

# EXECUTIVE SUMMARY

## OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: June 3, 2015

IBA Report Number: 15-22

City Council Docket Date: June 8, 2015

Item Number: 202

# PROPOSED REVISIONS TO THE MAYOR'S FY 2016 BUDGET

### Final IBA Recommended Funding Revisions to the FY 2016 Budget

<i>Description</i>	<b>One-Time (Excess Equity)</b>	<b>General Fund Ongoing</b>
<b><i>IBA Proposed Resources</i></b>		
Fund Public Liability Reserve through FY 2016 rather than FY 2018, freeing up \$5.8 million in excess equity and \$900,000 in ongoing funds. This is consistent with City policy goals and the FY 2016-FY 2020 Outlook.	\$ 5,800,000	\$ 900,000
Free up \$5.0 million of ongoing resources by utilizing excess equity to fund \$5.0 million in one-time costs for the Bayside Fire Station construction.	(5,000,000)	5,000,000
<b>Total Available Resources</b>	<b>\$ 800,000</b>	<b>\$ 5,900,000</b>
<b><i>IBA Proposed FY 2016 Budget Revisions for Council Consideration</i></b>		
Penny for the Arts Blueprint - Increase from 5.7% to 6% of 1 cent TOT	\$ -	\$ (500,000)
IBA consultant to support complex analyses	-	(20,000)
7.00 FTE Mechanics to help achieve Fleet vehicle maintenance and safety goals	-	(453,000)
2.00 FTE Associate Personnel Analysts to support hiring workload	-	(192,000)
3.00 FTE Park Rangers for Shoreline Parks, Sunset Cliffs Natural Park, and Chicano Park	-	(384,000)
ADA Upgrades/Tot lots in neighborhood parks (one-time cost)*	-	(500,000)
Traffic Signal Optimization Technology to address traffic congestion (one-time cost)*	-	(1,500,000)
Mission Beach street vacuuming to help mitigate fly infestation during summer months	-	(40,000)
Market Street Sidewalks - design and environmental analysis conducted in FY 2016 (one-time cost)*	(375,000)	(625,000)
Replacement of old City Hall carpet to prevent trips and falls (one-time cost)	(425,000)	-
<b>Total Suggested Budget Revisions</b>	<b>\$ (800,000)</b>	<b>\$ (4,214,000)</b>
<b>Net Balance**</b>	<b>\$ -</b>	<b>\$ 1,686,000</b>

\*One-time expenditure funded with ongoing resources

\*\* Available for excess equity or one-time unfunded Council/community priorities

## Council Majority Priorities Not Recommended for Funding at this Time

### **Implementing the Police Executive Research Forum (PERF) Report/Focusing on Community Oriented Policing**

A majority of Councilmembers requested resources for implementing the Police Executive Research Forum (PERF) report, focusing on community oriented policing, and/or designating Community Relations Officers. Specific estimated costs have yet to be developed for implementing the PERF and community oriented policing recommendations. A status update on PERF report implementation, including a discussion of potential costs, is scheduled for review at the Public Safety and Livable Neighborhoods Committee on July 29, 2015.

### **Permanent Police Traffic and Special Events Building**

A majority of Councilmembers requested funding for the design of a permanent Police Traffic and Special Events building to replace the current temporary modular facility adjacent to the Eastern Division Substation. This project requires further discussion with the Police and Engineering & Capital Projects Departments regarding facility priorities and the Department's operational needs at this site.

## Other Significant Budget Issues

### **May Revision Proposed Pension Payment Stabilization Trust Fund - \$15.0 million Excess Equity**

In budget priority memoranda, all Councilmembers expressed interest in exploring the concept of a pension payment stability fund or similar mechanism to protect the General Fund from potential future variances in annual pension payments. While several Councilmembers supported a \$15.0 million irrevocable trust, a majority of Councilmembers supported setting aside no less than 1% of excess equity, or \$11.6 million, which could be used for establishing this fund pending development of a pension stabilization policy. This is a \$3.4 million difference from the Mayor's current \$15.0 million proposal. Options for using these one-time funds include: remaining in excess equity at year-end; potentially increasing funding levels for a pension stabilization reserve depending on policy decisions; advance funding the Public Liability Fund for FY 2017 once the amount of excess equity is determined at year-end; or using a small portion of it for a one-time capital item consistent with the City's Reserve Policy.

A majority also expressed support for the Budget and Government Efficiency Committee working expeditiously with appropriate parties to develop a policy, parameters, and a multi-year funding plan prior to returning to full Council for action.

### **May Revision Proposed Public Liability Reserve Funding - \$5.8 million Excess Equity, \$0.9 million General Funds**

The May Revision included \$6.7 million in funding to advance fund policy targets for the Public Liability Reserve through FY 2018, two years ahead of schedule. In their memos, a majority of Councilmembers supported funding the Public Liability Reserve target through FY 2016 as reflected in the Mayor's Proposed Budget. Achieving the FY 2016 funding target is consistent with the City's Reserve Policy as well as the Mayor's FY 2016-2010 Five-Year Outlook.

Eliminating advance funding for the FY 2017 and FY 2018 target contributions frees up excess equity, which can fund one-time costs for construction of the Bayside Fire Station. This would make the \$5.0 million in ongoing General Funds that are currently budgeted for the Bayside Station available for other funding priorities as shown in the table on the first page.

### **Update on Residual RPTTF Money Potentially Impacting FY 2016 and Beyond**

On May 26, 2015, the Superior Court of California issued a ruling that will impact the process used by the San Diego County Auditor and Controller (CAC) to determine residual Redevelopment Property Tax Trust Fund (RPTTF) payments to taxing entities in the region. Per State law, residual RPTTF payments are to be apportioned to taxing entities based on the amount of property tax available in the RPTTF after deducting amounts reserved for Recognized Obligations and administrative payments.

The Court found that the CAC's calculation of residual RPTTF payments was not in compliance with State law, and effectively favored those entities that receive more pass-through payments than those that do not. Should the decision stand, preliminary estimates show that the City will receive a one-time payment of between \$18.0 million and \$25.0 million to make up for previous residual RPTTF distributions, and additional ongoing payments of several million dollars annually in RPTTF distributions.

Appeals to the decision must be filed within 60 days. To date we are unaware of any appeal, but urge caution in relying on additional RPTTF receipts until the window for appeals has closed. This is provided for information only in the context of potential future budget impacts.

### **Other IBA FY 2016 Budget Recommendations:**

The following recommendations are also suggested for Council consideration:

1. That a list of Park & Recreation and Library facilities, planned for repair utilizing the \$1.7 million allocation as proposed in the May Revise, be provided to the Council in advance of their vote on final budget decisions on June 8, 2015.
2. That the Personnel Department provide raw data on a quarterly basis to Council on the status of all vacancies, as well as the vacancy status of new positions added in FY 2016.
3. That the results of the Traffic Signal Communication Master Plan be brought to the Infrastructure Committee in the near future to apprise the Council of Plan priorities, time frames, and funding needs for implementing traffic signal optimization throughout various communities.



THE CITY OF SAN DIEGO

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## **Review of the FY 2016 May Revise and Recommended Revisions to the Mayor's FY 2016 Budget**

The IBA's review of the Mayor's FY 2016 Proposed Budget was issued on April 27, 2015 as IBA Report No. 15-16. Departmental and agency budget hearings with the Budget Review Committee took place May 4, 2015 through May 8, 2015. On May 11, 2015, the City Council held an evening budget hearing to solicit input from the community on the Mayor's budget proposals and their budget priorities for FY 2016. On May 19, 2015, the Mayor issued a May Revision to his Proposed Budget (May Revision) along with the FY 2015 Year-End Budget Monitoring Report (Year-End Report), which was discussed at the Budget Review Committee on May 21, 2015. The Mayor issued a supplement to the May Revision on May 21, 2015.

This report presents our final FY 2016 budget review and recommendations for Council budget modifications based on the following: our analysis of the FY 2016 May Revision and its subsequent supplement, the FY 2015 Year-End Report, and the FY 2016 Proposed Budget; our review of Councilmember budget priority memoranda submitted to our office on May 22, 2015; and consideration of feedback from the public, City staff, and City Councilmembers during the budget review hearings.

### **OVERVIEW OF THE FY 2015 YEAR-END BUDGET MONITORING REPORT**

Our office has reviewed the FY 2015 Year-End Report and notes that the Financial Management Department (FM) has provided detailed explanations for variances between the Year-End Report and the year-end projections that were included as part of the FY 2015 Mid-Year Budget Monitoring Report (Mid-Year Report). We note, however, that the variances discussed in the Mid-Year Report are comparisons of updated year-end revenue and expenditure projections to the Current Budget, as opposed to the Adopted Budget. The Current Budget includes increases made as part of the Mid-Year Budget adjustments to the Adopted Budget, and those adjustments provide sufficient appropriations to cover the year-end projections. This section provides

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comparisons of the year-end projections to the Adopted Budget for General Fund revenues and expenditures.

**General Fund Revenues**

<b>FY 2015 Projected Year-End General Fund Revenue (in millions)</b>					
	<b>FY 2015 Adopted Budget</b>	<b>FY 2015 Mid-Year Projection</b>	<b>FY 2015 Year-End Projection</b>	<b>Variance: Adopted Budget to Year-End</b>	<b>Variance: Mid-Year to Year-End</b>
Property Tax	\$445.4	\$446.6	\$446.4	\$0.9	\$(0.2)
Property Transfer Tax	9.2	8.1	8.1	(1.0)	0.0
Sales Tax	257.1	259.1	259.0	1.9	(0.1)
Transient Occupancy Tax	92.3	94.5	96.4	4.0	1.9
Major Franchise Fees	70.7	76.1	79.1	8.5	3.0
Other General Fund Revenue	313.8	318.4	318.3	4.4	(0.1)
<b>Total:</b>	<b>\$1,188.6</b>	<b>\$1,202.8</b>	<b>\$1,207.3</b>	<b>\$18.7</b>	<b>\$4.5</b>

*Totals may not add due to rounding*

As displayed in the table above, General Fund revenues are projected to be approximately \$1.21 billion at fiscal year end, which is \$18.7 million or 1.6% over the FY 2015 Adopted Budget, and \$4.5 million or 0.4% over the year-end projection reported in the Mid-Year. Changes in General Fund revenue projections have not changed significantly from the year-end projections reported in the Mid-Year, with the following two exceptions:

Transient Occupancy Tax (TOT): TOT revenues are projected to be approximately \$96.4 million at fiscal year end, which is \$4.0 million or 4.4% over the FY 2015 Adopted Budget, and \$1.9 million or 2% over the increased year-end projection reported in the Mid-Year. TOT is levied on the daily room price of hotels, motels, and vacation rentals in which the transient’s stay is less than one month. Due to the sustained increase in TOT receipts, FM has increased the TOT growth rate from 5.5% to 6% for the rest of the fiscal year. Our office agrees with this increase and suggests that TOT revenue be closely monitored in order to determine if another increase in the growth rate is warranted as part of the FY 2016 Mid-Year Report.

Major Franchise Fees: Franchise Fees are projected to total \$79.1 million at the year-end, which is \$8.5 million or 11.9% above the FY 2015 Adopted Budget, and \$3.0 million or 4% above the year-end projection reported in the Mid-Year. Almost all of this increase is due to increases in projected franchise fees paid by SDG&E. As stated in FM’s Year-End Report, the franchise fee projections in the Mid-Year report used an estimated February clean-up payment amount from SDG&E, the actual payment received was higher than that estimate, and total projected SDG&E Franchise Fees have increased by \$2.1 million.

## General Fund Expenditures

General Fund Expenditures (\$ in millions)	FY 2015 Adopted Budget	FY 2015 Mid- Year Projection	FY 2015 Year-End Projection	Variance: Adopted to Year-End	Variance: Mid-Year to Year-End
Salaries and Wages	\$ 493.4	\$ 504.9	\$ 501.1	\$ (7.7)	\$ 3.8
Fringe Benefits	339.9	344.3	345.5	(5.6)	(1.2)
Subtotal Personnel Expenditures	\$ 833.3	\$ 849.2	\$ 846.6	\$ (13.3)	\$ 2.6
Contracts	\$ 173.7	\$ 172.9	\$ 168.4	\$ 5.4	\$ 4.5
Energy & Utilities	40.5	39.9	37.0	3.5	3.0
Information Technology	25.9	27.0	27.2	(1.3)	(0.2)
Supplies	27.0	26.7	27.9	(0.8)	(1.1)
Other Expenditures	102.0	96.0	103.7	(1.7)	(7.7)
Subtotal Non-Personnel Expenditures	\$ 369.1	\$ 362.5	\$ 364.1	\$ 5.1	\$ (1.6)
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,202.4</b>	<b>\$ 1,211.7</b>	<b>\$ 1,210.6</b>	<b>\$ (8.2)</b>	<b>\$ 1.1</b>

*Totals may not add due to rounding*

As shown in the table above, the total variance from the FY 2015 Adopted Budget to the Year-End Report projection is \$8.2 million in over-budget expenditures that is mitigated by the budget increases made as part of the Mid-Year Budget adjustments. The \$8.2 million in over-budget projected expenditures include the following:

- \$7.7 million over-budget salaries and wages, including the following off-setting components:
  - \$15.9 million in under-budget salaries: As mentioned in the Year-End Report, under-budget salaries are due to vacancies, and we note higher vacancies than budgeted. The projected savings is \$15.9 million higher than the \$18.7 million budgeted vacancy savings. The largest components of the \$15.9 million in under-budget salaries include:
    - \$8.9 million for Police (combining \$8.9 million under-budget salaries and \$11.9 million over-budget overtime nets an over-budget amount of \$3.0 million)
    - \$2.2 million for Fire-Rescue (combining \$2.2 million under-budget salaries and \$4.5 million over-budget overtime nets an over-budget amount of \$2.3 million)
    - \$1.3 million for Transportation & Storm Water
    - \$1.0 million for Communications
    - \$500,000 for Planning
    - \$463,000 for the City Attorney's Office
  - \$17.9 million in over-budget overtime largely related to public safety departments
    - \$11.9 million for Police:
      - \$5.5 million of the FY 2015 over-budget overtime is related to amounts that were budgeted elsewhere in the Police Department. Note that for FY 2016, adjustments have been made to include these amounts as overtime

- \$1.4 million is related to the task force work conducted by the Police Department that is reimbursed by other agencies. This amount was not included in the FY 2015 Adopted Budget but has been added to the overtime budget for FY 2016
  - The remaining \$5.0 million in over-budget overtime for Police includes \$1.1 million related to reimbursable AB 109 activities, \$2.0 million related to other reimbursable grant activities, and \$2.0 million related to understaffing and operations. These amounts have not been included in either the FY 2016 Proposed Budget or the May Revision
    - \$4.5 million for Fire-Rescue, which is related to vacancies and constant staffing issues
      - \$2.2 million in over-budget termination pay, largely due to Police and Fire-Rescue overages of \$1.1 million and \$583,000, respectively
      - \$1.6 million in over-budget pay in lieu of annual leave spread over various departments
      - \$895,000 in over-budget hourly wages, primarily due to \$289,000 for Police, \$345,000 for Fire-Rescue, and \$627,000 for Park & Recreation, off-set with savings in Library of \$364,000
      - \$899,000 in over-budget special pay, largely due to \$1.1 million in over-budget Fire-Rescue special pay (which is off-set by savings in other departments). The FY 2016 budget amount for Fire-Rescue has been increased by only \$264,000
- \$5.6 million over-budget in fringe benefits, of which the largest components include:
  - \$2.4 million for increased Workers' Compensation (WC) claims and an increased WC reserve requirement resulting from an updated reserve target amount
  - \$1.4 million for an increased Long-Term Disability (LTD) reserve requirement resulting from an updated reserve target amount, as well as \$1.1 million to pre-fund the LTD reserve contribution for FY 2016
  - \$1.2 million for an increased General Fund allocation for the Actuarially Determined Contribution (ADC) pension payment
- \$5.4 million under-budget in contracts, largely due to delays in contracting for various departments, as well as \$1.7 million in savings in elections costs
- \$3.5 million under-budget in energy and utilities costs, largely due to savings in fuel costs
- \$1.7 million over-budget in other expenditures including the following offsetting variances:
  - A \$6.2 million increase in Public Liability reserve contributions (see the Public Liability section, discussed later in this Report)
  - A \$2.5 million decrease in debt service due to the delay in issuing the DC3 infrastructure bonds
  - A \$2.3 million decrease in Economic Development's other expenditures budget largely due to moving the budget for winter shelters and other homeless support services to the contracts category

- A \$870,000 decrease due to the decline in Mission Bay lease revenues to be transferred to the Park Improvement Funds

### ***Engineering & Capital Projects Fund***

The Engineering & Capital Projects (E&CP) Fund net year-end projection for Fiscal Year 2015 is a \$1.9 million deficit that is largely attributable to the Department's vacant reimbursable positions. A total of 30.00 FTEs were added to E&CP's budget in FY 2015 for project management and delivery. However, hiring for these positions has taken several months, and the issue is compounded as vacancies filled through promotions create new vacancies. In some cases, promotions have meant that staff have moved from positions with higher reimbursable rates to lower reimbursable rates, therefore temporarily reducing Department revenue. The revenue projection has decreased by \$2.5 million from the Mid-Year because previous revenue estimates assumed vacancies would be filled at a faster rate.

Public Works Department (PWD) staff indicates they are looking to "true-up" the deficit before the end of Fiscal Year 2015 by proportionally allocating costs to E&CP's customer base. Staff is consulting with the City Attorney's Office to determine the appropriate basis of allocation. To proactively address a potential deficit in FY 2016, PWD, Financial Management, and Comptroller's Office staff are currently calculating an increase in the FY 2016 overhead rate for E&CP. PWD staff anticipates the need to increase their overhead rate to fully recover E&CP costs in FY 2016 due to the addition of 112.00 FTEs in the FY 2016 Proposed Budget. The impact of any overhead increase to the FY 2016 Adopted Budget will be monitored and reported on in the First Quarter Budget Monitoring Report.

## **OVERVIEW OF THE FY 2016 MAY REVISION AND KEY ISSUES**

The May Revision (including the supplement) increases the Mayor's FY 2016 General Fund budget expenditures by approximately \$29.1 million or 2.3% from the Proposed Budget, increasing total expenditures from \$1.28 billion to \$1.30 billion. General Fund revenues increased by approximately \$8.4 million, or 0.7%, from \$1.27 billion to \$1.28 billion. Expenditure increases grew \$20.7 million above new resources due to the proposed use of a corresponding amount of excess equity to fund a number of one-time expenses, as discussed later in this Report.

The May Revision and its supplement increased the net number of General Fund FTEs by 47.56 from the Proposed Budget, to a total of 7,268.95 FTEs—a proposed overall increase of 293.66 FTEs in the General Fund in FY 2016. For FY 2016, the Mayor has proposed a City-wide increase of 526.15 FTEs; in our Review of the FY 2016 Proposed Budget, our office raised the question of whether the City had sufficient internal resources to manage and hire for those additional positions, especially given the number of current City vacancies. Councilmembers discussed the adequacy of internal City resources during the Budget Review Committee meetings and a majority of Councilmembers requested additional support for internal operations as discussed in the Councilmembers' Final Budget Priority Memoranda section later in this Report.



**PRIMARY RESOURCES USED TO BALANCE THE MAY REVISION**

The increased expenditures included in the May Revision and its supplement are funded through a variety of sources: increases in General Fund revenues; a number of reductions in expenditures due to savings identified through the San Diego Works program; net expenditure savings in the Fire-Rescue Department associated with helicopter maintenance; a reduction in debt service payments associated with the infrastructure bond; and the use of one-time resources, most significantly \$20.8 million in projected FY 2015 year-end excess equity. An overview of revenue and equity resources that fund a net \$29.1 million in expenditure increases is displayed in the table below.

<i>Resources for May Revision General Fund Expenditures (per Supplemental May Revision)</i>	<i>FY 2016</i>
Excess Equity-Pension Stabilization Fund	\$ 15,000,000
Excess Equity-Public Liability Reserve	5,800,000
Excess Equity-Community Projects, Programs & Services (CPPS)	(82,049)
Property Tax Revenue	2,655,765
Transient Occupancy Tax (TOT) Revenue	2,228,602
Park & Recreation TOT Reimbursement	1,855,126
User Fee Increases	881,098
Revenue Associated With Position Additions	581,107
Property Transfer Tax Revenue	146,664
Net Other Revenue Adjustments	15,495
<b>TOTAL RESOURCES</b>	<b>\$29,081,808</b>

Our office reviewed the significant resources used to balance the May Revision in the sections below, and later in this report in our discussion of excess equity.

***General Fund Revenue***

<b>FY 2016 Proposed General Fund Revenue (in millions)</b>			
	<b>FY 2016 Proposed Budget</b>	<b>FY 2016 May Revision</b>	<b>Total FY 2016 Budget</b>
Property Tax	\$467.4	\$2.7	\$470.1
Property Transfer Tax	8.2	0.1	8.4
Sales Tax	285.8	0	285.8
Transient Occupancy Tax	100.3	2.2	102.5
Major Franchise Fees	80.8	(.0)	80.8
Other General Fund Revenue	332.2	3.3	335.5
<b>Total:</b>	<b>\$1,274.6</b>	<b>\$8.4</b>	<b>\$1,283.0</b>

*Totals may not add due to rounding*

As displayed in the table above, General Fund revenues increased by approximately \$8.4 million or 0.7% from the FY 2016 Proposed Budget due mainly to increases in Property Tax, TOT, increases in TOT reimbursements to the General Fund, and approximately \$881,000 in increased user fee revenue.

Increased Property Tax and TOT revenues are based on updated information from the San Diego County Assessor's Office and an increase in recent revenue distributions received by the City in FY 2015 above projected amounts, respectively. The General Fund's portion of TOT (5.5 cents of the total 10.5 cent assessment) has increased by \$2.2 million in the May Revision; and total TOT (full 10.5 cent) has increased \$3.6 million. TOT receipts came in consistently over-budget in FY 2015, and the growth rate was increased at year-end from 5.5% to 6%. The 6% growth rate for TOT is maintained in FY 2016.

Both Franchise Fees and Sales Tax projections did not change from the Proposed Budget due to no new revenue distributions being received by the City since formulation of the budget (both revenues are distributed to the City on a quarterly basis).

Based on our review, we believe these major revenue adjustments in the May Revision are appropriate, although as stated in our review of the FY 2015 Year-End Report, we suggest that TOT revenue be closely monitored in order to determine if another increase in the growth rate is warranted at the mid-year in FY 2016.

### *User Fees*

The May Revision included an increase of \$881,000 in ongoing user fee revenue related to fees updated through the Comprehensive General Fund User Fee Analysis. This revenue assumption included updates to all associated user fees except those related to Police Department-regulated firearms dealers and entertainment permits. However, when the City Council took action on the User Fee Analysis on May 19, 2015, several other proposed fee adjustments were returned to staff. These include permit fees for massage therapists, pawn shop and secondhand retailers, and holistic health practitioners. Financial Management has indicated that the revenue associated with the fees returned to staff is approximately \$15,000. Therefore, the anticipated increase in FY 2016 user fee revenue over the Proposed Budget is now \$866,000.

## **REVIEW OF TOP COUNCIL EXPENDITURE PRIORITIES ADDRESSED IN THE PROPOSED BUDGET AND MAY REVISION**

On February 3, 2015 the City Council adopted the FY 2016 Council Budget Priorities Resolution No. 309499 which was forwarded to Mayor Faulconer for his consideration as he developed the FY 2016 Proposed Budget. As we noted in our review of the Proposed Budget, all of the priorities supported by a majority of the Councilmembers received funding in FY 2016. An overview of those priorities is provided in the sections below, as are Councilmember requests discussed during the Budget Review Committee meetings that were included in the Mayor's May Revision.

**Police Recruitment and Retention:** Councilmembers unanimously identified Police recruitment and retention as a top priority when they developed their FY 2016 budget priority memoranda. The FY 2016 Proposed Budget includes funding for the Police Department to address recruitment and retention, including:

- \$11.1 million in personnel and non-personnel expenditures to support the first year of the Memorandum of Understanding with the Police Officers' Association
- The addition of 22.00 FTE civilian positions
- The addition of 5.00 FTE sworn positions
- \$1.1 million to support sworn positions, including new recruits
- \$2.1 million for the continued implementation of body worn cameras

**Fire-Rescue:** Councilmembers indicated their ongoing support for improving Fire-Rescue response times which is addressed in the FY 2016 Proposed Budget through the following funding allocations:

- \$2.5 million for the operation of two new fire stations: East Side Mission Valley Fire Station and the Skyline Temporary Fire Station
- \$1.2 million for Fast Response Squad program continuation and expansion
- \$1.1 million for a one-time increase to fund two additional fire academies

**Infrastructure:** When Councilmembers developed their budget priority memoranda in January, they unanimously agreed on the necessity of providing funding for infrastructure. The FY 2016 Proposed Budget allocates cash funding to support the City's infrastructure needs, and additional resources were identified in the May Revision:

- The FY 2016 Proposed Budget includes:
  - \$29.2 million for street repairs
  - \$5.0 million for implementation of the SAP Enterprise Asset Management module (General Fund portion)
  - \$3.2 million for sidewalk repairs
  - \$1.4 million for condition assessments (General Fund facilities)
- The May Revision includes a \$1.7 million transfer of funding for the repair of libraries and park and recreation facilities, as discussed in the Other Significant Issues section later in this Report.

**Community Services:** The FY 2016 Proposed Budget included funding for increased park maintenance services, funding for brush management in Otay Valley Regional Park, and the addition of recreation center hours at 16 facilities, which were in line with priorities identified by Council in their budget priorities resolution. During the Budget Review Committee meetings however, Councilmembers raised concerns about the number of recreation centers that were identified for increased hours of operation, as well as the reduction of the library materials budget. These, and other concerns, are addressed in the Mayor's May Revision:

- Library Department:
  - Addition of approximately \$210,000 to restore the library materials budget
  - Approximately \$40,000 to support Sunday hours at the Pacific Beach Library
- Park & Recreation Department:
  - \$1.2 million to support increased hours of operations at 20 additional recreation centers resulting in extended hours at a total of 36 centers

- Addition of 1.00 Program Manager and approximately \$130,000 to support Balboa Park/Mission Bay Park
- Addition of 1.00 Horticulturalist and approximately \$75,000 to support the Water Conservation Program

**Internal Efficiencies:** The FY 2016 Proposed Budget included significant support for information technology (IT) initiatives that are designed to promote efficiencies for City staff as well as for people seeking information or services from the City, such as online customer portals; upgrades to the City’s budgeting, human resources, personnel, and procurement modules; upgrades/replacement to the City’s CAD systems; and library broadband upgrades.

The May Revision also includes funding for IT initiatives including:

- Approximately \$98,000 in the Performance & Analytics Department to support a performance dashboard and an online open budget tool
- Additional support from the Water Utility Operating Fund (Non-General Fund) to support the implementation, maintenance, and operation of the Advanced Metering Infrastructure project as well as funds to support the continuation of the Advanced Water Purification Facility Demonstration Project and acceleration of the PURE Water Program

**NEW INFORMATION SINCE THE PROPOSED BUDGET – PUBLIC UTILITIES**

The May Revision includes a number of changes to the budget for the Public Utilities Department (PUD), largely to address new State drought mandates. Changes are supported by both the Sewer Funds and the Water Fund. Significant drought-related changes include:

**\$20.6 million reduction in Water Fund expenses related to water purchases:** This decrease in expenditures is related to the implementation of drought mandates in the City, which require a 16% reduction in water use. The total expenditure reduction also recognizes a 6.6% increase in rates being charged by the County Water Authority for wholesale purchase of water.

No corresponding reduction in revenues to the Water Fund is included in the May Revision; PUD staff indicates that the overall revenue associated with water sales will be addressed in the upcoming Cost of Service Study, which is expected to move forward this summer.

**\$14.7 million increase and 26.00 new FTEs to support the City’s Advanced Metering Infrastructure (AMI) Project:** AMI will allow real-time tracking of water consumption and can help the City more accurately track consumption and allow PUD customers to monitor water use and to take corresponding conservation efforts, rather than relying on their bills to determine their overall use. PUD plans to replace or retrofit all water meters in the City to an AMI meter over the next 30 months.

Of the 26.00 FTEs added for AMI implementation, 15.00 positions are limited (as opposed to permanent positions), and are associated with the installation of new meters.

**\$738,000 increase and 8.01 FTEs for Water Use Restriction Enforcement:** In order to enforce the City’s drought restrictions, the May Revision includes additional funding and staff

for enforcement. Proposed staff include: 1.00 FTE Supervisor, 1.00 FTE Administrative Aide, 4.00 FTE Code Compliance officers to enforce restrictions, and 2 FTE Field Representatives to assist with water use surveys requested by ratepayers.

Additionally, the May Revision includes:

- \$11.8 million and 6.00 new FTEs to support the PURE Water Program
- \$1.8 million for turf replacement/conservation outreach
- \$1.5 million and 11.00 FTEs to respond immediately to any emergency repairs necessary to minimize loss of water
- \$3.7 million to conform with the City's Street Preservation Ordinance
- \$3.0 million to support the proposed Pension Payment Stabilization Reserve Trust
- \$1.0 million to continue the Advanced Water Purification Facility Demonstration Project

### **KEY RESULTS OF COUNCILMEMBERS' FINAL BUDGET PRIORITY MEMORANDA & ADDITIONAL IBA RECOMMENDATIONS**

As part of the FY 2016 budget development process, Councilmembers submitted budget priority memoranda to our office on May 22, 2015, which are included in their entirety as attachments to IBA Report Number 15-23. Our office reviewed the budget priorities mentioned by a majority of Councilmembers (five or more) in their memoranda, and we discuss the expenditures prioritized by a majority of Councilmembers in the sections below. We have recommended funding for seven of the top priorities. For two of the top priorities, we have noted that funding plans, cost estimates, or other information is needed before developing a funding recommendation.

Three other items which were not mentioned by a majority of Councilmembers are recommended for funding by our office to address health and safety issues.

Budget priorities that were mentioned by a significant number of Councilmembers (four) in their memoranda are listed in **Attachment 1** of this Report for further Council consideration. Many Councilmembers also provided recommendations on the use of excess equity, including the pre-funding of the Public Liability Reserve and the creation of a Pension Payment Stabilization Trust Fund, which we discuss in the sections following the expenditure proposals.

### **Discussion of Councilmember Expenditure Proposals**

The following items were mentioned by five or more members of the City Council in their budget priority memos:

## ONGOING EXPENDITURE PRIORITIES RECOMMENDED FOR FUNDING

### *Addition of Park Rangers for Shoreline Parks, Sunset Cliffs Natural Park, and Chicano Park - \$384,000*

The FY 2016 Proposed Budget includes funding for 38 Park Ranger positions, the same number of positions as in the FY 2015 Budget. The following table provides the current allocation of park ranger staffing for each area:

<b>Site/District</b>	<b>Number of Park Rangers</b>
Balboa Park	6
Chollas Lake	1
Presidio Park and Mission Hills Park	1
Mission Bay Park	5
Open Space Parks	23
Shoreline Parks	2
<b>TOTAL</b>	<b>38</b>

A majority of the City Council budget priority memos collectively requested additional Park Rangers to support the City's Shoreline Parks (coastal system includes 65 view areas and coastal access points), Sunset Cliffs Natural Park, and Chicano Park. The Shoreline Parks (which exclude Mission Bay Regional Park) span approximately 14 miles of beachfront coastline and extend from Torrey Pines City Park South to Sunset Cliffs Natural Park. Chicano Park, a 7.9 acre park located beneath the Coronado Bridge in Barrio Logan, is listed on the National Register of Historic Places for San Diego County.

Currently, the Shoreline Parks are allocated two Park Rangers to address public information and safety needs. One Park Ranger is assigned exclusively to the Children's Pool to meet the commitments of the Coastal Development Permit for the rope barrier, with the other Park Ranger assigned to patrol Tourmaline Surf Park and Shoreline Parks northward. These positions report directly to the District Manager for the Shoreline Parks group. No Park Rangers are currently assigned to the Shoreline Parks south of the Tourmaline Surf Park. Similar to the southern Shoreline Parks, Chicano Park does not currently have a Park Ranger assigned to patrol it. Due to limited Park & Recreation Department resources, other City departments such as the Police and Fire-Rescue Departments have assisted in providing services to the public at these locations.

The FY 2015 Adopted Budget added one Park Ranger position to the Shoreline Parks group to initiate the creation of a "pool" of resources for the Shoreline Parks, similar to the resource structure used for Balboa Park. However, coverage for the Shoreline Parks south of Tourmaline Surf Park continues to lack resources. The Park & Recreation Department anticipates that the addition of 1.00 Senior Park Ranger and 2.00 Park Ranger positions would be able to provide the coverage requested within the City Council budget priority memos. These positions would allow for a dedicated Ranger position for shoreline parks from Tourmaline Surf Park southward to Sunset Cliffs, supplement additional coverage within the shoreline parks as necessary, and potentially dedicate a position to provide coverage at Sunset Cliffs and Chicano Parks. The exact division of responsibilities would need to be evaluated by the Park & Recreation Department to ensure the intended additional coverage is achieved.

It is projected that the addition of these positions would allow for a Park Ranger to patrol the shoreline areas seven days per week for a majority of the time as well as provide coverage to Sunset Cliffs and Chicano Parks. The addition of a Senior Park Ranger position would allow for an effective reporting structure for the rangers assigned to the Shoreline Parks group. The projected cost for these positions in FY 2016 would be \$384,000 (\$156,000 for 1.00 Senior Park Ranger and \$228,000 for 2.00 Park Rangers) which includes costs for vehicles, equipment, and other personnel and non-personnel expenses. Ongoing costs beyond FY 2016 are estimated at \$273,000 annually.

***Increased Support for the Penny for the Arts Blueprint Goal - \$500,000***

The FY 2016 Proposed Budget increased funding for the Penny for the Arts Five-Year Blueprint (Blueprint) by approximately \$871,000 over FY 2015, an increase in dollars spent but maintenance of the 5.7% of 1 cent of TOT allocation. The Mayor’s May Revision included an additional increase of approximately \$205,000 in expenditures towards the Blueprint in order to maintain the 5.7% allocation for the program in FY 2016, due to the projected increase in TOT.

The Blueprint specifies that allocations to Arts, Culture, and Community Festivals programs should equal 8.55% of 1 cent of TOT in FY 2016. In FY 2016, TOT is projected to be approximately \$195.0 million; 8.55% of that total equals \$16.7 million, which is approximately \$5.6 million more than the \$11.1 million budget (5.7% of 1 cent of TOT) proposed in the May Revision.

A majority of Councilmembers indicated support in their budget priority memoranda for additional funding for the Blueprint ranging from \$500,000 to \$1.0 million. The table below displays the amount of Penny for the Arts funding/percent of TOT currently allocated in FY 2016, the amount of Penny for the Arts funding/percent of TOT specified in the Blueprint for FY 2016, and the percent of TOT in FY 2016 if Penny for the Arts funding is increased by \$500,000 or \$1.0 million. Our office is recommending an additional total increase over FY 2015 of approximately \$705,000.

<b>PENNY FOR THE ARTS</b>				
	<b>FY 2016 May Revision</b>	<b>FY 2016 Penny for the Arts Blueprint Goal</b>	<b>Increased Support: \$500,000</b>	<b>Increased Support: \$1,000,000</b>
Penny for the Arts Funding as a % of TOT	5.70%	8.55%	5.96%	6.21%
Transient Occupancy Tax Projection (10.5 cent) <sup>1</sup>	\$ 195,040,104	\$ 195,040,104	\$ 195,040,104	\$ 195,040,104
Penny for the Arts Funding (\$)	11,117,286	16,675,929	11,617,286	12,117,286
<b>Variance in Funding from the Blueprint Goal (\$)</b>	<b>\$ (5,558,643)</b>	<b>\$ -</b>	<b>\$ (5,058,643)</b>	<b>\$ (4,558,643)</b>

<sup>1</sup>10.5 cent Transient Occupancy Tax projections as included in the FY 2016 May Revision.

***Fleet Services Personnel Additions - \$453,000***

A majority of Budget Priority Memos call for the addition of 14.00 FTE Fleet Technicians. Those memos show related costs of between \$906,000 and \$1.4 million in associated personnel costs. Fleet Services indicates that it is in the process of identifying both administrative and operational needs, and that the Proposed Budget takes positive steps towards addressing the

Department's needs. Additional PE and NPE funding could assist the Department in ensuring improved fleet service operations, though additional administration and physical infrastructure may be necessary to accommodate large increases in FTEs.

Fleet Services indicates that it could accommodate between 5.00 and 7.00 additional Mechanic/Technician FTEs beyond those included in the Proposed Budget and May Revise in its existing service bays, but that an increase in personnel beyond that amount may require additional changes to ensure those FTEs could be accommodated.

Should Council wish to add additional technician FTEs to Fleet Services, it would be appropriate to include the addition of 7.00 FTEs and \$453,000 in associated personnel expenditures, and to request Fleet Services report back during Council's review of the First Quarter or Mid-Year Budget Monitoring Report on whether additional FTEs beyond that amount would be desired, and how they could be accommodated.

#### ***IBA Consultant Funds - \$20,000***

A majority of Council offices supported adding \$20,000 to the budget of the IBA to enable the Office to hire outside consultant expertise on an as-needed basis. This will provide the IBA with the ability to consult with independent, outside experts on particularly complex matters that come before the Council. Examples include but are not limited to: economic impacts of development projects, actuarial impacts of various compensation proposals, and analysis of lease and contractual proposals. The IBA currently does not have funds budgeted for this purpose, and in her May 14, 2015 memorandum to the City Council, the IBA indicated this funding would assist the Office in fulfilling its charge of providing clear, objective, and unbiased analysis and advice to the City Council.

#### ***Associate Personnel Analyst Positions - \$192,000***

A majority of Council offices supported adding 2.00 FTE Associate Personnel Analysts and associated costs of \$192,000, given the over 500 position additions in the Proposed Budget and May Revision. One position would be involved with rolling out the NEOGOV Online Hiring Center. The second position would assist in more-timely initiation and processing of examinations. The Personnel Department has indicated that current staffing levels severely limit their ability to meet current, as well as future, demand.

### **ONE-TIME EXPENDITURE PRIORITY RECOMMENDED FOR FUNDING**

#### ***Traffic Signal Optimization - \$1,500,000***

A majority of Councilmembers requested in their memos that \$400,000 in one-time expenditures be added to the FY 2016 Budget to incorporate traffic signal optimization technology on major thoroughfares citywide and specifically on Friar's Road in Mission Valley. Councilmember memos noted that traffic signal optimization technology can reduce travel times on arterial streets and provide positive benefits to the climate by reducing the idling of cars.



In FY 2015, Transportation & Storm Water (TSW) completed its first Traffic Signal Communication Master Plan. The goals of the five-year Master Plan are to upgrade the City's 25 year-old signal communications system to handle new technologies and to meet the demands of our current signal system. The components of the new communication system include: cameras, enhanced traffic detection, wireless technology, changeable message signs, adaptive traffic signals, communication with connected vehicle technology, and data collection.

In the "City of San Diego Fiscal Year 2016 through Fiscal Year 2020 Consolidated Multi-Year Capital Planning Report," funding needs for implementation of the Master Plan indicates \$6.5 million annually for Fiscal Years 2016 through 2018 and \$22.0 million annually for Fiscal Years 2019 and 2020, totaling \$63.5 million. For FY 2016, there is an unidentified funding need of approximately \$4.9 million. Funding totaling \$1.6 million is identified in FY 2016 from the Regional Transportation Congestion Improvement Program and Development Impact Fees. The FY 2016 Proposed Budget includes 3.00 FTE positions to implement the Master Plan as well as seek grant funding to apply to the Master Plan implementation.

TSW staff indicates that Kearny Mesa/Clairemont Mesa is the next high-priority area to be addressed per the Master Plan. The cost to fully incorporate traffic signal optimization technology in this area is approximately \$1.5 million. The project scope includes upgrading 72 traffic signals, and would tie in with SANDAG's Bus Rapid Transit project that will be installed on Clairemont Mesa Boulevard. The corridors include: Clairemont Mesa Blvd., Convoy St., Genesee Ave., Linda Vista Rd., and Ruffin Rd.

Per TSW staff, a cost estimate is not available at this time to implement traffic signal optimization technology on Friar's Road in Mission Valley; and this area is considered a lower priority per the Master Plan. TSW has not yet presented the results of the Traffic Signal Communication Master Plan at the Infrastructure Committee. Our office recommends that this take place in the near future to apprise Council of the Master Plan priorities, time frames, funding needs, and a plan for accomplishing the Master Plan goals. The proposed allocation of \$1.5 million can be used by the Department in FY 2016 to implement Master Plan priorities and components in consultation with the Infrastructure Committee.

#### ***ADA Compliance and Tot Lot Improvements at Neighborhood Parks - \$500,000***

A majority of budget priority memos requested one-time funding be allocated to incorporate Americans with Disabilities Act (ADA) standards and tot lot improvements at neighborhood parks. Councilmember memos referenced neighborhood parks including Olive Grove, Boone, Island, and Emerald Hills. The Park & Recreation Department should work with the City Council to determine the prioritization of neighborhood parks for implementing these improvements with the recommended funding.

#### **HEALTH AND SAFETY ISSUES RECOMMENDED FOR FUNDING**

This section includes items that were mentioned by less than five members of the City Council in their budget priority memos, but that our Office is recommending for funding for health and safety reasons.

***Mission Beach Fly Infestation Abatement - \$40,000 (potential ongoing cost)***

Several, but less than a majority, of Councilmember budget priority memos included requests for the City to address the issue of a fly infestation at Mission Beach during the summer months. Those memos recommend addressing the issue through increased street vacuuming, increased trash and recycling pick-up, or both. Our recommendation would allow for the street vacuuming component during the summer months.

Preliminary discussions indicate that there may be issues with increased trash and recycling pick-up, and that this requires additional study by the Environmental Services Department before being funded.

***Replacement of Old City Hall Carpet on Multiple Floors to Prevent Trips and Falls - \$425,000 (one-time)***

Our office is putting forward this request, which also was included in one Council memorandum, for one-time funding to replace 20+ year old carpet on Floors 2, 3, 5, 7, 9, 11, and 12 of the City Administration Building. (The carpet on the remaining floors has been replaced more recently.) The carpet on these floors is ripped, rippled, and deteriorated; has outworn its useful life; and is no longer in safe or clean condition. The carpet is at a point where it has become a potential safety hazard for City employees and the public who are often observed tripping on its numerous ripples and tears.

***Market Street Sidewalks (Initiate Design & Environmental Study) - \$1,000,000 (one-time)***

Several Councilmembers requested in their budget priority memoranda that \$4.0 million in one-time expenditures be allocated for the design and construction of concrete sidewalks along the north side of Market Street between Malcolm X Library and Pitta Street. Per TSW, the scope of this project is consistent with the Community Plan and also includes cycle tracks on the north and south side of Market Street and additional streetlights. According to TSW staff, the project will require extensive environmental studies because the location along the north side of Market Street is adjacent to a Multi-Habitat Planning Area. The estimated total project cost is approximately \$4.5 to \$5.0 million, of which approximately \$700,000 is needed to complete the design phase and \$1.0 million for the environmental study. The proposed allocation of \$1.0 million can be used by the Department in FY 2016 to begin design work on this project.

Transportation & Storm Water (TSW) intends to design and construct concrete sidewalks in FY 2016 on the south side of Market Street between Malcolm X Library and Pitta Street. The project totals \$400,000 and is fully funded. The funding sources include \$200,000 from the General Fund and \$200,000 from TransNet funding. This project is within the high priority category per the sidewalk condition assessment recently completed because it will provide a pedestrian link between the residential neighborhood at the east end of Market Street, and the Malcolm X Library and the Elementary Institute of Science.

Also identified in the Councilmember memos were a pedestrian improvement project along Martin Luther King Jr. promenade and sidewalk installation in the Paradise Hills Community. TSW in conjunction with Arts & Culture are jointly working on a pedestrian improvement

project along the Martin Luther King Jr. promenade in District 4. Funding totaling approximately \$200,000 has been identified for Arts & Culture to hire a consultant in FY 2016 that will assist in drafting a design of the art work. Per TSW staff, a preliminary estimate of the total project cost is approximately \$2.0 million and is currently unfunded. The scope will include widening the sidewalks, installation of the art work, and traffic-calming measures.

There are several locations in the Paradise Hills Community with missing sidewalks. TSW staff indicates that they are finalizing the sidewalk condition assessment report and it will be presented to Council in the first quarter of FY 2016. Staff intends to determine the priority areas citywide in the first half of FY 2016 and assemble a plan and budget to begin addressing the priority areas.

### **EXPENDITURE PRIORITIES NOT RECOMMENDED FOR FUNDING AT THIS TIME**

As noted earlier, two of the priorities noted in a majority of Councilmembers' budget priority memoranda are not being recommended by our office at this time, as the necessary funding plans, cost estimates, or other information is not currently in place. These priorities are discussed in greater detail in the sections that follow.

#### ***Police Department–Community-Oriented Policing, Community Relations Officers (CROs), and Implementation of PERF Report Recommendations***

A majority of Councilmembers requested in their memos that Police Department resources be realigned or augmented to focus on community-oriented policing. Specifically, the Councilmember memos called for an increase in the number of officers designated as CROs, and several also requested that funding be included in the FY 2016 Budget to enable the Police Department to fully implement the recommendations of the Police Executive Research Forum (PERF) report. Because community-oriented policing and the PERF report have been discussed as a combined policy issue by the City Council at recent meetings of the Budget Review Committee as well as the Public Safety and Livable Neighborhoods Committee, we have consolidated our discussion of these issues in this report.

Specific estimated costs have yet to be developed for implementing the PERF recommendations. While the Police Department has already implemented or begun implementing many recommendations at minimal or no additional expense, other recommendations have the potential to incur additional costs. For example, recommended upgrades to the Early Identification & Intervention System (EIIS) could potentially require significant investments in information technology. The Department has indicated that it has arranged for a subject matter expert, Timothy J. Longo, Chief of Police of Charlottesville, Virginia, to visit the San Diego Police Department in late June to evaluate the EIIS system.

The Department is expected to present an updated report on its implementation of PERF recommendations, including a discussion of potential costs, to the Public Safety and Livable Neighborhoods Committee on July 29, 2015. This report will be followed by an update to the Police Department Five-Year Plan at the November 12, 2015 Committee meeting, which will likely include further discussion of PERF-related items.

### ***San Diego Police Department Traffic and Special Events Building***

A majority of Councilmembers requested in their memos that \$700,000 in one-time expenditures be added to the FY 2016 Budget to fund the design of a permanent facility to house the Police Department Traffic Division and Special Events operations. Currently, Traffic and Special Events operates out of a temporary modular building. Councilmember memos noted that the current facility is outdated, deteriorated, and in need of replacement.

Engineering & Capital Projects has indicated that there is currently no CIP for this project, nor was it included in the condition assessments recently conducted as part of the Multi-Year Capital Plan (MYCP). The MYCP only included condition assessments of permanent facilities, not temporary ones. Engineering & Capital Projects has indicated that in order to properly design a permanent facility for Traffic and Special Events, it will need a more thorough assessment of the Police Department's operational needs at this site.

Additionally, the location of the facility adjacent to Montgomery Field presents unique challenges due to FAA restrictions on construction within flight paths that must be taken into account in any future design. Should the Council wish to designate funds for design of a permanent Traffic and Special Events facility, Engineering & Capital Projects and the Police Department should be requested to develop a plan to further assess the project and create a corresponding CIP to be discussed at a future meeting of the Infrastructure Committee and/or Public Safety and Livable Neighborhoods Committee.

## **IBA FINAL RECOMMENDED REVISIONS TO THE BUDGET**

The table below summarizes potential revisions to the FY 2016 Proposed Budget for Council consideration, as discussed in this Report in the sections above. Resources of up to \$6.7 million are identified, as well as recommended expenditures of up to approximately \$5.0 million. Options for allocating the remaining \$1.7 million include:

- Leaving the remainder in excess equity
- Consider funding one or more of the one-time budget priorities that did not receive a majority of mentions in Council member memoranda, but did receive a significant level of support (Attachment 1)

<i>Description</i>	<b>One-Time (Excess Equity)</b>	<b>General Fund Ongoing</b>
<b><i>IBA Proposed Resources</i></b>		
Fund Public Liability Reserve through FY 2016 rather than FY 2018, freeing up \$5.8 million in excess equity and \$900,000 in ongoing funds. This is consistent with City policy goals and the FY 2016-FY 2020 Outlook.	\$ 5,800,000	\$ 900,000
Free up \$5.0 million of ongoing resources by utilizing excess equity to fund \$5.0 million in one-time costs for the Bayside Fire Station construction.	(5,000,000)	5,000,000
<b>Total Available Resources</b>	<b>\$ 800,000</b>	<b>\$ 5,900,000</b>
<b><i>IBA Proposed FY 2016 Budget Revisions for Council Consideration</i></b>		
Penny for the Arts Blueprint - Increase from 5.7% to 6% of 1 cent TOT	\$ -	\$ (500,000)
IBA consultant to support complex analyses	-	(20,000)
7.00 FTE Mechanics to help achieve Fleet vehicle maintenance and safety goals	-	(453,000)
2.00 FTE Associate Personnel Analysts to support hiring workload	-	(192,000)
3.00 FTE Park Rangers for Shoreline Parks, Sunset Cliffs Natural Park, and Chicano Park	-	(384,000)
ADA Upgrades/Tot lots in neighborhood parks (one-time cost)*	-	(500,000)
Traffic Signal Optimization Technology to address traffic congestion (one-time cost)*	-	(1,500,000)
Mission Beach street vacuuming to help mitigate fly infestation during summer months	-	(40,000)
Market Street Sidewalks - design and environmental analysis conducted in FY 2016 (one-time cost)*	(375,000)	(625,000)
Replacement of old City Hall carpet to prevent trips and falls (one-time cost)	(425,000)	-
<b>Total Suggested Budget Revisions</b>	<b>\$ (800,000)</b>	<b>\$ (4,214,000)</b>
<b>Net Balance**</b>	<b>\$ -</b>	<b>\$ 1,686,000</b>

\*One-time expenditure funded with ongoing resources

\*\* Available for excess equity or one-time unfunded Council/community priorities

## OTHER SIGNIFICANT ISSUES

The following sections outline additional items for Councilmember consideration when discussing the FY 2016 Proposed Budget and Mayor's May Revision.

## **PROJECTED YEAR-END EXCESS EQUITY AND USES PROPOSED IN MAY REVISION**

### ***Current Excess Equity Policy Guidelines***

The availability and use of excess equity first surfaced during discussions last year when a \$14.1 million surplus was projected for year-end after fully funding the City's General Fund Reserve goal of 14%. At that time the Chief Financial Officer (CFO) recommended that these funds be set aside to mitigate potential fluctuations in revenues and expenditures throughout the year and at year-end. Our office recommended that a policy be developed to address an appropriate level of funding and allowable uses of excess equity, which is considered a one-time resource. On June 24, 2014 Council adopted revisions to the General Fund Reserve Policy to provide guidelines for excess equity in the future. Key guidelines include the following:

- Excess equity will be projected in Quarterly Budget Monitoring Reports recognizing that these are estimates only and the actual amount of excess equity will not be considered final until the books are closed at year-end.
- The Mayor may propose uses during the May Revision to fund "General Fund Reserves, Risk Management Reserves, or priority one-time capital needs."<sup>1</sup>
- The transfer of these funds would not occur until after the fiscal year closes when it is certain the 14% General Fund Reserve requirement has been met.

### ***IBA Recommendations for Excess Equity***

The Mid-Year Report presented to Council on March 2, 2015 projected year-end excess equity at \$11.3 million which the Mayor recommended remain as excess equity to be available in the event of year-end budget overages or revenue shortfalls. During discussions of the Mid-Year Report, questions remained regarding the prudent and justifiable amount of funding that should remain in excess equity, above and beyond our 14% General Fund Reserve.

In the IBA's review of the Mayor's FY 2016 Proposed Budget, our Office recommended consideration of the following addition to the Reserve Policy to provide further definition and potential consensus:

Set aside an amount of excess equity (identified as the "Equity Reserve") equal to 1% of General Fund revenues to be calculated in the same manner as the 14% General Fund Reserve requirement. (For FY 2016, 1% is projected to be \$11.6 million.) The Equity Reserve would provide a reasonable cushion for budget variances, and expenditures proposed for use of excess equity above the 1% would be restricted to one-time capital or funding other City reserves consistent with current policy.

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<sup>1</sup> In recent discussions with the City Attorney's Office, we have confirmed that Council may approve or reject the Mayor's recommendations in the May Revision for use of excess equity in full or in part, and Council may also propose and adopt alternative uses exclusive of a Mayoral recommendation.

While we had preliminary discussions with the CFO and City Attorney's Office on this matter, we noted in our report that we would continue to work with these offices and have further discussions at the Budget and Government Efficiency Committee before bringing a formal proposal to Council.

***Mayor's May Revision Recommendations for Use of Excess Equity***

In the May Revision, the amount of excess equity is now projected to be \$20.8 million or 1.8% of General Fund Revenues, \$9.5 million more than at Mid-Year. The Mayor has recommended the following uses for the remaining excess equity:

- 1) \$5.8 million (in addition to \$900,000 from on-going resources) to advance fund the Public Liability Reserve to achieve the FY 2018 target goal of 47% of outstanding public liability claims. FY 2015 year-end actions are anticipated to fully fund the City's Fiscal Year 2016 Reserve target of 40%, consistent with the City's Reserve Policy and the Mayor's FY 2016-2020 Financial Outlook.
- 2) \$15.0 million to establish an irrevocable trust (Pension Payment Stabilization Reserve Trust) which would serve as a source of funds for future pension payments and help mitigate the risks of investment losses or other actuarial changes.

These two proposals combined would commit all remaining excess equity leaving no flexibility to address variances in expenditures and revenues at year-end. (Note: Further discussion of the first proposal, for two-year advanced funding of the Public Liability Reserve, is presented later in this report.)

***Discussion of Pension Payment Stabilization Reserve Trust (PPSRT) at Budget Review Committee during the Review of the May Revision***

At the Budget Review Committee on May 21, 2015, our office discussed that, similar to our proposal for a new 1% Equity Reserve, the concept of a \$15.0 million irrevocable trust committed to future pension payments warranted additional discussion. At the same time, we conveyed our strong support for preparing for potential market-driven or other actuarial factors that could increase future annual pension payments. In our review of the Mayor's Proposed Budget ("Looking Ahead to FY 2017") we identified potential changes to the discount rate assumption by the SDCERS Board as one of several risks to future budgets.

Significant financial policies and proposals are typically brought to the Budget and Government Efficiency Committee for airing, followed by additional work with appropriate offices to develop a guiding policy, before being brought to Council for approval or included in the budget. There is currently no financial policy in place that provides parameters, purposes, funding levels, or authorization for an irrevocable trust restricted to pension payments. Our current Reserve Policy specifies that uses of excess equity in the May Revision (the source of funding for the proposed trust), are intended for the General Fund Reserve, Risk Management Reserves, and one-time capital expenditures.

A plan for annual funding of the trust in future years also needs to be discussed with the Council, as noted in the May Revision report. Pros and cons of a restricted, irrevocable trust versus a more flexible equity reserve need to be discussed, including assurances that flexibility for budget fluctuations may no longer be as critical as when the excess equity policy was first developed.

While expressing support for the pension trust, the general consensus of the Budget Review Committee was to refer this to the Budget and Government Efficiency Committee to develop a policy and proposal for future Council actions.

### ***Pension Payment Stabilization Trust/Equity Reserve Proposals Addressed in Council Memoranda***

In their memoranda, all Councilmembers expressed interest in exploring the concept of a pension payment stability fund or similar mechanism to protect the General Fund from potential future variances in annual pension payments. A majority of Councilmembers also indicated support for the Budget and Government Efficiency Committee holding timely policy discussions on this matter and working with appropriate staff to develop a policy and parameters prior to returning to full Council for approval.

While several Councilmembers supported a \$15.0 million irrevocable trust, a majority of Councilmembers also supported setting aside no less than 1% or \$11.6 million during this time, which could be used for establishing this fund pending development of a pension stabilization policy. This is a \$3.4 million difference from the Mayor's current \$15.0 million proposal. Options for using these one-time funds include: having them remain in excess equity at year-end; potentially increasing funding levels for a pension stabilization reserve depending on policy decisions; advance funding the Public Liability Fund for FY 2017 once the amount of excess equity is determined; or using a small portion of it for a one-time capital item consistent with the City's Reserve Policy.

A majority of Councilmembers also expressed support for the Budget and Government Efficiency Committee working expeditiously with appropriate parties to develop a policy, parameters, and a multi-year funding plan prior to returning to full Council for action. A decision on the appropriate funding level for this trust will be a subject of the policy discussion at the Budget and Government Efficiency Committee, and will be decided by the City Council working with the Mayor's Office.

Potential funding sources for the trust include remaining excess equity, which will be determined when year-end reports are complete; FY 2016 mid-year surplus if available; and potential new funds from a higher distribution of residual property tax balances to cities in the County, due to a successful challenge of the method the County used to calculate redevelopment money used by the entities. This matter is discussed in greater detail below.

### **REDEVELOPMENT PROPERTY TAX TRUST FUND (RPTTF) UPDATE**

On May 26, 2015, the Superior Court of California issued a ruling that will impact the process used by the San Diego County Auditor and Controller (CAC) to determine residual RPTTF payments to taxing entities in the region. Per State law, residual RPTTF payments are to be



apportioned to taxing entities based on the amount of property tax available in the RPTTF after deducting amounts reserved for Recognized Obligations and administrative payments.

The Court found that the CAC's calculation of residual RPTTF payments was not in compliance with state law, and effectively favored those entities that receive more pass-through payments than those that do not. Should the decision stand, preliminary estimates show that the City will receive a one-time payment of between \$18.0 million and \$25.0 million to make up for previous residual RPTTF distributions, and additional ongoing payments of several million dollars annually in RPTTF distributions.

Appeals to the decision must be filed within 60 days. To date we are unaware of any appeal, but urge caution in relying on additional RPTTF receipts until the window for appeals has closed. This is provided for information only in the context of potential future budget impacts.

### **PROPOSED PUBLIC LIABILITY RESERVE FUNDING**

The goal for the Public Liability Reserve per the City Reserve Policy is that the overall reserve target of 50% of the outstanding actuarial liability be reached by FY 2019. Updated reserve target amounts (based on updated three-year averages of outstanding liability figures for the fund) are shown under the "Projected Reserve Balance–Updated" column in the table below.

With increased Public Liability funding in FY 2015—\$2.8 million at mid-year and \$3.4 million in the Year-End Report—the FY 2016 target of \$37.9 million is projected to be met early, at the end of FY 2015.

The additional \$6.7 million in the FY 2016 May Revision (\$5.8 million from anticipated excess equity and \$900,000 from ongoing sources) would provide funding for the FY 2017 and FY 2018 target contributions. This \$6.7 million is anticipated to bring the Reserve balance to the FY 2018 target of \$44.6 million, or 47%, during FY 2016 and two years ahead of schedule.

A majority of Councilmembers supported funding the Public Liability Reserve for FY 2016 only, as recommended in the Mayor's Proposed Budget. Achieving the FY 2016 target of \$37.9 million is consistent with the City's Reserve Policy as well as the Mayor's FY 2016-2020 Five-Year Outlook. Eliminating funds proposed for meeting FY 2017 and FY 2018 target goals would free up \$5.8 million of excess equity which could be used to fund one-time costs for the construction of the Bayside Fire Station. This action would in turn free up \$5.0 million in General Fund ongoing resources, and has been included in our proposed revisions.

Public Liability Reserve Fund Targets (\$ in millions)					
Target Date	Target Contribution		Projected Reserve Balance		Balance as % of Total Outstanding Actuarial Liability *
	Reserve Policy	Updated	Reserve Policy	Updated	
June 30, 2015	\$3.2	**	\$35.4	\$35.1	37%
June 30, 2016	\$3.2	\$2.8	\$38.6	\$37.9	40%
June 30, 2017	\$3.2	\$2.8	\$41.8	\$40.8	43%
June 30, 2018	\$3.2	\$3.8	\$45.0	\$44.6	47%
June 30, 2019	\$3.2	\$2.8	\$48.3	\$47.4	50%

*\*Based on the average value of the annual actuarial liability for the three fiscal years 2011 through 2013, or \$96.5 million, for the current City Reserve Policy, and for the three fiscal years 2012 through 2014, or \$94.8 million, for the Updated Target Contribution and Updated Projected Reserve Balance.*

*\*\*\$3.2 million reserve contribution was prefunded in FY 2014.*

### **\$1.7 MILLION TRANSFER TO THE ANNUAL ALLOCATION FOR GENERAL FUND FACILITIES SUCH AS PARK & RECREATION AND LIBRARY BUILDINGS**

In the May Revision, one of the items included is a transfer of \$1.7 million from the Public Works General Services Department to the Facilities Capital Improvements Program (CIP) annual allocation for General Fund facilities such as Park & Recreation and Library buildings.

The list of specific facilities proposed for repair with this new funding has not yet been developed. The Public Works Department (PWD) will present the Facilities Condition Assessment Update and Proposed Service Level for City-Occupied General Fund Facilities/Buildings to the Infrastructure Committee on June 3, 2015. PWD staff has indicated that the new \$1.7 million will address repairs to facilities prioritized in this assessment, but they have not yet identified them.

The list of locations planned for repair utilizing these funds should be provided to Council prior to Councilmembers voting to adopt the FY 2016 Proposed Budget and May Revision on June 8, 2015.

### **CITY-WIDE VACANCIES**


In FY 2015 the projected salary savings is \$15.9 million higher than the \$18.7 million budgeted vacancy savings, as noted earlier in our report. However, this additional vacancy savings is more than offset by other salary costs such as overtime, termination pay, pay in lieu of annual leave, and hourly wages. **Attachment 2** includes a comparison of budgeted vacancies to vacancies in May 2015, as well as January 2015 vacancies that were provided as a supplemental to the Mid-Year Budget Monitoring Report in March 2015.<sup>2</sup>

<sup>2</sup> The vacancy status is a snapshot in time – vacancies are constantly changing. Also the budgeted vacancies are not exact indicators for the number of positions that should remain vacant. The information regarding budgeted vacancies is provided to give a general means of comparison to current vacancies.

The Mayor is taking a number of steps to accelerate the hiring process for the FY 2016 proposed increase of 526 positions. Our Office recommends that the Personnel Department provide quarterly raw data on the status of all vacancies, as well as the vacancy status of new positions added in FY 2016.

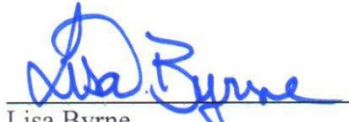
**LAWSUIT REGARDING THE BALLPARK REFUNDING BONDS**


On May 19, 2015, the City Council and the Public Facilities Financing Authority approved the City’s Ballpark Refunding Bonds that were anticipated to result in a reduction of \$1.1 million in debt payment for the General Fund in FY 2016. On May 20, 2015 the Office of the CFO released a memorandum indicating that a lawsuit had been filed challenging the validity of that action, and that as a result the refunding will likely be delayed. The memorandum notes that if the refunding is delayed significantly, the anticipated \$1.1 million in anticipated FY 2016 savings may not be realized. The CFO has indicated that any changes in debt service obligations as a result, will be addressed during the FY 2016 Mid-Year Budget Monitoring Report.


  
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- Attachments:
1. Councilmember Priorities Receiving Significant Support
  2. FY 2015 City-wide Vacancies

## COUNCILMEMBER PRIORITIES RECEIVING SIGNIFICANT SUPPORT

As part of the FY 2016 budget development process, each Councilmember was requested by the Budget and Government Efficiency Chair to submit their budget priority memos to our office by May 22, 2015. Budget priorities mentioned by a majority of Councilmembers (five or more) are discussed in the body of this Report; budget priorities that were mentioned by a significant number of Councilmembers in their memoranda (four) are included in this Attachment for further Council consideration.

### **On-going Expenditure Suggestions**

#### ***Increase Fire Safety throughout the Wildland-Urban Interface - \$1,000,000***

Municipal Code Section 142.0412 requires brush management on publicly or privately owned premises that are within 100 feet of a structure and contain native or naturalized vegetation. Of the over 26,000 acres of open space managed by the Park & Recreation Department, approximately 900 acres are located within 100 feet of structures. The Park & Recreation Department has established a brush management plan to thin the entire brush management area (900 acres) every two years. The City uses a combination of non-profit contractors, City forces, and for-profit companies to achieve the goal of thinning 450 acres annually. Non-profit and City forces have a goal of thinning 150 acres annually and the City contracts with a for-profit company for the remaining 300 acres to be thinned annually.

On December 9, 2014, the City Council approved a contract with a for-profit company for brush management services. The agreement with the company contracts for a minimum of six and a maximum of 12 acres of brush per week to be thinned. With the achievement of the minimum thinning rate, the outside company will thin 312 acres per year, slightly exceeding the City's for-profit thinning goal of 300 acres per year. The agreement allows for a range of thinning rates, depending upon the availability of funding. Based upon the costs per acre established within the approved contract, the FY 2016 Proposed Budget allocates approximately \$1.9 million to fully fund the goal for the for-profit company of thinning 300 acres. For FY 2016, the average cost for the outside vendor to thin an acre of brush is approximately \$6,200.

Based upon requirements within the Municipal Code and funding allocated in the FY 2016 Proposed Budget, the Park & Recreation Department anticipates meeting the brush management requirements for FY 2016. Should additional areas or the frequency of the brush thinning be desired to be increased, the development of clear goals and additional discussion with the Park & Recreation Department, Purchasing & Contracting Department, and outside vendor is recommended.

#### ***Establishment of a Regional Film Commission - \$485,000***

The FY 2016 Proposed Budget includes \$125,000 to fund a Request for Ideas (RFI) to obtain industry feedback on the necessary structure of the film office (staffing, goals, reporting requirements, etc.); establish a panel consisting of participating agencies and film industry stakeholders to evaluate the submitted ideas/recommendations; develop a Request for Proposal

(RFP) for an individual/entity/organization to administer the film office; develop a website and other collateral material to promote the San Diego region as a film destination; and potentially fund the initial implementation of the film office. The City anticipates that the County of San Diego will provide a matching contribution of \$125,000 to this program and is expected to consider this item in July. The San Diego Community Foundation is also seeking additional partners such as the Port of San Diego and private entities.

Additionally, the FY 2016 Proposed Budget included approximately \$141,000 for the addition of a Program Manager position within the Special Events Department to address current and ongoing capacity issues associated with the permitting and coordination of existing filming on City public property. This position will be responsible for the development and implementation of policies, procedures, and permitting to support motion picture, television, and commercial productions on City public property; and establish customer service and industry relations programs to generate increased filming in the City of San Diego. Upon the re-establishment of the film office, this position would serve as a direct liaison with the film office for the City of San Diego. Currently, the Program Manager for Citywide Special Events is also handling filming issues and cannot sustain the current level of demand required to manage special events and filming issues.

Several Councilmembers, but less than a majority, requested in their memos that an additional \$485,000 be identified to restart the San Diego Film Commission, in addition to the \$266,000 included in the FY 2016 Proposed Budget. They propose that this funding be used to hire 4.00 FTEs consisting of a PR/Marketing Director, Community Liaison/Locations Coordinator, a Permitting Coordinator, and office administrator.

#### ***Purchasing & Contracting Support - TBD***

A number of Councilmembers listed additional staff for the Purchasing & Contracting Department as a priority, in order to accelerate the City's procurement and contract award process. The May Revision added 4.00 Procurement Specialist positions to the Purchasing & Contracting Department, and staff has indicated that they will work to maximize those additions to support the anticipated increase in workload in FY 2016 as a result of the proposed significant increase in FTEs and increases in the City's overall supplies and contracts budgets.

Our Office notes that Purchasing & Contracting will come to the Budget and Government Efficiency Committee in the fall of FY 2016 to present an update on streamlining efforts that went into effect earlier this year. That update will include a discussion of the Department's performance measures, and we recommend that staff specifically address a) whether or not the Department's workload has increased as anticipated (while taking into account how many of the City's new positions have been filled at that time), and b) whether additional staffing or consulting resources are needed.

#### ***Support Staff for the Office of the City Attorney - \$217,000***

The Mayor released a supplement to the May Revision that added expenditures and revenue to support the addition of 1.00 Deputy City Attorney and 1.00 City Attorney Investigator for work related to code enforcement and substandard housing. This is in addition to 1.00 Deputy City

Attorney that was added in the May Revision for Charter Review Committee support, and the 6.00 Deputy City Attorneys and 1.00 City Attorney Investigator added in the FY 2016 Proposed Budget to support increased workload and expanded programs. Several Councilmember memos expressed support for additionally funding the Office of the City Attorney's outstanding request for 3.00 support positions (1.00 Legal Secretary 2, 1.00 Court Support Clerk 2, and 1.00 Paralegal). The Office of the City Attorney has indicated that the estimated total cost for these three positions is \$217,000.

### **One-time Expenditure Suggestions**

#### ***Fire-Rescue Department–Home Avenue Temporary Station - \$900,000***

The FY 2016 Proposed Budget includes \$1.9 million in DC3 bond proceeds for design and land acquisition for the Home Avenue Fire Station. This station is the highest-priority new fire station recommended by the 2011 Citygate report. Several Councilmember memos included a request to reallocate \$900,000 of this existing \$1.9 million in order to construct a temporary fire station in FY 2016. Operation of the facility would begin in FY 2017. This concept would be similar to the Skyline Temporary Fire Station.

The Real Estate Assets Department (READ) has indicated that it plans to purchase land for Home Avenue Fire Station in FY 2016, which would accelerate the land acquisition schedule by one year, ahead of the FY 2017 estimate noted in Volume 3 of the FY 2016 Proposed Budget. Assuming READ acquires a suitable site, the Fire-Rescue Department and Engineering & Capital Projects would need to report on the feasibility of constructing and operating a temporary fire station at Home Avenue. The departments would need to determine, among other things, whether the site would allow for a temporary facility to be co-located with a future permanent fire station while under construction.

Engineering & Capital Projects does not currently have cost estimates for a temporary fire station, as the \$1.9 million in DC3 funds was intended for land acquisition and design for a permanent facility. The Fire-Rescue Department has provided a preliminary project cost estimate of \$900,000, which includes \$700,000 for site preparation and design, and \$200,000 for equipment and the structure itself. This estimated cost is above and beyond the land purchase price for the site. Should a temporary fire station at Home Avenue become operational in FY 2017, ongoing personnel and non-personnel expenditures of approximately \$1.7 million to \$2.2 million would be required to support an additional crew of firefighters. Additionally, a one-time expenditure of \$850,000 would be required for the purchase of a fire engine.

Based on the timeline provided by the FY 2016-2020 Five-Year Financial Outlook, the permanent Home Avenue Fire Station is anticipated to become operational in FY 2019. Should the City Council choose to expend additional funds to construct a temporary station in FY 2016 for operation in FY 2017, the Fire-Rescue Department could potentially accelerate operations at Home Avenue by two or more years. We note that the FY 2016 Proposed CIP Budget lists \$10.0 million in unidentified funding needs for construction beyond the \$1.9 million provided by DC3 bond proceeds for land and design. To meet this gap, Home Avenue Fire Station could be a candidate for future DC4 bond funding in FY 2017.

***Relocation of Electrical Boxes on Meade Avenue, CIP B14048 - \$91,000***

Several Councilmembers requested in their memos that \$91,000 in one-time expenditures be used to fund the relocation of three utility boxes currently in the public right-of-way on Meade Avenue, between 43<sup>rd</sup> and Fairmont, adjacent to the new Copley-Price YMCA. Councilmember memos noted that the electrical boxes in their current location block pedestrian traffic and encourage graffiti. Pedestrian and bicycle traffic is expected to increase with the opening of the new YMCA, and relocating these utility boxes will improve pedestrian access.

The Transportation & Storm Water Department has indicated that they are funded for design, but need \$91,000 in additional funding to complete the project. The scope of work includes relocating two traffic signal controller cabinets as well as one Type III electrical service cabinet (all owned by the City). Staff expects to go to Council in the next two months to award their as-needed Traffic Engineering Consultant contract. Once the contract is in place, staff can issue a task order for the design work and expect design to be completed by late September. If funding is identified, construction is expected to begin in October or November, depending on whether City forces can be utilized for this work.

***Flashing Crosswalk at Adams Avenue and Kensington Drive - \$100,000***

Several Councilmembers requested in their memos that \$60,000 in one-time expenditures be added to the FY 2016 Budget to install a flashing crosswalk using in-pavement flashers and flashing signs to improve pedestrian safety at the crosswalk at Adams Avenue and Kensington Drive. Councilmember memos noted that the lack of a crosswalk has made it dangerous and challenging for pedestrians to cross Adams Avenue, particularly in the evening, and that the installation of a flashing crosswalk would improve the safety of pedestrians by warning oncoming traffic of pedestrians crossing.

Transportation & Storm Water staff has indicated that a similar flashing crosswalk installed along Oviedo Street, east of Black Mountain Road, in the Rancho Penasquitos Community cost approximately \$100,000. According to staff, the Adams Avenue and Kensington Drive project would take 12 to 18 months to go through the design, bid, and award process. Staff indicates \$100,000 is a more accurate amount if funding is identified.

***Tubman Charter School Joint Use Park, CIP S-13000 - \$1,860,000***

Several Councilmembers requested in their memos that \$2.7 million in one-time expenditures be added to the FY 2016 Budget to build a new neighborhood park on an approximately 1.72 acre site shared with the San Diego City School District located at 6880 Mohawk Street in the College Area community. Councilmember memos indicate the park is in a community that is severely park deficient, and a joint use park would provide play fields, other active areas, and landscaping. A General Development Plan of the park has been completed.

The cost estimate totaling \$2.7 million was prepared by the Public Works Department in February 2014. According to the Park & Recreation Department, \$840,000 in Development Impact Fees is currently allocated toward the project. Developer contribution funds to be received for this project from the Alvarado Apartments project are not expected until FY 2017

per Facilities Financing staff. Should Council choose to designate funding for park improvements at this site, \$1,860,000 in funds would need to be identified.



## FY 2015 Citywide Vacancies

	Budgeted <u>Vacancies</u>	May <u>Actuals</u>	January <u>Actuals</u>
<b>General Fund - Mayoral Departments &amp; Offices</b>			
City Comptroller	4.0	1.0	5.0
City Planning	2.0	5.0	9.0
City Treasurer	5.0	5.0	5.8
Communications Department	-	6.0	4.0
Debt Management	1.0	1.0	1.0
Development Services	3.0	3.0	7.0
Economic Development	2.5	3.0	5.0
Environmental Services	6.4	10.6	6.2
Financial Management	2.0	2.0	-
Fire-Rescue	81.0	65.0	69.0
General Services	5.0	11.0	15.0
Infrastructure/Public Works	-	2.0	-
Library	18.5	17.0	16.5
Office of the ACOO	-	-	1.0
Office of Homeland Security	-	2.0	1.0
Office of the Mayor	1.0	-	-
Neighborhood Services	-	-	1.0
Park & Recreation	33.5	36.8	32.8
Police	124.0	191.5	221.5
Public Works - Contracting	1.0	3.0	3.0
Purchasing & Contracting	2.0	6.0	6.0
Real Estate Assets	1.0	4.0	4.0
Transportation & Storm Water	21.0	47.0	54.0
<b>Subtotal</b>	<b><u>313.9</u></b>	<b><u>421.8</u></b>	<b><u>467.7</u></b>
<b>General Fund - Non-Mayoral Departments</b>			
City Attorney	14.5	24.0	23.0
City Clerk	1.0	2.0	2.0
City Council	-	15.0	15.5
Independent Budget Analyst	-	-	1.0
Personnel	1.0	-	3.0
<b>Subtotal</b>	<b><u>16.5</u></b>	<b><u>41.0</u></b>	<b><u>44.5</u></b>
<b>Non-General Funds</b>			
Airports Fund	-	2.0	5.0
Central Stores Fund	1.0	2.0	2.0
Concourse/Parking Garage Fund	-	-	1.0
Development Services Fund	100.5	92.5	102.8
EMS/MTS Fund	-	16.0	16.0
Energy Conservation Fund	-	1.2	3.2
Engineering & Capital Projects Fund	23.0	34.0	50.0
Facilities Financing Fund	1.0	3.0	4.0
Fleet Services Fund	-	10.0	12.0
GIS Fund	-	1.0	1.0
Golf Course Fund	2.0	6.0	3.5
Information Technology Fund	2.0	6.0	11.0
Local Enforcement Agency Fund	1.0	1.0	1.0
Maintenance Assessment District Fund	1.0	-	-
Parking Meter Operations Fund	-	3.0	4.3
Public Utilities Funds	73.0	107.5	136.8
Publishing Services Fund	-	1.0	1.0
QUALCOMM Stadium Operations Fund	2.0	3.0	3.0
Recycling Fund	5.8	8.2	5.9
Refuse Disposal Fund	8.3	13.1	16.8
SAP Support Fund	-	5.0	3.0
Risk Management Administration Fund	3.5	8.0	5.0
Transient Occupancy Fund	-	2.0	2.0
Underground Surcharge Fund	-	1.0	3.0
Wireless Communications Technology Fund	2.0	3.0	4.0
<b>Subtotal</b>	<b><u>226.1</u></b>	<b><u>329.4</u></b>	<b><u>397.0</u></b>
<b>TOTAL - CITYWIDE</b>	<b><u>556.5</u></b>	<b><u>792.3</u></b>	<b><u>909.3</u></b>

**NOTES:**

The vacancy status is a snapshot in time - vacancies are constantly changing. Also the budgeted vacancies are not exact indicators for the number of positions that should remain vacant. The information regarding budgeted vacancies is provided to give a general means of comparison.

\*Totals may not add due to rounding.