjustment	Expenditure Adjustment	Adjustment Revenue Adjustmen	
5.50	\$ 97,745	\$ 709,209	

Restoration of Stadium Operating Expenses

Addition of 5.50 FTE positions and total expenditures of \$385,278 and \$709,209 in one-time revenue for three months of Stadium operating expenses to align with the anticipated sale and operational transition to SDSU.

Revised Energy Expenditures

Reduction of \$278,834 in non-personnel expenditures for revised energy expenditures.

Real Estate Assets Department (READ)

FTE Adjustment	Expenditure Adjustment		Reveni	ue Adjustment
0.00	\$	(1,540)	\$	(4,612,675)

City Lease Revised Revenue

Reduction of \$4.6 million in one-time revenue in revenue-based lease agreements. This adjustment reflects the review of anticipated collection of minimum rents from lessees, deferred rents repayment schedules for certain lessees, and lease agreements to assess the potential impacts during the COVID-19 pandemic.

Smart & Sustainable Communities

FTE Adjustment	Expenditure Adjustment		Revenue Adjustment
0.00	\$ 6	,541	\$ -

Restoration of Executive Assistant

Restoration of 0.50 Executive Assistant position in the Smart & Sustainable Communities Branch. This position is offset a reduction of 0.50 Program Coordinator added in the Proposed Budget.

Storm Water

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ (394,018)	\$ -

Reduction of Consulting Services

Reduction of \$382,282 in non-personnel expenditures for consulting services to offset the cost of creating the new Storm Water Department included in the Proposed Budget.

Sustainability

FTE Adjustment	Expenditure Adjustment		Revenue Adjustmen	
0.00	\$	(1,358,494)	\$ -	

Reduction of Smart Streetlights Program

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Reduction of \$1.4 million in non-personnel expenditures associated with the elimination of support for the program in the General Fund.

Transportation

FTE Adjustment	Expenditure Adjustment		Reveni	ue Adjustment
0.00	\$	(381,090)	\$	(2,531,233)

Reduction of Smart Streetlights Program

Reduction of \$360,500 in non-personnel expenditures associated with the elimination of support for the program in the General Fund.

Gas Tax Revised Revenue

Reduction of \$1.1 million in one-time revenue to reflect revised projections related to Gas Tax.

TransNet Revised Revenue

Adjustment to reflect revised impacts from COVID-19 pandemic to TransNet revenue projections from the San Diego Association of Governments (SANDAG).

Non-General Funds

The following describes the significant adjustments within each non-general fund.

Airports

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 313,704	\$ -

Airport Improvements

Addition of \$293,000 in one-time non-personnel expenditures for airport improvements. Improvements at Montgomery-Gibb Field include maintenance and repair on newly acquired onsite commercial space and related utilities, barrier fencing, and a replacement airport beacon light and pole. Improvements at Brown Field include the interior rehabilitation of on-site facilities.

Capital Outlay Fund

FTE Adjustment	Expend	iture Adjustment	Reve	nue Adjustment
0.00	\$	(2,359,400)	\$	(1,944,400)

Development Services Fund 101 Ash Building Reimbursement

Addition of \$415,000 in one-time revenue related to the reimbursement from the Development Services Fund for 101 Ash St. inter-fund loan repayments.

Revised Debt Service Payments Related to Stadium Sale Proceeds

The Proposed Budget assumed the use of \$16.9 million in anticipated Stadium sale proceeds for General Fund debt service out of the Capital Outlay Fund. Since the release of the Proposed Budget, the total estimated Stadium sale proceeds has been lowered resulting in \$14.5 million in available

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funds for debt service. As a result, the May Revision includes the reduction of \$2.4 million in the debt service payment in the Capital Outlay Fund now assumed to be paid out of the General Fund.

Convention Center Expansion Administration Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ -	\$ (135,576)

Convention Center TOT Support

Reduction of \$135,576 to reflect the use of fund balance to support the annual Convention Center TOT allocation.

Development Services Fund

FTE Adjustment	Expenditure Adjustment		t Revenue Adjustmen	
6.50	\$	3,300,458	\$	533,510

Positions and IT Expenditures Support

Addition of 4.00 FTE positions and total expenditures of \$1.7 million to support organizational management and information technology implementation efforts.

Cannabis Permit Bureau

Addition of 9.00 FTE positions and total expenditures of \$970,317 to centralize cannabis permitting activities and allocate resources to meet state permitting requirements including monitoring and auditing activities.

Development Services Fund Revised Revenue

Addition of \$533,510 in revenue to reflect for qualifying reimbursable personnel and non-personnel expenditures.

Adjustment to Pension Payment Stabilization Reserve Contribution

Reduction of \$227,500 in one-time non-personnel expenditures to reflect the updated contribution to the Pension Payment Stabilization Reserve.

Revised Energy Expenditures

Reduction of \$261,635 for in non-personnel expenditure for revised energy expenditures.

Revised Citywide Rent Expenditures

Reduction of \$581,787 in non-personnel expenditures for revised rent expenditures citywide.

Engineering and Capital Projects Fund

FTE Adjustment	Expenditure Adjustment		Revenue Adjustment	
0.00	\$	680,609	\$	(7,969,296)

Engineering & Capital Projects Fund Revised Revenue

Reduction of \$8.0 million in revenue to reflect revised reimbursable revenue projections.

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Facilities Financing Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 58,061	\$ -

Revised Citywide Rent Expenditures

Addition of \$41,120 in non-personnel expenditures for revised rent expenditures citywide.

Fleet Operations Operating Fund

FTE Adjustment	Expenditure Adjustment		Adjustment Expenditure Adjustment Revenue A		
0.00	\$	(111,392)	\$	(300,000)	

Diesel Fuel Reduction

Reduction of \$300,000 in non-personnel expenditures and supporting revenue for diesel fuel related to the replacement of 20 diesel fuel vehicles with 20 natural gas vehicles.

Gas Tax Fund

FTE Adjustment	Expenditure Adjustment		t Revenue Adjustme	
0.00	\$	(1,158,054)	\$	(1,779,785)

Gas Tax Revised Expenditures and Revenues

Reduction of \$1.2 million in non-personnel expenditures and \$1.8 million in revenue for an adjustment to reflect revised revenue projections related to Gas Tax.

General Plan Maintenance Fund

FTE Adjustment	Expenditure Adjustment		Revenue Adjustment	
0.00	\$	(353,000)	\$	(661,000)

Community Plan Updates

Addition of \$308,000 in one-time non-personnel expenditures to support community plan development in the General Plan Maintenance Fund from anticipate fund balance.

General Plan Maintenance Fee Revised Revenue

Reduction of \$661,000 in one-time non-personnel expenditures and General Plan Maintenance Fee revenue due to anticipated reductions in the amount of permit applications during the COVID-19 pandemic.

Information Technology Fund

FTE Adjustment	Expenditure Adjustment		it Revenue Adjustn	
0.00	\$	8,559,705	\$	8,518,759

CARES Act Funding - Remote Workstations

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Addition of \$3.5 million in one-time non-personnel expenditures and associated one-time CARES Act Fund revenue to provide laptops and other workstation-related hardware for remote staff during the COVID-19 pandemic.

CARES Act Funding - Telecommunication Network, Datacenter, and Cyber Security Services

Addition of \$1.5 million in one-time non-personnel expenditures and associated one-time CARES Act Fund revenue for a telecommunication network, datacenter and cyber security services for staff during the COVID-19 pandemic.

CARES Act Funding - Secure Remote Work Infrastructure

Addition of \$1.4 million in one-time non-personnel expenditures and associated one-time CARES Act Fund revenue to implement secure remote work infrastructure.

CARES Act Funding - Remote Access Network

Addition of \$700,000 in one-time non-personnel expenditures and associated one-time CARES Act Fund revenue to provide remote access network redundancies.

CARES Act Funding - Thermal Imaging Temperature Screening

Addition of \$515,800 in one-time non-personnel expenditures and associated one-time CARES Act Fund revenue to provide thermal imaging temperature screening hardware and software during the COVID-19 pandemic.

CARES Act Funding - Teleconferencing Solutions

Addition of \$400,500 in one-time non-personnel expenditures and associated one-time CARES Act Fund revenue to provide teleconferencing solutions and related hardware for staff during the COVID-19 pandemic.

CARES Act Funding - Learning Management System

Addition of \$250,000 in one-time non-personnel expenditures and associated one-time CARES Act Fund revenue to support a cloud-based learning management system for staff during the COVID-19 pandemic.

CARES Act Funding - Project Management Tools

Addition of \$151,800 in one-time non-personnel expenditures and associated one-time CARES Act Fund revenue for project management tools to assist with remote work planning and communications.

CARES Act Funding - Virtual Private Network

Addition of \$99,800 in one-time non-personnel expenditures and associated one-time CARES Act Fund revenue to provide a secure virtual private network (VPN) for staff impacted during the COVID-19 pandemic.

Metropolitan Sewer Utility Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 953,863	\$ 782,100

CARES Act Funding - Public Utilities Staffing and Supplies

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Addition of \$537,300 in one-time non-personnel expenditures and associated one-time CARES Act Fund revenue of \$782,100 for public utilities staffing and supplies.

Mission Bay Park Improvement Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustmen	
0.00	\$ -	\$	(1,258,426)

Mission Bay Park Improvement Fund Revised Revenue

Reduction of \$1.3 million in one-time revenue to reflect revised revenue projections in the Mission Bay Park Improvement Fund.

Municipal Sewer Revenue Fund

FTE Adjustment	Expenditure Adjustment Revenue Adjustme	
0.00	\$ 572,79	325,875

CARES Act Funding - Public Utilities Staffing and Supplies

Addition of \$223,875 in one-time non-personnel expenditures and associated one-time CARES Act Fund revenue of \$325,875 for public utilities staffing and supplies.

Petco Park Fund

FTE Adjustment	Expenditure Adjustment		Revenue Adjustmer	
0.00	\$	(2,115,653)	\$	(2,162,171)

Petco Park TOT Revised Allocation

Reduction of \$1.2 million in revenue for the annual TOT reimbursement to the Petco Park Fund. This revision adjusts the total transfer from the TOT fund to \$12.2 million.

Petco Park Special Events

This adjustment includes a reduction of \$2.1 million in policing services at Petco Park. This reduction is offset with a decrease of \$963,424 in special events revenue.

Public Safety Services and Debt Service Fund

FTE Adjustment	Expenditur	e Adjustment	Revenue	e Adjustment
0.00	\$	(2,390,233)	\$	(2,390,233)

Safety Sales Tax Allocation

Reduction of \$2.4 million in one-time non-personnel expenditures with supporting revenue to reflect COVID-19 impacts to the Public Safety Services & Debt Service Fund.

Publishing Services Fund

FTE Adjustment	Expenditure Adjustment		Adjustment Expenditure Adjustment Revenue Adjustme		ue Adjustment
0.00	\$	8,856	\$	(493,958)	

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Publishing Services Fund Revised Revenue

Reduction of \$493,958 in revenue for an adjustment to reflect revised revenue projections for publishing services to City departments.

Recycling Fund

FTE Adjustment	Expenditure Adj	ustment	Revenu	e Adjustment
0.00	\$	97,505	\$	(2,800,000)

AB 939 Fee Revised Revenue

Reduction of \$2.8 million in AB 939 fee revenue due to the postponement of an anticipated fee increase.

Refuse Disposal Fund

FTE Adjustment	Expenditure Adjustment		Revenue Adjustment
0.00	\$	2,328,638	\$ -

Miramar Landfill Heavy Duty Equipment

Addition of \$2.2 million in one-time non-personnel expenditures to purchase heavy duty equipment at the Miramar Landfill.

Risk Management Administration Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
1.00	\$ 243,334	\$ -

Restoration of Employee Benefits Specialist 2

Restoration of 1.00 Employee Benefits Specialist 2 and total expenditures of \$98,475 in the Risk Management Department. This position was erroneously reduced in the Proposed Budget.

San Diego Regional Parks Improvement Fund

FTE Adjustment	nt Expenditure Adjustment Revenue Adjustme	
0.00	\$ -	\$ (677,614)

San Diego Regional Parks Improvement Fund Revised Revenue

Reduction of \$677,614 for an adjustment to reflect revised revenue projections in the San Diego Regional Parks Improvement Fund.

Seized Assets - Federal DOJ Fund

FTE Adjustment	Expendi	ture Adjustment	Revenue Adjustment
0.00	\$	(1,498,234)	\$ -

Seized Assets Expenditures and Revenues

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Reduction of \$1.5 million in non-personnel expenditures to align fund activity with anticipated revenue and fund balance.

Seized Assets – Federal Treasury Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 4,389,792	\$ -

Neighborhood Policing Overtime

Restoration of \$4.4 million in one-time overtime personnel expenditures to support current neighborhood policing activities that were budgeted on a one-time basis in Fiscal Year 2020.

Stadium Operations Fund

FTE Adjustment	nt Expenditure Adjustment Revenue Adjustm	
0.50	\$ 2,951,985	\$ 877,429

Stadium Operating Expenditures

Addition of \$3.0 million in one-time expenditures and \$877,429 in one-time revenue for three months of Stadium operating expenses to align with the anticipated sale and operational transition to SDSU.

State COPS Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 2,191,356	\$ -

SART Kits Support

Addition of \$1.1 million in one-time non-personnel expenditures to support the contract for Sexual Assault Rape Testing (SART) Kits.

Air Support Operations Unit

Addition of \$1.1 million in non-personnel expenditures for insurance and fuel to support the Police Department's Air Support Operations unit.

Transient Occupancy Tax (TOT) Fund

FTE Adjustment	Expenditure Adjustment		TE Adjustment Expenditure Adjustment Revenue Adjustment		enue Adjustment
1.00	\$	(29,392,921)	\$	(29,559,484)	

Stadium Operating Expenses

Addition of \$523,546 in one-time expenditures for three months of Stadium operating expenses to align with the anticipated sale and operational transition to SDSU.

Restoration of Public Information Officer

Restoration of 1.00 Public Information Officer and total expenditures of \$64,575 in the Cultural Affairs Department. This position was erroneously reduced in the Proposed Budget.

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Revised Citywide Rent Expenditures

Addition of \$7,450 in one-time non-personnel expenditures for revised rent expenditures citywide.

One-Cent Discretionary

Reduction of \$3.9 million in the one-cent discretionary funding transfers to the General Fund due to updated TOT revenue projections for Fiscal Year 2021.

Reimbursement of Tourism and Safety Related Expenditures

Reduction of \$16.7 million in one-time expenditures to support the safety and maintenance of visitor-related facilities due to updated TOT revenue projections for Fiscal Year 2021.

TOT Revised Revenue

Reduction of \$29.6 million due to updated TOT revenue projections impacted by the COVID-19 pandemic. See Major General Fund Revenues section of this memorandum for more information.

TransNet Administration and Debt Fund

FTE Adjustment Expenditure Adjustment Reven		Expenditure Adjustment		djustment
0.00	\$	(49,540)	\$	(49,540)

TransNet Revised Revenue Allocation

Reduction of \$49,540 in expenditures and associated revenue for TransNet reimbursable work. This adjustment is due to impacts of the COVID-19 pandemic.

TransNet Extension Congestion Relief Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustme	
0.00	\$ -	\$	(3,433,122)

TransNet Revised Revenue Allocation

Reduction of \$3.4 million in revenue for an adjustment related to TransNet revised revenue projections impact by COVID-19 pandemic.

TransNet Extension Maintenance Fund

FTE Adjustment	Expend	iture Adjustment	Reve	nue Adjustment
0.00	\$	(1,471,338)	\$	(1,471,338)

TransNet Revised Revenue Allocation

Reduction of \$1.5 million in non-personnel expenditures and associated revenue for TransNet reimbursable work. This adjustment is due to impacts of the COVID-19 pandemic.

Water Utility Operating Fund

FTE Adjustment	Expend	liture Adjustment	Reven	ue Adjustment
0.00	\$	(3,016,399)	\$	195,525

CARES Act Funding - Public Utilities Staffing and Supplies

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Addition of \$134,325 in one-time non-personnel expenditures and associated one-time CARES Act Fund revenue of \$195,525 for public utilities staffing and supplies.

Water Bonds Debt Service

Reduction of \$3.8 million in non-personnel expenditures for water bond debt service.

Capital Improvements Program

Adjustments to capital improvement projects are primarily due to adjustments to bring project budgets in line with revised project schedules, as well as reductions for revised revenue projections. The Fiscal Year 2021 May Revision CIP adjustments total a net increase of \$2.3 million to the Fiscal Year 2021 Proposed CIP Budget. Significant adjustments include:

- Reduction of \$621,734 Gas Tax Funds to the Street Resurfacing and Reconstruction Annual Allocation
- Reduction of \$3.4 million of TransNet Funds to the Street Resurfacing and Reconstruction Annual Allocation
- Increase of \$1.9 million of Municipal Wastewater funds to the Pipeline Rehabilitation Annual Allocation
- Increase of \$2.4 million of Metropolitan Wastewater funds to the Metro Treatment Plants Annual Allocation

Attachment 4 – FY 2021 CIP May Revision Adjustments provides an itemized list of the changes by project along with a brief description of each change.

Attachments:

- 1. FY 2021 Operating May Revision Adjustments
- 2. FY 2021 Transient Occupancy Tax Fund Allocations
- 3. FY 2021 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 Jeff Sturak, Assistant Chief Operating Officer David Nisleit, Chief of Police, Police Department Colin Stowell, Fire Chief, Fire-Rescue Department Erik Caldwell, Deputy Chief Operating Officer, Smart & Sustainable Communities Alia Khouri, Deputy Chief Operating Officer, General Services Johnnie Perkins Jr., Deputy Chief Operating Officer, Public Works & Utilities Robert Vacchi, Deputy Chief Operating Officer, Neighborhood Services Matt Awbrey, Chief of Civic and External Affairs, Office of the Mayor Almis Udrys, Chief of Innovation & Policy, Office of the Mayor Francis Barraza, Deputy Chief of Staff, Community Engagement, Office of the Mavor Jessica Lawrence, Director of Policy and Council Affairs, Office of the Mayor Department Directors

GENERAL FUND	D. J. A. M. M. A.	rmr	DE	MDE	EVD	REV
Department/Fund	Budget Adjustment	FTE	PE	NPE	EXP	REV
City Attorney City Attorney Total	Salary and Fringe Benefit Adjustment	0.00 \$	(28,557) \$	- \$	(28,557) \$	-
<u> </u>	Calculation Design Desi	0.00 \$	(28,557) \$	- \$	(28,557) \$	
City Auditor	Salary and Fringe Benefit Adjustment	0.00 \$	(1,560) \$	- \$	(1,560) \$	-
City Auditor Total		0.00 \$	(1,560) \$	- \$	(1,560) \$	-
City Clerk	Passport Services Revised Revenue	0.00 \$	- \$	- \$	- \$	(30,000
	Salary and Fringe Benefit Adjustment	0.00 \$	(2,867) \$	- \$	(2,867) \$	
City Clerk Total		0.00 \$	(2,867) \$	- \$	(2,867) \$	(30,000
City Council	Salary and Fringe Benefit Adjustment	0.00 \$	(7,088) \$	- \$	(7,088) \$	
City Council Total		0.00 \$	(7,088) \$	- \$	(7,088) \$	-
	Collection Referral Fee Revised Revenue	0.00 \$	- \$	- \$	- \$	(500,000
City Treasurer	Business Tax Revenue	0.00 \$	- \$	- \$	- \$	(430,000
All Treatment	Salary and Fringe Benefit Adjustment	0.00 \$	(6,928) \$	- \$	(6,928) \$	-
	Accountant 2	(1.00) \$	(93,586) \$	- \$	(93,586) \$	-
City Treasurer Total		(1.00) \$	(100,514) \$	- \$	(100,514) \$	(930,000
	Flexible Benefit Plan Adjustment	0.00 \$	6,859,227 \$	- \$	6,859,227 \$	-
	Revised Debt Service Payments Related to Stadium Sale Proceeds	0.00 \$	- \$	2,359,400 \$	2,359,400 \$	-
Citywide Program Expenditures	Revised Citywide Rent Expenditures	0.00 \$	- \$	857,804 \$	857,804 \$	-
	Savings in the Public Liability Fund	0.00 \$	- \$	(323,604) \$	(323,604) \$	-
	Adjustment to Mission Bay and Regional Park Improvements Funds	0.00 \$	- \$	(1,936,040) \$	(1,936,040) \$	-
Citywide Program Expenditures Total		0.00 \$	6,859,227 \$	957,560 \$	7,816,787 \$	-
Communications	Salary and Fringe Benefit Adjustment	0.00 \$	(2,252) \$	- \$	(2,252) \$	-
Communications Total		0.00 \$	(2,252) \$	- \$	(2,252) \$	-
Debt Management	Salary and Fringe Benefit Adjustment	0.00 \$	(817) \$	- \$	(817) \$	-
Debt Management Total		0.00 \$	(817) \$	- \$	(817) \$	_
	Revision to Positions Reduced in Proposed Budget	(0.47) \$	28,299 \$	- \$	28,299 \$	_
Department of Finance	TransNet Revised Revenue	0.00 \$	- S	- \$	- \$	(14,200
	Salary and Fringe Benefit Adjustment	0.00 \$	(8,528) \$	- \$	(8,528) \$	(14)200
Department of Finance Total	, , ,	(0.47) \$	19,771 \$	- \$	19,771 \$	(14,200
•	Restoration of 16.00 FTE Positions in the Code Enforcement Division	16.00 \$	1,336,718 \$	- \$	1,336,718 \$	1,337,438
	CARES Act Funding - Code Enforcement Staffing and Supplies	0.00 \$	- \$	- \$	- \$	
Development Services	Civil Penalty Fund for Code Enforcement Enhancement	0.00 \$	- \$	- \$ - \$	- \$ - \$	50,000 1,000,000
	Salary and Fringe Benefit Adjustment	0.00 \$	(3,044) \$	- \$ - \$	(3,044) \$	1,000,000
Development Services Total	,,	16.00 \$	1,333,674 \$	- \$	1,333,674 \$	2,387,438
zevelopment services roun	CARES Act Funding - Small Business Relief Funds					
	CARES Act Funding – Economic Development Staffing and Supplies	0.00 \$	- \$	10,848,365 \$	10,848,365 \$	12,848,365
Economic Development	Former Enterprise Zone Funding	0.00 \$	- \$	- \$	- \$	209,449
	Salary and Fringe Benefit Adjustment	0.00 \$	- \$	- \$ - \$	- \$	750,000
From omio Dovolovno ont Motel	Salary and Fringe Benefit Adjustment	0.00 \$	(3,333) \$	·	(3,333) \$	-
Economic Development Total	CARES Ast Funding Define Collection Pulsareament	0.00 \$	(3,333) \$	10,848,365 \$	10,845,032 \$	13,807,814
Envisonmental Services	CARES Act Funding - Refuse Collection Enhancement	0.00 \$	4,500 \$	1,116,618 \$	1,121,118 \$	1,151,426
Environmental Services	Salary and Fringe Benefit Adjustment	0.00 \$	(9,380) \$	- \$	(9,380) \$	-
	Transfer to the Lead Payment Settlement Fund	0.00 \$	- \$	(117,250) \$	(117,250) \$	(117,250
Environmental Services Total		0.00 \$	(4,880) \$	999,368 \$	994,488 \$	1,034,176
Ethics Commission	Salary and Fringe Benefit Adjustment	0.00 \$	(514) \$	- \$	(514) \$	-
Ethics Commission Total		0.00 \$	(514) \$	- \$	(514) \$	-

GENERAL FUND						
Department/Fund	Budget Adjustment	FTE	PE	NPE	EXP	REV
	CARES Act Funding - Fire Resuce Upstaffing	0.00 \$	1,576,018 \$	336,347 \$	1,912,365 \$	4,972,970
	CARES Act Funding - Public Safety Payroll Expenses	0.00 \$	- S	- \$	- \$	33,937,136
	Reimbursement of Tourism and Safety Related Expenditures - TOT Fund	0.00 \$	- \$	- \$	- \$	(2,235,285)
Fire-Rescue	Safety Sales Tax Allocation	0.00 \$	- \$	- \$	- \$	(1,195,117)
	Inspection Services Revised Revenue	0.00 \$	- \$	- \$	- \$	(2,061,958)
	Salary and Fringe Benefit Adjustment	0.00 \$	(92,326) \$	- \$	(92,326) \$	-
	Reduction of Aircraft Maintenance	0.00 \$	- \$	(350,000) \$	(350,000) \$	-
Fire-Rescue Total		0.00 \$	1,483,692 \$	(13,653) \$	1,470,039 \$	33,417,746
General Services	Salary and Fringe Benefit Adjustment	0.00 \$	(268) \$	- \$	(268) \$	-
General Services	Restoration of Executive Assistant	0.00 \$	(14,950) \$	- \$	(14,950) \$	-
General Services Total		0.00 \$	(15,218) \$	- \$	(15,218) \$	-
Government Affairs	Salary and Fringe Benefit Adjustment	0.00 \$	(491) \$	- \$	(491) \$	-
Government Affairs Total		0.00 \$	(491) \$	- \$	(491) \$	-
	Operation Shelter to Home	0.00 \$	- \$	39,696,579 \$	39,696,579 \$	39,696,579
YV	Transfer of Grant Revenue to the Homelessness Strategies Department	0.00 \$	- \$	- \$	- \$	160,929
Homelessness Strategies	Salary and Fringe Benefit Adjustment	0.00 \$	(599) \$	- \$	(599) \$	_
	Savings in VVSD Relocation Cost	0.00 \$	- \$	(2,500,000) \$	(2,500,000) \$	-
Homelessness Strategies Total		0.00 \$	(599) \$	37,196,579 \$	37,195,980 \$	39,857,508
	Sexual Harassment Prevention Training	0.00 \$	- S	72,632 \$	72,632 \$	_
Human Resources	Salary and Fringe Benefit Adjustment	0.00 \$	(2,353) \$	- \$	(2,353) \$	-
Human Resources Total		0.00 \$	(2,353) \$	72,632 \$	70,279 \$	-
	Restoration of Mountain View/Beckwourth Hours of Operation	3.50 \$	180,376 \$	69,718 \$	250,094 \$	_
	CARES Act Funding - Library Staffing and Supplies	0.00 \$	- \$	76,721 \$	76,721 \$	893,437
	Parking Garage Revised Revenue	0.00 \$	- \$	- \$	- \$	(373,185)
Library	Special Events Revised Revenue - Central Library	0.00 \$	- S	- \$	- \$	(94,589)
	Photocopy Services Fee Revised Revenue	0.00 \$	- S	- \$	- \$	(40,749)
	Lost/Damaged Library Material Fee Revised Revenue	0.00 \$	- S	- \$	- \$	(79,668)
	Salary and Fringe Benefit Adjustment	0.00 \$	(23,068) \$	- \$	(23,068) \$	-
Library Total		3.50 \$	157,308 \$	146,439 \$	303,747 \$	305,246
Major General Fund Revenues	Major Revenues	0.00 \$	- \$	- \$	- \$	(53,950,214)
Major General Fund Revenues Total		0.00 \$	- \$	- \$	- \$	(53,950,214)
Mobility	Salary and Fringe Benefit Adjustment	0.00 \$	(1,143) \$	- \$	(1,143) \$	-
Mobility Total		0.00 \$	(1,143) \$	- \$	(1,143) \$	-
	Restoration of Executive Assistant	0.00 \$	7,074 \$	- \$	7,074 \$	_
Neighborhood Services	Transfer of Grant Revenue to the Homelessness Strategies Department	0.00 \$	- \$	- \$	- \$	(160,929)
	Salary and Fringe Benefit Adjustment	0.00 \$	(234) \$	- \$	(234) \$	-
Neighborhood Services Total		0.00 \$	6,840 \$	- \$	6,840 \$	(160,929)
	Salary and Fringe Benefit Adjustment	0.00 \$	(413) \$	- \$	(413) \$	-
Office of Boards & Commissions	Reduction of Executive Assistant	(1.00) \$	(81,158) \$	- \$	(81,158) \$	-
	Correction of Associate Management Analyst	(1.00) \$	(83,609) \$	- \$	(83,609) \$	-
Office of Boards & Commissions Total		(2.00) \$	(165,180) \$	- \$	(165,180) \$	-
Office of Homeland Security	Salary and Fringe Benefit Adjustment	0.00 \$	(829) \$	- \$	(829) \$	-
Office of Homeland Security Total		0.00 \$	(829) \$	- \$	(829) \$	-
Office of the Assistant COO	Salary and Fringe Benefit Adjustment	0.00 \$	(252) \$	- \$	(252) \$	_
Office of the Assistant COO Total		0.00 \$	(252) \$	- \$	(252) \$	-

GENERAL FUND						
Department/Fund	Budget Adjustment	FTE	PE	NPE	EXP	REV
Office of the Chief Financial Officer	Salary and Fringe Benefit Adjustment	0.00 \$	(256) \$	- \$	(256) \$	-
Office of the Chief Financial Officer	Restoration of Executive Assistant	0.00 \$	(28,068) \$	- \$	(28,068) \$	-
Office of the Chief Financial Officer Total		0.00 \$	(28,324) \$	- \$	(28,324) \$	-
Office of the Chief Operating Officer	Salary and Fringe Benefit Adjustment	0.00 \$	(511) \$	- \$	(511) \$	-
Office of the Chief Operating Officer Total		0.00 \$	(511) \$	- \$	(511) \$	-
Office of the IBA	Salary and Fringe Benefit Adjustment	0.00 \$	(1,032) \$	- \$	(1,032) \$	-
Office of the IBA Total		0.00 \$	(1,032) \$	- \$	(1,032) \$	-
Office of the Mayor	Salary and Fringe Benefit Adjustment	0.00 \$	(1,533) \$	- \$	(1,533) \$	-
Office of the Mayor Total		0.00 \$	(1,533) \$	- \$	(1,533) \$	-
	Restoration of Recreation Center Hours	53.75 \$	3,154,564 \$	68,096 \$	3,222,660 \$	1,777
	Restoration of Pool Hours	11.54 \$	428,609 \$	58,377 \$	486,986 \$	129,235
arks & Recreation	CARES Act Funding - Parks and Recreation Staffing and Supplies	0.00 \$	400,000 \$	- \$	400,000 \$	10,160,694
	Reimbursement of Tourism and Safety Related Expenditures - TOT Fund	0.00 \$	- \$	- \$	- \$	(17,610,728)
	Salary and Fringe Benefit Adjustment	0.00 \$	(46,817) \$	- \$	(46,817) \$	-
Parks & Recreation Total		65.29 \$	3,936,356 \$	126,473 \$	4,062,829 \$	(7,319,022)
Performance & Analytics	Salary and Fringe Benefit Adjustment	0.00 \$	(798) \$	- \$	(798) \$	-
Performance & Analytics Total		0.00 \$	(798) \$	- \$	(798) \$	-
Personnel	Salary and Fringe Benefit Adjustment	0.00 \$	(4,129) \$	- \$	(4,129) \$	-
Personnel Total		0.00 \$	(4,129) \$	- \$	(4,129) \$	-
Planning	Salary and Fringe Benefit Adjustment	0.00 \$	(112,691) \$	- \$	(112,691) \$	_
Planning Total	· · ·	0.00 \$	(112,691) \$	- \$	(112,691) \$	-
	CARES Act Funding - Policing Staffing and Supplies	0.00 \$	2,000,000 \$	250,000 \$	2,250,000 \$	8,250,000
	Safety Sales Tax Allocation	0.00 \$	- \$	- \$	- \$	(1,195,117)
Police	CARES Act Funding - Public Safety Payroll Expenses	0.00 \$	- \$	- \$	- \$	33,937,134
	Salary and Fringe Benefit Adjustment	0.00 \$	(195,724) \$	- \$	(195,724) \$	33,937,134
	Reduction of Word Processing Operators	(8.00) \$	(624,738) \$	- S	(624,738) \$	
Police Total	0 1	(8.00) \$	1,179,538 \$	250,000 \$	1,429,538 \$	40,992,017
	Salary and Fringe Benefit Adjustment	0.00 \$	(35) \$	- S	(35) \$	40,772,017
Public Works & Utilities	Restoration of Executive Assistant	0.00 \$	(14,998) \$	- s	(14,998) \$	-
	Reduction of Contractual Services	0.00 \$	- \$	(61,743) \$	(61,743) \$	
Public Works & Utilities Total		0.00 \$	(15,033) \$	(61,743) \$	(76,776) \$	
Purchasing & Contracting	Salary and Fringe Benefit Adjustment	0.00 \$	(2,191) \$	- \$	(2,191) \$	
Purchasing & Contracting Total	,	0.00 \$	(2,191) \$	- s	(2,191) \$	_
	Restoration of Stadium Operating Expenses		385,027 \$	- \$	385,027 \$	700 200
READ - Facitilies Services	Salary and Fringe Benefit Adjustment	5.50 \$		- \$		709,209
	Revised Energy Expenditures	0.00 \$ 0.00 \$	(8,448) \$ - \$	- \$ (278,834) \$	(8,448) \$ (278,834) \$	
READ - Facitilies Services Total		5.50 \$	376,579 \$	(278,834) \$	97,745 \$	709,209
	City Lease Revised Revenue			- \$	- \$	
Real Estate Assets	Salary and Fringe Benefit Adjustment	0.00 \$	- \$ (1,540) \$	- \$ - \$		(4,612,675)
Real Estate Assets Total	camery and range senem najastiness	0.00 \$	(1,540) \$	- \$ - \$	(1,540) \$ (1,540) \$	(4,612,675)
	Restoration of Executive Assistant					(4,012,075)
Smart & Sustainable Communities	Salary and Fringe Benefit Adjustment	0.00 \$	7,161 \$	- \$ - \$	7,161 \$	-
Smart & Sustainable Communities Total	Salary and Fringe Denem Aujustinem	0.00 \$	(620) \$	- 3	(620) \$	-
Smart & Sustamable Communities Total	Calary and Evinga Donafit Adjustment	0.00 \$	6,541 \$	- \$	6,541 \$	-
Storm Water	Salary and Fringe Benefit Adjustment	0.00 \$	(11,736) \$	- \$	(11,736) \$	-
Chause Water Matal	Reduction of Consulting Services	0.00 \$	- \$	(382,282) \$	(382,282) \$	-
Storm Water Total		0.00 \$	(11,736) \$	(382,282) \$	(394,018) \$	-

GENERAL FUND						
Department/Fund	Budget Adjustment	FTE	PE	NPE	EXP	REV
Sustainability	Salary and Fringe Benefit Adjustment	0.00 \$	(214) \$	- \$	(214) \$	-
	Reduction of Smart Streetlights Program	0.00 \$	- \$	(1,358,280) \$	(1,358,280) \$	-
Sustainability Total		0.00 \$	(214) \$	(1,358,280) \$	(1,358,494) \$	-
	Gas Tax Revised Revenue	0.00 \$	- \$	- \$	- \$	(1,024,555)
Transportation	TransNet Revised Revenue	0.00 \$	- \$	- \$	- \$	(1,506,678)
	Salary and Fringe Benefit Adjustment	0.00 \$	(20,590) \$	- \$	(20,590) \$	-
	Reduction of Smart Streetlights Program	0.00 \$	- \$	(360,500) \$	(360,500) \$	-
Transportation Total		0.00 \$	(20,590) \$	(360,500) \$	(381,090) \$	(2,531,233)
General Fund Total		78.82 \$	14,820,757 \$	48,142,124 \$	62,962,881 \$	62,962,881

NON-GENERAL FUNDS							
Department/Fund	Budget Adjustment	FTE		PE	NPE	EXP	REV
	Airport Improvements	0.00	\$	- \$	293,000 \$	293,000 \$	-
Airports Fund	Flexible Benefit Plan Adjustment	0.00	\$	22,000 \$	- \$	22,000 \$	-
	Salary and Fringe Benefit Adjustment	0.00	\$	(1,296) \$	- \$	(1,296) \$	-
Airports Fund Total		0.00	\$	20,704 \$	293,000 \$	313,704 \$	-
Capital Outlay Fund	Development Services Fund 101 Ash Building Reimbursement	0.00	\$	- \$	- \$	- \$	415,000
Lapitai Ouliay Funu	Revised Debt Service Payments Related to Stadium Sale Proceeds	0.00	\$	- \$	(2,359,400) \$	(2,359,400) \$	(2,359,400)
Capital Outlay Fund Total		0.00	\$	- \$	(2,359,400) \$	(2,359,400) \$	(1,944,400)
Central Stores Fund	Flexible Benefit Plan Adjustment	0.00	\$	20,000 \$	- \$	20,000 \$	-
Central Stores Fund	Salary and Fringe Benefit Adjustment	0.00	\$	(998) \$	- \$	(998) \$	-
Central Stores Fund Total		0.00	\$	19,002 \$	- \$	19,002 \$	-
City Employee's Retirement System Fund	Salary and Fringe Benefit Adjustment	0.00	\$	(4,573) \$	- \$	(4,573) \$	-
City Employee's Retirement System Fund Total		0.00	\$	(4,573) \$	- \$	(4,573) \$	-
Concourse and Parking Garages Operating Fund	Flexible Benefit Plan Adjustment	0.00	\$	2,000 \$	- \$	2,000 \$	-
	Salary and Fringe Benefit Adjustment	0.00	\$	(115) \$	- \$	(115) \$	-
Concourse and Parking Garages Operating Fund Total		0.00	\$	1,885 \$	- \$	1,885 \$	-
Convention Center Expansion Administration Fund	Convention Center TOT Support	0.00	\$	- \$	- \$	- \$	(135,576)
Convention Center Expansion Administration Fund Total		0.00	\$	- \$	- \$	- \$	(135,576)
	Positions and IT Expenditures Support	2.00	\$	239,822 \$	1,494,214 \$	1,734,036 \$	-
	Revised Citywide Rent Expenditures	0.00	s	- S	581,797 \$	581,797 \$	_
	Cannabis Permit Bureau	4.50	s	470,413 \$	29,000 \$	499,413 \$	_
Development Combres Provide	Flexible Benefit Plan Adjustment	0.00	s	480,000 \$	- \$	480,000 \$	_
Development Services Fund	Revised Energy Expenditures	0.00	S	- S	261,635 \$	261,635 \$	_
	Development Services Fund Revised Revenue	0.00	S	- \$	- S	- \$	533,510
	Salary and Fringe Benefit Adjustment	0.00	S	(28,923) \$	- S	(28,923) \$	-
	Adjustment to Pension Payment Stabilization Reserve Contribution	0.00	s	- \$	(227,500) \$	(227,500) \$	_
Development Services Fund Total		6.50	ş	1,161,312 \$	2,139,146 \$	3,300,458 \$	533,510
Processor Company of the Processor P	Flexible Benefit Plan Adjustment	0.00	s	21,000 \$	- \$	21,000 \$	-
Energy Conservation Program Fund	Salary and Fringe Benefit Adjustment	0.00	\$	(1,648) \$	- \$	(1,648) \$	-
Energy Conservation Program Fund Total					*		

GENERAL FUND						
Department/Fund	Budget Adjustment	FTE	PE	NPE	EXP	REV
	Flexible Benefit Plan Adjustment	0.00	\$ 725,010 \$	- \$	725,010 \$	_
Engineering & Capital Projects Fund	Engineering & Capital Projects Fund Revised Revenue	0.00	\$ - \$		- \$	(7,969,296)
	Salary and Fringe Benefit Adjustment	0.00	\$ (44,401) \$		(44,401) \$	-
Engineering & Capital Projects Fund Total		0.00	\$ 680,609 \$	- \$	680,609 \$	(7,969,296)
	Revised Citywide Rent Expenditures	0.00	s - s	41,120 \$	41,120 \$	-
Facilities Financing Fund	Flexible Benefit Plan Adjustment	0.00	\$ 18,000 \$	- \$	18,000 \$	-
	Salary and Fringe Benefit Adjustment	0.00	\$ (1,059) \$	- \$	(1,059) \$	_
Facilities Financing Fund Total		0.00	\$ 16,941 \$	41,120 \$	58,061 \$	-
	CARES Act Funding - Emergency Medical Services Staffing and Supplies	0.00	s - s	123,167 \$	123,167 \$	310,645
Fire/Emergency Medical Services Transport Program Fund	Flexible Benefit Plan Adjustment	0.00	\$ 15,000 \$	- \$	15,000 \$	-
	Salary and Fringe Benefit Adjustment	0.00	\$ (1,243) \$	- \$	(1,243) \$	-
Fire/Emergency Medical Services Transport Program Fund Total		0.00	\$ 13,757 \$	123,167 \$	136,924 \$	310,645
	Flexible Benefit Plan Adjustment	0.00	\$ 200,250 \$	- \$	200,250 \$	-
Fleet Operations Operating Fund	Salary and Fringe Benefit Adjustment	0.00	\$ (11,642) \$	- \$	(11,642) \$	-
	Diesel Fuel Reduction	0.00	\$ - \$		(300,000) \$	(300,000)
Fleet Operations Operating Fund Total		0.00	\$ 188,608 \$	(300,000) \$	(111,392) \$	(300,000)
Gas Tax Fund	Gas Tax Revised Revenue	0.00	s - s	(1,158,054) \$	(1,158,054) \$	(1,779,785)
Gas Tax Fund Total		0.00	s - s		(1,158,054) \$	(1,779,785)
General Plan Maintenance Fund	Community Plan Updates	0.00	s - s		308,000 \$	_
	Permit Applications	0.00	s - s	- /	(661,000) \$	(661,000)
General Plan Maintenance Fund Total		0.00	s - s		(353,000) \$	(661,000)
GIS Fund	Flexible Benefit Plan Adjustment	0.00	\$ 9,833 \$	- \$	9,833 \$	_
GIS Fund	Salary and Fringe Benefit Adjustment	0.00	\$ (756) \$		(756) \$	-
GIS Fund Total		0.00	\$ 9,077 \$		9,077 \$	-
0.160	Flexible Benefit Plan Adjustment	0.00	\$ 97,250 \$	- \$	97,250 \$	_
Golf Course Fund	Salary and Fringe Benefit Adjustment	0.00	\$ (4,977) \$		(4,977) \$	_
Golf Course Fund Total		0.00	\$ 92,273 \$		92,273 \$	_
	CARES Act Funding - Remote Workstations	0.00	S - S		3,485,659 \$	3,485,659
	CARES Act Funding - Telecommunication Network, Datacenter, and Cyber Security Services	0.00	\$ - \$		1,475,200 \$	1,475,200
	CARES Act Funding - Secure Remote Work Infrastructure	0.00	s - s		1,440,000 \$	1,440,000
	CARES Act Funding - Remote Access Network	0.00	s - s		700,000 \$	700,000
	CARES Act Funding - Thermal Imaging Temperature Screening	0.00	s - s		515,800 \$	515,800
Information Technology Fund	CARES Act Funding - Teleconferencing Solutions	0.00	S - S		400,500 \$	400,500
	CARES Act Funding - Learning Management System	0.00	s - s		250,000 \$	250,000
	CARES Act Funding - Project Management Tools	0.00	s - s		151,800 \$	151,800
	CARES Act Funding - Virtual Private Network	0.00	s - s	- /	99,800 \$	99,800
	Flexible Benefit Plan Adjustment	0.00	\$ 44,000 \$		44,000 \$	-
	Salary and Fringe Benefit Adjustment	0.00	\$ (3,054) \$		(3,054) \$	-
Information Technology Fund Total		0.00	\$ 40,946 \$		8,559,705 \$	8,518,759
Junior Lifernard Drogram Fund	Flexible Benefit Plan Adjustment	0.00	\$ 1,000 \$		1,000 \$	-
Junior Lifeguard Program Fund	Salary and Fringe Benefit Adjustment	0.00	\$ (98) \$		(98) \$	-
Junior Lifeguard Program Fund Total		0.00	\$ 902 \$		902 \$	-
Y and Professional Assessment Ass	Flexible Benefit Plan Adjustment	0.00	\$ 6,000 \$		6,000 \$	-
Local Enforcement Agency Fund	Salary and Fringe Benefit Adjustment	0.00	\$ (382) \$		(382) \$	-
Local Enforcement Agency Fund Total		0.00	\$ 5,618 \$		5,618 \$	_
			2, 7	T	-,	

GENERAL FUND							
Department/Fund	Budget Adjustment	FT	3	PE	NPE	EXP	REV
V - D	Flexible Benefit Plan Adjustment	0.00	\$	2,000 \$	- \$	2,000 \$	_
Los Penasquitos Canyon Preserve Fund	Salary and Fringe Benefit Adjustment	0.00	\$	(122) \$		(122) \$	-
Los Penasquitos Canyon Preserve Fund Total		0.00	\$	1,878 \$	- \$	1,878 \$	-
No. in the control of	Flexible Benefit Plan Adjustment	0.00	\$	24,500 \$	- \$	24,500 \$	_
Maintenance Assessment District (MAD) Management Fund	Salary and Fringe Benefit Adjustment	0.00	\$	(1,545) \$		(1,545) \$	-
Maintenance Assessment District (MAD) Management Fund Total		0.00	\$	22,955		22,955 \$	-
	CARES Act Funding - Public Utilities Staffing and Supplies	0.00	\$	- \$	537,300 \$	537,300 \$	782,100
Metropolitan Sewer Utility Fund	Flexible Benefit Plan Adjustment	0.00	\$	444,332 \$		444,332 \$	-
	Salary and Fringe Benefit Adjustment	0.00	\$	(27,769) \$		(27,769) \$	-
Metropolitan Sewer Utility Fund Total		0.00	\$	416,563 \$	537,300 \$	953,863 \$	782,100
Mission Bay Park Improvement Fund	Mission Bay Park Improvement Fund Revised Revenue	0.00	\$	- \$		- \$	(1,258,426)
Mission Bay Park Improvement Fund Total		0.00	\$	- \$	- \$	- \$	(1,258,426)
	Flexible Benefit Plan Adjustment	0.00	\$	369,776 \$	- \$	369,776 \$	_
Municipal Sewer Revenue Fund	CARES Act Funding - Public Utilities Staffing and Supplies	0.00	\$	- \$		223,875 \$	325,875
	Salary and Fringe Benefit Adjustment	0.00	\$	(20,858) \$		(20,858) \$	5-51-15
Municipal Sewer Revenue Fund Total		0.00	\$	348,918 \$	223,875 \$	572,793 \$	325,875
New Convention Facility Fund	New Convention Center Facility Fund TOT Support	0.00	S	- \$		(2,133,025) \$	(2,126,840
New Convention Facility Fund Total		0.00	s	- S		(2,133,025) \$	(2,126,840)
O OD O	Flexible Benefit Plan Adjustment	0.00	\$	30,000 \$		30,000 \$	
OneSD Support Fund	Salary and Fringe Benefit Adjustment	0.00	\$	(2,059) \$		(2,059) \$	_
OneSD Support Fund Total		0.00	s	27,941 \$		27,941 \$	-
	Flexible Benefit Plan Adjustment	0.00	\$	13,000 \$		13,000 \$	_
Parking Meter Operations Fund	Salary and Fringe Benefit Adjustment	0.00	\$	(704) \$		(704) \$	_
Parking Meter Operations Fund Total		0.00	s	12,296		12,296 \$	-
	Flexible Benefit Plan Adjustment	0.00	S	1,000 \$	- S	1,000 \$	_
	Petco Park TOT Revised Allocation	0.00	\$	- \$		- \$	(1,198,747
PETCO Park Fund	Salary and Fringe Benefit Adjustment	0.00	\$	(59) \$		(59) \$	(1)190)747
	Petco Park Special Events	0.00	\$	- S	•	(2,116,594) \$	(963,424
PETCO Park Fund Total	-	0.00	s	941 \$		(2,115,653) \$	(2,162,171
Public Safety Services & Debt Service Fund	Safety Sales Tax Allocation	0.00	\$	- \$		(2,390,233) \$	(2,390,233
Public Safety Services & Debt Service Fund Total		0.00	s	- S		(2,390,233) \$	(2,390,233
	Flexible Benefit Plan Adjustment	0.00	\$	9,000 \$		9,000 \$	-
Publishing Services Fund	Publishing Services Fund Revised Revenue	0.00	\$	- \$		- \$	(493,958
-	Salary and Fringe Benefit Adjustment	0.00	\$	(144) \$		(144) \$	(493,930
Publishing Services Fund Total	,	0.00	s	8,856 \$		8,856 \$	(493,958
•	Flexible Benefit Plan Adjustment	0.00	\$	103,319 \$	· ·	103,319 \$	(473,775-
Recycling Fund	AB 939 Fee Revised Revenue	0.00	\$	- \$		- \$	(2,800,000
	Salary and Fringe Benefit Adjustment	0.00	\$	(5,814) \$		(5,814) \$	(2,300,000
Recycling Fund Total	, , , , , , , , , , , , , , , , , , ,	0.00	s	97,505 \$		97,505 \$	(2,800,000
• •	Miramar Landfill Heavy Duty Equipment						(2,000,000
Refuse Disposal Fund	Flexible Benefit Plan Adjustment	0.00	\$	- \$, ,	2,200,000 \$	-
	Salary and Fringe Benefit Adjustment	0.00	\$ \$	136,500 \$		136,500 \$	-
Refuse Disposal Fund Total	James and Fringe Denem raquoment	0.00		(7,862) \$		(7,862) \$	
neruse Disposur Lunu Totai		0.00	\$	128,638 \$	2,200,000 \$	2,328,638 \$	-

Attachment D Fiscal Year 2021 Operating May Revision Adjustments

GENERAL FUND							
Department/Fund	Budget Adjustment	FTE		PE	NPE	EXP	REV
	Restoration of Employee Benefits Specialist 2	1.00	\$	98,475	s - s	98,475 \$	_
Risk Management Administration Fund	Flexible Benefit Plan Adjustment	0.00	\$	85,000		85,000 \$	-
	Salary and Fringe Benefit Adjustment	0.00	\$	59,859		59,859 \$	-
Risk Management Administration Fund Total		1.00	\$	243,334	s - s	243,334 \$	-
San Diego Regional Parks Improvement Fund	San Diego Regional Parks Improvement Fund Revised Revenue	0.00	\$	- :	\$ - \$	- \$	(677,614
San Diego Regional Parks Improvement Fund Total		0.00	\$	- :	\$ - \$	- \$	(677,614
Seized Assets - Federal DOJ Fund	Seized Assets Expenditures and Revenues	0.00	\$	- :	\$ (1,498,234) \$	(1,498,234) \$	-
Seized Assets - Federal DOJ Fund Total		0.00	\$	- :	\$ (1,498,234) \$	(1,498,234) \$	-
Seized Assets - Federal Treasury Fund	Neighborhood Policing Overtime	0.00	\$	4,389,792	\$ - \$	4,389,792 \$	-
Seized Assets - Federal Treasury Fund Total		0.00	\$	4,389,792	s - s	4,389,792 \$	-
Stadium Operations Fund	Stadium Operating Expenses	0.50	\$	76,162	\$ 2,875,823 \$	2,951,985 \$	877,429
Stadium Operations Fund	Salary and Fringe Benefit Adjustment	0.00	\$	- :	s - s	- \$	=
Stadium Operations Fund Total		0.50	\$	76,162	\$ 2,875,823 \$	2,951,985 \$	877,429
State COPS	SART Kits Support	0.00	\$	- :	\$ 1,138,500 \$	1,138,500 \$	-
state COPS	Air Support Operations Unit	0.00	\$	- :	\$ 1,052,856 \$	1,052,856 \$	-
State COPS Total		0.00	\$	- :	\$ 2,191,356 \$	2,191,356 \$	-
	Stadium Operating Expenses	0.00	\$	- :	\$ 523,546 \$	523,546 \$	-
	Restoration of Public Information Officer	1.00	\$	64,575	s - s	64,575 \$	-
	Flexible Benefit Plan Adjustment	0.00	\$	14,000		14,000 \$	_
True 1 - 1 - 2	Revised Citywide Rent Expenditures	0.00	s	-		7,540 \$	_
Transient Occupancy Tax Fund	TOT Revised Revenue	0.00	s	- :		- \$	(29,559,484
	Salary and Fringe Benefit Adjustment	0.00	s	(781)		(781) \$	-
	One-Cent Discretionary	0.00	s	-		(5,911,897) \$	_
	Reimbursement of Tourism and Safety Related Expenditures - TOT Fund	0.00	s	- :		(24,089,904) \$	_
Transient Occupancy Tax Fund Total		1.00	\$	77,794	\$ (29,470,715) \$	(29,392,921) \$	(29,559,484
TransNet Extension Administration & Debt Fund	TransNet Revised Revenue Allocation	0.00	s	-		(49,540) \$	(49,540
TransNet Extension Administration & Debt Fund Total		0.00	s	- :	\$ (49,540) \$	(49,540) \$	(49,540
TransNet Extension Congestion Relief Fund	TransNet Revised Revenue Allocation	0.00	s	- :	s - s	- \$	(3,433,122
TransNet Extension Congestion Relief Fund Total		0.00	s	- :	s - s	- \$	(3,433,122
TransNet Extension Maintenance Fund	TransNet Revised Revenue Allocation	0.00	\$	- :	\$ (1,471,338) \$	(1,471,338) \$	(1,471,338
TransNet Extension Maintenance Fund Total		0.00	s	- :	\$ (1,471,338) \$	(1,471,338) \$	(1,471,338
	Flexible Benefit Plan Adjustment	0.00	\$	19,000		19,000 \$	
Underground Surcharge Fund	Salary and Fringe Benefit Adjustment	0.00	s	(1,243)		(1,243) \$	_
Underground Surcharge Fund Total		0.00	s	17,757	s - s	17,757 \$	_
	Flexible Benefit Plan Adjustment	0.00	S	729,118		729,118 \$	_
Water Utility Operating Fund	CARES Act Funding - Public Utilities Staffing and Supplies	0.00	\$	- :		134,325 \$	195,525
	Salary and Fringe Benefit Adjustment	0.00	\$	(40,287)		(40,287) \$	-73,5-3
	Water Bonds Debt Service	0.00	s	-		(3,839,555) \$	_
Water Utility Operating Fund Total		0.00	ş	688,831		(3,016,399) \$	195,525
	Flexible Benefit Plan Adjustment	0.00	s	42,000		42,000 \$	
Wireless Communications Technology Fund	Salary and Fringe Benefit Adjustment	0.00	S	(3,338)		(3,338) \$	_
Wireless Communications Technology Fund Total			s			38,662 \$	_
Non-General Funds Total				- ,			(47,668,940
City Total							15,293,941
Wireless Communications Technology Fund Total Non-General Funds Total City Total		9.00 9.00 87.82	\$ \$ \$	38,662 8,865,236 23,685,993	\$ (27,861,817) \$	38,662 (18,996,581) 43,966,300	\$

Arts, Culture, and Community Festivals - Organizational Support			
	FY 2021 Tentative		
Organization	Allocation ¹		
Americas Finest City Dixieland Jazz Society	\$ 5,000		
Art of Elan	15,871		
Art Produce	5,000		
Artreach	17,737		
Bach Collegium San Diego	15,408		
Backyard Renaissance	5,000		
Balboa Art Conservation Center	24,408		
Balboa Park Cultural Partnership	113,366		
California Ballet Association Inc.	49,323		
CAMARADA	8,637		
Center for World Music	12,571		
Choral Club of San Diego	5,000		
Choral Consortium of San Diego	5,000		
City Ballet Inc	41,388		
Classics for Kids Inc	18,888		
Culture Shock Dance Troupe Inc.	5,000		
Cygnet Theatre Company	82,436		
David's Harp Foundation	9,835		
Diversionary Theater Productions Inc.	38,817		
Fern Street Community Arts Inc.	15,935		
Finest City Performing Arts Inc.	33,647		
Flying Leatherneck Historical Foundation	19,970		
Friends of Balboa Park	26,043		
Gaslamp Quarter Historical Foundation	23,760		
Guitars in the Classroom	18,104		
Hausmann Quartet Foundation	7,331		
Japan Society of San Diego and Tijuana	13,449		
Japanese Friendship Garden Society of San Diego	87,301		
La Jolla Historical Society	40,259		
La Jolla Music Society	128,544		
La Jolla Symphony and Chorus Association			
Lambda Archives of San Diego	25,090		
	8,590		
Lao Community Cultural Center of San Diego Library Association of La Jolla	5,880		
Little Fish Comic Book Studio	62,766		
	7,608		
Mainly Mozart Inc.	57,213		
Malashock Dance & Company	23,663		
Maritime Museum Association of San Diego	117,078		
Media Arts Center San Diego	48,043		
Mingei International Inc.	72,595		
Mojalet Dance Collective	8,011		
MOXIE Theatre Inc	17,510		
Museum of Contemporary Art San Diego	130,766		
Museum of Photographic Arts	49,403		
New Americans Museum	22,857		
NTC Foundation	117,392		
Old Globe Theatre	231,414		
Opera NEO	13,169		

	FY 2021 Tentative
Organization	Allocation ¹
Outside the Lens	27,638
Pacific Arts Movement	36,735
Persian Cultural Center	22,147
Playwrights Project	24,581
Poway Center for the Performing Arts Foundation	35,389
Prophet World Beat Productions	18,171
Putnam Foundation dba Timken Museum of Art	85,668
Quilt San Diego	13,920
Resounding Joy Inc	13,015
Reuben H. Fleet Science Center	178,101
SACRA PROFANA	7,818
San Diego Air & Space Museum	146,374
San Diego Archaeological Center	15,449
San Diego Art Institute	17,466
San Diego Art Histitute San Diego Automotive Museum	30,656
San Diego Ballet	28,157
San Diego Center for Jewish Culture	
San Diego Chapter of Sweet Adelines Intl	64,214
San Diego Childrens Choir	5,715
	35,607
San Diego Chinese Historical Society and Museum	12,535
San Diego Civic Youth Ballet	28,661
San Diego Comic Convention	219,058
San Diego Cultural Arts Alliance	6,502
San Diego Dance Theater	26,856
San Diego Early Music Society	8,133
San Diego Guild of Puppetry Inc.	7,042
San Diego Historical Society	89,582
San Diego Junior Theatre	50,536
San Diego Master Chorale	7,306
San Diego Model Railroad Museum Inc.	42,913
San Diego Museum Council Inc.	11,660
San Diego Museum of Art	189,854
San Diego Museum of Man	103,100
San Diego Musical Theatre	52,773
San Diego Opera Association	159,369
San Diego Pro Arte Voices	6,232
San Diego Repertory Theatre	117,379
San Diego Society of Natural History DBA San Diego Natural History Museum	188,097
San Diego Sports Association (changed from San Diego Hall of Champions)	22,141
San Diego Symphony Orchestra Association	235,509
San Diego Watercolor Society	19,460
San Diego Womens Chorus	9,298
San Diego Writers Ink	12,476
San Diego Young Artists Music Academy	8,447
San Diego Youth Symphony and Conservatory	62,043
Save Our Heritage Organisation	47,842
Scripps Ranch Theatre	12,932
So Say We All	7,021
Space 4 Art Inc.	17,666
opuce 4 rue me.	17,000

	F	Y 2021 Tentative
Organization		Allocation ¹
Spreckels Organ Society		16,399
The AjA Project		25,848
THE ITALIAN CULTURAL CENTER OF SAN DIEGO		10,230
The New Childrens Museum		104,750
The PGK Project Inc.		9,720
Theater and Arts Foundation of San Diego DBA as La Jolla Playhouse		229,027
transcenDANCE Youth Arts Project		20,648
Vanguard Culture		5,000
Veterans Memorial Cntr		7,677
Villa Musica		41,010
Westwind Brass		5,000
Wheelchair Dancers Organization		5,000
Womens History Reclamation Project Inc		13,430
Write Out Loud		10,457
Young Audiences of San Diego		55,335
Youth Philharmonic Orchestra		5,721
Arts, Culture, and Community Festivals - Organizational Support Total	\$	5,066,572

Arts, Culture, and Community Festivals - Creative Communities San Diego			
	FY 2	2021 Tentative	
Organization		Allocation ¹	
Adams Avenue Business Association	\$	9,628	
American Water Works Association Water for People Committee		5,000	
Armed Services YMCA of the USA-San Diego Branch		36,696	
Asian Story Theater		5,000	
Balboa Park Conservancy		15,445	
Biocom Institute		29,517	
Bodhi Tree Concerts		5,000	
Cabrillo Festival Inc.		5,000	
California Lawyers for the Arts		16,686	
Casa Familiar Inc		5,000	
Contact Arts DBA Fringe Festival		30,675	
Cooper Family Foundation		5,000	
East Village Association		5,000	
Hilcrest Business Improvement Association		6,901	
Historic Old Town Community Foundation		7,936	
Indian Fine Arts Academy of San Diego		11,499	
International Rescue Committee Inc.		17,868	
Italian American Art and Cultural Association of San Diego		5,636	
Jacobs & Cushman San Diego Food Bank		18,426	
Karama		5,000	
Karen Organization of San Diego		5,000	
Kyoto Symposium Organization (KSO)		29,642	
La Maestra Family Clinic Inc.		30,479	
Linda Vista Multi-Cultural Fair Inc.		5,000	
Little Saigon San Diego		9,940	
Lux Art Institute		14,992	
Mandate Project Impact Inc.		7,857	
Mariachi Scholarship Foundation		10,150	

	FY	7 2021 Tentative
Organization		Allocation ¹
Media Heritage Inc		5,000
Medium Photography Inc.		5,628
Musicians for Education		5,985
Ocean Beach Merchant's Association Inc.		10,104
Old Town Chamber of Commerce		11,178
Pacific Beach Business Improvement Associatoin		5,000
Pacific Beach Town Council		5,000
PASACAT Inc		5,000
Paving Great Futures		7,722
Point Loma Summer Concerts		8,067
Rancho de los Penasquitos Town Council		5,000
reInterpret		5,000
Rolando Community Council Inc.		5,000
San Diego Architectural Foundation		5,000
San Diego Earth Day		10,667
San Diego Film Foundation		69,940
San Diego Lesbian and Gay Pride		69,940
San Diego Performing Arts League		5,000
San Diego Shakespeare Society		5,000
San Diego State University Research Foundation for KPBS		12,871
Speed of Change Inc.		5,000
Spirit of the Fourth Inc.		5,000
The Bon Temps Social Club of San Diego		36,486
The Mexicayotl Indio Cultural Center		5,000
Torrey Pines Kiwanis Foundation		14,410
Via International		5,000
Vietnamese-American Youth Alliance		6,435
Arts, Culture, and Community Festivals - Creative Communities Total	\$	699,406
Arts, Culture, and Community Festivals Total	\$	5,765,978

¹Funding award recommendations are preliminary and will not be final until the City's FY21 Appropriation Ordinance is adopted in June. All award amounts are tentative and subject to change (either greater or less than) as the budget development process takes place.

Fiscal Year 2021 CIP May Revision Adjustments

Project Funding Need Changes

Department	Fund	Project	Proposed*	Change	Revised
Parks & Recreation	700046 - Mission Bay Golf Course CIP Fund	MB GC Clbhouse Demo/Prtbl Building Instl - S01090	\$2,063,816		\$3,000,000
Public Utilities	700008 - Muni Sewer Utility - CIP Funding Source	Pipeline Rehabilitation - AJA00002	\$9,944,307	\$1,923,679	\$11,867,986
Public Utilities	700009 - Metro Sewer Utility - CIP Funding Source	Metro Treatment Plants - ABO00001	\$3,200,000	\$2,439,170	\$5,639,170
Public Utilities	700010 - Water Utility - CIP Funding Source	La Jolla View Reservoir - S15027	\$2,837,500	(\$2,637,500)	\$200,000
Public Utilities	700010 - Water Utility - CIP Funding Source	Montezuma/Mid-City Pipeline Phase II - S11026	\$21,000,000	(\$3,000,000)	\$18,000,000
Public Utilities	700010 - Water Utility - CIP Funding Source	Pacific Beach Pipeline South (W) - S12015	\$500,000	\$1,156,490	\$1,656,490
Public Utilities	700010 - Water Utility - CIP Funding Source	Standpipe and Reservoir Rehabilitations - ABL00001	\$1,861,000	\$1,400,000	\$3,261,000
Public Utilities	700010 - Water Utility - CIP Funding Source	Tierrasanta (Via Dominique) Pump Station - S12040	\$0	\$190,000	\$190,000
Public Utilities	700010 - Water Utility - CIP Funding Source	University Heights Reservoir Rehabilitation - S20002	\$5,400,000	(\$4,400,000)	\$1,000,000
Public Utilities	700010 - Water Utility - CIP Funding Source	Water Main Replacements - AKB00003	\$71,644,734	\$6,891,010	\$78,535,744
Public Utilities	700010 - Water Utility - CIP Funding Source	Water SCADA Upgrade Phase I - S21001	\$100,000	\$400,000	\$500,000
Transportation & Storm Water	400085 - Mira Mesa - FBA	Carroll Canyon Road Planning Study - P21000	\$0	\$800,000	\$800,000
Transportation & Storm Water	400633 - SR 209 & 274 COOP with State	Street Resurfacing and Reconstruction - AID00005	\$0	\$300,000	\$300,000
Total				\$6,399,033	

Covid-19 Changes

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Department	Fund	Project	Proposed*	Change	Revised
Transportation & Storm Water	200118 - Gas Tax Fund	Street Resurfacing and	\$621,731	(\$621,731)	\$0
		Reconstruction - AID00005			
Transportation & Storm Water	400169 - TransNet Extension	Street Resurfacing and	\$7,498,904	(\$3,433,122)	\$4,065,782
	Congestion Relief Fund	Reconstruction - AID00005			
Total				(\$4,054,853)	

	Grand Total			\$358,929,467	\$2,344,180	\$361,273,647
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^{*} Proposed Total includes all funding added in FY21. The table reflects only projects where the budget has changes since the release of the Proposed Fiscal Year 2021 CIP Budget.



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: June 3, 2020 IBA Report Number: 20-11

City Council Docket Date: June 8, 2020

Item Number: 602

Recommended City Council Modifications to the Mayor's Proposed FY 2021 Budget and Review of the May Revision

This report presents the Office of the Independent Budget Analyst's final FY 2021 budget review and recommendations for Council budget modifications. The recommendations are based on the following: our analysis of the May Revision to the FY 2021 Proposed Budget (May Revision), the FY 2020 Third Quarter Budget Monitoring Report (Third Quarter Report), and the FY 2021 Proposed Budget. Recommendations also reflect our review of Councilmember budget modification memoranda that were submitted to our Office on May 22, 2020 and released separately as IBA Report 20-12, as well as consideration of feedback from the public, City staff, and City Councilmembers received during the Budget Review Committee hearings.

This report is released at the end of a budget development process that has included extensive reviews of the Mayor's FY 2021 Proposed Budget by the City Council and the IBA, including:

- The IBA's review of the Mayor's FY 2021 Proposed Budget issued on April 29, 2020 as IBA Report No. 20-06
- Departmental and agency budget hearings with the Budget Review Committee that took place on May 4-8, 2020
- An evening Budget Review Committee meeting held on April 30, 2020 and an evening City Council meeting held on May 11, 2020, in order to solicit input from the community on the Mayor's budget proposals and City Council's budget priorities for FY 2021
- Department of Finance responses to Budget Review Committee requests for additional information released following Budget Review Committee hearings
- The discussion of the May Revision and Third Quarter Report (both of which were released on May 19, 2020) at the Budget Review Committee on May 21, 2020

• The IBA's response to Budget Review Committee Request for Information Regarding Development of the FY 2021 Budget issued on May 20, 2020 as IBA Report No. 20-10

Our recommendations for Council budget modifications and other requests for Council authority, are itemized in the concluding section of this report. Our review of the May Revision to the FY 2021 Proposed Budget is attached to this report.

IBA RECOMMENDED BUDGET MODIFICATIONS

Following the release of the May Revision and Council's subsequent review at the Budget Review Committee hearing on May 21, 2020, Councilmembers submitted budget modification memoranda to our Office on May 22, 2020. These memos identified expenditure priorities and potential new funding sources that were not included in the FY 2021 Proposed Budget or May Revision. Our Office reviewed all budget priorities mentioned in Councilmembers' memos. We recommend funding all items which are supported by a majority (five or more) of the Council.

Our recommended modifications total \$31.0 million, \$20.6 million in the General Fund and \$10.4 million of CARES Act and CDBG funding as summarized in the table below. This funds 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. The following discussion contains further details on the recommended adjustments, including descriptions for each line item.

Recommended Modifications to the Mayor's FY 2021 Budget					
	FTE Positions	Amount (in millions)			
General Fund Restorations and Priority Programs	103.51	\$ 20.6			
Establish COVID-19 Rent Relief Fund with CARES/CDBG		10.4			
Total Recommended Budget Modifications	103.51	\$ 31.0			

Recommended General Fund Expenditure Additions

The table on the following page lists out the adjustments that total an additional \$20.6 million in expenditures for priority General Fund programs, including 103.51 FTE positions. A majority of these items are restorations of programs proposed for reduction in the Mayor's FY 2021 Proposed Budget that were not restored in the May Revision. As noted above, all items supported by a majority (five or more) of Councilmembers are included, plus several items that are high priority and/or high impact and can be supported by the available funding identified in the subsequent section. This includes additional funding for 18 programs. Following the table are descriptions of each item.

Recommended Expenditure Modifications to the General Fund FY 2021 Budget					
Item	Department	FTE	Amount		
Library Hours	Library	93.01	\$ 6,556,386		
Tree Trimming	Transportation		1,817,193		
Pothole Repair Crew	Transportation	2.00	130,649		
City Auditor Restoration	City Auditor		253,908		
STAR/PAL Unit ¹	Police	2.00	191,997		
Brush Management	Parks & Recreation		411,473		
Infrastructure Fund FY 2019 True-Up	Citywide Program Expenditures		5,663,897		
Living Wage Program	Purchasing & Contracting	1.00	102,887		
Weed Abatement	Transportation	1.00	756,228		
Graffiti Abatement	Transportation	2.00	267,917		
City Attorney Budgeted Vacancy Savings Reduction	City Attorney		1,765,776		
City Clerk Restoration	City Clerk		239,660		
Climate Action Plan Support	Sustainability		250,000		
Internet Access for Low-Income Communities	Information Technology		500,000		
Reservoir Recreation Programs ²	Public Utilities		648,501		
Sherman Heights Community Center	Capital Improvements Program		547,000		
Tree Planting	Transportation		300,000		
Remaining Recreation Center Hours	Parks & Recreation	2.50	202,384		
Total General Fund Expenditures		103.51	\$20,605,856		

¹ Proposed restoration assumes an alternative staffing level consisting of 2.00 sworn FTEs that was determined in collaboration with the STAR/PAL program. The full reduction in the Proposed Budget included 7.00 FTEs and \$1.4 million.

Library Hours - \$6.6 million (93.01 FTE positions)

The FY 2021 Proposed Budget reduced the hours of operation for all library locations systemwide, including the permanent closure of the Mountain View/Beckwourth Library, for a total reduction of 96.51 FTE positions and \$6.8 million. While 3.50 FTE positions and \$250,000 was included in the May Revision to restore operations at the Mountain View/Beckwourth Library, the overall reduction to Library hours was maintained, which would result in closures of all library locations on Sundays and Mondays. Councilmember budget memoranda unanimously supported some level of restoration to library hours. Given that a majority of Councilmembers specifically requested full restoration back to FY 2020 operating levels, our final recommendations include restoration of \$6.6 million, including 93.01 FTE positions, to restore Sunday and Monday library hours systemwide.

Tree Trimming - \$1.8 million

The Mayor's FY 2021 Proposed Budget reduced \$1.8 million for tree trimming services. This reduction, which has been proposed each year going back to FY 2018, would eliminate the planned trimming of shade trees, and increase the number of years for routine palm tree maintenance from 2 years to 8 years. While the palm tree reduction was new this year, reductions to shade tree trimming have been proposed by the Mayor going back to FY 2018 and restored every year in some capacity by the City Council. This year, there was unanimous support among Councilmembers for restoring these services. **Our Office recommends appropriating approximately \$1.8 million to restore tree trimming services.**

² Amount is net of revenue. Mayoral staff is currently in discussions with the County regarding matching funds to support opening of the reservoirs.

Pothole Repair Crew - \$131,000 (2.00 FTE positions)

The FY 2021 Proposed Budget reduced one of nine pothole repair crews, resulting in a reduction of 2.00 FTE positions and approximately \$131,000. Restoring these positions, which received support from a majority of Councilmembers, would maintain the average response time for pothole repair at 10 business days. Our Office recommends restoring the 2.00 FTE positions, for \$131,000, to the pothole repair crews.

City Auditor Restoration - \$254,000

In accordance with the City Charter section 39.1 requirement to recommend the City Auditor's budget to the City Council, the Audit Committee unanimously recommended that Council adopt the City Auditor's FY 2021 budget as proposed by the Office of the City Auditor, with no discretionary cuts or new additions to the FY 2020 Adopted Budget. FY 2021 Proposed Budget cuts include the following: the \$161,000 4% budget reduction to non-Mayoral departments' salaries and wages expenditures; a \$91,000 increase to vacancy savings (which decreases salaries and wages); and a \$2,000 decrease to professional/technical services and discretionary information technology expenditures. In their budget priority memoranda, a majority of Councilmembers supported restoring the cuts to the City Auditor's FY 2021 budget, which total \$254,000.

STAR/PAL Unit - \$192,000 (2.00 FTE positions)

A majority of Councilmembers supported the restoration of the Police Department's STAR/PAL Unit which was eliminated in the FY 2021 Proposed Budget (7.00 FTE positions and \$1.4 million). The Department has collaborated with STAR/PAL program staff to determine an alternative minimum staffing level which would allow them to execute upcoming programming plans that have been modified due to COVID-19. The minimum staffing level for the STAR/PAL Unit would include 2.00 sworn FTE positions at an estimated annual cost of \$192,000, which our Office recommends adding to the Police Department budget. According to STAR/PAL program staff, they are working to streamline law enforcement staff duties by bringing in nonprofit staff members to offset the administrative workload previously required of SDPD officers. In addition, they plan to seek new relationships with other law enforcement agencies. Going forward, the Department plans to work with STAR/PAL to reevaluate the program needs for FY 2022.

Brush Management - \$411,000

A majority of Councilmember budget modification memoranda support the restoration of \$411,000 in funding for brush management that was reduced in the FY 2021 Proposed Budget. Our final budget recommendations include restoring this \$411,000 in funding to the Parks and Recreation Department budget which will return the frequency of brush abatement to 21 months (509 acres) from 26 months (412 acres).

Infrastructure Fund FY 2019 True-Up - \$5.7 million

The May Revision continues to suspend the Infrastructure Fund payment of \$29.4 million from General Fund revenues in FY 2021 to help balance the budget. Included in this amount, is \$5.7 million to true-up the amount allocated in the FY 2019 Adopted Budget. Since the amount required to be deposited into the Infrastructure Fund is largely driven by growth in General Fund revenues, each year the payment is reconciled using actual audited revenues against the point-in-time estimate used in the adopted budget. **We recommend continuing to suspend the Infrastructure**

Fund for FY 2021 but providing the additional \$5.7 million to fully fund the contribution for FY 2019.

Council may choose to fund any General Fund capital or maintenance infrastructure priority with these funds. Council could consider allocating Infrastructure Funds to several projects that are proposed to be defunded in the CIP Budget Monitoring Report to address the FY 2020 budget shortfall:

- Sidewalk Repair and Replacement \$3.3 million
- Installation of City Owned Streetlights \$1.4 million
- Streetlight Circuit Upgrades \$1.0 million

Below is a list of the rest of the projects that were reduced in order to balance the FY 2020 budget, as well as projects that Council approved on May 12, 2020 to temporarily defund to support emergency storm water projects:

- Olive Grove Community Park ADA Improvement \$1.1 million
- Hickman Fields Athletic Area \$1.0 million
- Fire-Rescue Air Ops Facility PH II \$7.0 million
- Regional Park Improvements (no specific project) \$3.0 million
- Balboa Park Federal Building Improvements \$2.7 million
- San Carlos Branch Library \$463,000
- Beyer Park Development \$400,000
- Ocean Beach Pier Improvements \$264,000
- Fire Station No. 51 Skyline Hills \$250,000

All of the above projects are currently anticipated to receive the next round of commercial paper funding, expected to come to Council for approval in FY 2021. Use of the \$5.7 million to true-up FY 2019 on these projects would allow future commercial paper to fund other City capital infrastructure priorities.

Living Wage Program - \$103,000 (1.00 FTE position)

The FY 2021 Budget as proposed by the Mayor includes a reduction of 6.00 FTE positions in the Purchasing and Contracting Department. One of these positions is a Senior Management Analyst that supports the Living Wage Program. In their memoranda, a majority of Councilmembers expressed concerns with any reductions to staffing levels in this program. As such, we recommend reinstating the Senior Management Analyst position in the Living Wage Program to maintain current levels of oversight and enforcement of the City's wage policies.

Weed Abatement - \$756,000 (1.00 FTE position)

The FY 2021 Proposed Budget reduced weed abatement services for the right of way and paper streets by \$756,000, including the reduction of 1.00 FTE position. This reduction would eliminate

the routine abatement of sites throughout the City, resulting in only spraying of weeds with no manual removal on the medians and road shoulders. This reduction would have also limited the ability of the City to abate sites recommended by the Fire Marshal. Restoring these services received support from a majority of Councilmembers. Our Office recommends restoring \$756,000, including 1.00 FTE position, for weed abatement.

Graffiti Abatement - \$268,000 (2.00 FTE positions)

The FY 2021 Proposed Budget reduced \$268,000, including 2.00 FTE positions, related to graffiti abatement in both the public right of way and on private property. Restoring this funding will keep the number of business days to respond to graffiti on public property at eight days, as well as provide \$150,000 to fund abatement for approximately 500 locations and 50,000 square feet of residential property abatement. This restoration is supported by a majority of Councilmembers in their memoranda. Our Office recommends restoring the \$268,000, including 2.00 FTE positions, for graffiti abatement.

City Attorney Budgeted Vacancy Savings Reduction - \$1.8 million

The City Attorney requested, and several Councilmembers supported, restoring reductions to the City Attorney's Office budget. However, the requested amount was up to \$5.0 million, reflecting both the 4% reduction applied to all non-Mayoral departments and the budgeted vacancy savings. In subsequent discussions with the City Attorney's Office, they indicated that their priority, in order to meet the City Attorney's Charter-mandated service levels, is to correct the budgeted vacancy savings by returning it to the FY 2019 level and reducing the proposed budget reduction from 4% to 3%, which would require roughly \$2.4 million.

Our Office concurs with reducing the budgeted vacancy savings as we have raised concerns throughout the year with the amount being too high in our reviews of both the FY 2020 Mid-Year Budget Monitoring Report and FY 2021 Proposed Budget. We note in our Review of the FY 2020 Third Quarter Budget Monitoring Report (IBA Report No. 20-13) that the City Attorney's Office continues to project going over budget in personnel expenses this fiscal year. Therefore, we support reducing the budgeted vacancy savings in the City Attorney's Office by approximately \$1.8 million.

City Clerk Restoration - \$240,000

As part of the FY 2021 Proposed Budget, non-mayoral departments budgets were reduced by 4% across the board. This included a reduction of \$240,000 for the City Clerk's Office. The City Clerk indicated that this reduction could hinder her Office's ability to respond to Council requests for special meetings, as well as support the upcoming election and Redistricting Commission. Several councilmembers recommended restoring this reduction in their budget memoranda. **Our Office recommends restoring the \$240,000 to the City Clerk's Office** based on their justification of increasing workloads, including the impacts of COVID-19, which requires significant logistical changes to all public meetings; the increased support that will be needed for the upcoming elections, and the support that the Office needs to provide to the Redistricting Commission.

Climate Action Plan Support - \$250,000

The FY 2020 Adopted Budget included one-time funding to support additional Climate Action Plan (CAP) items, including consultant funding to update the overall CAP as well as funding to

complete a Climate Resiliency study. While the one-time funding was not reinstated in the FY 2021 Proposed Budget, the FY 2021-2025 Five-Year Financial Outlook did include additional ongoing Critical Strategic Expenditures for these purposes. During the Budget Review Committee hearings, the Sustainability Department also indicated that, without additional support, they would not be able to make progress on the update of the CAP, nor would they be able to complete the next 2020 CAP Annual Report. Several Councilmembers requested funding be added to support the CAP. Our Office recommends adding \$250,000 to provide support for the CAP. This funding should enable the Department to complete the 2020 CAP Annual Report and continue to make progress on updating the overall CAP.

Internet Access for Low-Income Communities Pilot Program (Free or Low-Cost) - \$500,000

The COVID-19 pandemic has highlighted the growing importance of internet access to connect citizens with government, education, telemedicine, employment opportunities, and other services. Several Councilmembers mentioned the need to close the digital divide by providing free or low-cost internet access for the City's low-income communities. There are different approaches and technologies that can be pursued to achieve this outcome on a temporary and more permanent basis. Four Councilmembers suggested different funding allocations for a pilot program that would begin to close the digital divide for low-income residents.

Our Office discussed possible approaches for free or low-cost internet access with Council staff and the City's Information Technology Director. Based on these discussions, we recommend the Council consider budgeting \$500,000 on a one-time basis to:

- 1. Develop free public Wi-Fi hot spots at appropriate City facilities (libraries, parks, etc.) in low-income communities;
- 2. Explore and develop partnerships with internet service providers and non-profit partners to provide free or low-cost internet access; and
- 3. Create an internal team with representatives from the Information Technology Department, Corporate Partnership Program, Council staff, and other appropriate City departments to lead the internet access effort.

The goal would be to use this funding allocation to increase internet access to low-income communities on a pilot program basis and develop a longer-term approach to improve the program with new technologies and opportunities. Other municipalities have used different approaches to provide free or low-cost internet access for their low-income residents and it may be useful to review their programs. It is anticipated that funding would be used to acquire and maintain equipment to stand-up new Wi-Fi hot spots, ensure internet security measures are in place, and retain outside consultant expertise if necessary to advance the objectives of this program.

Reservoir Recreation Programs - \$649,000

During the Budget Review Committee hearings, many members of the public requested restoration of the recreational programs at the City's water reservoirs. Several Councilmembers also supported this in their budget modification memoranda. We recommend restoring all reservoir recreation programs to FY 2020 levels at a net cost of \$649,000, which includes the following:

• Restoring recreation days at the reservoirs to FY 2020 levels - \$400,000

- Water contact programs at El Capitan and Barrett Reservoirs \$108,000 (net of revenue)
- Wastewater disposal services for the reservoirs \$140,000

In addition, Mayoral staff is currently in discussions with the County regarding matching funds to support opening of the reservoirs.

Sherman Heights Community Center - \$547,000

Several Councilmembers included funding the Sherman Heights Community Center (B18006) project in their budget priority memoranda. According to Engineering and Capital Projects, the latest estimate needed to fully fund the project is \$547,000. The project scope includes removal of existing playground equipment, picnic tables, and safety surfacing. The existing ADA ramp is being evaluated and necessary modifications will be made to make the playground area accessible from the public way. Our Office recommends allocating \$547,000 to the Sherman Heights Community Center project.

Tree Planting - \$300,000

The Transportation and Storm Water Department currently has a backlog of 1,800 new tree plantings that, with additional funding, it would be able to implement with current staff. To address this backlog, the Department would need \$300,000. Several Councilmembers requested funding for additional tree planting in their budget modification memoranda. Our Office recommends adding \$300,000 to address the tree planting backlog.

Remaining Recreation Center Hours - \$202,000 (2.50 FTE positions)

The May Revision includes the restoration of 53.75 FTE positions and \$3.2 million which is a majority of the reductions in the FY 2021 Proposed Budget impacting hours of operations at recreations centers. The remaining 2.50 FTE positions, for \$202,000, that were not restored impact recreation centers in the Parks and Recreation Department's Developed Regional Parks Division:

- 1.00 Assistant Recreation Center Director and 0.25 Hourly Recreation Leader at the Balboa Park Activity Center (D3) \$101,000
- 1.00 Assistant Recreation Center Director and 0.25 Hourly Recreation Leader at the Municipal Gym (D3) \$101,000

Our Office recommends restoring the remaining \$202,000 and 2.50 FTE positions necessary to return all recreation centers back to FY 2020 service levels.

Resources Available for Council Modifications to General Fund FY 2021 Budget

The table below lists out \$20.6 million in resources available to support the additional \$20.6 million of expenditures in the General Fund. All resources identified by a majority (five or more) of Councilmembers are included, plus items that came to our attention subsequent to receiving Councilmembers memoranda. Following the table are descriptions of each recommended resource.

Recommended Resources for Modifications to the General Fund FY 2021 Budget				
Item	Department	Amount		
General Fund's Fleet Replacement Fund Balance	Fleet Operations	\$15,200,000		
Public Liabilty Fund	Risk Management	1,700,000		
General Contract Reduction of 1%	Citywide Program Expenditures	2,450,000		
Stadium Operations to SDSU by August 1	Stadium Operations	1,255,856		
Total General Fund Revenues				

General Fund's Fleet Replacement Fund Balance - \$15.2 million

In our response to the Budget Review Committee's request for additional information (IBA Report No. 20-10), we noted that an additional \$15.2 million of the General Fund's Fleet Replacement Fund balance could be used as a one-time funding source to address gaps in the FY 2021 budget as a result of the economic impacts of COVID-19. A majority of Councilmembers identified this funding source in their budget modification memoranda. The Fleet Department intended to use this balance to provide rate relief to the General Fund over the subsequent four fiscal years (FY 2022 – FY 2025). With the switch from a pay-go model to debt financing for the majority of General Fund vehicles, the General Fund will see some reduced costs in the short term which will level-off into ongoing debt payments in future years. The projected increase in debt payments for FY 2022 is \$3.9 million and debt payments are projected to increase by another \$2.5 to \$4.0 million each year through FY 2025. However, in light of the unique economic situation this fiscal year, our Office is supportive of using \$15.2 million of the General Fund's Replacement Fund balance to address immediate concerns in the FY 2021 budget, while acknowledging that the General Fund's expenses for future vehicle replacements will be increasing next fiscal year.

Public Liability Fund - \$1.7 million

In our review of the FY 2021 Proposed Budget, we wrote about Public Liability (PL) projections, specifically "the Risk Management Department is currently working on PL operating projections for FY 2020 year-end. There is potential for expenditures to come in less than the anticipated resources, in which case there could be available funds to help balance the FY 2021 General Fund budget. This information is anticipated to be available in the May Revise." The May Revision does include a \$324,000 reduction in expenditures to support to the PL Operating Fund. After speaking with Risk Management, we learned that there is an estimated \$1.7 million in further excess PL funds available for use as a resource in the FY 2021 Adopted Budget. A majority of Councilmembers sited this resource in their budget modification memoranda. Our Office supports using the excess Public Liability Fund balance of \$1.7 million as part of the FY 2021 Budget approval process.

General Contract Reduction of 1% - \$2.5 million

As discussed in IBA Report 20-10, contract spending in the FY 2021 Proposed Budget (prior to reductions or additions contained in the May Revision) increased from FY 2019 Actuals by \$11.4 million, or 4.9%. While these cost increases are not all within the category of outside contracts, and include increases in items such as rent, reimbursements to other City funds, and maintenance payments, a further reduction of these costs could be feasible. Our Office recommends a reduction of approximately \$2.5 million, which is approximately 1% of contract spending in the General Fund.

Stadium Operations to SDSU by August 1 - \$1.3 million

In the May Revision, the Mayor added \$3.0 million in expenditures and 0.5 FTE positions to the Stadium Operations Fund to support Stadium operations for the first three months of FY 2021. This was based on an updated timeline regarding the eventual anticipated sale and operational transition to SDSU. Since that time, the negotiating parties have reached a new agreement that was preliminarily approved by Council on May 29, 2020, which would have SDSU take over operations of the Stadium on or around August 1, 2020, assuming that the final PSA receives approval from Council in early June. This would be either due to the close of escrow on the site, or the implementation of a new lease for the property if the parties miss the Primary Target Closing Date. As such, the Stadium will only be the responsibility of the City for the month of July. Considering the revenues of the Stadium and anticipated expenses for July, our Office estimates that \$1.3 million in relief to the General Fund could be realized from the new agreement. Our Office recommends the Council reduce the Stadium Operating Fund's budget by approximately \$1.3 million and utilize this funding as a resource for other programs.

Recommended CARES Act Expenditure Addition - Establish COVID-19 Rent Relief Fund

A majority of Councilmembers requested funds be allocated to create a COVID-19 Rent Relief Fund. This Fund would provide a limited amount of rent assistance to benefit low-income tenants who are facing financial hardship attributable to the COVID-19 pandemic. We have identified up to \$10.4 million of potential funding for this purpose, as reflected in this table and discussed below.

Recommended Modifications to Establish a COVID-19 Rent Relief Fund			
CARES Act Expenditure Item	Department	Amount	
Establish COVID-19 Rent Relief Fund	Housing Commission	\$10,400,000	
CARES Act Revenue Sources		Amount	
CARES Act and Entitlement CDBG		\$ 5,400,000	
CARES Act Fund Allocations from Operation Shelter to Home ¹		5,000,000	
Total CARES Act Revenues		\$10,400,000	

¹ \$5 million would be available for other CARES Act eligible expenses (e.g., COVID-19 Rental Assistance Program) if the Convention Center Emergency Shelter were to close by November 30th – one month earlier than expected. If the Shelter needs to remain open through December, the Mayor's Office has suggested \$5 million could alternatively be taken from the proposed \$10 million budget allocation for Shelter exits in Operation Shelter to Home as significant other funds are already budgeted for this purpose.

Establish COVID-19 Rent Relief Fund using CARES Act and Entitlement CDBG - \$5.4 Million In considering proposed amendments to the availability and allocation of CDBG funds on May 19, 2020, several Councilmembers expressed support for using additional and unanticipated CDBG funds (in the Public Services category) for this purpose. More specifically, there is \$1.8 million of unallocated FY 2021 CDBG entitlement funding and \$3.6 million of unallocated CDBG-CV funding that is eligible to provide a total of \$5.4 million of rent relief to benefit low-income individuals and families struggling to pay rent due to the pandemic. This Fund would also provide a benefit to landlords who may be having difficulty making their mortgage payments because tenant rent payments have been deferred.

HUD regulations stipulate that this CDBG funding:

1. Must benefit low-income individuals who are experiencing financial hardship due to COVID-19;

- 2. Can only be used to cover rent for a maximum of three months; and
- 3. Must be paid directly to the landlord on behalf of the qualifying tenant.

It is envisioned that the San Diego Housing Commission (SDHC) would be asked to administer the COVID-19 Rent Relief Fund. Our Office spoke with SDHC staff about their ability to administer this Fund if requested by the City Council and they expressed confidence in their ability to do so while adhering to HUD regulations. Other parameters regarding the use of the Fund (e.g., the maximum amount of rent relief allowed per household) could be established by the Council and SDHC so long as they comport with HUD regulations.

Several Councilmembers suggested some funds be set aside for tenant outreach, counseling, and education to ensure the program is a success. Given the significant economic hardship being experienced in low-income communities, there will not be enough money in this Fund to meet the needs of all qualifying tenants who apply for rent relief (this has been the case with the City's Small Business Relief Fund). Our Office supports setting some funds aside for tenant outreach and education to raise awareness and provide equitable access to the Fund. If a decision is made to establish the COVID-19 Rent Relief Fund using some or all of the referenced CDBG funds, the Council could elect to increase the amount of money in the Fund by redirecting other proposed CARES funding allocations as described in the following section.

Redirect Proposed CARES Act Fund Allocations from Operation Shelter to Home - \$5.0 million Several Councilmembers suggested the possibility of redirecting a portion of the proposed \$39.7 million allocation of CARES Act funds in FY 2021 from Operation Shelter to Home to other CARES eligible expenses (e.g., a COVID-19 Rent Relief Fund). For this proposal to be viable, the City needs to successfully relocate its homeless citizens from the temporary Convention Center emergency shelter to other shelter or housing locations on or before December 30, 2020. It is estimated that approximately \$5.0 million of CARES Act funds will be available for redeployment for every month the Convention Center emergency shelter is no longer required.

Ideally, the Convention Center emergency shelter would no longer be needed by October 31, 2020, or sooner. This would allow the Convention Center to clean and reorganize during their slowest month of November and be ready for their largest scheduled convention in December. It is important to mention there are several uncertainties that impact the likelihood of this scenario – notably the availability of other shelter/housing options, the development of safety protocols to protect the sheltered homeless and convention attendees, and the speed at which the economy opens up and convention activity resumes.

Our Office has discussed the possibility of an earlier close to the Convention Center emergency shelter with staff from the Mayor's Office, Convention Center, SDHC, and the City's Homelessness Strategies Division. While the possibility of an earlier close to the emergency shelter is not certain, we believe there is a reasonable possibility the emergency shelter could close by November 30 - a month sooner than expected. If the Council agrees, then \$5.0 million of CARES Act funding can be redirected for rental relief or any other CARES Act eligible expense.

In the event the emergency shelter needs to remain open through December 2020, the Mayor's Office has suggested it may be possible to reduce the proposed \$10.0 million allocation to support

successful exits from the emergency shelter by \$5.0 million (\$10.0 million is included to support successful exits in the \$39.7 million allocated to Operation Shelter to Home). Their rationale is that other funding sources exist to further support successful shelter exits as shown in the table on page 10 of Attachment 1. Considering this feedback, we believe it is reasonable for the Council to consider redirecting \$5.0 million from Operation Shelter at Home to any other CARES Act eligible expense.

OTHER ISSUES

Council Vote Required for Creation of New Departments

We note that several Councilmembers had concerns with all or some of the new departments proposed in the Mayor's FY 2021 budget. While three of the four are essentially cost neutral, a separate two-thirds vote by the City Council in favor of these departments is required in order for the Mayor to implement. This matter will be docketed in the near future.

Housing Navigation Center

The total FY 2021 budget for the Housing Navigation Center is \$1.6 million, which comes from three different funding sources. On May 19, 2020, Council reviewed an item allocating funding for U.S. Department of Housing and Urban Development entitlement grant programs and voted to remove \$1.0 million in Community Development Block Grant (CDBG) funds for the Housing Navigation Center. Staff committed to bringing the funding request back to Council with a plan to enhance the program. Our Office notes that the Proposed Budget includes appropriations for the program's other two funding sources: \$300,000 in General Funds and \$250,000 in Low to Moderate Income Housing Asset Funds. Council may wish to also defer these appropriations to when the \$1.0 million in CDBG funds comes back to Council so that the program's funding sources are treated consistently.

FINAL BUDGET ACTIONS

In order to approve the FY 2021 budget, the City Council is being asked to approve the following actions:

- 1. Approve the Mayor's FY 2021 Proposed Budget, as modified by the Mayor's May Revision.
- 2. Approve the IBA's recommended final budget modifications included in IBA Report 20-11 and as modified by the City Council.

The Mayor's Proposed Budget for FY 2021 includes a waiver of the annual General Fund contribution to the Infrastructure Fund. In accordance with City Charter section 77.1, this must be approved by a two-thirds vote of the Council and is reflected in the budget resolution prepared by the Office of the City Attorney. Following City Council's approval of the budget, the City Clerk will send the approved budget resolution to the Mayor in accordance with the City Charter.

Attachment E

Angela Colton Fiscal & Policy Analyst

Jillian Kissee

Fiscal & Policy Analyst

Jordan More

Fiscal & Policy Analyst

Deputy Director

Attachment

Fiscal & Policy Analyst

Baku Patel

Fiscal & Policy Analyst

Research Analyst

Independent Budget Analyst

IBA Review of the May Revision to the FY 2021 Proposed Budget

Our Office has reviewed the adjustments included in the May Revision and notes no significant concerns. We recommend further restorations of certain items that remain reduced from the FY 2021 Proposed Budget earlier in this report in our Recommended City Council Modifications to the Mayor's Proposed FY 2021 Budget. 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 to provide additional information.

HOW THE MAYOR RE-BALANCED THE FY 2021 BUDGET

As shown in the table on the following page, the May Revision overall added \$63.0 million in new revenues and expenditures to the FY 2021 Proposed Budget. While there were some City revenue increases of about \$5.0 million, the vast majority of the revenue added during the May Revision is from the inclusion of the federal CARES Act funding of \$146.1 million. Overall, there were \$88.1 million in revenue declines recognized in the May Revision, mostly from Major Revenues (\$47.0 million), departmental revenue reductions from the Transiency Occupancy Tax (TOT) Fund (\$20.8 million) and other departmental revenue decreases (\$12.4 million). Also in the May Revision, the Mayor is no longer proposing to utilize the balance of the Pension Payment Stabilization Reserve, reducing General Fund revenues by an additional \$7.9 million. More information on specific revenue changes can be found later in this report.

For expenditures, which increased by \$63.0 million, the majority of this increase is directly related to items completely funded by the CARES Act revenue. This funding, totaling \$56.3 million, is mostly comprised of Operation Shelter to Home (\$39.7 million) and additional funding for the Small Business Relief Fund (\$10.8 million). The Mayor is also proposing restorations of items reduced in the Proposed Budget of \$5.6 million, as well as \$10.1 million in additional new spending. There are also reductions totaling \$9.0 million. Further information on these expenditure changes can also be found in this report.

How the Mayor Balanced the May Revision			
Major Revenues	Amount (in millions)		
Revenue Reductions	\$ (47.0)		
Revenue Increases	1.0		
Pension Stabilization Change	(7.9)		
Subtotal Major Revenue Changes	\$ (53.9)		
Departmental Revenues			
TOT Reimbursement Decrease	(20.8)		
Revenue Increases	4.0		
Revenue Decreases	(12.4)		
Subtotal Departmental Revenue Changes	\$ (29.2)		
CARES Act Funding	146.1		
Total Revenue Changes	\$ 63.0		
CARES Act Expenditures			
Operation Shelter To Home	39.7		
Small Business Relief	10.8		
Other New CARES Expenditures	5.8		
Subtotal CARES Expenditures	\$ 56.3		
Reductions in Spending	(9.0)		
Restorations	5.6		
New Spending	10.1		
Total Spending Changes	\$ 63.0		

CARES ACT – CORONAVIRUS RELIEF FUND

Of the \$248.5 million that the City received in Coronavirus Relief Funds (CRF) authorized by the federal CARES Act, \$155.0 million has been included in May Revision for eligible expenses expected to occur through December 30, 2020.

Some costs are anticipated for needed supplies, or for new programs that have arisen due to COVID-19. Most costs are anticipated for existing staff to respond to COVID-19. Public safety expenses are targeted for a significant portion of CRF. This is reflective of federal guidance that allows jurisdictions to presume that payroll costs for public safety employees are payments for services substantially dedicated to responding to COVID-19 and therefore eligible CRF expenses. The use of CRF for existing staff, like public safety, to adjust their duties to respond to COVID-19 results in offsetting costs as staff expenses would otherwise largely have to be covered by the General Fund with reserves or additional reductions.

The table on the following page displays the use of \$155.0 million in CRF and \$1.2 million in a federal Department of Justice grant also authorized by the CARES Act, totaling \$156.2 million. It breaks out the use of these funds towards new and offsetting COVID-19 related costs anticipated in FY 2021.

CARES Act Funding Offsetting and New Costs					
Department/Fund		setting Costs	New Costs	Total	
n 1: 1		6,000,000			
Police ¹		33,937,134	\$ 2,250,000	\$ 42,187,134	
Operation Shelter to Home		-	39,696,579	39,696,579	
Fire-Rescue ¹		3,060,605			
Fire-Rescue		33,937,136	1,912,365	38,910,106	
Small Business Relief Fund		-	12,848,365	12,848,365	
Parks & Recreation Staffing and Supplies		9,760,694	400,000	10,160,694	
Environmental Services Staffing and Supplies		30,308	1,121,118	1,151,426	
Library Staffing and Supplies		816,716	76,721	893,437	
Economic Development Staffing and Supplies		209,449	-	209,449	
Development Services - Code Enforcement		50,000	-	50,000	
General Fund Total	\$	87,802,042	\$58,305,148	\$146,107,190	
Information Technology Fund		-	8,518,759	8,518,759	
Public Utilities Department ² Staffing and Supplies		408,000	895,500	1,303,500	
Emergency Medical Services Fund Staffing and Supplies		187,478	123,167	310,645	
Non-General Fund Total		595,478	9,537,426	10,132,904	
Citywide Total	\$	88,397,520	\$67,842,574	\$156,240,094	

¹ Police's offsetting costs are broken out by Staffing and Supplies, and Public Safety Payroll Expenses. Fire-Rescue's offsetting costs are broken out by Upstaffing and Public Safety Payroll Expenses. Payroll Expenses are reflected in the larger amount.

We note that the Third Quarter Report includes \$88.4 million in CRF to support eligible expenses in FY 2020 between March 1, 2020 and the end of the fiscal year. On May 19, 2020, Council approved \$5.0 million in CRF to provide childcare vouchers for essential workers and other vulnerable populations. These funds, in addition to the \$155.0 million reflected in the May Revision, reflect full utilization of the City's \$248.5 million CRF allocation.

UPDATED REVENUE PROJECTIONS FOR FY 2021

As shown in the table below, revenues overall have increased by \$63.0 million in the May Revision. However, this increase is almost entirely attributable to the inclusion of \$146.1 million in CARES federal funding for FY 2021. Other revenue sources decreased by a total of \$83.1 million, including \$53.9 in reductions for the major revenue categories and \$29.2 million in other revenue adjustments. The majority of these decreases are due to continued downward revisions in the Transient Occupancy Tax (TOT), which included total reductions impacting the General Fund of \$59.2 million. These changes are discussed in more detail below.

² Public Utilities Department expenses are across three funds: Metropolitan Sewer Utility Fund, Municipal Sewer Revenue Fund, and Water Utility Operating Fund.

May Revision Revenue Changes (\$ in millions)						
	Proposed					
Revenue Source	F	Budget	May	Revision	V	⁷ ariance
Major General Fund Revenues						
Property Tax	\$	629.6	\$	630.6	\$	1.0
Sales Tax		282.2		274.4		(7.8)
Transient Occupancy Tax		123.0		90.5		(32.5)
Franchise Fees		68.2		67.7		(0.5)
TOT Discretionary		22.1		16.2		(5.9)
Pension Payment Stabilization		7.9		-		(7.9)
Other Major Revenues		67.2		66.9		(0.3)
Subtotal Major Revenues	\$	1,200.2	\$	1,146.3	\$	(53.9)
Other Major Changes						
TOT Fund Reimbursement		46.6		25.8		(20.8)
READ Lease Revenue		54.4		49.8		(4.6)
Transportation Revenue		59.4		56.9		(2.5)
Other Departmental Revenue		179.2		177.9		(1.3)
Subtotal Other Revenue	\$	339.6	\$	310.4	\$	(29.2)
CARES Funding		-		146.1		146.1
Total Revenue	\$	1,539.8	\$	1,602.7	\$	63.0

Sales Tax

The FY 2021 proposed sales tax revenue budget is revised downward by another \$7.7 million in the May Revision. This revised budget is a \$36.7 million reduction from the \$311.1 million anticipated for FY 2021 in the FY 2021-2025 Five-Year Financial Outlook which projected an overall 3.4% growth rate for the year. The first quarter (July-September 2020) is projected to receive roughly \$18.0 million less revenue than the same time last year with revenues improving but still below prior years for the remainder of the fiscal year. This additional reduction to the proposed budget is directly related to COVID-19 impacts such as continued business closures, unemployment, and potential sales tax deferment.

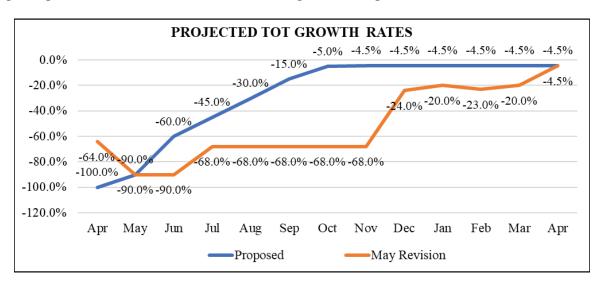
Transient Occupancy Tax

The General Fund Transient Occupancy Tax (TOT) budget has been revised downward by \$32.5 million. However, this is just one component of the TOT revenue that impacts the General Fund. The total City TOT budget for FY 2021 was revised downward by \$62.1 million, or 26.6%, from the \$233.7 million in the Proposed Budget released in April to \$171.6 million in the May Revision. While a significant portion (5 of the 10.5 cents) of TOT revenue is budgeted in Special Promotional Programs, \$59.2 million of the \$62.1 million reduction impacts the General Fund's FY 2021 budget as follows:

- The 5.5 cents of TOT that is directly deposited in the General Fund is reduced by \$32.5 million.
- Reimbursements of TOT revenue from Special Promotional Programs to General Fund departments (primarily Parks and Recreation and Fire-Rescue) for tourism and safety related activities are reduced by \$20.8 million.

• The 1.0 cent of discretionary TOT that is deposited into Special Promotional Programs but then transferred to the General Fund upon approval of the budget has been reduced by \$5.9 million.

The May Revision reports that this new proposed budget for TOT revenue reflects an average growth rate of -36.71%, as compared to the average growth rate of -10.91% anticipated when the Proposed Budget was released in April. The chart below shows the growth rates by month of what was presented in the Proposed Budget compared to the updated growth rates reflected in the May Revision. At the time of the Proposed Budget slow but steady growth in tourism was anticipated to begin in June with revenues leveling off in October. However, due to continued cancellations of conventions and other large events with COVID-19 physical distancing requirements and travel restrictions, the tourism industry is now projecting activity to remain slow through the fall, with slight improvement in the winter but not leveling off until April of 2021.



Other Major Revenue Changes

For the other two major revenue sources, the changes were more minor. Property Taxes are actually increased by \$1.0 million due to changes in the projections for the ROPS and based on the latest apportionment data. For Franchise Fees, the decline of \$0.5 million is attributable to a decline in the refuse hauler franchise fees. Due to the COVID-19 pandemic, the tonnage of waste being sent to the landfill has declined, which decreases the franchise fees collected. Our Office agrees with these projections.

Also under the Major Revenues category, there is a decrease of \$7.9 million in revenue from the Pension Payment Stabilization Reserve. As part of the May Revision, the Mayor is now proposing to keep these funds in the reserve and not transfer the balance to the General Fund. However, there will not be a FY 2021 contribution made to the Pension Payment Stabilization Reserve.

Significant Departmental Revenue Changes

Real Estate Assets: Leases

Revenue in the Real Estate Assets Department has been revised downward by \$4.6 million in the May Revision. As we noted in our review of the Mayor's FY 2021 Proposed Budget (IBA Report

No. 20-06), the lease revenue budget at that time was prepared pre-COVID-19. The May Revision adjusts the Department's revenue downward from \$54.4 million to approximately \$49.8 million, reflecting a reduction of 8.5%. The largest reductions are in Mission Bay (\$1.9 million) and Pueblo Lands (\$1.1 million) rents and concessions, with reductions also reflected in Belmont Park and other rents and concessions plus instructional camp fees. All of these reductions are related to projected continued COVID-19 business closures and/or reduced activities, resulting in reduced performance-based lease revenues. The budget for FY 2021 assumes some rent repayment of rents deferred in FY 2020, as noted in our Review of the FY 2020 Third Quarter Budget Monitoring Report (IBA Report No. 20-13).

Transportation Department: TransNet and Gas Tax

Revenues for the Transportation Department decrease by \$2.5 million in the May Revision. This is due to more updated forecasts for two of the main revenue sources for the Department: TransNet and the Gas Tax. TransNet is based on countywide sales tax projections, while the Gas Tax is based on the per gallon tax revenue levied on gasoline, which is allocated by the State. Based on the most recent projections, support to the General Fund from TransNet is reduced by \$1.5 million, while support from the Gas Tax is reduced by \$1.0 million. Overall reductions related to TransNet total \$4.9 million and total reductions related to the Gas Tax total \$1.8 million in FY 2021. The balance of these reductions are to the Street Resurfacing and Reconstruction Annual Allocation.

City Treasurer: Business Tax

The estimated \$430,000 reduction in Business Tax assumes a reduction in employee count as well as the closure of some businesses in the coming Fiscal Year. The amount includes a \$180,000 reduction for businesses with 13 or more employees and \$250,000 reduction for businesses with 12 or fewer employees. The Department is also currently experiencing a delay in Business Tax payments associated with the Mayor's March 30th Executive Order, 2020-2 which creates a 120-day deferment for Business Tax payments.

City Treasurer: Collection Referral Fee

The May Revision requests a reduction of \$500,000 in the Collections Referral Fee associated with parking citations, since the Police Department started suspending enforcement mid-March. This would result in an estimated loss of 100,000 citations from mid-March through June. Due to a 2.5-month delay between issuance and referral, the \$500,000 projected reduction for this fund will occur in FY 2021.

MAY REVISION CHANGES TO GENERAL FUND EXPENDITURES

The table on the following page shows the \$63.0 million in May Revision changes to FY 2021 Proposed Budget General Fund expenditures. It is broken into several components:

- Personnel Expenditures \$14.8 million in net additions (net 78.82 added FTEs) are divided into two categories: \$5.5 million of restorations (reversals of Proposed Budget actions), and \$9.3 million in new budget adjustments.
- Non-Personnel Expenditures \$48.1 million in net additions are primarily new adjustments in the May Revision.

FY 2021 May Revision Changes to the Proposed Budget				
Donartment/Description		FTEs	Total	
Department/Description Personnal Expanditures (see	laries/wages and fringe benefits)	FIES	Expenditures	
	Y 2021 Proposed Budget actions)			
Parks and Recreation	Recreation Centers (45 to 60 hours at 44 sites)	53.75	\$ 3,154,564	
1 arks and Recreation	Code Enforcement (offset with revenue from Civil Penalty	33.13	\$ 3,134,304	
Development Services	Fund)	16.00	1,336,718	
Parks and Recreation	Swimming Pool Operations	11.54	428,609	
READ-Facilities Services	Stadium Operations for Three Months	5.50	385,027	
KLAD-1 acintles services	Mountain View/Beckwourth Library Branch (restore	3.30	303,027	
Library	salaried wages reduction with hourly wages addition)	3.50	180,376	
Department of Finance	Position Realignment (net salaried wages increase)	1.00	72,953	
Office of Boards &	Associate Management Analyst Reduction (removal of	1.00	12,733	
Commissions	erroneously added Proposed Budget position)	(1.00)	(83,609)	
Subtotal - Restorations	erroneously added 1 roposed Budget position)	90.29	\$ 5,474,638	
New Budget Adjustments in	1 May Revise	70.47	$\varphi = 3,777,030$	
Citywide Program	Flexible Benefits (actual amount of increase will be based			
Expenditures	on negotiations with employee organizations)	_	6,859,227	
Police	Overtime for COVID-19 Response		2,000,000	
Fire-Rescue	Overtime for COVID-19 Response	_	1,576,018	
Parks and Recreation	Overtime for COVID-19 Response	_	400,000	
Department of Finance	Position Realignment (hourly wages reduction)	(1.47)	(44,655)	
Office of Boards &	Executive Assistant (administrative support for several	(1.17)	(11,033)	
Commissions	boards and commissions)	(1.00)	(81,158)	
City Treasurer	Accountant 2 (revenue audits)	(1.00)	(93,586)	
City 110abaror	Reduction of 1.00 Associate Planner, Offset by 1.00	(1.00)	(55,500)	
Planning	Assoc. EngTraffic Addition (budgeted as vacant)	_	(109,641)	
Police	Word Processing Operators	(8.00)	(624,738)	
Various Departments	Other Salaries/Wages and Fringe Adjustments	-	(535,348)	
Subtotal - New Adjustments		(11.47)	\$ 9,346,119	
Subtotal Personnel Expend		78.82	\$ 14,820,757	
	es (separately listed items are new adjustments)		, , ,	
Homelessness Strategies	Operation Shelter to Home	-	39,696,579	
Economic Development	Small Business Relief Fund	-	10,848,365	
Citywide Program	Debt Service Increase (due to lower coverage by			
Expenditures	anticipated stadium sale proceeds)	-	2,359,400	
Environmental Services	Refuse Disposal Fees - Enhanced COVID-19 Collections	-	1,028,277	
Citywide Program Exp.	Revised Rent Expense (incl. for 101 Ash backfill)	-	857,804	
Fire-Rescue	EMS - Enhanced COVID-19 Response	-	336,347	
READ-Facilities Services	Revised Energy Expenditures	-	(278,834)	
Citywide Program Exp.	Reduced Transfers to Public Liability Operating Fund	-	(323,604)	
Fire-Rescue	Repair & Maintenance - New Sikorsky Helicopter	-	(350,000)	
Storm Water	Consulting Services	-	(382,282)	
Sustainability/Transportation	Smart Streetlights Program Support	-	(1,718,780)	
Citywide Program Exp.	Parks Improvement Funds Transfers	-	(1,936,040)	
Homelessness Strategies	Veterans' Bridge Shelter Relocation	-	(2,500,000)	
Various Departments	Net Other NPE Changes	-	504,892	
Subtotal Non-Personnel Ex		-	\$ 48,142,124	
	sion Changes to the Proposed Budget	78.82	\$62,962,881	

DISCUSSION OF SELECT GENERAL FUND ADJUSTMENTS

City Treasurer: Reduction of 1.00 Accountant II

The May Revision includes a reduction of 1.00 vacant Accountant II position, and \$94,000 in personnel expenditures. The position supports revenue auditing services related to Transient Occupancy Tax (TOT) receipts. Additionally, this is a revenue generating position that would provide an estimated 1,500 hours of auditing and generate an average of \$250,000 in TOT revenue if the position were filled. However, due to the ongoing vacancy of the position, the Department does not expect a decrease in revenue or in the number of audits completed in comparison to prior years.

Development Services: Restoration of Code Enforcement Staff

The May Revision includes the addition of \$1.3 million in revenue from the Code Enforcement Civil Penalties Fund (CPF) to restore 16.00 FTE positions, including 13.00 Zoning Investigator 2s, 1.00 Public Information Clerk, 1.00 Senior Clerk/Typist, and 1.00 Word Processing Operator.

Pursuant to Municipal Code, civil penalties collected from code enforcement activities are deposited in the CPF "for the enhancement of the City's code enforcement efforts and to reimburse City Departments for investigative costs and costs associated with the hearing process that are not paid by the Responsible Person." Examples of typical expenditures from this fund include staff training, inspector certification expenses, hearing officer costs, and IT expenditures. According to the Department, these funds have never been used in the past for personnel expenditures as is proposed in the May Revision.

Our Office discussed the potential conflict of interest that may be perceived given the planned use of code enforcement penalty funds for the salaries of staff responsible for code enforcement. The Department noted that policies and procedures are maintained which mitigate this conflict, including initial steps to provide property owners with assistance and information so that violations can be brought into compliance voluntarily, as well as limitations on the issuance of Civil Penalty Notices only when significant violations are present, warnings or administrative cites have been unsuccessful, and/or there is an ongoing or repeated issue. Various levels of internal department and City Attorney review are required to ensure that the Civil Penalty Notice is appropriate and warranted. If a property owner remains non-compliant, penalties can only be requested by participating in a detailed hearing process held by a State Hearing Officer who makes the final determination whether penalties are fair and appropriate.

The current balance in the CPF is approximately \$8.4 million. After accounting for the proposed use in the May Revision, including \$1.3 million to restore the Code Enforcement positions and \$1.0 million for IT enhancements, \$6.1 million would remain in the fund. The Department has stated that they plan to use the CPF as a funding source for these 16.00 FTE positions (\$1.3 million) for at least one more fiscal year (FY 2022).

Homelessness Strategies: Operation Shelter to Home

The May Revision includes \$39.7 million in Coronavirus Relief Funds (CRF) authorized by the federal CARES Act to support Operation Shelter to Home from July 1 through December 30, 2020. These costs are in addition to the Bridge Shelter Program budget. We note that the FY 2021

budgets for three bridge shelters have not come before Council, but staff anticipate bringing an item forward in June that allocates one-time state grant funds for the shelters as well as other programs. It is important to note that there are many unknowns in the current pandemic environment and therefore future Operation Shelter to Home costs are subject to change.

The CRF allocation includes \$29.8 million for program operations, ancillary costs, as well as rent and costs to operate the Convention Center. As of this writing, 1,268 individuals are being housed at the Convention Center, but the budgeted amount assumes full capacity of 1,500 individuals. An additional \$10.0 million is provided to support successful exits from the Convention Center when the City transitions the Convention Center back to its normal operations.

Exit Strategy from the Convention Center

According to staff, the current plan to exit residents from the Convention Center involves:

- 1. The lease or purchase of hotels;
- 2. Assisting newly homeless individuals with one-time interventions to quickly move them back to permanent housing or obtain other support to stay out of shelters (i.e. diversion); and
- 3. Expanding shelter opportunities at existing facilities.

The City will need to plan to continue to serve additional unsheltered individuals taken in as part of Operation Shelter to Home that are not housed by the time the program vacates the Convention Center.

Part of the exit strategy includes housing individuals that are residents of the Veterans Village of San Diego (VVSD) bridge shelter (the tent for which is being transferred to Chula Vista) by streamlining housing placements using vouchers and housing individuals within VVSD's main campus. The May Revision repurposes the \$4.1 million planned in the Proposed Budget to operate the VVSD shelter, to instead create additional shelter capacity to maintain the 200 beds that the VVSD shelter currently provides. According to the May Revision, staff is contemplating the following additional shelter opportunities: a further expansion of Golden Hall (improvements to the facility are underway), expansion at Father Joe's Imperial Avenue campus, and the funding of shelter related to criminal justice diversion. On May 26, 2020, the Mayor announced that a recently rehabilitated motel planned for San Diego Misdemeanants At-Risk Track (S.M.A.R.T) program will instead temporarily serve families and children experiencing homelessness during COVID-19 until January 2021. This facility offers 42 transitional housing rooms.

Summary of Funding Available

The tables below summarize the available funding for Operation Shelter to Home and for successful exits. Funding has been provided in several locations including the May Revision, the San Diego Housing Commission's (SDHC) Proposed Budget, and a separate item considered by Council on May 19, 2020 for federal entitlement grant programs. In addition to the funding sources below, Federal Emergency Management Agency (FEMA) reimbursements may become available in FY 2021 to help support Operation Shelter to Home.

Regarding the separate item considered by Council on May 19, staff proposed that \$2.2 million in FY 2021 Community Development Block Grant funds and \$3.2 million in COVID-19 Emergency

Solutions Grant funds support urgent need and/or housing recovery programs. The item's backup documentation states that "Eligible activities may include the acquisition and rehabilitation of housing for emergency, transitional or permanent supportive units." Council requested additional details be brought back on the use of these funds. Homelessness Strategies Division is working with other City staff and the Incident Command Team to determine the best use for this funding.

Operation Shelter to Home			
Additional Program Costs Through December 2020			
(\$ in millions)			
Program Operation	\$	16.1	
Convention Center Rent and Operations		13.7	
Total Program Costs	\$	29.8	

Note: Above costs are in addition to the Bridge Shelter Program Budget.

Additional Funding for Successful Exits (\$ in millions)				
May Revision				
CARES Act Funding	\$	10.0		
San Diego Housing Commission Budget	San Diego Housing Commission Budget			
Acquistion of hotels/Single Room Occupancy (SRO)		19.0		
Potential rehabilitation of Hotel/SRO		4.0		
Rapid Rehousing for Hotel/SRO		10.0		
Subtotal		33.0		
Federal Funds Approved Outside Budget Process				
Emergency Solutions Grant - CARES Act		3.2		
CDBG Entitlement		2.2		
Total Funding Available for Successful Exits	\$	48.4		

Note: Above costs do not include state Homeless Emergency Aid Program (HEAP) and Homeless Housing, Assistance, and Prevention (HHAP) funding that may support housing solutions in FY 2021.

Staffing Required for Operation Shelter to Home

Operation Shelter to Home is a project involving staff from many entities coming together, including the Homelessness Strategies Division, Fire-Rescue, Police, Library, Fleet Operations, Purchasing and Contracting, the county, the Regional Task Force on the Homeless, SDHC, and service providers.

With respect to Homelessness Strategies Division, two positions are currently working at the Convention Center at more than a full-time capacity. This leaves three staff to implement daily departmental activities. Departmental activities broadly include overseeing the implementation of over a dozen programs, being the coordinating entity for all City departments involving homelessness issues, monitoring homelessness expenses Citywide, and processing Council actions. Therefore, increased output from the division in FY 2021 with existing staff will be difficult given staffing limitations.

Roles of Homelessness Staff for Operation Shelter to Home

Homelessness Strategies Division has several roles in the Operation Shelter to Home program including:

- 1. Coordinating the policy team which drives strategic direction for the program;
- 2. Serving as a liaison between shelter operations and the policy team to ensure strategic direction is being implemented throughout the program, as well as raising issues to the policy team regarding shelter operations, coordinating solutions, and facilitating communication among agencies; and
- 3. Overseeing financial operations, including budget monitoring and developing projections.

According to staff, some examples of specific activities the Homelessness Strategies Division handles include working with the branches of the Incident Command to plan living and eating arrangements as well as medical testing. It also helps coordinate the layout of space, staffing, and supply needs. Finally, the Homelessness Strategies Division participates in daily tactical meetings to help review and improve operations.

Library: Restoration of Mountain View/Beckwourth Library

The May Revision includes 3.50 FTE positions and \$250,000 to prevent closure of the Mountain View/Beckwourth Library. This level of staffing and funding restores operations Tuesday through Saturday consistent with the overall reduction of Library systemwide hours included in the Proposed Budget (i.e., Sunday and Monday closure). As noted in our report on Recommended City Council Modifications to the Mayor's Proposed FY 2021 Budget, our Office is recommending the full restoration of library hours systemwide and returning hours at all library locations back to FY 2020 levels, including the Mountain View/Beckwourth Library.

Parks and Recreation: Recreation Center Service Levels Mostly Restored

The May Revision includes the restoration of 53.75 FTE positions and \$3.2 million which is a majority of the reductions in the Proposed Budget impacting hours of operations at Recreation Centers. The remaining 2.50 FTE positions and \$202,000 that were not restored impact Recreation Centers in the Department's Developed Regional Parks Division, including the Balboa Park Activity Center (\$101,000) and the Municipal Gym (\$101,000). As noted in our report on Recommended City Council Modifications to the Mayor's Proposed FY 2021 Budget, our Office is recommending the restoration of the remaining \$202,000 in funding necessary to return all Recreation Centers back to FY 2020 service levels.

Parks and Recreation: Full Restoration of Swimming Pool Service Levels

The May Revision includes 11.54 FTE positions and \$487,000 in expenditures which fully restores the reductions to Swimming Pool operations that were included in the Proposed Budget and returns these services to FY 2020 levels. Approximately \$129,000 in revenue associated with restoring these service levels is also added back for a net impact of \$358,000.

Police: Reduction of Word Processing Operators

The May Revision includes the reduction of 8.00 Word Processing Operators and \$625,000 of personnel expenditures in the Police Department. According to the Department 7.00 of 8.00 FTE positions proposed for reduction are currently filled. The workload of these positions is primarily

expected to be absorbed by existing civilian staff; however, any administrative delays as a result of these reductions may impact the efficiency of the sworn personnel and various units they support.

DISCUSSION OF SELECT NON-GENERAL FUND ADJUSTMENTS

Development Services Fund

The May Revision includes the addition of 6.50 FTE positions and \$3.3 million in expenditures in the Development Services Fund (DSF). Notable additions include 4.50 FTEs and \$499,000 in expenditures for the formation of a Cannabis Permit Bureau to centralize cannabis related activities, including permitting, performing inspections and monitoring compliance with approved Conditional Use Permits and state regulations. The May Revision assumes a starting date no sooner than mid-fiscal year for 9.00 positions; they are therefore reflected as nine 0.50 FTE positions (4.5 FTEs total). Expenditures for this additional staff is expected to be fully offset by revenue from permittees.

In addition, 1.00 FTE and \$335,000 in expenditures are added to address audit recommendations concerning the administration of deposit accounts. The positions include a Program Manager and an Administrative Aide, each reflected as 0.50 FTEs assuming a mid-fiscal year start date. Non-personnel expenditures include \$225,000 to enhance Project Tracking System (PTS) deposit account management and operational support software.

Lastly, two management positions are added, including 0.50 Assistant Department Director and 0.50 Assistant Deputy Director. According to the Department, the Assistant Department Director will develop and implement department-wide management policies and strategies, including those intended to mitigate the current affordable housing situation and to oversee the Department's significant IT initiatives. The Assistant Deputy Director will support the management of structural engineering permit review activity.

With respect to DSF revenue, the May Revision includes \$534,000 in additional revenue. This adjustment includes the use of the final 3.5% fee increase that the City Council authorized in June 2018¹, which translates to approximately \$2.5 million in increased revenue. This fee increase was originally not included in the Proposed Budget given that permit activity for FY 2020 was up approximately 10% from the prior year during budget development in December 2019. However, since that time, revenues have seen declines as a result of the COVID-19 outbreak and associated stay-at-home orders. To account for the reduced activity, the Department revised their FY 2021 revenue projections downward by approximately \$2.0 million, resulting in a net increase of \$534,000 after the 3.5% fee increase. Total revenues are projected at \$85.4 million, exceeding budgeted revenues by approximately \$200,000.

Publishing Services Fund: Revenue Correction

In our review of the Mayor's FY 2021 Proposed Budget (IBA Report No. 20-06), we noted that the revenue budget for the Publishing Services Fund needed to be revised downward to reflect the

¹ On June 18, 2018, City Council approved increases to DSD User Fees based on a three-year phasing schedule 6.0% in FY 2019, up to 4.5% in FY 2020, and up to 3.5% in FY 2021.

personnel and expenditure reductions included in the Proposed Budget. The revenue budget has been reduced by \$494,000 to \$1.6 million.

Seized Assets Fund: Police Department Neighborhood Policing Overtime - \$4.4 million

The May Revision includes \$4.4 million in one-time funding from the Seized Assets Fund to maintain and continue the expanded Neighborhood Policing overtime levels that were funded on a one-time basis in FY 2020 (\$4.3 million including \$3.9 million from the Seized Assets Fund and \$447,000 in the General Fund). Service levels, which we discuss on pages 125-126 of our review of the Mayor's FY 2021 Proposed Budget (IBA Report No. 20-06), are not expected to change. A small increase in funding necessary to maintain these service levels, approximately \$63,000, accounts for Medicare costs associated with the overtime.

Stadium Operations Fund

As part of the changes in the May Revision, the Mayor added \$3.0 million in expenditures, 0.5 FTE positions, and \$0.9 million in revenue to the Stadium Operations Fund. These changes reflect the costs and resources required to operate the Stadium for three months, from July through September. Expenditures include billable costs for services provided by the General Fund (such as Facilities personnel) as well as utility and supply costs. Additional revenue is comprised of \$524,000 from the TOT Fund, as well as \$354,000 in revenue generated by the Stadium, including naming rights and rent. Additional funding beyond these revenue sources is coming from fund balance.

In addition to the increased appropriations in the Stadium Operations Fund, the May Revision also includes related funding within the Facilities budget in the General Fund. This includes 5.50 FTE positions for \$385,000, using \$709,000 in one-time revenue for billable services to the Stadium Operations Fund. The 5.50 FTE positions are reflective of the existing 22 positions maintaining the Stadium for three months. According to the Department of Finance, the revenue covers the cost of these positions as well as additional load (e.g. holidays and vacation time) and overhead costs.

While the May Revision assumed three months of operating expenditures, the latest developments regarding the sale of the Stadium property to SDSU envision the university taking over the property much earlier than that. Specifically, the deal approved in concept by the City Council on May 29, 2020, and substantially agreed to by SDSU, would have SDSU assume operations for the facility on or around August 1, 2020, assuming that the transaction is approved for a first reading in early June. This would mean that a majority of the costs budgeted to operate the Stadium will not be required.

Assuming that fund balance is used to pay for estimated expenditures until SDSU is able to take over the site, there should be approximately \$1.5 million left in the fund balance, which includes the additional TOT revenue, but does not include approximately \$236,000 in naming rights revenue that would have been accrued in August or September. The fund balance can be utilized for debt service on the stadium, which would free up an equal amount of resources for General Fund support. These new revenues would be offset by a loss of General Fund revenue from billable services of approximately \$216,000. Thus, the overall impact to the General Fund to operate the

Stadium for only one month instead of three months would be additional revenue of approximately \$1.3 million.

State COPs Fund: Police Department SART Kit Backlog Testing - \$1.1 million

The May Revision includes \$1.1 million in one-time funding from the COPS Fund for the Police Department to outsource the testing of sexual assault evidence (SART) kits that were in the Department's backlog. According to the Department, all 1,775 backlogged SART kits have been sent to the third-party laboratory for testing. The \$1.1 million in funding assumes 900 kits can be tested in FY 2021 (75 per month) based on an estimate of SDPD crime lab's capacity to conduct follow-up evaluations on eligible SART kits that are returned from the outside laboratory. At this rate, it is estimated that all kits will be tested by FY 2022.

Recycling Fund: Postponement of AB 939 Fee Increase

The May Revision includes a \$2.8 million reduction in revenue for the Recycling Fund due to the postponement of a \$2/ton AB 939 fee increase that was assumed in the Proposed Budget. According to the Department, the postponement of the fee increase is due to the rapid change in the local economy as a result of COVID19. They plan to monitor the status of the Recycling Fund and local economy and bring the fee increase to Council for consideration as soon as feasible, sometime in FY 2021.

We note that \$600,000 was included in the Proposed Budget for the General Fund to account for this anticipated \$2/ton fee increase on the more than 300,000 tons of materials collected by the City. This funding was maintained in the May Revision given the uncertainty of when the fee increase may be brought forward and to buffer against additional General Fund costs associated with increased tonnage that is being experienced as a result of COVID-19 stay-at-home orders.

CAPITAL IMPROVEMENTS PROGRAM ADJUSTMENTS

The May Revision reduces funding for the Street Resurfacing and Reconstruction Annual Allocation by \$4.1 million due to reductions in projected Gas Tax and TransNet revenue caused by COVID-19. This is not anticipated to impact the overall funding for streets as it will be covered by either prior year appropriations or future commercial paper.

The table below is a summary of total FY 2021 funding for street repair to support the goal of fixing a total of 474 miles to maintain streets in good condition. All the amounts included in the table below are proposed for FY 2021 except for prior year appropriations, as funds have already been allocated, as well as commercial paper which will come to Council separately for authorization in FY 2021.

FY 2021 Total Street Funding (\$ in millions)			
Slurry Seal (Operating Budget)			
Prior Year Appropriations	\$	28.5	
Road Maintenance and Rehabilitation Account		8.5	
Subtotal for Operating Budget	\$	37.0	
Repair and Reconstruction (CIP Budget)			
Future Commercial Paper/Prior Year Appropriations		43.1	
Road Maintenance and Rehabilitation Account		18.3	
TransNet		4.1	
Trench Cut Fees/Excavation Fee		2.0	
State Funds		0.3	
Subtotal for CIP Budget	\$	67.8	
Total Funding for Street Repair	\$	104.8	

Other notable additions include \$936,000 for Mission Beach Golf Course Clubhouse in funds restricted for this golf course and \$800,000 in Facilities Benefit Assessment funds for Carroll Canyon Road Planning Study.



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: June 3, 2020 IBA Report Number: 20-12

City Council Docket Date: June 8, 2020

Item Number: 602

FY 2021 Councilmember Budget Modification Memoranda

As part of the FY 2021 budget development process, Councilmembers submitted budget modification memoranda to our Office on May 22, 2020, which are included in their entirety as attachments to this report. These memos identify specific expenditure priorities and potential new funding sources not included in the FY 2021 Proposed Budget or the May Revision.

Our Office reviewed the budget modifications mentioned by a majority of Councilmembers in their memoranda, and we discuss these prioritized expenditures in IBA Report 20-11 (Recommended City Council Modifications to the Mayor's Proposed FY 2021 Budget and Review of the May Revision). In that report we recommend funding for all of the City Council's majority expenditure priorities, plus several other items that are high priority and/or high impact and can be supported with available funding. The IBA's final budget recommendations will be considered by the City Council at the meeting of June 8, 2020.

Angela Colton

Fiscal & Policy Analyst

APPROVED: Andrea Tevlin Independent Budget Analyst

Attachment: Councilmember Budget Modification Memoranda



COUNCIL PRESIDENT PRO TEM BARBARA BRY CITY OF SAN DIEGO DISTRICT 1

MEMORANDUM

DATE: May 22, 2020

TO: Independent Budget Analyst Andrea Tevlin

FROM: Council President Pro Tem Barbara Bry Barbara Bry

SUBJECT: Final Budget Priorities for Fiscal Year 2021

The world today is starkly different from when I issued my initial budget priorities for Fiscal Year 2021 (FY21) in January. COVID-19 has upended life in the City of San Diego and across the world. We have had to suddenly adjust to a new reality as we practice social-distancing to stop the spread of the novel coronavirus. Without warning, restaurants, gyms, schools, and hotels, and thousands of our small businesses shuttered their doors. Consequently, unemployment skyrocketed, and our city's revenues plummeted. It is unclear how long it will take to recover from this economic and public health crisis. What is clear is that we, as elected officials, must chart the course for an equitable and inclusive economic recovery. This will require difficult decisions. Through my experience in the business world, I know that tough times create the opportunity for positive change. We now have the opportunity to build an inclusive new San Diego for everyone.

Cognizant of the extraordinary financial hardships facing the City, I have outlined my final budget priorities for FY21. My highest priority is to protect our core services. This is achievable and must include completing the sale of the Mission Valley Stadium site to San Diego State University as soon as possible, extricating the City from the 101 Ash lease, and identifying resources to deliver our core services.

Final FY21 Budget Priorities

Protect our Core Services

As mentioned, my highest priority is to protect our core services from budget cuts. This includes public safety, libraries, parks and recreation (including our lakes and reservoirs,) tree trimming, and code enforcement. I support the restoration of the 16 Full Time Employees (FTEs) to the Code

Enforcement Department, the restoration of funding to open our Recreation Centers, and the allocation of \$1.1 million to fund untested rape kits in the May Revise. Yet, there are still vital programs that did not see funding restored. Therefore, I recommend the following:

•	Restore Library Hours (Sunday and Monday)	\$6,806,480
•	Restore Tree Trimming services to FY 2020 levels	\$1,800,000
•	Restore Weed Abatement services to FY 2020 levels	\$756,000
•	Restore funding for Brush Management services to 509 acres from 466 acres	\$411,000
•	Restore South University City Fast Response Squad	\$389,186
•	Restore funding to STAR/PAL Unit	\$1,400,000
•	Restore funding to Domestic Violence unit Civilian support staff	\$148,565
•	Restore funding to reopen City reservoirs for recreation	\$400,000
•	Restore funding for Water Contact program at El Capitan	
	Reservoir and the Waterfowl hunting season at Barrett Reservoir	\$108,501
•	Restore funding for wastewater disposal contractual services at City reservoirs	\$140,000
•	Restore funding to City Auditor's Office	\$295,000
•	Restore funding for Graffiti Abatement to FY 2020 Levels	\$268,000
•	Restore the 2-person Pothole Crew eliminated	\$130,000
•	Fund additional refuse pickup in the Mission Beach Community	\$70,000
	Total	\$13,122,732

Build an Inclusive Recovery

To ensure any economic recovery plan crafted by the City is equitable and inclusive, I recommend the following:

- Close the digital divide and offer citywide broadband internet access to enable all residents the ability to connect with local government, telemedicine, education, and other services. I request \$250,000 be allocated for a pilot program, beginning in our low-income communities. My office will be presenting a long-term strategy in the next month.
- Of the \$12 million allocated to provide financial relief to local small business and non-profits hurt by COVID-19, I request the City set aside 35%, or \$4.2 million, to create a COVID-19 Resurgent Fund for minority businesses and nonprofits. Additionally, \$1.8 million must be allocated for technical assistance. \$1 million must be set aside for small businesses inside the City's Low-and-Moderate Income Census Tract. The City must also work with its community partners to ensure that language is not a barrier to apply for these funds, and that the funds are distributed equitably.
- Restoration of the Living Wage Program Senior Management Analyst (\$102,887) to continue current levels for compliance and enforcement of Living Wage and Prevailing Wage and violations of wage theft.

Infrastructure

- Initiate the Del Mar Heights Road and Mercado traffic light project
- Allocate funding to begin design of the South University City Library improvements and

- expansion
- Fully fund first phase of construction for Marcy Neighborhood Park improvements
- Allocate funding for the Coastal Rail Trail (Gilman Drive from the La Jolla Colony Drive to La Jolla Village Drive)
- Initiate construction of the Village Loop Road
- Fully fund the transportation evaluation of Carmel Valley and Pacific Highlands Ranch as identified in the Carmel Valley Livability Subcommittee Report
- Repair/Replace the railing at the beach overlook at Moss Lane
- Repair cliff subsidence along Coast Walk, focusing on the eroded section encroaching into the trail at the rear of 7981 Prospect Place
- Secure funding to open and close the gate at the parking lot at Kellogg Park to prevent overnight parking
- Initiate construction of sidewalk from Azul Street to Poole Street
- Fully fund Sherman Heights Community Center Playground
- Infrastructure Fund True-Up Payment, as per Prop H

\$5,000,000

Reexamine How the City Operates

Many City employees are working from home and delivering high-quality service to our residents. By shifting to a permanent distributed workforce, the City will cut costs, increase savings, and maximize efficiencies. To this end, I recommend:

- Restructure the City's workforce by offering cost-saving work from home and flex work opportunities
- Terminate and/or renegotiate all real estate leases to align with new work from home and flex work opportunities
- Furthermore, the City should be asking itself these questions:
 - How many city employees can continue to work remotely?
 - o Considering how many employees will be working remotely, how much office space does the City need?
- Examine the top-heavy high-salaried management from Assistant Chief Operating Officers to Deputy Directors to streamline efficiencies and create cost savings

FY21 Funding Resources

A fiscally sound and balanced budget requires identifying resources for spending. Therefore, I present the following as alternate resources for both one-time and on-going expenses as appropriate:

One-time Funds

• Sale of Mission Valley site as per Measure G

0	General Fund one-time revenue	\$20,000,000*
0	Elimination of budgeted operating expenses	\$4,000,000

On-going Expenses

•	Extricate City from 101 Ash Street lease	\$10,400,000		
•	Cease Smart Streetlight spending	\$1,300,000		
•	• No new programs, positions, expansions and departments			
	 Mobility 	\$615,000		
	 Homeless Services 	\$486,901		
	 Storm Water 	\$382,000		
	 Cultural Affairs 	\$56,000		
	o CleanSD	\$6,700,000		

- Renegotiate City's Contract with SWEEP
- Freeze general fund hiring through September 30 except to replace individuals who leave
- Expand use of Commercial Paper

Suspense File

Below are important programs and projects the city should review for implementation after the financial impacts of COVID-19 have become clearer and the City's Department of Finance has gathered more data to share with the City Council in their quarterly budget monitoring reports and beyond 2020.

- \$250,000 for a Climate Action Campaign Update—re-open the plan to make adjustments that will reflect the new world of a larger remote work force, etc.
- Hire a consultant to conduct a travel survey at least every two years to complement counts,
 - o \$400,000 every two years for travel survey;
- Take advantage of low-cost bike and pedestrian counters
 - o \$25,000 annually for counters
- Additional funding for tree planting, inspections, maintenance, and other activities included in the Five-Year Urban Forest Management Plan.
- Hiring one more arborist/horticulturalist
- Improvements to the Mission Bay Golf Course

Thank you for your consideration of the priorities I have outlined here. In summary, I have requested funding to be restored to core services, \$13,122,732, \$250,000 for a pilot program for universal broadband internet access, \$102,887 to restore the position cut from the Living Wage Program, \$5,000,000 for the True-Up payment of the Infrastructure Fund, and \$2,000,000 of one-time funding contingent on the timely sale of the Mission Valley Stadium site totaling \$20,475,619. Above, I identified sources of funding totaling \$43,939,901. With the financial uncertainty the City is facing, I request that any unused funding be placed in a COVID-19 Revenue Reserve, to safeguard the City as we navigate through these unprecedented times. If you have any

-

^{*} I recommend \$2 million be set aside to restore Arts and Culture funding

Attachment F

questions or concerns, please contact Budget mauriciom@sandiego.gov or (619)-236-6159.	Committee	Consultant	Mauricio	Medina	at



COUNCILMEMBER JENNIFER CAMPBELL COUNCIL DISTRICT TWO

MEMORANDUM

formifer Campbell

DATE: May 22, 2020

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Jennifer Campbell

SUBJECT: Fiscal Year (FY) 2021 Budget Priorities

The FY21 budget is facing a revenue shortfall of \$350 million due to the disruption of one of the City's major revenue sources: tourism. Over the longer term, our city must develop new revenue generating streams to move away from an over-dependence on only a few sectors of our economy.

In the meantime, the City can leverage \$270 million in federal and state relief funding to help with the additional expenses incurred by the COVID-19 pandemic. Additional emergency funding is also being considered but it is not known at the time of this budget formation whether or when these funds will be available.

Forgoing the creation of new departments would be in the city's best interest at this time. This is because of the current economic hardships of our budget and the fact that we must not rely on temporary funding sources, which would only leave the Council with the future decision of eliminating those departments or making cuts to other parts of the budget. This includes Storm Water, Cultural Affairs, Mobility, and Homelessness Strategies Departments.

The City of San Diego must prioritize investment in key areas, ensure basic services are maintained, and strategically leverage all available funding sources.

I am pleased to share my updated budget priorities which fall into the following categories: City Operations and Functions, Housing & Homelessness, Environmental Protection, Economic Development, Public Safety, Infrastructure, and Neighborhood Services.

CITY OPERATIONS AND FUNCTIONS

Given the additional emergency relief funding the City should endeavor to maintain staffing levels, as outlined by the Municipal Employee Association, to avoid service level impacts. To maintain efficiency and transparency, the budget should also avoid cuts to preserve staffing and funding levels for the following:

- City Auditor
- City Attorney
- City Clerk's Office
- Development Services Department

ECONOMIC DEVELOPMENT

Small Business Relief Fund – The city should consider ways to improve the processing and distribution of the existing relief fund before adding additional funding into the fund. In addition, any new funds should prioritize under-represented business owners including legal residents who are disqualified from accessing these funds without a social security number.

Living, Minimum Wage, and Earned Sick Leave Programs – Preserve funding for this already underfunded, understaffed office to assist low-wage workers navigating through the fallout of COVID-19.

Translation and Interpretation Services – Fund necessary mechanisms to reduce language barriers for city resources and programs by making translation and interpretation services available to all San Diegans.

HOUSING & HOMELESSNESS

Addressing homelessness requires strategic investments aligned with the Community Action Plan. In the face of the COVID-19 pandemic, these resources are evermore critical. Below are key items related to addressing homelessness:

Landlord and Tenant Assistance – Consider utilizing emergency relief funding to support landlord and tenants that have been impacted by COVID-19. This may also include tenant and legal counseling on available assistance programs.

Community Action Plan – Maintain existing funding and utilize emergency relief funding to meet the goals of the Community Action Plan on Homelessness, including outreach, diversion, wrap around services, and permanent supportive housing.

Convention Center Project – Utilize relief funding to support the goals of the Convention Center Project in absorbing existing bridge shelter capacity and include plans for relocating homeless individuals once the distancing orders are lifted.

Homeless Strategies Department – While there may be value in creating this department, given our budget deficit, brought on by COVID-19, and the fact that a new administration is coming in 7 months, this is not the time to form new departments. In addition, using temporary funding sources to fund permanent departments would leave the Council with the future decision of eliminating the department or making cuts to other parts of the budget.

ENVIRONMENTAL PROTECTION

Protecting the environment is vital for sustaining healthy communities and a vibrant economy. Investing in the items below will promote public and environmental health.

Climate Action Plan – Restore funding to meet the goals of the city Climate Action Plan.

Environmental Services Department – Maintain departmental funding to assist with cleanups associated with encampments in and along our canyons, creeks, and rivers.

Brush and Weed Abatement - Restore funding to the Public Works Department to address potential wildfires in canyons and open spaces due to encampments and overgrowth.

Sunset Cliffs Natural Park Linear Section – Funding for improvement and maintenance planning should be included in the budget to preserve and protect the 1.5 mile shoreline that features wildlife, sculpted cliffs, ocean vistas, and historical, geologic treasures.

Tree and Palm Planting and Maintenance – Restore funding to increase tree and palm planting, pruning and maintenance programs that safeguard and increase our urban forest canopy.

Storm Water Drains and Channels - Allocate funding to support storm water infrastructure maintenance activities, channel clearing, and neighborhood projects with attention to our boardwalks and beach areas that experience periodic flooding. Also include funding to address the drainage issues at the Kendall Frost Marsh Preserve on Mission Bay.

PUBLIC SAFETY

Community Resource Access Program – Maintain funding for Community Paramedicine, a community-based healthcare model designed to provide more services at a lower cost.

Lifeguard Positions – Support funding requests for lifeguards including one Sergeant and one Lieutenant Boating Safety Unit.

Ocean Beach Lifeguard Station - Allocate funding for a replacement station that would serve as a joint use facility for SDPD and our Lifeguards serving Ocean Beach. Specifically, include the full design as a top priority.

Police & Fire Dispatchers - Additional safety dispatchers in both Departments to provide optimal services in emergency situations.

Police Technology Upgrades- \$300,000 for ARJIS phones to improve efficiency. In addition, improved emergency communication near the Point Loma Wastewater Treatment Plant.

STAR/PAL Program – Restore funding for this program which helps many San Diego youth.

NEIGHBORHOOD SERVICES

The City budget should support all departmental efforts in becoming more efficient and responsive to the needs of all San Diegans.

Ocean Beach Library Expansion – Commit funding to expedite the completion of the expansion. The FY2021 budget should fully fund the design phase of this long overdue update to the library.

Restore Library Hours – Fully restore library hours to seven days per week to avoid taking this vital resource away from our communities.

Clairemont Library on Burgener Boulevard – New improvements are recommended as follows: New paint, flooring, bathroom remodel, modern energy efficient lighting, upgrade community rooms, replace landscaping and improve outside signage.

Improved Code Enforcement - Support and fund additional inspectors and compliance officers in the Development Services Department. Allocate funding to consider establishing an online system to clearly track the resolution process for reported code violations.

Arts and Culture Programs (Penny for the Arts) - Supporting the Penny for the Arts is essential for our local non-profit organizations that provide arts education programs, cultural festival and fairs, and community events throughout the city.

ADA Compliance and Enforcement – Preserve funding for the Accessibility Advisory Board to ensure equitable access for all San Diegans.

Second Trash Pick-up in Mission Beach- Continued funding to Environmental Services for biweekly pick up and additional trash pickup during the summer months.

INFRASTRUCTURE & SUSTAINABILITY

Below are key investment requests for specific street improvements, coastal access, pedestrian and bicycle safety, and recreation center improvements, gathered with community input. These items should be part of the City's larger goals of investing in sustainable infrastructure.

Coastal Access Points

Many coastal access points have eroded and need maintenance and repairs. Investing in the access points below will ensure that residents and visitors can continue to safely enjoy our beautiful coastline.

Bermuda Avenue Access Point - \$1.2 million for coastal access and seawall repair.

Orchard Avenue Access Point - \$131,331-Orchard Avenue, Capri by the Sea & Old Salt Pool.

Santa Cruz Avenue Access Point - \$3.8 million for Santa Cruz Avenue stairs and walkway.

Ocean Beach Pier – Include funding to evaluate, repair, and maintain the pier.

Silver Spray Alley Access Point – Repair Silver Spray Alley coastal and tide pool access.

Boardwalk Seawall – Repair seawall in Mission and Pacific Beach.

Street Improvements

Maintaining funding for street improvements will enable the City to address maintenance and repair needs so these costs do not balloon into higher expenses in the future.

Street Lighting Repairs – Maintain funds to repair street lights with new bulbs and ensure safety in our communities: Rosecrans Avenue; North Pacific Beach (Crown Point); Ute Street; Alcott Street; Foothill Boulevard & Vickie Drive; Foothill Boulevard & Tourmaline Street; Hornblend Street between Mission Boulevard & Fanuel Street; Voltaire Street; Garnet Avenue between Ingraham Street & Lamont Street. Felspar Street between Mission Boulevard & Ingraham.

Morena District – Modify the transition between 1) Morena Boulevard & West Morena Boulevard and 2) Linda Vista Road & West Morena Avenue to a traditional T-intersection.

Pothole Repair Crew - Restore the 2-person Pothole Crew eliminated in the Mayor's Budget

Roundabouts – Communities in District 2 have called for the installation of roundabouts to improve safety: Foothill Boulevard at Loring Street; Voltaire Street & Poinsettia Drive; Catalina Boulevard; Hill Street; Santa Barbara Street; Rosecrans & Bessemer Street; Foothill Boulevard & Vickie Drive; Foothill Boulevard & Tourmaline Street; Foothill & Loring; Foothill & Vickie. Foothill & Tourmaline; Foothill & Opal; Crown Point Drive & Lamont; La Cima & Moreland; Diamond at Cass; Diamond & Fanuel; Reed & Cass; Reed & Fanuel.

Midway Corridor Quiet Zone – Finalize the establishment of the Train Horn Quiet Zone along the Midway corridor.

Pedestrian & Bicycle Safety

In the areas mentioned below, there are clear pedestrian safety and access issues that need to be addressed to provide safe and convenient access for residents.

Balboa Avenue Station – Project #586601: improve overpass pedestrian and bicycle access.

Clairemont Drive Cycle Tracks – Install cycle tracks on Clairemont Drive between Fairfield Avenue to Balboa Avenue to encourage alternate transportation usage.

Continental Crosswalks - (Countdown Timer where appropriate): On Garnet at Bond, Bayard, Fanuel, Gresham, Haines, Ingraham, Jewell; Kendall, Lamont; Morrell, Noyes, Soledad Mt. Road, and Pendleton. Add pedestrian signal countdown timer at Shelter Island and Rosecrans.

Flashing Beacons - Moorland Drive & Ingraham Street; La Mancha Drive & Crown Point Drive; Soledad Road & Los Altos Way; Voltaire Street & Froude Street; Soledad Mountain Road & Los Altos; Ingraham Street & Fortuna Avenue; Garnet Avenue at Kendall, Morrell, & Noyes streets.

Famosa/Catalina Corridor - Evaluate and dedicate funding for safety recommendations between Voltaire Street and Valeta Street.

Ocean Beach Improvements - Phase 3 of Ocean Beach entryway. Traffic calming measures and protected pedestrian access to bus stop at West Point Loma Boulevard & Cable Street. Pedestrian Crosswalk at Niagara & Sunset Cliffs; Safety improvements where Sunset Cliffs Avenue, Nimitz Boulevard, & I-8 meet. Sunset Cliffs Boulevard at OB Elementary School. Repair the light fixtures on Newport Ave which have compromised bases.

Rose Creek Bike Path – Fund additional safety enhancements to this access way.

Morena Corridor – Project #58260 - Improve overpass pedestrian and bicycle access.

Pacific Beach Sidewalk Improvements - Garnet repairs between Mission Boulevard & Ingraham Street. Flashing crosswalks with countdown signals along Foothill Boulevard near PB Elementary. Pedestrian safety measures on Hancock Street Between Withery & Noel streets; Complete PB Pathways Phase 3; Widen Balboa Avenue I-5 underpass to better accommodate pedestrian and other forms of mobility traffic. Marked crosswalk at Chatsworth & Plumosa.

Recreation Center Improvements

Many of our recreation centers in District 2 are due for upgrades which would underscore the city's commitment to supporting our growing communities.

South Clairemont Recreation Center - New signage, energy efficient lighting, bathroom and kitchen renovations, and replacement of playground equipment.

Pacific Beach Recreation Center - The roof has significant leaking, which has caused the weight room equipment to be out of commission.

Intersection Modifications at Longfellow Elementary – Improve Milton & Burgener streets for safety concerns not mediated by existing precautions in place.

REVENUE OPPORTUNITIES

To address funding our budget priorities, the following are possible funding sources:

- Cannabis Tax Revenue: Utilize increases in this revenue to support priorities.
- CARES Act Funding: Utilize the \$250 million in relief funds for one-time needs.
- Contract Spending: A 4% reduction in contract spending equals \$9.8 million.
- Convention Center Long-Term Marketing: \$2.1 million in savings.
- Fleet Replacement Fund: Utilize a portion of the fund for one-time needs.
- Public Liability Reserve: Utilize excess \$1.7 million balance for one-time needs.
- Homeless Housing, Assistance, and Prevention Program (HHAP): Heed the guidance of the San Diego Housing Commission on the use of this grant funding.
- Short-Term Vacation Regulations: Potentially significant revenue generator

Attachment F

- **Signage for Street Sweeping:** Increased signage for street sweeping would generate additional city revenues.
- VVSD Savings: \$2.5 million in savings from the VVSD bridge shelter relocation.

I look forward to working with my council colleagues, Mayor's Office, Independent Budget Analyst Office, and San Diego residents to produce a budget that is balanced and sound while meeting the needs of communities throughout San Diego, especially as we begin to recover from the impacts of the COVID-19 pandemic.



COUNCILMEMBER CHRISTOPHER WARD THIRD COUNCIL DISTRICT

MEMORANDUM

2 Wes

DATE: May 22, 2020

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Chris Ward

SUBJECT: Budget Priorities for Fiscal Year 2021

The impacts of the global COVID-19 pandemic have been significant. More than 1 in 4 San Diegans face unemployment, families are struggling to pay rent, and businesses are fighting to remain open. Drafting the City's Fiscal Year 2021 budget at this time is unlike anything in our City's history. I appreciate important restorations to City services made in the May Revision to the FY21 Budget that reflect community needs. However, I believe that a much larger investment in direct support to San Diegans impacted by COVID-19 is critically necessary.

Upon review of the Mayor's May Revision, this memorandum outlines my priority recommendations for the Fiscal Year 2021 budget including much needed investments in San Diegans, additional restorations of key personnel and core City services, and support for the Mayor's proposed departmental restructuring. I propose that achievement of these goals should be made possible through the use of funding in the City's Public Liability Funds and Pension Payment Stabilization Reserve. These funds should maintain healthy reserves, yet I believe the City has a responsibility to utilize a small portion of these reserves to maintain key personnel and continue to provide excellent services to San Diegans.

CARES ACT FUNDING

Federal CARES Act funding will provide much needed relief to the City's budget, and I recognize the City's ability to use these funds to recover costs incurred due to COVID pandemic is an important part of maintaining core services. However, a larger percentage of this funding should go towards providing direct assistance to San Diegans. Where the City has extended financial assistance to small businesses and will continue to do so, we have not offered commensurate assistance to renters.

I propose the use of \$61,900,000 of the City's CARES Act Funding to create an Emergency COVID-19 Rental Assistance Program. Such a fund will offer a critical lifeline to both renters and landlords to

prevent evictions, put money into landlords' pockets to help them pay their own mortgage, and provide direct support to our local economy. Such a program should include direct assistance for renters, as well as funds for administration and assistance to qualifying non-profit organizations to help with tenant counseling, outreach and education to ensure program success.

Specifically, I propose to repurpose \$21,100,000 of the CARES Act funding from the San Diego Police Department payroll, \$21,100,000 from the Fire-Rescue Department payroll, and \$19,700,000 from Operation Shelter to Home, to ensure a \$61,900,000 for rental assistance. This recommendation is underscored by the urgent need to provide direct cash assistance to San Diego's families hardest hit by the COVID-19 pandemic to help pay rent in a time of crisis. Without this type of assistance, these families run the risk of losing their homes, through no fault of their own. In contrast, while financial support for payroll is laudable, and eligible for CARES Act funding assistance, the same assistance can be provided through the City's General Fund Reserve. Maintaining \$20,000,000 in Operation Shelter to Home allows for this valuable program to continue operating through August, when the convention center should start to transition back to normal bookings. Further, additional Operation Shelter to Home expenses can be reimbursed via funding disbursed via the Federal Emergency Management Agency.

Police Payroll, Staffing and Supplies

May Revision to the FY21 Budget: \$42.2 million

*Proposed Revision: (-\$21.1 million) to new total of \$21.1 million

Fire-Rescue Payroll, Staffing and Supplies

May Revision to the FY21 Budget: \$38.9 million

*Proposed Revision (-\$21.1 million) to new total of \$17.8 million

Operation Shelter to Home

May Revision to the FY21 Budget: \$39.7 million

Proposed Revision: (-\$19.7 million) to new total of \$20.0 million

*Funding to be offset through General Fund Reserve and Pension Payment Stabilization Reserve

INVESTMENT IN CORE CITY SERVICES

Public Liability Funds, which support costs to the City related to claims against the General Fund, were increased \$6,000,000 in the FY21 budget when compared to the FY20 Adopted Budget. Maintaining a healthy reserve of these funds is recommended. However, it should not come at the expense of eliminating core City services that could lead to greater liability. The FY21 budget proposes dramatically cutting or reducing numerous core services provided by the Transportation Department. I propose to restore some of these core services such as tree trimming, sidewalk repair, and pothole repair through the use of Public Liability Funds. Investments made to improve sidewalk conditions, maintain streets and trim trees will further protect the City from incidents related to their upkeep, or lack thereof.

Approximate cost: \$1,817,000 to restore shade tree trimming service levels \$600,000 to support sidewalk repair \$130,000 to restore pothole repair service levels

INVESTMENT IN CITY STAFF

The May Revision to the FY21 Budget restores a net of 96.82 positions, which is an important start to maintaining a stable workforce and stable service levels. Yet, 45 permanent, filled positions remain as proposed cuts. With relief provided by CARES Act Funding to offset other expenses, it is possible and necessary to maintain these positions. Continuing the proposed layoffs will negatively impact the City's already understaffed workforce. The cost of restoring these positions is approximately \$4,000,000. These should be restored and maintained using funding from the City's Pension Payment Stabilization Reserve.

Approximate cost: \$4,000,000

CITY DEPARTMENT RESTRUCTURING

Homelessness Strategies Department

I remain supportive of the creation of a Homelessness Strategies Department to offer comprehensive management of the City's programs and services for our unsheltered neighbors. The City, in partnership with the San Diego Housing Commission, has taken great strides to expand funding and programs for unsheltered individuals. This department will help to centralize efforts and offer more oversight, including grant funding and programming.

Mobility Department

I remain supportive of the creation of a standalone Mobility Department in the City and appreciate the Mayor's efforts to successfully create this department as a budget-neutral action within next year's fiscal budget. San Diego is one of the few major U.S. cities not to have its own mobility department, and creation of this department should remain a priority.

Approximate cost: Budget neutral

Storm Water Department

The City has accumulated a historically large backlog of both storm water and infrastructure needs. Creating this department and hiring a new director can and should help the City focus on the complexities of existing and future stormwater needs and regulations, on the successful continuation of the Pure Water program, and on the development of a comprehensive funding and operations strategy that meets storm water quality requirements and which are critical to protect our communities.

Department of Cultural Affairs

I support the creation of this new department by merging Arts and Culture Commission program staff with the Office of Special Events and Filming to centralize the City's engagement with the arts, culture and creative industries. I recommend eliminating the 1.0 FTE Program Manager position as proposed to provide some cost savings.

Approximate savings: \$116,560

PUBLIC SAFETY

Clean SD

The FY21 budget includes \$3,200,000 in one-time funding to continue the program at FY20 levels. At least half of this money should be made up through the expenditure of CARES Act funds, reducing the budget expenditure to \$1,600,000 to maintain FY20 funding levels.

Approximate savings: \$1,600,000

San Diego Family Justice Center

San Diego's Family Justice Center plays a critically unique role in the City to support clients who are fleeing abusive situations. The City Attorney's Office requested a security guard and clerical support for the Center but it is not included in the FY21 proposed budget. The City should restore the security and administrative costs to the budget to offer an additional layer of security for the individuals served. Specifically, I request the restoration of an armed security guard and 2.0 FTE clerical assistants to better serve their clients.

Approximate cost: \$56,600, 1.0 FTE Security Guard

\$115,000, 2.0 FTE Clerical Assistant 2

NEIGHBORHOOD SERVICES

Library Department

Libraries are critically important community resources which San Diegans have come to depend on, and keeping their doors open can offer an important source of communication and community cohesion. The City has worked to restore library hours in recent years and maintaining a high level of service should be a priority. I recommend that the City restore approximately 2/3 of the proposed cut of \$6,400,000 funding to library operations to restore 10 of the 15 hours of operation to be cut.

Approximate cost: \$4,262,000 for library hours

ECONOMIC DEVELOPMENT

Arts & Culture Programs

The arts and culture community of San Diego is one of our City's unique assets and valuable economic engine. The FY21 proposed budget would decrease the program by \$6,300,000, a 44.3% decrease from FY20. The non-profit organizations that lead this community have suffered enormously during the Coronavirus pandemic, similar to small businesses. Just as the City has extended financial assistance to small businesses via the Small Business Relief Fund, it should also support these non-profit institutions. I propose that 50% of the proposed cuts be restored.

Approximate cost: \$3,150,000

Living Wage Program Manager

The City's Living Wage Program helps to advance the interests of the City by creating jobs that keep workers and their families out of poverty. As families across the City struggle with significant pay losses due to the coronavirus, it is more important now than ever to maintain the City's Living Wage Program in tact to ensure that people who do have jobs are being paid a fair wage. I urge the City to not make any personnel reductions in the Living Wage Program, specifically to maintain the Living Wage Program Senior Management Analyst position.

Approximate cost: \$102,887

Small Business Enhancement Program

The City's Small Business Enhancement Program (SBEP) provides much needed revenue to support small businesses, including Business Improvement Districts (BIDs), in San Diego. Yet the program reflects the largest non-personnel reduction in the FY21 budget. This potential cut will have disproportionate impacts on BIDs as those funds help BIDs host special events which are their economic lifeblood. These unique economic and cultural events also contribute to major economic Citywide benefits. The City should fully restore the SBEP in the FY21 budget.

Approximate cost: \$485,000

SUSTAINABILITY and PLANNING

Climate Action Plan (CAP) Implementation and Monitoring

San Diego has taken great strides to achieve its 2020 GHG reduction targets established in the City's 2015 Climate Action Plan (CAP). Five years after the Plan's adoption, it is time to ensure that monitoring and reporting of progress towards these goals continues. As called for in the Plan, it is also time to begin a 2020 Plan update to include new best practices and strategies for further GHG reduction.

Approximate cost: \$250,000 for monitoring and 2020 CAP Update

Urban Forestry

Planting trees brings economic, environmental and social benefits. The proposed FY21 budget would cut tree planting significantly. Tree planting should continue to implement the City's climate action plan and not increase the already existing backlog. I propose to restore \$300,000 to allow the City to increase the number of trees planted from 600 to 1,800.

Approximate cost: \$300,000

Mission Bay Golf Course Clubhouse Capital Improvement Program

The City's May Revise to the FY21 Budget adds \$936,184 to the Mission Bay Golf Course Clubhouse CIP. This project should be evaluated with the ongoing long-term planning and environmental review of DeAnza Cove Revitalization before future expenditures or actions are taken.

Mobility Action Plan 2.0

The City's Mobility Action Plan was completed in Fiscal Year 2020. The Plan sets a vision for the City's mobility programs and funding establishing high level goals and some recommended actions. Where the plan offers a strong vision, a 2.0 version is critical to outline actionable items, responsibilities, and funding sources to be provided in the future. This 2.0 version can also guide the new Mobility Department in its comprehensive actions.

Approximate cost: \$140,000



THE CITY OF SAN DIEGO OFFICE OF COUNCILMEMBER MONICA MONTGOMERY

MEMORANDUM

DATE: May 22, 2020

TO: Andrea Tevlin, Independent Budget Analyst, IBA

FROM: Councilmember Monica Montgomery, Fourth Council District

SUBJECT: Final Fiscal Year 2021 Budget Priorities

With a reported decrease of \$133.1 million¹ in General Fund revenues and City departmental budget reductions of over 260 Full Time Equivalents (FTEs), the largest mitigation action across the entire City budget, there are budgetary actions that are warranted in the FY2021 budget. I commend the Mayor in responding to community concerns through the reduction of the Smart Street lights program, full restoration of recreation center hours, restoration of Mountain View/Beckwourth library hours, and the significant expansion of the Small Business Relief Fund (SBRF) through federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. However, the proposed budget reductions of the STAR/PAL program, systemwide library hours, graffiti abatement, weed abatement, pothole repair and tree-trimming must be restored to current levels as these programs and services are critical in contributing to an overall positive quality of life for communities of concern.

My Fiscal Year 2021 Budget Priorities take into serious consideration the City's current fiscal crisis, while addressing the needs of the most vulnerable populations. We must maintain a balanced budget and instill a fiscally prudent, equitable budget that does not sacrifice core services to low and moderate income (LMI) communities.

PUBLIC SAFETY

Restoration of the STAR/PAL Program

The STAR/PAL program provide resources and mentoring to schools that are at high risk of gang activity. STAR/PAL affects change in LMI communities by providing youth free tutoring, basketball and soccer teams, mentoring, educational field trips, and bridging the gap for youth between Police, Juvenile court, and Community Schools. This restorative program will produce long-term positive impacts to the community as potential justice-involved youth are engage with positive influences from the City. Funding for this program should not be at the expense of Independent Budget Analyst (IBA) office's recommendation of the closure of front counters at the Police Department's nine patrol commands.

Approximate Cost: \$1,400,000

¹FY 2020 Third Quarter Budget Monitoring Report

https://www.sandiego.gov/sites/default/files/fy2020 third quarter budget monitoring report.pdf

Page 2 Andrea Tevlin, Independent Budget Analyst, IBA May 22, 2020

CARES Act Funding for the San Diego City Attorney Criminal Division

City staff's duties have been heavily impacted by the COVID-19 pandemic, and this includes the work of the City Attorney's Criminal Division. This division helps to protect some of our most vulnerable populations through assisting with domestic violence claims, gun restraining orders and through their work at the Family Justice Center. A lack of funding could negatively impact these services.

Approximate Cost: TBD

ECONOMIC RELIEF & ADDRESSING THE DIGITIAL DIVIDE

Small Business Relief

The Mayor's proposed additional allocation to the small business relief fund is warranted. We must also ensure that the funding reaches businesses that are most impacted and may not have access to other governmental resources, and this can be done by partnering with organizations that are closest to those businesses. The Strategic Alliance of Ethnic Chambers of Commerce (SAECC) is comprised of the Central San Diego Black Chamber of Commerce, Asian Business Association of San Diego County, San Diego County Hispanic Chamber of Commerce and was formed to promote, coordinate, and collaborate at the regional and community levels to help grow and empower the disadvantaged business community in the San Diego County region. This alliance has submitted a proposal to the city. Their goal is to represent the interests of disadvantaged businesses in the City and County of San Diego, ensuring small businesses are equipped with the resources and technical assistance necessary to be successful. Funding must be provided to their COVID-19 Resurgent Fund and Task Force to assist with helping small business in underserved communities.

Approximate Cost: TBD

Creation of a Rent/Mortgage Relief Fund

With some communities reaching unemployment's rates as high as 30% due to the economic impacts of the COVID-19 pandemic, rent and mortgage payments are becoming increasing difficult for both tenant and landlords. A rent/mortgage relief fund must be created to service both documented and undocumented struggling tenants and landlords impacted by the COVID-19 pandemic. Specifically, along with rent and montage relief, a percentage of the funding should be dedicated to tenant counseling and legal services. Ultimately, measures should be in place to prioritize rent and mortgage payment to tenants and landlords who are in desperate need of relief.

Approximate Cost: TBD

No-Cost Broadband Internet Access

Millions of people have been mandated to work, learn, and function at home as part of a statewide effort to protect the most vulnerable populations from the impacts of the COVID-19 pandemic. The need for equitable access to the internet is critical more than ever as LMI community members will potentially suffer from a lack of resources due to a lack of internet access. The City of San Diego should provide free public hot spots for the community to successfully access the internet.

Approximate Cost: \$250,000

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HOMELESSNESS SERVICES

Operation Shelter-to-Home

In the beginning of April 2020, the City restructured its homeless shelter system to respond to the COVID-19 pandemic under "Operation Shelter-to-Home." The current capacity at the Convention Center is 1500 individuals. Monthly expenditures for 1500 clients are projected at \$4.97 million per month. In order to incur cost savings, the operation should cease by October 2020.

Approximate Cost: (\$9,940,000)

Homeless Outreach Framework

A comprehensive outreach framework that moves from a contact-based approach to housing-focused outreach should be implemented in Citywide homelessness outreach efforts. Service providers with expertise in homelessness outreach must be at the crux to coordinate and carry out core outreach functions rather than SDPD. Similarly, according to the recommendation made in the Performance Audit of the of the City's Efforts to Address Homelessness², the City must have the funding necessary to implement the new City of San Diego Community Action Plan on Homelessness³.

Approximate Cost: TBD

PARKS & RECREATION

Emerald Hills Public Park Improvements

The Emerald Hills Community Park is one of the few outdoor public spaces in Council District 4. This park was built over 50 years ago and has had no significant upgrades since then. The FY 2020 Adopted Budget allocated funds for the development of a General Development Plan (GDP) for the park. With that, the next phase in the park's improvement process is to allocate funds towards its design.

Approximate Cost: \$500,000

Oak Park Library

The neighborhood of Oak Park needs a library as the existing library is aging. On the FY 2020 Adopted Budget, funds were allocated for a feasibility study of a new library and the study is scheduled to be completed June 2020. With that, the next phase for the new Oak Park library's development is to allocate funds towards its design.

Approximate Cost: \$500,000

Potomac Park Temporary Improvement Project

Potomac Park, located in Paradise Hills, has been an empty and barren space yet to be activated for more than 30 years. A nonprofit organization, based in Paradise Hills, is currently working with the Parks and Recreation department to transform Potomac Park from a landfill to a native plant garden that is readily accessible to the community. Funding is needed to support the creation of the native plant garden as this project's intention is to beautify the Paradise Hills community.

Approximate Cost: \$10,000

³City of San Diego Community Action Plan on Homelessness

https://www.sdhc.org/wp-content/uploads/2019/10/SD_Homeless_CSH_report_final_10-2019.pdf

²Performance Audit of the of the City's Efforts to Address Homelessness https://www.sandiego.gov/sites/default/files/20-009 homelessness 0.pdf

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<u>Sherman Heights Community Center Playground</u>

Improvements are needed for the construction of the Sherman Heights Community Center Playground.

Approximate Cost: \$470,000

CITYWIDE SERVICES & OPERATIONAL NEEDS

Restoration of Library Hours Systemwide

It is critical the libraries remain open for community members during the COVID-19 pandemic as it serves as a safe space for youth and also serves as the only accessible resource center for LMI community members. A significant reduction of hours will negatively impact the overall quality of life for the community.

Approximate Cost: \$6,371,317

Restoration of Graffiti Abatement

Graffiti has been a continuous issue in Council District 4. Graffiti abatement should be restored in this budget cycle to assist in not only quelling the violence, but to also assist in beautifying the community.

Approximate Cost: \$267,917

Restoration of Weed Abatement

The lack of weed maintenance on the public right-of-way has been a constant issue in Council District 4 and the City in general. Moreover, overgrown weeds are a known safety hazard to the community. Funding should be restored to weed abatement, specifically to contribute to the comprehensive and routine clearing efforts of the public right-of-way.

Approximate Cost: \$756,228

Restoration of Pothole Repair

Currently the City possesses a backlog of unimproved streets that are in need of overlay. In the meantime, as we plan to address the backlog of overlays, potholes need to be addressed, especially in older neighborhoods with crumbling streets.

Approximate Cost: \$130,649

Restoration of Tree Trimming

Tree trimming is necessary to save the City from any potential litigation. With the proposed reduction to tree trimming there is an overall service level reduction from 2 years to 8 years to address palm tree trimming. The proposed 6-year service level delay time could result in serious hazards to the community.

Approximate Cost: \$1,817,193

Restoration of Brush Management

In recent years, the City has experienced numerous delays in brush abatement. As California has seen devastating wildfires across the state, it is imperative that we provide the adequate resources needed to take proactive and preventative approaches in the following areas throughout the year: regional parks, open space parks, canyon lands, etc. Funding is needed to restore brush management to its currently levels to mitigate potential brush hazards.

Approximate Cost: \$411,473

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<u>Translation and Interpretation Services</u>

The City has the responsibility to honor diversity and translate information in multiple languages so that all community members are able to comfortably engage with the City as well as get access to services with dignity. Specifically, the City must ensure that our diverse families have access to government documents, press releases, press conferences and official websites in multiple languages. Additionally, the City should provide interpretation services in multiple languages for any City-ran event to ensure all members of the community can engage in overall City functions.

Approximate Cost: TBD

Restoration of Living Wage Program Senior Management Analyst

According to the San Diego Municipal Code Living Wage Ordinance⁴ "Paying services employees a living wage is intended to improve the quality of services provided to the City and to the public by reducing high turnover, absenteeism, and instability in the workplace." The City must restore the Living Wage Program Senior Management Analyst to ensure community members are making the sufficient income to meet minimum standards given the local cost of living.

Approximate Cost: \$102,887

Fund City Mentorship Program

The CONNECT-2-Careers City Mentorship program was an effective program administered through the City of San Diego that provided a pathway for young people to be trained and employed by the City. This is an important program as it provides youth the necessary skills to work and develop a successful career in a local municipality. This program must be funded to continue the long-term positive impacts of producing capable young city employees for the future.

Approximate Cost: \$350,000

Fully Fund the Office of the City Clerk

The role of the City Clerk's office is extremely important as the office provides technical and procedural support to the Council ensuring the timely posting and distribution of the Council docket, as well as the record keeping and preservation of the legislative proceedings. These functions are critical for the efficiency and effectiveness of the City and as a result the office should be fully funded to current levels.

Approximate Cost: \$239,660

Fully fund the Office of the City Auditor

The role of the City Auditors office is extremely important as the office provides performance audits, financial audits, and special investigations all essential information to assist the City Council in its decision-making process. The Office of the City Auditor also provides valuable information to City management and the general public. For these reasons the office should be fully funded to current levels

Approximate Cost: \$295,000

⁴Division 42: City of San Diego Living Wage Ordinance https://docs.sandiego.gov/municode/MuniCodeChapter02/Ch02Art02Division42.pdf

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May 22, 2020

<u>Infrastructure Fund</u>

At the conclusion of each fiscal year, staff conducts an analysis of year-end actuals to ensure that the Charter-mandated Infrastructure Fund allocation was made in full. This analysis determined the Fiscal Year 2019 payment was short by between \$5 and \$6 million. Consistent with the will of the voters who overwhelmingly approved Proposition H in 2016, at a minimum, the Infrastructure Fund must retain this fund true-up as part of the Fiscal Year 2021 Budget to help pay for critical infrastructure projects.

Approximate Cost: \$6,000,000

Climate Action Plan Update

The City of San Diego's 2015 Climate Action Plan was a groundbreaking document when it was adopted, but it must be updated to align with the latest climate science. The City's Climate Action Plan calls for an update by 2020 and it his highly recommend funds must be allocated to start the CAP update process to be amended to include new best practices and strategies. *Approximate Cost:* \$250,000

REVENUE SOURCES

Fleet Fund Balances

The General Fund's Fleet Replacement Fund is projected to have a \$23.5 million fund balance at the end of FY 2020. If Council chooses to do so the IBA recommends the use of 15.2 million for one-time relief.

Approximate Revenue: \$15,200,000

Public Liability (PL)Reserve

After speaking with Risk Management, the IBA learned that there is an estimated \$1.7 million in further excess PL funds available for use as a resource in the FY 2021 Adopted Budget. This resource can be included among any actions the Council takes as part of the FY 2021 Budget approval process.

Approximate Revenue: \$1,700,000

Reduction to Operation Shelter-to-Home

The current capacity at the Convention Center is 1500 individuals. Monthly expenditures for 1500 clients are projected at \$4.97 million per month. In order to incur cost savings, the operation must cease by October 2020.

Approximate Revenue: \$9,940,000

Pension Payment Stabilization Reserve (PPSR)

According the IBA \$7.9 million in PPSR is included on the Mayor May Revision. Additionally, the Mayor also determined that it was not necessary to use the \$7.9 million to balance the FY 2020 budget. The Council could potentially consider all or a portion of the PPSR as a onetime funding resource.

Approximate Revenue: \$7,900,000

This memorandum reflects my top priorities and will serve as the basis for my Council Office's support of the FY2021 Adopted Budget. We will support a budget that is equitable and responsive and that identifies and seizes opportunities to improve the quality of life of all communities.

MM/me



COUNCILMEMBER MARK KERSEY

DATE: May 22, 2020

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Mark Kersey

RE: Fiscal Year 2021 Final Budget Priorities

This is in response to Budget & Government Efficiency Committee Chair Barbara Bry's May 1, 2020 memorandum requesting Councilmember's final input in the development of the Fiscal Year 2021 Budget. In this lean budget time, my top priority is continued investment in our neighborhood infrastructure. City leaders must avoid the mistakes of the past and resist the temptation to neglect our asset network in deficit years. To the extent that funds are available, I put forward the following requests:

Infrastructure Fund Fiscal Year 2019 True-Up Payment: \$5-6 million. At the conclusion of each fiscal year, staff conducts an analysis of year-end actuals to ensure that the Charter-mandated Infrastructure Fund allocation was made in full. This analysis determined the Fiscal Year 2019 payment was short by between \$5 and \$6 million. Consistent with the will of the voters who overwhelmingly approved Proposition H in 2016, at a minimum, the Infrastructure Fund must retain this fund true-up as part of the Fiscal Year 2021 Budget to help pay for critical infrastructure projects.

Brush Management: \$411,473. The threat of wildfires is year-round in San Diego. It is imperative that we do our part to reduce that risk by maintaining our open space and responsibly managing brush. Brush management funding should be restored to our target level of 509 acres per year.

Tree Trimming: \$1,817,193. The City of San Diego's tree inventory is one of our largest assets, but when left unmaintained, it poses a great liability to taxpayers. Fulling funding our palm and shade tree trimming contracts is necessary to improve quality of life in our neighborhoods, keep the public safe, and reduce our liability.

Reservoir Access: \$700,000. City-owned reservoirs offer family friendly recreational opportunities that include running, walking, biking, fishing, and hunting. Now more than ever,

due to social distancing restrictions, we should prioritize funding to fully open our reservoirs to the public.

Library Hours: \$6.8 million. Having libraries open and available is a critical function of the City, as it provides our residents with access to the internet and other valuable resources for all age groups in every community.

Sherman Heights Community Center Playground: \$470,000. The Sherman Heights Community Center Playground is a heavily-used and highly-beneficial City asset. Due to its age and current condition, this playground is in critical need of important safety and ADA upgrades.

STAR/PAL: \$1.4 million. STAR/PAL is a successful program with a mission of empowering underserved youth to build a safer and more prosperous community by engaging with law enforcement and collaborative partners. Funding for the Police Department's STAR/PAL Unit should be restored.

Citywide Street OCI Assessment: \$560,000. Comprehensive street OCI assessments are an invaluable tool that allows City leaders to appropriately prioritize limited resources for street repairs. The last time the City conducted such an assessment of our street network was in 2015. This data should be updated in FY21 through another citywide assessment.

Pothole Crew: \$130,649. Filling potholes is a fast and relatively-inexpensive repair to help ensure our roads are safe and reliable for residents. The modest savings from the proposed reduction of a two-man crew for this core service is outweighed by the significant corresponding reduction in value for San Diegans. This funding should be restored.

Convention Center Marketing: \$2.1 million. Due to the current economic reality, as a result of the COVID-19 pandemic, it is more important than ever to fund Convention Center marketing. Once our region returns to business as usual, we will need previously-held conventions and tourists to return to San Diego. I fully support the funding of their future marketing campaigns.

I agree with the utilization of Fleet Fund Balances as outlined in IBA Report 20-10 in order to support the General Fund in Fiscal Year 2021.



COUNCILMEMBER CHRIS CATE CITY OF SAN DIEGO SIXTH DISTRICT

MEMORANDUM

DATE: May 22, 2020

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Chris Cate

SUBJECT: Recommended Fiscal Year 2021 Budget Revisions

In response to the public hearings and feedback received from Council District 6 residents regarding the Fiscal Year (FY) 2021 Proposed Budget and the Mayor's May Revision, I respectfully submit the following revisions:

Proposed Budget Reductions and Additional Funding Resources:

<u>December 1, 2020 Re-Opening of Convention Center (\$3.2 million in TOT and Sale Tax</u> Revenue)

Currently, the San Diego Convention Center is scheduled to be reopened for hosting conventions in January 2021. Each month that reopening is delayed results in the significant loss of Transient Occupancy Tax (TOT) revenues and Sales Tax revenue. If the Convention Center is prepared to be opened by December 2020 (utilizing the month of November for cleaning and restoration), that would generate an additional \$3.2 million in TOT and Sales Tax revenue.

Additionally, CARES Act funding is projected to be used for the duration of the closure of the Convention Center towards COVID-19 related homeless services and programs, totaling \$5 million each month. A December opening, preceded by cleaning and restoring in November, would release \$10 million in CARES Act funding.

Reduce Remainder of Arts and Culture Grant Funding (\$5.8 million)

The Proposed FY21 budget includes a reduction of funding for Arts and Culture grant programs by 50 percent to \$5.8 million. I recommend reducing the remaining \$5.8 million in Arts and Culture grant funding for the reallocation of these funds towards the restoration of more essential City programs.

General Fund Fleet Replacement Fund Balance (\$8,273,000)

The Fleet Replacement Fund is anticipated to carry a \$16.9 million fund balance at the end of FY21. This is after accounting for a transfer of \$4.8 million to the General Fund already included in the FY21 Proposed Budget and planned vehicle replacements in FY21. The Independent Budget Analyst identified this balance as a potential additional funding source to cover FY21 General Fund expenditures. I recommend transferring \$8,273,000 of the \$16.9 million fund balance to the General Fund to restore essential City programs and services in FY21.

Excess Public Liability Reserve Funds (\$1.7 million)

Risk Management has completed their analysis for the Public Liability operating projections for FY20 year-end. Expenditures are expected to be less than the anticipated resources. Risk Management now projects an anticipated \$1.7 million in further excess Public Liability funds available for FY21. I recommend this be used to restore essential City programs and services as outlined below.

Proposed Budget Allocations/Additions:

Maintaining Sunday and Monday Library Hours at all Branches (\$7 million)

The Proposed FY21 budget includes the closure of all libraries on Sundays and Mondays. However, providing adequate library services is part of the basic functions of municipal governments. Maintaining library hours is especially important once operations are restored following the COVID-19 pandemic, when individuals out of work will need access to libraries to assist in searching for jobs and resume building, and children engaging in distance learning need access to library resources. I recommend restoring Sunday and Monday library hours at all library branches.

Restore Proposed Cuts to Weed Abatement (\$756,000)

Weed abatement is a critical City service that keeps our neighborhoods clean and ensures a quality of life for our residents. I propose the restoration of 1 full-time equivalent (FTE) position and associated non-personnel expenditures so that weed abatement services can continue to cover medians, road shoulders, and priority locations identified by the Fire Marshall.

Restore 2 FTE for Pothole Crew (\$130,000)

Maintaining the quality of City streets is one of the top priorities for District 6 residents. Filling potholes in a timely manner is a basic City service that residents expect. I propose the restoration of the proposed reduction of 2 FTE pothole crew positions to maintain the current nine 2-person crews that conduct pothole repairs. This would maintain response times to 10 instead of 12 business days.

Maintain Graffiti Abatement Service Levels (\$268,000)

Graffiti abatement is a core City service that helps maintain a quality of life in our neighborhoods while reducing overall crime. I propose the restoration of 2 FTE positions and other non-personnel expenditures allowing the City to maintain its ability to respond to graffiti abatement on private property and maintain the average response time of 8 business days.

Maintain Brush Management Service Levels within Parks and Recreation Department (\$411,000)

Our residents expect adequate brush management service levels within our Parks and Recreation Department, especially in areas of significant fire risk. I recommend the restoration of non-personnel expenditures to ensure that Parks and Recreation brush management is maintained at current levels, including brush management services at a frequency of 21 months, servicing 509 acres.

Maintain Tree Trimming Levels (\$1.8 million)

Adequate tree trimming services is important to the quality of life for residents and in ensuring public safety. The Proposed FY21 Budget includes a \$1.8 million cut to tree trimming services, eliminating the City's ability to do all routine maintenance of shade trees and increase the cycle of routine palm tree maintenance from 2 to 8 years. I propose that these cuts be restored in order to maintain current FY20 tree trimming levels.

Expansion of the Fire-Rescue Dispatch Center Floor (\$120,000)

In FY20, the Fire-Rescue Department requested \$320,000 for expanding the dispatch center floor to accommodate additional dispatchers. However, only \$120,000 was allocated for this purpose in the Adopted FY20 Budget. This expansion is crucial to ensuring the City has enough workspace for the growing number of dispatchers needed to maintain public safety until a new merged dispatch center comes to fruition. I recommend allocating the remaining \$120,000, as requested by the Fire-Rescue Department in FY20, toward this purpose in FY21.

Restoration of Water Contact Program, Waterfowl Hunting Season, and Recreation Days at City Reservoirs (\$703,000)

Ensuring adequate access to the City's public lands and recreation programs is a core City service. The Proposed FY21 Budget includes non-personnel expenditure reductions to the Public Utilities Department that would result in the elimination of the Water Contact Program at El Capitan Reservoir, the waterfowl hunting season at Barrett Reservoir, and all recreation activities at the Sutherland and Barrett Reservoirs year-round. I propose the restoration of these programs.

Restoration of Infrastructure Fund (\$5 million)

Due to the ongoing COVID-19 pandemic, the Proposed Budget and May Revision included reductions in the Infrastructure Fund, Gas Tax, and TransNet funds that pay for capital projects and street resurfacing and reconstruction projects. These are critical funds the City relies on as a significant funding source for infrastructure needs and repairing and maintaining San Diego streets. I recommend we allocate \$5 million to the Infrastructure Fund to address these needs, with a portion of the funds to be allocated toward the Olive Grove Park and Hickman Field Improvement projects. Funds from these projects were used to close the FY20 budget deficit.

Restore STAR/PAL Program (\$1.4 million)

The STAR/PAL program led by the San Diego Police Department is a vital program providing over 10,000 youth services annually to underserved communities throughout the City. STAR/PAL offers free educational, athletic, and recreational programs for youth. The program also helps bring youth and law enforcement officers together to promote better community relations. The FY21 Proposed Budget eliminates the STAR/PAL program by removing 7 FTE positions and \$1.4

million in expenditures. I recommend restoring these positions and expenditures in order to maintain this all too important program.

San Diego Tourism Authority Long-Term Marketing (\$1,050,000)

The San Diego Tourism Authority is charged with providing long-term marketing for Convention Center events beyond 18 months. These events bring in TOT revenue to the City, which is our third largest source of revenue. Due to the closure of the Convention Center, the City will experience tens of millions of dollars in lost revenue. As we proceed through the pandemic, it is more important than ever that San Diego be prepared to compete for conventions in order to generate the revenues needed to provide core services for residents. I propose we reinstate half of the funding for the marketing contract with the Tourism Authority.

Restore City Auditor Budget Reductions (\$295,000)

The Office of the City Auditor plays an important oversight and watchdog role for the City. It completes a wide variety of audits and investigations that ensure the City is accountable to taxpayers. The FY21 Proposed Budget makes reductions to the City Auditor's budget that would leave critical positions vacant and may result in layoffs and furloughs. I propose that we restore these reductions.

Maintaining City Attorney Staffing Levels (\$5 million in CARES Act Funding)

As mentioned above, a December opening of the Convention Center would release \$10 million in CARES Act funding. I propose utilizing \$5 million of this amount to maintain the service levels provided by the Office of the City Attorney, as requested, in order to cover COVID-19 related expenditures.

Establishing a Rental Assistance Program (\$5 million in CARES Act Funding)

The COVID-19 pandemic has resulted in unprecedented levels of unemployment throughout the City. This has led many renters to find themselves unable to pay their rent on time. While the City has implemented an eviction moratorium, we should also establish a rental assistance program for tenants who face financial hardship so that renters may apply for relief while also ensuring landlords continue receiving the much needed rental income. I propose using the remaining \$5 million in repurposed CARES Act funding toward this purpose.

Summary of Proposed Reductions and Additions

Reductions/New Funding Resources	Amount	Additions	Amount
Arts & Culture	\$5,800,000	Library Hours Restoration	\$7,000,000
Fleet Replacement Fund Balance	\$8,273,000	Weed Abatement	\$756,000
Excess Public Liability Reserve	\$1,700,000	Pothole Crew	\$130,000

Increase in TOT and Sales Tax Revenue Assuming December 1st Convention Center Re-Opening	\$3,200,000	Graffiti Abatement	\$268,000
Repurposing CARES Act Funding	\$10,000,000	Brush Management	\$411,000
		Tree Trimming	\$1,800,000
		Expansion of Fire Dispatch Center	\$160,000
		Restoration of Reservoir Recreation Programs	\$703,000
		Restoration of Infrastructure Fund	\$5,000,000
		Restore STAR/PAL	\$1,400,000
		SDTA Long-Term Marketing Contract	\$1,050,000
		Restore City Auditor Cuts	\$295,000
		Maintaining City Attorney Services	\$5,000,000 (CARES)
		Rental Assistance Program	\$5,000,000 (CARES)
Total	\$28,973,000	Total	\$28,973,000

CC:ay



City of San Diego Councilmember Scott Sherman Seventh District

MEMORANDUM

DATE: May 22, 2020

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Scott Sherman

RE: Updated FY 2021 Budget Priorities

Updated Budget Priorities

Restore Tree Trimming (\$1,700,000 from Public Liability Operating Fund)

Payouts from the Public Liability Fund for damage caused by City maintained trees are common, and any reduction in tree trimming service levels will only increase the amount of such payouts. Use of the \$1.7 million in excess Public Liability funds to restore tree trimming will keep our tree trimming schedule on target and save costs from future liability pay outs.

Restore Reservoir Access (\$700,000)

Recreation at our City reservoirs is a very affordable and family friendly opportunity to enjoy nature and all the beautiful scenery San Diego has to offer. Now more than ever, social distancing compliant recreation opportunities are critical and we can't allow any hard closures of our City-operated lakes as is proposed in the Mayor's budget. While long term solutions to create a sustainable lakes recreation program are in progress, funding should be restored to allow access at our lakes through FY2021.

Infrastructure Fund Sales Tax True-Up (\$5,000,000-\$6,000,000)

At the May 21 Budget Review Committee hearing, Councilmember Kersey brought up the issue of FY19-FY20 Sales Tax true-up with the Infrastructure fun and I ask that be included in the FY 2021 budget for neighborhood infrastructure projects.

Restore Library Hours (\$1,830,000)

The cost to operate all neighborhood library branches with the exception of Central library on Sundays is \$1.83 million. This is the most cost-effective option to preserve maximum library access. I urge the administration to explore utilizing volunteers to further restore library hours.

Restore Office of the City Auditor (\$295,000)

We need the office of the Auditor now more than ever as we just saw with the fraud hotline investigation of a City employee allegedly involved in a pay to play scheme with a contractor. The work performed by our City Auditors actually saves the City substantial amounts of money when they uncover inefficiencies, waste, fraud, or abuse of taxpayer dollars. The Auditor is tasked with providing independent oversight of our City spending and operations, and inflicting over 7% in cuts and forcing them to lay off two auditors is pennywise and pound-foolish.

Convention Center Marketing Budget (\$1,050,000)

At the May 21 budget hearing, Convention Center CEO Rip Rippetoe mentioned that they could partially fund some marketing to promote Convention Center bookings to begin to revitalize our tourism revenue. The City should contribute to boost their marketing capacity and bring much needed business to our hotels, restaurants, and attractions which in turn brings needed revenue to the City to provide public services to our residents.

Rental Assistance Fund (\$5,000,000 CARES act)

There has been significant discussions among Councilmembers regarding the establishment of a Rental Assistance Fund to help City residents unable to pay their rent due to COVID-19 related financial hardships. I identified some potential funding sources in my May 18th memorandum however the fund should be made up of multiple funding streams and philanthropy. A \$5,000,000 CARES act contribution to the fund will help get to the necessary funding level to have an impact for renters facing hardships.

Homeless Strategies Division (Preserve current proposed funding levels)

The May revision continues to fund the Homelessness strategies division in accordance with the City of San Diego Community Action Plan on Homelessness. There should be no reductions in the final budget to any of the following programs:

- Clean SD. Clean SD has proved to be extremely successful citywide. Particularly in District 7, Clean SD has been instrumental along the San Diego River. We have seen a dramatic decline in the number of homeless encampments due to the persistence work by SDPD and ESD.
- 3 FTE for Homeless Strategies. During Budget deliberations last year 3 positions were transferred from the City to the San Diego Housing Commission by direction of the City Council. To meet our goals, it is essential these 3 positions are restored in the FY 2021 Budget. Compared to similar cities our Homeless Strategies Division is understaffed and underfunded. For instance, when you look at comparable municipalities, Denver's Road Home Program has 7 FTEs and is still viewed as understaffed and Dallas' Office of Homeless Solutions has a budget of \$11.5 million. To achieve our goals, it is essential that we have the necessary staff and resources.
- *Bridge Shelters*. Bridge shelters are essential for providing temporary relief from the streets for individuals experiencing homelessness. At these shelters individuals are not only provided with a place to sleep and meals, but they are connected to services to assist them with finding permanent housing. It is important that we continue funding our current 4 shelters while also looking for other locations.

- Storage Connect Centers. Our Storage Centers provide the ability for homeless individuals to securely store their belongings so they can be independent giving them the ability to go to work and meet with social workers. We must continue to fund and expand the program if we are at capacity.
- Safe Parking Lots. Safe Parking lots provide a protected and secure environment for our unsheltered population living out of their own vehicles. At these locations individuals are provided with support and tools to help stabilize and transition back into permanent housing.

2-1-1 San Diego (\$275,000)

In the midst of our COVID-19 public health crisis, the City and all surrounding local governments have relied on the services of 2-1-1 more than ever to connect our residents to vital resources. Our City departments have also relied on 2-1-1 to serve as a central clearing housing for reports of violations of our local public health orders. Due to the work load generated from our residents and our reliance on them for enforcement of our life saving public health measures, we should dedicate a modest investment in supporting 2-1-1's ongoing operations. Possible funding sources include CDBG-CV funds or CARES Act funding.

Protected Bike Lanes from Old Town Transit Station to Stalmer Street (\$400,000)

The Linda Vista Planning Group's Traffic and Transportation Subcommittee has been working with the City's Transportation and Stormwater Department to evaluate the implantation of a safe, comfortable, and protected bike and micro-mobility lane along Linda Vista Road to access one of the major employment destinations in Kearny Mesa. The City evaluated the location and concluded that a protected buffered bike lane would be beneficial in that region. The installation of this improvement would not require the removal of car lanes or parking.

Please prioritize the installation of a safe and protected bicycle facility, per Vision Zero guidelines for strategic solutions for safety, from Old Town Transit to Stalmer. This improvement would also encompass a pedestrian safe crossing at USD.

Serra Mesa Storm Drain & GI (SD) PIN: B15099 (\$2,558,000)

This project will upgrade various deteriorated storm drain (SD) at several locations in the Serra Mesa Community. Corrugated metal pipes (CMP) SD in the canyons near Monarch St., Shawn Ave, Palace Dr., Larabee Ave., Walker Dr., and Mobley St are in poor condition and need to be replaced. The work will include slope restorations impacted from the proposed construction work. The design is nearly complete, environmental permitting and land acquisition still need to be complete and funding for construction needs to be allocated before the subject project can be put out for construction bids. Due to numerous storm water emergencies this fiscal year caused by heavy rains funding and resources had to be reallocated from this project to other storm drain emergencies. If funded this project could be put out for construction bids in fall of 2021.

Potential Funding Sources

Preserve Pension Payment Stabilization Reserves

Use of the PPSR in the FY 2021 budget would be very shortsighted. The Council should keep this reserve intact until next year's ADC payment is determined. The market volatility due to COVID-

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19 combined with the City's severely curtailed revenues could make it necessary to utilize the full PPSR next year in order to honor our commitment to our retirees and mitigate service delivery impacts to our residents. I do not support any use of this fund for FY2021.

Utilization of Fleet Replacement Fund

I support use of the Fleet Replacement Fund as proposed in your May 20 report number 20-10.

Reduction in Arts and Culture Grant Funding (\$5,800,000)

I support utilizing Arts & Culture Grant funding for other essential City services.

Elimination of Proposed Cultural Affairs Department & Imposition of 4% Cuts

Your IBA report 20-10 notes that the creation of this new department adds \$56,000 in new costs. As it is not truly a budget neutral move the creation of this department should be postponed at this time. Furthermore, the remaining Arts & Culture Commission and Office of Special Events and Filming should strive to achieve the 4% cuts imposed on most General Fund departments.



COUNCILMEMBER VIVIAN MORENO City of San Diego Eighth District MEMORANDUM

DATE: May 22, 2020

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Vivian Moreno

SUBJECT: Final Budget Priorities and Revisions to the Fiscal Year 2021 Budget

Over the last few weeks the Council has heard from many San Diegans regarding their priorities in the city's proposed budget. Public testimony and feedback about the city's FY21 budget is critical to ensuring the services and programs that the public is advocating for are included in the final adopted budget. I appreciate the Mayor's revisions to the proposed budget released on May 19, 2020, that included items I strongly advocated for during the City Council's Budget Review Committee hearings, such as restoring Parks and Recreation services and staffing, eliminating general fund spending on the smart streetlights program and the use of the CARES Act funding to pay for services related to COVID-19.

Taking public testimony and staff responses to Council questions into account, I submit this memorandum which contains my priorities for the Fiscal Year 2021 budget. I have proposed \$26 million in new expenditures and suggested \$62 million in budgetary resources.

EXPENDITURES

NEIGHBORHOOD SERVICES

Arts and Culture

The proposed budget includes a \$5.7 million reduction to arts and culture funding (CCSD and OSP). Maintaining arts and culture funding for various organizations that provide outreach and education in underserved communities is critical, especially as the status of how arts education will be achieved through distance learning is being debated within our schools. Reducing the proposed cut by half and directing those funds towards arts and culture activities in underserved

areas of the city will help assist students who may not have other resources at their disposal to be exposed to the arts.

Approximate cost: \$2.85 million

Citywide Broadband Pilot Program

Providing citywide broadband internet access is critical to closing the digital divide and has become an even higher priority as more students are practicing distance learning during the COVID-19 pandemic. A pilot program that provides internet access to all residents should be funded in underserved communities.

Approximate cost: \$250,000

Library Services

The Library Department provides critical services for all members of our communities and they need to be accessible, especially with the probability that distance learning for students could continue into the fall. Library services should be fully restored to ensure the city is providing this essential service to residents during this public health emergency.

Approximate cost: \$6.8 million

Parks and Recreation-Assistant Recreation Center Directors

Although the May Revise restored 65.29 FTE positions and \$3.6 million to restore recreation center hours and pool hours, it did not include restoring 2 FTE Assistant Recreation Center Director positions and 0.50 associated Recreation Leader hourly positions. These positions should be restored to ensure all park and recreation facilities have services fully restored. Approximate cost: \$202,000

Parks and Recreation- Brush Management

The proposed budget includes a reduction of \$411,000 in non-personnel expenditures which will reduce the frequency of brush management from 21 months (509 acres) to 26 months (412 acres). This reduction could result in more dangerous conditions conducive to wildfire at a time when the city can ill afford to divert first responder resources. This funding should be restored in the FY21 budget.

Approximate cost: \$411,000

Parks and Recreation-Mission Trails Park Ranger

The proposed budget includes a reduction of \$79,000 for 1 FTE Park Ranger position for Mission Trails Park. Restoring this position is important as more San Diegans are utilizing our parks and open spaces during the COVID-19 pandemic. This funding should be restored in the FY21 budget.

Approximate cost: \$79,000

Parks and Recreation-Maintenance Staff

The proposed budget includes a reduction of \$331,000 for 5 FTEs related to various parks maintenance positions. Restoring these positions will ensure that our parks remain well maintained for residents This funding should be restored in the FY21 budget.

Approximate cost: \$331,000

Parks and Recreation- Developed Regional Parks

The proposed budget includes a reduction of \$1 million for 13 FTEs related to developed regional parks positions. Restoring these positions are important as more San Diegans are utilizing our parks and open spaces during the COVID-19 pandemic. This funding should be restored in the FY21 budget.

Approximate cost: \$1 million

PUBLIC SAFETY

Police Department- Domestic Violence Unit Associate Management Analyst

The proposed budget includes reductions in the Police Department to civilian positions. Included in these reductions is 1 FTE Associate Management Analyst position in the Domestic Violence Unit (\$148,565). This position should be restored in the FY21 budget so the Domestic Violence Unit is fully operational.

Approximate cost: \$148,565

Police Department- Police Investigative Service Officers

The proposed budget includes a number of reductions in the Police Department to civilian positions that provide vital support for sworn officers. Included in these reductions are 6 FTE Police Investigative Service Officers (\$469,048) who perform field work that would now fall to sworn officers if the reductions are included in the FY21 budget. These positions should be restored in the FY21 budget to ensure that our sworn officers are free to provide much needed public safety services to our neighborhoods.

Approximate cost: \$469,048

Police Department-STAR/PAL Program

The proposed budget eliminates the Police Department's STAR/PAL Unit, which consists of 7 FTEs and \$1.4 million in expenditures. This funding should be restored in the FY21 budget. However, it is critical that other police resources are not impacted with the restoration. Specifically, closure of the front counters at each of the Police Department's nine patrol commands should be retained in the FY21 budget.

Approximate cost: \$1.4 million

Police Department-Word Processing Operators

The proposed budget includes a reduction of 8 FTE Word Processing Operators positions and total expenditures of \$624,738. These positions provide administrative support in various divisions in the Police Department. This reduction will require existing staff to support work performed by these positions. In order to ensure our sworn officers remain available to provide public safety services to our neighborhoods, these positions should be restored in the FY21 budget.

Approximate Cost: \$624,738

FINANCE BRANCH

City Treasurer

The proposed budget eliminates 1 FTE Delinquent Accounts Collections Investigator position (\$67,354). This position slated for elimination should be preserved due to the fact that each collections investigator position generates revenue for the city in the form of debt collection, which more than pays for the cost of the actual position.

Approximate cost: \$67,354

Purchasing and Contacting

The proposed budget eliminates 2 FTE Department Management and Equal Opportunity Contracting (EOC) Program Administrative staff positions (\$194,671) and 1 FTE Living Wage Program Senior Management Analyst position (\$102,887). The positions slated for elimination should be preserved to ensure the city's living wage enforcement and EOC monitoring is strong. Approximate cost: \$298,000

PUBLIC UTILITIES BRANCH

Transportation Department- Shade Tree Trimming

The proposed budget would decrease shade tree trimming maintenance by \$1.8 million. This cut negates the city's ability to do all routine maintenance of shade trees and increases the cycle of palm tree maintenance from every 2 years to every 8 years, limiting services to reactive and emergency trimming. This funding should be restored in the FY21 budget. An increased frequency for services will allow for faster response to constituent requests for tree trimming services and help to reduce potential future liability to the city.

Approximate cost: \$1.8 million

Transportation Department-Weed Abatement

The proposed budget includes a reduction of \$756k and 1 FTE for weed abatement. This cut will only allow the Department to respond to the highest priority Fire Marshal requests and right-of-way spraying and leaves no resources for manual removal of weeds on the median or road shoulders. This funding should be restored in the FY21 budget. An increased frequency for services will allow for faster response to constituent requests for weed abatement, reduce fire hazards and keep our communities well maintained.

Approximate cost: \$760,000

Transportation Department- Traffic Installation

The proposed budget includes a reduction of \$430,000 and 1 FTE for traffic installation. This position installs new traffic striping and signs, cross walks, bike lanes, curb painting. Eliminating it will slow the installation of all of these items. Funding should be restored in the FY21 budget to ensure traffic installation work to continue.

Approximate cost: \$430,000

Transportation Department- Graffiti Abatement

The proposed budget includes a reduction of \$268,000 and 2 FTEs for graffiti abatement services, a 25% cut to current staffing levels. This cut will eliminate the city's ability to respond

to all graffiti abatement on private property, as well as increase the average number of days it takes to respond to a graffiti complaint from 8 business days to 10 business days. Funding should be restored in the FY21 budget to ensure graffiti abatement work to continues.

Approximate cost: \$268,000

Transportation Department- Pothole Repair

The proposed budget includes a reduction of \$131,000 and 2 FTEs for pothole repair services. The reduction will cut one of the nine 2-person crews that fill potholes and increase the average response time for pothole repair from 10 business days to 12 business days. Funding should be restored in the FY21 budget to ensure pothole repair services continue unhindered. Approximate cost: \$131,000

Transportation Department- Street Engineering

The proposed budget includes a reduction of \$88,000 and 1 FTE for street engineering services. This position improved the efficiency of the planning process for repaving projects by doing mark out and other work that would typically have to be contracted out. This process will slow down as a result of the proposed cut. Funding should be restored in the FY21 budget to restore this position.

Approximate cost: \$88,000

Transportation Department- Heavy Truck Driver

The proposed budget includes a reduction of \$71,000 and 1 FTE for a Heavy Truck Driver position. The elimination of this position will result in slower and less efficient city paving activity. Funding should be restored in the FY21 budget to restore this position.

Approximate cost: \$71,000

SMART & SUSTAINABLE COMMUNITIES BRANCH

Planning Department- Environmental Planning and Community Planning

The proposed budget includes a reduction of 6 FTE positions related to environmental planning and community planning activity. The work these employees do to advance our community planning efforts is invaluable and we need to make sure we are moving forward with our community plan updates and efforts to alleviate the housing crisis. These positions should be restored in the FY21 budget.

Approximate cost: \$733,000

Planning Department- Otay Mesa/Nestor Community Plan Update

Include the Otay Mesa-Nestor Community Plan Update in the FY21 community plan update work plan. The first Otay Mesa-Nestor Community Plan was adopted in 1979 and it was last updated in 1997.

Planning Department- Barrio Logan Community Plan Update

Include adequate funding to continue work on the Barrio Logan Community Plan Update. If possible, this plan update should be completed in FY21.

Real Estate Assets Department (READ)- Facilities Services

The proposed budget includes a reduction of \$881,000 and 10 FTEs for a variety of positions related to facilities maintenance, including Electrician Supervisor, Electrician Apprentices Plasterer, Administrative Aide, Construction Estimators, Painter, and HVACR Technician Apprentices. Retaining these positions would allow the city to perform more preventative maintenance, which reduces costs for future repair, and mitigates growth of the city's deferred capital backlog. Funding should be restored in the FY21 budget to restore these positions. Approximate cost: \$881,000

INDEPENDENT DEPARTMENTS

Office of the City Auditor

The proposed budget includes a reduction of \$295,000 to the City Auditor's office which will result in a decrease in staff or salary reductions. Ensuring the City Auditor has the resources needed to conduct the audits suggested by the City Council and members of the public is critical to the Auditor's independence and ability to complete the annual work plan. Approximate cost: \$295,000

Office of the City Clerk

The proposed budget includes a reduction of \$240,000 to the City Clerk's office which will have a significant impact on service levels. The Clerk has indicated that this cut would restrict the department's ability to accommodate emergency Council meetings, meet legal requirements, and support elections related work including additional city ballot measures and initiatives submitted by the public. This funding should be restored in the FY21 budget.

Approximate cost: \$240,000

OTHER DEPARTMENTS

Communications Department

The proposed budget includes a reduction of a Senior Public Information Officer FTE. This is the fourth consecutive fiscal year a Public Information Officer position has been reduced. This reduction will impact response times and reduces staff's ability to effectively perform public outreach and engagement. If the Communications Department is dissolved, this position would be a vital addition to one of the many departments that would require communications staff. Approximate cost: \$102,000

RESERVES

Creation of a COVID-19 Revenue Reserve

The Independent Budget Analyst has suggested the creation of a COVID-19 Revenue Reserve with any available funds that remain after restoring critical public services. This special purpose reserve would serve as a buffer against revenue shortfalls in FY21 and FY22. If it is not used by FY22, the funds could be used to fund the General Fund Reserve or fund other priority services. This fund could be funded with proceeds from the sale of the stadium site (\$14.5 million) and any savings in excess of FY21 service restorations identified in this memo (\$36 million). Approximate cost: \$50.5 million

INFRASTRUCTURE

Infrastructure Fund

In FY19 the Infrastructure Fund was short by \$5 million. The FY21 budget should allocate this funding to the Infrastructure Fund so that the infrastructure projects our residents deserve can be funded this fiscal year.

Approximate cost: \$5 million.

Sherman Heights Community Center Playground CIP# B18006

Project Description: Removal of existing playground equipment, picnic tables, and safety surfacing. The existing ADA ramp is to be evaluated and necessary modifications made to make the playground area accessible from the public way. Some grading may be necessary to accommodate the installation of a concrete base for the new poured in place rubberized safety surfacing. This project requires \$470,000 for construction in FY21.

Future Infrastructure/Commercial Paper/Bond Issuances and/or CDBG Reprogramming:

The projects listed in Attachment A are high priority community needs for the FY21 budget. Consideration should be provided to those projects eligible for any additional FY21 funding opportunities.

SUGGESTED REVENUE SOURCES

The cost of restoring the services listed above is approximately \$26 million. In order to ensure the FY21 budget is balanced, I am offering up potential alternative revenue sources that total over \$62 million.

Outside Contracts Reduction

The FY21 proposed budget includes \$245 million in general funds for outside contracts. A 4% reduction in outside contracts results in a savings of \$9.8 million.

Available resource: \$9.8 million

Cancellation of City Leases

If the City could cancel the lease for the 101 Ash Street building, it could potentially save up to \$10.4 million for FY21. Additionally, cancelling the lease for the Kearny Mesa Repair facility could save up to \$13.8 million.

Available resource: \$24.2 million

Suspend CleanSD Program for FY21

Suspension of the CleanSD Program would result in a savings of \$6.7 million.

Available resource: \$6.7 million.

Dissolution of the Communications Department

Dissolving Communications as a standalone department and returning Public Information Officers to individual departments would allow the city to realize at least \$481,000 in savings related to the elimination of two management positions.

Available resource: \$481,000

Management/Unclassified/Unrepresented Reductions

Savings can be realized from the following reductions to management positions and benefits:

- Elimination of half of the existing ACOO/DCOO positions: \$950,000
- One-Week Furlough for all unrepresented management positions: \$1.4 million

Available resource: \$2.35 million

Elimination of Proposed New Departments

Four new departments are proposed in the FY21 budget. Each one has increased costs largely related to management positions. The following savings can be realized by eliminating the creation of these new departments:

- Cultural Affairs: \$56,000
- Homeless Strategies: \$487,000 related to the creation of three positions. In FY21 the positions are cost neutral because they are paid for with grant funding, but that cost would become General Fund cost in FY22. This grant funding could be used as a resource for other city homeless programs, such as Operation Shelter to Home.
- Mobility: \$551,000 cost for 2.5 additional FTEs. A large portion of the transferred revenue to support the additional requested positions is the General Plan Maintenance Fund, which is typically used for long-range planning policy documents. The Planning Department greatly relies on this fund to ensure various community planning activity is funded. Using these funds to create new management positions decreases critical resources for our Planning Department in a year when Community Planning and Environmental Planning positions are being cut.
- Storm Water: \$382,000 related to the cost of a new Department Director. The May Revise covered this cost by reducing a contract which will delay an investigative order work plan until FY22 at which time funding will need to be restored. If the department has identified this funding as not critical in FY21 then it should be used to cover costs related to service cuts in the Transportation and Storm Water Department, such as pothole repair and graffiti abatement- not a new management position.

Available resource: \$1.47 million

Fleet Department Fund Balance

The Independent Budget Analyst has identified \$15.2 million available in fund balance in the Fleet Department. This fund balance should be used to support general fund expenditures or reserve funding in FY21.

Available resource: \$15.2 million

Public Liability Reserve

The Independent Budget Analyst has identified an estimated \$1.7 million in excess Public liability reserve funds available for use as a resource in the FY21 budget. This excess in Public Liability Reserve funding should be used to support general fund expenditures.

Available Resource: \$1.7 million

Thank you for your consideration of restorations and reductions outlined above. This memo reflects my top priorities and will serve as the basis for my support of the budget.

ATTACHMENT A

As previously submitted via my Capital Improvement Program (CIP) Priorities for Fiscal Year 2021 through 2025, below are the CIP projects in District 8 that should be funded in the FY21 budget.

Beyer Park Development CIP# S00752

Project Description: The project, located at Beyer Boulevard and Enright Drive, consists of the design and construction of Beyer Park and is working towards approval of the General Development Plan with a target of going to the Park and Rec Board for approval in Fall 2019. The project is currently in the environmental review process and are working with the Development Services Department towards preparation a draft CEQA document. The design phase will be completed in Fall 2020. Construction could begin in Fall 2020 if funding is allocated in FY21. Full construction of the project requires \$17 million.

Boston Linear Park

Creation of a Capital Improvement Project for creation of Boston Linear Park and identification of funding for a General Development Plan.

Chollas Creek Trail

Project Description: The FY21 budget should include funding to implement a Class 1 multi-use trail along Chollas Creek from Southcrest Trails to the Bayshore Bikeway. This project requires \$7 million.

Commercial & 20th Storage Facility Cleaning, Sanitization and Code Enforcement

Project Description: The area around this facility should continue to receive an increased level of streets and sidewalk cleaning/sanitization. Additionally, increased code enforcement staffing is critical to ensure the area around the facility remains clean and free of debris. Funding for these activities is critical and should be included in the FY21 budget.

Dennery Ranch Neighborhood Park CIP# S00636

Project Description: The project, located at Dennery Road and Ballast Lane, consists of the design and construction of Dennery Ranch Neighborhood Park in the Otay Mesa Community. This project was estimated to cost \$15.1 million, however recent bids for construction came back over budget. If staff can develop a strategy to bridge the funding gap, this project can begin construction in FY21.

Hidden Trails Neighborhood Park CIP# S00995

Project Description: This project, located east of Parson's Landing and north of Westport View Dr. in the Ocean View Hills Neighborhood, provides for the acquisition, design and construction of an approximately 3.7-acre Neighborhood Park. The project could include sport fields, children's play areas, walking paths and other amenities. The General Development Plan (GDP)

is anticipated to be complete by Summer 2020. The project will require \$340,000 to begin the construction phase in FY21.

Howard Avenue-Village Pine to Iris Avenue Sidewalk CIP# B18019

Project Description: This project will install new concrete sidewalk on the east side of Howard Avenue between Iris Avenue and Village Pine Drive. The project also includes installation of a new retaining wall, curb ramps, traffic signal relocation, and other associated improvements for the installation of the sidewalk. This project is in design and requires \$893,000 for construction in FY21.

La Media Road CIP #S15018

Project Description: This project will widen La Media Road between SR-905 to Siempre Viva Road. La Media Road will be widened to a six-lane primary arterial from SR-905 to Airway Road, a five-lane major between Airway Road and Siempre Viva Road with three southbound lanes and two northbound lanes. Improvements from Siempre Viva Road to Otay Truck Route will be constructed under a different project. This project will also improve drainage at the intersection of La Media Road and Airway Road. This project has \$11.8 million in unidentified funding needs. The design phase will be complete in December 2019. It should be prioritized to ensure it moves towards construction as swiftly as possible.

Nestor Fire Station No. 30 Upgrades

Project Description: A CIP Project needs to be created to address deferred maintenance issues at the Nestor Fire Station (Station No. 30). Deferred maintenance needs total \$2.05 million and include:

- Complete remodel similar to FS33 with new kitchen, office and dorm expansion, bathrooms, HVAC, exhaust extraction, flooring, paint interior and exterior, window and landscaping. Cost estimate: \$2 million
- New flooring in kitchen, Ready Room, dorms. Cost estimate: \$10,000
- Six ready chairs. Cost estimate: \$6,000
- Programmable PPE washer. Cost estimate: \$2,000
- Exhaust extraction system replacement. Cost estimate: \$25,000

Otay Mesa-Nestor Fire Station No. 6 Upgrades

Project Description: Fire Station No. 6 is one of the city's oldest stations and requires several deferred maintenance and living condition improvements. A remodel of current bathrooms, kitchen, individual dorm rooms and replacement of the HVAC system should be included in the FY21 budget. Estimated cost is \$250,000.

Repurposing of Historic San Ysidro Library Building (101 West San Ysidro Boulevard) into a Teen Center

Project Description: The repurposing of this facility into a teen center would provide critical services such as youth programming and a meeting space for youth. The historic San Ysidro Library served the community from 1924 until September 2019 when the new San Ysidro branch

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library opened. This building is centrally located and easily accessible. Repurposing the building into a Teen Center would ensure the community would continue receiving valuable services. Funding in FY21 should be allocated to allow for the preliminary design of the repurposing of the current building.

San Ysidro Traffic Signals

Project Description: The CIP budget should allocate sufficient funding for the installation of new traffic signals at the following locations, as identified within the San Ysidro Impact Fee Study:

- Dairy Mart Road and Vista Lane. Cost estimate: \$275,000
- Dairy Mart Road and Servando Avenue. Cost estimate: \$275,000
- Dairy Mart Road and Camino De La Plaza. Cost estimate: \$275,000
- West San Ysidro Boulevard and Alverson Road. Cost estimate: \$275,000
- Camino De La Plaza and Sipes Lane. Cost estimate: \$275,000
- East San Ysidro Boulevard and Center Street. Cost estimate: \$275,000

Sherman Heights Community Center Playground CIP# B18006

Project Description: Removal of existing playground equipment, picnic tables, and safety surfacing. The existing ADA ramp is to be evaluated and necessary modifications made to make the playground area accessible from the public way. Some grading may be necessary to accommodate the installation of a concrete base for the new poured in place rubberized safety surfacing. This project requires \$470,000 for construction in FY21.

Sidewalk Installations

- Thermal Ave.-Donax Avenue to Palm Avenue Sidewalk CIP# B18157
 - o **Project Description:** Installation of sidewalk on east side of Thermal Avenue between Palm Avenue and Donax Avenue and the west side of Thermal Avenue from Dahlia Avenue to Donax Avenue. The project is currently in design and will require \$1.1 million in funding in FY21 to be constructed.
- Create CIP for Saturn Boulevard Sidewalk Project
 - O Project Description: Creation of a CIP Project for the construction of a sidewalk on the west side of Saturn Boulevard between Dahlia Avenue and Elm Avenue. In 2016, the Transportation and Storm Water Department determined that this location qualifies for sidewalks under City Council Policy No. 200-03. The project number is Saturn Boulevard (SN 15-770299) and has been added to the City's "Sidewalk Needs List" competing with other similar projects to receive funding for construction.
- Create CIP for the installation of new sidewalks in San Ysidro
 - **Project Description:** Creation of a CIP Project for the construction of sidewalks at the following locations:

- 1. West San Ysidro Boulevard, from 156 West San Ysidro Boulevard, to 198 West San Ysidro Boulevard (Fire Station 29).
- 2. West Side of Otay Mesa Road between Beyer Boulevard and Otay Mesa Place (SYSD).
- Create CIP for the installation of new sidewalks in Nestor
 - **Project Description:** Creation of a CIP Project for the construction of sidewalks at the following locations:
 - 1. Elm Street, from west 16th Street to Harwood Street.
 - 2. Elm Street, from 15th Street to 14th Street.
 - 3. Donax Avenue, from 15th Street to 16th Street.
 - 4. Donax Avenue, from 16th Street to Thermal Avenue.
 - 5. Donax Avenue, from Thermal Avenue to Saturn Avenue.
 - 6. Thermal Avenue, from south Palm Avenue to Donax Avenue.
 - 7. Saturn Avenue, from Dahlia Avenue to Elm Street.
 - 8. 16th Street, from Elder Avenue to Elm Avenue.
 - 9. Elder Avenue, from 16th Street to Thermal Avenue.
 - 10. 951 Granger Street (no existing sidewalk at this address).
 - 11. Granger Street between Elm Street and Donax Avenue.
 - 12. Southwest corner of Elm Avenue and 14th Street.
 - 13. Atwater Street, from Fern Avenue to Coronado Avenue (Missing sections of sidewalk).
 - 14. Grove Avenue, between Saturn Boulevard and Switzerland Drive
 - 15. North side of Avenida Del Mexico, between Saturn Boulevard and Elm Avenue.
 - 16. East side of Hollister Street between Flower Avenue and Starburst Lane (sidewalk is temporary and needs to be built to city standards)

Southwest Neighborhood Park CIP# P18010

Project Description: The project scope is to prepare a General Development Plan (GDP) for an approximately 11.5-acre neighborhood park including a draft environmental document as required for submittal to the Parks and Recreation Board for review. A construction cost estimate based on the final GDP shall be prepared. Improvements may include a children's play area, picnic areas, and comfort station. The GDP and environmental document are expected to be complete in Fall of 2020. The next phase will require funding for construction documents in FY21. The total project cost estimate is \$8.8 million.

Unpaved Roads in Stockton

Project Description: Create a CIP to pave the following unpaved roads in Stockton.

- 1. South Bancroft Street at the intersection of Greely Avenue.
- 2. Durant Street at the intersection of Payne Street.
- 3. Alley between K and L Street, east of 33rd Street.
- 4. 34th Street between Spring Garden Place and Island Avenue.

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CITY OF SAN DIEGO OFFICE OF COUNCIL PRESIDENT GEORGETTE GÓMEZ NINTH DISTRICT

MEMORANDUM

DATE: May 22, 2020

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Council President Georgette Gómez, Ninth Council District

SUBJECT: Final Budget Priorities for Fiscal Year 2021

Thank you for the opportunity to provide my final budget priorities for the upcoming fiscal year. Throughout the budget hearings, I had an opportunity to hear from City staff about the economic impacts as a result of the COVID-19 crisis as well as hear from residents and community groups about their top priorities for the upcoming fiscal year. Having listened to all the information and the public's priorities, it is clear to me that while we have a challenging fiscal year ahead, now more than ever, it is critical that we prioritize and support our most vulnerable and underserved communities in the City.

It is with this sentiment in mind, that my final budget priorities, outlined below, center around maintaining the current city departmental structure, maintaining key city services, and restoring proposed reductions to personnel positions to ensure the city's ability to maintain service levels. It is of utmost importance that we provide further relief services and programs to support our communities during this challenging time.

EXPENDITURES:

• Maintain Current City Department Structure: The proposed budget calls for the creation of several new departments including: Cultural Affairs, Homelessness Strategies, Mobility and the Storm Water Department. While the Mayor has indicated that these departments are cost neutral, there are costs associated with the creation of these departments that we need to be mindful of. Some of these new departments are relying on grant funding or one-time revenue to support personnel costs for FY21, leaving uncertainty about some of these costs for future years. Additionally, the proposed department structure diverts resources from critically needed service as noted below in the revenue section. With the current situation, now is not the time to restructure and

create new departments in the City. Therefore, I request that the FY21 budget maintain the current departmental structure from the adopted FY20 budget.

RELIEF PROGRAMS AND SERVICES

- **Provide Free Wi-Fi to Underserved Communities:** The pandemic has highlighted the great digital divide that exists in our City. I request that the City develop a partnership with internet service providers and school districts throughout the City to provide free Wi-Fi access to our underserved communities. A number of cities throughout the United States have established internet access for their residents, which the City can use as a guidance when establishing our own program. Potential funding for this program could be utilization of CARES Act funding to establish this essential service. *Approximate cost:* \$1.2 million.
- Outreach for Unsheltered Individuals: Outreach is critical to reach our unsheltered residents and connect them to housing opportunities and services. Over the past two years, the People Assisting the Homeless (PATH) Program in the Mid-City area has proven to be an effective model for reaching out and extending services to this vulnerable population. I request that this program be expanded to all nine council districts and that funding be allocated to further support the PATH-method of outreach services. I request that funding for this initiative be derived from using a portion of the Neighborhood Policing for SDPD of the CleanSD program. Approximate cost: \$2 million.
- Rent Relief Program: As a result of the COVID-19 crisis, many of our working families have experienced great economic hardship, resulting in the inability to pay a portion or all of their rent. In an effort to assist and support tenants throughout the City, I request that funding be dedicated to a rent relief program administered by the San Diego Housing Commission that is designed to assist both residents and landlords that have been impacted by the current crisis. *Approximate cost: Unknown*

CLIMATE ACTION PLAN (CAP)

- **Urban Forestry Program Funding:** In order to fully implement the Urban Forestry Five-Year Plan, including staffing, contracts, plantings, and maintenance to ensure healthy trees in every council district and to help meet our Climate Action Plan goals, the city needs to provide sufficient funds. This request includes \$500,000 for planting 2,500 additional street trees, and \$500,000 in contracts for inspections and scheduled street tree care. *Approximate cost:* \$1 million
- Equitable Funding for Complete Streets: It is anticipated that the current COVID-19 crisis will negatively impact both TransNet and Gas Tax, resulting in lower funding amounts. I request that TransNet and Gas Tax funding be equitably distributed across all nine Council Districts and be utilized to advance Complete Streets to help meet our Climate Action Plan (CAP) goals. Approximate cost: Unknown.

NEIGHBORHOOD SERVICES / QUALITY OF LIFE IMPROVEMENTS

- **Restoration of Library Hours:** Libraries are a vital resource to our communities, therefore, it is critical that the current operation hours for every library be restored for the upcoming fiscal year. The 2 days a week closure as proposed in the budget is simply not acceptable. *Approximate cost:* \$6.8 million.
- **Restoration of Star/PAL Program:** The Mayor is proposing the elimination of the STAR/PAL Unit impacting 17 programs for more than 3,000 inner-city and at-risk youth annually. STAR/PAL has proven to be a positive program in fostering and creating positive relationships with our youth and local law enforcement department. Therefore, I request the City preserve this program in the proposed budget. *Approximate cost:* \$1.38 million and 7 FTE (1.00 Police Sergeant, 5.00 Police Officers and 1.00 Word Processing Operator)
- **Restoration of Tree Trimming**: The Mayor's proposed budget includes a reduction of \$1.8 million in funding for street tree trimming services. This reduction will result in the City being unable to conduct maintenance work on shade trees and will decrease the frequency of cycle routine palm tree maintenance from 2 years to 8 years. I request that this funding be fully restored to continue these services. *Approximate cost:* \$1.8 million.
- **Restoration of Weed Abatement:** As proposed, the budget calls for the reduction of \$700,000 for weed abatement and \$56,000 for the reduction of 1.00 FTE to conduct this work. This reduction will only allow the City to respond to the most crucial Fire Marshal requests, as well as right-of-way spraying. Additionally, it will leave no resources for manual removal of weeds on the median or road shoulders. Because of the safety hazard that overgrown vegetation poses to the community, especially in and around our canyons, I request that funding be restored to allow for routine clearance efforts throughout the City. *Approximate cost:* \$756,000 and 1.00 FTE.
- **Restoration of Brush Management:** The proposed budget makes a reduction of \$411,000 in non-personnel expenditures for brush management in the Parks and Recreation Department. This will result in a reduced frequency of brush abatement from 21 months to 26 months and reduce the maintenance of sites from 509 acres to 412 acres. *Approximate cost:* \$411,000.
- **Restoration of Graffiti Abatement:** The proposed reduction along with the removal of one-time funding provided in FY 2020, will eliminate the City's ability to respond to all graffiti abatement on private property. Moreover, the average number of days for the City to respond to a graffiti complaint is expected to increase from 8 business days to 10 business days. I request the restoration of the 2.00 FTE reduced positions, as well as the restoration of the \$150,000 one-time funding provided in FY2020. *Approximate cost:* 2.00 FTEs and \$268,000
- **Restoration of Pothole Repair Crew:** It is critical that the City restore the 2.00 FTE positions to ensure that potholes continue to be filled in a timely matter. As proposed, this reduction will increase the average response time for pothole repair from 10 business days to 12 business days. *Approximate cost: \$131,000 and 2.00 FTEs*

• Minimize Cuts to Storm Water: As proposed, the FY21 budget reduces funding for a number of storm water related tasks such as water quality monitoring, among other efforts. Given the vital public health function of storm water, I request that the City ensure minimal cuts to this area so that we protect the public and the environment and that we continue to support the work of creating a long-term funding strategy. *Approximate cost: Unknown*.

INFRASTRUCTURE IMPROVEMENTS

- **Street Resurfacing:** There are a series of streets in Council District Nine that are in dire need be slurry sealed or resurfaced. Below is a list of locations that I request to be included in the annual allocation Street Resurfacing and Reconstruction AID00005:
 - o Redwood St. from Menlo Ave to 38th St.
 - o Catoctin Dr. between Montezuma Rd. and Cleo St.
 - O Collier Ave between 54th St and Austin Dr.
 - o 54th St between Adams Ave and Collwood Blvd.
 - o 68th St cul-de-sac north of Saranac St.
 - o Biona Dr. between Adams Ave. and Madison Ave.
 - o Van Dyke Ave between Madison Ave. and Monroe Ave.
 - o 38th St. between Redwood St. and Quince St.
 - o Home Avenue between Fairmount Ave and Spillman Dr.
 - o Redland Dr. between Redland Pl. and 55th St.
 - o Redland Pl.
 - o 55th St. between Redland Pl. and Redland Dr.

Approximate cost: Unknown

• **Street Lighting:** There are neighborhoods in District 9 that are lacking adequate street lights. While some neighborhoods are lacking street lights altogether, there are some that are in dire need of maintenance and replacement. See Attachment 1 and 2 for specific locations that I request be considered as part of the Street Light annual allocation – AIH00001.

OTHER PRIORITIES

• Operation Shelter to Home: The May Revise proposes to use \$10 million in CARES Act funding to support successful exits from the Convention Center in order to ensure that individuals have the opportunity to obtain shelter and housing when the City transitions the Convention Center back to its normal operations. Potential solutions to use this funding include leasing or purchasing hotels for long-term use, among other things. I believe that it is of the upmost importance for the City Council to be involved and provide direction in how this \$10 million will be spent to ensure that we are effectively serving our most vulnerable individuals. For this reason, I request that an item be brought forward in June to the City Council by City staff for consideration about proposed uses for this funding. Approximate cost: \$10 million

- Restoration of FTEs to Support the Living Wage Program: The Living Wage Program, Equal Opportunity Contracting Program, and the Minimum Wage & Earned Sick Leave Program all play an important role in protecting workers. Especially with the current crisis, it is crucial that we protect our workers by ensuring that the department has the necessary staffing levels. The Mayor is proposing cuts to a program that is already understaffed, while the workload has been increasing significantly. I request that the current proposed 5.00 FTE reductions in the Purchasing and Contracting Department be restored. Approximate cost: \$500,000 and 5.00 FTE (1.00 Living Wage Program Sr. Management Analyst, 2.00 Administrative staff, 1.00 Senior Procurement Contracting Officer and 1.00 Associate Procurement Contracting Officer)
- Restore the City Attorney's Budget: During the budget hearings, it was stated that the Office of the City Attorney has been engaged in assisting on public safety priorities for the City during COVID-19. As such, the Office of the City Attorney should receive CARES Act funds. Furthermore, a 4% cut to the office will result in a service level impact and the potential inability to meet Charter obligations with this proposed reduction to their budget. Therefore, I respectfully request the City Attorney's office be exempt from any personnel reductions during the FY21 budget cycle. Approximate cost: \$2.4 million.
- Restore the City Auditor's Budget: The Office of the City Auditor works diligently to identify cost savings and increased revenues in order to make the City more effective in achieving its goals. This year's cuts to the City Auditor's budget would remove three or more fundamental positions, impacting the department's ability to complete the audits and investigations that have proved to be extremely valuable for the City. These audits help reduce the risk for fraud, waste and abuse, which is prevalent during the economic crisis that we are currently facing. In addition to these investigations, the department also takes hotline investigation recommendations from our residents, making their services available to the public. Considering the valuable task that the City Auditor conducts, I respectfully request that the \$295,000 cut from the Office of the City Auditor be restored for the upcoming fiscal year to fund their personnel expenditures. I advise the City to use the services provided by the Office of the City Auditor to implement solutions and increase efficiency. Approximate cost: \$295,000
- Restore the Office of the City Clerk's Budget: The 4% reduction to this office equates to a reduction of \$239,660. This reduction could result in service level impacts to support elections, preparation of meetings and support for the Redistricting Commission. Given the important work that this office provides, I request for their budget to be restored and offer my CPPS allocation of \$75,347 as a funding source to partially cover their budget. *Approximate cost:* \$239,600.

SUGGESTED REVENUE SOURCES:

- Smart Street Light Program \$875,000: While the May Revise proposes to remove the \$1.4 million General Fund allocation from the smart street light program, there is still a \$875,000 allocation from the Community Parking Districts to support this program for FY21. Given the numerous concerns with this program, I request that this funding not be utilized for this purpose. Instead, I request for the funding to be redirected to support other infrastructure projects within the community parking districts area such as enhanced bicycle facilities, pedestrian accessibility, etc. These funds could support projects that could further help us meet our CAP goals. Approximate cost: \$875,000
- CleanSD Program \$2 million: The FY21 budget proposes a total of \$6.7 million in General Fund expenditures to support this program of which approximately \$3.2 million is allocated to the Environmental Services Department and approximately \$3.6 million is allocated to the Neighborhood Policing for the San Diego Police Department. I request to maintain the Environmental Service Department funding to support litter abatement and defund a portion of the Neighborhood Policing for SDPD. Approximately \$2 million of the \$3.6 million funding in Neighborhood Policing for SDPD should be used to support the development of a new regional outreach strategy (PATH Mid-City Model) that is consistent with the RTFH Outreach Guidelines.
- Fleet Fund Balance \$15.2 million: The IBA points out that the General Fund's Fleet Replacement Fund is projected to have a fund balance of \$16.9 million, after a \$4.8 million allocation is proposed to be returned to the General Fund in the FY 2021 Proposed Budget. This remaining \$16.9 million of fund balance is planned to be returned to the General Fund as rate relief of \$4.8 million in each of the next four fiscal years. Of this fund balance, the Council should consider using \$15.2 million to help fund the most critical services in the City this budget cycle.
- **Public Liability Reserves \$1.7 million:** There is an estimated \$1.7 million in further excess Public Liability funds available for use that can help support critical expenditures for this budget.
- Pension Payment Stabilization Reserves \$7.9 million: The IBA notes in their report that \$7.9 million remain in the Pension Payment Stabilization Reserves. A portion of this fund balance could be utilize to support critical priorities.
- Maintain Current City Departments: The current department structure for the City should be maintained for the upcoming fiscal year. The creation of these new departments rely on the use of one-time funds and revenue sources that do not make them cost neutral, but instead take away resources from other priorities. By maintaining the current department structure, the City can utilize the funding from the sources listed below to support other critical priorities:
 - Community Parking Districts
 - o General Plan Maintenance Fund
 - Shared Mobility Device Fund
 - o Funding set aside for consulting services

Thank you for your time and consideration on my final budget priorities.

ATTACHMENT 1 STREET LIGHT LOCATIONS

- Azalea Park Lighting: There is currently a lack of lighting throughout the Azalea Park community. Staff has estimated that the community is currently deficient in about 40 street lights. Please refer to the attached map for a complete overview of the locations.
- **Kensington-Talmadge Lighting:** In the communities of Kensington and Talmadge the following locations have been identified as lacking sufficient lighting:
 - Terrace Drive cul-de-sac between Park Place and Madison Avenue
 - Aldine Drive, north side, approximately 650 ft. west of Monroe Avenue
 - 4600 and 4800 blocks of Biona Drive and Biona Place
- **Kensington Street Light Circuit Modernization**: I request that the City fully fund the Kensington Heights #2 Series Circuit Upgrade Project (B17146) and establish a similar CIP for circuit modernization in Talmadge Park North through the City Circuit Upgrades annual allocation (AIH-00002). To date, there is an approximate \$2.5 million funding gap to complete this project. *Approximate cost*: \$2,500,000.
- Mountain View and Willie Henderson Sports Complex Lighting: I propose that we install street lights in the following areas:
 - S 39th Street north of Superior Street at alley 120', west side streetlight
 - S 39th Street south of Imperial Avenue at alley 120', west side streetlight
 - 44th Street, north of K Street, at the end of cul-de-sac, west side
 - 44th Street, north of K Street, at the end of cul-de-sac, west side
 - 44th Street, north of K Street ~380', west side
 - 44th Street, north of K Street ~172', west side

Approximate cost: \$10,000 through the annual allocation dedicated to the Installation of City Owned Street Lights (AIH-00001).

- Mt. Hope Lighting: The community of Mt. Hope lacks sufficient street and parks lighting. It is imperative that we provide adequate lighting in Mount Hope due to the high crime in the neighborhood. I propose that we install street lights in the following areas:
 - Federal Boulevard west of Home Avenue 940', at end of cul-de-sac
 - Southlook Avenue south of Gilmore Street 165', west side streetlight
 - Southlook Avenue south of Imperial Avenue 110', west side streetlight
 - Gavin Street, south of J Street ~175', east side
 - Carlos Street, north of J Street ~195', east side

Approximate cost: \$46,000 through the annual allocation dedicated to the Installation of City Owned Street Lights (AIH-00001).

• Reservoir Drive Lighting: I recommend the installation of street lights along Reservoir Dr. from Montezuma Rd. to Alvarado Rd. to mitigate the public safety concerns in the College Area. Approximate cost: Unknown, but efforts to install on Reservoir Drive could

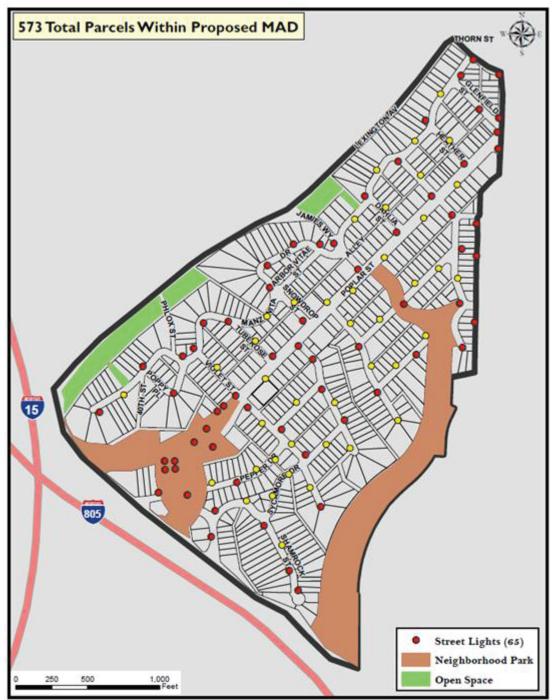
be funded through the annual allocation dedicated to the Installation of City Owned Street Lights (AIH-00001).

• Southcrest Lighting

- Acacia Street west of South 35th Street 140', north side streetlight
- Delta Street east of Acacia Street 150', south side
- Delta Street east of Acacia Street 150', south side
- 35th Street north of Tompkins Street 135', west side
- S 38th Street south of Superior Street 160', east side
- S 39th Street south of T Street 150', east side
- 39th Street north of F Street 170', west side
- 39th Street south of Hilltop Drive 130', west side
- 42nd Street north of F Street 120', west side
- 42nd Street south of Hilltop Drive 170', west side

Approximate cost: \$67,500 through the annual allocation dedicated to the Installation of City Owned Street Lights (AIH-00001).

ATTACHMENT 2 AZALEA PARK STREET LIGHT LOCATIONS



Approximate cost: Unknown.

(R-2020-563 REV.) #602 6/8

RESOLUTION NUMBER R- 313071.

DATE OF FINAL PASSAGE JUN 09 2020

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO ADOPTING THE FISCAL YEAR 2021 BUDGET, INCLUDING APPROVING THE MAYOR'S FISCAL YEAR 2021 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 (Charter) section 69, prior to June 15 of each year and after holding a minimum of one public hearing, the City Council (Council) shall adopt a resolution approving the City of San Diego's budget as proposed by the Mayor or modified in whole or part; and

WHEREAS, on April 21, 2020, the Mayor's proposed budget (Proposed Budget), dated April 15, 2020, was presented to the Council; and

WHEREAS, on May 21, 2020, the Mayor's May revision (May Revision) to the Proposed Budget, dated May 19, 2020, was presented to the Council sitting as the Budget Review Committee; and

WHEREAS, the Proposed Budget includes the suspension of the annual general fund contribution to the Infrastructure Fund required under Charter section 77.1, which must be approved by a two-thirds vote of the Council; and

WHEREAS, on June 3, 2020, the Independent Budget Analyst issued Report No. 20-11 titled "Recommended City Council Modifications to the Mayor's Proposed FY 2021 Budget and Review of the May Revision" (IBA FY 2021 Budget Report); and

WHEREAS, between April 21 and May 21, 2020, the Council held more than one public hearing to consider the City's Fiscal Year 2021 budget in accordance with San Diego Charter section 69; and

WHEREAS, the Council has determined to approve the City's Fiscal Year 2021 Budget, including the Mayor's Proposed Budget, as modified by the May Revision, and including certain recommendations contained in the IBA FY 2021 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 and further modified by the recommendations contained in the IBA FY 2021 Budget Report, including the allocation of Infrastructure Funds to sidewalks and streetlights, except as follows:

- A new Office of Race & Equity (ORE) to be created shall be funded in the amount of \$825,000, with allocations of that total as follows:
 - a. \$205,000 to fund a Director position;
 - b. \$320,000 to fund 2 Program Manager positions; and
 - c. \$300,000 to fund non-personnel expenditures to support the ORE;
- 2. \$3 million is allocated for the creation of a new Community Equity Fund (CEF) administered by the ORE to implement systemic change towards race equity by investment in our underserved communities through the cultivation of job opportunities and partnering with organizations that enable sustainable communities;
- 3. The ORE and CEF shall be funded by a \$3,825,000 reduction of the General Fund's citywide contracts, which equals a reduction to same of approximately 1.6%;

Attachment G (R-2020-563 REV.)

4. \$1.5 million is allocated for a Person-Centered Unsheltered Outreach Program (Outreach Program) to be created for the purpose of providing compassionate care in accordance with the Regional Task Force on the Homeless outreach guidelines;

- 5. The Outreach Program shall be funded using \$1.5 million from the General Fund's Fleet Replacement Fund Balance;
- 6. \$4.7 million of CARES Act Fund allocations to the General Fund shall be reallocated from the Operation Shelter to Home budget to the COVID-19 Rent Relief Fund (Rent Relief Fund), bringing the total transfer to the Rent Relief Fund to \$15.1 million;
- 7. Changing several position reductions from specific filled positions to specific vacant positions, as shown in the following table, titled "Position Amendments." The restoration of certain positions is achieved with additional revenue or vacancy savings. Net changes in the number of positions and dollar amounts of expenditures for various funds are listed below.
 - a. An increase of \$447,414 of General Fund revenue from the General Plan
 Maintenance Fund, with a corresponding increase of \$447,414 of General
 Fund expenditures and 4.00 FTE positions in the Planning Department;
 - b. An increase of 4.00 FTE positions in the Police Department, with no net change to General Fund expenditures;
 - c. An increase of 1.00 FTE position and \$81,158 of General Fund expenditures in the Office of Boards and Commissions;
 - d. A reduction of 1.00 FTE position and \$81,158 of Transient Occupancy Tax
 Fund expenditures in the Cultural Affairs Department;

Attachment G (R-2020-563 REV.)

e. An increase of 1.00 FTE position and \$97,151 of Refuse Disposal Fund expenditures in the Environmental Services Department; and

f. A decrease of 1.00 FTE position and \$97,151 of General Fund expenditures in the Environmental Services Department.

Item Description	Department/Fund	FTE	Amount
Filled Word Processing Operator	Human Resources		\$ 65,344
Reduce Vacant Word Processing Operator	Parks & Recreation		
Subtotal Substitution of the substitution of t	raiks a recreation	(1.00)	
Filled Executive Assistant	Diamina	4 00	\$ -
Reduce Vacant Clerical Assistant 2	Planning		\$ 71,029
Subtotal	Planning	(1.00)	
			\$ -
3 Filled Park Designers and 1 Principal Engineering Aide	Planning	4.00	\$447,414
Addition of Offsetting Revenue from General Plan			
Maintenance Fund	Planning	-	(447,414)
	· · · · · · · · · · · · · · · · · · ·	4.00	\$
Filled Associate Management Analyst	Police		\$148,485
Reduce Vacant Assistant Management Analyst	Police	(1.00)	(82,819)
Budgeted Vacancy Factor Adjustment in Police	Police	-	(65,666)
Subtotal		4 -	\$ -
6 Filled Police Investigative Service Officer 2	Police	6.00	\$476,579
Reduce 5 Vacant Police Service Officers	Police	(5.00)	(77,316)
Budgeted Vacancy Factor Adjustment in Police	Police	-	(399,263)
Subtotal		1.00	\$ -
3 Filled Word Processing Operators	Police	3.00	\$260,394
Budgeted Vacancy Factor Adjustment in Police	Police	_	(260,394)
Subtotal		3.00	\$ -
	Purchasing and		
Filled Executive Assistant	Contracting	1.00	\$127,455
	Purchasing and	2.00	Q1277100
Reduce Vacant Senior Procurement Contracting Officer	Contracting	(1.00)	(163,376)
Budgeted Vacancy Factor Adjustment in Purchasing and	Purchasing and	(2.00)	(200,070)
Contracting	Contracting	_	35,921
Subtotal	Teonaracang	-	\$ 1,921
Filled Word Processing Operator	Refuse Disposal Fund	1.00	\$ 97,151
Timed Word Frocessing Operator	Environmental	1.00	2 3/,131
Reduce Vacant Clerical Assistant 2	Services	(1.00)	/EC 0041
Budgeted Vacancy Factor Adjustment in Environmental	Environmental	(1.00)	(56,904)
Services	0.07		(40.247)
Subtotal Substitution of the Substitution of t	Services	-	(40,247)
Filled Executive Assistant			\$ -
Reduce Vacant Assistant Recreation Center Director	Parks & Recreation		\$128,637
	Parks & Recreation	(1.00)	(55,023)
Budgeted Vacancy Factor Adjustment in Parks &			
Recreation	Parks & Recreation	-	(73,614)
Subtotal		-	\$ -
	Office of Boards and		5 XERO SERVICE
Filled Executive Assistant	Commissions		\$ 81,158
Reduce Vacant Executive Assistant	Cultural Affairs	(1.00)	(71,029)
Budgeted Vacancy Factor Adjustment in Parks &	4000 10 1000		
Recreation	Cultural Affairs	-	(10,129)
Subtotal			\$ -
Filled Clerical Assistant 2	Debt Management	0.50	\$ 36,284
Reduce Vacant Clerical Assistant 2	Storm Water	(0.50)	(36,284)
Subtotal			\$ -
Fotal Budget Impact			\$ -

-Page 5 of 7-

Attachment G (R-2020-563 REV.)

8. Mayoral staff will work with AFSCME Local 127 to make every effort to place or

maintain the 28 employees in positions proposed to be cut; and

9. Two filled Parking Meter Technician positions and \$156,553 of Parking Meter

Operations Fund expenditures in the City Treasurer Department shall be restored,

which action is deemed to be cost neutral.

BE IT FURTHER RESOLVED, that the annual general fund contribution to the

Infrastructure Fund required under Charter section 77.1 is suspended for Fiscal Year 2021; and

BE IT FURTHER RESOLVED, that the Mayor is directed to present to the Council the

Fiscal Year 2021 First Quarter Budget Monitoring Report (First Quarter Budget Monitoring

Report), along with the Five-Year Financial Outlook, no later than November 30, 2020.

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 /s/Bret A. Bartolotta

Bret A. Bartolotta

Deputy City Attorney

BAB:jdf:cm;jvg

05/26/2020

06/09/2020 REV.

Or.Dept: IBA

Doc. No.: 2393702

-Page 6 of 7-

I hereby certify that the foregoing Resolution v San Diego, at this meeting of <u>06/08/2020</u>	was passed by the Council of the City of
	ELIZABETH S. MALAND City Clerk
Approved: (dage)	By /s/ Gil Sanchez Deputy City Clerk KEVIN L. FAULCONER, Mayor
Vetoed:(date)	KEVIN L. FAULCONER, Mayor

Passed by the Council of The City	of San Dieg	go onJU	IN 0.8 2020	_, by the follow	ring vote:		
Councilmembers Barbara Bry Jennifer Campbell Chris Ward Monica Montgomery Mark Kersey Chris Cate Scott Sherman Vivian Moreno Georgette Gómez	Yeas D D D D D D D D D D D D D D D D D D D	Nays	Not Present	Recused Output Outpu			
Date of final passageJUN 09 2020 (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:		Mayor of The City of San Diego, California.					
(Seal)		City Cle	ELIZABETH S erk of The City of Gilbe				
	Res	Office of the	e City Clerk, San Der R31	Diego, Californi	a .		



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: July 20, 2020 IBA Report Number: 20-16

Budget & Government Efficiency Committee Docket Date: July 29, 2020

Item Number: TBD

Proposed FY 2021 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 thirteen 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 30, 2020. 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 2021.

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 2021 Principles closely mirror the FY 2020 Principles with only minor revisions reflecting date changes.

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 29, 2020 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.

Angela Colton

Fiscal & Policy Analyst

APPROVED: Andrea Tevlin Independent Budget Analyst

Attachments: 1. FY 2021 Statement of Budgetary Principles – Clean Copy

2. FY 2021 Statement of Budgetary Principles – Redline Copy

FY 2021 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 15, 2020, the Mayor released the Fiscal Year 2021 Proposed Budget to the Council and to the public; and

WHEREAS, the Council has duly considered the Mayor's Fiscal Year 2021 Proposed Budget; and

WHEREAS, between April 15 and June 8, 2020 the City Council held more than one public hearing to consider the City's Fiscal Year 2021 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 2021 Budget; and

WHEREAS, on May 19, 2020, the Chief Operating Officer, Chief Financial Officer, and Department of Finance Director and City Comptroller provided the City Council with their May Revision to the Fiscal Year 2021 Proposed Budget (May Revision) in accordance with City Charter Section 69(e); and

WHEREAS, on May 21, 2020, 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, 2020 to assist with the development of final budget recommendations; and

WHEREAS, on June 3, 2020, the Independent Budget Analyst's Final Budget Report and Recommendations on the FY 2021 Budget (IBA Report #20-11 Recommended City Council Modifications to the Mayor's Proposed FY 2021 Budget and Review of the May Revision) was issued; and

WHEREAS, on June 8, 2020, the City Council approved the City's Fiscal Year 2021 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 2021 Budget, with revisions proposed by the City Council, and directed the City Clerk to return the same to the Mayor for his consideration under Charter section 69(f)(2); and

WHEREAS, on June 9, 2020, the Mayor signed Budget Resolution 313071, which is the Fiscal Year 2021 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 2021 Budget; and

WHEREAS, the Mayor and the Council acknowledge that the Fiscal Year 2021 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 2021 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 2021 Budget:

Fiscal Year 2021 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 2021 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 2021 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 2021 Budget.
- 2. The Mayor shall in good faith fulfill the legislative intent reflected in the adopted Fiscal Year 2021 Budget, including the appropriations reflected in the Fiscal Year 2021 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 2021 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 2021 Budget appropriations within departments in order to best carry out the Council's legislative intent.
- 5. The Appropriation Ordinance implements the Fiscal Year 2021 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 2021 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 2020 and present the results to the Budget and Government Efficiency Committee and City Council.
- 3. In FY 2021, 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 2021. The data will be evaluated for updates quarterly in FY 2021, 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 2021.
- 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.

Attachment 2 Page 1 of 4 FY 2021 STATEMENT OF BUDGETARY PRINCIPLES Deleted: 2020 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 15, 2020, the Mayor released the Fiscal Year 2021 Deleted: April 11, 2019 Proposed Budget to the Council and to the public; and Deleted: 2020 WHEREAS, the Council has duly considered the Mayor's Fiscal Year 2021 Deleted: 2020 Proposed Budget; and WHEREAS, between April 15 and June 8, 2020 the City Council held more than **Deleted:** June 10, 2019 one public hearing to consider the City's Fiscal Year 2021 Budget in accordance with Deleted: 2020 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 2021 Budget; and Deleted: 2020 WHEREAS, on May 19, 2020, the Chief Operating Officer, Chief Financial **Deleted:** May 14, 2019 Officer, and Department of Finance Director and City Comptroller provided the City Deleted: Financial Management Director Council with their May Revision to the Fiscal Year 2021 Proposed Budget (May Deleted: 2020 Revision) in accordance with City Charter Section 69(e); and WHEREAS, on May 21, 2020, the May Revision was presented to the City **Deleted:** May 17, 2019 Council sitting as the Budget Review Committee; and WHEREAS, Councilmembers submitted their budget priorities to the Independent **Deleted:** May 20, 2019 Budget Analyst on May 21, 2020 to assist with the development of final budget recommendations; and WHEREAS, on June 3, 2020, the Independent Budget Analyst's Final Budget **Deleted:** May 31, 2019 Report and Recommendations on the FY 2021 Budget (IBA Report #20-11 Deleted: 2020 Recommended City Council Modifications to the Mayor's Proposed FY 2021 Budget and Deleted: 19-12 Review of the May Revision) was issued; and Deleted: 2020 Deleted: and FY 2019 Third Quarter Report WHEREAS, on June 8, 2020, the City Council approved the City's Fiscal Year Deleted: ¶ 2021 Budget, including the Mayor's Proposed Budget, as modified by the May Revision, 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 and including the recommendations in the IBA Final Report on the FY 2021 Budget, with revisions proposed by the City Council, and directed the City Clerk to return the same to FY 2020 Budget"; and¶ the Mayor for his consideration under Charter section 69(f)(2); and **Deleted:** June 10, 2019 Deleted: 2020 WHEREAS, on June 9, 2020, the Mayor signed Budget Resolution 313071. Deleted: 2020 which is the Fiscal Year 2021 Adopted Budget, in accordance with Charter section 69(g); Deleted: dated May 31, 2019, and the IBA's Addendum, dated June 5, 2019, **Deleted:** June 18, 2019 Deleted: R-312508 Deleted: 2020

Attachment 2 Page 2 of 4 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 2021 Budget; and Deleted: 2020 WHEREAS, the Mayor and the Council acknowledge that the Fiscal Year 2021 Deleted: 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 2021 Budget in light of Deleted: 2020 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 <u>2021</u> Budget: Deleted: 2020 Fiscal Year 2021 Budget—Communication on Proposed Program/Service Changes Deleted: 2020 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 2021 Adopted Budget, the Deleted: 2020 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.

Attachment 2 Page 3 of 4 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 2021 Budget—Appropriation Ordinance Deleted: 2020 Neither the Mayor nor the Council has unilateral authority to make 1. changes to the spending authority contained in the Fiscal Year 2021 Deleted: 2020 Budget. 2. The Mayor shall in good faith fulfill the legislative intent reflected in the adopted Fiscal Year 2021 Budget, including the appropriations reflected in Deleted: 2020 the Fiscal Year 2021 Appropriation Ordinance. However, the Mayor has Deleted: 2020 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 <u>2021</u> Budget without first receiving a funding recommendation of Deleted: 2020 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 2021 Budget appropriations within departments in Deleted: 2020 order to best carry out the Council's legislative intent. 5. The Appropriation Ordinance implements the Fiscal Year 2021 Budget, as Deleted: 2020 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 2021 Budget—"Budget-Related Fundamental Principles for an Effective, Deleted: 2020 Cooperative, and Transparent Mayor-Council Form of Government" applying to budget implementation

Attachment 2 Page 4 of 4 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 2020 and present the results to the Budget and Government Deleted: 2019 Efficiency Committee and City Council. 3. In FY <u>2021</u>, the City's performance dashboard, PerformSD, will display Deleted: 2020 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 2021. The data will be evaluated for updates Deleted: 2020 quarterly in FY 2021, and will be a subset of the performance measures Deleted: 2020 included in the Proposed and Adopted Budgets. Additional performance measures may be evaluated and added to the performance dashboard in Deleted: 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.

#330 6/30/2020

(O-2020-127)

ORDINANCE NUMBER O- 21206 (NEW SERIES)

DATE OF FINAL PASSAGE JUN 3 0 2020

AN ORDINANCE ADOPTING THE ANNUAL BUDGET FOR FISCAL YEAR 2021 AND APPROPRIATING THE NECESSARY MONEY TO OPERATE THE CITY OF SAN DIEGO FOR FISCAL YEAR 2021.

Introduced and adopted as amended by interlineation as shown in redline

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 14, 2020 San Diego Ordinance O-21191, the Salary Ordinance, was introduced by the San Diego City Council (Council), approved by the Mayor pursuant to Charter section 290 on April 17, 2020, and passed by the Council at its meeting of May 19, 2020; and

WHEREAS, on June 8, 2020, the City Council adopted San Diego Resolution R-313071, (Budget Resolution) approving the Mayor's Fiscal Year 2021 Budget, including the May Revise, the recommendations in the IBA's Fiscal Year 2021 Budget Report as addended, and specific changes made by the Council, as set forth in the Budget Resolution (Fiscal Year 2021 Adopted Budget); and

WHEREAS, the Budget Resolution included funding allocations for several proposed new City departments and offices (New Departments) that have yet to be formed pursuant to Charter section 26; NOW, THEREFORE,

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

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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, 2020, and ending June 30, 2021 (Fiscal Year), heretofore prepared and submitted to this 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

- 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.
- 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, except for Police. Any transfer of appropriations for costs avoided to or from another department for Police, is subject to Council authorization.
- 4. The CFO is authorized to increase and/or decrease revenue and expenditure appropriations for the purpose of implementing City Charter or City Council Policy approved programs:
 - Business and Industry Incentive Program (Council Policy 900-12)

- Small Business Enhancement Program (Council Policy 900-15)
- Storefront Improvement Program (Council Policy 900-17), and
- Mission Bay and Other Regional Park Improvements (San Diego Charter section 55.2b).
- 5. The CFO is authorized to increase and/or decrease revenue and expenditure appropriations for the purpose of implementing City Council approved Community Parking District Policy (Council Policy 100-18).
 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,

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- and/or existing capital improvement projects to supplement the project, program, or service identified by the Councilmember.
- (c) Upon written direction from the City Councilmember, the CFO is authorized to transfer excess non-personnel appropriations from the administration of that Councilmember's office to the Councilmember's Community Projects, Programs and Services account.
- 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 2020-2021 Budget for the City of San Diego, solely in its capacity as the designated successor agency to the former Redevelopment Agency (Successor Agency).
- 10. The CFO is authorized to appropriate and expend \$17,000,000 in Police

 Overtime of the budgeted \$33,715,021. Per Charter section 270(h) the

 Mayor or his designee shall appear before Council to provide a detailed

 report of Police Overtime expenditures and plan for expenditure of budget

- balance in accordance with the Mid-Year Budget Amendment ordinance or sooner for Council authorization.
- 11. The CFO is authorized to appropriate and expend \$12,000,000 in

 Neighborhood Policing of the budgeted \$24,283,469. Per Charter section

 270(h) the Mayor or his designee shall appear before Council to provide a

 detailed report of Neighborhood Policing expenditures and plan for

 expenditure of budget balance in accordance with the Mid-Year Budget

 Amendment ordinance or sooner for Council authorization.

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.
 - (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 202021. 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.la. The provisions in

 San Diego Municipal Code section 63.30 are hereby waived.
 - (b) Any monies deposited in the Environmental Growth Fund(s) in excess of estimated revenue as described in Charter section 103.1a and any carryover monies from the previous fiscal year are hereby appropriated for the purpose for which the Environmental Growth Fund was created and may be expended only by City Council resolution. The City Council may, from time-to-time, for purposes 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 Improvement 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
 Improvement 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 <u>not</u> authorized to appropriate and expend any monies

 deposited in the Recreation Center Funds in excess of City Council

 approved budgeted revenue <u>orand to</u> appropriate <u>and expend</u> any

 carryover monies from the prior fiscal year <u>and expend</u> in accordance with

 the <u>purpose for which each Fund was created without Council</u>

 authorization.
- Automated Refuse Container Fund (Fund No. 200302)
 The CFO is authorized to appropriate and expend unbudgeted revenues or fund balance in the Automated Refuse Container Fund to purchase automated refuse containers.

C. CAPITAL PROJECTS FUNDS AND CAPITAL IMPROVEMENTS PROGRAM

- 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.
- 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.
- Development Impact Fee Community Funds and Developer
 Contributions-CIP (Fund Nos. 400080-400095, 400111-400137, 400097-400110, 400849, 400855-400858, 400863-400864, and 200636).

- (a) The CFO is authorized to modify individual project appropriations, close projects, and/or add new projects to the CIP in accordance with City Council-approved Development Impact Fee plans (Public Facilities Financing Plans and Impact Fee Studies) provided funding is available for such action.
- (b) The CFO is authorized to reallocate Development Impact Fee
 (DIF) Community Funds funded appropriations between City
 Council-approved projects to expedite the use of DIF Community
 Funds in accordance with AB1600 requirements.
- (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.
- Mission Bay Park Improvement Fund (Fund No. 200386) and San Diego
 Regional Parks Improvement Fund (Fund No. 200391)
 - (a) Capital Improvements in Mission Bay are allocated as recommended and prioritized by the Mission Bay Park

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

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- (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 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

- All Enterprise Funds are hereby appropriated for the purpose of providing for the operation, maintenance and development of their respective purposes.
- 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 10020).
- Water Funds (Fund Nos. 700010, 700011, 700012) and Sewer Funds
 (Fund Nos. 700000, 700001, 700002, 700008, 700009)
 - 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

- The CFO is hereby authorized to distribute surplus retained earnings or excess contributions from various internal service funds back to the appropriate contributing funds.
- 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.

- 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 XIIIB of the California Constitution made pursuant to this ordinance exceed the City's legal limit.

The total appropriation is \$4,021,846,508, a portion of which will be derived from proceeds of taxes as defined within article XIIIB of the California Constitution.

It is the intent of this ordinance to comply with article XIIIB of the California Constitution.

- Section 13. The CFO is authorized and directed to modify appropriations in accordance with the Fiscal Year 2021 Tax Rate Ordinance as approved by the Council.
- Section 14. Until created pursuant to Charter section 26, the CFO is authorized to allow existing City departments to make expenditures in furtherance of the goals and purposes of the New Departments described in the Fiscal Year 2021 Adopted Budget, except for the new Office of Race and Equity.
- Section 15. 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 Council and recommend the appropriation of any residual balances.

Section 16. 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 17. Unless otherwise specified in this ordinance, the CFO is authorized to modify appropriations upon adopted Council resolution, provided funding is available for such action and in accordance with funding source guidelines and applicable grant agreements.

Section 18. The CFO is authorized and directed to apply for, accept, appropriate, and expend grants received by the City in accordance with San Diego Municipal Code sections 22.5201, 22.5202, 22.5203, and 22.5204, and funding source guidelines and applicable grant agreements.

Section 19. 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 Council.

Section 20. The powers of the 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.

Attachment I

(O-2020-127)

Section 21. That a full reading of this ordinance is dispensed with prior to its passage,

a written or printed copy having been available to the Council and the public prior to the day of

its final passage.

Section 22. This ordinance is declared to take effect and be in force immediately upon

its passage pursuant to the authority contained in Charter sections 275 and 295.

Section 23. The Mayor shall have no veto power over this ordinance pursuant to

Charter section 280(a)(4).

APPROVED AS TO FORM: MARA W. ELLIOTT, City Attorney

By /s/ Bret A. Bartolotta

Bret A. Bartolotta

Deputy City Attorney

BAB:jdf

06/15/2020

Or.Dept.: DoF

Doc. No.: 2403419 3

Fiscal Year 2021 Operating and Capital Appropriations

OPERATING APPROPRIATIONS	Salary & Wages	Fringe & Non- Personnel	FY 2021 Appropriation
General Fund			
City Attorney	\$34,112,443	\$28,291,147	\$62,403,590
City Auditor	\$2,259,084	\$1,714,405	\$3,973,489
City Clerk	\$2,754,924	\$3,637,943	\$6,392,867
City Treasurer	\$7,299,134	\$9,979,908	\$17,279,042
Citywide Program Expenditures		\$99,872,110	\$99,872,110
Communications	\$2,415,253	\$2,291,665	\$4,706,918
Council Administration	\$1,456,169	\$1,358,192	\$2,814,361
Council District 1	\$702,630	\$696,798	\$1,399,428
Council District 2	\$664,539	\$595,668	\$1,260,207
Council District 3	\$700,780	\$456,285	\$1,157,065
Council District 4	\$651,403	\$732,092	\$1,383,495
Council District 5	\$676,842	\$488,365	\$1,165,207
Council District 6	\$756,826	\$476,636	\$1,233,462
Council District 7	\$777,414	\$497,954	\$1,275,368
Council District 8	\$626,879	\$820,929	\$1,447,808
Council District 9	\$648,084	\$875,247	\$1,523,331
Debt Management	\$1,290,398	\$825,521	\$2,115,919
Department of Finance	\$9,916,405	\$8,773,890	\$18,690,295
Department of Information Technology		\$751,030	\$751,030
Development Services	\$4,236,447	\$3,717,985	\$7,954,432
Economic Development	\$3,899,998	\$17,486,346	\$21,386,344
Environmental Services	\$9,624,756	\$40,607,476	\$50,232,232
Ethics Commission	\$716,683	\$649,651	\$1,366,334
Fire-Rescue	\$136,618,064	\$150,830,127	\$287,448,191
General Services	\$235,341	\$248,345	\$483,686
Government Affairs	\$844,281	\$414,273	\$1,258,554
Homelessness Strategies	\$883,325	\$48,252,574	\$49,135,899
Human Resources	\$2,995,796	\$2,675,911	\$5,671,707
Library	\$23,354,481	\$36,310,933	\$59,665,414
Mobility	\$1,874,840	\$1,076,096	\$2,950,936
Neighborhood Services	\$266,937	\$323,204	\$590,141
Office of Boards & Commissions	\$606,174	\$301,969	\$908,143
Office of Homeland Security	\$1,255,439	\$1,400,511	\$2,655,950
Office of Race & Equity	\$415,018	\$3,409,734	\$3,824,752
Office of the Assistant COO	\$305,433	\$324,376	\$629,809
Office of the Chief Financial Officer	\$289,890	\$319,551	\$609,441

OPERATING APPROPRIATIONS	Salary & Wages	Fringe & Non- Personnel	FY 2021 Appropriation
General Fund (continued)			
Office of the Chief Operating Officer	\$574,091	\$612,925	\$1,187,016
Office of the IBA	\$1,185,021	\$1,036,860	\$2,221,881
Office of the Mayor	\$2,081,912	\$1,417,234	\$3,499,146
Parks and Recreation	\$40,979,923	\$80,980,116	\$121,960,039
Performance & Analytics	\$1,537,805	\$2,728,587	\$4,266,392
Personnel	\$4,922,335	\$4,690,342	\$9,612,677
Planning	\$4,134,721	\$3,710,757	\$7,845,478
Police	\$281,300,436	\$286,943,122	\$568,243,558
Public Utilities	-1	\$2,727,387	\$2,727,387
Public Works & Utilities	\$248,227	\$194,296	\$442,523
Purchasing & Contracting	\$2,975,799	\$15,364,498	\$18,340,297
READ-Facilities Services	\$9,447,465	\$12,778,048	\$22,225,513
Real Estate Assets	\$2,011,257	\$2,387,167	\$4,398,424
Smart & Sustainable Communities	\$1,163,411	\$1,561,911	\$2,725,322
Storm Water	\$14,172,329	\$33,349,110	\$47,521,439
Sustainability	\$429,181	\$403,722	\$832,903
Transportation	\$24,645,322	\$50,624,527	\$75,269,849
General Fund Total	\$647,941,345	\$972,995,456	\$1,620,936,801
Capital Project Funds			
Capital Outlay Fund		\$18,587,949	\$18,587,949
TransNet Extension Administration & Debt Fund	<u>u</u>	\$323,840	\$323,840
TransNet Extension Congestion Relief Fund	-	\$3,851,330	\$3,851,330
TransNet Extension Maintenance Fund	-	\$9,618,048	\$9,618,048
Capital Project Funds Total	-	\$32,381,167	\$32,381,167
Enterprise Funds			
Airports Fund	\$1,495,771	\$3,996,876	\$5,492,647
Development Services Fund	\$37,651,609	\$47,475,391	\$85,127,000
Golf Course Fund	\$5,284,522	\$15,037,568	\$20,322,090
Recycling Fund	\$5,936,154	\$24,994,652	\$30,930,806
Refuse Disposal Fund	\$8,528,507	\$31,749,838	\$40,278,345
Sewer Funds	\$58,057,132	\$313,144,527	\$371,201,659
Water Utility Operating Fund	\$47,608,988	\$530,399,748	\$578,008,736
Enterprise Funds Total	\$164,562,683	\$966,798,600	\$1,131,361,283
Internal Service Funds			
Central Stores Fund	\$750,661	\$3,997,141	\$4,747,802
Energy Conservation Program Fund	\$2,125,010	\$2,861,018	\$4,986,028
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OPERATING APPROPRIATIONS	Salary & Wages	Fringe & Non- Personnel	FY 2021 Appropriation
Internal Service Funds (continued)	,		
Fleet Operations Operating Fund	\$12,394,663	\$43,107,499	\$55,502,162
Fleet Operations Replacement Fund	-	\$87,621,281	\$87,621,281
Publishing Services Fund	\$167,257	\$1,181,979	\$1,349,236
Risk Management Administration Fund	\$5,979,261	\$6,260,463	\$12,239,724
Internal Service Funds Total	\$21,416,852	\$145,029,381	\$166,446,233
Special Revenue Funds			
Automated Refuse Container Fund	-	\$1,537,573	\$1,537,573
Community Equity Fund (CEF)	•	\$3,000,000	\$3,000,000
Concourse and Parking Garages Operating Fund	\$129,527	\$3,132,248	\$3,261,775
Convention Center Expansion Funds	-	\$13,795,491	\$13,795,491
COVID-19 Rent Relief	-	\$15,100,000	\$15,100,000
Engineering & Capital Projects Fund	\$58,994,752	\$57,320,955	\$116,315,707
Environmental Growth 1/3 Fund	-	\$4,597,887	\$4,597,887
Environmental Growth 2/3 Fund	=	\$9,202,775	\$9,202,775
Facilities Financing Fund	\$1,387,002	\$1,747,048	\$3,134,050
Fire and Lifeguard Facilities Fund	-	\$1,395,631	\$1,395,631
Fire/Emergency Medical Services Transport Program Fund	\$2,490,582	\$9,947,013	\$12,437,595
Gas Tax Fund	-	\$34,100,416	\$34,100,416
General Plan Maintenance Fund	-	\$3,779,000	\$3,779,000
GIS Fund	\$996,588	\$3,393,061	\$4,389,649
Information Technology Fund	\$4,388,993	\$75,782,891	\$80,171,884
Junior Lifeguard Program Fund	\$76,586	\$548,468	\$625,054
La Jolla Self-Managed MAD	-	\$502,378	\$502,378
Local Enforcement Agency Fund	\$422,050	\$477,116	\$899,166
Long Range Property Management Fund	-	\$410,307	\$410,307
Los Penasquitos Canyon Preserve Fund	\$119,766	\$131,395	\$251,161
Low & Moderate Income Housing Asset Fund	-	\$42,101,314	\$42,101,314
Maintenance Assessment District (MAD) Funds	\$1,749,533	\$40,250,129	\$41,999,662
Mission Bay/Balboa Park Improvement Fund	=	\$1,887,430	\$1,887,430
OneSD Support Fund	\$3,447,138	\$24,340,167	\$27,787,305
Parking Meter Operations Fund	\$767,571	\$9,989,683	\$10,757,254
PETCO Park Fund	\$122,699	\$15,353,954	\$15,476,653
Public Safety Services & Debt Service Fund	=	\$8,200,931	\$8,200,931
Road Maintenance and Rehabilitation Fund	-	\$8,522,549	\$8,522,549
Seized Assets - California Fund	-	\$11,919	\$11,919
Seized Assets - Federal DOJ Fund	-	\$162,027	\$162,027
Seized Assets - Federal Treasury Fund	\$4,389,792	\$3,569,187	\$7,958,979
Stadium Operations Fund	\$19,661	\$1,912,749	\$1,932,410

Attachment I FY 2021 Operating and CIP Appropriations

FY 2021 Appropriation Ordinance

, which is the second of the		Fringe & Non-	FY 2021
OPERATING APPROPRIATIONS	Salary & Wages	Personnel	Appropriation
Special Revenue Funds (Continued)			
State COPS	-	\$4,331,356	\$4,331,356
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	\$1,172,213	\$79,993,949	\$81,166,162
Trolley Extension Reserve Fund	•	\$1,067,500	\$1,067,500
Underground Surcharge Fund	\$1,741,183	\$105,999,177	\$107,740,360
Wireless Communications Technology Fund	\$3,292,958	\$6,650,044	\$9,943,002
Zoological Exhibits Maintenance Fund	-	\$15,647,842	\$15,647,842
Special Revenue Funds Total	\$85,708,594	\$617,527,886	\$703,236,480
TOTAL OPERATING APPROPRIATIONS	\$919,629,474	\$2,734,732,490	\$3,654,361,964

S12040

S15019

Tierrasanta (Via Dominique) Pump Station

Alvarado Trunk Sewer Phase IV

CAPITA	L IMPROVEMENTS PROGRAM APPROPRIATIONS	FY 2021 Appropriation
Citywide		
ATT00002	Enterprise Funded IT Projects	\$8,452,531
T19003	Accela Implementation Phase 2 Citywide Total	\$1,073,165 \$9,525,696
Parks & R	Recreation	
AGE00001	Resource-Based Open Space Parks	\$450,000
AGF00004	Mission Bay Improvements	\$7,900,000
AGF00005	Regional Park Improvements	\$1,075,000
AGF00006	Coastal Erosion and Access	\$850,000
AGF00007	Park Improvements	\$547,000
S01090	MB GC Clbhouse Demo/Prtbl Building Instl	\$3,000,000
S15035	EB Scripps Pk Comfort Station Replacement Parks & Recreation Total	\$200,000 \$14,022,000
Public Uti	lities	
ABJ00001	Water Pump Station Restoration	\$800,000
ABL00001	Standpipe and Reservoir Rehabilitations	\$3,261,000
ABO00001	Metro Treatment Plants	\$5,639,170
ABP00001	Pump Station Restorations	\$2,800,000
AJA00001	Sewer Main Replacements	\$55,904,294
AJA00002	Pipeline Rehabilitation	\$11,867,986
AJB00001	Metropolitan Waste Water Department Trunk Sewers	\$6,000,000
AKA00002	Pressure Reduction Facility Upgrades	\$1,200,000
AKA00003	Large Diameter Water Transmission PPL	\$6,558,557
AKB00003	Water Main Replacements	\$78,535,744
S00050	Water Department Security Upgrades	\$1,000,000
S00312	PS2 Power Reliability & Surge Protection	\$12,955,568
S00319	EMTS Boat Dock Esplanade	\$2,012,316
S00339	MBC Dewatering Centrifuges Replacement	\$300,000
S10008	El Monte Pipeline No 2	\$2,000,000
S11026	Montezuma/Mid-City Pipeline Phase II	\$18,000,000
S12009	La Jolla Scenic Drive 16inch Main	\$500,000
S12010	30th Street Pipeline Replacement	\$1,250,000
S12012	Cielo & Woodman Pump Station	\$1,200,000
S12015	Pacific Beach Pipeline South (W)	\$1,656,490
S12016	Otay 1st/2nd PPL West of Highland Avenue	\$14,627,449

\$190,000

\$24,660,000

FY 2021

CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS	Appropriation
Public Utilities (continued)	The second section is a second section of the second section of the second section is a second section of the second section of the second section sec
S15020 Tecolote Canyon Trunk Sewer Improvement	\$2,000,000
S15027 La Jolla View Reservoir	\$200,000
S16027 Morena Pipeline	\$15,364,419
S17012 NCWRP Improvements to 30 mgd	\$755,291
S17013 MBC Equipment Upgrades	\$1,961,315
S18006 Harbor Drive Trunk Sewer	\$4,000,000
S20000 Kearny Mesa Trunk Sewer	\$2,000,000
S20001 Otay 2nd Pipeline Phase 4	\$5,000,000
S20002 University Heights Reservoir Rehabilitation	\$1,000,000
S21000 Otay 2nd Pipeline St Replacement Ph 5	\$100,000
S21001 Water SCADA Upgrade Phase I	\$500,000
S21002 South Mission Valley Trunk Sewer Ph II Public Utilities Total	\$100,000 \$285,899,599
Real Estate Assets - Facilities Services	
ABT00001 City Facilities Improvements Real Estate Assets - Facilities Services Total	\$875,000 \$875,000
Transportation & Storm Water	
ACA00001 Drainage Projects	\$1,000,000
AID00001 Utilities Undergrounding Program	\$10,000,000
AID00005 Street Resurfacing and Reconstruction	\$24,673,352
AIE00001 Bridge Rehabilitation	\$200,000
AIG00001 Median Installation	\$500,000
AIH00001 Installation of City Owned Street Lights	\$1,563,897
AIH00002 Street Light Circuit Upgrades	\$1,000,000
AlK00001 New Walkways	\$2,500,000
AIK00003 Sidewalk Repair and Reconstruction	\$3,300,000
AIL00001 Traffic Calming	\$500,000
AlL00004 Traffic Signals - Citywide	\$1,000,000
AtL00005 Traffic Signals Modification	\$1,500,000
P21000 Carroll Canyon Road Planning Study	\$800,000
P21001 5th Avenue Promenade	\$1,500,000
S00951 Coastal Rail Trail	\$4,500,000
S16061 Market Street-47th to Euclid-Complete Street	\$2,000,000
S18001 University Avenue Complete Street Phase1	\$625,000
Transportation & Storm Water Total	\$57,162,249
TOTAL CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS	\$367,484,544
TOTAL COMBINED APPROPRIATIONS	\$4,021,846,508

MAINTENANCE ASSESSMENT DISTRICT APPROPRIATIONS

Fund	Maintenance Assessment District Fund	Salary & Wages	Fringe & Non- Personnel	FY 2021 Appropriation
200023	Maintenance Assessment District (MAD) Management Fund	\$1,749,533	\$2,512,428	\$4,261,961
200025	Street Light District #1 MAD Fund	•	\$993,590	\$993,590
200028	Scripps/Miramar Ranch MAD Fund	•	\$2,543,472	\$2,543,472
200030	Tierrasanta MAD Fund		\$2,145,144	\$2,145,144
200031	Campus Point MAD Fund	-	\$78,167	\$78,167
200032	Mission Boulevard MAD Fund		\$158,594	\$158,594
200033	Carmel Valley MAD Fund	•	\$3,902,209	\$3,902,209
200035	Sabre Springs MAD Fund	-	\$353,665	\$353,665
200037	Mira Mesa MAD Fund	•	\$1,400,218	\$1,400,218
200038	Rancho Bernardo MAD Fund	-	\$1,728,257	\$1,728,257
200039	Penasquitos East MAD Fund	•	\$617,726	\$617,726
200040	Coronado View MAD Fund	-	\$65,163	\$65,163
200042	Park Village MAD Fund	-	\$655,324	\$655,324
200044	Eastgate Technology Park MAD Fund	-	\$262,979	\$262,979
200045	Calle Cristobal MAD Fund	· -	\$382,617	\$382,617
200046	Gateway Center East MAD Fund	-	\$369,780	\$369,780
200047	Miramar Ranch North MAD Fund	-	\$1,798,413	\$1,798,413
200048	Carmel Mountain Ranch MAD Fund	-	\$788,564	\$788,564
200052	La Jolla Village Drive MAD Fund	-	\$109,061	\$109,061
200053	First SD River Imp. Project MAD Fund	-	\$450,948	\$450,948
200055	Newport Avenue MAD Fund	•	\$90,073	\$90,073
200056	Linda Vista Community MAD Fund	-	\$370,182	\$370,182
200057	Washington Street MAD Fund	-	\$143,728	\$143,728
200058	Otay International Center MAD Fund	-	\$583,861	\$583,861
200059	Del Mar Terrace MAD Fund	•	\$649,530	\$649,530
200061	Adams Avenue MAD Fund	-	\$68,500	\$68,500
200062	Carmel Valley NBHD #10 MAD Fund	-	\$426,760	\$426,760
200063	North Park MAD Fund	-	\$1,050,143	\$1,050,143
200065	Kings Row MAD Fund	-	\$25,104	\$25,104
200066	Webster-Federal Boulevard MAD Fund	-	\$76,272	\$76,272
200067	Stonecrest Village MAD Fund	-	\$729,157	\$729,157
200068	Genesee/North Torrey Pines Road MAD Fund	-	\$486,603	\$486,603
200070	Torrey Hills MAD Fund	-	\$1,627,467	\$1,627,467
200071	Coral Gate MAD Fund	-	\$204,202	\$204,202
200074	Torrey Highlands MAD Fund	-	\$877,708	\$877,708
200076	Talmadge MAD Fund	-	\$435,745	\$435,745
200078	Central Commercial MAD Fund	-	\$315,061	\$315,061

Fund	Maintenance Assessment District Fund	Salary & Wages	Fringe & Non- Personnel	FY 2021 Appropriation
200079	Little Italy MAD Fund	-	\$1,233,847	\$1,233,847
200080	Liberty Station/NTC MAD Fund	-	\$160,849	\$160,849
200081	Camino Santa Fe MAD Fund	-	\$244,089	\$244,089
200083	Black Mountain Ranch South MAD Fund	-	\$1,132,308	\$1,132,308
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		\$504,912	\$504,912
200089	Black Mountain Ranch North MAD Fund	-	\$349,492	\$349,492
200091	Bay Terraces - Parkside MAD Fund	-	\$122,452	\$122,452
200092	Bay Terraces - Honey Drive MAD Fund	•	\$34,550	. \$34,550
200093	University Heights MAD Fund	-	\$101,644	\$101,644
200094	Hillcrest MAD Fund	-	\$42,598	\$42,598
200095	El Cajon Boulevard MAD Fund		\$1,165,493	\$1,165,493
200096	Ocean View Hills MAD Fund	-	\$877,900	\$877,900
200097	Robinhood Ridge MAD Fund	-	\$171,719	\$171,719
200098	Remington Hills MAD Fund		\$102,150	\$102,150
200099	Pacific Highlands Ranch MAD Fund	-	\$645,357	\$645,357
200101	Rancho Encantada MAD Fund	-	\$226,685	\$226,685
200103	Bird Rock MAD Fund		\$345,031	\$345,031
200105	Hillcrest Commercial Core MAD Fund	-	\$111,518	\$111,5 1 8
200614	Mission Hills Special Lighting MAD Fund	-	\$45,565	\$45,565
200707	Barrio Logan Community Benefit MAD Fund		\$538,820	\$538,820
200714	Civita MAD Fund	-	\$1,162,999	\$1,162,999
200717	Kensington Heights MAD	-	\$194,099	\$194,099
200718	Kensington Manor MAD	-	\$135,988	\$135,988
200719	Kensington Park North MAD	-	\$109,473	\$109,473
200720	Talmadge Park North MAD		\$35,644	\$35,644
200721	Talmadge Park South MAD	-	\$73,568	\$73,568
	VANOR AGGREGATION TO THE TANK			
MAINTEN	NANCE ASSESSMENT DISTRICT TOTAL	\$1,749,533	\$40,250,129	\$41,999,662

Attachment I JUN 3 0 2020 Passed by the Council of The City of San Diego on by the following vote: Councilmembers Not Present Yeas Recused Nays Barbara Bry Jennifer Campbell Chris Ward Monica Montgomery Mark Kersey Chris Cate Scott Sherman Vivian Moreno Georgette Gómez Date of final passage _ JUN 3 0 2020 **KEVIN L. FAULCONER AUTHENTICATED BY:** Mayor of The City of San Diego, California. **ELIZABETH S. MALAND** City Clerk of The City of San Diego, California. (Seal) By Connie Patterson, Deputy I HEREBY CERTIFY that the foregoing ordinance was passed on the day of its introduction, JUN 3 0 2020 ______, 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. **ELIZABETH S. MALAND** City Clerk of The City of San Diego, California. (Seal) Office of the City Clerk, San Diego, California 21206 Ordinance Number O-