FISCAL YEAR **2027**

VOLUME 1
General Fund Expenditures

The City of SAN DIEGO

ADOPTED BUDGET

MAYOR
TODD GLORIA

HOUSING | PROTECT & ENRICH | INFRASTRUCTURE | SUSTAINABILITY | PROSPERITY

General Fund Expenditures

The Fiscal Year 2027 Adopted Budget for General Fund expenditures is $2.26 billion, representing an increase of $89.2 million, or 4.1 percent, from the Fiscal Year 2026 Adopted Budget. **Table 1 - General Fund Expenditure Summary Fiscal Years 2025 - 2027** represents the change in General Fund expenditures from Fiscal Year 2025 to Fiscal Year 2027. Similarly, **Table 2 - Fiscal Year 2027 General Fund Expenditures** displays the change in General Fund Expenditures from Fiscal Year 2025 to Fiscal Year 2027 by expenditure category.

Table 1 - General Fund Expenditure Summary Fiscal Years 2025 - 2027

	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2027 Adopted Budget
Total General Fund Budget	2,176,546,411	2,167,433,989	2,256,647,832
Percent Change from Previous Year		0.3%	4.1%

Table 2 – Fiscal Year 2027 General Fund Expenditures (in millions)

Expenditure Category	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2027 Adopted Budget	FY 2026-2027 Change	Percent Change
PERSONNEL					
Personnel Cost	$ 961.1	$ 961.5	$ 969.4	$ 7.9	0.8%
Fringe Benefits	575.5	602.3	621.2	18.9	3.1%
PERSONNEL SUBTOTAL	**$ 1,536.6**	**$ 1,563.8**	**$ 1,590.6**	**$ 26.9**	**1.7%**
NON-PERSONNEL					
Supplies	$ 31.4	$ 37.3	$ 38.5	$ 1.2	3.3%
Contracts & Services	376.5	344.7	376.8	32.0	9.3%
External Contracts & Services	*236.3*	*251.8*	*264.2*	*12.5*	*4.9%*
Internal Contracts & Services	*140.2*	*93.0*	*112.5*	*19.6*	*21.0%*
Information Technology	57.4	58.2	58.3	0.2	0.3%
Energy and Utilities	66.2	65.5	74.1	8.6	13.1%
Other	4.7	6.0	6.8	0.9	14.4%
Transfers Out	94.6	80.3	100.4	20.2	25.1%
Capital Expenditures	1.9	0.9	1.4	0.6	65.8%
Debt	7.1	10.9	9.7	(1.2)	(11.2%)
NON-PERSONNEL SUBTOTAL	**$ 639.9**	**$ 603.6**	**$ 666.0**	**$ 62.4**	**10.3%**
Total	**$ 2,176.5**	**$ 2,167.4**	**$ 2,256.6**	**$ 89.2**	**4.1%**

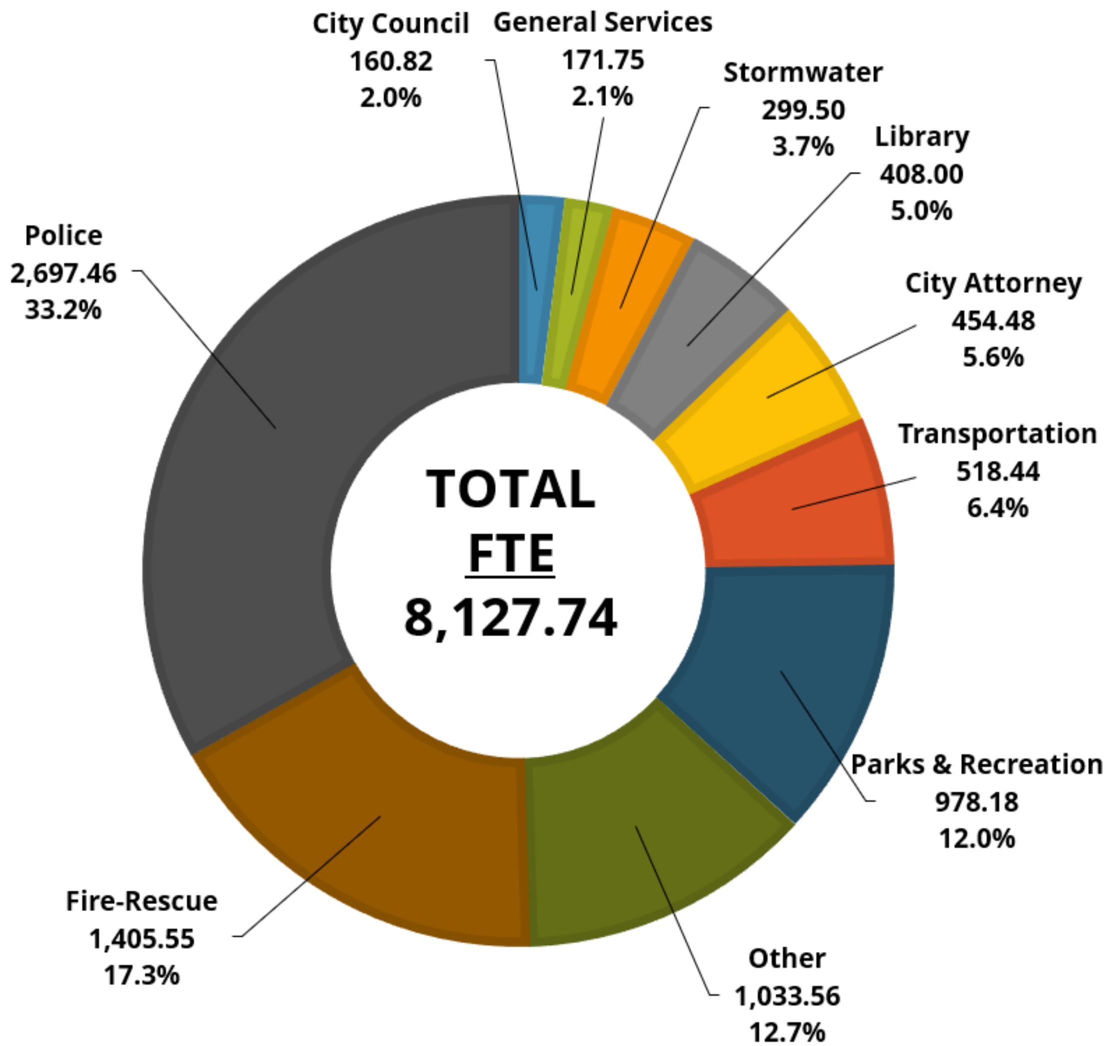
Table 3 - General Fund FTE Position Summary Fiscal Years 2025 – 2027 shows the change in the number of budgeted positions in the General Fund over the last three years.

Table 3 - General Fund FTE Position Summary Fiscal Years 2025 – 2027

	FY 2025 Adopted Budget	FY 2026 Adopted Budget	FY 2027 Adopted Budget
Total General Fund Budget FTE Positions	8,733.16	8,261.40	8,127.74
Percent Change from Previous Year		-5.4%	-1.6%

Figure 1 – Fiscal Year 2027 General Fund FTE Positions by Department summarizes the Fiscal Year 2027 General Fund FTE positions by department. Only the top nine departments by total budgeted positions are displayed. All other General Fund departments are combined under the Other category. Details on the budgeted FTE positions in the General Fund are included in the Financial Summary and Schedules section of this Volume.

Figure 1: Fiscal Year 2027 General Fund FTE Positions by Department



Note: The Other category includes: City Auditor, City Clerk, City Planning, City Treasurer, Commission on Police Practices, Communications, Department of Finance, Department of Information Technology, Development Services, Economic Development, Environmental Services, Ethics Commission, Homelessness Strategies & Solutions, Human Resources, Office of the IBA, Office of the Mayor, Performance & Analytics, Personnel, and Purchasing & Contracting.

As displayed in **Figure 1 – Fiscal Year 2027 General Fund FTE Positions by Department** above, the Police and Fire-Rescue Departments account for approximately 50.5 percent of the total budgeted positions in the General Fund for Fiscal Year 2027.

The General Fund Fiscal Year 2027 Adopted Budget includes a total of 8,127.74 FTE positions, which reflects a net decrease of 133.66 FTE positions, or 1.6 percent, from the Fiscal Year 2026 Adopted Budget. The net decrease in positions is primarily due to the following:

- Net reduction of 61.59 FTE positions in the Parks and Recreation Department primarily associated with reduced recreation center and swimming pool hours, and reductions in Balboa Park and beach maintenance, including reduced support for restrooms.
- Net reduction of 26.50 FTE positions in the Library Department primarily associated with reductions to operating hours at select branches and the closure of branches for renovations and expansions.
- Net reduction of 12.75 FTE positions in the General Services Department primarily associated with reduced support for the repair and maintenance of City facilities.
- Net reduction of 12.00 FTE positions in the Environmental Services Department primarily associated with the restructure of functions from the General Fund to various Enterprise Funds.
- Net reduction of 11.00 FTE positions in the Fire-Rescue Department primarily associated with the implementation of bomb squad cross-staffing, and reduced support for recruitment, community engagement, and public information efforts.
- Net addition of 17.00 FTE positions in the Police Department primarily associated with supporting parking enforcement in recently expanded parking meter zones.

Personnel Cost

The General Fund Fiscal Year 2027 Adopted Budget includes a total of $969.4 million in Personnel Cost, which reflects a net increase of $7.9 million, or 0.8 percent, from the Fiscal Year 2026 Adopted Budget. This net increase is primarily resulting from:

- $16.1 million increase in overtime expenditures within the following departments:
  - $7.6 million increase in the Fire-Rescue Department primarily to implement recently negotiated salary increases, to align the budget with recent trends, and to support expanded wildfire risk reduction efforts associated with a grant.
  - $5.2 million increase in the Transportation Department primarily to account for negotiated salary increases from recent years and to support the implementation of the Speed Management Plan.
  - $2.6 million increase in the Police Department primarily due to recent trends in special events support and additional training for the Intervention Services Team.
- $8.8 million decrease in Budgeted Personnel Expenditure Savings (BPES), which results in a net increase to personnel costs. BPES is a budgetary tool that is an offset to personnel costs based on estimates of savings attributed to anticipated vacancies, attrition, leaves of absence, and delays in the creation and filling of positions. It is anticipated that savings will be lower in Fiscal Year 2027 due to the net reduction in budgeted positions and recent negotiated wage increases, which have reduced attrition rates.
- $9.5 million decrease in salaries primarily due to the previously noted net decrease in positions associated with reduced recreation center and swimming pool hours, reduction in library branch operating hours and reduced support for facility maintenance.
- $7.5 million decrease in Other Personnel Expenditures within the Police Department primarily associated with holding various positions vacant in order to generate savings, and the prolonged onboarding process for the parking enforcement positions, delaying the filling of those positions.

Fringe Benefits

The Fiscal Year 2027 Adopted Budget for the General Fund includes fringe benefit expenditures totaling $621.2 million, which reflects an increase of $18.9 million, or 3.1 percent, from the Fiscal Year 2026 Adopted Budget. This net increase is primarily due to adjustments in the following fringe benefits:

- $18.2 million increase in the City's Retirement ADC payment primarily due to a liability experience loss largely driven by salary increases that exceeded actuarial assumptions. Additionally, the SDCERS Board adopted additional contributions to fund the plan for the City's missed normal costs and estimated shortfall due to Police Officer Safety Members who were hired and entered SDCERS after June 30, 2013, under the Tier V benefit, and had their benefit converted retroactively to a Tier IV benefit. Partially offsetting those increases were decreases due to an investment experience gain resulting from investment returns exceeding assumptions, and a change in the proportionate distribution of total pensionable salaries between the General Fund and non-General Funds resulting from position adds, reductions and reorganizations.

- $9.5 million increase in Workers' Compensation associated with revised projected claims due to changes in staffing levels and medical treatment costs.
- $7.2 million decrease in Other Post Employment Benefits associated with the City's plan to utilize the pre-funded CERBT funds to cover a portion of the pay-go costs in the near term as a mitigation action to balance the General Fund budget in Fiscal Year 2027.

For a detailed discussion of fringe benefits, refer to the Citywide Budget Overview section of this Volume.

Table 4 – Fiscal Year 2027 General Fund Fringe Benefits by Fringe Type shows the change in fringe benefits in the General Fund from Fiscal Year 2025 to the Fiscal Year 2027 Adopted Budget, by fringe benefit type.

Table 4 – Fiscal Year 2027 General Fund Fringe Benefits by Fringe Type

Fringe Type	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2027 Adopted Budget	FY 2026 – FY 2027 Change	Percent Change
Fixed					
Long Term Disability	$ 2,777,949	$ 4,048,594	$ 3,443,277	$ (605,317)	(15.0%)
Other Post-Employment Benefits	32,173,942	30,422,061	23,269,213	(7,152,848)	(23.5%)
Retirement ADC	358,910,795	378,052,866	396,300,918	18,248,052	4.8%
Risk Management Administration	10,578,099	12,446,682	11,678,755	(767,927)	(6.2%)
Unemployment Insurance	15,774	758,670	686,811	(71,859)	(9.5%)
Workers' Compensation	31,318,716	37,704,673	47,250,554	9,545,881	25.3%
Fixed Subtotal	**$ 435,775,276**	**$ 463,433,546**	**$ 482,629,528**	**$ 19,195,982**	**4.1%**
Variable					
Employee Offset Savings	$ 6,159,092	$ 5,723,808	$ 5,027,004	$ (696,804)	(12.2%)
Flexible Benefits	102,943,089	102,289,339	102,882,865	593,526	0.6%
Medicare	13,906,546	14,021,222	14,031,620	10,398	0.1%
Retiree Medical Trust	1,441,752	2,255,044	2,833,571	578,527	25.7%
Retirement 401 Plan	2,966,799	3,086,410	3,139,945	53,535	1.7%
Retirement DROP	1,902,793	1,861,460	1,768,317	(93,143)	(5.0%)
Supplemental Pension Savings Plan	10,433,325	9,619,859	8,921,551	(698,308)	(7.3%)
Variable Subtotal	**$ 139,753,397**	**$ 138,857,142**	**$ 138,604,873**	**$ (252,269)**	**(0.2%)**
Fringe Benefits Total	**$ 575,528,673**	**$ 602,290,688**	**$ 621,234,401**	**$ 18,943,713**	**3.1%**

Supplies

The Supplies category includes costs for office supplies, books, tools, uniforms, safety supplies, and building and electrical materials, among others. The Supplies category for the Fiscal Year 2027 Adopted Budget totals $38.5 million, which is an increase of $1.2 million, or 3.3 percent, from the Fiscal Year 2026 Adopted Budget. The net increase is primarily associated with the following adjustments:

- $801,000 increase in the Transportation Department primarily due to supplies for asphalt and cement materials for sidewalk maintenance and addressing the backlog in pothole repair.

- $389,000 increase in the Fire-Rescue Department primarily for particulate blocking hoods to comply with new State legislation AB 1181.
- $277,000 increase in the Stormwater Department due to redistribution of the supplies budget to align with departmental budgetary needs within contracts and capital expenditures.
- $227,000 increase in the General Services Department due to the transfer of janitorial duties for Civic Center Plaza from an outside vendor to City staff.
- $220,000 decrease in the Police Department due to redistributing the supplies budget for ballistic vests to the Capital Expenditures category as assets to meet GASB reporting requirements.

Contracts & Services

The Contracts & Services category is broken down into two categories, External Contracts & Services and Internal Contracts & Services, which provide a clearer presentation of discretionary and non-discretionary contractual expenditures. External Contracts & Services are expenditures paid to outside agencies, consultants, or contractors, such as legal counsel, homeless shelter operations, insurance, rent, and consulting services. Internal Contracts & Services are expenditures that support internal, or enterprise, services provided by departments in one fund to departments in another fund, including refuse disposal fees, vehicle usage and assignment fees, and reimbursements for services provided by one fund to another. The Contracts and Services category for the Fiscal Year 2027 Adopted Budget totals $376.8 million, which is an increase of $32.0 million, or 9.3 percent, from the Fiscal Year 2026 Adopted Budget. This increase includes the following significant adjustments:

A net increase of $19.6 million in **Internal Contracts & Services** primarily associated with the following:

- $12.6 million in equipment replacement and maintenance due to approved vehicle adds being delivered and put in service, inflationary cost increases, and an increase in the cost of providing maintenance and unscheduled repairs primarily in the Police Department.
- $4.4 million in City Services Billed primarily to reimburse inspections performed in the right-of-way for utility permits issued to San Diego Gas and Electric in the Citywide Program Expenditures Department.
- $2.4 million in refuse disposal fees due to a projected fee increase based on a CPI escalator.

A net increase of $12.5 million in **External Contracts & Services** primarily associated with the following:

- $5.2 million in the Homelessness Strategies and Solutions Department primarily due to the creation of an interim shelter focused on opioid use disorders supported by Opioid Settlement revenue, a joint venture with the County to support operating costs of a domestic violence focused shelter, and a net increase in support for homeless shelters and services.
- $2.7 million in the Environmental Services Department primarily to reimburse the Solid Waste Management Fund for costs associated with residents who were still in the process of changing services to a private hauler during the transition year.
- $2.6 million in the Transportation Department primarily due to the tree planting work associated with the Ready, Set, Grow San Diego tree planting program.
- $1.9 million in the Parks and Recreation Department primarily due to the transition of the Balboa Park tram services, increases tied to State-mandated contributions for city parks maintained by Maintenance Assessment Districts, and increased support for the animal services contract with the San Diego Humane Society.
- $1.3 million in the Citywide Program Expenditures Department primarily associated with increases in rates for general liability and excess insurance programs, the 2026 election costs, and anticipated public liability claims reimbursements, offset by a net decrease in rent expenses.

Information Technology

The Information Technology (IT) category includes the costs related to hardware and software maintenance, help desk support, and other IT services. The IT category for the Fiscal Year 2027 Adopted Budget totals $58.3 million, which is an increase of $154,000, or 0.3 percent, from the Fiscal Year 2026 Adopted Budget. This is primarily associated with a net increase in IT non-discretionary costs due to the use of fund balance in the IT Funds during Fiscal Year 2026 to provide relief as a mitigation action in that fiscal year. The increase was partially offset by decreased discretionary costs within departments as they work to limit their spending to only the most critical initiatives.

Following the approval of State Senate Bill 122 on June 29, 2026, California will begin applying sales and use tax to Software-as-a-Service (SaaS) and digital software platforms effective January 1, 2027. Since the bill was passed after the Fiscal Year 2027 Budget was adopted, the potential impacts are not reflected. It is anticipated that the City will experience increased costs for the use of the City's technology and software subscriptions; however, these will be offset by an increase in local sales tax revenues generated from digital sales within the City. The overall impacts of these are unknown at this time and will be closely monitored throughout the year.

Energy and Utilities

The Energy and Utilities category includes the costs of electricity, fuel, gas, and other related expenditures. The Energy and Utilities category for the Fiscal Year 2027 Adopted Budget totals $74.1 million, which is an increase of $8.6 million, or 13.1 percent, from the Fiscal Year 2026 Adopted Budget. This increase is primarily due to the following:

- $5.3 million increase in water service, primarily in the Parks & Recreation Department, associated with a change in the type of rate being used to develop the budget and the implementation of approved rate increases.
- $2.1 million increase in Fleet Fuel/Renewable Diesel, primarily in the Police Department, associated with the increasing per-gallon costs amid current global geopolitical conflicts.

Other

The Other category includes miscellaneous expenditures that do not fall under one of the other expenditure categories. Examples include: preservation of retirement benefits costs, miscellaneous taxes, and transportation allowance. The Fiscal Year 2027 Adopted Budget for the Other category totals $6.8 million, which is an increase of $861,000, or 14.4 percent, from the Fiscal Year 2026 Adopted Budget. The increase is primarily attributed to interest due on the Stormwater WIFIA loan based upon increased draws on the loan proceeds.

Transfers Out

The Transfers Out category includes transfers between City funds, including the transfer of funding for annual debt service payments for outstanding bonds. The Transfers Out category for the Fiscal Year 2027 Adopted Budget totals $100.4 million, which is an increase of $20.2 million, or 25.1 percent, from the Fiscal Year 2026 Adopted Budget. This net increase is primarily due to the following:

- $11.5 million increase in bond principal and interest payments due to annualization of debt service payments for the 2025A Lease Revenue Bonds that were issued in Fiscal Year 2026.
- $9.2 million increase due to the net interest payments for the issuance of a Tax and Revenue Anticipation Note (TRAN).

Capital Expenditures

The Capital Expenditures category for the Fiscal Year 2027 Adopted Budget totals $1.4 million, which is an increase of $564,112, or 65.8 percent, from the Fiscal Year 2026 Adopted Budget. This net increase is primarily due to the redistribution of the base budget within the Police Department to properly reflect the appropriate financial reporting category. In prior years, the department's budget for low-value assets, such as ballistic vests and tablets, had been recorded in the Supplies and IT categories while the actual expenditures had been recorded in the capital expenditures category. The base budget redistribution now aligns the budget with how those expenditures are reported on the financial statements.

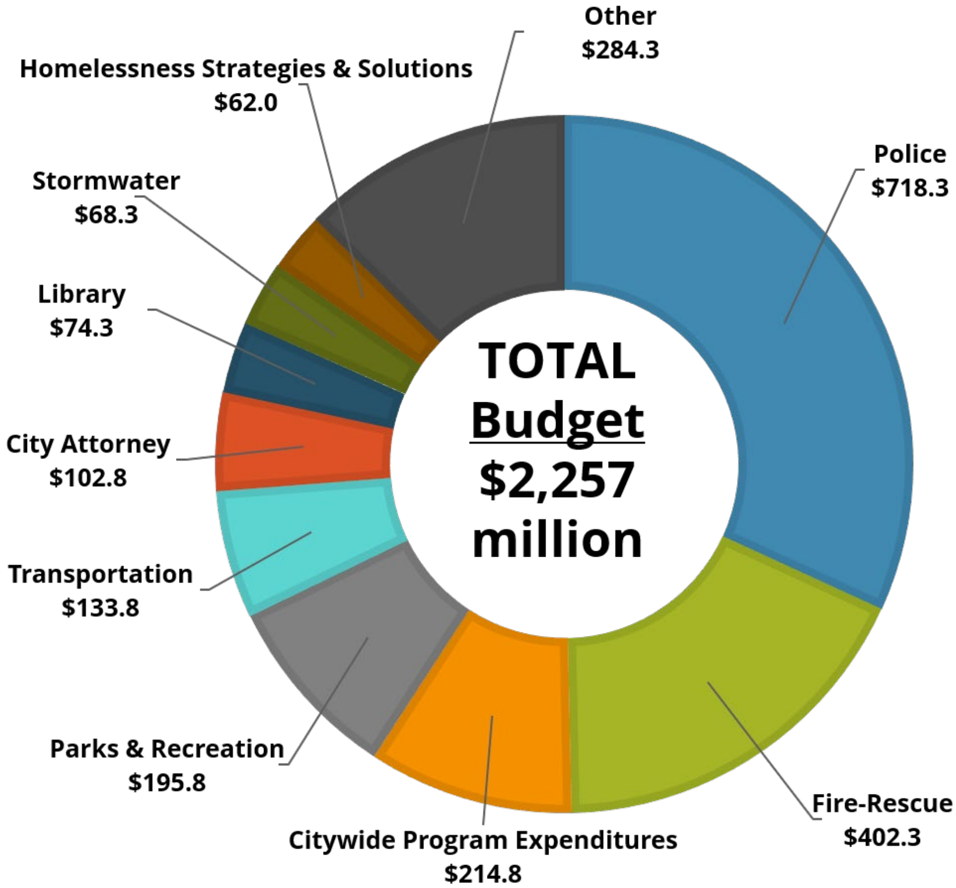
Debt

The Debt category for the Fiscal Year 2027 Adopted Budget totals $9.7 million, which is a decrease of $1.2 million, or 11.2 percent, from the Fiscal Year 2026 Adopted Budget. The debt category includes short- to medium-term capital leases, including Equipment and Vehicle Financing Program leases, IT hardware replacement leases, and energy efficiency loans. The decrease is primarily due to the City making the final payment on a Qualified Energy Conservation Bond in Fiscal Year 2026.

General Fund Departments

Figure 2 - Fiscal Year 2027 General Fund Expenditures by Department summarizes budgeted expenditures by department in the General Fund for Fiscal Year 2027. The nine largest General Fund expenditure budgets, by department, are displayed below. All other General Fund departments are combined in the Other category. For a complete review of expenditures by department in the General Fund, refer to the Financial Summary and Schedules section of this Volume.

Figure 2: Fiscal Year 2027 General Fund Expenditures by Department (in millions)



Note: The Other category includes: City Auditor, City Clerk, City Council, City Planning, City Treasurer, Commission on Police Practices, Communications, Department of Finance, Department of Information Technology, Development Services, Economic Development, Environmental Services, Ethics Commission, General Services, Human Resources, Office of the IBA, Office of the Mayor, Performance & Analytics, Personnel, Public Utilities, Purchasing & Contracting.

Budget Adjustments

The Fiscal Year 2027 Adopted Budget includes various expenditure additions and reductions determined to be critical for balancing this year's budget while maintaining priority services. The Executive Summary of this volume includes a list of the most significant budget additions and reductions included in the Fiscal Year 2027 Adopted Budget. For a full list of adjustments by department, see the Budget Adjustments tables within each department section in Volume II of the budget publication. The Budget Adjustments table lists key program expenditure, revenue, and personnel changes by fund and includes a description of the change.