

FY 2027 Budget Overview

Clairemont Town Council
August 6, 2026



Office of the Independent Budget Analyst



Overview of the FY 2027 Adopted Budget

Presentation Overview

- Budget Process
- FY 2027 Adopted Budget: By the Numbers
- Budget Highlights
- Potential Budget Risks
- Additional Resources

Why is the City's Budget Important?

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



The seal of the City of San Diego is a circular emblem. It features a central shield with a bell, a ship, and a sun. The shield is flanked by two figures. The outer ring of the seal contains the text 'THE CITY OF SAN DIEGO' and 'STATE OF CALIFORNIA'. The words '1850' and '1851' are also visible at the bottom of the seal.

Budget Process

Overview

Mayor, IBA, and Council Roles

- Mayor releases a 5-year financial outlook
- Mayor releases a Proposed Budget that is balanced
- IBA thoroughly analyzes Proposed Budget, including equity implications
- Council reviews budget and holds hearings and public town halls
- Council communicates budget priorities to IBA along the way

Charter vests authority for finalizing the budget in the hands of Council

Overview

Key Context in Developing FY 2027 Budget

- Five-Year Outlook projected \$90 million deficit (Nov 2025), that increased to close to \$120 million
- Budget was balanced through a combination of
 - Budget reductions
 - Labor concessions
 - New revenue
- Although progress has been made, structural budget deficit remains heading into FY 2028

Equity Highlights

IBA's Division of Race & Equity (DRE)

- DRE analyzed equity-related implications of budget adjustments
- Equity implications categories:
 1. Employee Workforce Impacts
 2. Public Liability Claims
 3. Mobility & Infrastructure
 4. Neighborhood Services & Enrichment
 5. Public Safety
 6. Policy and Practice Implications
 7. High Priority Equity-Focused Programs
- Districts with higher poverty rates generally require more support
 - Citywide Low-to-Moderate Income (LMI) Rate: 47.9%
 - D2 LMI Rate: 44.5%

Unfunded Programs: Equity Implications

Title VI responsibilities and Language Access Policy

(\$236,000, 1.00 FTE) – The reduction of the Program Manager could impact response time and completion of necessary work outlined under Title VI of the Civil Rights Act of 1964.

Disparity Study (Purchasing & Contracting)

(\$173,000, 1.00 FTE) – The reduction of the Program Coordinator may ultimately impede progress toward addressing, monitoring and communicating contracting disparities identified in the 2020 Disparity Study.

Zoning Enforcement (Development Services)

(\$1.1 Million) – The reduction impacts zero code enforcement service levels for Priority III "Other Code Violations and/or Conditions Adversely Impacting Quality of Life" citywide since FY 2026.

Think Blue (Stormwater)

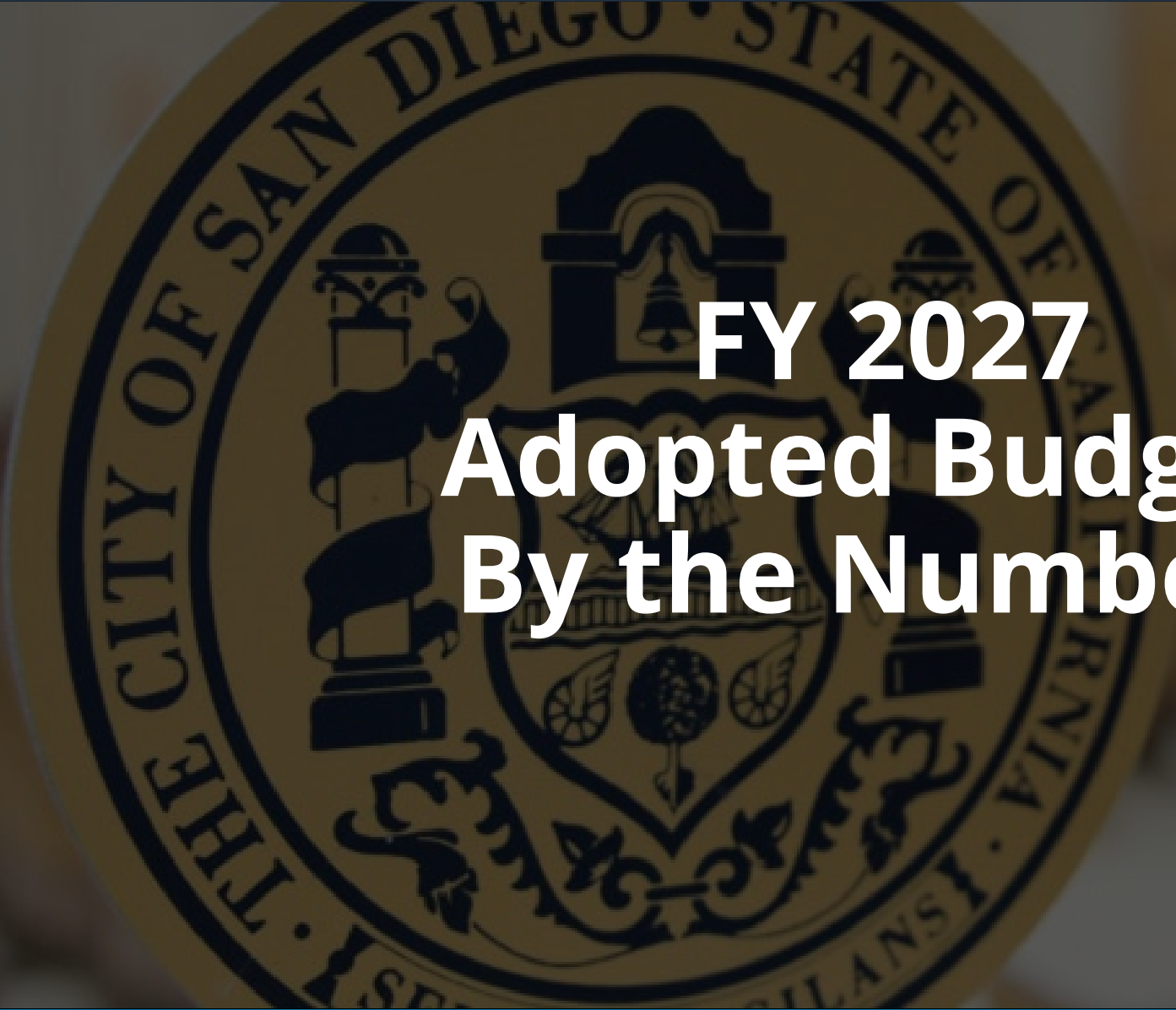
(\$400,000) – The reductions impacts access to information for residents, businesses, and industry to understand the causes of stormwater pollution that can be adopted to improve water quality.

Repair and Maintenance (General Services)

(13.00 vacant FTEs, \$1.5 million) – The reduction further diminish the City's capacity to maintain existing facility infrastructure, which are already in deferred maintenance status, creating deficiencies across city owned and leased assets.

Extended Pool Closures (Parks and Recreation)

The reduction reduces staffing and operating resources for aquatics facilities and results in seasonal closures across both southern and northern pools.

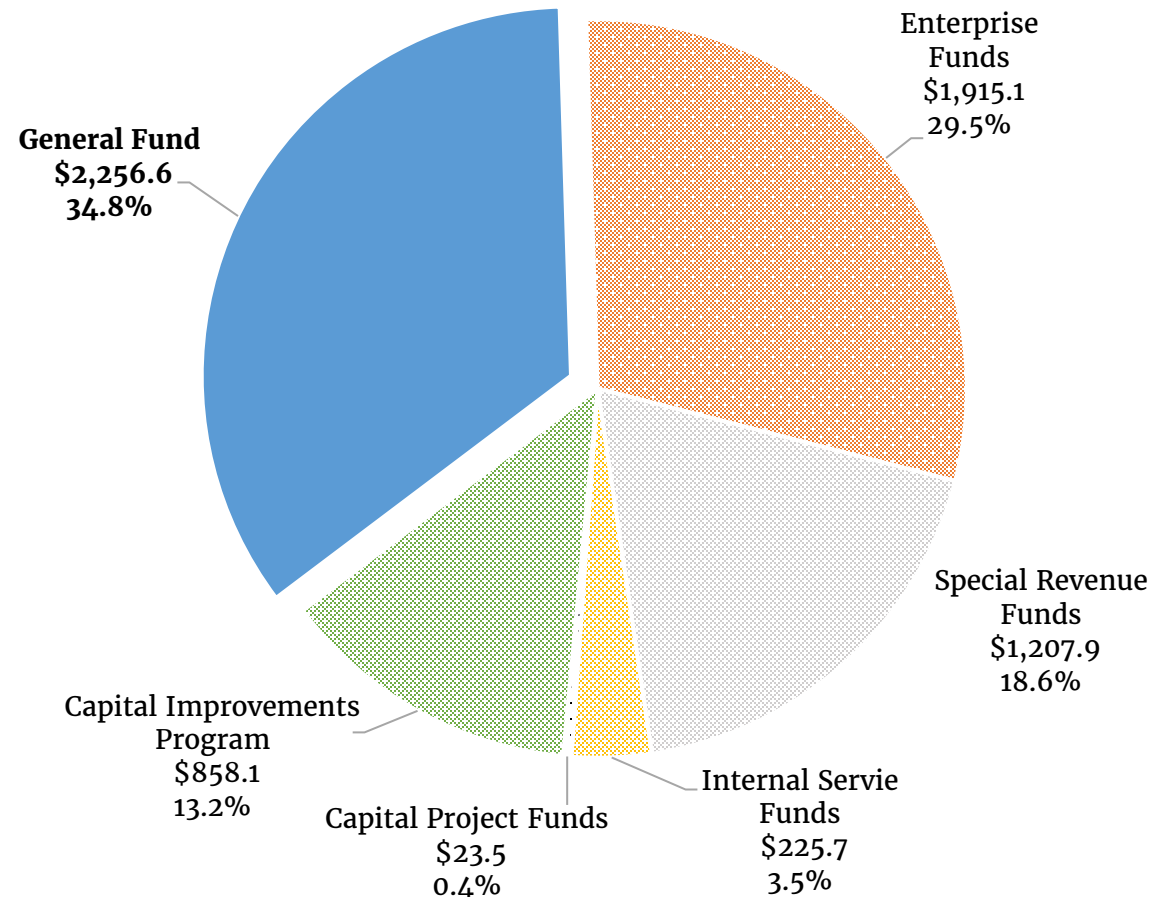
The official seal of the City of San Diego, California, is visible in the background. It features a circular design with the text 'THE CITY OF SAN DIEGO' and 'STATE OF CALIFORNIA' around the perimeter. The center contains a shield with various symbols, including a bell, a ship, and a sun.

FY 2027 Adopted Budget: By the Numbers

FY 2027 Adopted Budget by Fund

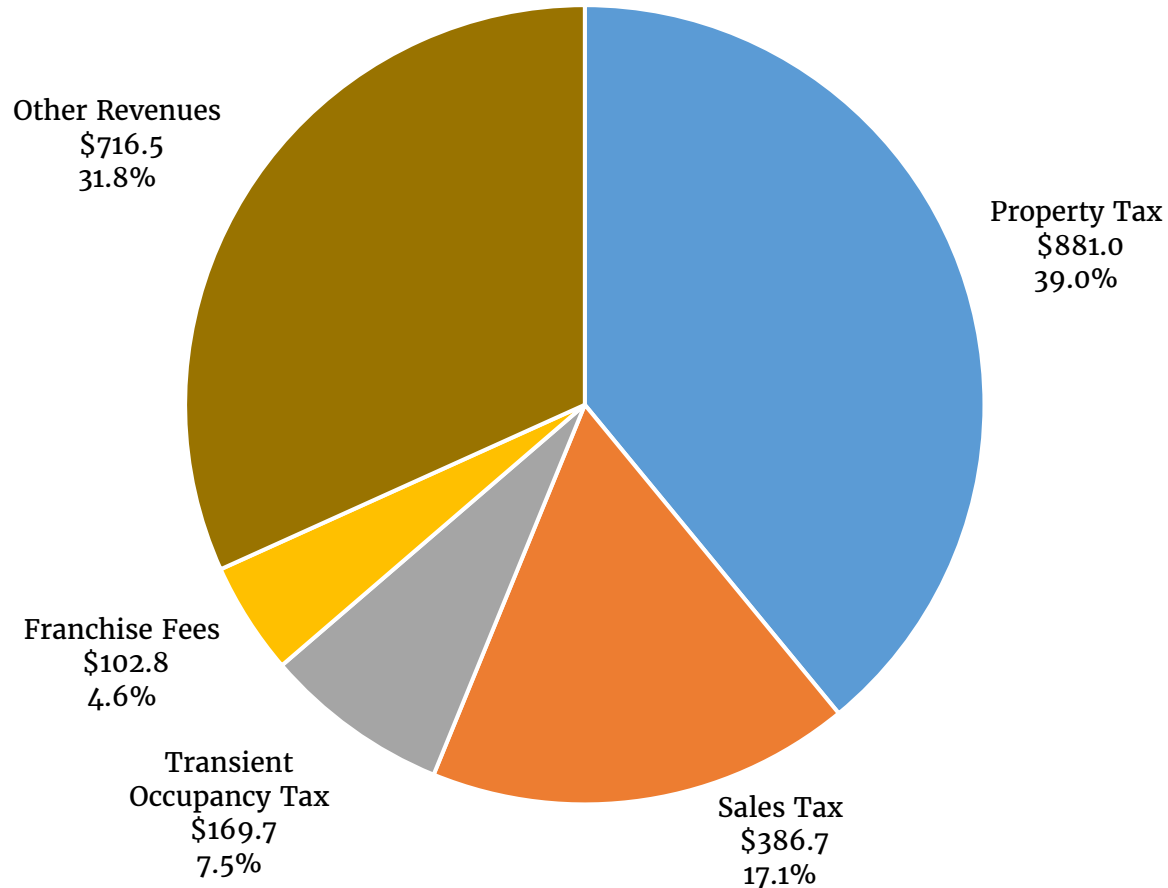
(Total of **\$6.49 billion**; \$ in millions)

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



General Fund Revenues

(Total of **\$2.26 billion**; \$ in millions)

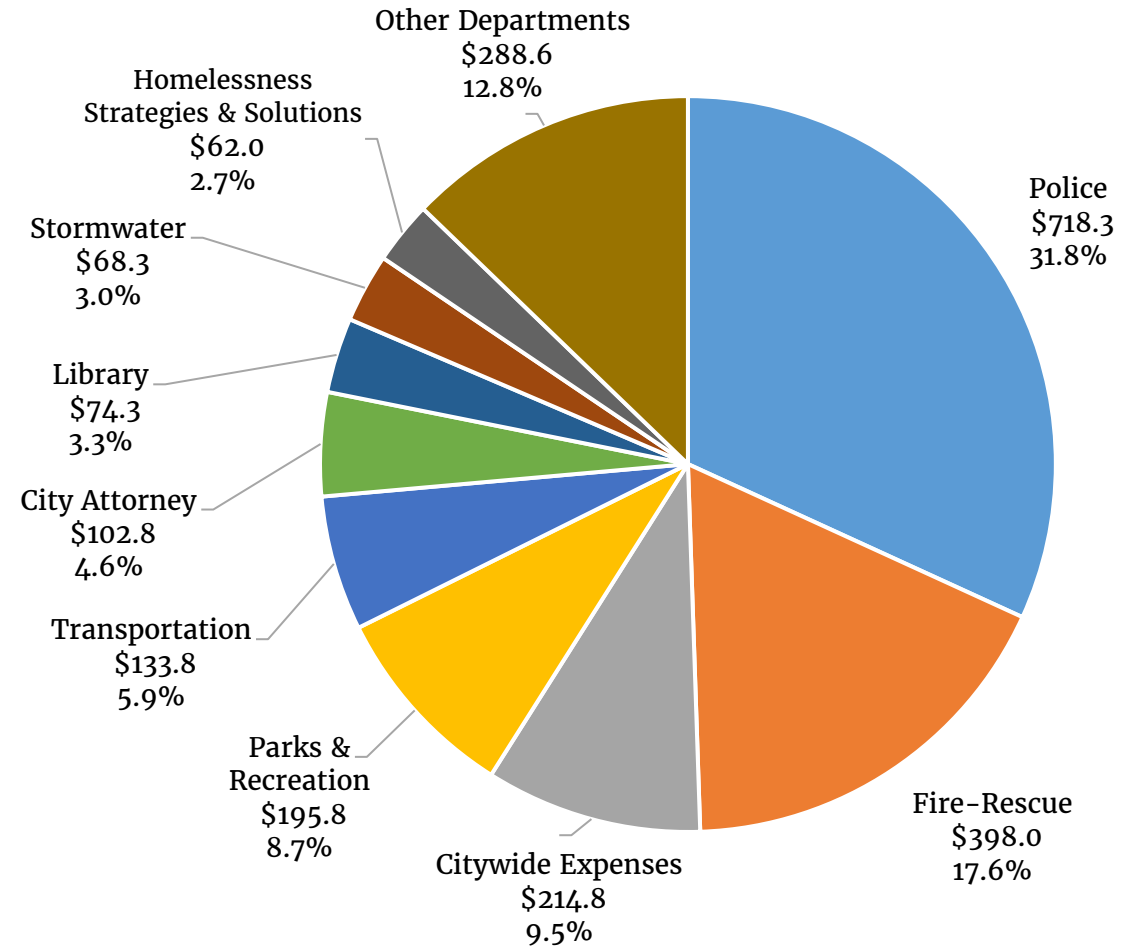


General Fund revenues increased by \$89 million (or 4.1%) over FY 2026 Budget

General Fund Expenditures

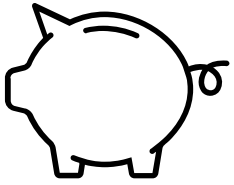
(Total of **\$2.26 billion**; \$ in millions)

- General Fund expenditures increased by \$89 million (or 4.1%) over FY 2026 Budget
- Almost half of the General Fund budget is allocated to Public Safety departments



Drivers of General Fund Expenditure Increase

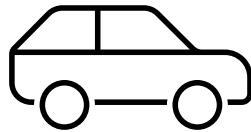
Largely Cost of Doing Business, Not Program Increase



Increased
Pension Payment
(\$18.2 Million)



Fire-Rescue and
Transportation
Overtime
Adjustments
(\$12.8 Million)



Vehicle Fleet
Charges
(\$12.6 Million)



Debt Service
Payments Related
to Infrastructure
(\$12.3 Million)



Worker
Compensation
Cost Increase
(\$9.5 Million)

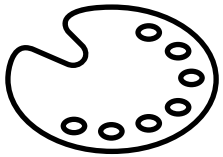


Water Cost
Increases
(\$5.3 Million)

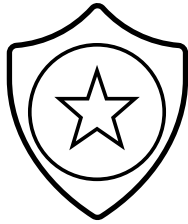
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Budget Highlights

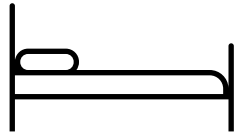
Budget Reductions



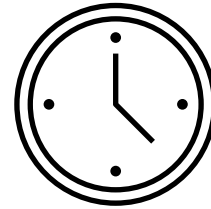
Reduced Arts
Grant Funding
(Reduction of
\$5.8 Million)



Police Hiring
Freeze
(Reduction of
\$5.7 Million)



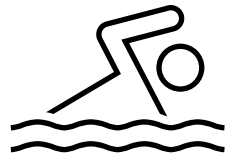
Homelessness
Services
Reductions
(Reduction of
\$4.3 Million)



Reduced Hours
for Libraries and
Rec Centers
(Reduction of
\$2.4 Million)

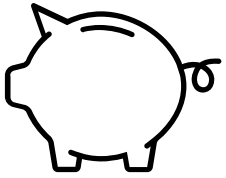


Restrooms
Closures
(Reduction of
\$1.3 Million)



Extended Pool
Closures
(Reduction of
\$1.1 Million)

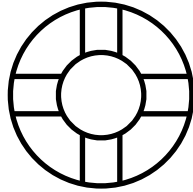
Budget Additions and Maintained Services



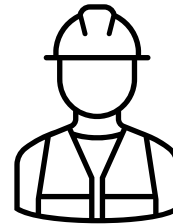
GF Reserve
Contribution
(Increased by
\$1.7 Million)



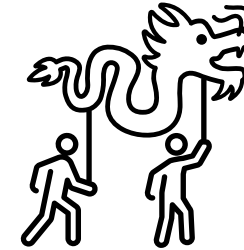
Stormwater Channel
Maintenance
(Increased by
\$1.1 Million)



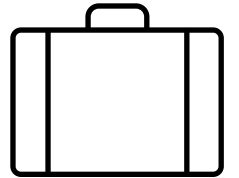
Lifeguard
Wellness
Expansion
(Increased by
\$173,000)



Multi-Modal
Team
(Maintained at
\$1.5 Million)

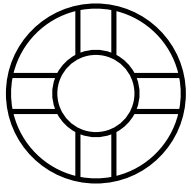


CPPS and ACCF
Funding
(Maintained at
\$1.4 Million)

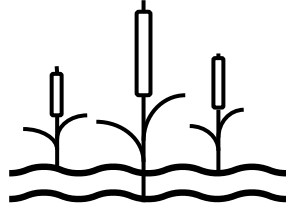


Small Business
Enhancement
Program
(Maintained
at \$750,000)

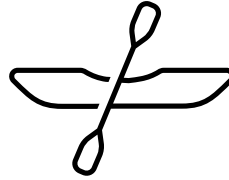
District 2 Infrastructure Projects with FY 2027 Funding



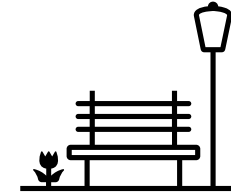
Mission Beach
Lifeguard Station
Replacement
(\$5.4 Million)



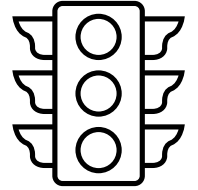
Cudahy Creek
Wetland
Expansion
(\$2.7 Million)



Bonita Cove
Shoreline
Restoration
(\$1.5 Million)



Officer Austin
Machitar
Memorial Park
(\$1.3 Million)



Kurtz St &
Rosecrans St Traffic
Signal Modification
(\$804,000)

The seal of the City of San Diego is a circular emblem. It features a central shield with a bell, a ship, and a sun. The shield is surrounded by a wreath. The outer ring of the seal contains the text 'THE CITY OF SAN DIEGO' at the top and 'STATE OF CALIFORNIA' at the bottom. The seal is set against a background of a blurred city street.

Potential Budget Risks

Potential Budget Risks

Structural Budget Deficit

- One-time resources are funding ongoing expenditures
- Structural deficit is both a decades-long issue, and one that's more recent
 - \$15 million in structural budget deficit for FY 2027
 - \$95 million if accounting for reserve contributions
 - No reserve contributions have been made since FY 2023
- FY 2028 is projected to have a budget deficit of \$33 million
- It is critical that the City right-size its ongoing expenses with its limited revenues to avoid budget cuts and rebuild public confidence

Potential Budget Risks

Trash Fee and Balboa Park Paid Parking Settlement

- Lowers trash fees for FY 2028 and FY 2029, as well as eliminating paid parking by end of calendar year 2026
- No net impact on FY 2027
- FY 2028 General Fund revenue impact is projected to be more than \$20 million

Infrastructure Funding Needs

- CIP Outlook projects about an \$8 billion funding gap
- Deferred maintenance and unfunded capital needs compound over time
 - Increases the risk of catastrophic failures and enormous human and financial costs
- Cannot be addressed without significant new revenue

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Additional Resources

Opportunities for Public Input



Contact the Mayor

- November – April: during budget development



Contact Your Councilmember

- September: as they develop their budget priorities
- November: during their review of the 5-Year Outlook
- December/January: as they update their budget priorities



Get involved

- Community planning
- Recreation committees
- Other groups



Report Needs

- *Get It Done* App
- Appropriate staff



Provide Inputs

- Online City Survey on Infrastructure

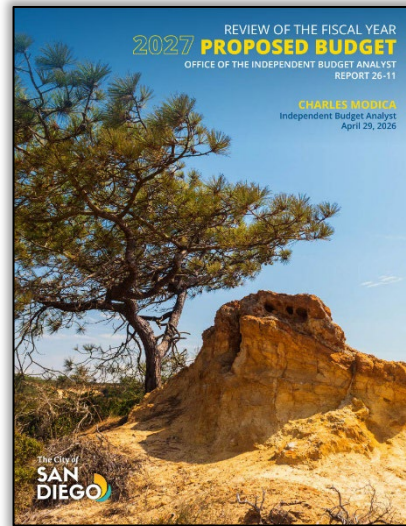
Important Resources

The Mayor's FY 2027 Proposed Budget



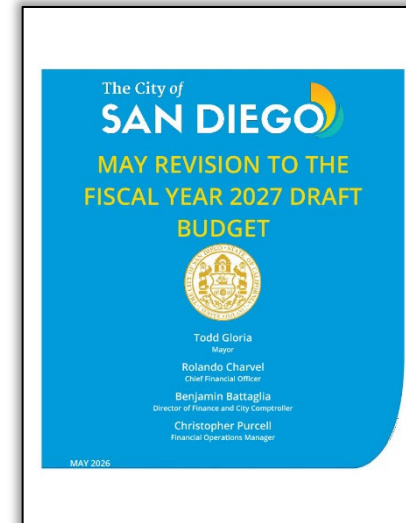
sandiego.gov/finance/draft

IBA's Review of the FY 2027 Proposed Budget



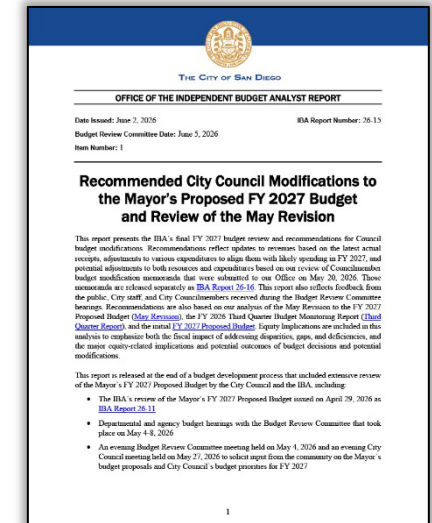
<https://shorturl.at/TOxO0>

May Revision to the FY 2027 Proposed Budget



<https://shorturl.at/T6NCc>

IBA's Recommended City Council Modifications to the Mayor's Proposed FY 2027 Budget



<https://shorturl.at/ams9Q>

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 2026 Adopted Budget
- FY 2027 Proposed Budget
- FY 2027 May Revise
- Five-Year Financial Outlook
- Budget Monitoring Reports

Email **DOF@sandiego.gov**

Phone number **619-236-6060**

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Questions?