FISCAL YEAR **2027**

VOLUME 1
Executive Summary

The City of SAN DIEGO

ADOPTED BUDGET

MAYOR
TODD GLORIA

HOUSING | PROTECT & ENRICH | INFRASTRUCTURE | SUSTAINABILITY | PROSPERITY

Executive Summary

The City of San Diego's Fiscal Year 2027 Adopted Budget is $6.49 billion and is comprised of five operating fund types (listed below), and the Capital Improvements Program (CIP):

Total City Expenditures Fiscal Years 2026-2027 by Fund Type/Program (in millions)

Fund Type/Program	FY 2026 Adopted	FY 2027 Adopted	FY 2026-FY 2027 Change
General Fund	$ 2,167.4	$ 2,256.7	$ 89.2
Enterprise Funds	1,730.5	1,915.1	184.6
Special Revenue Funds	1,102.7	1,207.9	105.2
Internal Service Funds	234.1	225.7	(8.4)
Capital Project Funds	25.2	23.5	(1.7)
Capital Improvements Program	843.7	858.1	14.3
Total	**$ 6,103.7**	**$ 6,486.9**	**$ 383.2**

Numbers may not foot due to rounding.

The Fiscal Year 2027 Adopted Budget represents an increase of $383.2 million, or 6.3 percent, compared to the Fiscal Year 2026 Adopted Budget. This is primarily due to increases in the General Fund, Special Revenue Funds, and Enterprise Funds, partially offset by decreases in the Internal Service Funds and Capital Project Funds. As of the publication of this document, the City has not finalized labor negotiations with all Recognized Employee Organizations (REOs). While the budget includes an estimate of the potential impacts of the ongoing negotiations, the actual impact will not be known until they are finalized and will be monitored throughout the year. Additional details on changes between fiscal years are included in the Citywide Budget Overview section.

Personnel Expenditure Changes

The Fiscal Year 2027 Adopted Budget includes a total citywide personnel budget of $2.40 billion, with $1.49 billion for salaries and wages and $909.4 million for fringe benefits. The General Fund accounts for the largest portion of personnel expenditures, at $1.59 billion, or 66.6 percent. The budget includes a total of 13,044.23 Full-Time Equivalent (FTE) positions Citywide, representing a decrease of 18.25 FTE positions, or 0.1 percent, compared to the Fiscal Year 2026 Adopted Budget. This net decrease is primarily due to the following: a 133.66 FTE position net decrease in the General Fund associated with budget reductions, and the restructure of positions to the Recycling Fund; and a net decrease of 28.03 FTE positions in the Special Revenue Funds, primarily associated with the reduction of vacant positions in the Engineering and Capital Projects Fund. These decreases are offset by a net increase of 138.31 FTE positions in the Enterprise Funds primarily associated with the support for recycling and solid waste collections and the previously noted restructure of positions from the General Fund. Budgeted Personnel Expenditure Savings totals $84.8 million in the Fiscal Year 2027 Adopted Budget, a decrease of $15.2 million, or 15.2 percent from the Fiscal Year 2026 Adopted Budget. The decrease is primarily due to fewer projected vacant positions in Fiscal Year 2027, resulting from the elimination of vacant positions and improved recruitment and retention. Fringe benefits include fixed costs (e.g., retirement contributions, workers' compensation) and variable costs (dependent on payroll). The total citywide fringe benefits allocation for Fiscal Year 2027 is $909.4 million, with $621.2 million, or 68.3 percent, budgeted in the General Fund.

Total City FTE Positions
Fiscal Years 2026-2027 by Fund Type

Fund Type	FY 2026 Adopted	FY 2027 Adopted	FY 2026–FY 2027 Change
General Fund	8,261.40	8,127.74	(133.66)
Enterprise Funds	3,345.94	3,484.25	138.31
Special Revenue Funds	1,016.91	988.88	(28.03)
Internal Service Funds	388.23	393.36	5.13
Other Funds	50.00	50.00	0.00
Total	**13,062.48**	**13,044.23**	**(18.25)**

General Fund Overview

The General Fund is the primary operating fund of the City, supporting community services such as police, fire-rescue, transportation and stormwater infrastructure, parks and recreation, and library services, as well as essential support functions. These services are primarily funded by major revenue sources, including property tax, sales tax, transient occupancy tax (TOT), and franchise fees. The Fiscal Year 2027 Adopted Budget for General Fund expenditures totals $2.26 billion, an increase of $89.2 million or 4.1 percent, from the Fiscal Year 2026 Adopted Budget.

General Fund revenues are projected to be $2.26 billion in Fiscal Year 2027, an increase of $89.2 million, or 4.1 percent, from the Fiscal Year 2026 Adopted Budget. This increase is split between major revenues of $47.1 million, or 3.2 percent, and other revenue sources of $42.1 million, or 6.3 percent. The four major General Fund revenue sources (property taxes, sales tax, TOT, and franchise fees) account for $1,543.0 million, or 68.4 percent, of the FY 2027 Adopted Budget General Fund revenues. The FY 2027 Adopted Budget reflects a stable, yet slowing, economic outlook. Projected growth rates for major revenues in the FY 2027 Adopted Budget are as follows:

- **Property Tax:** 4.0 percent
- **Sales Tax:** 2.0 percent
- **Transient Occupancy Tax (TOT):** 2.1 percent
- **Franchise Fees:**
  - **SDG&E:** 1.0 percent
  - **Cable:** -7.6 percent

The remaining General Fund revenues are generated from various sources. After incorporating all adjustments, the Fiscal Year 2027 Adopted Budget maintains a balanced budget. Additional details are included in the General Fund Revenue and General Fund Expenditure sections.

Financial Outlook and Stability

The Fiscal Year 2027-2031 Five-Year Financial Outlook projected baseline shortfalls with deficits projected through Fiscal Year 2031. Addressing the projected structural budget deficits, where ongoing expenditures exceed ongoing revenues, remains a key goal of the City. To limit the need for additional operational reductions, the Fiscal Year 2027 Adopted Budget continues to delay the planned General Fund reserve contribution of approximately $80.1 million, which is what would have been needed to fund the reserve at target levels identified in the City's current Reserve Policy for Fiscal Year 2027; however, the Budget does include a modest contribution to the General Fund Reserve up to $1.7 million, pending availability of excess equity at year-end. Risk Management Reserves are anticipated to end Fiscal Year 2026 below target levels, and the Fiscal Year 2027 Adopted Budget also delays risk management reserve contributions of approximately $36.7 million beyond annual operating expenditures. One-time resources of $40.8 million support $17.7 million in one-time uses for a net structural deficit of about $23.1 million, or about 1.0 percent of General Fund expenditures; an improvement over Fiscal Year 2026.

Mitigation Actions

To close the projected Fiscal Year 2027 Adopted Budget General Fund shortfall, the City has implemented a combination of expenditure reductions, new revenue generation, and strategic financial actions. The Fiscal Year 2027 Adopted Budget reflects departmental restructuring through reorganization, renaming or merging organizational units. Significant reductions, including position reductions, are reflected across General Fund departments. Additional mitigation measures include reducing Other Post Employment Benefits (OPEB) contributions, offsetting general wage increases with other concessions, and leveraging non-General Fund balances.

Budget Process

The annual operating budget is developed in conjunction with the Mayor, City Council, City departments, Independent Budget Analyst, and the public. The Budget Development Process consists of three main phases—Budget Development, Budget Review, and Budget Adoption—spanning Fall 2025 through June 2026. Additional details are included in the Budget Development Process section.

Critical Expenditures

The Fiscal Year 2027 Adopted Budget includes funding to maintain current service levels. Expanded services include the operations of new facilities.

The list below highlights some of the significant General Fund critical expenditure additions, organized by City branch.

Community Services

Animal Services Contract	Funding of non-personnel expenditures to restore contractual obligation for the San Diego Humane Society contract.
Brush Management Compliance	Funding of a position supporting compliance with audit recommendations and improving operational efficiency.
Median Maintenance	Funding of non-personnel expenditures to increase the square footage that will be maintained.
New Park Facilities	Funding of positions and expenditures to operate and maintain new parks and joint-use facilities.

Finance

Citywide Elections	Funding of non-personnel expenditures to support 2026 General Elections.
Labor Negotiations	Funding of personnel expenditures to support ongoing labor negotiations.

Housing & Community Development

Opioid Shelter Support	Funding of non-personnel expenditures to support the operation of a shelter focused on opioid substance use disorder services.
Property and Business Improvement Districts Support	Funding of a position to support operations, contract oversight, and community engagement.

Shelters and Services Support	Funding of non-personnel expenditures to support shelter operations at the Bishop Maher Interim Shelter, Connections Interim Shelter, Domestic Violence Shelter, and Haven Interim Family Shelter.
Small Business Enhancement Program	Funding of non-personnel expenditures to provide technical support for grants and other business assistance services.

Independent Departments

Complaint and Investigation Information Management System	Funding of non-personnel expenditures for system configuration, customization, and migration of historical data to a new system for the Commission on Police Practices.
Consumer Protection	Funding of positions to protect consumers from falling victim to unfair business practices.
Fee Support	Funding of positions and non-personnel expenditures to support the Contractor Compliance Application Program, Hospitality Minimum Wage Program, and Traffic Control Worker Minimum Wage Program.
Gun Violence Response Unit (GVRU)	Funding of positions and non-personnel expenditures to support the GVRU and the regional Firearm Relinquishment Task Force.
Legal Support - Emergency Medical Services (EMS)	Funding of a position in the City Attorney’s Office to provide legal guidance for a new EMS system.
Youth Support	Funding of non-personnel expenditures supporting the Drop-In Center program.

Infrastructure

Channel Clearing	Funding of personnel and non-personnel expenditures to support enhanced channel-clearing efforts.
Ineligible Trash Customers	Funding of non-personnel expenditures to support the collection and disposal of trash for residents who haven't transitioned to a private refuse hauler.
Levee Support	Funding of non-personnel expenditures for consulting services to support engineering studies required to achieve levee certification and address issues with the City's levee system.
Outreach Services	Funding of positions and non-personnel expenditures to support expanded outreach services and encampment abatements on State right-of-way.
User Fee Study	Funding of non-personnel expenditures for a consultant to conduct a rate study for Assembly Bill (AB) 939 fees, franchise fees, and Miramar Landfill tipping fees.

Performance & Logistics

Right-of-Way Support	Funding of non-personnel expenditures to support sidewalk repair, address critical needs for asphalt and cement, and support for capital repairs for City departments.
Ready, Set, Grow San Diego Support	Funding of non-personnel expenditures supporting the Climate Action Plan by bolstering tree planting and maintenance.
Speed Management Plan	Funding of non-personnel expenditures supporting increased pedestrian, cyclist, and student safety.

Public Safety

Permitting Support	Funding of a position to support Fire Code Plan Review and Permitting processes.
PLEADS Program	Funding of non-personnel expenditures to support the Prosecution and Law Enforcement Assisted Diversion Services.
Wellness Services	Funding of wellness exams, behavioral, and psychological services in the Fire-Rescue and Police departments.
Vegetation Management Support	Funding of personnel expenditures to support wildfire risk reduction efforts.

Critical Reductions

The Fiscal Year 2027 Adopted Budget includes expenditure reductions to achieve a balanced budget. The list below highlights the most critical reductions. For a full list of reductions by department, see Volume II of the budget publication.

Building and Zoning Enforcement	Reduction of personnel and non-personnel expenditures responding to claims of land use and zoning violations.
Climate Equity Fund Transfer	Reduction of non-personnel expenditures associated with waiving the transfer to the Climate Equity Fund.
Facility Services	Reduction of personnel and non-personnel expenditures supporting the maintenance of City facilities.
Fire-Rescue Services	Reduction of personnel and non-personnel expenditures supporting recruitment, community outreach, public information, and restoration of Bomb Squad cross training in the Fire-Rescue Department.
Homelessness Shelters	Reduction of non-personnel expenditures associated with the closure of shelter sites, a decrease in City-funded beds at shelters, and closure of a safe parking site.
Library Services	Reduction of personnel and non-personnel expenditures associated with the decrease in operational hours at select library locations.

Multi-Modal Team Support	Reduction of personnel and non-personnel expenditures supporting the planning and design of multi-modal safety improvements.
Parks & Recreation Services	Reduction of personnel and non-personnel expenditures associated with the decrease in operational hours at select recreation centers.
Personnel Expenditure Savings	Reduction of personnel expenditures in Independent departments as they manage their personnel costs.
Unclassified Positions	Reduction of personnel expenditures associated with unclassified positions supporting Citywide departments in various capacities.
Vacant Police Positions	Reduction of personnel expenditures associated with the anticipated savings generated by holding positions vacant within the Police department.

Non-General Fund Overview

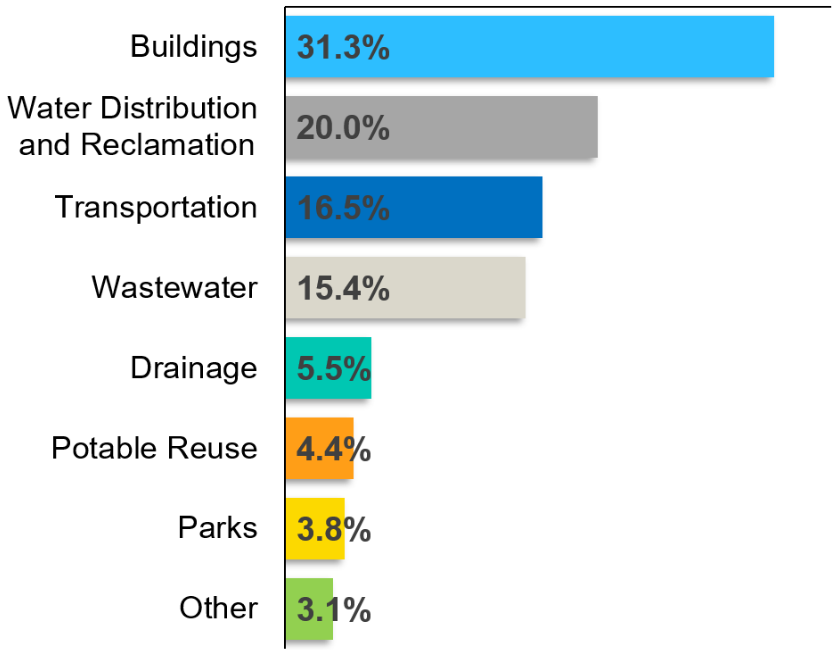
In addition to the General Fund, the Fiscal Year 2027 Adopted Budget includes the following major changes, in excess of $10.0 million, in non-General Funds.

Fire/Emergency Medical Services (EMS) Transport Program Fund	Addition of non-personnel expenditures for increased fees for participation in the PP-GEMT program and for reimbursement of eligible General Fund expenditures in support of the EMS program.
Low- & Moderate-Income Housing Asset Fund	Addition of non-personnel expenditures for long-term affordable housing projects through the Bridge to Home Notice of Funding Availability.
Tax and Revenue Anticipation Notes Revolving Fund	Addition of non-personnel expenditures associated with issuing Tax and Revenue Anticipation Notes.
Underground Surcharge Fund	Addition of one-time non-personnel expenditures for utilities undergrounding activities to align with projected expenditures in Fiscal Year 2027.
Water Utility Operating Fund	Addition of non-personnel expenditures associated with changes in water volume, the wholesale rate to purchase water, and the support of Pure Water Phase I operations.

Capital Improvements Program Overview

The Fiscal Year 2027 Adopted CIP Budget for all funds is $858.1 million, which is an increase of $14.3 million from the Fiscal Year 2026 Adopted Budget. This increase is primarily associated with water and wastewater-related projects. This budget allocates existing funds and anticipated revenues to both new and continuing projects. The allocation of funds is based on an analysis of available funding sources and a review of project needs and priorities.

Fiscal Year 2027 Adopted Budget by Project Type



Figures may not foot due to rounding.

Conclusion

The Fiscal Year 2027 Adopted Budget protects the progress made in recent fiscal years, including public safety, homelessness, housing, and infrastructure. This balanced budget includes budget reductions and prioritizes funding for the aforementioned areas. Additionally, it utilizes a mix of one-time and ongoing resources to balance the budget. Looking ahead, the City may need to consider additional ongoing reductions, seek new revenue streams, or re-evaluate the programs and services it provides to achieve a structurally balanced General Fund budget. Additional details are included throughout this Volume.