



THE CITY OF SAN DIEGO

M E M O R A N D U M

DATE: September 24, 2025

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

FROM: Council President Pro Tem Kent Lee, District 6

SUBJECT: Fiscal Year 2027 Budget Priorities

A handwritten signature in blue ink, appearing to read "Kent Lee", is positioned to the right of the "FROM:" line.

I am grateful to have the opportunity to serve on the Budget and Government Efficiency Committee as we begin to look towards the Fiscal Year 2027 Budget. Last year, my City Council colleagues and I came together to adopt a budget that reduced cuts to numerous core services that the public as well as the City Council fought for. The adopted Fiscal Year 2026 Budget included the restoration of Monday hours at many libraries; all recreation center hours; access to lakes; restored funding for community and cultural partners; and even identified new and alternative revenue sources. Although we have since made difficult budgetary decisions to prioritize and restore those various critical services and operations, we still fall short of delivering the services that San Diegans need.

Our budgetary challenges persist as the long term fiscal health of the City still relies on achieving revenue expectations, addressing an ongoing structural budgetary deficit, all while balancing the needs of our communities in the face of numerous economic headwinds. In light of the many unknowns from economic impacts on revenues, more time is necessary in order to identify our budget priorities and mitigation strategies to achieve a balanced budget in Fiscal Year 2027. With that said, it is imperative that the Council receive updates on the implementation of the Fiscal Year 2026 budget so we can adjust our priorities accordingly. Additionally, the Department of Finance's Mid-Year Budget Monitoring Report will have more accurate financial data and my subsequent January memorandum will be detailed to match available resources as more information becomes available.

I appreciate Budget and Government Efficiency Committee Chair Foster for his work on improving accountability. I look forward to hearing a presentation on Zero-Base Budgeting (ZBB) at a future Committee meeting and I plan on sharing my potential ZBB department recommendations in my next memorandum. I also agree to continue welcoming ideas to generate revenues, as long as they are not focused solely on the backs of San Diegans, and are accompanied with external outreach and transparent, data-driven planning and a clear understanding of the level of support needed to improve city services.

As previously stated, the existing Outlook presents significant challenges and the Mayor and City Council will have to continue making many difficult financial decisions to meet the necessary and competing needs of the City, especially as we need significantly more funds to prioritize systemic underinvestment in citywide infrastructure, protect neighborhood services, and address the needs of public safety and health, sustainability, transportation, and affordable housing. I am committed to working with the Mayor, the Independent Budget Analyst, and my City Council colleagues to passing a fiscally responsible budget for Fiscal Year 2027.

KL/ah