







THE CITY OF SAN DIEGO

M E M O R A N D U M

DATE: May 21, 2025

TO: Charles Modica, Independent Budget Analyst, Office of the Independent Analyst

FROM: Chair, Budget Committee, Councilmember Henry Foster III, District 4 
Council President Joe LaCava, District 1 
Council President Pro Tem Kent Lee, District 6 
Councilmember Sean Elo-Rivera, District 9 

SUBJECT: Fiscal Year 2026 Updated Budget Priorities

Thank you to the Office of the Independent Budget Analyst for the opportunity to provide additional input to inform the final version of the Fiscal Year 2026 (FY26) Budget that will be considered on June 10, 2025. The Independent Budget Analyst plays a critical role in the budget development process by providing ethical, transparent, and accurate financial information so that the City Council and members of the public have the data required to positively shape the final budget.

The May Revision did not provide much-needed relief to many of the City's core neighborhood services, such as parks and libraries. The current Proposed Budget implements across-the-board cuts that impact San Diego's most vulnerable communities the hardest. Residents from our districts have made their voices heard, and it's clear that the FY26 Proposed Budget, as currently proposed, does not adequately account for the diverse needs of San Diego communities and falls significantly short of the professed equity goals outlined in the recently approved Library and Parks Master Plans.

Budgetary Approach

The FY26 Budget is now in the hands of the City Council, and the proposed modifications have been informed by the thousands of constituents who have contacted our offices fighting to prevent devastating cuts to the most critical San Diego neighborhood services.

As we approach June 10th, the following overarching priorities will drive our budgetary decision-making:

- No across-the-board cuts to programs and services in the Parks and Recreation and Library Departments, particularly those within very low-to-moderate census tracts according to the Climate Equity Index.

- Focus on accelerating the generation of new revenues to sustainably support ongoing City services and mitigate deep cuts to core city programs and services.
- Prevent cuts to personnel that will have long-term negative impacts on the health of the organization.
- For every proposed restoration, identify an efficiency that can support it in maintaining a structurally balanced and responsible budget.

Key Restorations

The current budget presents significant challenges, and we recognize that several difficult decisions must be made to pass a balanced budget, as the Charter requires.

Library Department

Libraries are one of the last gathering spaces that are free to the public and provide San Diegans of all ages a place of refuge, social connection, and educational enrichment and support. The City Council must identify alternatives to the inequitable across-the-board cuts that will lead to full closures on Sunday and Monday for the City's 37 locations.

Further, the administration should propose restorations that align with the equity principles outlined in the recently approved Library Master Plan. The Plan states, "communities throughout San Diego—from the far south to the very farthest north... all have diverse needs and interests in high quality library services, programs, technology, and collections. **Meeting these needs equitably means giving communities the support and assistance they need to achieve equal outcomes, as opposed to giving communities the same, standard resources or opportunities.**"

We encourage the Director, Department of Finance, and the Office of the Mayor to work with the Independent Budget Analyst to analyze user data, socio-economic conditions of adjacent impacted communities, current program offerings, and other relevant information to determine a targeted restoration for Monday hours if a full restoration of Sunday and Mondays cannot be achieved. Communities within very low-to-moderate census tracts according to the Climate Equity Index and those libraries with Sunday hours should be prioritized.

Other key priority restorations include Do Your Homework at the Library and the Donation Match.

Library Restorations

Sunday/Monday Closures	\$8,600,000
Do Your Homework at the Library	\$566,603
Donation Match	\$118,000
Total	\$9,284,603

Parks and Recreation Department

The FY26 Draft Budget places an unreasonable burden on low-income communities that rely on recreation centers for safe, affordable, and family-friendly programming. Additionally, the across-the-board cuts will endanger the longevity and viability of equity programming that has received significant philanthropic support, such as Parks After Dark, Come Play Outside, and the Parks Ambassador Program. During the 2009 recession, the City made similar cuts to

recreation centers; it took more than 7 years to have the hours fully restored and the Assistant Recreation Center Director classification rebuilt.

Additionally, removing access to public restrooms and eliminating beach fire rings will diminish public safety and residents' quality of life from across San Diego who enjoy our iconic beaches and bays. These reductions should be avoided if possible.

Parks and Recreation Restorations

Parks & Rec – Reduced recreation center hours and park maintenance	\$7,200,000
Parks & Rec – Comfort Stations including Mission Bay & Shoreline Parks	\$1,660,000
Parks & Rec – Fire Pits	\$135,000
Total	\$8,995,000

Targeted District Specific Restorations and Budgetary Priorities

The following restorations are shared priorities yet represent district priorities, and include:

Safe Sleeping at former Central Elementary Site	TBD
Increase Funding for Brush Management	TBD
Community Projects, Programs, and Services Grants	\$900,000
San Diego Humane Society Contractual Restoration	\$900,000
Small Business Enhancement Program	\$1,200,000
Reservoir Recreation	\$889,080
Rosecrans Shelter Wind Down	\$500,000
Intersection Study for Park Blvd, Normal St, and El Cajon Blvd	\$600,000
City Auditor restoration	\$102,000
CIP P24002 City Heights Urban Village/Henwood Park	\$2,500,000
Total	\$7,591,080

Non-General Fund Restorations and Budgetary Priorities

CIP B21114 Full Funding Mountain View Sports Courts ADA Walkway (\$1,233,329 Total Cost)	\$787,793
One Time Use of Opioid Settlement Funds to Support Expansion of the UCSD Health Transition Partnership	\$1,100,000
Affordable Housing Preservation Fund	\$5,000,000
Restore Nuisance Abatement Unit (move to cost recovery model)	\$1,799,859
Total	\$8,687,652

Budget Mitigations

The Charter requires that the City Council pass a balanced budget. Therefore, our offices remain committed to working closely with the Independent Budget Analyst to identify additional resources and efficiencies to facilitate targeted restorations.

More information and analysis may be required prior to determining feasibility. We thank the Independent Budget Analyst in advance for its assistance to help refine, codify, and implement policy suggestions that require additional vetting.

Reconsideration of User Fees

Raise nonprofit special event fees to full cost recovery (reduction originally driven by CPPT Lee and Council President La Cava.)	\$1,000,000
Raise parking fines for expired meters as recommended by staff (an amendment originally proposed by CM Whitburn.)	\$1,500,000
Total	\$2,500,000

Reduction of Managerial Positions and Targeted Organization Restructuring

Mandatory one-week furlough for all unrepresented, unclassified employees.	\$1,900,000
Restructure of the Communications Department to reflect previous model where Public Information Officers are embedded into Mayoral Departments. Savings identified from reduction of management staff.	TBD
Reduction of vacant unclassified positions.	TBD
Strategic reduction of management positions not delivering critical neighborhood services, including but not limited to Deputy Chief Operating Officers, Assistant Directors, Assistant Deputy Director, Deputy Directors, Program Managers, and Program Coordinators.	TBD
Total	TBD

Acceleration of Implementing Nonresident Paid Parking in Balboa Park and at the City's Beaches and Bays.

Balboa Park

Currently, the FY26 Draft Budget projects include \$11 million in annual parking revenue for Balboa Park, with it being implemented by January 1st. This estimate does not include projected revenue that could be achieved by charging nonresident zoo patrons for parking. For efficient park management and for the greatest possible revenue, Parks and Recreation management staff needs to accelerate implementation of the Balboa Park parking management plan and a formal revenue-sharing agreement with the Zoo. Parks and Recreation should start with the easiest possible parking solutions, such as valet parking and reserved parking. This should start as soon as possible, and by the Labor Day holiday weekend.

Balboa Park paid parking by end of Q1 FY2026 (Start one quarter sooner than May Revise)	\$5,500,000
Total	\$5,500,000

Mission Bay, Beaches, and Shoreline parks

While this requires Coastal Commission approval, and revenue generated in Mission Bay is subject to Measure J, the Office of the Mayor should accelerate these discussions with the Coastal Commission to prioritize implementation as soon as possible.

Paid parking for non-San Diego residents in Mission Bay, beaches, and shoreline parks (4 th Quarter FY2026 estimate)	\$5,750,000
Total	\$5,750,000

Other Revenue Opportunities

Charge users parking meter credit card transaction fees	\$1,000,000+
Pursue private waste hauler fee update, including if nexus study is required	\$4,000,000
Open East Village Green Underground Parking for paid parking even if the park is delayed.	TBD
Develop User Fee to Reserve Fire Pits (recover costs for Parks and Recreation permitting staff and NPE, and applicable lifeguard services)	TBD
Similar to recent Kiosk Corporate Partnership implement a limited exemption to the sign ordinance to permit digitalization of existing billboards (approx. 15 individual assets)	\$3,000,000
Strategic funding swaps. Any General Fund expenditures that can be replaced by restricted or enterprise funding should be made. This may include using parking meter revenues for Clean SD, swapping general fund debt for Mission Beach lifeguard station with Regional Parks Funds, or making nuisance abatement positions cost recoverable.	TBD
Charge an entry fee at lakes and reservoirs outside of the City of San Diego to generate additional revenue for the recreation program so that tier 1 activities can be restored. Estimated to start on January 1 st .	TBD
Total	TBD

Important Structural Reforms

Office of Race and Equity

The ongoing marginalization of the Office of Race and Equity—most recently reflected in its relocation to the Human Resources Department and the elimination of the Executive Director position—undermines the original intent of the Council when it established the department. The Office was created, through the leadership of then-Councilmember Monica Montgomery Steppe, to serve as a permanent, independent mechanism for embedding equity in every aspect of City operations.

Witnessing the continued deprioritization of the Office has left us convinced that the only way for the Office of Race and Equity to fulfill its intended mission is to move its work to a place where it can operate with true independence and provide Council, City staff, and the public with the unvarnished truth about how the City is prioritizing—and failing in—its pursuit of racial justice and equity.

To that end, we strongly recommend that the Office of Race and Equity be moved under the Office of the Independent Budget Analyst, where it can evaluate department budgets and Tactical Equity Plans with the same level of analytical rigor and transparency as other city expenditures.

We also recommend restoring funding for the office's leadership, including a dedicated director-level position, to ensure the department has the focused direction necessary to drive systemic change across city government.

This realignment would empower the Office to:

- Operate free from political interference or departmental subordination,

- Provide independent analysis and recommendations directly to the public and City Council
- Ensure equity considerations remain a core component of policy decision-making.

If the City of San Diego is truly committed to advancing equity, it is essential that this work be prioritized. San Diego communities deserve meaningful investment and attention, and without a strong commitment to racial equity at the local level, lasting progress will be difficult to achieve.

We look forward to continued discussions with our City Council colleagues, Department of Finance, the Independent Budget Analyst, and our residents to achieve what we hope is possible. With the new revenue sources and proposed reductions, we feel confident that we can adopt a structurally responsible budget that restores critical services.

Thank you, Mr. Modica, for your time and attention to our priorities.

cc: Daniel Horton, Chief of Staff, Office of Councilmember Henry L. Foster III
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