



DRAFT BUDGET

MAYOR TODD GLORIA

VOLUME 1 Budget Development Process

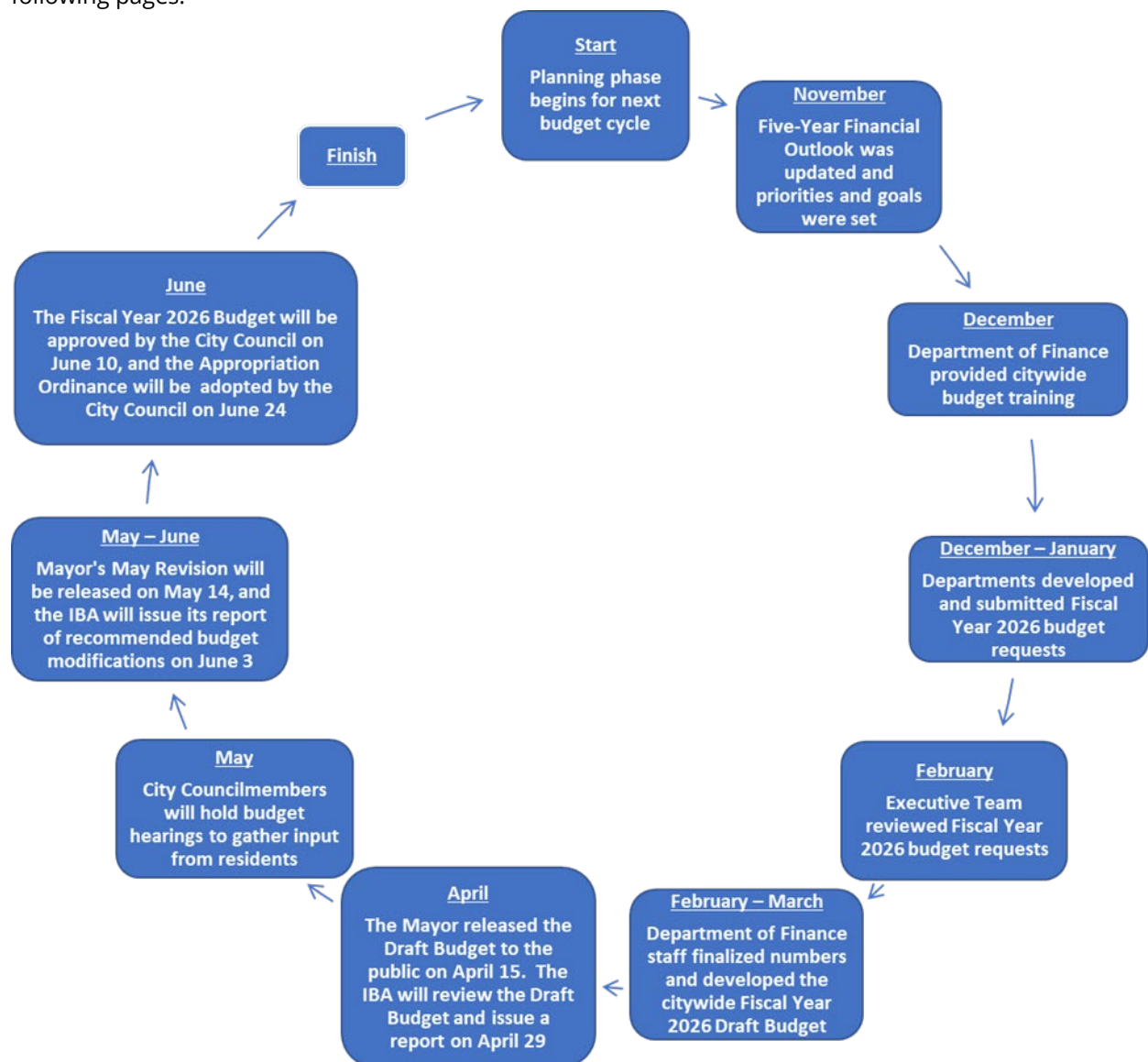


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Budget Development Process

Budget Development Process

The City of San Diego's budget is created in conjunction with the Mayor, City Council, City departments and public input. The budget process considers the fiscal and policy goals of the City for the upcoming fiscal year, while following a timeline for budget publication codified in the City's Charter. This section provides an overview of the annual workflow and the specific processes that help produce the City's budget for Fiscal Year 2026. The chart below illustrates the process, and detailed descriptions of key stages are listed on the following pages.



The Budget Development Process consists of three main phases: Budget Development, Budget Review, and Budget Adoption. After the budget is adopted, there is an opportunity to amend the budget via the Budget Monitoring Process.

Budget Development Process

Budget Development

August - October 2024 City Council Priority Memoranda Issued

Call memorandum was issued on August 28, 2024, for City Councilmembers' FY 2026 budget priorities. City Councilmembers' FY 2026 budget priorities memoranda were due to the Office of the Independent Budget Analyst on September 25, 2024. FY2026 Council Budget Priorities Report was released on October 10, 2024.

November 2024: Fiscal Planning

The Fiscal Year 2026-2030 Five-Year Financial Outlook (Outlook) was released in December 2024. The Outlook is a long-range fiscal planning guide that serves as the framework for the Fiscal Year 2026 General Fund Budget. The report provides an outlook of the City's General Fund finances over the next five years.

November - December 2024: Citywide Budget Development Training

City departments received training on the budgeting system, the budget development process, and incorporating equity into the budget. This included guidance and expectations for developing budget requests within the Fiscal Year 2026 Draft Budget goals and priorities.

December 2024 - January 2025: Budget Submission

Departments developed and submitted budget requests for Fiscal Year 2026. Department of Finance staff analyzed the budget submissions and prepared a summary of changes and adjustment recommendations for discussion at the Executive Budget Review (EBR) meetings.

February 2025: Executive Budget Review (EBR) Meetings

In the EBR meetings, Department Directors and staff met with the City's Executive Management Team, Mayoral Staff, and Department of Finance (DoF) to discuss strategic priorities and budget reduction proposals. City management reviewed the departments' budget proposals ensuring requests aligned with the City's fiscal policies and Strategic Plan.

February - March 2025: Budget Development

Based on information provided by Departments, the City's Executive Management Team, the Mayor's Office, and the Department of Finance developed the Fiscal Year 2026 Draft Budget. Staff balanced General Fund resources with expenditures and ensured the budget aligned with the City's fiscal policies and priorities.

March - April 2025: Draft Budget Finalized

In March, the Fiscal Year 2026 Draft Budget, including the General Fund, non-general funds, and Capital Improvements Program, were finalized. The Department of Finance created the Draft Budget document in March and April. The Mayor released the Fiscal Year 2026 Draft Budget to the public on April 15, 2025, in compliance with the City's Charter [Article VII, Section 69, Item (c)]. The Office of the Independent Budget Analyst (IBA) will review the Fiscal Year 2026 Draft Budget and issue its report on April 29, 2025.

Budget Development Process

Budget Review

May 2025: Budget Review Committee Hearings

The City Council's Budget Review Committee will hold a series of public budget hearings, obtaining San Diego residents' input on spending priorities. Councilmembers use the information to develop their final budget priorities and recommended changes to the Fiscal Year 2026 Draft Budget.

May – June 2025: May Revision and IBA Recommended Revisions

On May 14, 2025, the May Revision to the Fiscal Year 2026 Draft Budget will be released. In this report, changes to the Draft Budget will be based on updated policy related issues and updated Fiscal Year 2025 year-end revenue and expenditure projections. Following the release of the May Revision, the IBA will issue a report on June 3, 2025, with recommended City Council modifications to the Fiscal Year 2026 Draft Budget and May Revision.

Budget Adoption

May - June 2025: Adopted Budget

On May 19, 2025, the City Council will review the Mayor's May Revision and the Third Quarter Budget Monitoring Report. On June 10, 2025, the City Council is expected to approve the Fiscal Year 2026 Budget, with modifications. If the budget has been modified by the City Council, the Mayor's veto period is expected to begin on June 12, 2025, and end on June 18, 2025.

June 2025: Adopted Budget Finalized

In June, the final changes to the Fiscal Year 2026 budget will be implemented based on City Council modifications. Once the changes are made, the Fiscal Year 2026 Adopted Budget will be complete. The Change Letter will be created to summarize the May Revision and City Council's changes to the Fiscal Year 2026 Draft Budget, by fund and department.

June 2025: Appropriation Ordinance

On June 24, 2025, the City Council is anticipated to adopt the Appropriation Ordinance, codifying the Fiscal Year 2026 Adopted Budget into law.

Budget Monitoring

July 2025 - June 2026: Budget Monitoring and Amendments

During the fiscal year, DoF monitors the annual operating budget via quarterly financial reports. During this process, DoF in conjunction with all City departments, analyzes year-to-date actuals, forecasts year-end results, and recommends budget amendments. Throughout the fiscal year, budget amendments may be recommended by the Mayor and approved by the City Council¹

¹Not all budget amendments are subject to City Council approval. Refer to the Appropriation Ordinance for budget amendments that are not subject to City Council approval.