

FISCAL YEAR
2021

The City of
SAN DIEGO

Executive Summary



— **ADOPTED BUDGET** —

MAYOR KEVIN L. FAULCONER



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The City of San Diego's Fiscal Year 2021 Adopted Budget is \$4.0 billion and is comprised of five operating fund types and the Capital Improvements Program (CIP):

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

This represents a decrease of \$322.7 million or 7.4 percent compared to the Fiscal Year 2020 Adopted Budget. This decrease is primarily due to reductions in the CIP and Transient Occupancy Tax Fund.

The Fiscal Year 2021 Adopted Budget includes a total of 11,726.93 Full-Time Equivalent (FTE) positions, representing a decrease of 93.49 FTE positions or 0.8 percent compared to the Fiscal Year 2020 Adopted Budget. This decrease is primarily due to the reduction of positions in the following areas: Parks and Recreation Department, Planning Department, Police Department, Publishing Services Fund, Real Estate Assets Department, and Risk Management Administration Fund.

Total City Expenditures Fiscal Years 2020-2021 by Fund Type/Program (in millions)

Fund Type/Program	FY 2020	FY 2021
General Fund	\$1,590.0	\$ 1,620.9
Special Revenue Funds	755.9	703.2
Capital Projects Funds	17.6	32.4
Enterprise Funds	1,118.7	1,131.4
Internal Service Funds	151.6	166.4
Capital Improvements Program	710.8	367.5
Total	\$ 4,344.6	\$ 4,021.8

Total City FTE Positions Fiscal Years 2020-2021 by Fund Type

Fund Type	FY 2020	FY 2021
General Fund	7,727.86	7,640.02
Special Revenue Funds	1,075.37	1,076.06
Enterprise Funds	2,607.46	2610.62
Internal Service Funds	346.73	337.23
Other Funds	63.00	63.00
Total	11,820.42	11,726.93

Budget Process

The annual operating budget is developed in conjunction with the Mayor, City Council, City departments, Independent Budget Analyst, and public input. The Budget Process consists of three main phases: budget development, budget review, and budget adoption.

The Budget Development phase began with the release of the Fiscal Year 2021-2025 Five-Year Financial Outlook in Fall 2019, which created the initial framework for the development of the Fiscal Year 2021 Adopted Budget.

Next, City departments submitted budget requests and reduction proposals that were analyzed, reviewed, and prioritized by City management. During this process, the COVID-19 pandemic began and created an unprecedented environment which resulted in a significant revision to revenues and a reprioritization of expenditures. Projected General Fund revenues and expenditures were then balanced through the

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remainder of the budgeting process and included in the Fiscal Year 2021 Proposed Budget, along with changes to the non-general funds and CIP.

During the Budget Review phase, the City Council held a series of public meetings to obtain input from San Diego residents on spending priorities. The Mayor and City Council used the information at these hearings to recommend changes to the May Revision and the Fiscal Year 2021 Proposed Budget. The City Council modified and approved the budget. Subsequently, the City Council adopted and enacted into law the Fiscal Year 2021 budget via the Appropriation Ordinance.

General Fund Overview

The Fiscal Year 2021 Adopted Budget includes General Fund expenditures of \$1.62 billion to provide core community services, as well as funding for new critical expenditures primarily in response to the COVID-19 pandemic. These expenditures are primarily supported by major General Fund revenue sources that include property tax, sales tax, transient occupancy tax, and franchise fees. These four major General Fund revenue sources account for \$1.06 billion or 65.7 percent of the revenue in the Fiscal Year 2021 Adopted Budget. Projected growth rates for these revenue sources when the Fiscal Year 2021 Adopted Budget was prepared are as follows:

- Property Tax: 4.25 percent
- Sales Tax: -8.77 percent
- Transient Occupancy Tax: -36.71 percent
- Franchise Fees:
 - SDG&E: -9.47 percent
 - Cable: -9.38 percent

The remainder of revenues in the General Fund are generated by a variety of sources, including State and federal relief funds in response to the COVID-19 pandemic, and are discussed in the General Fund Revenues section of this Volume. After incorporating all adjustments, the Fiscal Year 2021 Adopted Budget maintains a balanced and fiscally responsible budget. Additional details on both revenue and expenditure adjustments are provided later in this Volume.

Critical Expenditures

The Fiscal Year 2021 Adopted Budget includes critical expenditures that focus on three strategic goals:

- Achieve clean, safe, and livable neighborhoods
- Create an economically prosperous City
- Provide high quality public service

The list below highlights some of the General Fund critical new expenditures.

Achieve Clean, Safe, and Livable Neighborhoods

<i>CARES Act Funding – COVID-19 Operational Expenditures</i>	One-time funding to support CARES Act Fund eligible expenditures for enhanced refuse collections, emergency medical services, upstaffing, and patrols.
<i>CARES Act Funding - Operation Shelter-to-Home</i>	One-time funding to support CARES Act Fund eligible expenditure for the Operation Shelter-to-Home Program.
<i>CARES Act Funding - Rent Relief Fund</i>	One-time funding to support CARES Act Fund eligible expenditures for the transfer to the new Rent Relief Fund.

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<i>Citizens' Advisory Board on Police/Community Relations</i>	Funding and position to lead the Citizens Advisory Board on Police/Community Relations.
<i>Clean SD</i>	Funding and positions to maintain prior year service levels and expand the Mayor's Clean SD initiative in the Environmental Services and Police Departments.
<i>Fire-Rescue Relief Pool</i>	Funding and positions to support the Relief Pool.
<i>Homeless Shelters and Services</i>	Funding for homeless shelters and services to maintain or increase the homeless shelter capacity.
<i>Homelessness Strategies Department</i>	Funding and positions for the new Homelessness Strategies Department and programmatic support for Person-Centered Unsheltered Outreach.
<i>Infrastructure Fund</i>	Funding for the transfer to the Infrastructure Fund for General Fund infrastructure projects.
<i>North University Fire Station</i>	Funding and positions to support operations of the new North University Fire Station.
<i>Sexual Assault Evidence Testing</i>	Funding and positions for sexual assault evidence testing.
<i>Structural Personnel Protection Equipment (PPE)</i>	One-time funding to replace structural personnel protective equipment (PPE) in the Fire-Rescue Department.
<i>Tree Planting</i>	Funding to support the backlog of new tree plantings.
<i>Zero-Based Budgeted Overtime</i>	Funding in the Fire-Rescue and Police Departments to maintain current service levels.

Create an Economically Prosperous City

<i>CARES Act Funding - Small Business Relief Funds</i>	One-time funding to support CARES Act Fund eligible expenditures for the Small Business Relief Fund.
<i>City Council Redistricting</i>	One-time funding and positions to support the Redistricting Commission.
<i>Climate Action Plan</i>	Funding to support the City's Climate Action Plan.
<i>Community Equity Fund</i>	Funding to support the new Community Equity Fund.
<i>Internet Access for Low Income Communities</i>	One-time funding to establish a pilot program to provide Internet Access for Low Income Communities.
<i>Mobility Department</i>	Funding and positions to support the new Mobility Department.
<i>Office of Race & Equity</i>	Funding for the new Office of Race & Equity.

Provide High Quality Public Service

<i>Animal Services Program</i>	Funding to support the spay/neuter program and contractual increases to the Animal Services contract.
<i>City Attorney's Office Internship Program</i>	Funding for the City Attorney's Office Internship Program.
<i>Citywide Election Expenditure</i>	Funding to support Citywide Elections in Fiscal Year 2021.
<i>Flexible Benefits Plan</i>	Funding to support negotiated changes in City's flexible benefit plan for the City's six Recognized Employee Organizations (REOs).
<i>Energy Franchise Agreement Consultant</i>	One-time funding for professional services to evaluate and negotiate the City's energy franchise agreement.
<i>Ethics Commission Succession Plan</i>	Funding to support the Ethics Commission succession plan.

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General Fund PC Replacement Plan	Funding for lease payments related to the General Fund PC Replacement Lease Plan.
Parks and Recreation Facilities	Funding and positions to support maintenance and operations of new park facilities.
Public Liability	Funding to support Public Liability insurance.
Right-of-Way Utility Permits	Funding for inspection of right-of-way utility permits.
Storm Water Department	Funding for the new Storm Water Department.
Transfer to the Capital Improvements Program (CIP)	One-time funding to support the Sherman Heights Community Center.

Budget Reductions

In order to offset critical new General Fund expenditures and decreases in major General Fund revenues due to the COVID-19 pandemic, the Fiscal Year 2021 Adopted Budget includes budget reductions that were strategically chosen to minimize impacts to core service levels and limit the impact to public safety and public health. The list below includes budgeted reductions from the Fiscal Year 2020 Adopted Budget grouped by organizational branch. For more information, please see the General Fund Expenditures section of this Volume.

Finance

Debt Management	Reduction of funding and positions associated with the following functions and programs: Administrative Bond Finance; Economic Support; and State Revolving Fund (SRF) Loan Program Support.
Department Programmatic Reductions	
Department of Finance	Reduction of funding and positions for Customer Support sections.
Programmatic Reductions	
Purchasing & Contracting	Reduction of funding and positions to support the procurement of services and goods.
Procurement Support	
Office of the City Treasurer	Reduction of funding and positions associated with the following functions: Business Tax Support, Delinquent Accounts Support, Parking Administration, and treasury accounting.
Programmatic Reductions	

Mayoral

Docket Office Support	Reduction of funding and position in the Docket Office.
Mayoral Initiatives Support	Reduction of funding and positions in support of the Office of the Mayor's initiatives.
Public Information Section	Reduction of funding and position in support of the Public Information section.
Support	

Non-Mayoral

City Council Office Support	Reduction of funding in the nine City Council Offices.
Council Administration	Reduction of funding to support the Council Administration.
Independent Departments	Reduction of funding in the City Attorney's Office, Ethics Commission, Office of the Independent Budget Analyst, and the Personnel Department.

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Public Safety

<i>Civilian and Sworn Positions</i>	Reduction of funding and positions in the Police Department associated to STAR/PAL unit, Domestic Violence unit, and Patrol Operations.
<i>Helicopter Maintenance</i>	Reduction of funding for the maintenance of helicopters in the Fire-Rescue and Police Departments.
<i>Lifeguard Training</i>	Reduction of funding related to Swift Water Rescue and Cliff Rescue Instructor training.
<i>Mobile Operation Detail Unit</i>	Reduction of funding to support the mobile unit response in the Gaslamp area.
<i>South UC Fast Response Squad</i>	Reduction of funding related to the elimination of the University City Fast Response Squad to align with the operations of the new North University Fire Station.

Public Works & Utilities

<i>EAM Contractual Support</i>	Reduction of funding for Enterprise Asset Management contractual support in the Public Works & Utilities Branch.
<i>Environmental Services Staff</i>	Reduction of funding and positions related to residential refuse collection program, disposal and environmental protection, hazardous waste storage, and waste reduction.
<i>Storm Water Channel Maintenance</i>	Reduction of funding to support storm water channel maintenance.
<i>Storm Water Compliance Monitoring</i>	Reduction of funding for pro-active storm water compliance monitoring studies and investigations.
<i>Storm Water Drainage</i>	Reduction of funding for storm water drainage and erosion.
<i>Storm Water Mitigation and Permitting Efforts</i>	Reduction of funding for environmental permitting work for channel maintenance.
<i>Storm Water Policy</i>	Reduction of funding related to consulting services for policy implementation and lobbying in support of the following: storm water regulations, watershed, and water effect ratio.
<i>Storm Water Pump Station</i>	Reduction of funding for pump station materials and equipment.

Smart & Sustainable Communities

<i>Citywide Planning</i>	Reduction of funding and positions for the coordination and support of Community Planning, Conservation Programs, and Geographic Information Systems.
<i>Economic Development Programs</i>	Reduction of funding and positions for the following areas of service: Business Cooperation Program; and the Small Business Enhancement Program (SBEP).
<i>Facilities Division Support</i>	Reduction of funding and positions in support of Facilities Division operations.
<i>Real Estate Assets Programmatic Support</i>	Reduction of funding and positions to support the management of real estate assets.
<i>Smart Streetlight Program</i>	Programmatic reduction of the Smart Streetlights program.
<i>Stadium Operating Support</i>	Reduction of funding and positions to support the operations of the Stadium.

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Non-General Fund Overview

In addition to the General Fund, the Fiscal Year 2021 Adopted Budget includes the following major changes in other non-general funds:

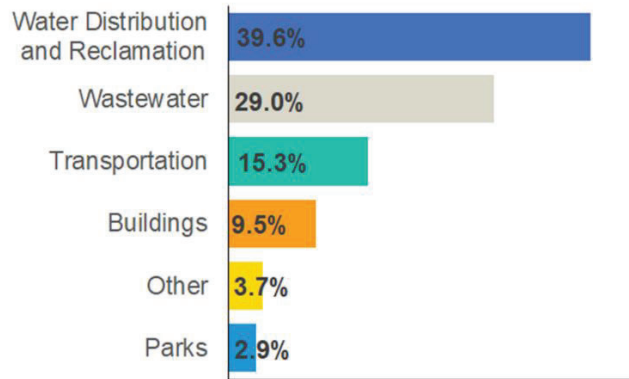
<i>Capital Outlay</i>	Funding for Stadium debt service and one-time General Fund debt service supported by Stadium sale proceeds.
<i>Central Stores</i>	Reduction of funding and associated revenue to align with inventory purchases.
<i>Community Equity</i>	Funding for the creation of the Community Equity Fund to invest in underserved communities.
<i>COVID-19 Rent Relief Fund</i>	One-time funding to provide rent relief for low-income tenants impacted by the COVID-19 pandemic.
<i>Development Services</i>	Funding and positions for the establishment of the cannabis permit bureau and digital permit software.
<i>Environmental Growth Funds</i>	Reduction of funding in General Fund reimbursements as a result of a decrease in franchise fees.
<i>Fleet Operating</i>	Reduction of funding for fuel costs.
<i>Fleet Replacement</i>	Funding for vehicle acquisitions and a one-time transfer of excess fund balance for General Fund programs.
<i>Gas Tax</i>	Reduction of funding for non-personnel expenditures associated to revised State of California Gas Tax Projections.
<i>Information Technology</i>	Funding to support CARES Act Fund eligible expenditures to support and service work from home technology solutions.
<i>PETCO Park</i>	Reduction of funding and revenue associated with a decrease in special events.
<i>Recycling</i>	Funding for the Curbside Recycling Program.
<i>Refuse Disposal</i>	Funding for the purchase of heavy equipment and Landfill Gas Collection System.
<i>Stadium Operations</i>	Reduction of funding for operations associated with the sale and closure of the stadium.
<i>Transient Occupancy Tax</i>	Reduction of funding for: special events, marketing contract, and support for safety and maintenance of visitor-related facilities.
<i>Utilities Undergrounding Program</i>	Funding for construction costs to support the Utilities Undergrounding Program.

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Capital Improvements Program Overview

The Fiscal Year 2021 Adopted CIP Budget for all funds is \$367.5 million. This budget allocates existing funds and anticipated revenues to both new and continuing projects. The allocation of funds is based upon an analysis of available funding sources, as well as a review of project needs and priorities.

Fiscal Year 2021 Adopted CIP Budget by Project



Conclusion

The Fiscal Year 2021 Adopted Budget continues to focus on the City's strategic plan goals. This balanced budget includes funding for core community services, new critical strategic expenditures, budget reductions with minimal service level impacts. Additional details are included throughout this Volume.



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