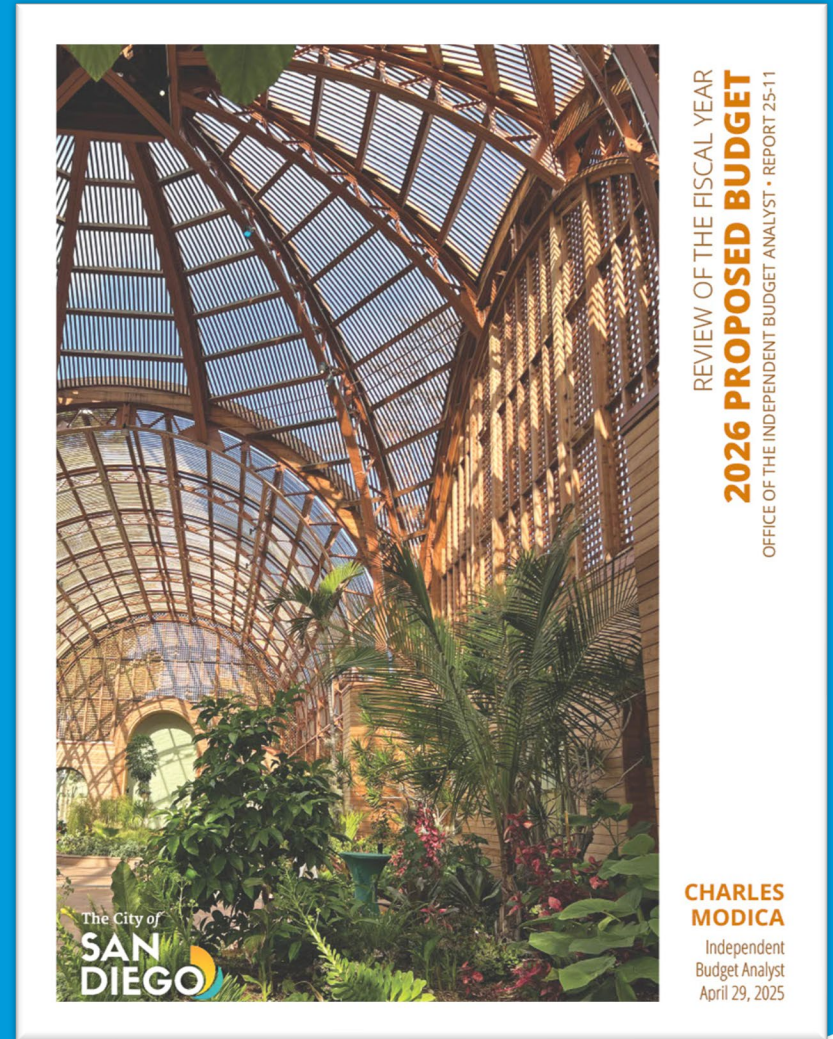


Budget Town Hall

IBA Review of the FY 2026 Proposed Budget



Office of the Independent Budget Analyst



IBA Review of the FY 2026 Proposed Budget

Presentation Overview

- Overview of the Proposed Budget
- Key Budget Issues
- Next Steps
- Additional Resources

Why is the City's Budget Important?

*The Budget is a statement of
– and plan to address –
City Priorities.*





Overview of the Proposed Budget

Overview

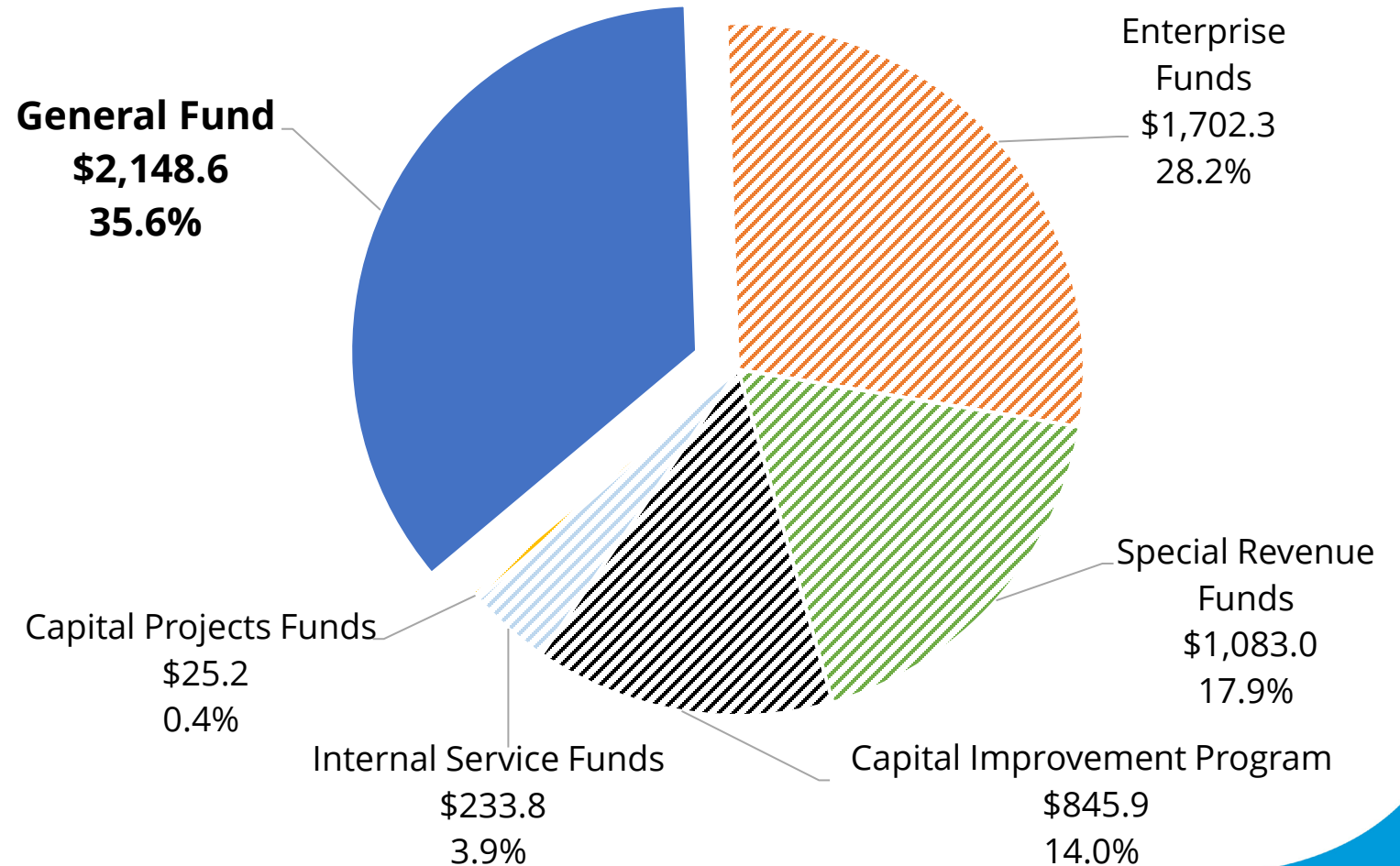
Key Findings

- Past City budgets maintained significant structural imbalances
- With the failure of the sales tax measure, structural changes and significant cuts to ongoing expenses and service levels are needed
- Mitigations identified in the IBA's review of the Financial Outlook were included in the Proposed Budget
- Several revenue mitigations rely on future action and assumptions that could lead to more cuts if assumptions do not hold
- Program restorations will require identification of efficiencies or cuts elsewhere in the budget

FY 2026 Proposed Budget by Fund

(Total of **\$6.04 billion**; \$ in million)

**General Fund
has the most
flexibility for use**



General Fund Revenues

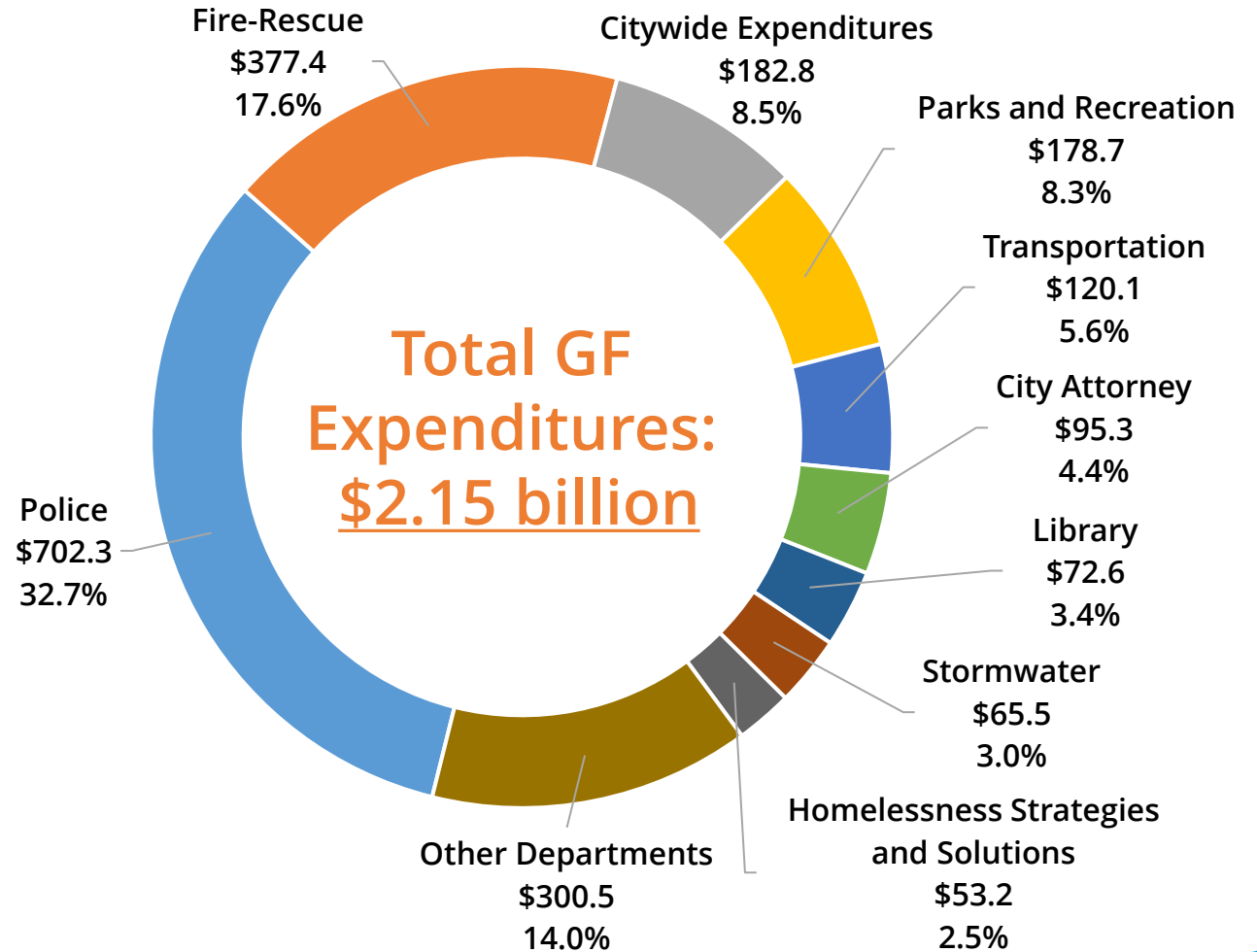
SUMMARY OF GENERAL FUND REVENUES (\$ in millions)				
	FY 2025 PROJECTED YEAR-END	FY 2026 PROPOSED	Mid Year to Proposed	
			CHANGE (\$)	CHANGE (%)
Major General Fund Revenues				
Property Tax	\$ 808.5	\$ 843.4	\$ 34.9	4.3%
Sales Tax	\$ 364.1	\$ 367.3	\$ 3.2	0.9%
Transient Occupancy Tax	\$ 170.4	\$ 175.2	\$ 4.8	2.8%
Franchise Fees	\$ 122.5	\$ 103.0	\$ (19.5)	-15.9%
Subtotal	\$ 1,465.5	\$ 1,488.9	\$ 23.4	1.6%
Other Revenues				
Other Major Revenues	\$ 105.3	\$ 113.6	\$ 8.3	7.9%
Departmental Revenues	\$ 486.1	\$ 546.1	\$ 60.0	12.3%
Subtotal	\$ 591.4	\$ 659.7	\$ 68.3	10.4%
Total Revenue	\$ 2,056.9	\$ 2,148.6	\$ 91.7	4.5%

Table may not total due to rounding

The Mayor's Proposal to Spend Money

(\$ in millions)

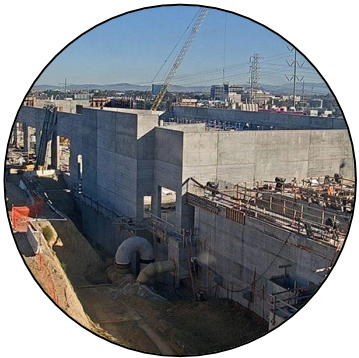
General Fund Expenditures by Department



A Closer Look at the Mayor's Proposed Budget

Significant Budget Additions

Debt Service
Payments



\$12.1M

Housing Instability
Prevention Program



\$5.8M

Fire-Rescue Overtime
Adjustments



\$5.7M

Capital
Leases/Financing



\$3.2M

Lifeline Rate
Assistance Program



\$3.0M

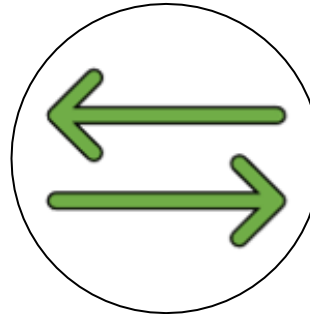
A Closer Look at the Mayor's Proposed Budget

Highlighted Budget Mitigations – Additional Revenue

Paid Parking and
Parking Citation
Amounts
\$40.5M



Reimbursements
and Transfers From
Other Funds
\$18.3M



Sycamore Facility
Franchise Fees
\$4.3M



Measure C –
Increase in
Hotel Tax Revenue
\$33.8M



Increased
User Fees
\$6.1M



Cannabis Business
Tax Rate Increase
\$4.0M



A Closer Look at the Mayor's Proposed Budget

Highlighted Budget Mitigations – Decreased Expenses

Transfer of Trash
Collection Expenses
to Solid Waste Fund
\$73.8M



Elimination of
Sunday and Monday
Library Hours
\$8.6M



Waiver of Reserves
Contributions
\$64.0M



Debt Service Cost
Delays
\$7.8M



A Closer Look at the Mayor's Proposed Budget

Highlighted Budget Mitigations – Decreased Expenses

Waiver of
Climate Equity
Fund Contribution
\$6.6M



Reduced
Stormwater
Operations
\$5.3M



Closure of
Rosecrans Shelter
\$4.8M



Reduced Park
Maintenance
\$6.4M



Reduced
Recreation Hours
\$4.8M



Reduced Funding for
Public Restrooms
\$4.6M



Key Budget Issues

Key Budget Issues

Homelessness and Housing

- \$53M in City Funding to maintain programs
 - \$34M from Measure C - first dedicated funding source
- \$34M from grant funds outside budget process
- Mitigations: Rosecrans, Caltrans Outreach, restrooms

Pension

- Pension costs make up 17.6% of General Fund expenditures
- Most significant increase due to higher salaries than assumed in FY 2023

Key Budget Issues

Equity

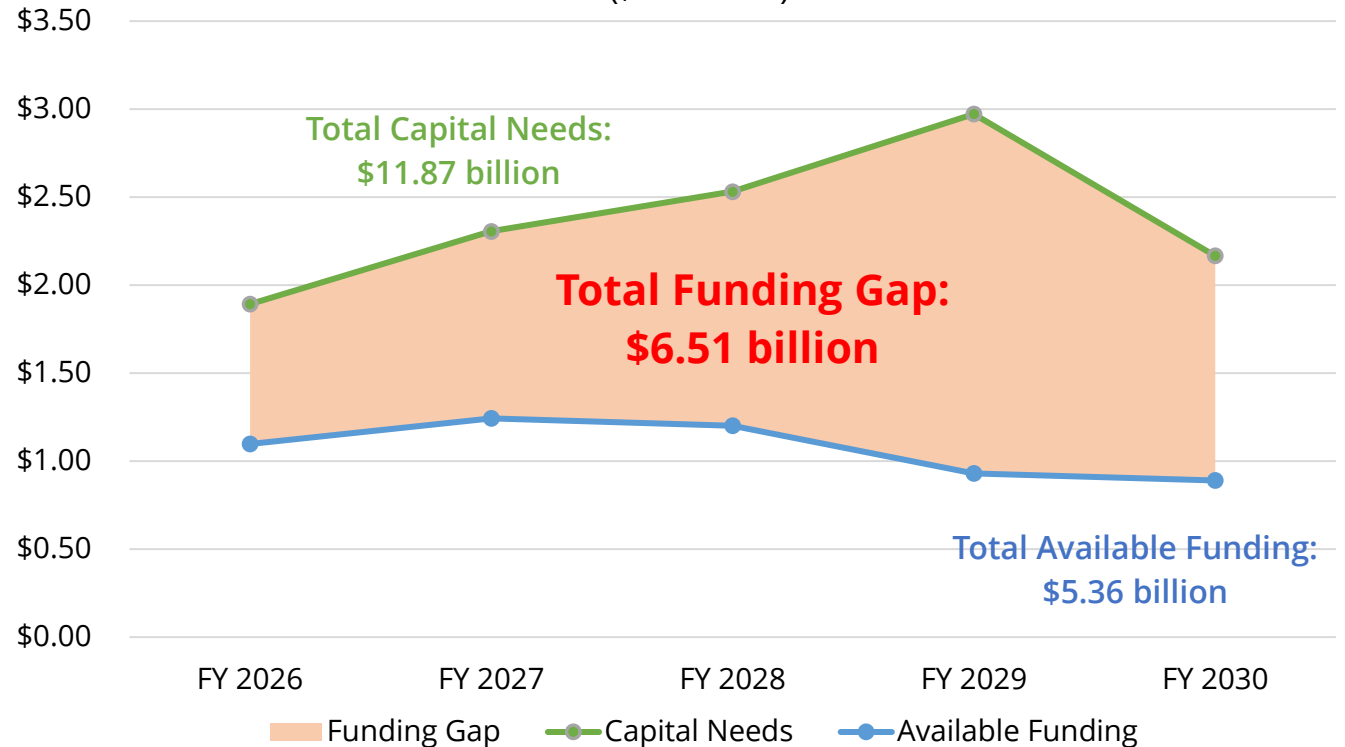
- High priority equity-focus maintained
- Equity impacts of reductions most pronounced in Parks and Library
 - **Reduced recreation center hours** impacts those less able to pay more for programming
 - **Reduction to park maintenance** impacts older parks that require more maintenance and have existing repair backlogs
 - **Elimination of Sunday and Monday library hours** may impact those in south that tend to have higher in-person and program usage rates
 - **Reduced Library donation matching funds** reduces funds allocated to libraries based on equity-focused distribution model

Key Budget Issues

Infrastructure needs far exceed funding available

- Proposed Budget includes \$845.9M for the Capital Improvements Program
- New source is still needed
 - \$1.1B in identified General Fund needs in FY 2026
 - Only \$171M is included in the Proposed Budget

FY 2026 – FY 2030 Projected Capital Needs Funding
(\$ in billions)





Next Steps

Next Steps in the Process

City Council's Role and Community Involvement

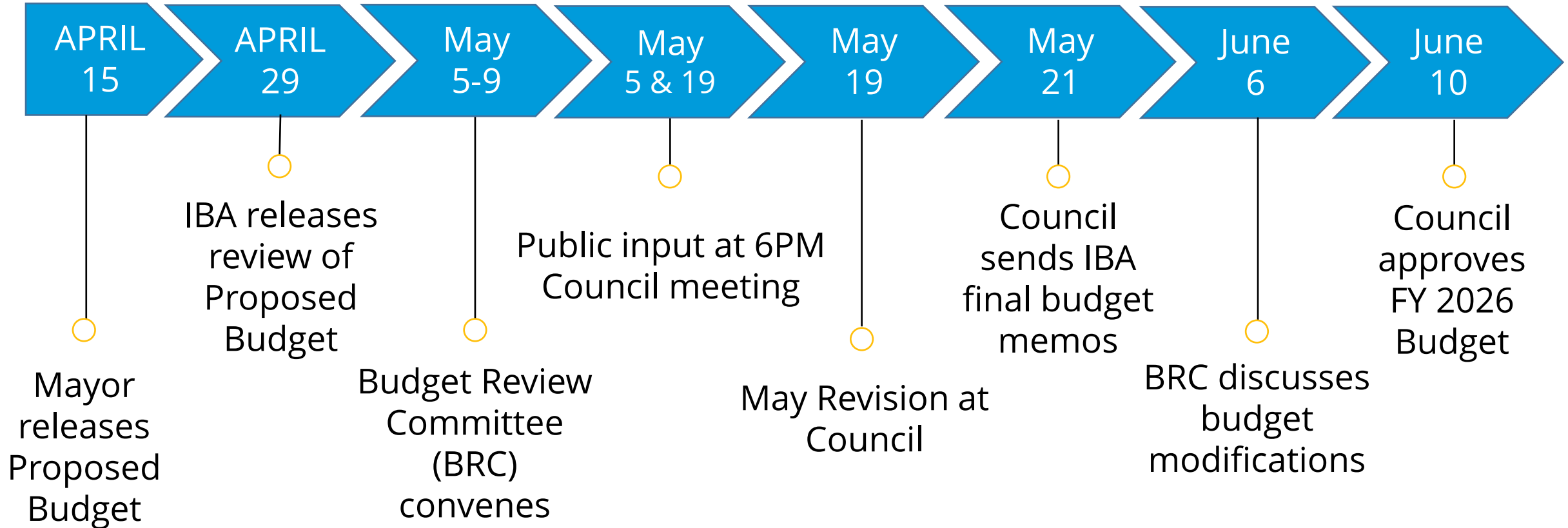
- The City Council adopts the budget
- **Public has an important role in budget process**
 - Email your Councilmember
 - Call your Councilmember
 - Provide Public Comments

City Council



www.sandiego.gov/CityCouncil

Next Steps in the Process



Additional Resources

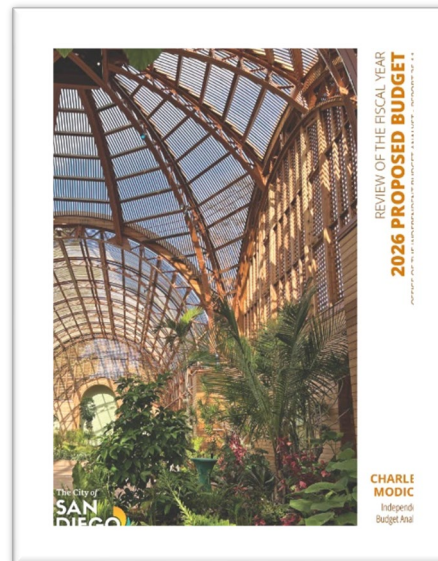
Important Resources

The Mayor's FY 2026 Proposed Budget



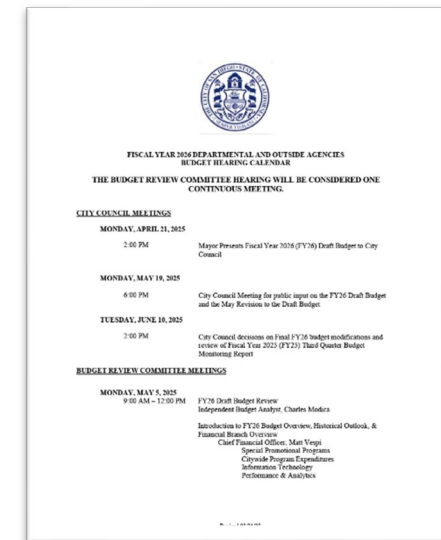
<https://rb.gy/jewe2z>

IBA's Review of the FY 2026 Proposed Budget



<https://rb.gy/gnkk4a>

Budget Review Committee Schedule



<https://rb.gy/khu4ta>

Important Resources

Office of the IBA

Website www.sandiego.gov/iba

- [IBA Reports](#)
- [Key Budget Dates](#)
- [Public's Guide to the Budget](#)
- [Public's Guide to Infrastructure](#)

X (Twitter)



Office of the Independent Budget Analyst
@SanDiegoIBA

Phone number **619-236-6555**

Department of Finance

Website www.sandiego.gov/finance

- [FY 2025 Adopted Budget](#)
- [Five-Year Financial Outlook](#)
- [Budget Monitoring Reports](#)
- [Annual Comprehensive Financial Report](#)

Email

DOF@sandiego.gov

Phone number **619-236-6060**