

FISCAL YEAR
2019

MAYOR KEVIN L. FAULCONER

Appendix



ADOPTED
BUDGET

Appendix

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Table 1 below reflects the changes in Full-time Equivalent (FTE) positions in the General Fund from the Fiscal Year 2019 Adopted Budget by department. Descriptions of these changes in positions immediately follow.

Table 1: General Fund FTE Changes by Department

Department	FY 2018 Adopted Budget	FY 2019 Adopted Budget	FTE Change
City Attorney	358.73	375.73	17.00
City Auditor	22.00	22.00	-
City Clerk	47.32	47.32	-
City Comptroller	87.26	-	(87.26)
City Treasurer	119.70	124.00	4.30
Communications	31.00	33.00	2.00
Council Administration	16.37	17.37	1.00
Council District 1	10.00	10.00	-
Council District 2	10.00	10.00	-
Council District 3	10.00	10.00	-
Council District 4	10.00	10.00	-
Council District 5	10.00	10.00	-
Council District 6	10.00	10.00	-
Council District 7	10.00	10.00	-
Council District 8	10.00	10.00	-
Council District 9	10.00	10.00	-
Debt Management	21.00	20.00	(1.00)
Department of Finance	-	113.27	113.27
Development Services	69.00	73.00	4.00
Economic Development	63.85	59.35	(4.50)
Environmental Services	155.56	171.72	16.16
Ethics Commission	5.00	5.00	-
Financial Management	31.00	-	(31.00)
Fire-Rescue	1,230.65	1,240.52	9.87
Government Affairs	-	5.00	5.00
Human Resources	32.92	29.72	(3.20)
Infrastructure/Public Works	5.00	2.00	(3.00)
Internal Operations	1.50	1.50	-
Library	453.72	444.59	(9.13)
Neighborhood Services	-	6.00	6.00
Office of Boards & Commissions	-	10.00	10.00
Office of Homeland Security	17.05	18.05	1.00
Office of the Assistant COO	12.00	2.00	(10.00)
Office of the Chief Financial Officer	2.00	2.00	-
Office of the Chief Operating Officer	6.35	5.00	(1.35)
Office of the IBA	10.00	10.00	-
Office of the Mayor	28.50	24.32	(4.18)
Parks and Recreation	896.83	908.05	11.22
Performance & Analytics	15.00	14.00	(1.00)
Personnel	69.99	69.99	-
Planning	64.95	64.95	-
Police	2,653.01	2,657.01	4.00
Public Works - Contracts	21.00	-	(21.00)
Public Works - General Services	168.00	223.50	55.50
Purchasing & Contracting	57.96	52.96	(5.00)
Real Estate Assets	32.00	32.00	-
Smart & Sustainable Communities	6.50	1.50	(5.00)
Transportation & Storm Water	624.71	637.70	12.99
Total General Fund FTE Changes	7,527.43	7,614.12	86.69

General Fund FTE Changes

City Attorney: 17.00 FTE Increase

- 1.00 Addition of 1.00 Deputy City Attorney in the Civil Advisory Division to support the Environment and Land Use Section.
- 1.00 Addition of 1.00 Assistant for Community Outreach to support community outreach and external communications.
- 1.00 Addition of 1.00 Senior Clerk Typist in the Criminal Division.
- 1.00 Addition of 1.00 Deputy City Attorney to support the Domestic Violence and Sex Crimes Unit.
- 1.00 Addition of 1.00 Deputy City Attorney to support the Public Services & Public Safety Section.
- 3.00 Addition of 3.00 FTE positions to support the Civil Litigation Division.
- 4.00 Transfer of the Family Justice Center from the Police Department to the Office of the City Attorney.
- 5.00 Addition of 5.00 FTE positions to support the Family Justice Center.

City Comptroller: 87.26 FTE Decrease

- (87.26) Restructure of 87.26 FTE positions from the Office of the City Comptroller to the newly created Department of Finance.

City Council: 1.00 FTE Increase

- 1.00 Addition of 1.00 Council Representative 1 to support increased daily operational duties.

City Treasurer: 4.30 FTE Increase

- (0.70) Reduction of 0.35 Administrative Aide 2-Hourly and 0.35 Account Clerk-Hourly in the Business Tax and Treasury Accounting sections.
- 1.00 Addition of 1.00 Accountant 4 for audit support of the Cannabis Business Tax.
- 2.00 Addition of 2.00 Administrative Aide 2s to support the administration of the Cannabis Business Tax.
- 2.00 Addition of 2.00 Accountant 3s to support the Lease and Franchise Audit section.

Communications: 2.00 FTE Increase

- (1.00) Reduction of 1.00 Public Information Officer in the Public Information Section.
- 3.00 Transfer of 3.00 FTE positions from the Human Resources Department to the Communications Department in support of the Public Records Act Program.

Debt Management: 1.00 FTE Decrease

- (1.00) Reduction of 1.00 Program Coordinator providing support for debt issuance and post-issuance administration.

Department of Finance: 113.27 FTE Increase

- (5.00) Reduction of 2.00 Associate Budget Development Analysts, 2.00 Accountant 2s, and 1.00 Account Audit Clerk.
- (1.00) Reduction of 1.00 City Comptroller associated with the Department of Finance Director.
- 1.00 Reduction of 6.00 Program Coordinators and 3.00 Accountant 4s, and the addition of 6.00 Financial Operations Managers and 4.00 Principal Accountants to better align the position classifications with the operations of the newly merged Department of Finance.
- 2.27 Funding allocated according to a zero-based annual review of hourly funding requirements.
- 30.00 Restructure of 30.00 FTE positions from the Financial Management Department to the newly created Department of Finance.
- 86.00 Restructure of 87.26 FTE positions from the Office of the City Comptroller to the newly created Department of Finance.

Development Services: 4.00 FTE Increase

- (1.00) Transfer of 1.00 Horticulturist from the Development Services Department to the Transportation & Storm Water Department to support the Urban Forestry Program.
- 5.00 Addition of 4.00 Zoning Investigator 1s and 1.00 Senior Zoning Investigator in the Code Enforcement Division.

Economic Development: 4.50 FTE Decrease

- (2.50) Funding allocated according to a zero-based annual review of hourly funding requirements.
- (2.00) Transfer of 2.00 FTE positions from the Economic Development Department to the newly created Department of Sustainability supported by the General Fund.

Environmental Services: 16.16 FTE Increase

- (0.84) Redistribution of positions to better align the budget with department operations.
 - 1.00 Addition of 1.00 Public Information Clerk to support increase in Get It Done application service requests.
- 16.00 Addition of expenditures to support the Mayor's Clean SD Initiative. For additional information on Clean SD please refer to the Citywide Budget Overview section of Volume I.

Financial Management: 31.00 FTE Decrease

- (31.00) Restructure of 31.00 FTE positions from the Financial Management Department to the newly created Department of Finance.

Fire-Rescue: 9.87 FTE Increase

- (5.01) Funding allocated according to a zero-based annual review of hourly funding requirements.
- (3.00) Transfer of 3.00 FTE positions to the Public Works Department for centralization of facilities maintenance functions.
- (1.00) Reduction of 1.00 Lifeguard Sergeant as a result of grant completion.
 - 1.00 Addition of 1.00 Clerical Assistant 2 position to support Lifeguard Division operations.
 - 1.00 Addition of 1.00 Program Manager to support the contract for emergency medical services with the Airport Authority.
 - 1.00 Addition of 1.00 Fire Battalion Chief to manage dispatch and command operations of the Emergency Command and Data Center.
- 2.88 Addition of 2.88 Lifeguard 1-Hourly for a lifeguard academy.
- 5.00 Annualization of Bayside Fire Station FTE positions implemented in Fiscal Year 2018.
- 8.00 Addition of 8.00 Fire Dispatchers to support constant staffing within the Emergency Command and Data Center.

Government Affairs: 5.00 FTE Increase

- 1.00 Transfer of 1.00 Mayor Representative 2 from the Office of the Mayor to repurpose to Department Director in the newly created Government Affairs Department.
- 1.00 Transfer of 1.00 Program Manager from the Public Utilities Department to the newly created Government Affairs Department.
- 1.00 Addition of 1.00 Program Coordinator for grants management support.
- 2.00 Transfer of 2.00 Mayor Representative 2s from the Office of the Mayor to the newly created Government Affairs Department.

Human Resources: 3.20 FTE Decrease

- (3.00) Transfer of 3.00 FTE positions from the Human Resources Department to the Communications Department in support of the Public Records Act Program.
- (0.20) Funding allocated according to a zero-based annual review of hourly funding requirements.

Infrastructure/Public Works: 3.00 FTE Decrease

- (2.00) Reduction of 1.00 Program Manager and 1.00 Associate Management Analyst associated with Phase 1 of Infrastructure Asset Management implementation project.
- (1.00) Transfer of 1.00 Program Coordinator from the Public Works Department to the Department of Information Technology to support SAP system security.

Library: 9.13 FTE Decrease

(12.50) Transfer of 12.50 FTE positions to the Public Works Department for the centralization of facilities maintenance functions.

1.62 Addition of 1.00 Librarian 2, 0.50 Library Clerk, 0.12 Library Aide to support the new Mission Hills Library.

1.75 Addition of 0.50 Librarian 2, 1.25 Library Aide to support the new San Ysidro Library.

Neighborhood Services: 6.00 FTE Increase

1.00 Transfer of 1.00 Deputy Chief Operating Officer from the Office of the Chief Operating Officer to oversee the Neighborhood Services Branch.

2.00 Transfer of 2.00 FTE positions from the Office of the Chief Operating Officer in support of Homelessness Coordination.

3.00 Transfer of 3.00 FTE positions from the Office of the Assistant Chief Operating Officer to support Corporate Partnerships & Development.

Office of Boards & Commissions: 10.00 FTE Increase

1.00 Addition of 1.00 Associate Management Analyst to support the Office of Boards & Commissions offset by the reduction of 1.00 Associate Management Analyst from the Office of the Assistant Chief Operating Officer.

9.00 Restructure of 9.00 FTE positions from the Office of ADA Compliance and Accessibility, Citizens' Review Board on Police Practices, Human Relations Commission, Commission on Gang Prevention & Intervention, and the Commission for Arts & Culture to the newly created Office of Boards & Commissions.

Office of Homeland Security: 1.00 FTE Increase

(1.00) Reduction of 1.00 Associate Management Analyst within the Grant Management and Financial Compliance Section.

2.00 Addition of 2.00 Program Coordinators to provide operational coordination related to countering local terrorism efforts and the Urban Area Security Initiative (UASI) program.

Office of the Assistant COO: 10.00 FTE Decrease

(4.00) Transfer of 4.00 FTE positions from the Office of ADA Compliance and Accessibility to the newly created Office of Boards & Commissions.

(3.00) Transfer of 3.00 FTE positions from the Office of the Assistant COO to the Neighborhood Services Branch to support Corporate Partnerships & Development.

(1.00) Reduction of 1.00 Associate Management Analyst in the ADA Compliance Section.

(1.00) Transfer of 1.00 Program Manager from the Office of the Assistant Chief Operating Officer to the Office of the Chief Operating Officer in support of Homelessness Coordination.

(1.00) Transfer of 1.00 Assistant to the Director from the Office of the Assistant Chief Operating Officer to the Purchasing & Contracting Department to support the Animal Services Program.

Office of the Chief Operating Officer: 1.35 FTE Decrease

(2.00) Transfer of 2.00 FTE positions from the Office of the Chief Operating Officer in support of Homelessness Coordination.

(1.00) Transfer of 1.00 Deputy Chief Operating Officer from the Office of the Chief Operating Officer to oversee the Neighborhood Services Branch.

(0.35) Reduction of 0.35 Program Manager-Hourly providing support for the legislative docketing process.

1.00 Addition of 1.00 Deputy Chief Operating Officer to oversee the Neighborhood Services Branch.

1.00 Transfer of 1.00 Program Manager from the Office of the Assistant Chief Operating Officer to the Office of the Chief Operating Officer to support Homelessness Coordinator.

Office of the Mayor: 4.18 FTE Decrease

(3.00) Transfer of 3.00 Mayor Representative 2s from the Office of the Mayor to the newly created Government Affairs Department.

(0.74) Reduction in hourly funding support.

(0.44) Funding allocated according to a zero-based annual review of hourly funding requirements.

Parks and Recreation: 11.22 FTE Increase

- (4.00) Reduction of 4.00 FTE positions in the Developed Regional Parks and Open Space Divisions.
- (3.00) Transfer of 3.00 FTE positions to the Public Works Department for centralization of facilities maintenance functions.
- (1.00) Reduction of 1.00 Senior Planner associated with supervision of the Code Compliance section in the Open Space Division.
- 0.22 Adjustments to reflect savings resulting from vacant positions for any period of the fiscal year, retirement contributions, retiree health contributions, and labor negotiations.
- 0.50 Addition of 0.50 Grounds Maintenance Worker 2 to support the maintenance and operations of the new Encanto Elementary joint-use park.
- 0.50 Addition of 0.50 Grounds Maintenance Worker 2 to support the maintenance and operations of the new Hawk Pocket Park joint-use park.
- 0.50 Addition of 0.50 Grounds Maintenance Worker 2 to support the maintenance and operations of the new Holmes Elementary joint-use park.
- 0.50 Addition of 0.50 Grounds Maintenance Worker 2 to support the maintenance and operations of the new Horton Elementary joint-use park.
- 0.50 Addition of 0.50 Grounds Maintenance Worker 2 to support the maintenance and operations of the new Linda Vista Elementary joint-use park.
- 0.50 Addition of 0.50 Grounds Maintenance Worker 2 to support the maintenance and operations of the new Marvin Elementary School joint-use park.
- 0.50 Addition of 0.50 Grounds Maintenance Worker 2 to support the maintenance and operations of the new Pacific Trails Middle School joint-use park.
- 0.50 Addition of 0.50 Grounds Maintenance Worker 2 to support the maintenance and operations of the new Paradise Hills Elementary joint-use park.
- 1.00 Addition of 1.00 Account Clerk to support accounts payable and receivable of recreation center funds.
- 1.00 Addition of 1.00 Aquatic Technician 2 to support the maintenance and operations of the new pool at the Murphy Canyon Road Training Facility.
- 1.00 Addition of 1.00 Grounds Maintenance Worker 2 to support the maintenance and operations of the Torrey Meadows Neighborhood Park.
- 1.00 Addition of 1.00 Program Manager to oversee the administration of recreation center funds.
- 1.00 Addition of 1.00 Senior Management Analyst to support the fiscal management of recreation center funds.
- 1.00 Addition of 1.00 Senior Park Ranger to manage operations of the ranger work unit at the San Diego River.
- 1.50 Addition of 1.50 Grounds Maintenance Worker 1-Hourly to support 24-hour maintenance at restrooms in Balboa Park.
- 2.00 Addition of 1.00 Grounds Maintenance Supervisor and 1.00 Grounds Maintenance Worker 2 to support maintenance and operations at the Virginia Avenue, El Cajon Boulevard and University Avenue Transit Station facilities.
- 5.50 Addition of 5.50 FTE positions to support the maintenance and operations of the Pacific Highlands Ranch Recreation Center and Community Park.

Performance & Analytics: 1.00 FTE Decrease

- (1.00) Reduction of 1.00 Administrative Aide 2 in the Performance & Analytics Department.
- (1.00) Transfer of 1.00 Program Manager from the Performance & Analytics Department to the Police Department.
- 1.00 Addition of 1.00 Program Coordinator to provide support to departments and the public using the 311 Get It Done Customer Experience Program.

Police: 4.00 FTE Increase

- (9.00) Transfer of 9.00 FTE positions to the Public Works Department for the centralization of facilities maintenance functions.
- (4.00) Transfer of the Family Justice Center from the Police Department to the Office of the City Attorney.
- 1.00 Addition of 1.00 Police Captain to support operations in the Backgrounds/Recruiting Unit.
- 1.00 Transfer and repurpose of 1.00 Program Manager from the Performance & Analytics Department to an Assistant Police Chief in the Police Department.
- 2.00 Addition of 1.00 Police Captain and 1.00 Supervising Management Analyst to support operations in the Neighborhood Policing Administration.
- 13.00 Addition of 13.00 FTE civilian positions to support operations.

Public Works - Contracts: 21.00 FTE Decrease

(21.00) Transfer of Public Works-Contracts budget from the General Fund to the Engineering & Capital Projects Fund.

Public Works - General Services: 55.50 FTE Increase

- (5.00) Reduction of 2.00 Carpenters, 1.00 Plumber, 1.00 Painter, 1.00 HVACR Technician in the Facilities Division.
- 3.00 Transfer of 3.00 FTE positions from the Fire-Rescue Department for centralization of facilities maintenance functions.
- 3.00 Transfer of 3.00 FTE positions from the Parks and Recreation Department for centralization of facilities maintenance functions.
- 9.00 Transfer of 9.00 FTE positions from the Police Department for centralization of facilities maintenance functions.
- 12.50 Transfer of 12.50 FTE positions from the Library Department for centralization of facilities maintenance functions.
- 33.00 Transfer of 33.00 FTE positions from the Stadium Operations Fund for centralization of facilities maintenance functions.

Purchasing & Contracting: 5.00 FTE Decrease

- (6.00) Transfer of 6.00 FTE positions from the Purchasing & Contracting Department to the Public Works Department related to the Prevailing Wage Program.
- (2.00) Reduction of 2.00 Associate Procurement Contracting Officer related to the administration and management of goods & services contracts.
- 1.00 Addition of 1.00 Program Manager due to the expansion of the Administrative Appeals Hearing Program.
- 1.00 Transfer of 1.00 Assistant to the Director from the Office of the Assistant Chief Operating Officer to the Purchasing & Contracting Department to support the Animal Services Program.
- 1.00 Transfer of 1.00 Program Manager from the Department of Information Technology to the Purchasing & Contracting Department for Information Technology services.

Smart & Sustainable Communities: 5.00 FTE Decrease

- (5.00) Restructure of 5.00 FTE positions from the Citizens' Review Board on Police Practices, Human Relations Commission, Commission on Gang Prevention & Intervention, and the Commission for Arts & Culture to the newly created Office of Boards & Commissions.

Transportation & Storm Water: 12.99 FTE Increase

- (0.01) Funding allocated according to a zero-based annual review of hourly funding requirements.
- 1.00 Addition of 1.00 Public Works Superintendent to oversee the Trench Restoration section and other special assignments.
- 1.00 Transfer of 1.00 Horticulturist from the Development Services Department to the Transportation & Storm Water Department to support the Urban Forestry Program.
- 2.00 Addition of 2.00 Assistant Civil Engineers to support sidewalk repair and replacements.
- 9.00 Addition of 9.00 FTE positions to support Storm Water pipe repair.

Table 2 below reflects the changes in Full-time Equivalent (FTE) positions in the Non-General Fund from the Fiscal Year 2019 Adopted Budget by fund. Descriptions of these changes in positions immediately follow.

Table 2: Non-General Funds FTE Changes by Fund

Fund	FY 2018 Adopted Budget	FY 2019 Adopted Budget	FTE Change
Airports Fund	22.00	22.00	-
Central Stores Fund	22.00	20.00	(2.00)
City Employee's Retirement System Fund	63.00	63.00	-
Concourse and Parking Garages Operating Fund	2.00	2.00	-
Development Services Fund	472.65	470.10	(2.55)
Energy Conservation Program Fund	17.35	25.35	8.00
Engineering & Capital Projects Fund	715.80	774.75	58.95
Facilities Financing Fund	16.35	18.00	1.65
Fire/Emergency Medical Services Transport Program	17.00	17.00	-
Fleet Operations Operating Fund	206.00	205.75	(0.25)
GIS Fund	2.00	2.00	-
Golf Course Fund	102.08	102.08	-
Information Technology Fund	44.00	45.00	1.00
Junior Lifeguard Program Fund	1.00	1.00	-
Local Enforcement Agency Fund	6.00	6.00	-
Los Penasquitos Canyon Preserve Fund	2.00	2.00	-
Maintenance Assessment District (MAD) Management	25.00	25.00	-
Metropolitan Sewer Utility Fund	458.86	473.24	14.38
Municipal Sewer Revenue Fund	401.04	398.50	(2.54)
OneSD Support Fund	28.00	29.00	1.00
Parking Meter Operations Fund	15.00	15.00	-
PETCO Park Fund	1.00	1.00	-
Publishing Services Fund	10.00	9.00	(1.00)
Recycling Fund	111.76	111.48	(0.28)
Refuse Disposal Fund	140.94	140.30	(0.64)
Risk Management Administration Fund	85.23	86.23	1.00
Stadium Operations Fund	36.00	2.00	(34.00)
Transient Occupancy Tax Fund	14.00	14.00	-
Underground Surcharge Fund	17.00	22.15	5.15
Water Utility Operating Fund	791.02	784.18	(6.84)
Wireless Communications Technology Fund	46.00	44.00	(2.00)
Total Non-General Fund FTE Changes	3,892.08	3,931.11	39.03

Non-General Fund FTE Changes

Central Stores Fund: 2.00 FTE Decrease

- (1.00) Reduction of 1.00 Auto Messenger providing delivery services in Central Stores.
- (1.00) Reduction of 1.00 Stock Clerk due to consolidation of stores locations.

Development Services Fund: 2.55 FTE Decrease

- (2.00) Reduction of 2.00 FTE positions associated with operational efficiencies and streamlining efforts.
- (0.55) Funding allocated according to a zero-based annual review of hourly funding requirements.

Energy Conservation Program Fund: 8.00 FTE Increase

- 1.00 Addition of 1.00 Management Intern to support the Climate Action Plan (CAP).
- 1.00 Addition of 1.00 Department Director in the newly created Department of Sustainability.
- 1.00 Addition of 1.00 Program Manager to create and implement the Municipal Energy Strategy Plan which supports the CAP.
- 1.00 Addition of 1.00 Senior Management Analyst to implement a Commercial Energy Benchmarking Ordinance and a Residential Energy Disclosure Ordinance to support the CAP.
- 2.00 Addition of 2.00 FTE positions to support the Climate Action Plan (CAP).
- 2.00 Transfer of 2.00 FTE positions from the Economic Development Department to the newly created Department of Sustainability supported by the General Fund.

Engineering & Capital Projects Fund: 58.95 FTE Increase

- (1.05) Funding allocated according to a zero-based annual review of hourly funding requirements.
- 1.00 Addition of 1.00 Assistant Engineer-Civil position to provide design support to address increase in Americans with Disabilities Act (ADA) and utilities underground projects.
- 1.00 Addition of 1.00 Deputy Director to lead the new CIP Technical Support Division.
- 1.00 Addition of 1.00 Associate Engineer-Mechanical to provide in house design services.
- 1.00 Addition of 1.00 Assistant Engineer-Civil to support minor contracts and facility upgrades projects.
- 1.00 Addition of 1.00 Supervisor Management Analyst and associated non-personnel expenditures to oversee and coordinate the Department's public outreach efforts.
- 1.00 Addition of 1.00 Assistant Engineer- Civil to provide support for drainage projects.
- 3.00 Addition of 3.00 Senior Engineering Aides to support the Materials Test Lab.
- 4.00 Addition of 1.00 Principal Survey Aide and 3.00 Land Surveying Assistants to service survey monuments.
- 6.00 Addition of 6.00 FTE positions in the Public Works Department-Contracting Division to optimize contractual management and oversight.
- 6.00 Transfer of 6.00 FTE from the Purchasing and Contracting Department to the Public Works Department related to the Prevailing Wage Program.
- 6.00 Addition of 6.00 Associate Engineers-Civil to assist with construction management of the Pure Water Program.
- 8.00 Addition of 1.00 Senior Engineer-Civil, 2.00 Associate Engineers-Civil, 4.00 Assistant Engineers-Civil, and 1.00 Project Assistant for asset management planning.
- 21.00 Transfer of Public Works-Contracts budget from the General Fund to the Engineering & Capital Projects Fund.

Facilities Financing Fund: 1.65 FTE Increase

- (0.35) Funding allocated according to a zero-based annual review of hourly funding requirements.
- 1.00 Addition of 1.00 Associate Engineer - Civil to improve management of project costs.
- 1.00 Addition of 1.00 Associate Management Analyst to improve internal controls and Development Impact Fee program.

Fleet Operations Operating Fund: 0.25 FTE Decrease

- (2.25) Reduction of 2.25 Fleet Technician associated with the reduction of 164 vehicles citywide.
- (0.50) Reduction of 0.50 Fleet Technician associated with the removal of 13 underutilized dump trucks.
- 0.50 Adjustment to expenditures according to a zero-based annual review of non-standard hour personnel funding requirements.
- 1.00 Addition of 1.00 Associate Management Analyst to provide operational support and implement departmental procedures.
- 1.00 Transfer of 1.00 Fleet Technician from the Stadium Operations Fund to the Fleet Operations Department.

Information Technology Fund: 1.00 FTE Increase

- (1.00) Transfer of 1.00 Program Manager from the Department of Information Technology to the Purchasing & Contracting Department for Information Technology services.
- 1.00 Addition of 1.00 Program Coordinator to support Payment Card Industry (PCI) compliance.
- 1.00 Transfer of 1.00 Administrative Aide 2 from the Public Works Department to the Department of Information Technology related to publishing services operations.

Metropolitan Sewer Utility Fund: 14.38 FTE Increase

- (0.33) Transfer of 0.33 Program Manager from the from the Public Utilities Department to the Department of Government Affairs to support water related policies and issues.
- 0.30 Addition of 0.30 Program Manager to support the External Affairs section.
- 0.56 Addition of 0.56 Assistant Chemist to support storm water testing at wastewater facilities for the industrial general permit.
- 0.98 Addition of 0.98 Plant Technician 3 to support Pump Station 1, Pump Station 2, and the Point Loma Wastewater Treatment Plant.
- 2.82 Addition of 0.43 Senior Water Operations Supervisor, 0.43 Plant Process Control Supervisor, and 1.96 Senior Wastewater Plant Operator to support the Pure Water Program.
- 10.05 Reallocation among funds as a result of departmental efficiency efforts.

Municipal Sewer Revenue Fund: 2.54 FTE Decrease

- (2.84) Reallocation among funds as a result of departmental efficiency efforts.
- (0.18) Transfer of 0.18 Program Manager from the from the Public Utilities Department to the Department of Government Affairs to support water related policies and issues.
- 0.02 Addition of 0.02 Plant Technician 3 to support Pump Station 1, Pump Station 2, and the Point Loma Wastewater Treatment Plant.
- 0.04 Addition of 0.04 Senior Wastewater Plant Operator to support the Pure Water Program.
- 0.19 Addition of 0.19 Assistant Chemist to support storm water testing at wastewater facilities for the industrial general permit.
- 0.23 Addition of 0.23 Program Manager to support the External Affairs Section.

OneSD Support Fund: 1.00 FTE Increase

- 1.00 Transfer of 1.00 Program Coordinator from the Public Works Department to the Department of Information Technology to support SAP system security.

Publishing Services Fund: 1.00 FTE Decrease

- (1.00) Transfer of 1.00 Administrative Aide 2 from the Public Works Department to the Department of Information Technology related to publishing services operations.

Recycling Fund: 0.28 FTE Decrease

- (1.76) Funding allocated according to a zero-based annual review of hourly funding requirements.
- 1.48 Redistribution of positions to better align the budget with department operations.

Refuse Disposal Fund: 0.64 FTE Decrease

- (0.64) Redistribution of positions to better align the budget with department operations.

Risk Management Administration Fund: 1.00 FTE Increase

- (1.00) Reduction of 1.00 Clerical Assistant 2 in the Finance and Administration Division.
- 1.00 Addition of 1.00 Account Clerk to support accounts payable functions.
- 1.00 Addition of 1.00 Supervising Claims Representative to support the Public Utilities Department public liability claims management program.

Stadium Operations Fund: 34.00 FTE Decrease

- (33.00) Transfer of 33.00 FTE positions to the Public Works Department for centralization of facilities maintenance functions.
- (1.00) Transfer of 1.00 Fleet Technician from the Stadium Operations Fund to the Fleet Operations Department.

Underground Surcharge Fund: 5.15 FTE Increase

- 1.15 Funding allocated according to a zero-based annual review of hourly funding requirements.
- 4.00 Addition of 4.00 FTE positions to support the increase of Utilities Undergrounding Program projects.

Water Utility Operating Fund: 6.84 FTE Decrease

- (7.21) Reallocation among funds as a result of departmental efficiency efforts.
- (2.00) Reduction of 1.00 Building Maintenance Technician and 1.00 Clerical Assistant 2 due to operational efficiencies.
- (0.49) Transfer of 0.49 Program Manager from the from the Public Utilities Department to the Department of Government Affairs to support water related policies and issues.
- 0.25 Addition of 0.25 Assistant Chemist to support storm water testing at wastewater facilities for the industrial general permit.
- 0.47 Addition of 0.47 Program Manager to support the External Affairs Section.
- 1.00 Addition of 1.00 Senior Water Distribution Operations Supervisor to drive efficiencies in operations and maintenance within SWDOS.
- 1.14 Addition of 0.57 Senior Water Operations Supervisor and 0.57 Plant Process Control Supervisor to support the Pure Water Program.

Wireless Communications Technology Fund: 2.00 FTE Decrease

- (1.00) Reduction of 1.00 Account Clerk in the administrative and accounting section.
- (1.00) Reduction of 1.00 Senior Communications Engineer in the engineering support section.

Fiscal Year 2019 Zero-Based Budgeting Process: Overtime Expenditures

The Fiscal Year 2019 Adopted Budget includes a zero-based budgeting process for overtime expenditures in three departments: Fire-Rescue, Police, and Transportation & Storm Water. These departments were selected to participate in this process since they represent the three largest overtime expenditure budgets in the General Fund, representing over 98 percent of the overtime expenditures budget in the Fiscal Year 2018 Adopted Budget. The following overtime expenditures budget information is presented by department and includes a summary of overtime expenditure budgets by category, work activities within each category, and the methodology and key assumptions used in the calculation of each category and associated work activity.

Overtime Expenditure Budget Categories

The overtime expenditure budget categories reflected in this report were created by each department in collaboration with the Financial Management Department. This part of the process required departments to perform a holistic evaluation of overtime work activities. These activities were then grouped with other like-activities to establish the department overtime expenditure budget categories.

Once these categories were established, the Financial Management Department provided a financial workbook to collect overtime expenditure budget data from departments, including the methodology and key assumptions used in the calculations for each work activity. This workbook was analyzed and validated by Financial Management Analysts.

For additional information about zero-based budgeting please refer to Report No. 16-085, Fiscal Year 2017 Zero-Base Budget Pilot Process Assessment Report.

Fire Rescue Department

The Fire-Rescue Department protects the life and property of San Diego residents and visitors through a variety of safety services. The major activities performed by the Fire-Rescue Department include fire suppression, emergency medical treatment and transport, technical rescue, hazardous materials response, fire investigation, explosives disarmament, fire safety inspection and education programs, equipment and facilities maintenance, boating enforcement and rescue, beach safety and swimmer rescue, and the operation of two 911 communications centers.

For the purposes of the zero-based budgeting process, Fire-Rescue has structured the overtime reporting to reflect the operational structure of their services and programs. The following table provides the breakdown of the overtime expenditures budget categories and their corresponding amounts.

Fire-Rescue Overtime Reporting Structure	
Category	Initial ZBB
Constant Staffing	\$ 24,233,005
Divisional Overtime	\$ 4,818,105
Backfill for Deployments	\$ 1,859,400
Special Assignment	\$ 1,727,257
Weather Related	\$ 1,291,250
Fire Academies	\$ 569,493
Total	\$ 34,498,510

The following sections outline the Fire-Rescue Department's zero-based overtime budget in detail by the budget categories noted above.

Constant Staffing

The **Constant Staffing** overtime category reflects the overtime personnel expenditures needed to adequately staff each fire station 24 hours per day, seven days per week. **Constant Staffing** constitutes a majority of the Department's overtime usage and is comprised of the following work activities: *Overtime for Annual Leave*; *Scheduled Overtime*; and *Staffing Shortfall*. *Overtime for Annual Leave* is an overtime expense incurred when a staff member makes use of their annual leave which then requires overtime to be paid to the staff member assuming the shift to "back-fill". *Scheduled Overtime* is related to the Department's 56-hour per week scheduling and Section 7(k) of the Fair Labor Standards Act. *Staffing Shortfall* occurs when there are significant vacancies which then require overtime paid for additional hours worked by existing staff members to accommodate.

The following table provides a breakdown of the zero-based overtime budget related to **Constant Staffing**:

Constant Staffing		
Work Activity	Description of Work Activity	Initial ZBB
Overtime for Annual Leave	Staff use of annual leave: requires "backfill" of position to ensure full coverage of fire stations. This overtime expense is incurred when a staff member works to provide coverage for an employee who has made use of their annual leave hours.	\$ 17,881,204
Scheduled Overtime	The Fair Labor Standards Act (FLSA): requires an employer to pay premium rates (1.5x) for all overtime worked that exceed a 40 hour workweek. Section 7(k) of the FLSA provides alternative guidelines for fire protection and law enforcement employees allowing the establishment of a "work period" of up to 28 days. Overtime is then incurred for all hours worked in excess of 212 hours during the 28 day work period or any ratio therein. Fire-Rescue Standard Schedule Overtime: implementation of a standard schedule of 56 hours during a 7 day work period resulting in three hours of premium overtime pay per employee per 7 day work period.	\$ 5,774,819
Staffing Shortfall	Overtime related to vacancies: due to DROP, Paramedic School, extended leave, retirement, or resignation. These vacancy types are forecasted in advance to maintain public safety and ensure full coverage of fire stations. When a staff member works to provide coverage they are paid premium overtime.	\$ 576,982
Total		\$ 24,233,005

Methodology and Key Assumptions

The **Constant Staffing** category is comprised of three related, yet distinct work activities. The data used in this analysis is sourced from the Department's internal scheduling system, payroll

reporting, and the citywide financial system. Prior-year actuals are not used in the methodology due to the changing staffing needs of the department driven by current year activity and trends.

The methodology and key assumptions used in the calculation of each work activity reflect the unique nature of the activity and are highlighted in the table below:

Constant Staffing		
Work Activity	Methodology	Key Assumptions
Overtime for Annual Leave	Current year trend of annual leave usage	Mandatory Vacation Draw
Scheduled Overtime	Estimated number of staff required per shift per month minus Section 7k exemption (212 hours) multiplied by premium overtime rates.	No change in departments staff scheduling calendar
Staffing Shortfall	Staffing variance (shortfall) by job classification for the given month is multiplied by premium overtime rates by classification.	Overstaffing will contribute to savings in overtime expense

Divisional Overtime

The **Divisional Overtime** category is for overtime incurred by personnel working in a Department Division other than Emergency Operations/Fire Suppression Division. The organization of this expenditure budget category is based on work activities performed by the Department Divisions and is presented in the table below:

Divisional Overtime		
Work Activity	Description of Work Activity	Initial ZBB
Lifeguard Services	Provides safety services: in the coastal and aquatic environments for the public through rescue, education, outreach, medical aid, beach management, enforcement and prevention.	\$ 2,427,550
Special Operations	Administers specialized teams: Air Operations; Bomb Squad; Emergency Management; Environmental Response Team; Hazardous Materials; Heavy Rescue; Metro Arson Strike Team (MAST); Urban Search and Rescue (USAR).	\$ 842,789
Communications	Manages the Emergency Command and Data Center (ECDC): The ECDC is a secondary public safety answering point (PSAP) that handles calls transferred from a primary PSAP.	\$ 692,110
Community Risk Reduction	Administers programmatic community services: Fire Company Inspection Program (FCIP); Brush Management and Weed Abatement Program; High Rise Program; Knox Box Program.	\$ 557,377
Administrative Operations	Provides administrative support: grant administration, contract administration, budget development and monitoring, capital projects, invoicing, payroll services.	\$ 108,465
Logistics	Manages multiple services in support of the Department: facilities/infrastructure planning & maintenance; specification development, procurement and outfitting of new vehicles; equipment inventory management.	\$ 106,399
Emergency Medical Services	Provides oversight and administration of EMS contract: City's contracts for EMS and medical transportation services; City EMS Medical Director	\$ 83,415
Total		\$ 4,818,105

Methodology and Key Assumptions

Divisional Overtime combines prior year actuals, and in some cases requires the modification of overtime for work activities related to **Special Assignment** and **Backfill for Deployments**, as well as for seasonality. The table below highlights the methodology and key assumptions used:

Divisional Overtime		
Work Activity	Methodology	Key Assumptions
Lifeguard Services	Modified average of prior year actuals	Adjusted to account for seasonality
Special Operations	Modified average of prior year actuals	Removal of Special Event and Backfill for Deployments related overtime
Communications	Average of prior year actuals	None
Community Risk Reduction	Modified average of prior year actuals	Removal of Special Event and Backfill for Deployments related overtime
Administrative Operations	Average of prior year actuals and current year trend	None
Logistics	Average of prior year actuals	None
Emergency Medical Services	Average of prior year actuals	None

Backfill for Deployments

The **Backfill for Deployments** category is for overtime incurred to maintain full fire station coverage while personnel are deployed to major emergency incidents by federal, State or local agencies. Examples of these incidents include wildfires, flooding, and other natural disasters.

Backfill for Deployments		
Work Activity	Description of Work Activity	Initial ZBB
Backfill for Deployments	Deployments: for major emergency incidents.	\$ 1,859,400
Total		\$ 1,859,400

Methodology and Key Assumptions

Backfill for Deployments is derived by utilizing prior year actuals, and adjusting for seasonality. The table below highlights the methods and key assumptions used:

Backfill for Deployments		
Work Activity	Methodology	Key Assumptions
Backfill for Deployments	Modified average of prior year actuals and current year trend	Adjusted to account for seasonality

Special Assignment

The **Special Assignment** category is for overtime incurred for staff assigned to special events, training, continuing education and other administrative tasks.

Special Assignment		
Work Activity	Description of Work Activity	Initial ZBB
Training/Education/Other Admin.	Training/Education/Other Admin: training, continued education and other administrative tasks not associated with normal, operational duties.	\$ 1,305,085
Special Events	Special Events: provides services to ensure events in the City and throughout the county receive quality medical support services.	\$ 422,172
Total		\$ 1,727,257

Methodology and Key Assumptions

The calculation is based on an average of prior year actuals with no assumptions.

Special Assignment		
Work Activity	Methodology	Key Assumptions
Training, Education & Other	Average of prior year actuals	None
Special Events	Average of prior year actuals	None

Weather - Related Staffing

Weather - Related Staffing is overtime incurred to support an elevated staffing pattern based on the Fire Potential Index (FPI) and other emergency situations. FPI is a moisture-based indicator of vegetation flammability.

Weather-Related Staffing		
Work Activity	Description of Work Activity	Initial ZBB
Weather-Related Staffing	Elevated staffing pattern: based on the Fire Potential Index (FPI).	\$ 1,291,250
		Total \$ 1,291,250

Methodology & Key Assumptions

The calculation used in this analysis is a combination of current year trends and prior year actuals to forecast the expected needs of this activity; however, every fire season is unpredictable, and therefore true costs cannot be reliably forecasted based on trends.

Weather-Related Staffing		
Work Activity	Methodology	Key Assumptions
Weather-Related Staffing	Modified average of prior year actuals and current year trend	Adjusted to account for seasonality

Fire Academies

The **Fire Academies** category is for overtime related to the administrative and instructor costs to conduct the Department's fire academies.

Fire Academies		
Work Activity	Description of Work Activity	Initial ZBB
Fire Academies	Fire Academies: overtime related to the administration of fire academies.	\$ 569,493
		Total \$ 569,493

Methodology and Key Assumptions

The methodology incorporates the fire academy class size and instructional staff needed to create the required number of fire academies per fiscal year.

Fire Academies		
Work Activity	Methodology	Key Assumptions
Fire Academies	Costing for one 24 recruit academy	Duration, class size, and instructional staff required for one academy

Fiscal Year 2019 Adopted Budget for Overtime Expenditures

The Fiscal Year 2019 Adopted Budget represents a net increase of \$3.6 million, or 10.6%, from the Initial ZBB overtime expenditures amount of \$34.5 million. This net change includes several adjustments that took place outside the scope of the ZBB exercise: a budget reduction proposal, a significant increase related to the **Constant Staffing** overtime, an increase in overtime expenditures related to an expanded class size for one fire academy, and the addition of overtime expenditures related to a lifeguard academy.

As part of the Budget Development process, the Fire-Rescue Department was asked to identify opportunities to streamline the usage of overtime in certain categories. This analysis led to a budget reduction proposal to reduce the Department's overtime budget by \$3.4 million, or 10.0%, of the Initial ZBB budget amount. This reduction is primarily the result of full-staffing of firefighting job classifications achieved in late Fiscal Year 2018; and the expectation of a reduction in related

overtime in the **Constant Staffing**, **Divisional Overtime**, and **Weather-Related** overtime expenditure categories.

Since that analysis, the Department, in conjunction with the Financial Management Department, determined that additional overtime personnel expenditures were required in the **Constant Staffing** overtime category; which is directly impacted by the Memorandum of Understanding (MOU) approved by the City and Local 145, which took effect July 1, 2017. The MOU includes provisions related to reducing employees' annual leave balances that are above the individual accrual limits. The short-term effects from these provisions has resulted in a significant increase in the use of annual leave requiring overtime to be paid to the staff member assuming the shift to replace or "back-fill" the position. The long-term effects are still to be determined, and will be re-examined continuously; however, the expectation is a smoothing of overtime expenditures related to the new provisions.

Due to the nature of the additional analysis for **Constant Staffing**, the result was considered outside the formal scope of the zero-based budgeting activity, and as such, is presented in the Other Adjustments column below.

Lastly, to maintain full-staffing, the Department increased the budgeted fire academy size from 24 to 36 recruits and is adding a lifeguard academy in this year's budget. These adjustments can also be viewed in the Other Adjustments column below.

It is important to note that additional academies and/or size increases may be required and will be brought before City Council for consideration.

Fire Rescue Adopted Overtime Budget -All Adjustments				
Category	Initial ZBB	Reduction	Other Adjustments	Adopted Budget
Constant Staffing	\$ 24,233,005	\$ (1,363,324)	\$ 6,833,875	\$ 29,703,556
Divisional Overtime	\$ 4,818,105	\$ (795,277)	\$ 105,800	\$ 4,128,628
Backfill for Deployments	\$ 1,859,400	\$ -	\$ -	\$ 1,859,400
Special Assignment	\$ 1,727,257	\$ -	\$ -	\$ 1,727,257
Weather Related	\$ 1,291,250	\$ (1,291,250)	\$ -	\$ -
Fire Academies	\$ 569,493	\$ -	\$ 137,825	\$ 707,318
Total	\$ 34,498,510	\$ (3,449,851)	\$ 7,077,500	\$ 38,126,159

The Fire-Rescue Department's Fiscal Year 2019 Adopted Budget for overtime expenditures is \$38.1 million; an increase of \$5.3 million, or 16.1 percent, from the Fiscal Year 2018 Adopted Budget for overtime expenditures.

Looking Forward

Challenges to implementing the reduction are related to the *Constant Staffing* category which include: the continued use of annual leave requiring backfill on overtime; and the promotion of Proposition B employees to higher job classifications.

The Fire-Rescue Department will implement additional payroll procedures and controls to enhance its ability to track overtime. These controls will include establishing specific payroll codes corresponding to each work activity and implementing programmatic controls that require the use of these payroll codes. These enhancements will allow for improved tracking of the Fire-Rescue Department's overtime and align more closely with the Department's overtime budget.

Police Department

The Police Department maintains the peace and order of the City and serves residents through community-based policing and problem solving. The Department provides patrol, traffic, investigative, records, permits and licensing, laboratory, and support services.

For the purposes of the zero-based budgeting process, the Police Department has structured its overtime expenditure budget categories to reflect current operational realities of its services and programs. The following table provides the breakdown of the overtime expenditures budget categories and their corresponding amounts.

Police Overtime Reporting Structure	
Category	Initial ZBB
Extension of Shift	\$ 13,685,000
Holidays	\$ 3,765,000
Grants/Task Forces	\$ 3,335,000
Special Events	\$ 2,885,000
Court	\$ 2,420,000
Call Back	\$ 1,170,000
Other Overtime	\$ 310,000
Total	\$ 27,570,000

The following sections outline the Police Department's zero-based overtime budget in additional detail by the budget categories noted above.

Extension of Shift

The ***Extension of Shift*** category is associated with overtime that is scheduled in advance and extends an employee's shift beyond their normal hours. The organization of the ***Extension of Shift*** category is based on specific work activities performed by employees in the Department's various divisions. The following table provides a high-level description of work activities within the ***Extension of Shift*** category and the corresponding budget amounts.

Extension of Shift		
Work Activity	Description of Work Activity	Initial ZBB
Extension of Shift—Other	Overtime scheduled in advance that extends an employee's shift beyond its normal hours: for other activities that do not fall into the categories below.	\$ 5,550,000
Patrol Staffing Backfill	Overtime scheduled in advance that extends an employee's shift beyond its normal hours: for patrol staffing backfill. For example, this overtime is utilized when officers work at different patrol area commands than their normal assignments to assist with staffing needs.	\$ 4,510,000
Communications Staffing	Overtime scheduled in advance that extends an employee's shift beyond its normal hours: for communications staffing. This overtime is related to ensuring and maintaining accurate levels of staffing for Communications, which is the unit that answers primary emergency 9-1-1 calls.	\$ 2,010,000
Training & Support	Overtime scheduled in advance that extends an employee's shift beyond its normal hours: for training and support, including providing or receiving training.	\$ 760,000
Reports	Overtime scheduled in advance that extends an employee's shift beyond its normal hours: for report writing.	\$ 715,000
Community Policing	Overtime scheduled in advance that extends an employee's shift beyond its normal hours: for community policing. For example, when officers work beyond their shifts to attend community events that bring citizens, community agencies, and officers together to design/implement crime prevention strategies and problem-solving measures.	\$ 130,000
Emergency Calls	Overtime scheduled in advance that extends an employee's shift beyond its normal hours: for emergency calls.	\$ 10,000
Total		\$ 13,685,000

Methodology and Key Assumptions

The **Extension of Shift** category is comprised of seven distinct work activities. For many of the work activities in this category, the corresponding budget amounts are based on the first five periods (or months) of actuals from Fiscal Year 2018 in order to reflect recent trends in these work activities. Differing methodologies were applied to determine Patrol Staffing Backfill and Communications staffing, as is noted in the following table.

Apart from the Communications Staffing activity, each of the work activities in the **Extension of Shift** category include the assumption that sworn police officers will receive two pay increases in Fiscal Year 2019:

- 1) an 8.3 percent increase on July 1, 2018; and
- 2) a 5 percent increase on January 1, 2019. For Communications staffing activity, a 3.3 percent increase in compensation beginning July 1, 2018 is assumed for non-sworn positions. The following table provides additional details regarding the methodologies used, and key assumptions applied for each of the seven activities.

Extension of Shift		
Work Activity	Methodology	Key Assumptions
Extension of Shift—Other	Average of Fiscal Year 2018 Actuals in the first five periods of the year.	Assumes an 8.3% increase in compensation scheduled for July 1, 2018 and a 5% increase scheduled for January 1, 2019 for sworn officers.
Patrol Staffing Backfill	Sum of Fiscal Year 2018 Actuals (Periods 1-5) and Fiscal Year 2017 Actuals (Periods 6-12).	
Communications Staffing	Based on the Fiscal Year 2018 Budget.	Assumes a 3.3% increase in compensation scheduled for July 1, 2018 for non-sworn staff.
Training & Support	Average of Fiscal Year 2018 Actuals in the first five periods of the year.	Assumes an 8.3% increase in compensation scheduled for July 1, 2018 and a 5% increase scheduled for January 1, 2019 for sworn officers.
Reports		
Community Policing		
Emergency Calls		

Holidays

The **Holidays** category is for overtime for sworn police officers who work on holidays, or on City-observed holidays. Employees receive overtime compensation of time and a half for all hours worked on the holiday, and receive straight time pay equal to the amount of hours of one work day as holiday compensation. The table provides a high-level description of *Holiday* overtime and the corresponding budget amount.

Holidays		
Work Activity	Description of Work Activity	Initial ZBB
Holidays	Overtime compensation for: an employee who is regularly scheduled to work on a holiday, or a City-observed holiday, and performs work.	\$ 3,765,000
		Total \$ 3,765,000

Methodology and Key Assumptions

The **Holidays** category is comprised of one work activity: overtime for sworn police officers who work on holidays and/or on City-observed holidays. The Fiscal Year 2019 Adopted Budget for the *Holidays* category is based on the first five periods of actuals in Fiscal Year 2018. As is noted in the following table, the Fiscal Year 2019 Adopted Budget includes the assumption that sworn officers will receive two pay increases in FY 2019:

- 1) an 8.3 percent increase on July 1, 2018; and
- 2) a 5 percent increase on January 1, 2019.

Holidays		
Work Activity	Methodology	Key Assumptions
Holidays	Average of Fiscal Year 2018 Actuals in the first five periods of the year.	Assumes an 8.3% increase in compensation scheduled for July 1, 2018 and a 5% increase scheduled for January 1, 2019 for sworn officers.

Grants/Task Forces

The **Grants/Task Forces** category is for overtime that supports a grant or a task force, and is fully reimbursable. For instance, this includes overtime related to the following work activities:

- *Operation Lengua*, which is a task force agreement with the Department of Homeland Security/Customs and Border Protection. Officers are assigned to the border to provide translation services for Customs and Border Protection officers when needed.

- *National Incident-Based Reporting System*, which is a grant awarded by the Department of Justice that provides financial assistance to large agencies for the implementation of the Department of Justice reporting system.
- *Innocence Lost*, which is a task force funded by the Department of Justice to combat human trafficking and internet crimes against children (child pornography). The Police Department provides oversight for the task force.
- *Narcotics Task Force*, which is an agreement that funds overtime for Police Department staff to participate in different operations to fight narcotics.

The following table provides a high-level description of overtime activities within the **Grants/Task Forces** category, and the corresponding budget amount.

Grants/Task Forces		
Work Activity	Description of Work Activity	Initial ZBB
Grants/Task Forces	Overtime related to: Grants and/or Task Forces. For example, task forces like Operation Lengua, Innocence Lost, and the Narcotics Task Force; and grants like the National Incident-Based Reporting	\$ 3,335,000
		Total \$3,335,000

Methodology and Key Assumptions

The **Grants/Task Forces** overtime category is comprised of work related to grants or participation in task forces. The Fiscal Year 2019 Adopted Budget for the **Grants/Task Forces** overtime category is based on the grants projected to be received, and task forces the Department expects it will participate in.

The following table provides additional detail regarding the methodology used for these types of activities. Please note that salary increases were not assumed due to grants being capped at certain dollar amounts.

Grants/Task Forces		
Work Activity	Methodology	Key Assumptions
Grants/Task Forces	Based on grants projected to be received, and projected participation in task forces in Fiscal Year 2019.	None.

Special Events

The **Special Events** category is for overtime that is related to working special events like street fairs, 5K and 10K runs, as well as Petco Park and SDCCU Stadium events. The organization of the **Special Events** category is based on the type of events that employees work. The following section and table provide a high-level description of overtime activities within the **Special Events** category, and the corresponding budget amounts.

Special Events		
Work Activity	Description of Work Activity	Initial ZBB
Ball Park Events	Overtime related to: events at Petco Park.	\$ 915,000
Special Events Non-Profit	Overtime related to: non-profit special events (e.g., a 5K run).	\$ 875,000
Special Events Commercial	Overtime related to: commercial special events (e.g., a commercial block party/street fair).	\$ 620,000
Stadium Events	Overtime related to: SDCCU Stadium special events (e.g., San Diego State football games or concerts held at the stadium).	\$ 285,000
July 4th Holiday Support	Overtime related to: July 4th coverage.	\$ 190,000
		Total \$ 2,885,000

Methodology and Key Assumptions

The **Special Events** overtime category is comprised of five distinct activities. The methodology used to produce the Fiscal Year 2019 Adopted Budget for **Special Events** is largely based on the actuals in the last seven periods of Fiscal Year 2017, and the first five periods of Fiscal Year 2018. The exception is July 4th Holiday Support, which is based on actual expenditures from the activity in Fiscal Year 2018. Overtime expenditures associated with special events are partially reimbursable, depending on the type of event.

All work activities include assumptions for compensation increases in Fiscal Year 2018, which is outlined in more detail in the following table.

Special Events		
Work Activity	Methodology	Key Assumptions
Ball Park Events	Sum of Fiscal Year 2018 Actuals (Periods 1-5) and Fiscal Year 2017 Actuals (Periods 6-12).	Assumes the following compensation increases during FY 2019: -Sworn officers: 8.3% increase on July 1, 2018 and a 5% increase on January 1, 2019. -Non-sworn staff: 3.3% increase in compensation scheduled for July 1, 2018.
Special Events Non-Profit		
Special Events Commercial		
Stadium Events		
July 4th Holiday Support	Average of Fiscal Year 2018 Actuals in the first five periods of the year.	

Court

The **Court** category is for overtime that is required due to a subpoena, or other formal notification to appear in court or any other administrative hearing (excluding telephone hearings) during non-duty hours. The following section and table provide a high-level description of overtime activities within the **Court** overtime category, and the corresponding budget amount.

Court		
Work Activity	Description of Work Activity	Initial ZBB
Court	Overtime required: for a subpoena, or a formal notification to appear in court or at an administrative hearing (excluding telephone hearings) during non-duty hours.	\$ 2,420,000
		Total \$ 2,420,000

Methodology and Key Assumptions

The **Court** overtime category is comprised of one work activity: overtime required due to a subpoena or formal notification to appear in court. The Fiscal Year 2019 Adopted Budget for **Court** overtime is based on the first five periods of actuals in Fiscal Year 2018 to reflect the most recent trend in this form of overtime. As noted in the following table, the Fiscal Year 2019 Adopted Budget for **Court** overtime includes the assumption that sworn officers will receive two pay

increases in Fiscal Year 2019: 1) an 8.3 percent increase on July 1, 2018; and 2) a 5 percent increase on January 1, 2019.

Court		
Work Activity	Methodology	Key Assumptions
Court	Average of Fiscal Year 2018 Actuals in the first five periods of the year.	Assumes an 8.3% increase in compensation scheduled for July 1, 2018 and a 5% increase scheduled for January 1, 2019 for sworn officers.

Call Back

The **Call Back** category is for unplanned overtime that is used on an as needed basis. It is primarily used in situations where an officer has been released from work, has left the work premises, and is called back to duty from home or any other non-work location. When employees are called back, they receive premium compensation for a reasonable estimate of the time required to travel from their residence to the work site, and for the time they work. The total time of call-back pay, including travel time, shall not be less than four hours of premium compensation.

The following table provides a high-level description of work activities within the *Call Back* category and the corresponding adopted budget amount.

Call Back		
Work Activity	Description of Work Activity	Initial ZBB
Call Back	Unplanned overtime: that is used on an as needed basis. For example, when an officer has been released from work, has left the work premises, and is called back to duty from home or any other non-work location.	\$ 1,170,000
		Total \$ 1,170,000

Methodology and Key Assumptions

Call Back overtime is comprised of one activity: unplanned overtime that is used on an as needed basis. The methodology used to produce the Fiscal Year 2019 Adopted Budget for **Call Back** overtime is based on the first five periods of actuals in Fiscal Year 2018. As noted in the following table, the Fiscal Year 2019 Adopted Budget for **Call Back** overtime includes the assumption that sworn police officers will receive two pay increases in Fiscal Year 2019: 1) an 8.3 percent increase on July 1, 2018; and 2) a 5 percent increase on January 1, 2019.

Call Back		
Work Activity	Methodology	Key Assumptions
Call Back	Average of Fiscal Year 2018 Actuals in the first five periods of the year.	Assumes an 8.3% increase in compensation scheduled for July 1, 2018 and a 5% increase scheduled for January 1, 2019 for sworn officers.

Other Overtime

The **Other Overtime** category is for miscellaneous overtime that is not included in the categories above. This category includes overtime for presidential and dignitary visits, protests, and other events and purposes. The organization of the **Other Overtime** category is based on specific activities performed by employees in the Department's various divisions. The following table provides a high-level description of overtime activities within the **Other Overtime** category, and the corresponding budget figures.

Other Overtime		
Work Activity	Description of Work Activity	Initial ZBB
Protests & Other Events	Overtime related to: protests and other events.	\$ 225,000
Other	Overtime related to: Overtime for other purposes not previously categorized above. For example, Public Records Act (PRA), and (CAD) replacement project related overtime.	\$ 70,000
Presidential/Dignitary Visits	Overtime related to: presidential/dignitary visits.	\$ 15,000
		Total \$ 310,000

Methodology and Key Assumptions

The **Other Overtime** category is comprised of three distinct activities. The Fiscal Year 2019 Adopted Budget for the **Other Overtime** category is based on the first five periods of actuals in Fiscal Year 2018 to reflect the most recent trend in these activities.

All three work activities include the key assumption for compensation increases in Fiscal Year 2018, which is outlined in more detail in the following table. Additional key assumptions include, the Protests and Other Events work activity removes the overtime related to the border wall protests that occurred in Fiscal Year 2018. The **Other Overtime** category removes overtime related to Hepatitis A response efforts, Bridge Shelters, the Computer-Aided Dispatch (CAD) replacement project, and the Sexual Assault Response Team (SART) Kit Historical Inventory Project.

The following table provides additional details regarding the methodology used and key assumptions applied for each of the three activities.

Other Overtime		
Work Activity	Methodology	Key Assumptions
Protests & Other Events	Average of Fiscal Year 2018 Actuals in the first five periods of the year.	Removal of overtime related to Border Wall protests. Assumes an 8.3% increase in compensation scheduled for July 1, 2018 and a 5% increase scheduled for January 1, 2019 for sworn officers.
Other		Removal of overtime related to Hepatitis A, Bridge Shelters, CAD replacement, and testing of SART kits. Assumes an 8.3% increase in compensation scheduled for July 1, 2018 and a 5% increase scheduled for January 1, 2019 for sworn officers.
Presidential/Dignitary Visits		Assumes an 8.3% increase in compensation scheduled for July 1, 2018 and a 5% increase scheduled for January 1, 2019 for sworn officers.

Fiscal Year 2019 Adopted Budget for Overtime Expenditures

The Police Department's Fiscal Year 2019 Adopted Budget represents a decrease of \$3.0 million, or 10.9%, from the initial ZBB overtime expenditures amount of \$27.6 million.

As part of the Budget Development process, the Police Department was asked to identify opportunities to decrease overtime expenditures in the **Extension of Shift** category. This analysis led to a budget reduction proposal of \$3.0 million. This reduction is primarily the result of ongoing recruitment and training of officers and streamlining of work. Moving forward, the Department will require approval from Commanding Officers for **Extension of Shift** overtime and will ensure that **Extension of Shift** overtime is only approved when necessary. Using this new control, the Department expects **Extension of Shift** overtime to decrease. However, this reduction could limit the Police Department's main objectives of preparing for, planning for, responding to, and mitigating emergencies; crime prevention and crime control; and safety and security of City

residents. To navigate these challenges, the Department may be required to approve additional **Extension of Shift** overtime to ensure it appropriately responds to crimes and/or major emergencies.

The following table outlines the expected budgetary impact from this additional control.

Police Adopted Overtime Budget -All Adjustments			
Category	Initial ZBB	Reduction	Adopted Budget
Extension of Shift	\$ 13,685,000	\$ (3,000,000)	\$ 10,685,000
Call Back	\$ 1,170,000	\$ -	\$ 1,170,000
Court	\$ 2,420,000	\$ -	\$ 2,420,000
Holidays	\$ 3,765,000	\$ -	\$ 3,765,000
Special Events	\$ 2,885,000	\$ -	\$ 2,885,000
Grants/Task Force	\$ 3,335,000	\$ -	\$ 3,335,000
Other Overtime	\$ 310,000	\$ -	\$ 310,000
Total	\$27,570,000	\$(3,000,000)	\$ 24,570,000

This is a decrease of \$1.8 million, or 6.7 percent, from the Fiscal Year 2018 Adopted Budget for overtime expenditures.

Looking Forward

The Police Department has implemented additional payroll procedures to enhance its ability to track overtime. The Department also added additional controls to ensure that discretionary overtime, like **Extension of Shift**, is only approved when necessary. These enhancements will allow the Police Department's overtime to be more heavily scrutinized and align more closely with the Department's overtime budget.

Transportation & Storm Water

The Transportation & Storm Water Department is comprised of four divisions: Right-of-Way (ROW), Storm Water, Street, and Transportation and Engineering Operations (TEO). The department's divisions manage and enhance the City's transportation network, maintain the City's street network (maintenance and repair services), reduce flood risk, improve storm water quality, and improve the quality of life of the residents of San Diego. The Department also plans, implements, and manages the removal and relocation of overhead utility lines in accordance with the Utilities Undergrounding Program.

For the zero-based budgeting process, the Transportation & Storm Water Department has structured its overtime expenditure budget into four categories: **Regular Operations, Reimbursable, Emergency/Call Back, and Storm Patrol**. Each category is then developed into specific work activities.

The following table provide the breakdown of the overtime expenditures budget categories and their corresponding amounts.

TSW Overtime Reporting Structure		
Category	Initial ZBB	
Regular Operations	\$	1,887,493
Reimbursable	\$	433,752
Emergency/Call Back	\$	368,097
Storm Patrol	\$	192,421
Total		\$ 2,881,763

The following section will provide additional detail by the overtime expenditure budget categories noted above in the Transportation & Storm Water Department's zero-based overtime budget.

Regular Operations

The **Regular Operations** category is for work related to regular repair and maintenance of storm water and transportation infrastructure. Since Fiscal Year 2013, and with the implementation of the Get it Done application in 2016, the Department's Street Division has seen an increase in work related to potholes, street lights, graffiti abatement, and sidewalk ramping. In addition, core services provided by the Storm Water's Division - including street sweeping, pipe repair, and storm drain/inlet and channel maintenance, and non-storm flood prevention – have also increased.

The work activities reflect the financial structure of the Transportation & Storm Water Department. The following table provides a high-level description of the work activities within the **Regular Operations** category and the corresponding budget amounts.

Regular Operations		
Work Activity	Description of Work Activity	Initial ZBB
Structures	Structural cleaning for: locations that need to be cleaned out in the early morning or late afternoon hours during the low tide.	\$ 584,493
Other	Other regular operations: including traffic striping, weed abatement, curb painting, etc.	\$ 382,428
Pipe Repair	Pipe repair work: primarily as a result of vendor deliveries of shorter loads of concrete/mud later in the day and any problems with digging during pipe repairs causing extended work days.	\$ 268,705
Traffic Signals	Traffic signals: for routine maintenance and repair.	\$ 188,652
Channels	Channel dredging: requires working extended shifts (days and weekends) for work completion.	\$ 163,460
Roadways (Streets and Sidewalks)	Regular roadways operations: including asphalt and sidewalk repair.	\$ 129,099
Street Sweeping	Street sweeping services: including MOU with Park & Rec for sweeping of Mission Bay Park and sweeping of Low Impact Development (LIDs) areas.	\$ 115,889
Street Lights	Street lights: for routine street light maintenance and repair.	\$ 54,767
Total		\$ 1,887,493

Methodology and Key Assumptions

The **Regular Operations** category is composed of eight distinct work activities. The methodology used is based on three years of prior year data and the current year trend. The **Regular Operations** and **Emergency/Call Back** categories share many of the same work activities. In order to differentiate between the two overtime expenditure categories, modifications to the methodology for each category were required.

The **Regular Operations** category key assumption used in the methodology is the use of payroll reports to determine and separate normal operational work activity from **Emergency/Call Back**

work activity. With actuals determined and separated, the analysis applied the weighted average of the **Regular Operations** category activities to produce the corresponding budget amounts.

Regular Operations		
Work Activity	Methodology	Key Assumptions
Structures	Average of prior year actuals and current year trend	Payroll overtime reports were used to determine the proportional split between 'regular' and 'call back' overtime. Assumes 3.3% increase in compensation scheduled for July 1, 2018.
Other		
Pipe Repair		
Traffic Signals		
Channels		
Roadways (Streets and Sidewalks)		
Street Sweeping		
Street Lights		

Reimbursable

The **Reimbursable** category is for work related to the Department's Service Level Agreements (SLA), Capital Improvement Projects (CIP), and other billable projects. Since 2013 and the implementation of the Get it Done application in 2016, Street Division's potholes, street lights, graffiti abatement, and sidewalk ramping core services have increased, along with, core services for Storm Water's storm street sweeping, pipe repair, and storm drain/inlet and channel maintenance, and non-storm flood prevention.

The work activities reflect the operational and financial structure of the Transportation & Storm Water Department. The following table provides a high-level description of overtime activities within the **Reimbursable** category, and the corresponding budget amounts.

Reimbursable		
Work Activity	Description of Work Activity	Initial ZBB
Capital Improvement Projects (CIP)	CIP Projects: including Resurfacing, Sidewalk Repair & Replacement, ADA projects.	\$ 239,504
Other Billable Projects	Other reimburseable projects: including the Slurry Seal Program and asphalt repair for water/sewer utility failures causing damage to the roadway.	\$ 132,583
Service Level Agreements (SLA)	SLAs for: Public Works Dispatch, Trench Restoration, Emergency Call Out - all with PUD; Stadium Operations Street Sweeping, and READ Airport Division.	\$ 61,665
Total		\$ 433,752

Methodology and Key Assumptions

The **Reimbursable** category is composed of three distinct work activities. The methodology used to produce the Fiscal Year 2019 Adopted Budget for the **Reimbursable** category is based on three years of prior fiscal year data and current fiscal year trend.

Key assumptions include an outside analysis using payroll overtime reports to determine the billable internal orders that referenced SLA, CIP, or other billable projects.

The following table goes into additional detail regarding the methodologies used and key assumptions applied for each of the three distinct work activities in the **Reimbursable** category.

Reimbursable		
Work Activity	Methodology	Key Assumptions
Capital Improvement Projects (CIP)	Average of prior year actuals and current year trend	Analysis referenced specific billable internal orders labeled for CIP projects. Assumes 3.3% increase in compensation scheduled for July 1, 2018.
Other Billable Projects		Analysis referenced specific billable internal orders labeled for other billable projects. Assumes 3.3% increase in compensation scheduled for July 1, 2018.
Service Level Agreements (SLA)		Analysis referenced specific billable internal orders labeled for SLA projects. Assumes 3.3% increase in compensation scheduled for July 1, 2018.

Emergency/Call Back

The **Emergency/Call Back** category is for emergency related repair or maintenance work that requires immediate attention. Since 2013, and with the implementation of the Get it Done application in 2016, Street Division's potholes, street lights, graffiti abatement, and sidewalk ramping core services have increased, along with, core services for Storm Water's street sweeping, pipe repair, storm drain/inlet, channel maintenance, and non-storm flood prevention.

In addition, these activities reflect the operational and financial structure of the Transportation and Storm Water Department. The following table provides a high-level description of overtime work activities within **Emergency/Call Back** category, and the corresponding budget amounts.

Emergency/Call Back		
Work Activity	Description of Work Activity	Initial ZBB
Other	Any other issues that require immediate repair including debris removal from right-of-way.	\$ 122,069
Traffic Signals	Traffic signal repair when signal lights are out.	\$ 97,877
Roadways (Streets and Sidewalks)	Asphalt repair for road failures and sidewalk repair.	\$ 60,402
High Wet Well Warnings	Responding to high wet well warnings during a rain event that can indicate a possible pump failure. If one pump fails; other pumps can't keep up with the amount of water.	\$ 32,162
Tree Maintenance	Emergency tree maintenance	\$ 23,326
Flood Prevention-Non Storm	Check for debris/sediment in drains caused by water main breaks and fire hydrant knock overs.	\$ 16,719
Storm Drain/Inlet Repair	Replacement of storm grates and drain covers in the right-of-way, and the retrieval of personal items, phones, keys, etc.	\$ 15,541
Total		\$ 368,097

Methodology and Key Assumptions

The **Emergency/Call Back** category is comprised of seven distinct work activities. The methodology used to produce the Fiscal Year 2019 Adopted Budget for the **Emergency/Call Back** category is based on three years of prior year actuals data and the current year trend.

The **Emergency/Call Back** category key assumption used in the methodology is the use of payroll reports to determine and separate normal operational work activity from **Regular Operations** work activity. With actuals determined and separated, the analysis applied the weighted average of the **Emergency/Call Back** category activities to produce the corresponding budget amounts.

The following table summarizes the methodology and key assumption used for the seven work activities in the **Emergency/Call Back** category and the corresponding budget amounts.

Emergency/Call Back		
Work Activity	Methodology	Key Assumptions
Flood Prevention-Non Storm	Average of prior year actuals and current year trend	Payroll overtime reports were used to determine the proportional split between 'regular' and 'call back' overtime. Assumes 3.3% increase in compensation scheduled for July 1, 2018.
High Wet Well Warnings		
Roadways (Streets and Sidewalks)		
Storm Drain/Inlet Repair		
Traffic Signals		
Tree Maintenance		
Other		

Storm Patrol

The **Storm Patrol** category is for work related to pre-storm, during storm, and post-storm events. Since Fiscal Year 2013, and with the implementation of the Get it Done application in Fiscal Year 2016, the Department's Street Division has seen an increase in work related to potholes, street lights, graffiti abatement, and sidewalk ramping. In addition, core services provided by the Storm Water Division - including street sweeping, pipe repair, storm drain/inlet and channel maintenance, and non-storm flood prevention – have also increased.

The work activities reflect the operational and financial structure of the Transportation & Storm Water Department. The following table provides a high-level overview of the work activities within the **Storm Patrol** category and the corresponding budget amounts.

Storm Patrol		
Work Activity	Description of Work Activity	Initial ZBB
Debris Removal	Removal of debris: blocking drainage structures and within the right-of-way including downed trees/branches.	\$ 111,438
Flood Prevention	Street sweeping: for leaves/debris to clear drain grates, pre-staging of temporary pumps.	\$ 36,268
Temporary Pump Watch	Deploy temporary pump(s): to area where water does not freely flow causing flooding (if needed).	\$ 25,820
Pump Station Watch	Site visit: each pump station facility (A through N) to ensure pump area is clear of trash/debris, motors/pumps are run at full capacity, ensure generator(s) are working, and determine if additional generator is needed.	\$ 9,591
Other	Mission Beach area: Placing type 3 barricades, flood signs, road closure signs at river crossing roads and monitor tide gates in the Mission Beach area.	\$ 6,300
Dispatch	Public Works Dispatch Center: work during any storm related event.	\$ 3,004
Total		\$ 192,421

Methodology and Key Assumptions

The **Storm Patrol** category is comprised of six distinct activities. The methodology used to produce the Fiscal Year 2019 Adopted Budget is the utilization of three years of prior year actuals data and the current year trend.

The key assumption used is an outside analysis using payroll overtime reports that was needed to identify various statistical **Storm Patrol** category internal orders used to track related work activities.

The following table provides a high-level overview of the **Storm Patrol** category and the methodology used and the key assumption applied in the analysis.

Storm Patrol		
Work Activity	Methodology	Key Assumptions
Debris Removal	Average of prior year actuals and current year trend	Analysis referenced internal orders for each activity in the Storm Patrol category. Assumes 3.3% increase in compensation scheduled for July 1, 2018.
Flood Prevention		
Temporary Pump Watch		
Pump Station Watch		
Other		
Dispatch		

Fiscal Year 2019 Adopted Budget for Overtime Expenditures

The Fiscal Year 2019 Adopted Budget represents a net decrease of \$166,178, or 5.8 percent, from the Initial ZBB overtime expenditures amount of \$2.9 million. This net change represents the Department's budget reduction and includes an adjustment for additional overtime outside the parameters of this report related to an expansion of the CleanSD initiative for Fiscal Year 2019.

As part of the Budget Development process, the Transportation & Storm Water Department was asked to identify opportunities to streamline the usage of overtime in certain categories. This analysis led to the Department to reduce their overtime budget by \$288,178, or 10.0%, due to operational efficiencies and needs realized through the zero-based budgeting process. This reduction proposal is expected to impact the **Regular Operations** category.

The table below provides additional detail regarding the budget reduction, the CleanSD addition and its expected budgetary impact to the overtime expenditure categories.

TSW Final Overtime Budget -All Adjustments				
Category	Initial ZBB	Reduction	Other Adjustments	Adopted Budget
Regular Operations	\$ 1,887,493	\$ (288,178)	\$ 122,000	\$ 1,721,315
Reimbursable	\$ 433,752	\$ -	\$ -	\$ 433,752
Emergency/Call Back	\$ 368,097	\$ -	\$ -	\$ 368,097
Storm Patrol	\$ 192,421	\$ -	\$ -	\$ 192,421
Total	\$ 2,881,763	\$ (288,178)	\$ 122,000	\$ 2,715,585

The Fiscal Year 2019 Adopted Budget for overtime expenditures is \$2.7 million. This is an increase of \$1.6 million, or 152.8 percent, from the Fiscal Year 2018 Adopted Budget for overtime expenditures.

Looking Forward

The Transportation & Storm Water Department will continue to closely monitor its overtime budget and will report upon any significant variances in the Mid-Year and Year-End Budget Monitoring Reports. Further, the **Regular Operations** category will see increased scrutiny in overtime approval procedures as a form of budgetary control.



FISCAL YEAR 2019-2023 FIVE-YEAR FINANCIAL OUTLOOK



Kevin L. Faulconer
Mayor

Scott Chadwick
Chief Operating Officer

Rolando Charvel
Chief Financial Officer

Tracy McCraner
Financial Management Director

David Oñate
Budget Coordinator

NOVEMBER 2017

Disclaimer:

The City files its disclosure documents, including official statements, audited financial statements, comprehensive annual financial reports, annual financial information, material event notices, and voluntary disclosures with the Municipal Securities Rule Making Board's Electronic Municipal Market Access ("EMMA") system. The Five-Year Financial Outlook is not filed on EMMA and investors should not rely upon the Five-Year Financial Outlook to make any investment decisions. The City will provide the Five-Year Financial Outlook to the rating agencies, its bond insurers and other interested parties, and welcomes and encourages their careful review of this document. Readers are cautioned that the numbers presented in this document are the City's best estimate for the next five years based on facts and factors currently known to the City and do not represent actual performance. No representation is made by the City that, as of the date this document is read, there is not a material difference between the City's actual performance as of such date and the financial data presented in the Five-Year Financial Outlook. Certain statements in this document constitute forward-looking statements or statements which may be deemed or construed to be forward-looking statements. Forward-looking statements involve, and are subject to known and unknown risks, uncertainties and other factors which could cause the City's actual results, performance (financial or operating) or achievements to differ materially from the future results, performance (financial or operating) or achievements expressed or implied by such forward-looking statements. All forward-looking statements herein are expressly qualified in their entirety by the abovementioned cautionary statement. The City disclaims any obligation to update forward-looking statements contained in this document.

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EXECUTIVE SUMMARY

The City of San Diego Fiscal Year 2019-2023 Five-Year Financial Outlook (Outlook) is provided to guide long-range fiscal planning and serve as the framework for the development of the Fiscal Year (FY) 2019 Adopted Budget for the General Fund. The overall purpose of the report is to encourage discussion to effectively address the City's long-range needs as currently forecasted.

The FY 2019-2023 Five-Year Financial Outlook focuses on baseline revenues and expenditures, including quantifying new costs that are critical to accomplishing the City's strategic goals over the next five-year period. These goals include:

- Provide high quality public service
- Work in partnership with all communities to achieve safe and livable neighborhoods
- Create and sustain a resilient and economically prosperous City

The Outlook is not a budget. The Outlook is a planning tool to assist in budget decisions and the allocation of General Fund resources required to meet the City's strategic goals that are critical to core services. The Outlook provides the City Council, key stakeholders, and the public with information in advance of the budget meetings to facilitate an informed discussion during the development of the FY 2019 Adopted Budget. To the extent projected expenditures exceed estimated revenues in any given year of the Outlook, the City will address these shortfalls through mitigating actions as described in the Potential Mitigation Actions section of the report. As required by the City Charter, the Mayor will present a balanced budget for the City Council's consideration in April 2018.

SUMMARY OF KEY FINANCIAL DATA

Overall, the FY 2019-2023 Outlook forecasts revenue growth to soften, increasing moderately over the upcoming five years. Major General Fund revenues are anticipated to increase in each year of the Outlook; however, the rate of increase has slowed to a more moderate level. The Outlook also projects increases in nearly all expenditure categories.

Based upon baseline projections, growth in ongoing revenues is anticipated to outpace growth in ongoing expenditures during the Outlook period; however, a short-term structural shortfall is forecasted once the following key factors are accounted for:

- Moderate growth in revenue
- Employee Organization Agreements entered into in FY 2015 and FY 2016
- Police Officers Association Tentative Agreement to be ratified in November 2017
- Critical Strategic Expenditures
- Reserve Contributions

As depicted in Table 1.1, and detailed in Attachment 1, projected expenditures exceed revenues in FY 2019 through 2021. Beginning in FY 2022, revenue growth is projected exceed anticipated expenditure growth.

Table 1.1 - Fiscal Year 2019-2023 Financial Outlook
Summary of Key Financial Data (\$ in Millions)

	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Property Tax	\$563.7	\$590.2	\$622.6	\$651.6	\$679.9
Sales Tax	\$281.8	\$289.7	\$297.5	\$305.5	\$313.5
Transient Occupancy Tax	\$130.6	\$138.1	\$145.8	\$153.8	\$162.0
Franchise Fees	\$77.6	\$79.0	\$80.3	\$81.6	\$82.9
All Other Revenue Categories	\$380.6	\$389.2	\$404.2	\$415.1	\$426.6
BASELINE GENERAL FUND REVENUES	\$1,434.3	\$1,486.1	\$1,550.4	\$1,607.6	\$1,664.8
Salaries & Wages	\$549.5	\$550.4	\$551.1	\$551.0	\$550.5
Recognized Employee Organization Agreements	\$40.3	\$66.6	\$72.1	\$72.1	\$72.1
Retirement Actuarially Determined Contributions (ADC)	\$227.5	\$239.3	\$248.5	\$248.3	\$248.3
All other Personnel Expenditures	\$192.7	\$197.3	\$201.2	\$203.2	\$205.2
Non-Personnel Expenditures	\$400.0	\$409.6	\$420.2	\$433.3	\$444.8
Charter Section 77.1 - Infrastructure Fund	\$16.9	\$17.7	\$20.7	\$19.2	\$0.0
Reserve Contributions	\$5.0	\$14.9	\$15.1	\$17.4	\$17.3
BASELINE GENERAL FUND EXPENDITURES	\$1,431.9	\$1,495.7	\$1,528.8	\$1,544.5	\$1,538.3
BASELINE REVENUE (LESS)/ GREATER THAN EXPENDITURES	\$2.4	(\$9.6)	\$21.6	\$63.1	\$126.5
CRITICAL STRATEGIC EXPENDITURES	\$12.5	\$25.0	\$41.5	\$57.5	\$67.2
(AMOUNT TO BE MITIGATED) / AVAILABLE RESOURCES	(\$10.1)	(\$34.6)	(\$19.8)	\$5.6	\$59.3

It should be noted that the Outlook does not forecast the result of any ballot initiatives, referendums, recalls, legal challenges, or any changes to current or tentative labor agreements.

REPORT OUTLINE

The Outlook includes a discussion on baseline projections for revenues and expenditures, summarizes upcoming critical strategic expenditures that will require additional resources, and identifies potential options that could be used to mitigate projected revenue shortfalls in the near term.

The baseline projections section of the Outlook primarily consists of the City's projections for the next five years for the General Fund's ongoing revenues and expenditures, as displayed in Table 1.1 – Fiscal Year 2019-2023 Financial Outlook. The baseline projections section includes revenue and expenditure adjustments necessary to support current service levels provided by the City. The FY 2018 Adopted Budget, with one-time revenues and expenditures removed, serves as the starting point for the baseline projections unless otherwise noted. One-time revenues and expenditures that have been

removed from the baseline projections are detailed in Attachment 2: One-Time Resources and Uses of Funds.

Following the baseline projection discussion, the Critical Strategic Expenditures section quantifies department submissions that have been preliminarily identified as necessary in meeting core service levels and the City's strategic goals in FY 2019; however, these expenditures will be discussed and further refined during the FY 2019 budget development process.

Finally, to address the anticipated near-term shortfall identified in the report, potential mitigation actions are discussed. No specific solution is identified, but rather concepts are reviewed that could mitigate the anticipated shortfall.

Per the City Charter, the Mayor will present a balanced budget for the City Council's consideration in April 2018.

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BASELINE PROJECTIONS

The Baseline Projections section identifies and discusses forecasted changes based on known and anticipated events at the time of the preparation of this report. This section first reviews forecasted growth rates for revenues, including an overview of the revenue category, key economic trends, and a discussion of varying scenarios that could impact the forecast for the major revenue categories. General Fund expenditures are reviewed thereafter, including major changes and growth assumptions within each category.

Unless otherwise noted, baseline projections assume growth based upon the FY 2018 base budget, which will differ from the FY 2018 Adopted Budget due to the removal of one-time resources and uses of funds. The Outlook discusses only the General Fund.

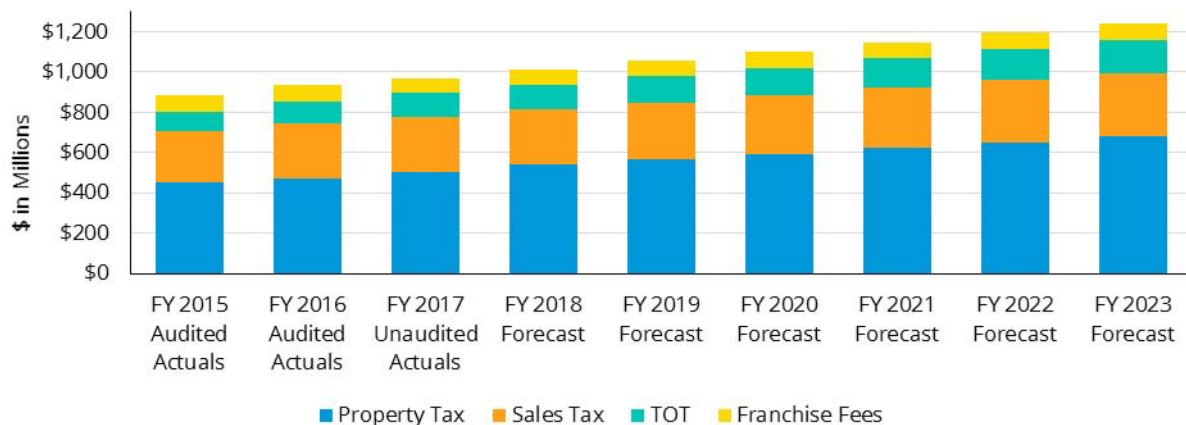
BASELINE GENERAL FUND REVENUES

The following section provides details of the City of San Diego's FY 2019-2023 Five-Year Financial Outlook revenue projections. The details provided for each revenue category include a description of the revenue source, the economic indicators affecting the revenue source, the projected growth rates, and a scenario analysis that addresses any potential risks that may cause actual revenue receipts to vary from the projection for major General Fund revenue categories.

The U.S. economy never boomed or robustly bounced back from the Great Recession; rather the economy has improved slowly and steadily since 2009. This recovery period has exceeded the average duration and is the second longest in history. An economic recession, based on historical averages (approximately every five years) could occur during this Outlook period. However, such a prediction of when or the extent of such a recession is not within the scope of the Outlook, but it is an important risk factor, along with others, which are discussed later in the report.

It should be noted that in addition to growth rate percentages applied in each of the revenue categories, other adjustments have been included based on known and anticipated events that are detailed within each category. To assist in evaluating potential risks to revenue projections, a "High" and "Low" projection to quantify the impacts of potential risks or uncertainties has been included for property tax, sales tax, and transient occupancy tax.

The City's four major revenues sources, property tax, sales tax, transient occupancy tax, and franchise fees, represent 71.5 percent of the City's General Fund FY 2018 Adopted Budget. As depicted in Figure 2.1, all four major revenue sources are projected to increase through the Outlook period; however, the rate of increase is expected to slow in the outer years. This overall expectation and projection for the City's revenues is based on actual trends, and is consistent with information received from the City's sales tax consultant (MuniServices, LLC), the San Diego Tourism Authority, Beacon Economics, the UCLA Anderson Forecast, and the State of California's Legislative Analyst's Office Economic Outlook. In addition to the major revenue projections, the baseline projections for the General Fund's other departmental revenue sources are based on various economic assumptions, known and anticipated events, and historical trend analysis. Figure 2.1 below details the forecasted Outlook revenues as well as recent actual revenues.

Figure 2.1 - Major General Fund Revenues

PROPERTY TAX

Property tax is the City's largest revenue source representing 38.0 percent of the General Fund FY 2018 Adopted Budget. The primary component of the property tax category is the 1.0 percent levy on the assessed value of all real property within the City limits. The property tax category also includes the Motor Vehicle License Fee (MVLFF) backfill payment, which is a result of MVLFF being reduced from 2.0 percent to 0.65 percent in 2005. Additionally, the category includes pass-through and residual property tax payments as a result of the dissolution of Redevelopment Agencies (RDA) statewide.

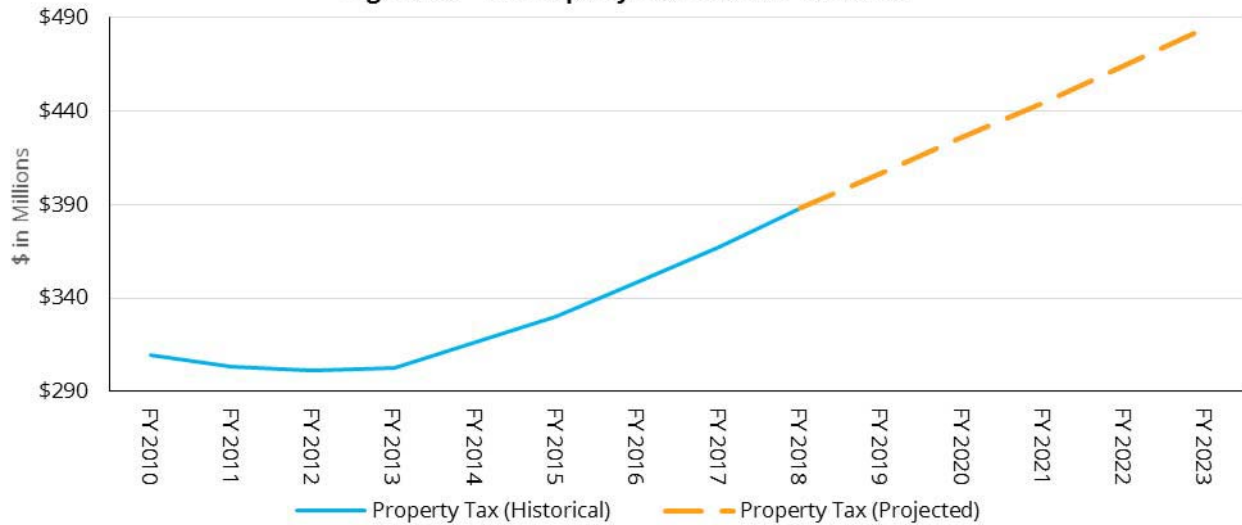
FORECAST

The following table shows the budget and year-end projection for FY 2018 and the forecast for FY 2019 through FY 2023 for revenue from property tax. The FY 2018 projection for the property tax category of \$539.3 million is a \$4.7 million increase over the FY 2018 Adopted Budget and serves as the base for the Outlook projections. In conjunction with the FY 2018 First Quarter Budget Monitoring Report, the FY 2018 Adopted Budget growth rate of 5.0 percent has been revised to 6.0 percent based on final assessed valuation data for FY 2018.

Table 2.1 - Property Tax Five-Year Forecast (\$ in Millions)							
	FY 2018 Adopted	FY 2018 Projection	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Growth Rate	5.00%	6.00%	5.00%	4.75%	4.50%	4.50%	4.25%
Projection	\$ 534.6	\$ 539.3	\$ 563.7	\$ 590.2	\$ 622.6	\$ 651.6	\$ 679.9

The forecast for property tax was determined using an analysis of the relationship of property tax to assessed values over the past 20 years, and assessed valuation growth over the same period. These results were then adjusted based on the assumptions and economic factors discussed below. Figure 2.2 represents the historical and projected 1.0 percent property tax amounts.

Figure 2.2 - 1% Property Tax Five-Year Forecast



ECONOMIC TRENDS

The major factors influencing property tax revenue are the California Consumer Price Index (CCPI), home sales, home price, and foreclosures. The CCPI limits assessed valuation growth under Proposition 13 which specifies that a property's value may increase at the rate of the CCPI, but cannot exceed 2.0 percent per year unless the property is improved or sold to establish a new assessed value.

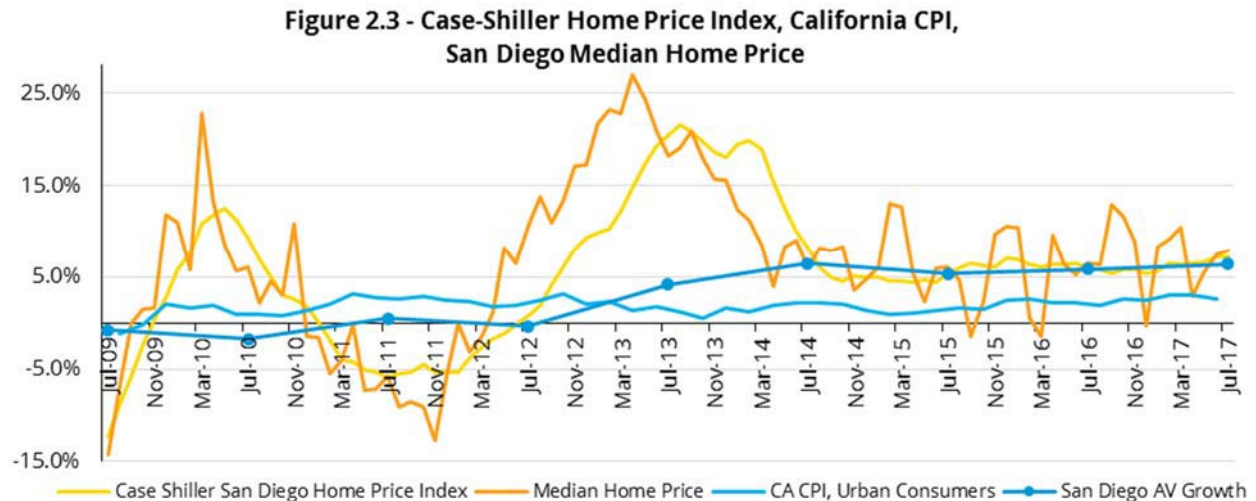
In compliance with Revenue and Taxation Code section 51, the San Diego County Assessor's Office uses the October CCPI to assess property values under Proposition 13. However, at the time of preparing this report, the October CCPI has not been released. The latest CCPI released by the California Department of Finance (DOF) was 263.473 as of August 2017, a 2.88 percent increase from the August 2016 CCPI of 256.097. Assuming the CCPI holds constant, the assessed valuation of properties not improved or sold will increase by 2.0 percent for FY 2019, the maximum allowable increase.

The City has experienced positive growth in home prices, with an increase of 6.8 percent in the median home price from August 2016 to August 2017. Despite the rise in home prices, the growth in the number of home sales has slowed. Home sales year-to-date as of August 2017 have decreased by 3.9 percent compared to year-to-date as of August 2016.

Based on property sales that have occurred as of August 2017 and an approximate 2.0 percent increase in the CCPI, it is estimated the City's assessed valuation will see a positive increase in assessed valuation for FY 2019.

- In addition to positive home price growth in the City, there are year-to-date declines in notices of default and foreclosures of 23.2 and 37.0 percent, respectively, in the County of San Diego as of September 2017.
- The Case-Shiller home price index as of July 2017 is 243.6, a 7.1 percent increase over the August 2016 index of 227.8.

The Case-Shiller graph depicted in Figure 2.3 displays the correlation of several economic factors described above since 2009 and the resulting impact on the City's assessed valuation. The graph shows that while the Case-Shiller Home Price Index and median home price has fluctuated significantly over the years, the CCPI has remained relatively stable. As CCPI is the main driver of the change in the City's assessed valuation, the stability in this indicator has allowed the annual change in assessed valuation to remain steadier than the Case-Shiller Home Price Index and the local median home price. Finally, the graph displays the lag of approximately 12-18 months between activity in the local real estate market and the resulting impact on the City's assessed valuation.



Other factors to consider in developing a revenue projection for property tax include mortgage rates and property tax refunds. Over the past year, interest rates have remained relatively low. However, continued strength in the economy supports the case for a rise in mortgage rates which would likely contribute to a restrained housing market. While property tax revenue growth is expected to remain positive throughout the Outlook period, property tax growth is anticipated to slowly return to lower levels of growth in outer years.

Additionally, as the economy has continued to improve, fewer property owners have requested reassessments, indicating that more properties are fairly valued and a larger portion of assessed valuation growth will continue at the Proposition 13 limited maximum growth rate of 2.0 percent.

Therefore, with the slowdown of property sales, anticipated mortgage rate increases, and fewer reassessments of property values, the growth in property tax is expected to slow.

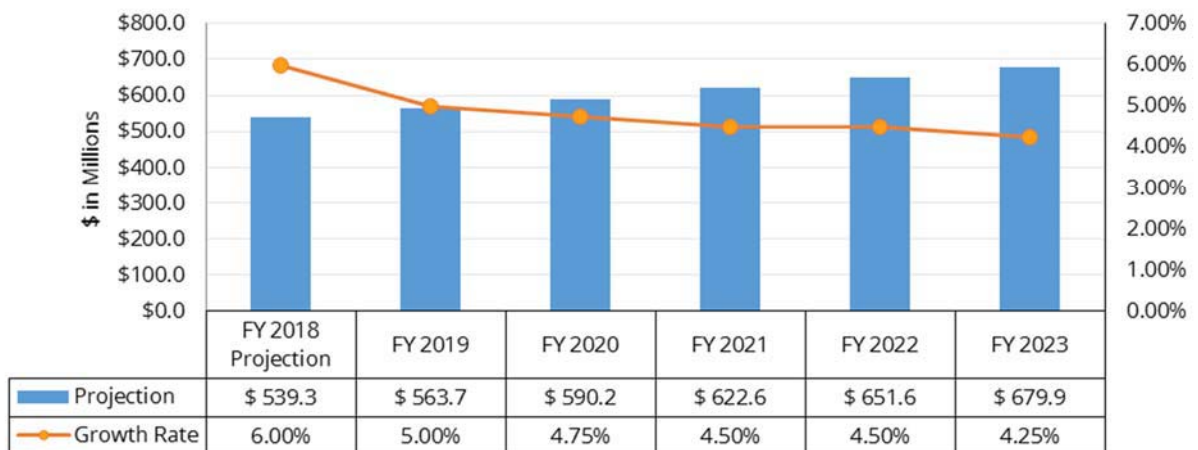
As a result of the dissolution of the RDA, pass-through and residual property tax payments to the City from the Redevelopment Property Tax Trust Fund (RPTTF) are included in the property tax forecast. Pass-through payments are agreements between former redevelopment areas and the local entities to provide payments from the RPTTF deposits to local entities. The residual property tax payment is the City's proportionate share of funds remaining in the RPTTF after the Recognized Obligation Payment Schedule (ROPS) requirements have been met.

The following table and graph provides details on the components of the FY 2018 Adopted Budget for property tax and the forecasted property tax revenue for FY 2019 through FY 2023.

Table 2.2 - Property Tax Components (\$ in Millions)							
	FY 2018 Adopted	FY 2018 Projection	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Growth Rate	5.00%	6.00%	5.00%	4.75%	4.50%	4.50%	4.25%
1% Property Tax	\$ 372.0	\$ 374.7	\$ 393.0	\$ 411.6	\$ 430.2	\$ 449.6	\$ 468.8
MVLF Backfill	\$ 135.8	\$ 137.5	\$ 144.4	\$ 151.2	\$ 158.0	\$ 165.1	\$ 172.2
RPTTF Pass-Through Tax Sharing Payment	\$ 8.3	\$ 6.7	\$ 7.0	\$ 7.3	\$ 7.7	\$ 8.0	\$ 8.3
RPTTF Residual Property Tax Payment	\$ 18.5	\$ 20.5	\$ 19.4	\$ 20.1	\$ 26.7	\$ 28.9	\$ 30.6
Total Property Tax Projection	\$ 534.6	\$ 539.3	\$ 563.7	\$ 590.2	\$ 622.6	\$ 651.6	\$ 679.9

Figure 2.4 - Property Tax Revenue Projections: Fiscal Years 2019 - 2023

Projections including Redevelopment Property Tax Trust Fund (RPTTF)



SCENARIO ANALYSIS

The factors described above combine to make up the projection; however, should one or several of these factors not perform as projected, property tax revenues will vary from the current projection. To account for variances in these factors, "High" and "Low" projections were also prepared utilizing analysis of historical property tax receipts.

The "Low" scenario assumes that mortgage interest rates will increase rapidly in the next five years. Increased mortgage rates raise the cost of home ownership, thereby slowing the number of home sales and median home price growth. In addition, the "Low" scenario assumes that due to the higher than anticipated positive assessed valuation growth from FY 2014 through FY 2018, increases in the median home price, and home sales count, not as many homes will see as large of a reassessment in FY 2019 as in previous years. This will lead to lower annual assessed valuation growth rates for FY 2019 through FY 2023 of 3.0 percent across all years.

A "High" scenario is projected to exist should homes sales and valuations continue at the current levels for the next two years, with slightly restrained growth for FY 2021 through FY 2023. In this scenario, interest rates would rise slowly over the next several years, continuing high demand for housing and

tightening inventory, further fueled by continued growth in higher income labor markets. These conditions would likely yield a “High” property tax scenario environment. The projections for a “High” scenario in the near-term reflect higher levels of growth similar to those seen in recent years, while slowing in the later years.

Figure 2.5 reflects the current scenario as well as the “High” and “Low” scenario. In addition, Table 2.3 details the assumed growth rates for each scenario for FY 2018 through FY 2023.

**Figure 2.5 - Property Tax Revenue Five-Year Forecast:
Fiscal Years 2019 - 2023**

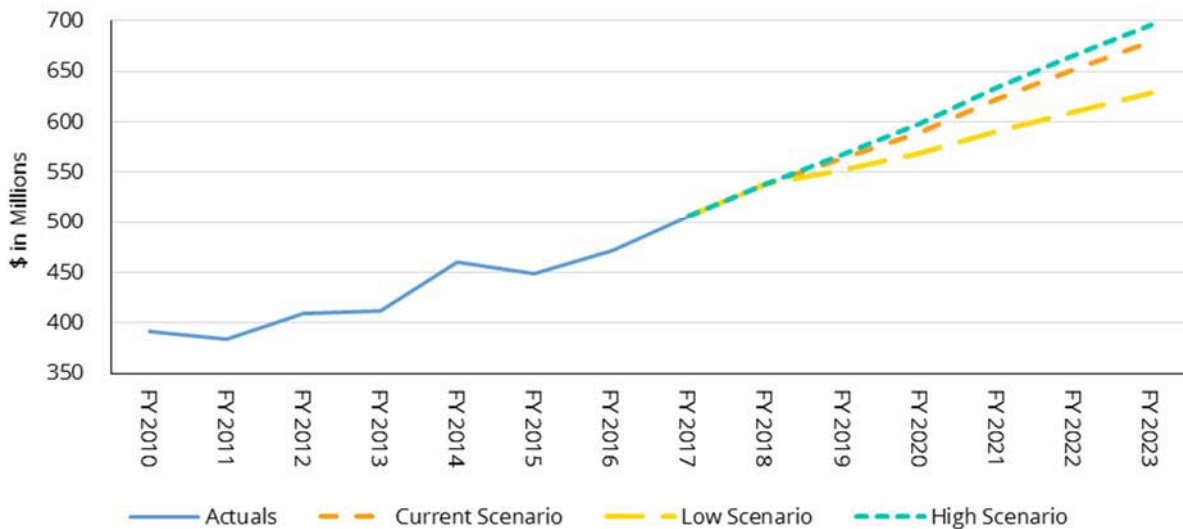


Table 2.3 - Property Tax Five-Year Forecast: Growth Rate Scenarios

	FY 2018 Projection	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Current Growth Rate	6.00%	5.00%	4.75%	4.50%	4.50%	4.25%
High Growth Rate	6.00%	5.75%	5.50%	5.00%	4.75%	4.50%
Low Growth Rate	6.00%	3.00%	3.00%	3.00%	3.00%	3.00%

Another factor that may influence the property tax forecast relates to the California Department of Finance’s (DOF) review and denial or approval of enforceable obligations on the ROPS. If enforceable obligations are denied, the ROPS payment will decrease and lead to an increase in the RPTTF residual balance available for distribution to local entities. A decrease in enforceable obligations due to a denial will increase the City’s RPTTF residual payment throughout all fiscal years of the Outlook. A significant variable in the ROPS enforceable obligations is the dollar amount and terms of the repayment of various outstanding loan agreements.

Lastly, there are two outstanding legal challenges that may influence the property tax forecast for the City. First, a dispute between the County of San Diego and various local entities within the County, involves how the RPTTF residual payments are calculated and distributed every six months. The trial court’s decision in favor of the City and other local entities is currently on appeal, and an appellate decision is expected in late 2018 or early 2019. If the trial court’s decision is upheld, the City would be

compensated for any past underpayment of RPTTF residual amounts and would receive an increase in RPTTF residual payments going forward throughout the Outlook period. Currently, the alleged underpayments are estimated to be at least \$35.0 million.

The second dispute involves the San Diego County Office of Education and other school districts against numerous city successor agencies including the City of San Diego Successor Agency regarding the distribution of funds from the RPTTF to taxing entities. Should the school districts receive a favorable decision, the City liability is estimated to be between \$2.0 to \$13.0 million.

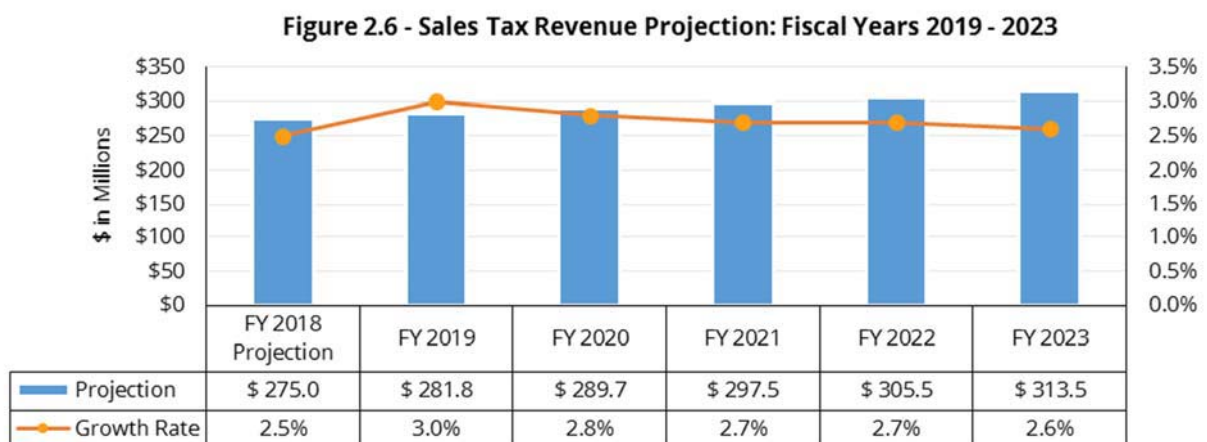
SALES TAX

The City's second largest revenue source is sales tax and represents 19.6 percent of the General Fund FY 2018 Adopted Budget. Sales tax is collected at the point of sale and remitted to the California Department of Tax and Fee Administration (formerly, the State Board of Equalization), which allocates tax revenue owed to the City in monthly payments. The total citywide sales tax rate in San Diego is 8.0 percent, of which the City receives 1.0 percent of all point of sale transactions within the City.

FORECAST

The following table displays the budget and year-end projection for FY 2018 as well as the forecast for FY 2019 through FY 2023 for revenue from sales tax. The FY 2018 projection for sales tax of \$275.0 million, slightly lower than the FY 2018 Adopted Budget, serves as the base for the Outlook projections. For the FY 2018 First Quarter Budget Monitoring Report, there is no change in the budgeted growth rate.

Table 2.4 - Sales Tax Five-Year Forecast (\$ in Millions)							
	FY 2018 Adopted	FY 2018 Projection	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Growth Rate	2.5%	2.5%	3.0%	2.8%	2.7%	2.7%	2.6%
Projection	\$ 275.3	\$ 275.0	\$ 281.8	\$ 289.7	\$ 297.5	\$ 305.5	\$ 313.5

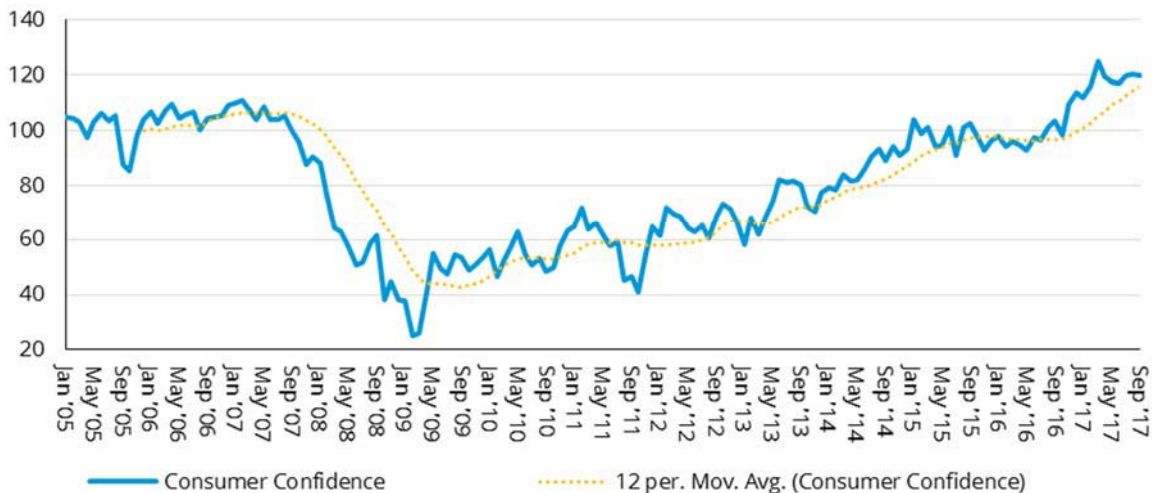


ECONOMIC TRENDS

The major local economic drivers of the City's sales tax include the unemployment rate, consumer confidence, and consumer spending. The sales tax projection for FY 2018 assumes that the

unemployment rate will continue to remain within its historical average for the region experienced prior to the Great Recession (between 4.0 - 5.0 percent). As of August 2017, the City unemployment rate was 4.5 percent, compared to a rate of 4.7 percent in August 2016, as reported by the California Employment Development Department. Consumer confidence, a measurement of the consumer's willingness to spend, had experienced significant growth since 2009, reaching an all-time high in March 2017 at 124.9 before settling at 119.8 in September 2017.

Figure 2.7 - Consumer Confidence



Sales tax revenue is primarily driven by consumer spending. While consumer confidence has steadily increased in the last seven years, it is unclear how long this sustained trend will continue. Furthermore, as consumers continue to shift from in-store to online sales, the City receives a smaller portion of those sales tax revenues. Sales tax revenues from online sales Countywide are distributed to the City through the county pool at a current rate of 0.48 percent compared to 1.0 percent for point of sales transactions within the City.

The forecast for sales tax reflects the stability in employment and consistent growth in consumer confidence, and therefore, continues with moderate strength in the near term while tapering off in the outer years due to uncertainty of the sustained growth and stability. Retail sales in brick and mortar stores are expected to remain relatively flat during the Outlook period. This is expected to be offset partially by growth in the county pool, reflecting the shift from brick and mortar to online sales. The food products category (including restaurants), and the transportation category (including fuel and automobile sales) are also expected to lead the growth in the sales tax during the Outlook period.

This forecast is consistent with recent reports from Beacon Economics and the UCLA Anderson Forecast. Both have reported that California is operating at near full employment with stable economic fundamentals over the next two years while housing and labor shortages will continue to constrain growth in California.

SCENARIO ANALYSIS

The number of factors described above combine to make up the sales tax projection; however, should one or several of these factors not perform as projected, sales tax revenues will vary from the current

projection. To account for variances in these factors, “High” and “Low” projections were prepared for the Outlook period.

The “Low” scenario reflects higher unemployment and lower consumer confidence in the local and State economies. This scenario also reflects an increased transition to online sales reducing point of sales transactions for brick and mortar stores within the City limits. Additionally, this projection assumes reduction of oil prices further reducing sales tax revenue from fuel sales. Lastly, the “Low” scenario assumes a rise in the federal lending rates, which would increase the cost to purchase vehicles. Correspondingly this scenario anticipates a reduction in City receipts from the auto sales industry. The “Low” projection forecasts growth in sales tax from 2.9 percent to 2.5 percent from FY 2019 to FY 2023.

The “High” scenario includes sustained growth in consumer confidence, continuing low unemployment, constrained by housing availability and full employment already having been achieved.

Figure 2.8 and Table 2.5 depict historical data as well as the current, “High”, and “Low” forecast scenarios for sales tax projections for FY 2019 through 2023.

Figure 2.8 - Sales Tax Projections: Fiscal Years 2019 - 2023

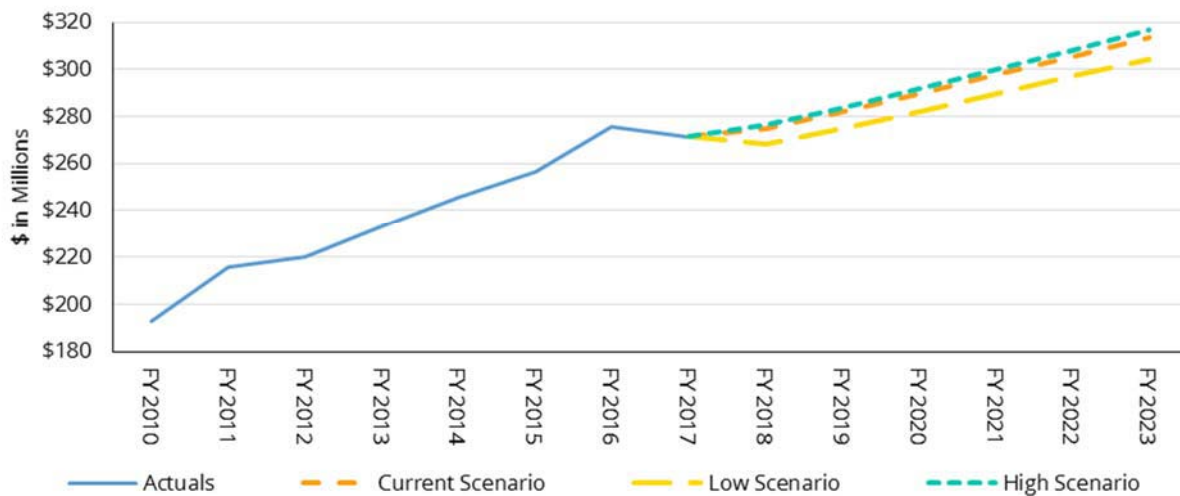


Table 2.5 - Sales Tax Five-Year Forecast: Growth Rate Scenarios

	FY 2018 Projection	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Current Growth Rates	2.5%	3.0%	2.8%	2.7%	2.7%	2.6%
High Growth Rates	3.0%	3.1%	2.9%	2.8%	2.8%	2.7%
Low Growth Rates	0.0%	2.9%	2.7%	2.6%	2.6%	2.5%

TRANSIENT OCCUPANCY TAX (TOT)

Transient occupancy tax makes up 8.6 percent of the City's General Fund FY 2018 Adopted Budget. TOT is levied at 10.5 cents per dollar of taxable rent for a transient's stay of less than one month. The use of TOT is guided by the City's Municipal Code which stipulates that of the 10.5 cents of collected TOT, 5.5 cents is to be applied toward general governmental purposes, 4.0 cents towards promoting the City as a tourist destination, and the remaining 1.0 cent towards any purposes approved by the City Council.

FORECAST

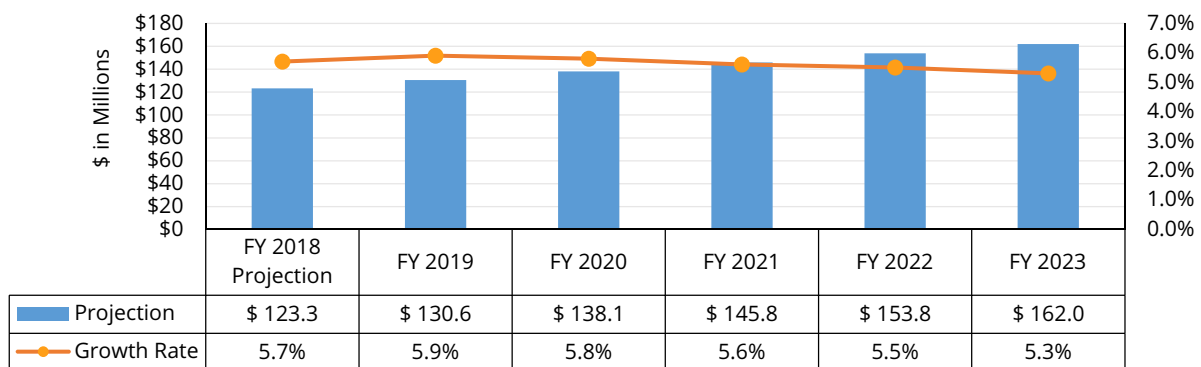
The following table displays the budget and year-end projection for FY 2018 and the forecast for FY 2019 through FY 2023 for revenue from TOT. The FY 2018 projection for total Citywide TOT receipts is \$216.8 million. The General Fund's 5.5 cent portion of total TOT projected receipts is \$123.3 million and serves as the base for the Outlook projections. For the FY 2018 First Quarter Budget Monitoring Report, there is no change in the budgeted growth rate.

Table 2.6 - Transient Occupancy Tax (TOT) Five-Year Forecast (\$ in Millions)							
	FY 2018 Adopted	FY 2018 Projection	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Growth Rate	5.7%	5.7%	5.9%	5.8%	5.6%	5.5%	5.3%
Projection	\$ 121.1	\$ 123.3	\$ 130.6	\$ 138.1	\$ 145.8	\$ 153.8	\$ 162.0

Table 2.6 represents only the General Fund portion of total TOT (5.5 cents of the total 10.5 cents TOT).

The five-year forecast for TOT was calculated using historical actuals and relevant economic indicators. The resulting graph below reflects the growth rates generated by the analysis which were then applied to actual TOT receipts from FY 2017.

**Figure 2.9 - Transient Occupancy Tax (TOT) General Fund Revenue Projection:
Fiscal Years 2019 - 2023**



As depicted in the graph above, TOT revenue is projected to have continued but tempered growth for the five-year period. The growth rates for TOT are projected to reduce from 5.9 percent in FY 2019 to 5.3 percent in FY 2023.

ECONOMIC TRENDS

Room rates, occupancy, and overnight visitor growth are the primary economic indicators that provide insight as to how TOT revenue will perform in the coming fiscal years. According to the San Diego County Travel Forecast prepared for the San Diego Tourism Authority by Tourism Economics overnight visits, room supply, and room demand are projected to grow in calendar year 2017 before experiencing a long-term easing of growth. This is depicted in the table below.

Table 2.7 - San Diego Tourism Summary Outlook (Annual % Growth)					
	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021
Visits	0.6%	1.2%	1.5%	1.5%	1.8%
Overnight	1.1%	1.5%	1.6%	1.5%	2.2%
Hotel Sector					
Room Supply	1.4%	3.1%	2.1%	1.8%	1.5%
Room Demand	2.5%	2.2%	1.9%	2.1%	2.1%
Occupancy	77.9%	77.2%	77.1%	77.3%	77.8%
Avg. Daily Room Rate	\$ 159.95	\$ 167.32	\$ 172.39	\$ 178.21	\$ 179.88

Source: San Diego Tourism Authority and Tourism Economics

The City is projected to see continued growth in TOT revenue as a result of the long-term projected increases in the supply of rooms and room rates, however, at slower rate of growth in the outer years.

SCENARIO ANALYSIS

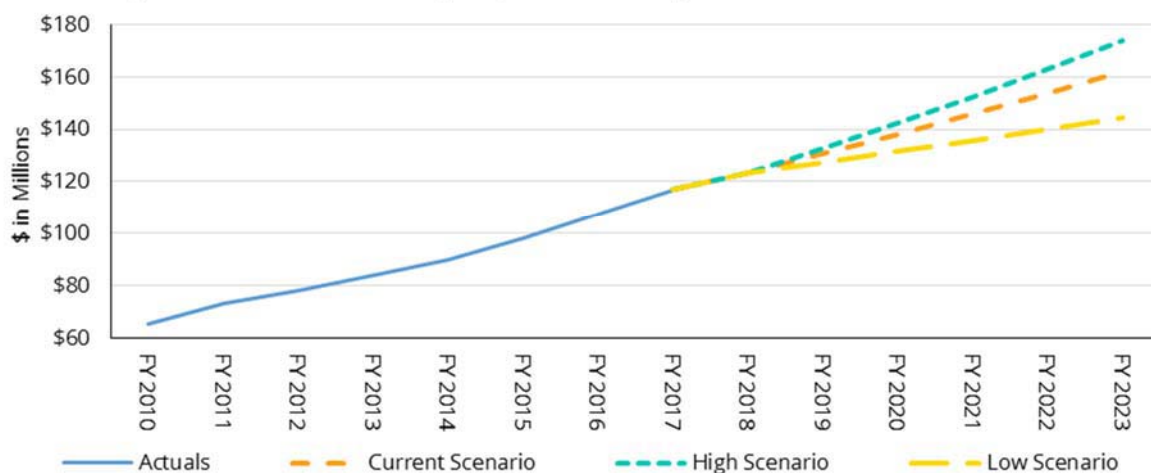
Any changes to major economic drivers or indicators could have a corresponding change in TOT revenues. To account for variances in these factors, a "High" and "Low" projection were prepared for the Outlook period.

Analysis of historical TOT activity compared to hotel and visitor data (TOT Indicators) was used to develop a model to be used in conjunction with the San Diego Tourism Authority's forecast to develop the current forecast as well as a "High" and "Low" scenario.

The "Low" forecast looked at long-term TOT indicators which included periods of low or negative growth and applied the averages over the long-term of each TOT indicator to the model to forecast TOT growth rates. The "Low" forecast scenario has annual growth in TOT revenues increasing by 3.3 percent in FY 2019 and softening to 3.1 percent in FY 2023.

The "High" forecast assumed the continuation of activity similar to past three years which had sustained strong growth in TOT revenues. The averages of each TOT indicator during this period were applied to the model to generate the "High" Growth rates. As seen in Figure 2.10, the "High" forecast scenario has the annual growth in TOT revenues increasing 7.6 percent in FY 2019 and softening to 6.7 percent in FY 2023.

It should be noted that all three forecasts have positive growth in the five-year period and do not project any potential impact from a possible economic recession or any other unforeseen events that may negatively impact the tourism industry.

Figure 2.10 - Transient Occupancy Tax (TOT) Projections: Fiscal Years 2019 - 2023**Table 2.8 - Transient Occupancy Tax (TOT) Five-Year Forecast: Growth Rate Scenarios**

	FY 2018 Projection	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Current Growth Rates	5.9%	5.9%	5.8%	5.6%	5.5%	5.3%
High Growth Rates	7.7%	7.6%	7.3%	7.1%	6.9%	6.7%
Low Growth Rates	3.1%	3.3%	3.3%	3.2%	3.2%	3.1%

FRANCHISE FEES

Revenue from franchise fees makes up 5.3 percent of the City's General Fund FY 2018 Adopted Budget and results from agreements with private utility companies in exchange for use of the City's right-of-ways. Currently, San Diego Gas and Electric (SDG&E), Cox Communications, Time Warner Cable, and AT&T pay a franchise fee to the City. In addition, the City collects franchise fees from private refuse haulers that conduct business within the City limits. The revenue received from the agreements with utility companies is based on a percentage of gross sales while the revenue received from refuse haulers is based on tonnage.

FORECAST

The following table displays the budget and year-end projection for FY 2018 and the forecast for FY 2019 through FY 2023 for revenue from franchise fees. The FY 2018 projection for franchise fees of \$75.1 million is as budgeted in the FY 2018 Adopted Budget and serves as the base for the Outlook projections. For the FY 2018 First Quarter Budget Monitoring Report, there is no change in the budgeted growth rate.

Table 2.9 - Franchise Fees Five-Year Forecast (\$ in Millions)							
	FY 2018 Adopted	FY 2018 Projection	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
SDG&E Growth Rate	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Cable Growth Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Projection	\$ 75.1	\$ 75.6	\$ 77.6	\$ 79.0	\$ 80.3	\$ 81.6	\$ 82.9

Franchise fee revenue growth rates were projected utilizing historical year-end actuals. These growth rates were then applied to FY 2018 first quarter projection and to each subsequent year in order to develop the five-year projections.

ECONOMIC TRENDS

Generating approximately 80.6 percent of Franchise Fees, SDG&E and cable companies are the largest contributors of Franchise Fees. The growth rate for SDG&E is expected to remain steady at 2.0 percent for the forecast period. Franchise fees from cable companies are expected to remain flat during the Outlook period.

Additionally, the Outlook takes into account the redistribution of revenue from the General Fund to the Recycling Fund per the Sycamore Canyon Landfill Franchise Agreement. Franchise fee revenue received at the Sycamore Canyon Landfill is currently distributed 40/60 between the General Fund and Recycling Fund. The General Fund's allocation will reduce by 20 percent to \$0.7 million in FY 2019 and will be eliminated for FY 2020 and beyond.

SCENARIO ANALYSIS

Given the significance of franchise fee revenue from SDG&E and cable, changes to any of the economic factors for these revenue sources could alter future projections. In the case of SDG&E, changes in price or consumption of electricity can cause fluctuations in revenue growth. SDG&E is currently implementing a phased-in electric rate restructure to be completed in 2020. Additionally, a new franchise agreement with SDG&E is anticipated to begin in FY 2021, which may change the terms of the franchise fee from that point going forward. The General Fund impact for these events is unknown at this time. For cable revenue, variances in subscription levels and pricing may impact franchise fee growth.

PROPERTY TRANSFER TAX

Property transfer tax is levied on the sale of real property. The County of San Diego collects \$1.10 per \$1,000 of the sale price when any real property is sold, of which the City receives half, or \$0.55 per \$1,000. Property Transfer Tax revenue is remitted to the City on a monthly basis, and represents 0.7 percent of the City's General Fund FY 2018 Adopted Budget.

FORECAST

The following table displays the budget and year-end projection for FY 2018 and the forecast for FY 2019 through FY 2023 for revenue from property transfer tax. The FY 2018 projection for property transfer tax is as budgeted for FY 2018 Adopted Budget and serves as the base for the Outlook

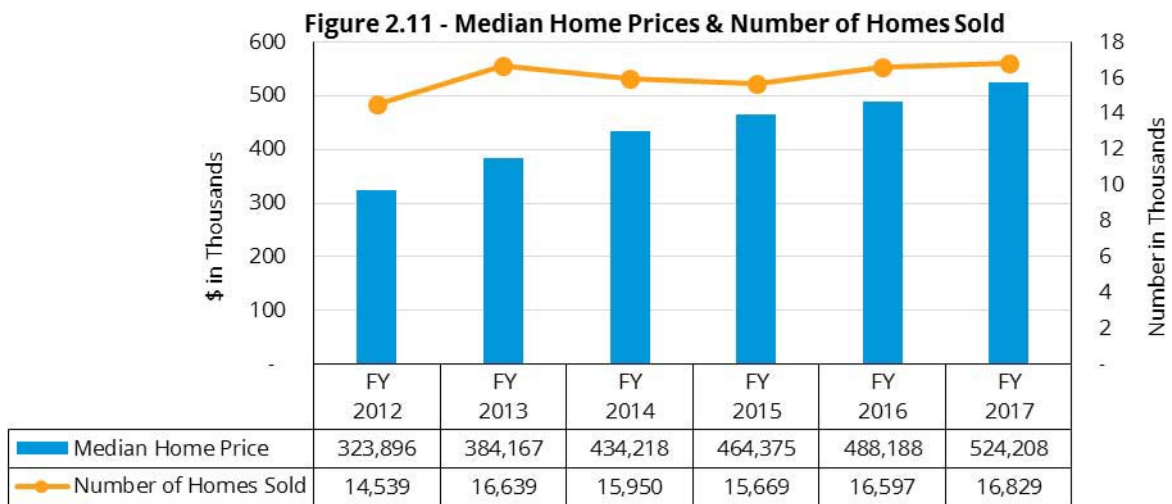
projections. For the FY 2018 First Quarter Budget Monitoring Report, there is no change in the budgeted amount of property transfer tax.

Table 2.10 - Property Transfer Tax Five-Year Forecast (\$ in Millions)							
	FY 2018 Adopted	FY 2018 Projection	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Growth Rate	3.0%	6.0%	4.0%	3.5%	3.0%	3.0%	3.0%
Projection	\$ 10.1	\$ 10.1	\$ 10.5	\$ 10.8	\$ 11.2	\$ 11.5	\$ 11.8

Property transfer tax growth rates were developed using historical receipts and growth rates.

ECONOMIC TRENDS

Unlike the 1.0 percent property tax revenue, Property Transfer Tax receipts reflect current economic conditions without lag time. The volume of property sales and home prices determine Property Transfer Tax revenue. While the median home price has continued to grow over the past several years, the growth in the number of home sales has leveled, such that home sales are relatively flat when comparing current year-to-date data with the same time period last year. The graph below illustrates the median home prices and number of homes sold. Property Transfer Tax revenue is anticipated to continue increasing annually, but at a modest rate before leveling off.



Source: DQNews/CoreLogic

LICENSES AND PERMITS

The Licenses and Permits category includes revenue for the purpose of recovering costs associated with regulating certain activities within the City and other revenues such as business certificate fees, rental unit certificate fees, parking meter collections, alarm permit fees, and special event permits. Licenses and Permits represent 1.5 percent of the City's General Fund FY 2018 Adopted Budget.

The following table displays the FY 2018 Adopted Budget and the forecast for FY 2019 through FY 2023 for revenue from licenses and permits.

Table 2.11 - Licenses and Permits Five-Year Forecast (\$ in Millions)						
	FY 2018 Adopted	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Growth Rate		2.0%	2.0%	2.0%	2.0%	2.0%
Projection	\$ 21.7	\$ 25.2	\$ 30.0	\$ 31.6	\$ 33.3	\$ 35.0

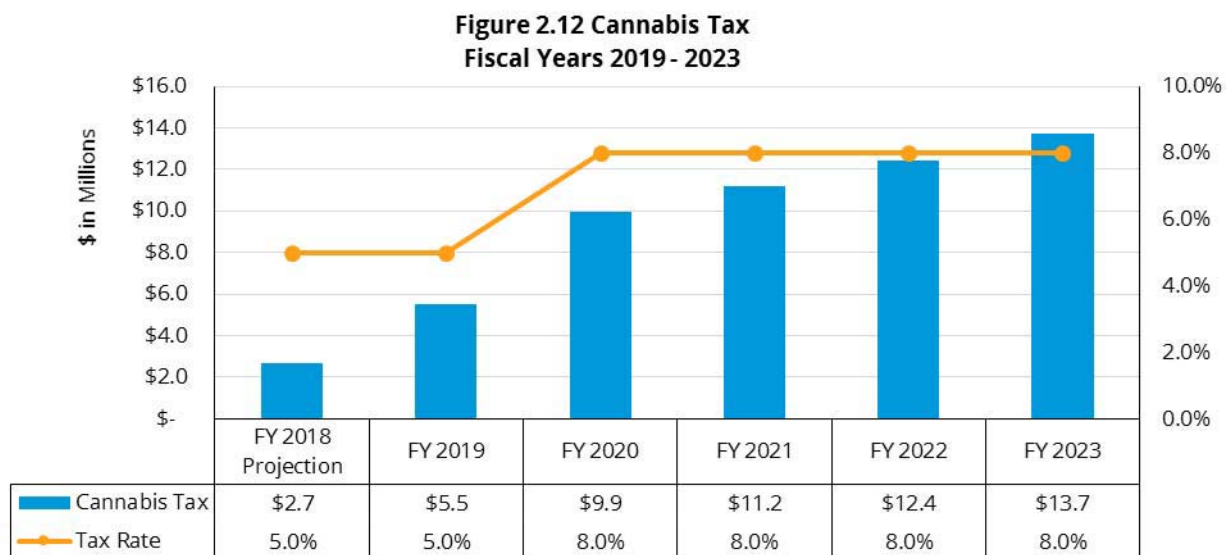
A constant growth rate of 2.0 percent is applied from FY 2019 to FY 2023. The Outlook reflects revenue adjustments based on five years of historical data.

CANNABIS TAX

Included within the Licenses and Permits category is business tax received from the sale, distribution and cultivation of non-medical cannabis products. The State of California has authorized the sale of non-medical cannabis beginning January 1, 2018. The City Council has further authorized and regulated the sale of non-medical cannabis. The City will levy a gross receipts tax of 5.0 percent on non-medical cannabis sales, production, and distribution beginning January 1, 2018. This tax rate will increase to 8.0 percent in FY 2020.

To develop the projection, sales tax data from current medical dispensaries is used as the base and takes into account the tax rate change and a slight growth in the number of permitted dispensaries. However, this is a conservative approach and captures only revenue that will be received from the point-of-sale of non-medical cannabis and not the cultivation, production, or distribution. There are no data points to build a projection from because the cultivation, production, and distribution of non-medical cannabis are not currently subject to a tax.

Additionally, this projection does not contemplate potential changes to State, Federal, and local regulations including compliance with respect to non-medical cannabis and the payment of related taxes. As the industry matures, the City will continue to monitor and update projections from all cannabis businesses.



FINES, FORFEITURES, AND PENALTIES

The Fines, Forfeitures, and Penalties category includes revenue generated from the violation of laws or regulations, such as California Vehicle Code violations, City parking and ordinance violations, negligent impounds, collection referrals, and litigation awards. This revenue source represents approximately 2.3 percent of the City's General Fund FY 2018 Adopted Budget.

The following table displays the FY 2018 Adopted Budget and the forecast for FY 2019 through FY 2023 for revenue from fines, forfeitures, and penalties.

Table 2.12 - Fines, Forfeitures and Penalties Five-Year Forecast (\$ in Millions)						
	FY 2018 Adopted	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Growth rate		0.5%	0.5%	0.5%	0.5%	0.5%
Projection	\$ 31.9	\$ 32.0	\$ 32.2	\$ 32.3	\$ 32.5	\$ 32.7

Revenue from fines, forfeitures, and penalties is projected to increase at a constant rate of 0.5 percent for FY 2019 through FY 2023 based on historical averages.

REVENUE FROM MONEY AND PROPERTY

The Revenue from Money and Property category primarily consists of rental revenue generated from City-owned properties including Mission Bay, Pueblo Lands, and the Midway properties. This revenue source represents 4.1 percent of the City's General Fund FY 2018 Adopted Budget.

The following table displays the FY 2018 Adopted Budget and the forecast for FY 2019 through FY 2023 for the Revenue from Money and Property category.

Table 2.13 - Revenue from Money and Property Five-Year Forecast (\$ in Millions)						
	FY 2018 Adopted	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Growth Rate		3.3%	3.3%	3.3%	3.3%	3.3%
Projection	\$ 58.4	\$ 60.3	\$ 62.3	\$ 64.3	\$ 66.4	\$ 68.6

A growth rate of 3.25 percent is applied from FY 2019 to FY 2023 based on the annual growth rate from historical revenues.

Revenue from Money and Property includes revenue from Mission Bay rents and concessions which the Real Estate Assets Department projects to increase during the Outlook period. Per City Charter Section 55.2 (as modified by the voters in November, 2016 through Measure J), the threshold amount of \$20.0 million of Mission Bay rents and concessions will remain in the General Fund. The remainder of funds greater than the threshold amount will be allocated to the San Diego Regional Parks Improvement Fund and the Mission Bay Park Improvement Fund. The San Diego Regional Parks Improvement Fund is to receive 35.0 percent of revenues in excess of the threshold amount or \$3.5 million, whichever is greater, with 65.0 percent or the remaining amount allocated to the Mission Bay Park Improvement Fund.

REVENUE FROM FEDERAL AND OTHER AGENCIES

The Revenue from Federal and Other Agencies category includes federal and State grants, and reimbursements to the City from other agencies, including court crime lab revenue, urban search and rescue grants, and service level agreements. This revenue source represents 0.3 percent of the City's General Fund FY 2018 Adopted Budget.

Table 2.14 displays the FY 2018 Adopted Budget and the forecast for FY 2019 through FY 2023 for revenue from federal and other agencies.

Table 2.14 - Revenue From Federal and Other Agencies Five-Year Forecast (\$ in Millions)						
	FY 2018 Adopted	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Growth Rate		0.0%	0.0%	0.0%	0.0%	0.0%
Projection	\$ 4.5	\$ 4.5	\$ 4.5	\$ 4.5	\$ 4.5	\$ 4.5

No adjustments or growth is projected within the Revenue from Federal and Other Agencies category for the FY 2019 through FY 2023 Outlook period.

CHARGES FOR SERVICES

The revenue forecasted in the Charges for Services category is comprised of cost reimbursements for services rendered to public and other City funds. This category includes the 4.0 cent TOT reimbursements to the General Fund, General Government Services Billings (GGSB), and other user fee revenues. This revenue source represents 10.9 percent of the City's General Fund FY 2018 Adopted Budget.

The following table displays the FY 2018 Adopted Budget and the forecast for FY 2019 through FY 2023 for revenue from charges for services.

Table 2.15 - Charges for Services Five-Year Forecast (\$ in Millions)						
	FY 2018 Adopted	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Growth Rate		2.3%	2.1%	0.6%	0.4%	0.4%
Projection	\$ 152.8	\$ 163.5	\$ 163.1	\$ 173.0	\$ 177.8	\$ 183.2

The projected growth of Charges for Services is primarily attributable to the projected increase of TOT reimbursements to the General Fund for the safety and maintenance of visitor related facilities.

One-time adjustments were also made for Infrastructure Asset Management (IAM) project in the amount of \$1.4 million and for a reimbursement for National Incident Based Reporting System in the amount of \$1.2 million, reducing the base for the Charges for Services by \$2.6 million.

OTHER REVENUE

The Other Revenue category includes library donations, ambulance fuel reimbursements, corporate sponsorships, and other miscellaneous revenues. This revenue source represents 0.3 percent of the City's General Fund FY 2018 Adopted Budget.

The following table displays the FY 2018 Adopted Budget and the forecast for FY 2019 through FY 2023 for revenue from other sources.

Table 2.16 - Other Revenue Five-Year Forecast (\$ in Millions)						
	FY 2018 Adopted	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Growth rate		0.0%	0.0%	0.0%	0.0%	0.0%
Projection	\$ 4.6	\$ 2.5	\$ 2.5	\$ 2.5	\$ 2.5	\$ 2.5

The growth rate for Other Revenue is projected to remain flat for all five fiscal years. However, beginning in FY 2019, Other Revenue will decrease by \$2.0 million due to the end of a \$10.0 million donation from the Friends of the Library that was utilized in increments of \$2.0 million annually for the first five years of operations of the New Central Library. An amount of \$80,000 was removed from the FY 2018 Adopted Budget, establishing a new baseline, due to the one-time refunds of Supplemental Pension Savings Plan (SPSP) forfeiture due to terminations.

TRANSFERS IN

The Transfers In category represents transfers to the General Fund from non-general funds and other agencies. The major components in this category are transfers from the Public Safety Services Fund, storm drain fees, gas taxes and TransNet funds, the one-cent TOT revenue transfer from the Transient Occupancy Tax Fund, and the backfill of the tobacco securitized revenue. This revenue source represents 8.4 percent of the City's General Fund FY 2018 Adopted Budget.

Table 2.17 displays the FY 2018 Adopted Budget and the forecast for FY 2019 through FY 2023 for revenue from Transfers In.

Table 2.17 - Transfers In Five-Year Forecast (\$ in Millions)						
	FY 2018 Adopted	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Growth Rate		0.0%	0.0%	0.0%	0.0%	0.0%
Projection	\$ 117.8	\$ 82.2	\$ 83.8	\$ 84.9	\$ 86.6	\$ 88.3

No growth rate is applied to the Transfers In category for the Outlook period; however, the projections are developed from a new baseline that includes removal of \$36.6 million in one-time revenues from the FY 2018 Adopted Budget. The one-time revenues removed from the FY 2018 Adopted Budget include transfers from the Stadium Operations Fund (\$8.5M), Workers Compensation Reserve Fund (\$10.2M), Pension Stabilization Reserve Fund (\$16.0M), Parking Garage Fund (\$1.5M), and the Vessel Replacement Fund (\$0.4M).

Safety sales tax reimbursements to the Police and Fire-Rescue Departments are projected to increase consistent with sales tax revenue, as this revenue is a component of the citywide sales tax rate. Safety sales tax revenue is derived from a half-cent sales tax resulting from the enactment of Proposition 172 in 1994. Annually, a certain amount of safety sales tax revenue is allocated to the Fire and Lifeguard Facilities Fund for the payment of debt obligations associated with Fire and Lifeguard facility

improvements. The remaining revenue is distributed to the General Fund equally between the Police and Fire-Rescue Departments' budgets to support public safety needs.

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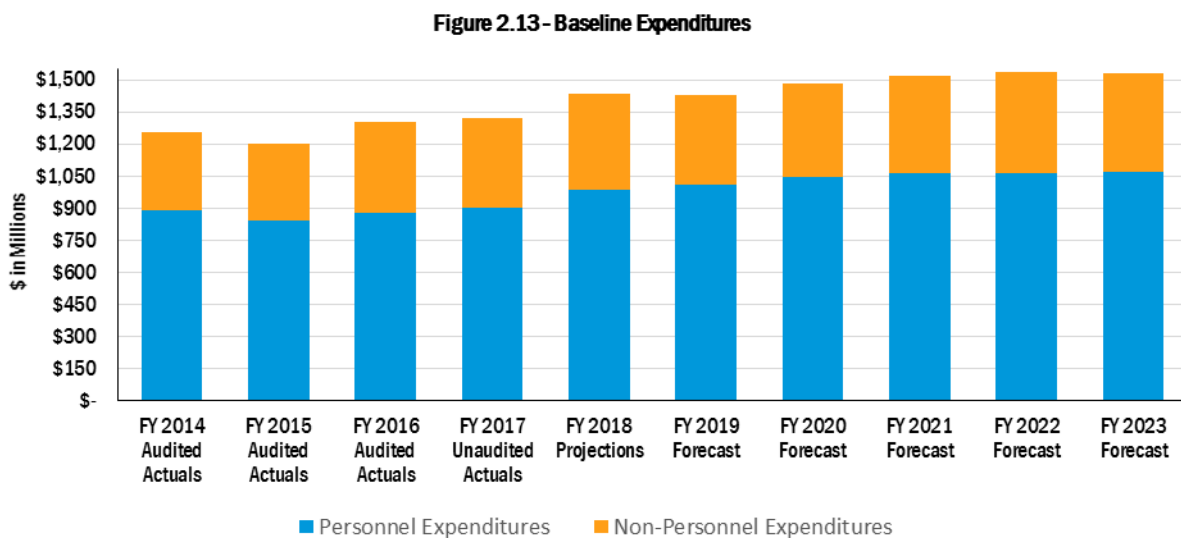
BASELINE EXPENDITURES

General Fund expenditures are comprised of both personnel and non-personnel expenditures including debt service and other non-discretionary payments.

Personnel expenses represent 68.7 percent of the City's General Fund FY 2018 Adopted Budget. This section discusses the following key components of personnel expenses: Salaries and Wages, the cost of multi-year recognized employee organization agreements; the City's pension payment or Actuarially Determined Contribution (ADC); flexible benefits, retiree health or Other Post-Employment Benefits (OPEB); workers' compensation; Supplemental Pension Savings Plan (SPSP); and other fringe benefits. Baseline personnel expenses are projected to increase during the Outlook period, primarily as a result of the inclusion of pensionable and non-pensionable compensation increases resulting from negotiated agreements between the City and its recognized employee labor organizations.

Projections for ongoing non-personnel expenses are also included in the baseline projections and are based on anticipated events and historical trend analysis. Beyond inflationary increases in supplies, contracts, and energy and utilities, the most significant non-personnel expenses are for reserve contributions consistent with the City's Reserve Policy and transfers to the Infrastructure Fund in accordance with Charter Section 77.1.

Figure 2.13 depicts the growth in Baseline Personnel and Non-Personnel Expenditures.



SALARIES AND WAGES

The Salaries and Wages category is the largest General Fund expenditure category and is comprised of regular salaries and wages, special pays, overtime, step increases, and vacation pay in lieu. The FY 2018 Adopted Budget for General Fund salaries and wages was \$547.1 million and included 7,527.43 full-time equivalents (FTE). The following table displays the FY 2018 Adopted Budget and the forecast for FY 2019 through FY 2023 for salaries and wages.

Table 2.18 - Salaries and Wages (\$ in Millions)						
	FY 2018 Adopted	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Projection	\$ 547.1	\$ 549.5	\$ 550.4	\$ 551.1	\$ 551.0	\$ 550.5

Forecast excludes expenses related to agreements with the City's recognized employee organizations which are reflected in the Recognized Employee Organization Agreements section.

Adjustments within the Salaries and Wages category incorporate only those expenditures associated with staff included in the FY 2018 Adopted Budget. Position additions identified for FY 2019-2023 to support critical strategic expenditures are discussed later in this report. One-time adjustments to vacancy savings and overtime totaling \$0.1 million in the FY 2018 Adopted Budget have been removed to establish the baseline for the Salaries and Wages expenditure category.

Step increases included in the Outlook are equal to the average of the amount budgeted for step increases over the past three fiscal years. The amount projected for step increases is anticipated to remain constant, at \$1.8 million annually, throughout the Outlook period.

The Salaries and Wages category also includes an adjustment for annual leave payouts for Deferred Retirement Option Plan (DROP) members, which are projected based on DROP participants' exit dates and projected annual leave balances. While a portion of future leave liability expense will be absorbed in departmental budgets, there are a large number of employees with high leave balances expected to retire over the next several years. The number of DROP participants anticipated to retire and the resulting projected terminal leave payout amounts for FY 2019 through FY 2023 are displayed in the table below.

Table 2.19 - Annual Leave (DROP) (\$ in Millions)					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Projected Number of Retirees	115	149	166	160	148
Projection	\$ 3.2	\$ 4.1	\$ 4.8	\$ 4.8	\$ 4.2

An estimate for the number of DROP participants anticipated to retire in FY 2023 is not yet available as DROP is a five-year program. Therefore, the FY 2023 projected number of retirees and the Terminal Leave (DROP) projection are based on the averages of the FY 2018 through FY 2022.

RECOGNIZED EMPLOYEE ORGANIZATION AGREEMENTS

In FY 2015 and FY 2016, the City and its Recognized Employee Organizations entered into separate Memoranda of Understanding (MOU) as summarized in the section below. These multi-year agreements expire in FY 2020, with the exception of the agreement with the Deputy City Attorneys Association of San Diego (DCAA), which expires in FY 2019. The San Diego Police Officers Association (POA) MOU included a provision to re-open salary negotiations in FY 2018.

POA TENTATIVE AGREEMENT

On October 18, 2017, the City reached a tentative agreement with the San Diego Police Officers Association (POA). Pending City Council ratification in November 2017, this agreement will begin July 1, 2018 and includes the following compensation increases:

- July 1, 2018: 8.3% increase (Includes 3.3% increase in the existing MOU)
- Jan. 1, 2019: 5.0% increase
- July 1, 2019: 3.3% increase (Includes 3.3% increase in the existing MOU)
- July 1, 2019: 5.0% increase for officers with 20 or more years of sworn service in law enforcement
- July 1, 2019: 4.0% increase for all officers in exchange for flexible benefit allotment increases in FY 2020
- Jan. 1, 2020: 5.0% increase

The following table summarizes the projected impact from the tentative agreement. Pension costs are based on a preliminary estimate prepared by San Diego City Employees Retirement System's (SDCERS) actuary on the impact of a 1.0 percent increase in pensionable pay for POA members. The City then used this estimate to project the annual pension payment for the Outlook period based on the salary increases described above. This preliminary estimate could vary from the final actuarial analysis currently being conducted by the SDCERS' actuary, which is expected to be finalized in November 2017.

Table 2.20 - Police Officers Association Tentative Agreement (\$ in Millions)					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Salaries & Wages	\$ 18.1	\$ 44.8	\$ 50.3	\$ 50.3	\$ 50.3
Flexible Benefits	\$ 11.3	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)
Pension Costs (ADC)	\$ -	\$ 6.4	\$ 15.9	\$ 15.9	\$ 15.9
Total	\$ 29.3	\$ 51.2	\$ 66.2	\$ 66.2	\$ 66.2

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EXISTING RECOGNIZED EMPLOYEE ORGANIZATION AGREEMENTS

Table 2.21 - Multi-Year Employee Organization Agreements					
	San Diego Municipal Employees Association (MEA)	San Diego City Firefighters, I.A.F.F. Local 145 (Local 145)	American Federation of State, County and Municipal Employees, AFL-CIO (Local 127)	Deputy City Attorneys Association of San Diego (DCAA)	California Teamsters Local 911 (Local 911)
Agreement Date	July 1, 2016	July 1, 2016	July 1, 2016	July 1, 2016	July 1, 2016
Agreement Period	FY 2017 - FY 2020	FY 2017 - FY 2020	FY 2017 - FY 2020	FY 2017 - FY 2019	FY 2017 - FY 2020
Resolution	R-310513	R-310508	R-310513	R-310511	R-310512

The specific terms of these agreements vary by Recognized Employee Organization and include increases to salary and flexible benefits. Adjustments are included for pensionable compensation increases in FY 2019 and 2020 totaling \$11.0 million and \$21.8 million, respectively. The table below summarizes the total increase in costs associated with the Recognized Employee Organization agreements.

Table 2.22 - Five-Year Employee Recognized Organization Agreements & Unclassified Employee Contracts (\$ in Millions)						
	FY 2018 Adopted Budget FTE	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
DCAA	151.06	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0
Local 127	1,011.32	1.5	3.0	3.0	3.0	3.0
Local 145	929.00	0.3	2.6	2.6	2.6	2.6
Teamsters 911	165.51	0.7	1.0	1.0	1.0	1.0
MEA	2,663.52	5.6	10.4	10.4	10.4	10.4
Unrepresented	573.67	1.9	3.7	3.7	3.7	3.7
Total	5,494.08	\$ 11.0	\$ 21.8	\$ 21.8	\$ 21.8	\$ 21.8

Renegotiations for successor memoranda of understanding with the City's Recognized Employee Organizations may impact the City's expenditure projections following FY 2020.

RETIREMENT ACTUARIALLY DETERMINED CONTRIBUTION (ADC)

The pension payment or Actuarially Determined Contribution (ADC) paid by the City in on July 1, 2017 for FY 2018 was based on the SDCERS Actuarial Valuation Report prepared by the system actuary, Cheiron, as of June 30, 2016.

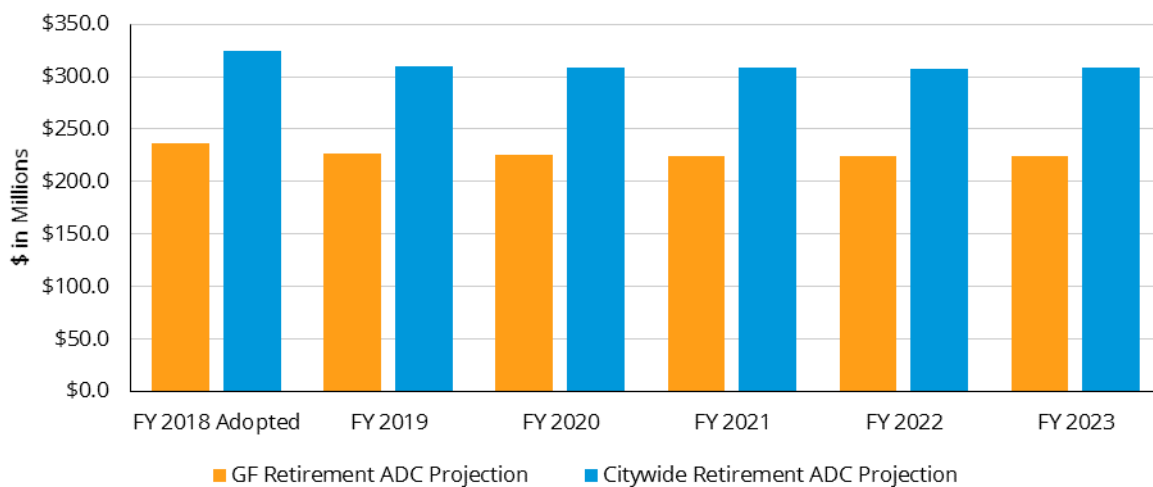
The City's FY 2018 ADC payment was \$324.5 million, with \$236.4 million allocated to the General Fund. Based on current estimates, the ADC for FY 2019 is projected to be \$312.3 million, a decrease of \$12.2 million or 3.8 percent. The General Fund allocation is expected to be \$227.5 million or 72.9 percent of the City's total ADC, representing a decrease of \$8.9 million to the General Fund. The final amount of the City's FY 2019 ADC payment will not be known until the June 30, 2017 actuarial valuation report is released, which is expected to be presented to the SDCERS Board of Administration in January 2018.

The FY 2019 Adopted Budget will include the full ADC amount determined by the actuary in the 2017 valuation report.

The following table displays both the Citywide ADC and the General Fund's proportionate share for FY 2019 through FY 2023. Table 2.23 incorporates preliminary projections of the ADC from the SDCERS actuary.

Table 2.23 - ADC Pension Payment (\$ in Millions)							
	FY 2018 Adopted	FY 18 GF % of Citywide	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
GF ADC Estimate	\$ 236.4	72.9%	\$ 227.5	\$ 232.9	\$ 232.5	\$ 232.4	\$ 232.4
Citywide ADC Estimate	\$ 324.5		\$ 312.3	\$ 319.7	\$ 319.2	\$ 319.0	\$ 319.0

Figure 2.14 - Retirement ADC



ADC ASSUMPTIONS

On September 8, 2017, the SDCERS Board of Administration (Board) approved changes to actuarial assumptions, including the lowering of actuarially assumed investment earnings on an incremental basis over the next two valuation reports and a smoothing of future pension payments. SDCERS provided the City with updated estimates based on the actuarial assumptions, data, and methods that were used in the preparation of the Actuarial Valuation Report as of June 30, 2016 with specific changes to certain assumptions and methods as described below:

- Investment earnings of 12.0 percent for FY 2017, followed by 6.64 percent returns thereafter.
- An actuarially assumed rate of return of 6.75 percent for FY 2017, followed thereafter by actuarially assumed returns of 6.5 percent.
- A smoothing of future payments requiring notably higher City contributions in 2029 to 2033; the smoothing or revised amortization of unfunded liabilities was designed to achieve a more consistent and level cash flow into the pension system,

It is important to note that the City generally relies on the most recently completed actuarial valuation for development of the Outlook. However, due to significant changes in assumptions as described above, we have included these most recent estimates prepared by SDCERS' actuary in September

2017. This information was developed for SDCERS' use, to better understand how expected returns will affect future payments.

Additionally, the 12.0 percent rate of return assumed for FY 2017 is an estimate and does not represent the final actual rate of return. The actual rate of return for FY2017 is 13.5 percent. Moreover, the actuary does not normally model "expected returns" from the investment consultant; rather, the actuarial valuation uses assumed investment rates of return (6.75 percent for FY 2019 and 6.5 percent for each fiscal year thereafter). Because SDCERS expected returns of 6.64 percent are slightly higher than the assumed returns of 6.5 percent for FY 2019 and beyond, there are slight investment gains incorporated into these figures that serve to lower the City's estimated pension payments.

An economic recession, based on historical averages (approximately every five years), could occur during the Outlook period. The pension payment estimates assume 6.64 percent earnings for all years beginning in FY 2018, whereas it is likely that actual earnings will be lower than assumed should a market correction take place in the near term. Therefore, the actual pension payments may be higher than what is reflected in the Outlook period.

Updated information will be available in January 2018 once the actuary has completed the June 30, 2017 valuation. The 2017 valuation will incorporate the new assumptions described above and the actual rate of return for FY 2017. At that point, SDCERS will know the results of actual experience for all actuarial assumptions, including increased actual and projected wage increases, in addition to differences that may result from using data from FY 2016, as was used in this most recent estimate; new 2017 member census data will be the basis for the June 30, 2017 valuation.

EMPLOYEE FLEXIBLE BENEFITS

The City offers flexible benefits to all eligible employees under an Internal Revenue Service (IRS) qualified benefits program (Flexible Benefits Plan). The Flexible Benefits Plan allows employees in one-half, three-quarter, or full-time status to choose benefit plans tailored to the employee's individual needs. The City provides each eligible employee an individual credit amount on a biweekly basis for use in various options offered within the Flexible Benefits Plan. The credit each employee receives varies by employee association, standard working hours, years of service and other factors.

Flexible benefits include optional and required benefits, such as medical, dental, vision, and basic life insurance plans. For the FY 2018 Adopted Budget, \$96.6 million was budgeted in flexible benefits. The following table displays the projection for flexible benefits for FY 2019 through FY 2023.

Table 2.24 - Flexible Benefits (\$ in Millions)						
	FY 2018 Adopted	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Projection	\$ 96.6	\$ 82.8	\$ 82.8	\$ 82.8	\$ 82.8	\$ 82.8

Forecast excludes expenses related to the City's MOU with POA which are reflected in the Recognized Employee Organization Agreements section

Individual flexible benefit costs vary by each employee's benefits selection and the total flexible benefit cost varies by the total number of employees. As a result, the Flexible Benefits projection is held constant throughout the Outlook period since position additions are not included as part of the baseline projections. Rather, they are reflected within the Critical Strategic Expenditures section of

this report. Changes in Flexible Benefit costs related to the Recognized Employee Organizations agreements are discussed in that section of the Outlook. Flexible benefits related to the tentative POA MOU were removed from this section for FY 2019-2023, as they are accounted for in POA Tentative Agreement section above.

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Other Post-Employment Benefits (OPEB) represent the cost of retiree healthcare. The Retiree Health or Other Post-Employment Benefits (OPEB) Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2016 was approximately \$537.8 million and the annual required contribution was determined to be \$48.8 million.

In FY 2012, the City entered into a 15-year memorandum of understanding with each of the Recognized Employee Organizations regarding reforms to the retiree healthcare benefit for health-eligible employees (Healthcare MOU). The Healthcare MOU sets the City's OPEB contribution at \$57.8 million for FY 2013 through FY 2015, with annual increases of up to 2.5 percent based on actuarial valuations. Beginning in FY 2015, the terms of the Healthcare MOU may be renegotiated. The following table displays both the Citywide OPEB projection and the General Fund's proportionate share for FY 2019 through FY 2023.

Table 2.25 - Other Post Employment Benefits (OPEB) (\$ in Millions)							
	FY 2018 Adopted	FY 18 GF % of Citywide	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Growth Rate		65.7%	2.5%	2.5%	2.5%	2.5%	2.5%
GF OPEB Projection	\$ 40.9		\$ 41.9	\$ 43.0	\$ 44.0	\$ 45.1	\$ 46.3
Citywide OPEB Projection	\$ 62.2		\$ 63.8	\$ 65.4	\$ 67.0	\$ 68.7	\$ 70.4

The FY 2018 Adopted Budget included \$40.9 million for the General Fund portion of OPEB. The General Fund portion is determined by the percentage of FTE positions budgeted within the General Fund versus non-general funds. The General Fund's proportionate share of the OPEB payment is projected to increase by 2.5 percent annually for FY 2019 through FY 2023.

WORKERS' COMPENSATION

State workers' compensation laws ensure that employees who are injured or disabled on the job are provided with monetary compensation. These laws are intended to reduce litigation and to provide benefits for workers (and dependents) who suffer work-related injuries or illnesses. State workers' compensation statutes establish the framework of laws for the City.

The City's Workers' Compensation expenses are comprised of two components. Operating expenses are the first component, which cover the costs of current medical expenses and claims. The second component covers contributions to the Workers' Compensation Reserve. The following table displays the General Fund's projected share of Workers' Compensation expenses for FY 2019 through FY 2023.

Table 2.26 - Workers' Compensation (\$ in Millions)						
	FY 2018 Adopted	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Operating	\$ 22.4	\$ 23.2	\$ 25.8	\$ 28.6	\$ 29.6	\$ 30.5
Reserves	-	\$ 1.4	\$ 0.9	\$ 0.8	\$ 0.9	\$ 0.9
Total	\$ 22.4	\$ 24.6	\$ 26.7	\$ 29.5	\$ 30.4	\$ 31.4

The projections for operating expenses are based on actual prior year experience and forecasted to increase by 3.2 percent annually based on the Consumer Price Index for Medical Care. Additional information on the Workers' Compensation Reserve can be found in the Reserve Contributions section of this report.

SUPPLEMENTAL PENSION SAVINGS PLAN (SPSP)

In January 1982, the City established the Supplemental Pension Savings Plan (SPSP), a defined contribution plan. This benefit provides a way for eligible employees to supplement retirement income, with employee contributions matched by the City. Employee eligibility for SPSP is determined by hire date and labor organization. Employees hired between July 1, 2009 and July 20, 2012 are not eligible for entry into SPSP but rather were placed in 401(a) and retiree medical trust plans. Employees other than sworn police officers hired after July 20, 2012, the effective date of Proposition B, are placed in the SPSP-H Plan, which is being used as an interim defined contribution retirement plan for benefited employees. Eligible new hires who are non-safety employees are required to contribute 9.2 percent of compensation to the plan, which is matched by a 9.2 percent employer contribution. For safety employees, the mandatory employee and matching employer contribution is 11.0 percent of compensation. The following table displays the projection for SPSP for FY 2019 through FY 2023.

Table 2.27 - Supplemental Pension Savings Plan (SPSP) (\$ in Millions)						
	FY 2018 Adopted	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Projection	\$ 18.5	\$ 18.9	\$ 19.3	\$ 19.4	\$ 19.4	\$ 19.3

SPSP is a fringe benefit that is projected based on a percentage of employees' salaries. In the FY 2018 Adopted Budget, SPSP was approximately 3.4 percent of General Fund salaries. For the Outlook period, SPSP as a percentage of salaries is projected to remain consistent at 3.4 percent since the baseline for salaries does not project additional new employees. New employee costs including fringe are included in Critical Strategic Expenditures. A minor increase from the FY 2018 Adopted Budget to the FY 2019 through FY 2023 projections is a result of anticipated salary step increases, which are included within the Salaries and Wages category. Additionally, this projection is based on the number of employees that were enrolled in the SPSP-H Plan during the development of the FY 2018 Adopted Budget. All position additions included in the Critical Strategic Expenditures section of this report are based on the assumption that new employees are hired post Proposition B.

OTHER FRINGE BENEFITS

The Other Fringe Benefits category is comprised of Long-Term Disability, Medicare, Retiree Medical Trust, 401(a) contributions, Retirement DROP contributions, Employee Offset Savings, Risk

Management Administration, and Unemployment Insurance expenditures. The following table displays the projection for Other Fringe Benefits for FY 2019 through FY 2023.

Table 2.28 - Other Fringe Benefits (\$ in Millions)						
	FY 2018 Adopted	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Projection	\$ 23.6	\$ 25.9	\$ 26.3	\$ 26.4	\$ 26.4	\$ 26.3

Other Fringe Benefits are projected based on a percentage of employees' salaries. In the FY 2018 Adopted Budget, Other Fringe Benefits were approximately 4.3 percent of General Fund salaries. For the Outlook period, Other Fringe Benefits as a percentage of salaries are projected to remain consistent at 4.3 percent. Minor increases during the Outlook period are a result of anticipated salary step increases and salary annual leave payouts included within the Salaries and Wages category.

The City is negotiating a Long-term Death and Disability benefit plan for employees hired on or after July 20, 2012 with the Recognized Employee Organizations. This plan is anticipated to provide disability benefits for employees not eligible for membership in SDCERS due to Proposition B.

Additionally, the Long-term Disability Reserve and Public Liability Reserve are discussed in detail in the Reserves Contribution section of this report.

SUPPLIES

The Supplies category includes costs for office supplies, books, tools, uniforms, safety supplies, and building and electrical materials. The following table displays the FY 2019 through FY 2023 projections for the Supplies category.

Table 2.29 - Supplies (\$ in millions)						
	FY 2018 Adopted	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Growth Rate		5.1%	5.1%	5.1%	5.1%	5.1%
Projection	\$ 34.7	\$ 31.2	\$ 32.8	\$ 34.4	\$ 36.2	\$ 38.1

The FY 2018 Adopted Budget includes \$5.1 million in one-time expenditures for recruitment and retention of police officers and costs associated with the purchase of self-contained breathing apparatus in the Fire-Rescue Department. These one-time expenditures have been removed from the FY 2019 through FY 2023 baseline projections. Additionally, a 5.1 percent increase has been applied for FY 2019 through FY 2023 based on historical average increases in the Supplies category over the past several years.

CONTRACTS

Contracts are a non-personnel expense category that includes the cost of professional consultant fees, insurance, refuse disposal fees, fleet vehicle usage and assignment fees, rental expenses, and other contractual expenses. The following table displays the FY 2019 through FY 2023 projections for the Contracts category.

Table 2.30 - Contracts (\$ in Millions)						
	FY 2018 Adopted	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Growth Rate		3.5%	3.5%	3.5%	3.5%	3.5%
Projection	\$ 244.6	\$ 236.9	\$ 242.4	\$ 248.3	\$ 254.5	\$ 261.5

The annual growth rate of 3.5 percent is based on a historical analysis, and other adjustments made on known and anticipated events. The FY 2018 Adopted Budget included \$17.0 million in one-time expenditures within the Contracts category. The following summarizes the one-time expenditures that have been removed from the FY 2019 through FY 2023 baseline projections:

- \$5.0 million for special election costs for the transient occupancy tax ballot initiative
- \$4.4 million for relocation and additional rent costs during construction in order to move staff into the 101 Ash Street building
- \$1.1 million to fund the San Diego Housing Commission's homeless prevention and diversion programs
- \$0.9 million for tree trimming services
- \$0.8 million for the littering and graffiti abatement pilot program
- \$0.8 million for community projects, programs, and services (CPPS)
- \$0.5 million associated with police recruitment and retention study
- Funding for miscellaneous contractual services, including City Attorney office funding, sexual assault kit testing, facility improvements, tree planting, code enforcement abatement, transit priority area parking standards, workforce housing density program, and Horton Plaza security support

Additionally, for FY 2019 through FY 2023, Contracts expense projections were adjusted to include the relocation costs to move staff into 101 Ash Street per the current schedule, general election costs in FY 2019 and FY 2021, and City Council redistricting after the 2020 census.

INFORMATION TECHNOLOGY

The Information Technology category includes both discretionary expenses and non-discretionary allocations to General Fund departments. The Information Technology category includes the costs related to hardware and software maintenance, help desk support, and other information technology (IT) services. The following table displays the FY 2019 through FY 2023 projections for the Information Technology category.

Table 2.31 - Information Technology (\$ in Millions)						
	FY 2018 Adopted	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Growth Rate		2.0%	2.0%	2.0%	2.0%	2.0%
Projection	\$ 31.8	\$ 34.5	\$ 33.8	\$ 34.7	\$ 35.6	\$ 36.5

The projections include estimates of IT costs related to desktop support, networks, data-centers, and applications for FY 2019 through FY 2023, and all other base IT costs are inflated by the California Consumer Price Index. An adjustment to the FY 2018 Adopted Budget for one-time fixed costs for

transition of IT network and desktop services as well as discretionary expenditures totaling \$4.2 million serves as the baseline for this category.

ENERGY AND UTILITIES

The Energy and Utilities category includes the General Fund's costs for electricity, fuel, and other utility and energy expenses. The following table displays the FY 2019 through FY 2023 projections for the Energy and Utilities category.

Table 2.32 - Energy and Utilities (\$ in Millions)						
	FY 2018 Adopted	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Growth Rate		4.9%	4.6%	3.8%	4.7%	3.3%
Projection	\$ 43.4	\$ 45.5	\$ 47.6	\$ 49.4	\$ 51.7	\$ 53.5

The Energy and Utilities category includes various costs. Each cost component has a different applicable rate. Growth rates for each category are based the Annual Energy Outlook 2017 report prepared by the U.S. Energy Information Administration. Fuel growth rates range from 2.8 percent to 11.7 percent depending on the year and the type of fuel. Electrical growth rates range from 2.7 percent to 5.4 percent.

Water rates, on the other hand, are determined by the Public Utilities Department. In FY 2016, City Council approved adjustments to increase the water rate by 6.9 percent in FY 2017, 6.9 percent in FY 2018, 5.0 percent in FY 2019 and 7.0 percent in FY 2020. As a result, the growth rate for the Energy and Utilities category represents a weighted growth rate that was calculated after applying the corresponding growth rate for each component.

RESERVE CONTRIBUTIONS

The City's Reserve Fund Policy requires that reserve funds are maintained at certain levels. The City's Reserves include the General Fund Reserve (Emergency Reserve and Stability Reserve), Pension Payment Stabilization Reserve, Public Liability Fund Reserve, Long-Term Disability Fund Reserve, and Workers' Compensation Fund Reserve. The City also maintains other reserves for various enterprise funds which are not included in this report.

Table 2.33 details the FY 2018 projected reserve balance in the funds, the percentage targets, and contribution forecasted to maintain the City's reserve funds.

Table 2.33 - Reserve Target Levels						
	FY 2018 Proj.	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
General Fund Target (%)	15.00%	15.25%	15.50%	15.75%	16.00%	16.25%
General Fund Reserve Level (\$)	\$ 181.3	\$ 191.7	\$ 201.8	\$ 212.3	\$ 225.1	\$ 237.7
General Fund Contribution Amount ¹	\$ 10.3	\$ 0.1	\$ 10.0	\$ 10.6	\$ 12.7	\$ 12.7
Pension Stability Target (%)	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Pension Stability Reserve Target (\$)	\$ -	\$ 23.9	\$ 25.5	\$ 25.4	\$ 25.5	\$ 25.5
Pension Stability Reserve Level Projection (\$)	\$ -	\$ 4.8	\$ 10.2	\$ 15.2	\$ 20.4	\$ 25.5
Pension Stability Contribution Amount	\$ -	\$ 4.8	\$ 5.4	\$ 5.0	\$ 5.2	\$ 5.1
Pension Stability Contribution Amount (GF)	\$ -	\$ 3.5	\$ 3.9	\$ 3.7	\$ 3.8	\$ 3.7
Public Liability Target (%)	47.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Public Liability Reserve Level Goal (\$)	\$ 32.6	\$ 34.7	\$ 34.7	\$ 34.7	\$ 34.7	\$ 34.7
Public Liability Reserve Level Projection (\$)	\$ 36.7	\$ 36.7	\$ 36.7	\$ 36.7	\$ 36.7	\$ 36.7
Public Liability Contribution Amount		-	-	-	-	-
Long-Term Disability Fund Target (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Long-Term Disability Fund Reserve Target(\$)	\$ 5.5	\$ 5.5	\$ 5.5	\$ 5.5	\$ 5.5	\$ 5.5
Long-Term Disability Fund Reserve Level Projection (\$)	\$ 15.8	\$ 15.8	\$ 15.8	\$ 15.8	\$ 15.8	\$ 15.8
Long-Term Disability Contribution Amount	-	-	-	-	-	-
Workers' Compensation Target (%)	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Workers' Compensation Reserve Target (\$)	\$ 30.0	\$ 31.7	\$ 32.8	\$ 33.9	\$ 35.0	\$ 36.1
Workers' Compensation Reserve Level Projection (\$)	\$ 37.0	\$ 34.1	\$ 32.8	\$ 33.9	\$ 35.0	\$ 36.1
Workers' Compensation Contribution Amount	\$ -	\$ 1.8	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1
Workers' Compensation Contribution Amount (GF)	\$ -	\$ 1.4	\$ 0.9	\$ 0.8	\$ 0.9	\$ 0.9

¹ The FY 2018 Adopted Budget included \$ 10.3 million to prefund the FY 2019 General Fund Reserve contribution

The FY 2019 General Fund Reserve target is 15.25 percent or \$191.7 million. The increase from the FY 2018 target is \$10.4 million. However, the FY 2018 Adopted Budget included \$10.3 million to prefund the FY 2019 contribution amount; therefore, only the difference of \$0.1 million is included in the forecast for FY 2019.

The FY 2018 Adopted Budget included full utilization of the Pension Payment Stabilization Reserve to minimize the impact from the significant increase in the City's ADC pension payment. Per the City's Reserve Policy, use of the reserve requires the Mayor to prepare a plan to replenish the balance to policy levels. The forecast for Reserve Contributions includes a plan to replenish the reserve on an incremental basis to achieve target by FY 2023.

Public Liability Reserve exceeds its target level of 50.0 percent of outstanding claims and no additional contributions are anticipated in the Outlook period.

The Long-Term Disability Fund exceeds its target level of 100 percent of outstanding claims. As discussed in the Other Fringe Benefits section of this report, the City is developing a long-term death and disability benefit plan for employees hired on or after July 20, 2012. The use of excess reserves in the Long-Term Disability Fund is a potential source to fund the death and disability plan. No additional contributions to the Long-Term Disability Fund are anticipated in the Outlook period.

City Council approved amending the Workers' Compensation Reserve target from 25.0 percent to 12.0 percent of the three-year average of outstanding actuarial liabilities in February 2016. As a result of this amendment, the Workers' Compensation Reserve exceeds its target level. The FY 2018 Adopted

Budget included both the use of a portion of these funds for one-time contributions to General Fund Reserves, and a plan to offset workers' compensation operating expenses for multiple fiscal years. Only the General Fund contributions due to changes in the three-year average of outstanding actuarial liabilities are included in the forecast.

OTHER EXPENDITURES

Expenses included in this category are debt service payments, transfers out to other funds, capital expenses, and other miscellaneous expenditures. The following table displays the FY 2019 through FY 2023 projections for the Other Expenditures Category.

Table 2.34 - Other Expenditures (\$ in Millions)						
	FY 2018 Adopted	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Growth Rate		0.0%	0.0%	0.0%	0.0%	0.0%
Projection	\$ 76.1	\$ 51.9	\$ 53.0	\$ 53.3	\$ 55.3	\$ 55.3

The one-time expenditures included in the FY 2018 Adopted Budget are detailed below:

- \$17.4 million transfer to General Fund Reserve to meet the FY 2018 and FY 2019 target levels
- \$4.2 million transfer related to the Commission for Arts and Culture allocation
- \$3.1 million transfer to the Public Liability Reserve

CHARTER SECTION 77.1 – INFRASTRUCTURE FUND

In accordance with a recent amendment to the City Charter, passed assed by the voters on June 7, 2016, the City is required to place certain unrestricted General Fund revenues into an Infrastructure Fund to be used for new infrastructure costs, including financing costs, related to General Fund capital improvements such as streets, sidewalks and buildings, and the maintenance and repair of such improvements.

The deposits to the Infrastructure Fund are calculated based upon the following:

- Major revenue increment – amount equal to 50.0 percent of the year over year growth in property tax revenues, unrestricted General Fund TOT, and unrestricted franchise fees (FY 2018 through FY 2022 only)
- Sales tax increment – an amount equal to the annual change in sales tax revenue when compared to the sales tax baseline (FY 2016) as inflated by the lessor of CCPI or 2.0 percent
- General Fund Pension Cost Reduction – any amount if pension costs for any fiscal year that are less than the base year (FY 2016)

Table 2.35 shows the forecasted Infrastructure Fund deposits for the Outlook period.

Table 2.35 - Infrastructure Deposits (\$ in Millions)						
	FY 2018 Adopted	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Projection	\$ 17.8	\$ 16.9	\$ 17.7	\$ 20.7	\$ 19.2	\$ -

The portion of the deposit calculation from major revenue increment is only in effect for five years (FY 2018 through FY 2022). Commencing in FY 2023, no deposits are forecasted since there is no sales tax increment or General Fund pension cost savings projected.

Eligible infrastructure expenses are defined to include costs incurred in the acquisition of real property; the construction, reconstruction, rehabilitation, and repair and maintenance of infrastructure; including all costs associated with financing such expenses. The Outlook does not designate the specific uses of these funds. The FY 2019 Proposed Budget presented by the Mayor will include the programs, projects, and services to be budgeted with infrastructure funds to comply with Charter Section 77.1.

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CRITICAL STRATEGIC EXPENDITURES

The Outlook identifies future potential critical needs for the City that are supported by the General Fund. Such critical needs encompass a number of issues such as critical operational funding, State and Federal mandates, legal obligations, and new facilities.

As noted previously, the Outlook is not a budget. The Outlook is a planning tool to assist in budget decisions and the allocation of General Fund resources required to meet the City's strategic goals that are critical to core services. The purpose of this section is the identification of future known needs and the estimated fiscal impact as currently assumed.

TOTAL CRITICAL STRATEGIC EXPENDITURES

	FTE/Rev/Exp	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Total Critical Strategic Expenditures	Dept. Total FTE	55.91	124.91	172.04	199.13	204.89
	Dept. Total Expense	12,507,992	25,533,349	42,535,055	58,558,392	68,260,721
	Dept. Total Revenue	36,800	564,376	1,077,132	1,080,082	1,083,237

The table above summarizes the total critical strategic expenditures including costs associated with the mitigation of Hepatitis A, homelessness initiatives, staffing for new facilities and departmental critical strategic expenditures as described below. It should be noted that department expenditures that were identified as budgetary requests or capital improvement projects are not included in the Outlook. Capital improvement projects will be addressed in the FY 2019-2023 Five-Year Capital Infrastructure Planning Outlook to be released in January 2018.

CITY CLERK

Request	FTE/Rev/Exp	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Replace and Maintain Electronic Voting System & AV Equipment	FTE	-	-	-	-	-
	Expense	-	505,000	5,000	5,000	5,000
	Revenue	-	-	-	-	-
	Dept. Total FTE	-	-	-	-	-
	Dept. Total Expense	-	505,000	5,000	5,000	5,000
	Dept. Total Revenue	-	-	-	-	-

The Outlook for the City Clerk's Department supports the City's Strategic Plan to ensure equipment and technology are in place that allows employees to achieve high quality public service. Funding needs have been identified for one-time costs to replace the twelve year old voting system and audio visual equipment in the City Council chambers. Ongoing maintenance costs for the new system are also identified.

CHIEF OPERATING OFFICER

Request	FTE/Rev/Exp	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Deputy Chief Operating Officer - Special Projects	FTE	1.00	1.00	1.00	1.00	1.00
	Expense	310,050	316,536	316,536	316,536	316,536
	Revenue	-	-	-	-	-
	Dept. Total FTE	1.00	1.00	1.00	1.00	1.00
	Dept. Total Expense	310,050	316,536	316,536	316,536	316,536
	Dept. Total Revenue	-	-	-	-	-

The Outlook for the Chief Operating Officer's Department includes the new Deputy Chief Operating Officer for Special Projects that was added during FY 2018. This position is primarily responsible for large public project coordination and other high priority issues.

CITY TREASURER

Request	FTE/Rev/Exp	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Cannabis Business Tax Administration	FTE	4.00	4.00	4.00	4.00	4.00
	Expense	275,773	284,829	284,829	284,829	284,829
	Revenue	-	-	-	-	-
	Dept. Total FTE	4.00	4.00	4.00	4.00	4.00
	Dept. Total Expense	275,773	284,829	284,829	284,829	284,829
	Dept. Total Revenue	-	-	-	-	-

The Outlook for the City's Treasurer identifies funding for the administration of the Cannabis Business Tax. Upon passage of Measure N to establish a cannabis business tax on non-medical cannabis businesses in November 2016, a gross receipts tax on non-medical cannabis businesses becomes effective on January 1, 2018. The City Treasurer is responsible for administering the business tax program including responding to public questions, ensuring gross receipts returns are completed accurately and monies are deposited timely. The FY 2018 Adopted Budget included \$250,000 to support administration of the Cannabis Business Tax program. This amount represents the incremental increase above baseline.

CITYWIDE PROGRAM EXPENDITURES

Request	FTE/Rev/Exp	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Citywide Debt Service	FTE	-	-	-	-	-
	Expense	20,000	600,000	3,990,000	10,200,000	12,400,000
	Revenue	-	-	-	-	-
	Dept. Total FTE	-	-	-	-	-
	Dept. Total Expense	20,000	600,000	3,990,000	10,200,000	12,400,000
	Dept. Total Revenue	-	-	-	-	-

The Outlook for Citywide Program identifies \$270 million in financing proceeds to continue to fund the City's ongoing General Fund supported capital improvements program in FY 2019 through FY 2023. Commercial paper note issuance, a short-term financing mechanism, will allow for just-in-time, lower cost borrowing based on short-term interest rates instead of issuing a large long-term bond upfront. An estimated \$75 million commercial paper program is anticipated to be approved by City Council in the second half of FY 2018 to provide as-needed financing proceeds for project spending through FY 2021.

The borrowing amounts and debt service cost projections above assumes a long-term bond issuance in FY 2021 of \$172.5 million to pay down/refund the commercial paper notes of \$75 million and provide new money proceeds in the amount of \$97.5 million. A subsequent new money long-term bond issuance of \$97.5 million is projected in FY 2023. The timing of each of these bond issuances and a cost effective financing mechanism (commercial paper or long-term bonds) will be further evaluated based on cash needs and market conditions.

ENVIRONMENTAL SERVICES

Request	FTE/Rev/Exp	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Elimination of Tipping Fee	FTE	-	-	-	-	-
Discount	Expense	-	300,000	600,000	600,000	600,000
	Revenue	-	-	-	-	-
	Dept. Total FTE	-	-	-	-	-
	Dept. Total Expense	-	300,000	600,000	600,000	600,000
	Dept. Total Revenue	-	-	-	-	-

The Outlook for the City's Environmental Services Department identifies increased costs to comply with approved policies that eliminated General Fund tipping fee discounts at the Miramar Landfill.

FIRE-RESCUE

Request	FTE/Rev/Exp	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Fire Dispatcher Staffing	FTE	8.00	8.00	8.00	8.00	8.00
	Expense	658,875	675,676	675,676	675,676	675,676
	Revenue	-	-	-	-	-
Replace one Fire-Rescue Helicopter	FTE	-	-	-	-	-
	Expense	1,700,000	2,300,000	2,300,000	2,300,000	2,300,000
	Revenue	-	-	-	-	-
Peak Hour Engines	FTE	-	24.00	48.00	48.00	48.00
	Expense	-	3,157,952	6,328,115	6,328,115	6,328,115
	Revenue	-	-	-	-	-
Fire Stations (North University City, Black Mountain Ranch, and UCSD)	FTE	-	12.00	24.00	36.00	36.00
	Expense	925,000	1,759,333	4,443,666	5,277,999	5,277,999
	Revenue	-	-	-	-	-
	Dept. Total FTE	8.00	44.00	80.00	92.00	92.00
	Dept. Total Expense	3,283,875	7,892,962	13,747,457	14,581,790	14,581,790
	Dept. Total Revenue	-	-	-	-	-

The Outlook for the City's Fire-Rescue Department supports the City's Strategic Plan to foster safe and livable neighborhoods through timely and effective response in all communities. The table above shows the addition of eight fire dispatchers to meet a 12-person constant staffing model in the Emergency Command and Data Center as implemented in FY 2018, replacement of one helicopter, institution of peak hour engines and the addition of three new fire stations.

The Fire-Rescue Department has identified gaps in service due to planned trainings or peak periods of traffic congestion and intends to fill these gaps by phasing-in six Citygate recommended peak hour engine (PHE) companies over two years (three PHE per fiscal year). This will significantly improve response time performance citywide without having to build new fire stations that are not already in some form of design or construction. The PHE would be in operation 12 hours per day, seven days per week.

The operational expenses for three fully funded fire stations are projected after construction is completed as follows:

- FY 2020 – North University City Fire Station
- FY 2021 – Black Mountain Fire Station
- FY 2022 – UCSD Fire Station

FLEET OPERATIONS

Request	FTE/Rev/Exp	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Fleet Non-Discretionary	FTE	-	-	-	-	-
Assignment Fees	Expense	-	4,609,202	9,218,403	16,218,403	23,218,403
	Revenue	-	-	-	-	-
	Dept. Total FTE	-	-	-	-	-
	Dept. Total Expense	-	4,609,202	9,218,403	16,218,403	23,218,403
	Dept. Total Revenue	-	-	-	-	-

The Outlook for the City's Fleet Operations Department supports the City's Strategic Plan and meets greenhouse gas emissions reduction goals identified in the Climate Action Plan. The table above identifies increased costs related to the General Fund portion of vehicle assignment fees. These fees are transferred to the Fleet Operations Replacement Fund for planned replacement of the City's fleet. Potential replacements include critical pieces of the fleet, including police vehicles, fire trucks, street sweepers and trash trucks.

HEPATITIS A RESPONSE

Request	FTE/Rev/Exp	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Hepatitis A Response	FTE	-	-	-	-	-
	Expense	1,966,668	-	-	-	-
	Revenue	-	-	-	-	-
Sanitation	FTE	-	-	-	-	-
	Expense	699,216	699,216	699,216	699,216	699,216
	Revenue	-	-	-	-	-
	Dept. Total FTE	-	-	-	-	-
	Dept. Total Expense	2,665,884	699,216	699,216	699,216	699,216
	Dept. Total Revenue	-	-	-	-	-

San Diego County is in the midst of a Hepatitis A outbreak. On August 31, 2017, the County of San Diego (County) Chief Public Health Officer issued a directive to the City, which outlined a number of actions required to respond to the ongoing Hepatitis A outbreak. Subsequently, on September 1, 2017, the County Public Health Officer declared the spread of Hepatitis A in San Diego County a threat to public health and a local health emergency. This declaration was ratified by the County Board of Supervisors on September 6, 2017. In direct response, the City took immediate action to address the public health threat and fully comply with the County directive by providing additional vaccination, sanitation, and education related services.

These Hepatitis A response and sanitation services were not anticipated in the FY 2018 Adopted Budget. The level of effort for and associated funding required in FY 2019 will be finalized during the budget process; however, the amounts identified above are based on the most up-to-date known information at the time the Outlook was prepared. The FY 2018 Mid-Year Budget Monitoring Report will provide an update to the Hepatitis A response.

HOMELESSNESS

Request	FTE/Rev/Exp	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Safe Parking Program	FTE	-	-	-	-	-
	Expense	338,000	169,000	-	-	-
	Revenue	-	-	-	-	-
Dept. Total FTE		-	-	-	-	-
Dept. Total Expense		338,000	169,000	-	-	-
Dept. Total Revenue		-	-	-	-	-

The City's homeless programs are funded through a variety of General Fund and non-General Fund sources, including State and Federal funds and San Diego Housing Commission resources. Highlighted above is one new General Fund contract that has been identified in the Outlook and approved for up to two years beginning in FY 2018. The Mayor will continue to work with the City Council to move forward on new initiatives to address the homelessness crisis.

INFORMATION TECHNOLOGY

Request	FTE/Rev/Exp	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Baseline Adjustments	FTE	-	-	-	-	-
	Expense	(682,825)	(682,825)	(682,825)	(682,825)	(682,825)
	Revenue	-	-	-	-	-
Motorola Public Safety Contract	FTE	-	-	-	-	-
	Expense	478,500	565,500	652,500	1,087,500	1,522,500
	Revenue	-	-	-	-	-
Support of Cyber Security Initiative	FTE	-	-	-	-	-
	Expense	58,177	59,843	59,843	59,843	59,843
	Revenue	-	-	-	-	-
Dept. Total FTE		-	-	-	-	-
Dept. Total Expense		(146,148)	(57,482)	29,518	464,518	899,518
Dept. Total Revenue		-	-	-	-	-

The Outlook for the City's Department of Information Technology supports the City's Strategic Plan through equipment and technology that allow employees to provide high quality public service. The table above identifies the General Fund costs associated with maintaining and improving existing hardware and software managed by the Department of IT.

LIBRARY

Request	FTE/Rev/Exp	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
New Libraries (Mission Hills, San Ysidro, and Pacific Highlands Ranch)	FTE	1.00	3.67	7.92	12.17	12.17
	Expense	142,809	592,684	1,065,989	1,539,295	1,539,295
	Revenue	-	-	-	-	-
Dept. Total FTE		1.00	3.67	7.92	12.17	12.17
Dept. Total Expense		142,809	592,684	1,065,989	1,539,295	1,539,295
Dept. Total Revenue		-	-	-	-	-

The Outlook for the City's Library Department supports the City's Strategic Plan to foster services that improve quality of life in all neighborhoods. The table identifies staffing and operating costs for new facilities opening beginning in FY 2019, which include Mission Hills, San Ysidro, and Pacific Highlands branch libraries.

PARKS AND RECREATION

Request	FTE/Rev/Exp	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
New Facilities	FTE	18.91	39.24	42.12	48.96	54.72
	Expense	2,167,505	3,977,408	4,093,554	4,819,984	5,551,980
	Revenue	-	15,000	15,000	15,000	15,000
MADs Proposition 218 Compliance/General Benefit	FTE	-	-	-	-	-
	Expense	192,861	202,504	212,147	221,790	231,433
	Revenue	-	-	-	-	-
	Dept. Total FTE	18.91	39.24	42.12	48.96	54.72
	Dept. Total Expense	2,360,366	4,179,912	4,305,701	5,041,774	5,783,413
	Dept. Total Revenue	-	15,000	15,000	15,000	15,000

The Outlook for the City's Parks & Recreation Department supports the City's Strategic Plan to improve quality of life in all neighborhoods. The table above identifies the addition of personnel and non-personnel expenditures for the operation and maintenance of 22 new facilities and 32 new play all day joint use facilities. Attachment 3 identifies these facilities. Additionally, the expenses to comply with Proposition 218 for the City's Maintenance Assessment Districts (MADS) are identified.

PERFORMANCE AND ANALYTICS

Request	FTE/Rev/Exp	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
311 Customer Experience (Cx)/ Get It Done - Phase I	FTE	1.00	1.00	1.00	1.00	1.00
	Expense	723,155	735,224	744,446	753,899	763,589
	Revenue	36,800	39,376	42,132	45,082	48,237
	Dept. Total FTE	1.00	1.00	1.00	1.00	1.00
	Dept. Total Expense	723,155	735,224	744,446	753,899	763,589
	Dept. Total Revenue	36,800	39,376	42,132	45,082	48,237

The Outlook for Performance and Analytics supports the City's Strategic Plan to provide high quality public service by promoting a customer-focused culture that prizes consistent, predictable delivery of services. The funding needs identified in the Outlook represents non-capitalizable costs, such as licenses and maintenance that will expand the 311 Customer Experience/Get It Done application for services in additional departments including: City Clerk, Development Services, and Environmental Services. The debt service expense related to capitalizable expenses will be funded from the Capital Outlay Fund.

PLANNING

Request	FTE/Rev/Exp	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Middle Income Density Bonus Program	FTE	-	-	-	-	-
	Expense	250,000	-	-	-	-
	Revenue	-	-	-	-	-
	Dept. Total FTE	-	-	-	-	-
	Dept. Total Expense	250,000	-	-	-	-
	Dept. Total Revenue	-	-	-	-	-

The Outlook for the City's Planning Department supports the City's Strategic Plan for fostering safe and livable neighborhoods. To promote housing for middle income families, the policy development for the Middle Income Density Housing Bonus Program has already begun, and funding need for environmental review (CEQA) has been identified.

POLICE

Request	FTE/Rev/Exp	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Addition of Civilian Positions and Equipment	FTE	13.00	13.00	13.00	13.00	13.00
	Expense	991,432	1,015,365	1,015,365	1,015,365	1,015,365
	Revenue	-	-	-	-	-
Body Worn Cameras and Tasers	FTE	-	-	-	-	-
	Expense	-	393,500	1,301,020	1,301,020	1,301,020
	Revenue	-	-	-	-	-
Dept. Total FTE		13.00	13.00	13.00	13.00	13.00
Dept. Total Expense		991,432	1,408,865	2,316,385	2,316,385	2,316,385
Dept. Total Revenue		-	-	-	-	-

The Outlook for the City's Police Department supports the City's Strategic Plan for fostering safe and livable neighborhoods through the protection of lives, property and the environment through timely and effective response in all communities. The table above identifies the conversion of 13.00 civilian supplemental positions into budgeted positions. Also, funding for new body worn cameras and tasers to replace outdated and/or damaged equipment is identified. Additional expenses related to the tentative agreement with the POA are described in the Baseline Expenditures section of the Outlook.

TRANSPORTATION AND STORM WATER

Request	FTE/Rev/Exp	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Pothole Repair	FTE	-	4.00	4.00	4.00	4.00
	Expense	170,000	250,157	250,157	250,157	250,157
	Revenue	-	-	-	-	-
Pipe Maintenance & Repair	FTE	8.0	8.0	8.0	8.0	8.0
	Expense	765,080	786,016	786,016	786,016	786,016
	Revenue	-	-	-	-	-
Street Sweeping	FTE	1.00	7.00	11.00	15.00	15.00
	Expense	107,716	1,461,228	1,575,400	1,900,573	1,216,573
	Revenue	-	510,000	1,020,000	1,020,000	1,020,000
Slurry Seal Maintenance	FTE	-	-	-	-	-
	Expense	-	-	2,600,000	2,600,000	2,600,000
	Revenue	-	-	-	-	-
Stop Guide	FTE	-	-	-	-	-
	Expense	250,000	-	-	-	-
	Revenue	-	-	-	-	-
Pavement Assessment	FTE	-	-	-	-	-
	Expense	-	800,000	-	-	-
	Revenue	-	-	-	-	-
Dept. Total FTE		9.00	19.00	23.00	27.00	27.00
Dept. Total Expense		1,292,796	3,297,401	5,211,574	5,536,746	4,852,746
Dept. Total Revenue		-	510,000	1,020,000	1,020,000	1,020,000

The Outlook for the City's Transportation and Storm Water Department supports the City's Strategic Plan in achieving safe and livable neighborhoods by performing the services summarized in the table above. The expenditures assist the City in meeting its targeted service level of repairing reported potholes within 10 working days, addressing the maintenance and repair of failing storm drain pipes throughout the City, providing enhanced street sweeping through expanding routes, and performing slurry sealing of City streets which helps fill cracks and preserve pavement surfaces.

Furthermore, the City has to comply with the Regional Water Quality Control Board (RWQCB) storm water permit requirements creating significant operational and capital needs. The Capital Improvement Program (CIP) needs for storm water flood risk management and water quality

improvement projects have been identified and will be discussed in the Five-Year Capital Infrastructure Planning Outlook scheduled to be released in January 2018.

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POTENTIAL MITIGATION ACTIONS

The Outlook has identified the potential need to identify additional sources of funds as a result of the growth in ongoing expenditures outpacing the growth in ongoing revenues. The Mayor will present a balanced FY 2019 budget in April 2018 to the City Council. If the projected revenues and sources of funds do not improve, several mitigation actions, including budget reductions, will need to be considered. The following section presents potential measures to address the potential need for additional resources in FY 2019.

ONE-TIME RESOURCES

Resources are available from excess equity and in reserve accounts; however, these resources are one-time in nature and therefore are only available for one-time purposes.

- The Public Liability Reserve exceeds FY 2018 policy goal of 47 percent of outstanding claims. Funds available at the end of FY 2018 could be available in FY 2019.
- The current Long-Term Disability Fund Reserve is funded beyond the policy goal of 100 percent of a three year average of outstanding claims' liability. Some amount of the excess funding will be needed to establish a new death and disability benefit for employees hired after Proposition B became effective in 2012, subject to negotiations with the employee organizations.
- The Workers' Compensation Reserve is currently over funded in comparison to its target level of 12 percent of the three-year average of outstanding actuarial liabilities. The FY 2018 Adopted Budget incorporated a plan to provide rate relief for three years. There are no additional funds available, at this time, above what is currently planned to be utilized.
- In the FY 2018 First Quarter Budget Monitoring Report, the FY 2017 ending fund balance (excess equity) is projected to be \$17.9 million. The FY 2017 ending fund balance projection will be updated during the FY 2018 Mid-Year Budget Monitoring Report once the audit of the General Fund is complete. These funds could be available during the Outlook period, however, the potential for utilizing this one-time resource could be needed during FY 2018.

BUDGET REDUCTIONS

To address the projected shortfall, General Fund departments will be requested to submit budget reduction proposals. Any budget reduction proposals submitted for consideration are only proposals. All potential solutions to mitigate the projected revenue shortfall will be carefully considered to ensure the overall impact to the services provided is minimized and that the City continues to provide the high level of service that is expected.

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CONCLUSION

The Outlook guides long-range fiscal planning by focusing on baseline revenues and expenditures, including quantifying new costs that are critical to accomplishing the City's strategic goals over the next five-year period.

Based upon baseline projections, growth in ongoing expenditures is anticipated to outpace growth in ongoing revenues in FY 2019 and FY 2020. A structural shortfall is forecasted once the following key factors are accounted for:

- Moderate growth in revenue
- Employee Organization Agreements entered into in FY 2015 and FY 2016
- Impact from tentative agreement with the Police Officers' Association

The Outlook is not a budget. The Outlook provides the City Council, key stakeholders, and the public with information in advance of the budget meetings to facilitate an informed discussion during the development of the FY 2019 Adopted Budget.

Per the City Charter, the Mayor will present a balanced budget for the City Council's consideration in April 2018.

ATTACHMENT 1

FY 2019 – 2023 FIVE-YEAR FINANCIAL OUTLOOK

(\$ in millions)

GENERAL FUND REVENUES	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Property Tax	\$ 563.7	\$ 590.2	\$ 622.6	\$ 651.6	\$ 679.9
Sales Tax	281.8	289.7	297.5	305.5	313.5
Transient Occupancy Tax	130.6	138.1	145.8	153.8	162.0
Franchise Fees	77.6	79.0	80.3	81.6	82.9
Property Transfer Tax	10.5	10.8	11.2	11.5	11.8
Licenses and Permits	19.7	20.1	20.5	20.9	21.3
Cannabis Business Tax	5.5	9.9	11.2	12.4	13.7
Fines, Forfeitures and Penalties	32.0	32.2	32.3	32.5	32.7
Revenue from Money and Property	60.3	62.3	64.3	66.4	68.6
Revenue from Federal and Other Agencies	4.5	4.5	4.5	4.5	4.5
Charges for Services	163.5	163.1	173.0	177.8	183.2
Other Revenue	2.5	2.5	2.5	2.5	2.5
Transfers In	82.2	83.8	84.9	86.6	88.3
BASELINE GENERAL FUND REVENUES	\$ 1,434.3	\$ 1,486.1	\$ 1,550.4	\$ 1,607.6	\$ 1,664.8

GENERAL FUND EXPENDITURES	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Salaries & Wages	\$ 549.5	\$ 550.4	\$ 551.1	\$ 551.0	\$ 550.5
Recognized Employee Organization Agreements	11.0	21.8	21.8	21.8	21.8
Police Officers Association (Tentative as of October 2017)	29.3	51.2	66.2	66.2	66.2
Retirement Actuarially Determined Contribution (ADC) ¹	227.5	232.9	232.5	232.4	232.4
Employee Flexible Benefits	82.8	82.8	82.8	82.8	82.8
Other Post Employment Benefits (OPEB)	41.9	43.0	44.0	45.1	46.3
Workers' Compensation	23.2	25.8	28.6	29.6	30.5
Supplemental Pension Savings Plan (SPSP)	18.9	19.3	19.4	19.4	19.3
Other Fringe Benefits	25.9	26.3	26.4	26.4	26.3
Personnel Expenditures	\$ 1,010.0	\$ 1,053.6	\$ 1,072.9	\$ 1,074.7	\$ 1,076.2
Supplies	\$ 31.2	\$ 32.8	\$ 34.4	\$ 36.2	\$ 38.1
Contracts	236.9	242.4	248.3	254.5	261.5
Information Technology	34.5	33.8	34.7	35.6	36.5
Energy and Utilities	45.5	47.6	49.4	51.7	53.5
Reserve Contributions	5.0	14.9	15.1	17.4	17.3
Charter Section 77.1 - Infrastructure Fund Contribution	16.9	17.7	20.7	19.2	0.0
Other Expenditures	51.9	53.0	53.3	55.3	55.3
Non-Personnel Expenditures	\$ 421.9	\$ 442.2	\$ 455.9	\$ 469.9	\$ 462.1
BASELINE GENERAL FUND EXPENDITURES	\$ 1,431.9	\$ 1,495.7	\$ 1,528.8	\$ 1,544.5	\$ 1,538.3
BASELINE REVENUES (LESS)/ GREATER THAN EXPENDITURES	\$ 2.4	\$ (9.6)	\$ 21.6	\$ 63.1	\$ 126.5
CRITICAL STRATEGIC EXPENDITURES	\$ 12.5	\$ 25.0	\$ 41.5	\$ 57.5	\$ 67.2
(AMOUNT TO BE MITIGATED) / AVAILABLE RESOURCES²	\$ (10.1)	\$ (34.6)	\$ (19.8)	\$ 5.6	\$ 59.3

Numbers may not add to exact figures due to rounding.

¹ The final amount of the City's FY 2019 ADC payment will not be known until the June 30, 2017 actuarial valuation report is released, which is expected to be presented to the SDCERS Board of Administration in January 2018.

² Per City Charter Section 69, the Mayor will propose a balanced budget by the 15th of April preceding each fiscal year.

FISCAL YEAR 2019-2023 FIVE-YEAR FINANCIAL OUTLOOK

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ATTACHMENT 2

ONE-TIME RESOURCES AND USES OF FUNDS

The tables below detail the one-time resources and expenditures that were included in the Fiscal Year 2018 Adopted Budget that were adjusted to develop FY 2019-2023 Five-Year Financial Outlook baseline budget.

One-Time Resources	
Use of Pension Payment Stabilization Reserve	\$16,019,163
Transfer from QUALCOMM Stadium Fund for Special Elections and One-Time Expenditures	8,500,000
Transfer of Excess Workers Compensation Reserve for General Fund Reserve	7,038,799
Transfer of Excess Workers Compensation Reserve for Public Liability Reserve	3,127,665
Redevelopment Agency Land Sales	1,700,000
Transfer from Concourse and Parking Garages Operating Fund	1,500,000
Infrastructure Asset Management Project Reimbursements	1,419,544
Reimbursement for National Incident Based Reporting System	1,172,244
Transfer of Vessel Replacement Plan Fund Balance	436,661
Major General Fund Revenue Adjustments	80,000
Total	\$40,994,076

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One-Time Uses	
Transfer to the Infrastructure Fund (Charter Section 77.1)	\$17,826,547
Contributions to General Fund Reserves - FY 2019 Reserve Policy Target of 15.25%	17,356,375
Police Flexible Benefits	13,839,600
Special Election for Transient Occupancy Tax Ballot Initiative	5,000,000
Commission for Arts & Culture Funding	4,213,942
Police Officer Recruitment and Retention Efforts	4,000,000
Transfer to the Public Liability Reserve	3,127,665
Transfer to the Public Utilities Department for Low Flow Diversion Program Costs	3,031,776
Police Department Overtime	3,000,000
Information Technology Network and Desktop Services	2,682,274
Executive Complex Rent	2,270,909
101 Ash Relocation Costs	2,100,000
Information Technology Discretionary Requests	1,532,504
Homeless Prevention and Diversion Program (SDHC)	1,066,086
Transfer to Qualcomm Stadium for Debt Service Payment	1,000,000
Tree Trimming Services	881,746
Littering and Graffiti Abatement Pilot Program	800,000
Community Projects, Programs, and Services (CPPS) Funds	763,902
Sales Tax and Face Masks Related to Self-Contained Breathing Apparatus	733,000
Restoration of reduced expenditures from use of Non-General Fund Excess Equity Balances	668,314
Police Officer Recruitment and Retention Study	500,000
City Attorney Office Funding - Climate Action Plan initiatives, Homelessness, and Labor Issues	500,000
Funding for Testing of Sexual Assault Kits	500,000
Police Department Facility Improvements	413,000
Code Enforcement Abatement Fund Support	250,000
Transit Priority Area Parking Standards	250,000
Workforce Housing Density Program	250,000
City Treasurer Information Technology Projects	215,000
Police Department AB 953 Implementation	200,000
Tree Planting Services	200,000
Fire-Rescue APX Portable Radio Replacements	189,000
Infrastructure Asset Management (IAM) Expenditures	164,700
Police Property Room Relocation Costs	150,000
Horton Plaza Park Security Support	150,000
Formation of Otay Mesa Enhanced Infrastructure Financing District	145,000
Vehicles for New Park and Recreation Facilities	113,000
Police Compensation Survey	100,000
Police Chief Recruitment Services	100,000
Library Programming	100,000
Tree Plantings Contract	100,000
Mission Beach Trash Collection	70,000
Fire-Rescue VHF Portable Radio Replacements	53,000
Vehicle in Support of Vernal Pool Habitat Conservation Plan	44,000
Sexual Harassment Prevention Training	40,000
Supplies for Administrative Appeals Hearing Program Staff	2,791
Use of Excess Long-Term Disability LTD Reserves for Operating Expense Relief	-1,420,567
Police Department Vacancy Savings	-3,000,000
Deferred Capital 2A Bond Debt Service to Capital Outlay Fund	-3,950,831
Total	\$82,322,733

ATTACHMENT 3

PARK AND RECREATION NEW FACILITIES

Park and Recreation New Facilities	
Encanto Elementary JU (PAD)	2019
Hawk Pocket Park (Guymon Street)	2019
Holmes Elementary JU (PAD)	2019
Horton Elementary JU (PAD)	2019
Linda Vista Elementary JU (PAD)	2019
Marvin Elementary JU (PAD)	2019
NTC Building 619	2019
Pacific Highlands Ranch Community Park - CIP S10079	2019
Pacific Trails Middle School JU	2019
Paradise Hills Elementary JU (PAD)	2019
Torrey Meadows Neighborhood Park	2019
Transit Station Maintenance	2019
14th Street Promenade	2020
Audubon Elementary JU (PAD)	2020
Bay Terrace Recreation and Senior Center	2020
East Village Green NP - CIP S16012	2020
Fairbrook Neighborhood Park - CIP S01083	2020
Innovation (MacDowell) Middle School JU (PAD)	2020
Noth Park Mini Park	2020
Olive Street Mini Park - CIP S10051	2020
Pacific View Leadership Academy JU (PAD)	2020
Riviera Del Sol Neighborhood Park - CIP S00999	2020
Rolando Park Elementary JU (PAD)	2020
Rowan Elementary JU (PAD)	2020
Salk Neighborhood Park and JU Development (PAD)	2020
Sandburg Elementary JU (PAD)	2020
Spreckels Elementary JU (PAD)	2020
Standley Middle School JU Pool (PAD)	2020
Taft Middle JU (PAD)	2020
Tubman Charter Elementary JU (PAD)	2020
Valencia Mini Park - CIP S11103	2020
Wangenheim Middle School JU (PAD)	2020
Cañon Street Pocket Park - CIP S16047	2021
Franklin Ridge Pocket Park	2021
Hidden Trails Neighborhood Park - CIP S00995	2021
Lindbergh-Schweitzer Elementary School JU (PAD)	2021

Park and Recreation New Facilities (Continued)	
Standley Middle School JU (PAD)	2021
Hawthorne Elementary JU (PAD)	2022
Hickman Elementary JU (PAD)	2022
Johnson Elementary JU (PAD)	2022
Jones Elementary JU (PAD)	2022
Lafayette Elementary JU (PAD)	2022
Mira Mesa Community Park (Phase II) - CIP L16002	2022
Pacific Beach Elementary School JU Expansion (PAD)	2022
Benchley / Weinberger Elementary JU (PAD)	2023
Canyon Hills Resource NP Improvements - CIP S15006	2023
Carmel Valley Neighborhood Park - CIP S00642	2023
Dennerly Ranch Neighborhood Park - CIP S00636	2023
Dewey Elementary JU (PAD)	2023
Grant K-8 JU (PAD)	2023
Logan/Memorial K-8/Middle School JU (PAD)	2023
Marie Curie Elementary JU (PAD)	2023
Toler Elementary JU (PAD)	2023



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: February 5, 2018**IBA Report Number:** 18-01 REV**City Council Docket Date:** February 12, 2018**Item Number:** TBD

FY 2019 City Council Budget Priorities

OVERVIEW

Per the City Charter, the first step for the City Council in the City's annual budget process is the development of the annual Budget Priorities Resolution. This annual resolution has been approved by the City Council each year since 2006, and its development is outlined in the "Fiscal Year 2019 Budget Development and Fiscal Year 2018 Budget Monitoring Key Dates," adopted by the City Council on December 13, 2017. As in prior years, the FY 2019 Budget Priorities Resolution is compiled from individual Councilmember memoranda that outline their budget priorities for the upcoming fiscal year.

On January 5, 2018, Budget and Government Efficiency Committee Chair Barbara Bry issued a memorandum requesting that all Councilmembers submit their budget priorities for the FY 2019 Proposed Budget to the Office of the Independent Budget Analyst by January 22, 2018. All nine Council Districts submitted their priorities and they are represented in this report.

This report identifies the highest priority fiscal and policy items recurring throughout Councilmember memoranda. For FY 2019, Councilmembers unanimously supported three broad priorities:

- The provision of services to San Diego's homeless population;
- Support for programs related to the City's Climate Action Plan (CAP); and
- A wide variety of capital projects.

A majority of Councilmembers also prioritized funding for other categories including public safety programs, storm water infrastructure and maintenance activities, sanitation services, arts and culture funding, the Connect2Careers program, the Earned Sick Leave and Minimum Wage Ordinance, and the Development Services Department Code Compliance Division.

OFFICE OF THE INDEPENDENT BUDGET ANALYST

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Additionally, a majority of Councilmembers proposed a number of potential resources that could partially mitigate the deficit projected for FY 2019 as reported in the Mayor's most recent Five-Year Financial Outlook (Outlook). No single resource was mentioned by a majority of Councilmembers, however, we provide a brief overview of potential resource suggestions. All priorities submitted by Councilmembers can be found in their memoranda which are included as Attachment 1 to this report.

This report also includes an overview of the FY 2018 Statement of Budgetary Principles (Principles); Councilmember Gómez requested that Council review these principles at the start of the FY 2019 budget development process, and that the Mayor be provided the Principles as well. IBA Report 17-28 outlined the Principles that were approved by Council on September 12, 2017, and is included as Attachment 2 to this report.

On February 1, 2018, the Budget and Government Efficiency Committee adopted a motion by Chair Barbara Bry to amend the FY 2019 City Council Budget Priorities by adding several items to the District 1 priorities related to increased staffing and support for Lifeguard Services. That amendment has been incorporated into the discussion of public safety priorities on page 4 of this revised IBA report.

FISCAL/POLICY DISCUSSION

FY 2018 Statement of Budgetary Principles

The FY 2018 Statement of Budgetary Principles was approved by the City Council on September 12, 2017, reaffirming an annual agreement between the City Council and the Mayor on matters of budgetary authority and the communication of budget changes between the two branches of government. The Principles are included in their entirety in Attachment 2 of this report, and include—but are not limited to—the following items:

- The Mayor will provide the Council with quarterly updates regarding the administration of the City;
- The Mayor will provide the Council with written notice regarding any reductions to City services that result in a reduction in service levels or the elimination of a program, and provide a fiscal justification for the reduction;
- A reduction in City services that does **not** result in a reduction in service levels or the elimination of a program may be implemented by the Mayor without prior written notice to the City Council, but the Mayor is requested to provide the Council with an informational memo regarding the reduction, upon implementation;
- The Mayor shall in good faith fulfill the legislative intent reflected in the Adopted Budget, although the Mayor is not obligated to spend all appropriations if legislative intent can be accomplished with less expense;
- Council can make changes to the Adopted Budget only after receiving a funding recommendation from the Mayor;
- If the Council requests that the Mayor put forward a funding recommendation, the Mayor must comply within 30 days, or a later time period if requested by the Council; and

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- The City shall maintain a structurally balanced budget.

Upcoming milestones in the City's FY 2018 budget monitoring and FY 2019 budget development processes include the release of the FY 2018 Mid-Year Budget Monitoring Report (January 29, 2018) and the FY 2019 Proposed Budget (April 13, 2018). Part of our Office's review of those and other upcoming budget documents will be a consideration of how well those documents conform to the FY 2018 Statement of Budgetary Principles as agreed to by the Mayor and approved by the City Council.

City Council Budget Priorities

City Councilmember budget priority memoranda incorporate a wide range of City programs for FY 2019, including three main priority areas: the provision of services related to San Diego's homeless population, support for programs related to the City's CAP, and a wide variety of capital projects. The following sections address Councilmember CAP and homeless services priorities, as well as other items receiving a majority of Councilmember support such as public safety programs, storm water infrastructure and maintenance activities, sanitation services, arts and culture funding, the Connect2Careers program, the Earned Sick Leave and Minimum Wage Ordinance, and the Development Services Department Code Compliance Division. A discussion of Councilmember capital project priorities, supported by specific Councilmember project requests, is included in the "Capital Projects" section at the end of this report.

In Committee Chair Bry's call for priorities, Councilmembers were encouraged to include funding sources for each priority contained in their memoranda, as well as mitigation strategies for the General Fund deficit projected for FY 2019 in the Mayor's FY 2019-2023 Outlook. In developing the resolution for Councilmember priorities, we have included those resources and mitigation strategies that were mentioned in a majority of Councilmember memoranda. Any dollar amounts associated with Councilmembers' proposed FY 2019 resources, or with their priority expenditures, can be found in each Councilmember's budget priority memorandum included in Attachment 1. These amounts will continue to be refined by our Office and the Financial Management Department during the development of the FY 2019 Proposed Budget.

Programs for the Homeless (Council Districts 1, 2, 3, 4, 5, 6, 7, 8, 9)

In their FY 2019 memoranda, Councilmembers unanimously prioritized providing additional funding and resources related to San Diego's homeless population. While all Councilmembers prioritized funding in this area, there was a broad range of program suggestions across individual Councilmember memoranda. Councilmember priorities for addressing the City's homelessness crisis include: the expansion of homeless outreach services, an increase in park ranger and library security services, funding support for the Select Committee on Homelessness, workforce development strategies for homeless individuals, funding support for public restrooms, continued funding for bridge shelters, resources for a homeless navigation center, and additional staff for the Psychiatric Emergency Response Team (PERT).

Climate Action Plan (Council Districts 1, 2, 3, 4, 5, 6, 7, 8, 9)

All Councilmembers indicated that support for the CAP is a priority in FY 2019, although no single-CAP related item was supported by a majority of Councilmembers. Budget priority

ATTACHMENT D

memoranda included requests for adaptive traffic signals intended to ease congestion; additional staffing for the City's Urban Forestry Program, Vision Zero program, and other CAP-related activities; a Community Choice Energy local buildout study; a mobility monitoring program to measure bicycle, pedestrian, and transit mode share; and the addition of CAP social equity metrics.

Public Safety

A majority of Councilmembers identified two public safety priorities in their memoranda: 1) ongoing or expanded support for Police Department recruitment and retention, and 2) an expansion of the Fire-Rescue Department's Resource Access Program (RAP). Details on these two priorities are included in the sections below.

- Support for Police Department Recruitment and Retention (Council Districts 1, 3, 4, 5, 6, 8, 9)

Seven Councilmember memoranda focused on continuing or enhancing Police Department recruitment and retention efforts included in the FY 2018 Adopted Budget. The broad support among Councilmembers for recruitment and retention efforts range from general statements of support for recruitment and retention efforts to specific suggestions such as support for recruitment of civilian positions, piloting a housing incentive program, and funding an in-depth analysis of officer attrition.

- Additional Resources for the Fire-Rescue Department's Resource Access Program (Council Districts 3, 4, 6, 8, 9)

Five Councilmembers indicated their support for an expansion of the Fire-Rescue Department RAP program. RAP identifies chronic, high-volume users of the City's emergency medical system and works to connect those individuals with appropriate resources for their needs. Councilmembers who prioritized its expansion in their memoranda noted the positive human and cost-benefit outcomes of the program.

- Support for increased Lifeguard Services staff (Council Districts 1, 3, 4, 8, 9)

Five Councilmembers indicated their support for the addition of a Senior Management Analyst position in the Lifeguard Services Division. Other priorities noted in memoranda, which did not reach a majority, included support for additional Lifeguard III positions and the reinstatement of the Lifeguard Vessel Replacement Plan.

Storm Water Infrastructure and Maintenance Activities (Council Districts 1, 2, 3, 7, 8, 9)

Six Councilmembers prioritized increased storm water infrastructure maintenance activities. Priorities noted in memoranda ranged from general support for increased channel clearing to the prioritization of specific neighborhood storm water projects.

Sanitation Services (Council Districts 2, 3, 4, 6, 8, 9)

Sanitation services provided by the City's Environmental Services Department were prioritized in six Councilmember memoranda. These services include ongoing street sanitation, additional Code

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Compliance Officers, programs to address illegal dumping, community clean-ups, green waste collection, and a second trash pick-up in Mission Beach.

Arts and Culture Funding (Council Districts 1, 2, 3, 4, 8, 9)

A majority of Councilmembers prioritized an increase in arts and culture funding for FY 2019 over the amount included in the Mayor's Outlook. The FY 2018 **Proposed** Budget reduced arts and culture funding from \$15.1 million in FY 2017 to \$10.4 million—a \$4.7 million or 31.3% decrease. When the City Council adopted the FY 2018 budget, they allocated one-time resources to the arts and culture budget, increasing the budget to \$14.7 million. These one-time funds were removed from the arts and culture budget in the Mayor's Outlook, which included an arts and culture funding level of \$10.4 million for FY 2019.

CONNECT2Careers Program (Council Districts 1, 3, 4, 7, 9)

Five Councilmembers expressed support for the continued or increased funding of the CONNECT2Careers Program. This program provides work experiences for young adults, and Councilmembers noted that the program is looking to expand in order to serve more youth in 2019.

Earned Sick Leave and Minimum Wage Ordinance (Council Districts 1, 3, 4, 8, 9)

A majority of Councilmembers prioritized support for the City's Earned Sick Leave and Minimum Wage Ordinance. Councilmembers' requests for support for the program included the addition of staff and/or an increase in the City Treasurer's non-personnel budget in order to increase program outreach activities.

Development Services Department—Code Enforcement (Council Districts 2, 3, 4, 8, 9)

Support for the City's Code Enforcement Program was prioritized in a majority of Councilmember memoranda. Individual Councilmember priorities included requests for additional staffing such as Code Compliance Officers, Combination Inspectors, and Zoning Investigators.

Proposed Funding Sources

A majority of Councilmembers discussed a variety of resources that could be used to address the FY 2019 deficit projected in the Mayor's Outlook. No one suggestion was prioritized by a majority of Councilmembers, although there was a large number of potential resources for consideration including: use of Excess Equity, use of excess Risk Management reserves, an alternate replenishment plan for the Pension Payment Stabilization Reserve, a one-year suspension of the Infrastructure Fund, the addition of staff to pursue grant opportunities, a reevaluation and reduction of City contracting costs, City department budget reductions, and the potential for increasing Cannabis Tax revenue projections.

Our Office notes that many of these suggested resources are one-time in nature, and that one-time resources should only be used to fund one-time expenditures. Estimates and details regarding the implementation of these and other measures continue to be refined.

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Capital Projects

All Councilmembers prioritized capital infrastructure investments and improvements in their FY 2019 budget priority memoranda. As in prior years, Councilmembers prioritized the repair, maintenance, and construction of parks, streets, streetlights, and sidewalks, and also included a focus on infrastructure that promotes Vision Zero, pedestrian and cycling safety, and traffic calming projects. A majority of Councilmember priorities aligned on five types of capital work, although no individual project received majority mention in the budget priority memoranda. We also note that some capital projects—such as the installation of adaptive traffic signals—were prioritized as a way to meet the City’s greenhouse gas emission reduction goals and so are included in the “Climate Action Plan” section above. Details on the individual projects requested are included in the Councilmember memoranda included as Attachment 1 of this report.

- Park Capital Improvement Program (CIP) Projects (Council Districts 1, 2, 3, 4, 6, 7, 8, 9)

CIP parks projects, including the creation of new parks, park assessments, and improvements to existing Park & Recreation equipment and facilities, were a priority for eight Councilmembers.

- Pedestrian and Cycling Safety (Council Districts 1, 2, 3, 4, 5, 6, 8, 9)

Eight Councilmembers prioritized projects in their memoranda designed to enhance pedestrian and cycling safety. A variety of requests were made as part of this priority including:

- Prioritizing funding for infrastructure improvements in the corridors identified as part of Vision Zero, especially the “Fatal 15” intersections
- Initiating traffic calming measures such as raised delineators or electronic (V-Calm) signs
- Installing rectangular rapid flashing beacons, crosswalks, and constructing Safe Routes to Schools program improvements

- Sidewalk Repair and Installation (Council Districts 1, 3, 4, 5, 6, 8, 9)

The repair, installation, and improvement of sidewalks were prioritized by a majority of Councilmembers in their memoranda, some of whom noted that sidewalks in good condition supported the City’s Climate Action Plan and addressed potential safety issues.

- Street Repair (Council Districts 1, 2, 4, 5, 6, 8)

A majority of Councilmembers prioritized funding for the repaving, resurfacing, and restoring of City streets. Councilmembers listed a number of specific streets CIP projects in their memoranda, while some voiced general support for continued street repair efforts.

- Streetlight Installation (Council Districts 3, 4, 6, 8, 9)

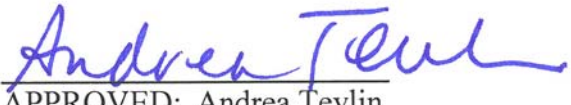
A majority of Councilmembers prioritized the installation or upgrades of streetlights in their memoranda, in some cases characterizing a lack of streetlights as a public safety

ATTACHMENT D

concern. Requested locations for new or upgraded streetlights are detailed in the Councilmember memoranda included as Attachment 1 to this report.

CONCLUSION

Our Office recommends that the City Council adopt the FY 2019 Budget Priorities Resolution and direct the Office of the Independent Budget Analyst to deliver a copy of the report, along with individual City Councilmembers' memoranda, to the Mayor for his consideration.


Chris Olsen
Fiscal & Policy Analyst
APPROVED: Andrea Tevlin
Independent Budget Analyst

Attachments: 1. Councilmember Memoranda
2. IBA Report 17-28REV: Proposed FY 2018 Statement of Budgetary Principles



**COUNCILMEMBER BARBARA BRY
CITY OF SAN DIEGO**

DISTRICT 1

MEMORANDUM

DATE: January 22, 2018
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Councilmember Barbara Bry, First Council District
SUBJECT: Fiscal Year (FY) 2019 Budget Priorities

Barbara Bry

I look forward to working with the Budget and Government Efficiency Committee, the Independent Budget Analyst (IBA), full City Council, Mayor and staff, and the community to produce a balanced and responsible FY2019 budget. The following are my priorities for the which are in line with my campaign platform to keep San Diego safe, clean, and prosperous.

FY 2018 BUDGET PRIORITIES

As Budget and Government Efficiency Committee Chair, my overarching priority is a balanced and responsible budget complete with deficit mitigation strategies. Further priorities include:

Public Safety

Recruitment and Retention: San Diego has a relatively low crime rate, and our hardworking San Diego Police Department (SDPD) officers deserve much of the credit. I was proud to vote to increase our SDPD salaries. I am committed to keep up the momentum by prioritizing and supporting aggressive outreach efforts to recruit and retain the best officers that reflect the diversity of our community.

Community Policing: Police officers are pillars of our community and need to have direct relationships with the people they serve to be effective at their jobs. I support programs that provide police officers with the resources they need to build relationships with the community. I further support body cameras as a way to protect both citizens and police officers.

Response time reduction: The City must be prepared for the updated Citygate and CIP fire station recommendations and should identify construction resources for the proposed priority fire stations.

Death and Disability benefits: The City must allocate resources for firefighter Death and Disability benefits.

Compliance

Minimum Wage and Earned Sick Leave (MWESL): Continued funding for the current MWESL Program positions, including the current open position of 1.0 FTE Investigator. I support additional funding for outreach contracts with community organizations and 2 Deputy City Attorneys.

Environment

San Diego is known for our beautiful beaches, bays and open spaces, and quality of life is paramount. We must continue to battle the very real effects of climate change on our community, and begin implementing solutions now. I strongly encourage funding for the implementation of the Climate Action Plan (CAP).

Community Choice Energy: The City should include a jobs study and analysis of local clean energy buildout scenarios in its Community Choice Energy (CCE) business plan. As we move CCE forward, we must direct public dollars to support the creation of good jobs and uplift historically disadvantaged communities.

Smart Cities: The City must fund smart city technology for streetlights to develop and implement a mobility monitoring program that allows the City to reliably measure bicycle, pedestrian, and transit mode share in transit priority areas.

Urban Forestry: We must implement the Five-Year Urban Forest Management Plan and progress toward the CAP targets by expanding the City's urban forestry staff and increasing resources for services to include planting, pruning, palm trimming, risk assessments, tree removal in emergencies, and other tree maintenance activities.

Bicycle Improvements Concurrent with Resurfacing: Ensure that bicycle improvements continue to be made concurrently with street resurfacing, and maximize opportunities to implement traffic calming measures that align with CAP and Vision Zero goals.

Infrastructure

Vision Zero: Support the funding of improvements to reach Vision Zero goals prioritizing the "Fatal 15" Intersections.

District 1: As I submitted in my Capital Improvement Program priorities, I support funding the following District 1 priorities:

- Carmel Valley Recreation Center Pool
- Carmel Valley Recreation Center Crosswalk
- La Jolla Azul to Poole Sidewalk
- La Jolla Dunaway Drive
- La Jolla Casa de Manana Street Panels
- La Jolla Neptune Broken Pipe
- Pacific Highlands Village Center Loop
- Torrey Pines Del Mar Heights Rd
- Torrey Pines Los Pen Restoration and Sorrento Channel
- Torrey Pines Carmel Valley Rd Traffic Signage
- University City Lakewood and Governor

Neighborhood Services

San Diego Central Library: Support our Central library and the Mayor's homeless efforts by providing the needed funding for janitorial and security services.

Arts and Culture: It is critical that our City continue to invest in Arts and Culture programs, which pay dividends through enhancing tourism, economic development and overall quality of life for our citizens. I ask that the FY19 budget, at a minimum, maintain the Commission for Arts and Culture funding level from the FY18 adopted budget.

Economic Development

This year I will focus my energies in building a pipeline for future innovators by increasing the number and quality of internships in Science, Technology, and Math (STEM) fields.

Connect to Careers (C2C): Increase funding for C2C to meet the program's increasing demand.


Council Administration

I support the addition of one FTE Council Representative position in Council Administration to support and maintain service levels to the Council Offices.

Thank you for your consideration of the priorities I've outlined here. If you have questions, please contact Victoria Joes at vcjoes@saniego.gov or (619) 236-6611.



M E M O R A N D U M

DATE: January 22, 2018
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Councilmember Lorie Zapf 
SUBJECT: FY 2019 Budget Suggestions

Investing in our streets, our public safety and our communities should be the top priority in our budget. Maintaining current service levels for our local libraries and park and recreation centers is crucial for our neighborhoods.

I propose the following General Fund allocations for Fiscal Year 2019:

Funding to maintain current park and recreation center hours, without cuts for FY 2019.

Funding to retain current library operating hours city-wide.

In order to support youth literacy, I propose keeping current funding for literacy programs at our libraries.

Continued Investment in Infrastructure: The 2015-16 City of San Diego Pavement Condition Report Street Repair Report indicated a 20% improvement in the condition of our roads thanks to a renewed commitment by this Council and Mayor. Street repair and repaving efforts remain a top priority for many of my constituents. I advocate that we continue to keep our street repaving program fully funded as we work to achieve the Mayor's goal of 1,000 miles over 5 years.

Support for Penny for the Arts: Arts funding is imperative for creating a first class city. Local arts nonprofits generate over \$1 billion a year in economic activity and generate over \$116 million in local and state funding for our police, parks, and libraries. Penny for the Arts funding supports these organizations and more through community concerts, cultural parades, arts education for our youth and world-class theater. I urge that we do not cut Penny for the Arts funding in FY 2019 and sustain our funding from FY 2018.

Senior River Park Ranger: 2017 brought more City resources to the San Diego River but issues related to homelessness continue to have a harmful effect on the river's environment and ecosystem. A Senior Park Ranger would help to mitigate these issues and assist in coordinating

and communicating between volunteers, city agencies and nonprofits such as the San Diego River Park Foundation. With a full time presence and by working together, a Senior Park Ranger can ensure that this unique San Diego asset be a safe destination point for all. I am requesting \$135,000 from the Tourism Occupancy Tax Fund to fully fund this position.

Safety at Pacific Beach Library: There has been an increase in safety issues at the Pacific Beach library. Families have stopped attending the library and the programs it offers due to the concerns for personal safety. Additional funds of \$25,000 are necessary for increased security from the Library System Improvement Fund.

Code Enforcement: San Diego beach communities are greatly impacted, especially during the spring and summer months due to an increase in visitors. In order to maintain the quality of life for our residents, I would like to see an increase in code enforcement officers to assist with noise complaints, unpermitted property improvement violations and illegal lodging complaints. Since these high tourist areas receive the largest impacts, I propose using TOT funds and revenues from violation payments to pay for extra code enforcement officers.

Ocean Beach Lifeguard Station: To ensure that the Ocean Beach Lifeguard Station continues to move forward, I am requesting an additional \$500,000 to fund this project into the design phase. The Fiscal Year 2018 Budget included \$200,000 for the Ocean Beach Lifeguard Station. With preliminary engineering expected to finish by late spring, these additional funds will allow the project to continue into design phase. This remains a top priority for my office, the Ocean Beach Town Council, Planning Board and the community. As a funding source, I recommend part of the \$16.9 million from the voter approved Infrastructure Fund established per Section 77.1 of Article VII of the City Charter and if eligible, funding from the Regional Park Improvement Fund.

Clairemont Drive Repaving: The City performed a street condition survey in 2015 assigning an Overall Condition Index (OCI) number to each street. OCI is a considerable factor in determining the order of street repairs. The 2015 OCI survey determined that Clairemont Drive from the I-5 freeway to Balboa Ave. is in poor condition. Considering Clairemont Drive's significant average daily trip count and proximity to major residential and commercial zones, I urge the allocation of TransNet and Prop H monies to assist with repaving this section of road.

Traffic Safety near and around Longfellow School: In order to enhance safety around Longfellow School and reduce speeding, I am requesting an allocation of \$8,000 for a V-Calm sign from the streets department budget.

Protecting health and safety in Mission Beach: The community of Mission Beach endures a significant fly infestation in the summer months. In order to combat the infestation, it is necessary to provide a second trash pick-up during the summer months in order to protect the health and welfare of residents and visitors. I would propose spending \$80,000 from the Environmental Services Department budget to pay for the additional trash pick-up during the summer months in Mission Beach.

Parking lot paving South Mission Beach: Parking is always a premium at our beaches and bays and these parking lots get more than their fair share of use. The condition of the parking lot at South Mission Beach is deplorable and is in need of repaving and re-striping. I would request an allocation of \$210,000 to pave the parking lot at South Mission Beach.

Lock gate at South Mission Beach: For public safety purposes, the parking lots at South Mission Beach have gates that are supposed to be locked at 10:00 PM every night and re-opened at 4:00 AM every morning. Due to limited staffing in the past, funds and personnel were not available to lock the gates. Illegal activities are occurring during the hours in the parking lots since the gates are not locked. I am requesting an allocation of \$7,000 from TOT funds to have personnel lock and unlock the gates on a daily basis.

Pedestrian Activated Flashing Lights: To implement the City of San Diego's Vision Zero goals, I would like to request funding for the installation of Pedestrian Activated Flashing Lights at the intersection of Turquoise St. and La Jolla Blvd. in the Pacific Beach Planning area. Pedestrian Activated Flashing Lights are a proven and effective solution that will help alert unfamiliar motorists to the presence of pedestrians and bicyclists crossing the street. This location has been vetted and approved by the Pacific Beach Planning Group and assessed by the Traffic and Engineering Department as an advisable location.

Flashing Beacon: The mid-block cross walk on Santa Monica Ave adjacent to Ocean Beach Elementary is a prime location to install flashing beacons and improve pedestrian safety. Ocean Beach kindergarten children make over 100 trips a day across this crosswalk to and from class next to Ocean Beach Elementary. An installation of a flashing crosswalk would increase safety and is in line with our plan for Vision Zero. TransNet funding should be considered for this critical improvement.

Ocean Beach Storm Water Infrastructure: In recent years, the streets and intersections along Long Branch, Brighton, Muir, Newport, Santa Monica, Abbott and others, have seen major flooding issues due to a lack of adequate storm water facilities. We need to prioritize low lying areas prone to future flooding with funding from our storm water fee assessment fund, commercial paper, and future deferred capital bonds.


Bermuda Beach: Our City needs to remain focused on ensuring that repair of the Bermuda Beach Staircase is fully funded. I request that Park and Recreation staff use funding from the Regional Park Improvement Fund to ensure this project can continue to move forward expeditiously. This is a very high priority project for my office and the neighborhood as safe coastal access is important to our quality of life.

Additional Smart Signal Installations: In 2017, City staff installed 12 smart signal traffic lights along the middle of the Rosecrans corridor which improved traffic by reducing wait times and giving commuters more green lights. I recommend that we use dedicated State 209 Caltrans funding to fund an expansion of these systems east and west along the Midway and Sports Arena corridors and further south to the intersections of Rosecrans and Talbot, Canon and Shelter Island.



**OFFICE OF COUNCILMEMBER CHRISTOPHER WARD
THIRD COUNCIL DISTRICT**

M E M O R A N D U M

DATE: January 22, 2018
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Councilmember Christopher Ward 
SUBJECT: Budget Priorities for Fiscal Year 2019

I look forward to working with you, San Diego residents, the Mayor and my City Council colleagues to develop a spending plan that balances fiscal responsibility with the need to make bold investments in San Diego's future. My budget priorities are an expression of the values of District Three constituents and illustrate my commitment to making San Diego an equitable city that is growing responsibly and addressing the needs of all neighborhoods and residents.

My priorities include aggressive work and recommendations to address homelessness, create safe and livable neighborhoods, fulfill our Climate Action Plan goals, and expand initiatives to make our roads and sidewalks safer for all residents.

The following are my priorities for funding in the Fiscal Year 2019 budget:

HOMELESSNESS

The City must remain vigilant about expanding our homeless response and build on momentum from 2017 to pursue lasting solutions to the homelessness crisis. As I had outlined in the 2017 work plan for the Select Committee on Homelessness and memos my office released in March, July, and September, storage, increased street outreach, and better front doors to access the coordinated entry system are important first steps to connect homeless individuals with services. However, while focusing on more immediate opportunities, we must remain committed to additional actions that can have a broader impact. Through my work on the Regional Task Force on the Homeless and as Chair of the Select Committee on Homelessness, I hope to see the following prioritized in the FY19 budget:

Establishment of a Flexible Spending Pool (FSP)

The Rapid Rehousing Initiative conducted through the Select Committee on Homelessness this past fall identified delays which underscored the need for system-wide utilization of the Coordinated

Entry System, centralized housing navigation, and the need for additional, flexible financial resources. The City should initiate the development of a flexible spending account that can allocate funding to an expanded range of Housing First opportunities. Through the combined resources of the City, the San Diego Housing Commission, local governmental partners, and philanthropic assistance, this pool can be used to fill gaps in rental payments, security deposits, and other additional services needed to efficiently connect individuals to permanent housing. Successful FSPs like those in Los Angeles or Chicago serve as a stream of funding that is often outside the strict parameters of grants or government housing subsidies. An FSP in San Diego's competitive and challenging housing market would create assurances for landlords and may be used to prevent homelessness for San Diegans having difficulty affording their rent. Additionally, an FSP can ensure that federally supported vouchers are being utilized and funding is not being left on the table. Approximate cost: \$500,000 (start-up).

Continued Implementation of Homeless Prevention and Diversion Services

Last year, the City Council allocated funding to assist up to 1,450 households which helped to reduce the inflow of newly homeless individuals and families. The City must continue its commitment to funding programs that prevent individuals from becoming homeless. Approximate cost: \$1.0 million.

Increase Capacity of Existing Homeless Services Providers

The three bridge structures were important and significant investments in new locations to provide safe and sanitary conditions for individuals on the street. Now that those are operational, the City should identify opportunities to expand Permanent Supportive Housing beds at existing provider sites and promote the conversion of transitional beds to Permanent Supportive Housing so that those new beds may serve as exit points for clients of the bridge structures or other homeless service programs. I am aware that additional capacity exists for conversion at Father Joe's Villages and Connections Housing operated by PATH. Approximate cost: TBD.

Mobile Showers and Restrooms

The City must establish additional sites for mobile showers and restrooms at key locations throughout the City. These sites will provide reliable sanitation and basic services to homeless individuals, and reduce the likelihood of a future public health emergency. Approximate cost: TBD.

Workforce Development and Job Training Program

The City, in collaboration with the San Diego Workforce Partnership, the Regional Task Force on the Homeless, and other interested parties, should create a pathway to self-sufficiency for homeless and low-income individuals by providing the resources and support needed to find and retain employment. A steady job is often the single most important step in a person's transition out of poverty. Additionally, the City should explore opportunities to partner with its employee groups (and initiate meet and confer) and local non-profit agencies to insource services that are currently provided by third-party contractors and create a workforce development program for the homeless which also may help fulfill needed neighborhood services. Approximate cost: TBD.

Safe Parking

The City's Safe Parking Program should be redirected and expanded to utilize private site locations and additional partnerships. Providing the emergency relief in 2017 on City property was the right decision, however City funding allocations can be more efficiently dispersed to serve even more clients through public private partnerships as is currently experienced by programs operated by Dreams for Change. Approximate cost: TBD – reduction from FY18 allocation due to efficiencies.

Safe Camping

The Transitional Camp Area that operated in the City Operations Yard on 20th & B provided a refuge for individuals and families and served as an entry point into our homeless network of resources and housing. Additional opportunities for temporary safe camping should be explored in Mission Valley (Qualcomm site), Murphy Canyon (Former Chargers Training Facility), the former De Anza Mobile Home Park, or other appropriate locations to redirect individuals from sidewalks, alleys, canyons and floodplains to congregate in areas where services may be directed. Approximate cost: TBD.

Sustainable Bridge Shelter Funding

The City must identify a funding source to sustain the operations of the temporary bridge shelters without drawing from additional permanent housing resources. Additionally, as part of the motion for the approval of the funding for the operations of the bridge shelters on November 14, 2017, the City Council/Housing Authority voted unanimously to also request that the “Mayor and Housing Commission staff identify a schedule for deployment of at least \$6.5 million in Successor Agency funds in FY18 for permanent supportive housing projects or a future Notice of Funding Availability for permanent supportive housing projects and ask that a subsequent item be brought forward to the Housing Authority/Successor Agency for action within 60 days.” The Council must follow-up and ensure that those funds are replaced and actually committed toward permanent supportive housing projects. Approximate cost: \$6.5 million, plus ongoing TBD for FY19.

Homeless Navigation Center

The City must ensure that a funding source is identified so that services will be sustained at the Homeless Navigation Center. Additionally, it is critical that the funding source for operations of this facility not draw from or jeopardize permanent housing resources. Approximate cost: TBD.

Regional Street Outreach Program Expansion

Under the leadership of the Regional Task Force on the Homeless and the San Diego Housing Commission, the City must dedicate additional resources for outreach and work with partner cities throughout the County to ensure we are not addressing homelessness alone. The work we have already done related to storage, safe camping, bridge structures, street outreach workers, and allocation of vouchers should be replicated in other cities. We need a regional effort to address this crisis.

To help our communities, supplementary funds are needed to ensure that year round outreach services are provided by both outside organizations and the Police Department’s Homeless Outreach Team to help address homelessness in various areas throughout the city, including neighborhood canyons, Business Improvement Districts, parks, underpasses and overpasses. Approximate cost: \$250,000.

PUBLIC SAFETY**Fire-Rescue Department Resource Access Program**

The San Diego Emergency Medical Services (EMS) Resource Access Program (RAP) is a paramedic-based surveillance and case management system that intercepts high frequency EMS users. RAP seeks to reduce dependence on EMS and acute care services by linking the individual with appropriate resources for their underlying medical, mental health, and social needs. RAP is coordinated by a San Diego Fire-Rescue paramedic who works under the direction of the EMS Medical Director for the City of San Diego. Currently, there are no community paramedics dedicated

for this program. Since its inception, RAP has saved taxpayers approximately \$2,000,000 in diverted public health costs. I request the addition of 4.0 FTE Community Paramedics for this program. Approximate Cost: \$380,000.

Funding to Implement AB 953 (Racial and Identity Profiling Act of 2015)

An annual independent Racial Impact Report should be funded and presented to the City Council analyzing the data collected under the Racial and Identity Profiling Act. The report should include information about any racial bias complaints and the outcomes of such complaints, as well as any action taken by SDPD to mitigate racial biases. The report should also make recommendations based on the data they collect. The Racial and Identity Profiling Act of 2015 only requires that the data be sent to the State Department of Justice. San Diego residents must have an opportunity to hear from SDPD directly. This will allow for us to see if we are making progress to deal with the disparities identified in the SDSU study, as well as under AB 953, and to ensure that officers are being held accountable for compliance with the law. Approximate Cost: \$75,000.

Police Performance Measures

Having adequate performance measures that can be measured from year to year allows the City to be better informed about how to address staffing and operational issues as they arise. The FY19 proposed budget should include the following performance measures for the Police Department, including dispatch division:

- Comparison of actual sworn staffing with the sworn staffing goals remaining in the SDPD five year plan;
- Budgeted and actual sworn officers per 1,000 population (appeared in FY15, FY14, and FY13 adopted budgets) and how they compare with the average of other large cities;
- The percentage of 911 calls answered within 10 seconds;
- The number of 911 calls that were abandoned after waiting longer than 10 seconds;
- The number of 911 calls with wait times less than 10 seconds, between 10 seconds and 1 minute, between 1 minute and 2 minutes, between 2 minutes and five minutes, between 5 minutes and 10 minutes, and surpassing 10 minutes;
- Average non-emergency call wait time;
- The number of non-emergency calls with wait times: 1 minute or less, between 1 minute and 5 minutes, between 5 minutes and 10 minutes, between 10 minutes and 30 minutes, and surpassing 30 minutes;
- The number of abandoned non-emergency calls, and the number of abandoned non-emergency calls that received a call back;
- The number of sworn officer hours dedicated to dispatch, and the cost, including overtime pay;
- Percentage of police dispatcher background checks completed within three months.

Community Oriented Policing

I encourage the Mayor and City Council to invest in a community policing philosophy and program that promotes organizational strategies, partnerships, and problem solving techniques between law enforcement, citizens, and neighborhood groups in order to proactively address the immediate conditions that may otherwise give rise to public safety issues, such as crime, social disorder and fear of crime. It is imperative that the Police Department present a community-policing restoration plan to ensure a robust community policing strategy. Specifically, we request that additional Community Relations Officers and multi-lingual Police Officers/Police Service Officers be added as the Police Departments continues to rebuild. Approximate Cost: TBD. Rreallocation of existing resources.

Hiring of Police Civilian Positions

The restoration of civilian positions to support our sworn officers, particularly dispatchers, has resulted in numerous cost benefits (i.e. reduced staff turnover) and has greatly improved customer service delivery and employee retention and morale. However, despite these improvements and pay adjustments, vacancies continue to remain a concern. I request continued effort and resource allocation toward civilian recruitment to allow existing sworn officers to return to patrol duties and to end mandatory overtime which has been in place since 2010. Approximate cost: N/A. Fill existing vacancies.

Improvements to San Diego Police Department Non-Emergency Line and Other Communication Channels

While improvements to the non-emergency line are forthcoming, efforts to increase dispatch staffing should continue. Currently, wait times for SDPD's non-emergency phone line is often reported as exceeding 10 minutes or far more. This not only prevents citizens from having an immediate resource to address an active non-emergency criminal situation, but encourages residents to contact 911 for an issue that is not an emergency. Further, it frustrates constituents who want to engage the police department for a non-active or less urgent issue that requires eventual attention; to this end, the City should explore expansion of Get It Done, online services, 3-1-1 implementation or other means to connect to the Police Department where a need may not require a live call to the Non-Emergency Line. Approximate cost: N/A. Expedite efforts.

Rape Kit Testing

I continue to urge the Mayor and Police Department to reduce the backlog of untested rape and sexual assault evidence. Last year, the public was made aware of the over 2,000 untested rape kits. The evidence collection process itself is a personal for victims. How we treat this evidence can either deter from or encourage other victims to come forward. Approximate cost: \$500,000.

San Diego Fire-Rescue Department Paramedic School

The City Council should be provided an update regarding the plan for a city-operated Paramedic School so that the appropriate staffing levels and financial resources can be identified. Approximate cost: TBD.

San Diego Fire-Rescue Department Death & Disability Benefits

The City should prioritize and conclude negotiations regarding the Death & Disability Benefits for members of the Fire-Rescue Department. When voters approved Proposition B, the city vowed that first responders would never face the situation of being without that benefit. Approximate cost: TBD.

Lifeguard Division

In order for our Lifeguard Division to continue to provide exceptional service and safety at our beaches and bays, the following should be included in the FY19 budget:

- Addition of 1.0 FTE Senior Management Analyst to assist lifeguards in tracking special events, operational data, and oversee \$23 million in personnel, contracts, and equipment. Approximate cost: \$125,000.
- Addition of 2.0 FTE Lifeguard III positions for Children's Pool/La Jolla Cove. Approximate cost: \$278,000.
- Re-opening of the lifeguard Vessel Replacement Plan (which was depleted in FY17). The Vessel Replacement Plan prepares for future vessel replacement to keep lifeguards mission-ready. Approximate cost: \$322,000.

Neighborhood Code Compliance

The Neighborhood Code Compliance Division of the Development Services Department administers programs designed to protect the public's health, safety, welfare, and property value through enforcement of the City's ordinances and State/Federal laws relating to land use, zoning, housing, substandard housing, noise, public nuisances, graffiti abatement, and vegetation/fire hazard abatement. I ask that the resource capacity of the division be analyzed, that vacancies be prioritized and filled, and that funding for an additional 2.0 FTE Combination Inspectors (\$64,000 each) and 2.0 FTE Zoning Investigators (\$56,000 each) be included in the FY19 budget, particularly as new city policies and regulations are implemented. Approximate cost: \$240,000. Any additional expenses may be offset by revenue from increased activity (i.e. issuance of permits for compliance, citations, etc.)

Brush Abatement for "Paper Streets"

The Transportation and Stormwater (TSW) Department is responsible for the abatement of brush on so called "paper streets", empty and unimproved lots that are owned by the City of San Diego, that fall within the parameters of our street system. The budget for brush abatement within TSW was reduced from \$400,000 to \$0 from FY17 to FY18, and given the active fire seasons that San Diego has experienced, the lack of funding for abatement of dry brush poses a significant fire danger, especially in areas next to high density residential areas. TSW currently cannot address their backlog of fire risk violations. Approximate cost: \$400,000.

Downtown Park Ranger

As the City's fastest growing neighborhood, Downtown San Diego is continuously adding park space to the multiple City parks currently in place. However, unlike other communities, Downtown parks are not supported by a Park & Recreation Department ranger. In light of ongoing public safety issues at Horton Plaza Park, Fault Line Park, and Children's Park, and in order to meet the standard of activation and support afforded to communities throughout the City, the Downtown neighborhoods of Core, Marina, Gaslamp Quarter, Little Italy, East Village, and Cortez Hill should have a dedicated Ranger. Approximate cost: \$75,000.

INFRASTRUCTURE AND SUSTAINABILITY**Storm Water Channel and Storm Drain Maintenance in vulnerable areas of Golden Hill, Hillcrest, Normal Heights, North Park, and University Heights**

The City has engaged in an effort to enhance the maintenance of its storm water channels and storm drains to ensure that life and property are protected during the winter storm season. Much of the work performed by the department has been through emergency permitting. In order to avoid the need to do last minute emergency permits to prevent flooding, the City should continue funding our storm water channel and storm drain maintenance program at an enhanced level that proactively addresses high flood risk locations in FY19 and beyond. Approximate cost: TBD.

Vision Zero

It is imperative that the City fund improvements at 15 of the deadliest intersections to ensure basic, low-cost pedestrian safety infrastructure improvements such as high visibility crosswalks, audible signals, and countdown signals are present at all intersections.

- Construct a safe crossing at Kansas Street and El Cajon Boulevard. City engineers have recommended a two-phase crosswalk for this intersection. Approximate Cost: \$357,000.
- Hire one dedicated Vision Zero/multi-modal staff person to oversee Vision Zero activities and complete streets implementation. This staff person will assist City staff with coordinating

and implementing upcoming education campaigns and engineering safety improvements. Funding is requested to be allocated for this staff position. Approximate Cost: \$75,000.

Sidewalk Maintenance and Repairs

With the completion of the citywide Sidewalk Condition Assessment, the Mayor and City Council must take action to develop policy and a plan to address the findings in the condition assessment and mitigate all tripping hazards to effectively reduce the city's liability and improve the conditions of our sidewalks. If Prop H funds are not suspended (as I have recommended below), at least \$15 million in infrastructure funds should be directed toward repairs and subsidy programs for sidewalks and emphasize repair of the segments in worst conditions as evaluated in the Assessment.

Additionally, the City has an opportunity to reduce liability and expenditures for sidewalk replacement by coordinating construction with appropriate capital improvement projects, particularly ones involving street repaving. Approximate cost: \$15 million.

Urban Forestry Program

I request an increase in urban forestry staff and resources as identified in the Five-Year Urban Forest Management Plan and the Climate Action Plan goals. Insufficient staffing levels for this program limit the full execution of California State grants and Mayoral initiatives. Furthermore, recent extreme weather events have demonstrated the need to adequately mitigate erosion in our urban canyons and parks. The current program, which consists of the City Forester, the Arborist, and two support staff should be increased by at least four employees to meet the needs of the City. Approximate cost: \$200,000. Any additional expenses may be offset by grant opportunities.

Community Choice Energy Local Buildout Study

Community Choice Energy (CCE) program for the City of San Diego will provide local energy choice, local community investment, and sustained local jobs. The recent feasibility study reported that a CCE would achieve these ends in San Diego and now a business plan is being developed for the prospective program. In order to fully maximize the benefits of a CCE program in San Diego, the City should fund a local buildout study that captures the economic value of local clean energy generation and affiliated jobs. The analysis would provide further direction on how best to support communities of concern (top 25% of CalEnviroScreen rankings) through CCE-related investments. Approximate cost: \$75,000.

Transportation Master Plan

The City must complete the development of a comprehensive Transportation Master Plan that includes analysis of mode share and defines the strategies the City will implement to achieve the mode share targets set forth in the Climate Action Plan. The plan should establish a clear vision for how San Diego will become a multi-modal city that supports mobility for healthy citizens in a safe, accessible, and vibrant city, increases affordability, reduces VMT, and protects and enhances the natural environment. It should lay out both high-level policies and specific actions to achieve that vision. Approximate Cost: No cost. In development but prioritization must be elevated.

Environmental Services Department (ESD)/Zero Waste Management Implementation

Staff capacity and resources for neighborhood cleanups should be expanded. Additionally, I request that the Environmental Services Department establish a program or develop a partnership to provide city residents a reasonably priced and accessible outlet for illegal dumping. Currently, far too many City residents are opting to dump items illegally and in the public right of way, rather than haul items to the Miramar landfill.

Green waste collection service, particularly in communities south of Interstate 8, should be expanded inclusive of the provision of green waste collection bins.

Additionally, ESD Code Compliance resources to assist in the street abatements and sanitation efforts as related to Hepatitis A and future disease prevention throughout the city are essential and must continue. Staff workload has increased dramatically and they are overworked. Additional resources should be sought in the form of volunteer efforts and partnerships, homeless workforce development programs, and short-term contracting out opportunities.

Lastly, additional resources are needed for the Landfill Fee Booth to address the increase in traffic into the landfill due to a staff shortages caused by Managed Competition. Corrections to staffing levels have been slow to come and if remain unaddressed, will continue to have unintended environmental and community impacts. Approximate cost: TBD.

Citywide Parks Master Plan

The City's General Plan Recreation Element recommends that a comprehensive Parks Master Plan (PMP) be prepared to inventory and assess all City park lands, recreational uses, facilities and services, set priorities for protection and enhancement of existing park and recreation assets, and develop implementation strategies to meet present and future community needs. It is through the proposed development of a citywide PMP that "equivalencies" will be addressed on a community-by-community basis. This is important to ensuring that there are sufficient recreation opportunities in the urbanized transit-priority areas. According to the City's Request for Proposals for the PMP, the estimated cost to complete the PMP is between \$1 and \$1.4 million, excluding the preparation of the environmental document which is anticipated to total around \$350,000. Approximate cost: \$1.75 million (phased allocation)

Balboa Park Master Plan Project Implementation Plan

Additional funding and staff resources have accelerated the process of many of our community plans. In order to prioritize park improvements requested by the community and stakeholders, it is critical to create a project implementation plan. The 1989 Balboa Park General Plan outlined the projects the community wanted to see completed within the park but a significant number of projects have yet to move forward. Additional projects and facility or infrastructure maintenance needs have also been identified in recent years. Prioritization of the remaining projects and a draft implementation plan will result in updated project costs and provided a comprehensive needs list for new projects in the park, and allow us the opportunity to explore revenue streams to meet and close this funding gap in a reasonable future timeframe. Approximate cost: TBD.

Upcoming Infrastructure/Commercial Paper/Deferred Capital (DC4) Bond

The projects listed in *Addendum A* are high priority community needs for the FY19 budget. Consideration should be provided to those projects eligible for upcoming funding opportunities. In addition to the short-term funding strategies being contemplated, the Mayor and City Council must work to identify a comprehensive infrastructure investment plan. Without a sustainable new revenue source to address our infrastructure needs, San Diego's streets, sidewalks, and public buildings will continue to deteriorate.

NEIGHBORHOOD SERVICES AND PROGRAMS

Balboa Park Maintenance and Public Safety Staffing

The recruitment and hiring for the vacant park rangers and park maintenance staff positions must be prioritized.

Penny for the Arts

The Penny for the Arts Blueprint (Blueprint) adopted by the City Council in 2012 included a goal of restoring annual Arts, Culture, and Community Festivals allocations to 9.5% of the City's transient occupancy tax (TOT) revenues by FY17. In the years since, the City has not met the Blueprint's annual funding targets. Although in FY17 the City Council increased the Penny for the Arts allocation in the Adopted Budget from 6.44% to 7% of TOT, for a total FY17 budget of \$15.1 million, funding was reduced in FY18. The Mayor's 5-year Outlook currently projects 33% growth in general fund TOT revenue over the next five years, and a recent study found that San Diego's non-profit arts and culture industry generates \$1.1 billion in annual economic activity, supports 35,914 full-time equivalent jobs and generates \$116 million in local and state government revenues. In order to continue supporting the growth of this critical economic driver and get closer to our stated commitments in the Blueprint, funding levels for the Commission for Arts and Culture Funding Programs should be increased to at least 7.5% of anticipated TOT receipts.

Placemaking Pilot Program

Resources should be identified to support the creation of intersection murals throughout the diverse neighborhoods of our city. This pilot program will, through a creative and collaborative process, empower communities to reshape public spaces to enhance their overall physical, cultural and social identities. Approximate cost: \$50,000.

Community Development Block Grant (CDBG) Reinvestment Initiative

SB 107, approved in 2015, provided substantial reform of the redevelopment wind-down process and ensures that San Diego will properly receive CDBG repayment/recovery of nearly \$240 million. Last year, the City Council approved a CDBG Reinvestment Initiative which is geared at reinvesting in San Diego's economically disadvantaged communities in the form of infrastructure investment, housing solutions, homeless service, job creation, and economic development. An evaluation of the initiative is warranted to understand outcomes and whether or not changes to the strategy are necessary to address more urgent community needs. Approximate cost: TBD.

Small Business Development and Support

San Diego small businesses are essential to our neighborhoods and economy. \$4.9 million in CDBG Reinvestment funds have been identified for investment in workforce development, support for small business accelerators, and the creation of a loan and investment fund that will also provide consulting services to help small businesses grow and remain competitive. I supported the development of these assistance programs and request a status update regarding the remaining funding available for deployment of resources to support our neighborhood small businesses. Approximate cost: N/A. Expedite efforts.

Youth Services/Youth Workforce Development/Connect2Careers (C2C) Program Expansion

C2C/San Diego Workforce Partnership provides work readiness, job matching, and job placement for 16-24 year-olds in San Diego. With a strong team, deep community connections, best-in class web-portal and IT solution, C2C/San Diego Workforce Partnership have the foundation needed to

dramatically expand the program to rival youth employment programs in other large cities. I request that an additional \$250,000 (current allocation is \$500,000) be allocated to the Workforce Partnership to expand the C2C program. This costs includes a budget for 8 staff (one director, one manager, 3 job developers, and 3 trainers) and 10 paid C2C interns that provide one-to-one job coaching to youth enrolled in the program, as well as IT system support, communications supplies and costs, and event supplies and costs. The C2C goal is to find jobs for at least 3,000 youth; up from 2,000 in 2017. Approximate cost: \$750,000.

Temporary Pool Program

This hugely successful program provides access to pools during hot summer months to communities that do not have the benefit of a pool facility at their local recreation center. The cost of this program is low, while the positive impact on pool users is very high. The following recreation center locations should be funded for a temporary pool in FY19: Adams Avenue and North Park. Approximate cost: \$7,500 per location.

Play All Day Initiative

The Play All Day Parks Program is an initiative put forth by the Mayor and the Superintendent of the San Diego Unified School District to break ground on over 30 new joint-use park sites in the next five to 10 years. Ensure there is adequate staffing and funding is secured to support the planned development of the 30 new City-wide joint-use park sites. Approximate cost: N/A. Expedite efforts.

OPERATIONAL NEEDS

Administration and Enforcement of Earned Sick Leave and Minimum Wage Ordinance

City administration and enforcement of the application of minimum wage and earned sick leave is critical to the stability of the city's workforce and overall economy. As such, it is critical that appropriate staffing be filled immediately and additional resources for proactive outreach and City Attorney assistance be identified to ensure compliance with the law. I urge the Mayor to protect these programs from any budgetary reductions.

City Employee Childcare Services

Finding licensed childcare for many families has become increasingly difficult, including for many parents who work for the City of San Diego. Childcare is a basic infrastructure element that should be pursued for children of city employees that are 2 months to 5 years of age. Staff should explore the costs associated with offering this service, what partnerships could be obtained, and prepare to engage the negotiating units during the reopener period in FY19.

Personnel Department

It is critical to maintain current staff resources and service levels which are all necessary to process and expedite the hiring process. The positions that have been added over the years are particularly critical in making sure that safety sensitive positions are cleared for hire in a timely manner. In addition, I request 1.0 FTE Associate Personnel Analyst to assist in classification and compensation duties. This individual would be responsible for studying and allocating new positions Citywide and would be responsible for evaluating all requests for special salary adjustments in accordance with City Charter Section 130, and in anticipation of the scheduled sunset provision of Proposition B on July 1, 2018. Approximate cost: \$75,000.

Council Administration Department

I request \$38,000 for non-personnel expenditures to support the City Council's Select Committee on Homelessness for the remainder of calendar year 2018/first half of FY19. Additionally, I request 1.0 FTE Council Representative to support the increased operational responsibilities of the department. Approximate cost: \$115,000.

ADDITIONAL REVENUE OPPORTUNITIES

While I acknowledge the very difficult budgetary decisions ahead, I am determined to continue progress and not allow for any reductions in neighborhood services. I am committed to creating opportunities that further expand economic development opportunities and improve public safety and neighborhood quality of life. In doing so, I offer the following revenue opportunities:

Vacancy Savings

The FY18 adopted budget included the addition of approximately 190 new positions, 86 of which remain unfilled as of January 18, 2018. Unanticipated vacancy savings may be redirected toward one-time FY19 expenditures.

Excess Equity

The First Quarter Report estimates Excess Equity will be \$17.9 million at year end which may be budgeted for one-time FY19 expenditures.

Risk Management Reserves in Excess of Policy Targets

Approximately \$17.0 million in one-time revenues in excess of reserve policy targets are anticipated which can be redirected for one-time FY19 expenditures.

- Excess Public Liability Reserve of \$4.1 million
- Excess Workers' Compensation Reserve of \$5.7 million
- Excess Long-Term Disability Reserve of \$7.2 million

Pension Payment Stabilization Reserve Contribution

Since the City is facing near-term deficits and given the healthy General Fund emergency and stabilization reserve levels, I recommend that the City reconsider the need for this unnecessary reserve account and at minimum, I recommend that the replenishment plan for this particular account be delayed until after FY19. \$3.5 million can be redirected for one-time FY19 expenditures.

Use of Redevelopment Property Tax Trust Fund (RPTTF) to Ensure Economic Revitalization and Job Creation

The Five-Year Outlook noted that the adjusted residual RPTTF revenue over the next five years increases from \$18.5 to \$26.1 million, for a total of \$115 million. Using this revenue going forward to invest in San Diego's economically disadvantaged communities, as originally intended, allows areas in the greatest need of economic investment an opportunity to attract new commercial activity, which in turn creates new jobs and greater tax revenue for the City's general fund. The prioritized investment of these residual RPTTF funds could fund many capital projects across the city that currently do not have identified funding sources.

Capital Outlay

The City Council recently authorized the sale of city assets with a combined value of over \$3.25 million. This funding may be directed toward capital needs or can be used to establish a Notice of Funding Availability for development/production of affordable housing on city owned property.

Increase Grant Opportunities/Citywide Grants Writer

The City must be more aggressive in pursuing grant opportunities to support new and existing projects. I recommend that a position be established to write grant applications, continually research grants and ensure that the City remains competitive. Examples of grant opportunities include:

- Caltrans Active Transportation Program: The Safe Routes to School program will educate parents, students, and teachers about road safety and can fund planning and infrastructure to increase safety. The City could fund this effort by applying for Caltrans' Active Transportation Program. It is anticipated that approximately \$440 million in ATP funding will be available.
- SANDAG Smart Growth Incentive Program (SGIP): This grant provides an opportunity to support projects in sites identified by SANDAG as "Smart Growth Opportunity Areas" including capital, non-capital, planning, and programmatic interventions that support Smart Growth objectives. Cities need to have adopted a Complete Streets Policy and a Climate Action Plan to be eligible. Approximately \$27 million is anticipated to be available.
- SANDAG Active Transportation Program: Approximately \$3.6 million is anticipated to be available for cities which have adopted a Complete Streets Policy and a Climate Action Plan to support capital, non-capital, planning, and programs that support walking and biking as well as traffic calming interventions.

Contracts

The City utilizes outside contractors for a variety of services totaling \$245 million. The City should utilize the appropriate termination clause language within each contract to more aggressively renegotiate the cost of each contract. Additionally, it must be more cautious about the frequency of change orders and the inclusion of automatic cost escalators. A 10% overall reduction in contracts for outside services would provide the City with \$24 million for more immediate General Fund purposes.

Ongoing CIP Cash Management

Ongoing review of CIP cash management activities will ensure the appropriate alignment of the timing and use of funding for CIP projects.

Cannabis Tax Revenue

On November 8, 2016, the voters of San Diego approved Measure N, which established a Cannabis Business Tax (CBT) on non-medical cannabis (marijuana) businesses in the City of San Diego to raise revenue for general governmental purposes of the City, contingent upon the passage of Proposition 64, the Adult Use of Marijuana Act, which was also approved by voters on the November 2016 ballot. The fiscal impact statement prepared for Measure N estimated potential future CBT revenue of \$22 to \$35 million annually. Considering the City Council's adoption of land use and business regulations, the industry has quickly developed. The City should reevaluate revenue assumptions related to the cannabis industry.

Reallocation of Costs Associated with the Deputy Chief Operating Officer (DCOO) Special Projects Position

Given the recent announcement of the promotion of the current DCOO of Special Projects to Chief Operating Officer, the costs associated with funding the position can be redirected for ongoing FY19 expenditures.

Potential Revenue from Short-Term Vacation Rentals

The City Council must take immediate action and adopt sound policy regarding short-term vacation rentals to reduce neighborhood nuisances, deter investor motive in housing supply, and provide code enforcement monitors. In doing so, the city will be better suited to track business activity and will create opportunities to generate revenue in the form of permit fees and Transient Occupancy Tax that can support enforcement to ensure compliance of applicable laws.

Proposition H – Infrastructure Fund

In 2016, San Diego voters approved Proposition H, a ballot measure that requires the dedication of General Fund revenue growth to an Infrastructure Fund. The Outlook recognizes these allocations to the Infrastructure Fund as a General Fund expense, but does not include projections for any expenditures paid for by the Infrastructure Fund. Allocations to the Infrastructure Fund could be used to support certain strategic expenditures, potentially including the City's Infrastructure Asset Management Program, street repair, and storm water permit compliance projects, thereby addressing critical needs while mitigating the projected deficit. Additionally, Proposition H included a provision that allows a one-year suspension of the requirement to allocate General Fund revenue growth to the Infrastructure Fund upon a two-thirds vote of the City Council. If funding for non-infrastructure critical expenditures is needed, Council could consider suspending the measure upon recommendation of the Mayor, which would allow the revenue to flow to the General Fund for other City uses.

Thank you for your consideration of these priorities. This memo reflects my top priorities and will serve as the basis for my support of the upcoming budget.

*Addendum A***Balboa Park Restroom Rehabilitation/Modernization**

Improvements are critically needed to the restrooms in Balboa Park near the Organ Pavilion/International Cottages and other key locations. Self-cleaning, single-use style restrooms should be considered in addition to the use of the streamlined design/bulk purchase and installation to reduce the cost per unit. Approximate cost: TBD.

Downtown Cycle Track Network

It is essential to fully fund the construction of the cycle track network in the Downtown Mobility Plan to ensure completion in FY19. These protected bike lanes will serve as the central node of San Diego's bike network and an essential component of any effort to increase bicycle mode share. The total cost is \$15 million, of which approximately \$3.5 million remains unfunded.

Golden Hill Recreation Center

The outdoor surface courts at the recreation center must undergo underlying structural repairs to prevent the need for frequent repairs/resurfacing. Approximate cost: TBD.

Golf Course Drive Improvements/CIP S-15040

This project provides for the design and construction of a paved pedestrian pathway and bike facility along Golf Course Drive, connecting the existing Golden Hill Recreation Center to 28th Street. A feasibility study was scheduled to be completed in FY17. Funding is requested to initiate the design phase. Approximate cost: \$1.8 million (phased).

North Park Community Park Recreation and Adult Center Facility Upgrades and Park Maintenance

We request a park assessment to improve the safety and condition of the North Park Community Park, including the active park space, recreation center and adult center. Additional programmatic and maintenance resources are requested to activate and upkeep the park, thereby deterring nuisance activity. Approximate cost: TBD.

Open Space Parks/CIP AGE-00001

There are over 150 canyons throughout urban San Diego. We request that this CIP be amended to incorporate and properly fund the Canyon Enhancement Planning (CEP) Program produced by San Diego Canyonlands. The CEP identifies green infrastructure needs and opportunities which provide valuable ecosystem services, including work to clean and filter our urban runoff. The CEP also identifies trail restoration area and recommends wetland and habitat restoration in Juniper, Maple, Mission Hills, and Switzer Canyons, among others, helping to create valuable recreational opportunities in otherwise paved and urbanized environments.

Additionally, I request that the Mission Valley trail connections through Buchanan Canyon (University Heights) and the 33rd Street Mini-Park (Normal Heights) be considered for restoration. Approximate cost: TBD.

Presidio Community Park Sidewalk Repair and Replacement

As identified in the Unfunded Park Improvement List, root-damaged sidewalks throughout the park should be repaired or replaced. Approximate cost: \$100,000-\$250,000.

Reynard Way Neighborhood Park: Mission Hills

I request that funding be identified to initiate a General Development Plan for the long awaited Reynard Way Neighborhood Park. Few opportunities exist in Uptown for the development of park space. The City must capitalize on this opportunity.

Sidewalk Installation to Enhance Pedestrian Safety

- Richmond Street Sidewalks: Richmond Street in Hillcrest/Marston Hills
- Upas Street Sidewalk: 28th to Alabama Street, south side in Balboa Park.

Street Light Requests

- Meade and Texas Streets
- Washington and Cleveland Streets
- 26th and Broadway
- F Street between 21st & 24th Streets

Trolley Barn Park Comfort Station

As identified in the Unfunded Park Improvement List, a comfort station should be added to the heavily utilized park. Approximate cost: \$500,000 to \$1.0 million.

Ward Canyon Neighborhood Park Phase II Completion

Ward Canyon Neighborhood Park: The temporary dog park at Ward Canyon Neighborhood Park was an important step toward realizing this long awaited and significant community asset. We would like to see the construction of these permanent park improvements included in the next bond/funding opportunity. Ward Canyon Park Phase II also called for the demolition of the Mock Building/Storefront located in the northwest corner of the park, as well as the construction of a new Mid-City police building on the western end, with windows facing the park for increased visibility and public safety. Approximate cost: \$7.5 million (per Facilities Finance Program Estimation)

Position ID	Job Title	Department	Status
30001241	Clerical Assistant II	Police	Filled
30001244	Clerical Assistant II	Police	Filled
30001684	Fire Fighter 2	Fire-Rescue	Filled
30001685	Fire Fighter 2	Fire-Rescue	Vacant
30001686	Fire Fighter 2	Fire-Rescue	Vacant
30001687	Fire Fighter 2	Fire-Rescue	Vacant
30001688	Fire Fighter 2	Fire-Rescue	Vacant
30001689	Fire Fighter 2	Fire-Rescue	Vacant
30001690	Fire Fighter 2	Fire-Rescue	Vacant
30001691	Fire Fighter 2	Fire-Rescue	Vacant
30001692	Fire Fighter 2	Fire-Rescue	Vacant
30003305	Info Sys Anlyst 4	Fleet Operations	Filled
31004152	Police Dispatch Admnstr	Police	Filled
31008702	Info Sys Anlyst 3	Risk Management	Filled
31008777	Claims Rep 2(Liability)	Risk Management	Filled
31008986	Word Processing Oper	Police	Filled
31009100	Police Invstgtv Serv Ofcr 2(Lt Pn Ex Ad)	Police	Vacant
31009251	Program Coordinator	Performance & Analytics	Filled
31009252	Program Coordinator	Performance & Analytics	Filled
31009253	Program Coordinator	Performance & Analytics	Filled
31009281	Police Captain	Police	Filled
31009300	Police Invstgtv Serv Ofcr 2(Lt Pn Ex Ad)	Police	Filled
31009457	Program Manager	City Attorney	Filled
31009475	Program Coordinator	Risk Management	Filled
31009476	Program Coordinator	Risk Management	Filled
31009477	Program Coordinator	Risk Management	Filled
31009564	Administrative Aide 2	Police	Filled
31009666	Program Manager	Performance & Analytics	Filled
31009754	Disposal Site Rep	Environmental Services	Filled
31009755	Disposal Site Rep	Environmental Services	Filled
31009816	Sr Clerk/Typist	Police	Filled
31009817	Program Manager	City Treasurer	Filled
31009843	Program Manager	Economic Development	Filled
31009936	Asoc Mgmt Analyst	City Treasurer	Filled
31010252	Accountant 3	City Comptroller	Filled
31010276	Program Coordinator	City Treasurer	Filled
31010277	Program Coordinator	City Treasurer	Filled
31010278	Program Coordinator	Purchasing & Contracting	Filled
31010400	Word Processing Oper	Police	Filled
31010750	Program Coordinator	Fire-Rescue	Filled
31011075	Accountant 4	City Comptroller	Filled
31011176	Landfill Equip Oper	Environmental Services	Vacant
31011305	Asst Chemist	Public Utilities	Vacant
31011306	Asst Chemist	Public Utilities	Vacant
31011307	Code Compliance Ofcr	Environmental Services	Filled
31011308	Code Compliance Ofcr	Environmental Services	Filled

31011309	Program Manager	Information Technology	Filled
31011310	Program Manager	Engineering & Capital Projects	Filled
31011311	Program Coordinator	Information Technology	Vacant
31011312	Program Coordinator	Information Technology	Vacant
31011325	Deputy City Atty	City Attorney	Filled
31011326	Deputy City Atty	City Attorney	Vacant
31011327	Deputy City Atty	City Attorney	Filled
31011334	Accountant 4	City Treasurer	Filled
31011335	Accountant 2	City Treasurer	Vacant
31011336	Accountant 2	City Treasurer	Filled
31011337	Accountant 2	City Treasurer	Filled
31011338	Accountant 2	City Treasurer	Vacant
31011339	Accountant 3	City Comptroller	Vacant
31011341	Program Manager	Transportation & Storm Water	Filled
31011342	Program Coordinator	Office of Homeland Security	Filled
31011343	Deputy Director	Public Utilities	Vacant
31011344	Asst Deputy Director	Public Utilities	Vacant
31011346	Program Coordinator	Office of Homeland Security	Filled
31011347	Program Manager	Planning	Vacant
31011348	Program Coordinator	Risk Management	Filled
31011353	Sr Mgmt Analyst	Public Utilities	Vacant
31011354	Asoc Chemist	Public Utilities	Filled
31011355	Asoc Chemist	Public Utilities	Vacant
31011378	Employee Benefits Specialist 2	Risk Management	Filled
31011379	Employee Benefits Specialist 2	Risk Management	Filled
31011387	Grounds Maint Wrkr 2	Park & Recreation	Vacant
31011388	Grounds Maint Wrkr 2	Park & Recreation	Vacant
31011389	Fire Captain	Fire-Rescue	Filled
31011390	Fire Captain	Fire-Rescue	Filled
31011391	Fire Captain	Fire-Rescue	Filled
31011392	Fire Captain	Fire-Rescue	Filled
31011393	Fire Captain	Fire-Rescue	Vacant
31011394	Fire Captain	Fire-Rescue	Vacant
31011395	Fire Dispatch Supv	Fire-Rescue	Vacant
31011396	Fire Engineer	Fire-Rescue	Vacant
31011397	Fire Engineer	Fire-Rescue	Vacant
31011398	Fire Engineer	Fire-Rescue	Vacant
31011399	Program Manager	Economic Development	Vacant
31011412	Fire Dispatcher	Fire-Rescue	Filled
31011413	Fire Dispatcher	Fire-Rescue	Filled
31011414	Fire Dispatcher	Fire-Rescue	Filled
31011415	Fire Dispatcher	Fire-Rescue	Filled
31011425	Program Coordinator	Human Resources	Filled
31011426	Program Coordinator	Human Resources	Filled
31011427	Heavy Truck Drvr 1	Environmental Services	Vacant
31011428	Heavy Truck Drvr 2	Environmental Services	Filled
31011450	Cmnty Dev Spec 4	Economic Development	Filled

31011451	Cmnty Dev Spec 3	Economic Development	Filled
31011452	Asst Eng-Civil	Transportation & Storm Water	Filled
31011453	Asst Eng-Civil	Transportation & Storm Water	Filled
31011454	Project Assistant	Transportation & Storm Water	Vacant
31011455	Project Ofcr 1	Transportation & Storm Water	Filled
31011478	Biologist 2(Environ Biolgst)	Park & Recreation	Vacant
31011479	Asst Eng-Civil	Engineering & Capital Projects	Filled
31011480	Asst Eng-Civil	Engineering & Capital Projects	Filled
31011481	Asst Eng-Civil	Engineering & Capital Projects	Filled
31011482	Asst Eng-Civil	Engineering & Capital Projects	Vacant
31011483	Asst Eng-Civil	Engineering & Capital Projects	Vacant
31011484	Asst Eng-Civil	Engineering & Capital Projects	Filled
31011485	Asst Eng-Civil	Engineering & Capital Projects	Filled
31011486	Asst Eng-Civil	Engineering & Capital Projects	Filled
31011487	Asst Eng-Civil	Engineering & Capital Projects	Filled
31011488	Area Manager 2	Park & Recreation	Filled
31011489	Asst Eng-Civil	Engineering & Capital Projects	Filled
31011490	Asst Eng-Civil	Engineering & Capital Projects	Filled
31011491	Asst Eng-Civil	Engineering & Capital Projects	Vacant
31011492	Asst Eng-Civil	Engineering & Capital Projects	Filled
31011493	Asst Eng-Civil	Engineering & Capital Projects	Vacant
31011494	Asst Eng-Civil	Engineering & Capital Projects	Vacant
31011495	Asst Eng-Civil	Engineering & Capital Projects	Vacant
31011496	Asst Eng-Civil	Engineering & Capital Projects	Filled
31011497	Asst Eng-Civil	Engineering & Capital Projects	Filled
31011498	Asst Eng-Civil	Engineering & Capital Projects	Filled
31011499	Asst Eng-Civil	Engineering & Capital Projects	Filled
31011500	Cmnty Dev Spec 3	Economic Development	Filled
31011525	Recycling Spec 2	Environmental Services	Filled
31011526	Recycling Spec 2	Environmental Services	Filled
31011527	Sr Mgmt Anlyst(Hland Secur Coord)	Office of Homeland Security	Filled
31011550	Asst Eng-Civil	Engineering & Capital Projects	Vacant
31011551	Asst Eng-Civil	Engineering & Capital Projects	Vacant
31011584	Administrative Aide 1	Engineering & Capital Projects	Filled
31011585	Administrative Aide 1	Engineering & Capital Projects	Filled
31011588	Asst Eng-Civil	Engineering & Capital Projects	Filled
31011589	Asst Eng-Civil	Engineering & Capital Projects	Vacant
31011590	Asst Eng-Civil	Engineering & Capital Projects	Filled
31011591	Asst Eng-Civil	Engineering & Capital Projects	Filled
31011592	Sr Civil Engineer	Engineering & Capital Projects	Filled
31011593	Sr Civil Engineer	Engineering & Capital Projects	Vacant
31011594	Principal Engrng Aide	Transportation & Storm Water	Vacant
31011700	Sr Mgmt Anlyst	Economic Development	Filled
31011702	Principal Engrng Aide	Engineering & Capital Projects	Vacant
31011703	Principal Engrng Aide	Engineering & Capital Projects	Vacant
31011704	Principal Engrng Aide	Engineering & Capital Projects	Vacant
31011725	Fleet Manager	Fleet Operations	Vacant

31011751	Program Coordinator	Risk Management	Vacant
31011800	Principal Engrng Aide	Engineering & Capital Projects	Filled
31011801	Principal Engrng Aide	Engineering & Capital Projects	Filled
31011802	Principal Engrng Aide	Engineering & Capital Projects	Filled
31011803	Principal Engrng Aide	Engineering & Capital Projects	Vacant
31011804	Principal Engrng Aide	Engineering & Capital Projects	Filled
31011805	Principal Engrng Aide	Engineering & Capital Projects	Vacant
31011806	Principal Engrng Aide	Engineering & Capital Projects	Vacant
31011807	Principal Engrng Aide	Engineering & Capital Projects	Vacant
31011808	Principal Engrng Aide	Engineering & Capital Projects	Vacant
31011825	Grounds Maint Mgr	Park & Recreation	Vacant
31011828	Sr Plant Tech Supv	Public Utilities	Vacant
31011829	Sr Electrical Engineer	Engineering & Capital Projects	Vacant
31011830	Asoc Planner	Engineering & Capital Projects	Filled
31011831	Asoc Eng-Electrical	Engineering & Capital Projects	Vacant
31011875	Cmnty Dev Spec 2	Economic Development	Filled
31011876	Grounds Maint Wrkr 2	Park & Recreation	Vacant
31011925	Asoc Eng-Traffic	Engineering & Capital Projects	Vacant
31011926	Asoc Eng-Civil	Environmental Services	Vacant
31011950	Sr Mgmt Anlyst	Engineering & Capital Projects	Filled
31011951	Sr Engineering Aide	Engineering & Capital Projects	Vacant
31011952	Sr Engineering Aide	Engineering & Capital Projects	Vacant
31011975	Asst Eng-Civil(Cntrct Spec)	Engineering & Capital Projects	Vacant
31011976	Water Production Superintendent	Public Utilities	Vacant
31011977	Water Production Superintendent	Public Utilities	Vacant
31012002	Development Project Manager 3	Planning	Vacant
31012025	Project Ofcr 2	Engineering & Capital Projects	Vacant
31012026	Project Ofcr 1	Engineering & Capital Projects	Vacant
31012027	Project Assistant	Engineering & Capital Projects	Vacant
31012028	Project Assistant	Engineering & Capital Projects	Vacant
31012029	Project Ofcr 2	Engineering & Capital Projects	Vacant
31012030	Project Ofcr 1	Engineering & Capital Projects	Vacant
31012031	Project Ofcr 2	Engineering & Capital Projects	Vacant
31012032	Project Ofcr 1	Engineering & Capital Projects	Vacant
31012033	Project Ofcr 1	Engineering & Capital Projects	Vacant
31012034	Project Assistant	Engineering & Capital Projects	Vacant
31012035	Project Assistant	Engineering & Capital Projects	Vacant
31012075	Asst Eng-Civil	Engineering & Capital Projects	Filled
31012076	Asoc Eng-Civil	Engineering & Capital Projects	Filled
31012077	Asoc Eng-Civil	Engineering & Capital Projects	Filled
31012078	Asoc Eng-Civil	Engineering & Capital Projects	Filled
31012079	Asoc Eng-Civil	Engineering & Capital Projects	Vacant
31012080	Asoc Eng-Civil	Engineering & Capital Projects	Vacant
31012081	Asoc Eng-Civil	Engineering & Capital Projects	Vacant
31012082	Asoc Eng-Civil	Engineering & Capital Projects	Vacant
31012275	Program Coordinator	Engineering & Capital Projects	Vacant
31012303	Program Coordinator	Purchasing & Contracting	Vacant



**CITY OF SAN DIEGO
OFFICE OF COUNCIL PRESIDENT MYRTLE COLE
FOURTH COUNCIL DISTRICT**

MEMORANDUM

DATE: January 22, 2018
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Council President Myrtle Cole *Myrtle Cole*
SUBJECT: FY 2019 Budget Priorities

The following are my priorities for the FY 2019 City budget. These budget priorities are in line with my policy priorities, which continue to advocate for public safety, neighborhood services, infrastructure, job creation/economic development, homelessness and the environment.

Public Safety:

Police Recruitment and Retention

In order to address the understaffing in both sworn and non-sworn positions, it is critical that the City develop a comprehensive, nationwide recruitment and retention strategy including developing a program to allow recruits to apply online, streamlining the process. Because recruits apply at multiple agencies, the department needs to move **expeditiously** to recruit the top candidates. Deferred maintenance has plagued many of neighborhood police divisions that serve our city. Police divisions including Southwestern, Western, Mid City and Northern that have been neglected over the years and are in dire need of improvements. Although officers received a pay raise, police officer job satisfaction is also tied to the work environment. A good physical work environment increases police officer well-being, satisfaction with work and increases performance.

Implementation of AB 953: Identify and allocate appropriate funding to implement AB 953 including what system(s) will be needed to collect, store and share information with the Department of Justice. On November 15, 2017 the AB 953 regulations were finalized. Beginning July 1, 2018 the larger law enforcement agencies including SDPD will be required to start collecting data. In April 2019 SDPD will be required to report on the data collected.

Identify and allocate funding to implement AB 2298 (Gang Database Act)

which is intended to overhaul the state's CalGang system. AB 2298 creates a requirement that law enforcement inform a person before they add them to state's CalGang database. The law allows the person the opportunity to challenge their inclusion in CalGang system via a court process. Starting in January 2018, law enforcement agencies will be required to produce detailed transparency reports on each of their shared gang databases.

Identify and allocate funding to implement AB 90 (Fair and Accurate Gang Database Act of 2017) which is intended to increase accountability and transparency within the various shared gang databases maintained by the state. AB 90 transfers oversight of the CalGang database from law enforcement to the Department of Justice. Under AB 90, SDPD will be required to implement regulations regarding the use, operation and oversight of shared gang databases. In addition, AB 90 may also modify the criteria designating a person as a gang member.

Fire

Identify and allocate funding for Death and Disability benefits for Firefighters as required by City Charter Section 151 and authorized by Proposition B. Firefighters hired after July 20, 2012 do not have a defined Death and Disability benefit if permanently disabled or killed in the line of duty. The Cheiron CPR Analysis dated March 7, 2012 provided a summary of benefits and cost intended to replace the previous Death and Disability benefit with a like benefit. The previous plan was closed to firefighters due to pension system changes under Proposition B. Fortunately, no permanent disabilities or deaths have occurred to post-Prop B new hires to date. As such, the City has incurred no cost in the last 5 ½ years. Funding must be allocated to provide for Death and Disability benefits moving forward to prevent an unfunded liability to the City in the event a firefighter is permanently disabled or killed.

Identify and allocate funding for a Permanent Skyline Hills Fire Station (FS 51). Identify funding to construct a permanent facility for the health and safety of our fire-rescue personnel **and the communities surrounding Skyline Hills.*

Identify and allocate funding for a Permanent Home Avenue Fire Station (FS 1). This project will provide for the much needed Fire Station to meet emergency response times in the community.

Lifeguard

Identify and allocation funding for:

- Addition of one FTE Senior Management Analyst
- Addition of one (two FTE) Lifeguard III at the Children's Pool/La Jolla Cove.
- Reopen the Lifeguard Vessel Replacement Plan that was closed and emptied in 2017

Support and Fund the Neighborhood Code Compliance Division of the Development Services Department to administer programs designed to protect the public's health, safety, welfare, and property value through enforcement.

Identify and allocate appropriate funding for additional Psychiatric Emergency Response Team staff to address expanding homeless populations in communities throughout San Diego.

Identify funding for Resource Access Program (RAP). The RAP program is an important component in addressing the needs of our homeless. RAP, a paramedic based surveillance and case management system, manages frequent users of the 911/EMS system. RAP paramedics connect homeless individuals with resources for their underlying medical, mental health, and social needs. The RAP program has many benefits including reducing calls to the 911/EMS system, thus freeing up time for serious emergencies and reducing the costs.

Climate Action Plan:

Allocate transportation capital funding to be consistent with the Climate Action Plan 2020 mode share goals to incrementally increase transit, bicycling and walking mode share.

Transportation Master Plan:

Development and implementation of a comprehensive Transportation Master Plan that includes analysis of mode share and defines the strategies the City will implement to achieve the mode share targets set forth in the Climate Action Plan.

Minimum Wage and Earned Sick Days Enforcement:

Continued funding for the current Minimum Wage and Earned Sick Days Program positions.

Infrastructure:

Fund complete construction of Bay Terraces "Tooma Park" Senior Center/Recreation Building.

Identify and allocate funding for completion of the Streamview Drive Improvements. Including traffic calming measures, installation of roundabouts, medians, angled parking, resurfacing of streets and construction of new sidewalks.

Identify and allocate funding for construction of MLK Promenade in Broadway Heights, which includes the widening of sidewalks and installation of medians.

Identify and allocate funding for Emerald Hills Community Park Renovations. Funding for improvements include, repainting of its tennis courts, resurfacing of basketball courts, and upgrading playground equipment of the two tot-lots.

Identify and allocate funding for design completion and construction of the Rolando Park joint use fields.

Continued funding for MLK Recreation Center renovations and repairs.

Identify funding for additional sidewalks and street lights in District 4 including, Paradise Hills, Community-Wide Pedestrian Improvements for North Encanto, and Northside of Market Street.

Identify funding for Oak Park Library

Identify and allocate additional funding for the Chollas Lake Community Park comfort station and electrical infrastructure.

Homelessness:

Increase funding for the San Diego Police Department's Homeless Outreach Team and Quality of Life Team: Team would support outreach efforts to homeless individuals living on city sidewalks and neighborhood canyons.

Fund the operation of a housing navigation/intake center which will serve as the central point of access for homeless individuals seeking assistance on their path towards permanent supportive housing.

Fully fund the committee consultant position for the Select Committee on Homelessness.

Ensure continued funding for the operation of the temporary bridge shelters.

Continue funding for temporary public restrooms and washstands to continue to combat the recent Hep A outbreak.

Additional funding to Environmental Services Department: For community clean-ups associated with homeless camps in canyons and creeks in the communities outside of downtown.

Economic Development and Neighborhood Services:

Identify and allocate additional funding for the Penny for the Arts Blueprint.

Identify and allocate funding for a Small Business Bonding Assistance Program. The Small Business Bonding Assistance Program can serve as a supplement to the City's existing SLBE/ELBE program, and as an alternative to addressing the bonding needs of small construction firms.

Identify and allocate funding to expand the Youth Services/Youth Workforce Development/Connect2Careers: Funding would provide work readiness, job matching, and job placement for 16-24 year olds in San Diego.

Support Services for Planning Groups and Neighborhood Councils.

Allocate and Restore Services for Weed Abatement and Tree Trimming: These services are designed to protect the public's health, safety and welfare through abatement.

Restoration of CPPS dollars for Council District 1 & 3.

Identify and allocate funding for addition of 1 FTE Council Rep position in Council Administration to support and maintain service levels to support the Council Offices.

Revenue Opportunities:

In an effort to address funding for our FY 2019 budget priorities, following are some possible actions:

Excess Equity: There is an estimated \$17.9 million available for a one time use.

Excess Risk Management Reserves: There is an estimated \$17 million for a one time use.

Infrastructure Fund: There is an estimated \$17 million allocation.

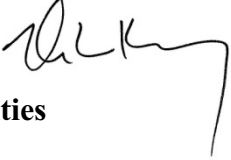
Pension Payment Stabilization Reserve Contribution: One time use of \$3.5 million.

We look forward to the collaborative work ahead and thank you for your consideration of our budget priorities.

**COUNCILMEMBER MARK KERSEY**

DATE: January 22, 2018

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Mark Kersey 

RE: Fiscal Year 2019 Budget Priorities

This is in response to Budget & Government Efficiency Committee Chair Barbara Bry's January 5, 2018 memorandum requesting Councilmember input in the development of the Fiscal Year 2019 Budget. In this lean budget time, my top priority is continued investment in our neighborhood infrastructure. City leaders must avoid the mistakes of the past and resist the temptation to neglect our asset network in deficit years. To the extent funds are available, I put forward the following requests:

Restore Transportation in the San Pasqual Valley. Ysabel Creek Road is the main thoroughfare between Bandy Canyon Road, where farmers package their products, and San Pasqual Valley Road, where the Zoo Safari Park and the Archaeological Society are located. Severe storms have moved much of the asphalt off Ysabel Creek Road, leaving the road dangerous and inconsistent with the City's Street Design Manual. I request an engineering analysis to determine options for restoring Ysabel Creek Road and establishment of a CIP.

Sustain Fire-Rescue Response Times in Northeastern San Diego. The Fast Response Squad in San Pasqual Valley was made permanent after the adoption of the Fiscal Year 2018 Budget. In October 2017, a fire sparked in San Pasqual Valley, and the FRS helped contain the fire to 12-acres. The San Pasqual Valley is otherwise served by Station 33 in Rancho Bernardo, which has the largest territory of any station in the department. The San Pasqual Valley FRS must continue to operate on a permanent basis to ensure appropriate Fire-Rescue response times throughout northeastern San Diego.

Invest in SDPD Recruitment and Retention. For years the City of San Diego has struggled to recruit and retain police officers. Last month we took the aggressive steps necessary to tackle the issue, by approving an agreement with SDPOA that will increase pay up to 30% for our police officers. I am confident this will greatly boost our recruitment and retention efforts.

Expand Homeless Outreach Services and Housing. Under Mayor Faulconer's leadership, as outlined in his State of the City Address, this Council must continue to prioritize our homelessness crisis.

Improve Customer Service Through 311. An integrated 311 program, as recommended in the City Auditor's March 2015 *Performance Audit of the City's Public Right-of-Way Maintenance Activities*, has the potential to not only enhance customer service, but also streamline operations, reduce unnecessary 911 calls, and support open data. The *FY 2019-2023 Five-Year Financial Outlook* identifies the need for a 311 Customer Experience Program Coordinator to further build upon the success of the Get It Done pilot program. Any outstanding resources needed to fully implement the next phase of Get It Done, which will incorporate Environmental Services and Code Enforcement intake into Get It Done, as well as the FTE for a Customer Experience Coordinator should be prioritized.

Establish Consistency Across Council Office Budgets. In the time that I have served on the Council, the discrepancy between council office budgets has been as great as 34% in a single fiscal year. It is my continued belief that all nine council office budgets should be equal and not formulated based on a spending snapshot.

Utilize Measure N Proceeds for Enforcement. The overwhelming voter approval of Measure N, a local tax on recreational marijuana, ensures the City has the resources to cover costs associated with the legalization of cannabis without hurting our investment in other city services. Enforcement of marijuana laws, including proactively cracking down on illegal operators, should be a prioritized use of Measure N proceeds.

Prioritize Core Transportation Projects within the Infrastructure Fund. During Fiscal Year 2019, it is estimated that the Infrastructure Fund contribution will be approximately \$16.9 million. This fund was created to be flexible in addressing priority infrastructure needs. As we work to reduce the City's backlog of infrastructure projects, I request that the FY19 Infrastructure Fund contribution be distributed among:

- Sidewalk repairs
- Street repaving and slurry seal
- Vision Zero infrastructure and intelligent traffic signals



**COUNCILMEMBER CHRIS CATE
CITY OF SAN DIEGO
SIXTH DISTRICT**

M E M O R A N D U M

DATE: January 22, 2018

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Chris Cate 

SUBJECT: Fiscal Year 2019 Budget Priority Memo

The City of San Diego (City) will face many challenges in the coming fiscal year. San Diego residents are expecting City leadership to address the key issues of homelessness and public safety, while maintaining world class neighborhood services. The Council needs to be prepared to evaluate competing priorities as more resources are needed to address public safety needs and homelessness projects, such as recruiting and retaining personnel, filling coverage gaps, developing storage and housing navigation centers, and maintaining library and recreation center hours.

Per the City Charter, the City is mandated to produce a balanced budget. However, reaching these goals will not come without sacrifice. This upcoming budget year will prove to be difficult as the City prepares to face a nearly \$20 million deficit in Fiscal Year (FY) 2019, and \$64 million over the next three years. We must respond to this financial challenge by exercising strong fiscal discipline and appropriately prioritizing critical citywide issues, particularly homelessness.

I appreciate the opportunity to share my budget priorities for FY19. I look forward to approving a balanced budget that continues to address San Diego's most pressing challenges and issues. The Neighborhood Services outlined below should be funded with ongoing reductions as these reflect increases in ongoing expenditures (unless noted otherwise).

The following are my priorities for FY19:

Neighborhood Services

Homelessness - (\$1,279,800)

- The City should explore expanding Homeless Outreach Team (HOT) hours of operation in order to reach more homeless individuals and respond to calls for service across all neighborhoods. San Diego's homeless crisis is a citywide issue that requires more resources and services – at all hours. Currently, the HOT team does not incorporate a

second watch on Fridays and a third watch is not at all used during the week. To add one additional second watch shift per week, the approximate total annual cost for two sergeants and six officers is \$520,000. An additional annual cost of \$80,000 would be needed to add a Psychiatric Emergency Response Team (PERT) clinician to this shift. The Council should work with the Mayor's office to identify funding for the addition of one second watch shift per week and review options for staffing a third watch shift with an alternative, streamlined team structure to reduce costs.

- The City should also identify opportunities to expand and bolster the Serial Inebriate Program (SIP). This initiative has seen a steady growth in graduation rates since its first year of implementation and deserves to be considered for expansion. With only one officer currently staffing the program during first watch, the Council should work with SDPD to review the feasibility of adding at least one (1) additional officer and, eventually, additional shifts to the program. The average total pay for one police officer is \$111,000. Furthermore, the City should work with Mental Health Services, Inc. and other service providers to identify opportunities to expand the number of beds and potential clients that may be assisted by this landmark program.
- Although the Resource Access Program (RAP) has proven to be an effective program, the City of San Diego currently does not have a reliable team of community paramedic staff to execute the program. The City's contracted ambulance provider, American Medical Response (AMR), has not been able to provide the program with the necessary paramedic staff due to their own staffing issues. In addition, funding was not secured during the FY18 budget process to add Full Time Equivalent (FTE) positions to the program. The cost of a paramedic position, including salary and fringe benefits, is approximately \$94,800. The Department has indicated that in order to run a successful program, it would need at least six (6) community paramedic positions, in addition to the existing RAP Program Manager. The City Council and Mayor should work together to identify and secure \$568,800 for six (6) community paramedic FTEs, or discuss a potential partnership with AMR to maintain the staffing of this program.

Library & Park and Recreation – (Maintain Current Funding Level)

- Over the past five years, the Mayor and City Council have maintained a concerted effort to increase hours at branch libraries and parks and recreation centers. Due to this investment, we have seen an increase in usage at District 6 libraries by 13 percent. In 2016, District 6 recreation centers were reserved for activities an average of 33 hours each week. As we go into the next few years of projected budget deficits, we need to work toward maintaining the same or near the same levels of service at these facilities.
- Collecting library fines is an inefficient and expensive process that costs the City more money to administer than it collects. Per Library Department staff, the amount of overdue fines collected every year is approximately \$675,000. A conservative estimate of the costs to collect library fines is \$1,054,576. Fines should be waived and alternative methods to recover late or missing books and materials should be reviewed. In the meantime, the savings from waiving fines should be programmed back into the Department to address other priorities, or used to offset the projected deficit.

San Diego Police Department (SDPD) – (One-Time Funding of \$500,000)

- With the passing of Proposition 64 by California voters, the City has the responsibility of closely monitoring marijuana retail establishments to ensure compliance with State law and the City's Municipal Code. In 2018, the City should designate these establishments as Vice-regulated businesses and institute a fee to cover the costs associated with the enforcement and monitoring of such regulated businesses, as well as cover the cost of the closure of illegal businesses. Bringing marijuana storefronts under the purview of Vice Operations will bolster compliance actions and mitigate any potential negative impact to surrounding communities.
- Last year, the City Council allocated \$350,000 to SDPD to begin marketing the department to boost recruitment and retention efforts. The City should begin building on these efforts by offering additional incentives to police officers who locate to San Diego to meet the Mayor's goal of full staffing. One approach is by providing a housing incentive program that assists officers with their down payment or closing costs when purchasing a home within City limits. The City should allocate \$500,000 to administer a pilot program in FY19, and work with other stakeholders and financial institutions to request matching funds.

San Diego Fire-Rescue Department – (\$1,052,650)

- The most recent Citygate Report identified the need to add six additional Peak Hour Engines (PHE) in addition to the currently planned six fire stations to address coverage gaps throughout the City. The FY19-23 Five Year Financial Outlook identified funding of 24 FTEs in FY20 to begin filling these coverage gaps. The City should begin this process in FY19 by adding 8 FTEs to staff one (1) PHE to resolve the largest priority gap as determined by the Fire Chief.

Alternative Transportation Program - (\$616,673)

- The City currently offers a subsidy for public transportation, but only to employees who do not purchase a monthly parking pass and commute at least three days per week. Further, the City offers mileage reimbursement for work travel, but does not reimburse for work travel taken by public transportation. The increase of public transportation is critical for the City to achieve its greenhouse gas reduction targets. The City should revise its alternative transportation policy to further incentivize employees to take public transportation by reimbursing work travel and daily commuting by public transportation. The program should be funded by revenue generated by monthly parking passes from the City's concourse. The projected revenue for FY18 is \$616,673. In addition, department budgets should be amended to absorb work travel reimbursements similar to the process of mileage reimbursement.

Street Cleanliness Assessment Pilot Program – (One-Time Funding of \$500,000)

- Since taking office in 2014, my office has consistently received concerns regarding the cleanliness of streets and neighborhoods in the City of San Diego. These community concerns often involve illegal dumping, graffiti, and litter. In light of the recent creation of the "Clean SD" program, the City should move forward with a data-driven pilot program that utilizes technology to better map and monitor areas prone to the

aforementioned public nuisance issues. This information should be utilized to create a robust citywide abatement program that operates on a proactive basis.

Infrastructure

In 2016, voters approved Proposition H, which requires the City to place various General Fund revenues into an Infrastructure Fund. In FY18, the City allocated \$6.4 million of the Fund for the slurry sealing of streets and \$11.4 million into various Capital projects. In FY19, it is expected that \$16.9 million will be available for these same needs. Based on the Five-Year Financial Outlook, no funding from Proposition H is needed to address slurry seal improvements due to the passage of Senate Bill 1. The projected \$16.9 million should be used for other capital needs throughout the City, including the following which total \$10,633,581:

Park and Recreation - (\$870,900)

- The City's Park and Recreation center facilities are vital to maintaining and promoting vibrant San Diego neighborhoods. The following Park projects should be funded with FY19 Capital Improvement Program Annual Allocations:
 - Olive Grove Community Park is an open Capital Improvement Project (CIP) in vital need of American with Disabilities Act (ADA) improvements to its existing comfort station, enhancements to the existing children's play areas, and upgrades to the associated paths of travel. Funding will be needed to provide for the design, project approvals, and its construction. (\$750,000)
 - The safety of residents who visit City parks is paramount. Funding should be identified for the installation of new pour-in-place fall mats for the playground at the North Clairemont Recreation Center. (\$65,000)
 - Given the high volume of patrons visiting the North Clairemont Recreation Center and Clairemont Senior Center, the parking lot that services both facilities is in need of resurfacing. (\$10,000)
 - Funding should be allocated for replacement trees at the North Clairemont Recreation Center that were lost due to the drought. (\$7,500)
 - Given the high volume of patrons who are 65 years and older who go to the Mira Mesa Senior Center, the parking lot is in need of restriping and resurfacing. (\$10,000)
 - The Mira Mesa Senior Center is a neighborhood landmark where many of its patrons who attend and enjoy its many programs and services are 65 years and older. The facility is in need of an Americans with Disabilities Act (ADA) ramp at the front entrance of the building for safe access by its patrons. (\$2,000)
 - The Gil Johnson Recreation Center at the Mira Mesa Community Park is heavily utilized by patrons of all ages. As such, the basketball courts are in need of new backboards, rims, and poles. (\$10,000)
 - The Mira Mesa Recreation Center is in need of proper air conditioning and ventilation. Three (3) new wall-mounted AC units would resolve this issue. (\$4,500)
 - Lopez Ridge Park in the community of Mira Mesa is in need of a new storage shed to adequately house maintenance equipment and supplies. (\$5,000)

- The gymnasium at Hourglass Field in Mira Mesa is need of four (4) plastic portable dividers, allowing patrons and staff to maximize the use of this facility. (\$3,700)
- The North Clairemont Recreation Center is in need of a new drinking fountain with a water bottle refilling station to reduce the amount of recyclables collected at this facility. (\$3,200)
- Many park patrons utilize the Peñasquitos Creek Park for organized soccer activities. A large portion of the field does not have sufficient grass covering, causing players to fall and hurt themselves. Field renovation is necessary to improve the safety and aesthetics of this public park.

Libraries – (\$287,781.22)

- The City's library system has provided tools, resources, and programs that enrich the lives of San Diegan families every day. It is imperative to make sure these neighborhood assets are protected and maintained for the enjoyment of future generations.

The following Library projects should be funded with FY18 Capital Improvement Program Annual Allocations:

- Balboa Library
 - Replace the existing carpet and flooring at the Balboa Branch Library. (\$12,600.11)
 - Replace tile flooring in restrooms. (\$4,600)
- Mira Mesa Library
 - Repaint and restripe the parking lot of the Mira Mesa Branch Library. (\$2,780)
 - Replace damaged and stained restroom countertop after receiving many complaints from patrons. (\$5,600)
 - Replace a nearly 20-year old carpet that has extensive flood damage. (\$150,000)
 - Install a new surveillance security system to keep patrons and staff safe. (\$30,000)
- North Clairemont Library
 - Provide twenty (20) new lightweight folding tables for North Clairemont. (\$1,600)
 - Replace old flooring throughout the facility. (~\$55,000)
- Rancho Peñasquitos Library
 - Replace thirty (30) chairs for patrons. (\$12,601.11)
- Serra Mesa – Kearny Mesa Library
 - Replace ninety (90) community room chairs for patrons. (\$7,000)
 - Replace twenty one (21) public internet computer monitors for adults with adjustable height features. (\$6,000)

San Diego Police Department – (\$708,000)

- SDPD's Traffic and Special Events Divisions currently utilize a trailer stationed in the rear lot of the Eastern Division that is in severe disrepair and no longer meets the needs of the Department. A new facility is needed to house 350 full- and part time employees and volunteers who serve on a citywide basis. Funding should be allocated for design, and the

beginning of construction for a new Traffic and Special Events Divisions facility. (\$700,000)

- Across all police precincts, officers utilize speed trailers to alert motorists of the posted speed limit and their current rate of speed, particularly in areas with high traffic incidents. This technology has been proven effective in reducing travel speeds and keeping drivers and pedestrians safe. The Northern Division is in need of one (1) speed trailer that is equipped with traffic analysis software capabilities for the Clairemont neighborhood. (\$8,000)

Street Lights – (\$1,188,000)

- Many older San Diego neighborhoods are in need of additional street light infrastructure to ensure traffic visibility and the safety of residents and pedestrians. The following locations have been identified as priority areas by the community, Streets Division, and SDPD. These lights should be funded through the FY19 Capital Improvement Program Annual Allocations:
 - Streetlight at 10442 Baywood Avenue
 - (\$18,000)
 - Add two (2) streetlights on the 3900 and 4000 blocks of Antiem Street
 - (\$36,000)
 - Add sixteen (16) streetlights on Beadnell Way between Mount Abernathy and Charger Blvd
 - (\$288,000)
 - Add one (1) streetlight on Mt. Acadia Boulevard between Mt. Alifan Drive and Mt. Blanca Drive
 - (\$15,000)
 - 9055 Balboa Avenue west of Ponderosa Avenue 300', south side streetlight
 - (\$15,000)
 - Balboa Avenue east of Kearny Villa Road 700', north side streetlight
 - (\$15,000)
 - Balboa Avenue west of Ruffin Road 580', north side at driveway streetlight
 - (\$15,000)
 - Camino Santa Fe north of top Gun Street 1150', east side streetlight
 - (\$15,000)
 - Camino Santa Fe north of top Gun Street 1750', east side streetlight
 - (\$15,000)
 - Farnham Street east of Ruffin Road 264', north side streetlight
 - (\$15,000)
 - Farnham Street east of Ruffin Road 381', south side streetlight
 - (\$15,000)
 - Farnham Street east of Ruffin Road 506', north side streetlight
 - (\$15,000)
 - Viewridge Avenue north of Balboa Avenue 145', east side streetlight
 - (\$18,000)
 - Viewridge Avenue north of Balboa Avenue 290', east side streetlight
 - (\$18,000)

- Mercury Street south of Engineer Road 170', west side streetlight
 - (\$15,000)
- Engineer Road west of Mercury Street 160', south side streetlight
 - (\$15,000)
- Mount Durban Drive north of Mount Casas Court 120', west side streetlight
 - (\$15,000)
- Mount Durban Drivewest of Mount Culebra Avenue 640', north side streetlight
 - (\$15,000)
- Mount Durban Drive west of Mount Culebra Avenue 150', south side streetlight
 - (\$15,000)
- Kearny Mesa Road and Magnatron Boulevard, southwest corner
 - (\$15,000)
- 9055 Balboa Avenue west of Ponderosa Avenue 300', south side streetlight
 - (\$15,000)
- Balboa Avenue east of Kearny Villa Road 700', north side streetlight
 - (\$15,000)
- Balboa Avenue west of Ponderosa Avenue 1,765', south side, at bus stop streetlight
 - (\$15,000)
- Balboa Avenue west of Ponderosa Avenue 1050', south side, at bus stop streetlight
 - (\$15,000)
- Balboa Avenue west of Ruffin Road 380', south side, at bus stop streetlight
 - (\$15,000)
- Balboa Avenue west of Ruffin Road 580', north side, at driveway streetlight
 - (\$15,000)
- Caldys Place east of Kirkcaldy Drive 208', end of cul-de-sac streetlight
 - (\$15,000)
- Magnatron Boulevard north of Kearny Mesa Road 1160', east side streetlight
 - (\$15,000)
- Kearny Mesa Road east of Magnatron Boulevard 1375', north side streetlight
 - (\$15,000)
- Farnham Street east of Ruffin Road 506', north side streetlight
 - (\$15,000)
- Clairemont Mesa Boulevard east of Overland Avenue 300', north side streetlight
 - (\$15,000)
- Clairemont Mesa Boulevard west of Overland Avenue 200', north side streetlight
 - (\$15,000)
- Clairemont Mesa Boulevard west of Ruffin Road 300', north side streetlight
 - (\$15,000)
- Clairemont Mesa Boulevard west of Ruffin Road 300', south side streetlight
 - (\$15,000)

- Farnham Street east of Ruffin Road 264', north side streetlight
 - (\$15,000)
- Farnham Street east of Ruffin Road 381', south side streetlight
 - (\$15,000)
- Vickers Street west of Convoy Street 180', north side street light
 - (\$15,000)
- Viewridge Avenue north of Balboa Avenue 145', east side streetlight
 - (\$15,000)
- Viewridge Avenue north of Balboa Avenue 290', east side streetlight
 - (\$15,000)
- Mercury Street south of Engineer Road 170', west side streetlight
 - (\$15,000)
- Engineer Road west of Mercury Street 160', south side streetlight
 - (\$15,000)
- Magnatron Boulevard north of Kearny Mesa Road 990', east side streetlight
 - (\$15,000)
- Magnatron Boulevard north of Kearny Mesa Road 835', east side streetlight
 - (\$15,000)
- Magnatron Boulevard north of Kearny Mesa Road 640', east side streetlight
 - (\$15,000)
- Magnatron Boulevard north of Kearny Mesa Road 280', east side streetlight
 - (\$15,000)
- Magnatron Boulevard north of Kearny Mesa Road 125', east side streetlight
 - (\$15,000)
- Kearny Mesa Road east of Magnatron Boulevard 235', north side streetlight
 - (\$15,000)
- Kearny Mesa Road east of Magnatron Boulevard 410', north side streetlight
 - (\$15,000)
- Kearny Mesa Road east of Magnatron Boulevard 555', north side streetlight
 - (\$15,000)
- Kearny Mesa Road east of Magnatron Boulevard 730', north side streetlight
 - (\$15,000)
- Kearny Mesa Road east of Magnatron Boulevard 870', north side streetlight
 - (\$15,000)
- Kearny Mesa Road east of Magnatron Boulevard 1040', north side streetlight
 - (\$15,000)
- Kearny Mesa Road east of Magnatron Boulevard 1205', north side streetlight
 - (\$15,000)
- Aero Drive east of Aero Court 300', north side streetlight
 - (\$15,000)
- Aero Drive east of Aero Court 300', south side streetlight
 - (\$15,000)

- Aero Drive east of Aero Court 600', north side streetlight
 - (\$15,000)
- Aero Drive east of Aero Court 600', south side streetlight
 - (\$15,000)
- Engineer Road east of Mercury Street 600', north side streetlight
 - (\$15,000)
- Engineer Road west of Kearny Mesa Road 300', north side streetlight
 - (\$15,000)

Street Resurfacing

- As the City strives to reach the Mayor's goal of resurfacing 1,000 miles of roads by 2020, the following streets should be considered in conjunction with future group jobs funded via the allocation of gas-tax revenues, or the \$75 million commercial paper program expected prior to the end of FY18:
 - Pegasus Avenue from Gemini Avenue to Polaris Drive, OCI-29
 - Lehrer Drive from Limerick Avenue to Arvinels Avenue, OCI-38
 - 4400 block of Conrad Avenue, OCI-33
 - Limerick Avenue north of Peyton Place, OCI-31
 - Glasgow Drive, OCI-16
 - Miramar Road, OCI-34
 - Convoy Street, OCI-16
 - As a part of the Convoy Street resurfacing, the stormwater drainage issues at Dagget Street should be resolved.

Traffic Control – (\$1,346,900)

- Traffic Signal Optimization has demonstrated a reduction in travel time by over 20 percent. The City should continue identifying additional strategic locations that seek to benefit from this technology, including the entirety of Mira Mesa Blvd., Miramar Road, Kearny Villa Road, Clairemont Mesa Blvd., Rolfe Road, Genesee Avenue, Mesa College Drive, and Balboa Avenue. This project should receive funding from the Regional Transportation Congestion Improvement (RTCI) Fee, which has thus far received \$3,615,723 in FY18.
- The Clairemont community has identified Beadnell Way as a problematic street in terms of traffic and pedestrian safety. Utilizing FY19 CIP Annual Allocations, Transportation and Stormwater should work with the community to install traffic calming measures, protected bike lanes, and pedestrian crossing safety improvements.
- The Mira Mesa community has identified Westview Parkway between Mira Mesa Blvd. and Black Mountain Road as dangerous for pedestrians and drivers. Utilizing FY19 CIP Annual Allocations, Transportation and Stormwater should work with the community to install traffic calming measures, protected bike lanes, and pedestrian crossing safety improvements.
- V-Calm Signs are highly effective traffic calming assets that directly result in the improvement of safety and travel conditions for both motorists and pedestrians by posting the speed of passing vehicles. The following locations have been identified as unfunded needs by the Traffic Engineering Operations Division and should be funded with Utilizing FY19 CIP Annual Allocations:

- Mercy Road near Black Mountain Road
 - One (1) electronic V-Calm sign
 - (\$15,000)
- Traffic signal improvements are critical to ensuring the proper flow of traffic and safety of pedestrians. The following locations have been identified as priority locations by the community and city staff to receive upgrades in terms of countdown timers, new signal components, curb ramps, crosswalks, and median upgrades:
 - Balboa Avenue and Viewridge Avenue
 - (\$140,000)
 - Balboa Avenue and Kearny Villa Road
 - (\$550,000)
 - Clairemont Mesa Boulevard and Convoy Street
 - (\$84,000)
 - Convoy Street and Othello Avenue
 - (\$102,000)
 - Convoy Court and Convoy Street
 - (\$5,200)
 - Balboa Avenue and Ruffin Road
 - (\$55,000)
 - Balboa Avenue and Viewridge Avenue
 - (\$60,000)
 - Balboa Avenue and Convoy Street
 - (\$53,000)
 - 8500 block of Balboa Avenue
 - (\$40,000)
 - Montgomery Drive and Sandrock Road
 - (\$16,700)
 - Balboa Avenue and Kearny Villa Road
 - (\$60,000)
 - Convoy Street and Ronson Road
 - (\$51,000)
 - Balboa Avenue and Convoy Street
 - (\$10,000)
- Rectangular Rapid Flashing Beacons (RRFB) is a cost-effective traffic improvement that enhances pedestrian safety and maintains traffic flow while avoiding unnecessary traffic signal installations. The following locations have been identified by the community and should be funded with Utilizing FY19 CIP Annual Allocations:
 - Challenger Middle School (\$10,000)
 - Sandburg Elementary (\$10,000)
 - Salk Elementary School (\$10,000)
 - Intersection of Armstrong Street and Armstrong Place (\$10,000)
 - Farnham Street between Overland Avenue and Ruffin Road with curb ramps (~\$25,000)
 - Dagget Street and Convoy Street (\$10,000)
 - Opportunity Road and Convoy Street (\$10,000)
 - Raytheon Road and Convoy Street (\$10,000)

- Convoy Street between Armour Street and Othello Avenue (\$10,000)

Sidewalks – (\$6,217,000)

- Many Clairemont pedestrians utilize Balboa Avenue from Clairemont Drive to Mount Culebra as a means to navigate across Tecolote Canyon. As the City works to implement the goals of the Climate Action Plan by incentivizing alternative modes of transportation, it is vital to ensure pedestrians are safe and secure. Last year, this project received \$500,000 for the design phase from the RTCI Fee. The City should consider this revenue source to help fund the remainder of the project. (\$4,640,000)
- As Phase I of the Hickman Fields project navigates through its design and construction in FY19, it is important to ensure that park patrons have safe access to the new facilities. TSW staff have identified a new sidewalk on Convoy Court/Hickman Field Drive to Convoy Street as a priority. The total project cost is \$850,000. Staff has requested \$100,000 from the RTCI Fee to initiate pre-design. (\$100,000)
- Balboa Avenue in Kearny Mesa is a heavily traveled arterial that feeds into many commercial and industrial businesses. Currently, there are missing sections of the sidewalk on both sides of Balboa Avenue from Kearny Villa Road to Ruffin Road. To encourage the safe utilization of this facility for pedestrians, new sidewalks need to be installed. (\$1,477,000)

CC:ic



City of San Diego
Councilmember Scott Sherman
Seventh District

MEMORANDUM

DATE: January 22, 2018
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Councilmember Scott Sherman
RE: FY19 Budget Priorities

As anticipated the City will be facing another year of deciding what services are a priority to provide to San Diegan's. As responsible stewards of taxpayer dollars, I feel it is prudent to focus on finding ways to maintain essential city services at their current levels while reducing spending in certain departments to meet our budgetary needs.

District 7 Community Projects

Morley Green Mini-ADA Park (\$1,250,000*) cost in FY13

This project has been a top priority for the Linda Vista community for over a decade. Morley Green is centrally located in Linda Vista with a large number of families overlooking the space. Using a ¼ mile radius from the center of the park as the service area, it is estimated that 91% (4,119) of the 4,527 residents who will use the park are in the Low to Moderate Income bracket. The parks adjacent census tracts (86 & 88) have populations of under 18 year olds of 31.8% and 38.7% respectively, the city average is 24%. The average household size for these two census tracts is 3.67 and 3.47, the county average is 2.73. The two closest parks to these census tracts do not contain any equipment or facilities that cater to young children nor are they ADA accessible.

Finally after years of redevelopment wind down, the DOF has relinquished control of the land to the City in October of 2015. Investing in the Linda Vista community by building a park at this site not only illustrates the City's commitment to this underserved community, but would also achieve the City's goal of increasing total park acreage. This project would be eligible for CDBG funds to help the community with their plans for the site to include an ADA tot-lot, a shade structure, and picnic tables.

San Carlos Library (\$20,598,000) – CIP 35-088.0

The San Carlos Branch Library has been a community staple for the last forty years. Initially planned as the flagship branch for the surrounding neighborhoods, the San Carlos Library has been in planning stages for a new library for almost twenty years. The DC-3 bond identified \$1 million in

FY 2015 to finalize the design documents for the new San Carlos Library which will complete the last steps in preparation for construction. A financing plan needs to be put into place setting funding aside on an annual basis to build the San Carlos library residents have been patiently waiting for. Conversations with the County regarding the sale of the land are ongoing as we are in the final stages of receiving the “no further action” letter.

Adaptive Traffic Signals in Mission Valley

Adaptive traffic signal control systems have been found to improve efficiency by up to 20% and have been recently recognized by the State to have positive climate benefits as a result of the reduction of idling of cars. The City recently installed three signals and an adaptive traffic signal control system along Friars Road in Fashion Valley resulting in a tremendous improvement to the flow of traffic through this heavily congested corridor. With the success of these new adaptive signals expanding the number of signals along this corridor will provide considerable benefit to alleviating congestion and would assist the City with meeting our CAP goals. Friars Road is the ideal candidate for the expansion of the adaptive traffic signal project given the pre-existing fiber optic cables, an established control system, and three traffic signals already in place allowing for a longer chain of reduced wait times and traffic efficiency.

Senior River Park Ranger FTE (\$135,163)

The homeless crisis along the San Diego river has reached critical levels. The creation of a full FTE for a Senior Park Ranger would be the best possible step in helping to mitigate this crisis from further escalation. The position will be responsible for collaborating and managing operations of a Ranger work unit along the San Diego River within the City of San Diego. This includes developing and monitoring of the Ranger section budget; developing, collaborating, maintaining and monitoring various projects along the San Diego River including habitat restoration, interpretation and enforcement; liaison for the Department and San Diego River to various advisory groups, City departments, non-profit groups, media, land owners and public; performing outreach and interpretive programs for the areas of responsibility; assisting in the technical aspects of education, interpretation, and enforcement; and supervising various supervisory, volunteers and staff.

Citywide

Phase Out City’s Publishing Services

In a fiscal year where decisions of what our priorities for the City of San Diego are we must find ways to save taxpayer dollars. Currently, the City spends \$3.9 million supplying City Departments with their requested printed and electronic materials. While this service is necessary for City Departments to function, the City itself does not need to be in the printing business and instead should contract this service out and focus on continuing to fund core city services with the savings from eliminating this division.

Maintain Storm Channels and Drainage Areas and Removal of Invasive Non-native Plants

Over the past two years the City has gone to great lengths to restore our storm channels to acceptable and safe standards. The magnitude of permitting and planning required to get to this stage must not be forgotten which is why we must continue regular maintenance of these channels. Allowing these channels to return back to their dangerous previous condition is not only unacceptable from a public safety concern, but will inevitably be a costly mistake. Removal of

nonnative plants is imperative to the health and safety of the River. These plants disrupt the flow of water through the river and would aid SDPD in monitoring the area for homeless encampments.

Homeless Outreach Services

There is no denying the City of San Diego is in a homeless crisis, but with the hard work of City staff and the direction of the Mayor we are seeing the tide turn. Funding and creativity are needed to make sure a solution is found to this crisis as soon as possible. I encourage all City staff to work together to find a way to ensure our transient population can find a way to live a safe and healthy life.

Connect 2 Careers (\$750,000)

Connect 2 Careers provides San Diego youth with essential skills for the workplace environment including work readiness, job matching, and job placement for 16-24 year olds in San Diego. This year Connect 2 Careers has a goal of 9,000 youth trained through C2C work-readiness curriculum, 9,000 youth enrolled in our program online at c2csd.org, and 3,000 youth placed in jobs and internships. Ensuring the success of Connect 2 Careers provides a Citywide benefit and is necessary for the health of San Diego.

Companion Unit Fee Waiver

As housing costs continue to increase monthly within the City of San Diego, affordable housing becomes challenging to find. In San Diego, the rental price of a standard unit is \$1,700 per month and the median home ownership cost is \$2,100 per month, well in line with the Housing Commissions report that half of all San Diegans cannot find market-rate rental housing they can afford and 60 percent cannot afford home ownership. Companion Units provide one of many solutions to our housing crisis. Companion Units are currently cost prohibiting to construct due to excessive fees tacked onto these smaller units. During the hearings regarding Companion Units over the last year, significant public testimony has been given in support of Companion Units, however cost remains a significant factor. All costs included, regulatory fees can total over \$30,000 for a single companion unit. The recent state mandate to encourage the construction of Companion Units must be implemented, but to do so there must be a reduction of fees. Without it, San Diegans will continue to be unable to afford to permit their units. Estimates stemming from a recent San Diego Housing Commission Report suggest that 2,000 to 6,000 new Companion Units may be built in San Diego over the next 20 years—a step in the right direction to adequately provide naturally affordable housing. In the upcoming fiscal year, the City Council should seek to find a permanent funding source to cover sewer and water capacity fees for Companion Units.


Additional Planning FTE for Code Writing

In order to prioritize housing affordability the City Council should consider staffing increases for code writers in the Planning Department. Municipal code changes will be at the forefront of tackling housing affordability this upcoming Fiscal Year. Fortunately, the recently passed SB2 will provide the City with additional funding that may be used for the City of San Diego's Planning Department. The City should apply these funds toward creating the FTEs necessary to ensure San Diego's Housing Crisis is solved.

cc: Honorable Mayor, Kevin L. Faulconer



COUNCILMEMBER DAVID ALVAREZ
City of San Diego
Eighth District
MEMORANDUM

DATE: January 22, 2018
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Councilmember David Alvarez 
SUBJECT: FY 2019 Budget Priorities

Please see my budget priorities for the Fiscal Year 2019 budget listed below

Citywide:

Accessory Dwelling Unit Permit Fee Waiver Cost Recovery

In an effort to help address the housing crisis in San Diego County, the City Council last year adopted regulations for both companion and junior units that would ease the requirements for their construction. While the regulations are less restrictive, the cost for permitting companion units continues to be a great obstacle in fostering their construction. It is estimated that a single companion unit can have a total permitting cost of \$30,000. Last year, the SG&LU Committee made an effort to reduce permitting cost by giving direction to waive the cost of the Water and Sewer Capacity Fees for companion units (estimated cost per unit is \$1,524 for a water capacity fee on new construction only and is \$2,062 for the sewer capacity fees). Assuming these fees would be waived for 100 new companion units, this would have an estimated cost of about \$359,000. Given that DSD is an enterprise fund, these fees are meant to cover the cost of staff time to review these permits. The FY19 budget should account for these costs.

Approximate cost: \$359,000.

City Council Budgets

During the FY18 budget process, the Mayor reduced some City Council office budgets. Those Council office budgets should be fully restored in the FY19 budget.

Climate Action Plan Related Funding Needs

- **Bicycle Improvements Concurrent with Resurfacing**
Ensure that bicycle improvements continue to be made concurrently with street resurfacing, and maximize opportunities to implement traffic calming measures that align with CAP and Vision Zero goals (which will require the resurfacing team to be equipped to incorporate best practices for Complete Streets.)
- **Bike and Pedestrian Improvements: Market St, between 22nd St & Euclid Avenue**
Implement safety improvements conceptualized in Southeastern and Encanto Community Plans, and the Pedestrian Master Plan. Improvements include curb extensions, high visibility crosswalks, and protected bicycle lanes. Improvements will encourage increased pedestrian and bicycle mobility.
Approximate Cost: \$1,200,000
- **Bike Counters and Monitoring Program**
Using smart streetlights or other technology, develop and implement a monitoring program that ensures the City is reliably tracking bicycle, pedestrian, and transit mode share. This will allow the City to have real data that tracks progress on mode share goals.
- **Community Choice Energy Jobs Study**
San Diego demonstrated leadership when it adopted the Climate Action Plan with the ambitious goal of 100% renewable energy. Mayor Faulconer has recently recommended that the City Council move forward on developing a business plan for Community Choice Energy (CCE), also known as Community Choice Aggregation (CCA) that would enable the City to meet the legally binding targets set forth in the Climate Action Plan. The CBA requests funding for an analysis of local clean energy buildout scenarios and attendant jobs and economic development created by implementation of Community Choice Energy in the City of San Diego. The CBA believes that public dollars must support the creation of good jobs and uplift historically disadvantaged communities.
Approximate Cost: \$75,000
- **Climate Action Plan Implementation Staffing**
Requesting an additional 5.0 FTEs dedicated to implementation of the Climate Action Plan. We request that 1.0 of the proposed FTEs be dedicated to ensuring equity for all communities in implementation of the Climate Action Plan.
Approximate Cost: \$500,000

- **Fatal 15 Intersections**

The Fatal Fifteen are the intersections with the highest rate of injuries and fatalities in the City of San Diego. We recommend the following three improvements be installed at all fifteen intersections: Stripes, paint ladder or zebra stripes across crosswalks for increased visibility. Countdown Signals, install countdown signals at all intersections. Sound, ensure these signals have audible prompts to let people know when it is safe to cross. Approximate Cost: \$200,000

- **Social Equity- Staff Resources to Draft Social Equity Metrics**

Develop social equity criteria for CIP expenditures that support CAP implementation, and develop a monitoring program that accounts for capital improvement and grant fund expenditures in underserved communities, as described in the CAP. The focus of this position would be on the nexus of sustainability and equity, and it would include extensive research and stakeholder outreach to ensure the meaningful participation members of community members, especially those living in neighborhoods that score high on CalEnviroScreen. Estimated Cost: 1 FTE

- **Transportation Master Plan**

Development of a comprehensive Transportation Master Plan that includes analysis of mode share and defines the strategies the City will implement to achieve the mode share targets set forth in the Climate Action Plan. The plan should establish a clear vision for how San Diego will become a multi-modal city that supports mobility for healthy citizens in a safe, accessible, and vibrant city, increases affordability, reduces VMT, and protects and enhances the natural environment. It should lay out both high-level policies and specific actions to achieve that vision.

- **Urban Forest Funding**

An important part of the Climate Action Plan is growing and maintaining our urban forest throughout the City. In order to have a robust urban forestry program, four additional FTEs (Tree Maintenance Supervisor, Tree Planting Arborist, Tree Protection Arborist and Tree Inventory Arborist) should be funded in the FY19 budget to ensure our urban forest continues to grow. Additionally, tree care contracts are funded at \$2.7M in the FY18 budget and it is critical that those activities- ranging from tree planting and pruning to trimming and emergency removal- are funded at the same level in FY19.

- **Zero Waste Management Implementation**

In order to obtain a 75% diversion rate as cited in the Zero Waste Management Plan, the Environmental Services Department should consider increasing blue bin collection service from biweekly to weekly. The additional expense could be offset by the additional revenue generated by increasing the recycling rate. Additionally, the City should provide green waste collection service, particularly in communities south of Interstate 8. To determine the feasibility of such a change, the City should fund a pilot study in the FY19 budget.

Code Compliance for Substandard Housing

Funding for additional Code Enforcement Officers in Development Services, Code Enforcement Division. Additional officers should be dedicated to addressing substandard housing conditions for existing rental housing. Costs for new positions could be offset by collections of fines that result from increased enforcement.

Approximate Cost: \$200,000

Commercial & 20th Storage Facility

The area around this facility should receive an increased level of streets and sidewalk cleaning/sanitization. Additionally, increased code enforcement staffing is critical to ensure the area around the facility remains clean and free of debris.

Council Administration

- Addition of one position in order to maintain daily operational service needs (one FTE Council Rep 1).
- Fully fund the Committee Consultant position for the Select Committee on Homelessness.

Firefighter Death and Disability Benefits

The FY19 budget should prioritize and fund a death and disability benefit program for city fire fighters.

Fire-Rescue Department Resource Access Program

The San Diego Emergency Medical Services (EMS) Resource Access Program (RAP) is a paramedic-based surveillance and case management system that intercepts high EMS users. RAP seeks to reduce dependence on EMS and acute care services by linking the individual with appropriate resources for their underlying medical, mental health, and social needs. Currently, there are no community paramedics dedicated for this program. Since its inception, RAP has saved taxpayers approximately \$2,000,000 in diverted public health costs. The addition of 4.0 FTE Community Paramedics for this program is requested for the FY19 budget

Approximate Cost: \$380,000

Fire Station Construction: Skyline-Paradise Hills and Fairmount Avenue Fire Stations

The construction of new fire stations for Skyline-Paradise Hills and Fairmount Avenue are a high priority, as noted in the latest version of the Citygate Report. Funding for the design and construction of these stations should be allocated in the FY19 budget.

Independent Rate Consultant

The Council passed a resolution of intent that allows the IBA to retain the services of an independent rate consultant that can be utilized during Cost of Service Studies and associated

reviews. If the IBA determines a need for these services in FY19, the FY19 PUD budget should provide the resources to retain the desired services.

Library Budget

- Community members rely on our libraries not just for access to books and reference materials, but also for critical activities like children's reading programs, youth and adult programming and community meetings. It is critical that the City maintain current hours and service levels at all libraries in FY19.
- The Library programming budget provides free educational and cultural programming to hundreds of thousands of people throughout the City. This programming was cut in FY18 to \$100,000. The programming budget should be fully restored in FY19 at \$500,000.
- Books and Materials Budget: Increasing a stagnant books and materials budget is also urgently needed to make sure each library keeps pace with circulation needs and allows for adequate access to books, electronic resources and databases. In order to be on par with other benchmarked library systems the books and materials budget should be increased in the FY19 budget.

Lifeguard Division

- Addition of 1 Senior Management Analyst (1 FTE) to allow division to adequately collect operational data and public feedback.
Approximate Cost: \$124,120
- Addition of 1 Lifeguard III at Children's Pool and La Jolla Cove (2 FTE). Position will allow more frequent vehicle patrols to out-of-sight areas to improve water safety and emergency response, as well as increased public education regarding marine life and enforcement of the Marine Mammal Protection Act.
Approximate Cost: \$277,406
- Re-opening of Lifeguard Vessel Replacement Plan in order to fund critical rescue and patrol boats. The FY19 budget should include year-one funding.
Approximate Cost: \$321,944

Minimum Wage and Earned Sick Days Program Staffing and Outreach

The City Treasurer's office manages the Minimum Wage and Earned Sick Days (MWESD) Program which is tasked with enforcement of the ordinance. The FY19 budget should include continued funding for the current MWESD Program positions, including the current open position of 1.0 FTE for a MWESD Investigator position to ensure the MWESD Program effectively enforces the Minimum Wage. Additional funding for outreach contracts with community organizations and 2 Deputy City Attorneys, with an additional estimated cost of \$500,000 should also be included.

Approximate Cost: \$500,000

Penny for the Arts

Currently, the IBA's analysis of the Mayor's 5-year Outlook shows projected revenue budgeted to support the Penny for the Arts Blueprint dropping from \$14.6M to \$10.3M, falling short of the Blueprint's stated 9.5% goal for FY19 and beyond. This means that for the next five years, Arts and Culture funding will continue to be millions of dollars short of the Blueprint's commitment. Increasing arts funding in the FY19 budget to match FY18 levels would allow our arts and culture programming, a vital part of our economy, to continue to grow.

Approximate cost: \$4.3 million.

Police Department

Public safety remains a high budget priority. The City must continue to prioritize the recruitment and retention of police officers. Although the FY18 adopted budget allocated funding towards recruitment and retention efforts, and a salary increase for officers was recently approved, thus far this increased funding has not slowed attrition rates. As such, in FY19, the City should appropriate sufficient funding to conduct an in-depth analysis of attrition to determine how best to modify retention efforts and its recruiting program, including retention of a third party contractor to anonymously survey sworn and civilian police employees on job satisfaction and organizational commitment and to conduct exit interviews when employees decide to leave. The information gathered through these interviews will provide valuable insight into how best to retain officers into the future.

Additionally, the Council requested that San Diego Police Department (SDPD) implement AB 953 once the regulations were completed and bring information about what it would cost to do so. The funding needs identified by the department should be included in the FY19 budget.

Police Officer Restorative Justice Funding

Restorative Justice prioritizes mediation, counseling and communication for certain youth offenses with the goal of putting students on a successful path and out of prison. Often a path that youth of color disproportionately find themselves on because they face harsher punishments and are more heavily prosecuted for minor offenses. Requesting training for 125 police officers in Restorative Justice practices.

Approximate Cost: \$300,000

Police Department Rape Kit Test Backlog: There is an estimated backlog of approximately 2,000 rape kits that have not been tested. Sufficient funding to begin addressing this backlog should be included in the FY19 budget.

Sidewalk Maintenance and Repair

The City must take action to develop policy and a funding plan to address the findings in the sidewalk condition assessment and mitigate all tripping hazards to effectively reduce the city's liability and improve the conditions of our sidewalks. The FY19 budget should include increased funding for sidewalk repair and construction of new sidewalks.

Storm Water Channel and Storm Drain Maintenance

The City has engaged in an effort to enhance the maintenance of its storm water channels and storm drains to ensure that life and property are protected during the winter storm season. In order to avoid the need to do last minute emergency permits to prevent flooding, the City should continue funding our storm water channel and storm drain maintenance program at an enhanced level that proactively addresses high flood risk locations in FY19 and beyond.

Temporary Pool Program

This hugely successful program provides access to pools during hot summer months to communities that do not have the benefit of a pool facility at their local recreation center. The cost of this program is low, while the positive impact on pool users is very high. The following locations recreation center locations should be funded for a temporary pool in FY18: Robert Egger, Montgomery Waller, San Ysidro.

Approximate cost: \$7,500 per location.

Transformative Climate Communities Program

The FY19 budget should include funding for the Planning Department to add staff to dedicate time to pursue this grant funding opportunity. The Transformative Climate Communities program is governed by the California Strategic Growth Council and is a result of the passage of AB2722. The planning grant guidelines outlines that only local governments can apply for funding. The amount of funds available for implementation and planning grants are determined annually by the legislature, California Air Resources Board, and the Strategic Growth Council and can range up to the millions. In the City of San Diego, Barrio Logan is the only community that would qualify for this program because it's the only area with a majority of census tracts in the top 5% of CalEnviroScreen (CES).

Translation Services for Community Planning Groups

Community planning groups are recognized as formal mechanisms for community input in the land use decision-making processes. Planning groups provide citizens with an opportunity for involvement in advising the City Council, the Planning Commission on development projects, general or community plan amendments, and public facilities. As such funding for interpretation services to make CPG meetings more inclusive and accessible for residents with limited English language proficiency should be included in the FY19 budget. Estimated cost for any one meeting should not exceed \$300.

Approximate Cost: \$25,000

Tree Trimming and Weed Abatement

The FY19 budget should increase funding for tree trimming and weed abatement to ensure the city is taking proactive measures to reduce fire risk during Fiscal Year 2019.

District 8 Infrastructure Projects

The projects listed below are high priority community needs for the FY19 budget. Consideration should be provided to those projects eligible for upcoming funding opportunities, including deferred capital bonds or the commercial paper program. In addition to the short-term funding strategies being contemplated, the Mayor and City Council must work to identify a comprehensive infrastructure investment plan. Without a sustainable new revenue source to address infrastructure needs, our streets, sidewalks, and buildings will continue to deteriorate.

Baybridge Community Center Roof

The Baybridge Community Center is a single story 9,890 gross square foot building located adjacent to Chicano Park. The facility was originally built in 1971 and is part of the Parks and Recreation Department. The building is in very poor condition with many pressing needs to be move-in ready for the next tenant. The current roof needs replacement and is identified as a critical need in the City's most recent facilities assessment report.

Approximate cost: \$500,000.

Beyer Community Park

This project would create a 12.6 acre community park serving the San Ysidro and Otay Mesa communities. The General Development Plan and design of the project will soon be complete. The next step would be to fund the project's initial construction phase.

Approximate cost: \$400,000.

Bus Stop Upgrades on City Property: Otay Mesa

There are currently a total of 43 bus stops in Otay Mesa, ten stops are in need of City funded capital improvements, such as ADA loading pad and sidewalks in order to receive upgrades such as benches and shelters. The locations below should be prioritized to be eligible to receive much-needed upgrades from MTS: Airway Rd./Dublin Dr., La Media Rd./Airway Rd., Siempre Viva Rd./Paseo De Las Americas, Siempre Viva Rd./Sarnen St., Siempre Viva Rd./Avenida Costa Brava, La Media Rd./Airway Rd., Otay Mesa Rd./Otay Mesa Center, Otay Mesa Rd./Gailes Blvd., Otay Mesa Rd./Cactus Rd., Otay Mesa Rd./Heritage Rd.

Chollas Creek Master Plan Restoration and Active Transportation Improvement Project

Chollas Creek is a significant asset that traverses the City Heights, Eastern, Encanto, Southeastern San Diego, and Barrio Logan communities. Planning work has been completed as part of the 2015 Southeastern and Encanto Community Plans; Chollas Triangle Plan amendment; Southcrest Trails Park General Development Plan; and improvements from private development projects along the creek that implement the 2002 Chollas Creek Enhancement Plan. The total cost of the Master Plan is estimated to be \$1.0 million based on the costs of the San Diego River Park Master Plan/CEQA document. However, Park Planning staff reports that the Master Plan could be funded in phases over a three year time period.

Commercial Truck Routes in Barrio Logan

Funding should be provided in the FY19 budget for an analysis on environmental impacts of commercial truck routes that travel through Barrio Logan. Barrio Logan has long been subjected

to higher levels of pollution than most San Diego neighborhoods, exacerbated by its proximity to industrial uses. Commercial trucks driving through, idling, and parking in the community have contributed to poor air quality and have negatively impacted the health of its residents. An analysis of the environmental impacts caused by these trucks would inform and recommend safer truck routes. Approximate Cost: \$75,000

La Media Road CIP

Completion of this CIP is critical to our cross-border economy. \$9.7 million in Transnet funding should be allocated to it in FY19.

Pedestrian/Safe Routes to School Improvement Projects

- Picador Boulevard and Majestic Drive Crosswalk/Rectangular Rapid Flash Beacon (RRFB): There is a crosswalk at the intersection of Picador Boulevard and Majestic Drive, located in front of Montgomery Middle School. This crosswalk is heavily used by students and families walking to and from Montgomery Middle School. The crosswalk was recently upgraded. Among the improvements made were: converting the crosswalk to a new yellow continental crosswalk and the installation of new "slow school xing" pavement markings for northbound traffic. Furthermore, this location has qualified for the installation of Rectangular Rapid Flashing Beacon lights (RRFBs). Funding should be provided to install these much needed RRFBs.

Approximate cost: \$10,000.

Sidewalks

Sidewalks throughout District 8 are in disrepair and need immediate attention. The list below should be considered priority locations in the FY19 budget.

- Egger Highlands Missing Sidewalk: Installation of a missing sidewalk on the west side of Saturn Boulevard between Palm Avenue and Boundary Street. This sidewalk is located next to the mobile home park across the street of the shopping center. The scope of project would include the design and construction of the sidewalk. Design will cost approximately \$100,000 with the entire project costing approximately \$350,000.

- Imperial Ave. & 25th St. Sidewalk Repairs: The condition of the sidewalks at the following stretches are riddled with potholes, the concrete blocks are broken, missing and protruding. These conditions are dangerous for pedestrians and pose a liability risk to the City.

- o Imperial Avenue from 19th St. to 30th St.
- o 25th St. from Imperial Ave. to G St.

-San Ysidro locations:

- o -Howard Ave. (east side) between Village Pine Dr. and Iris Ave. (50/50 cost share – \$22,500 San Ysidro & \$22,500 Otay Mesa-Nestor)
- o -Smythe Ave. (both sides) between Beyer Blvd. and SR-905.
- o -Cottonwood Rd. (both sides) between W. San Ysidro Blvd. and Vista Ln.
- o -Seaward Ave. (south side) between Cottonwood Rd. and West Park Ave.
- o -Border Village Rd. (both sides) between the north and south connections to E. San Ysidro Blvd.
- o -Calle Primera (north side) between Via De San Ysidro and Willow Rd.
- o -Cottonwood Rd. (west side) Beyer Blvd. to Foothill Rd.

- -Smythe Ave. (both sides) between Sunset Ln. and W. San Ysidro Blvd.
- -Alverson Rd. (both sides) between Sunset Ln. and W. San Ysidro Blvd.
- W. San Ysidro Blvd between Dairy Mart Rd. and I-805; E. San Ysidro Blvd between I-805 & San Ysidro border crossing.

Approximate cost \$1.1 million

Streetlights

District 8 communities are deficient in sufficient street and parks lighting. It is imperative that we provide and repair lighting in our neighborhoods and public facilities. The following are priorities to provide and repair lighting:

○ Dahlia Avenue between Saturn Boulevard and 18th Street qualifies for three additional street lights. Their proposed locations are as follows:	
○ Dahlia Avenue west of Saturn Blvd 305' south side	\$ 2,500
○ Dahlia Avenue west of Saturn Blvd 105' south side	\$ 2,500
○ Dahlia Avenue east of 18th Street 160' south side	\$ 2,500
○ East Beyer Boulevard north west of Center Street 600', west side	\$ 15,000
○ G Street east of 30th Place 150', south side	\$ 10,000
○ Antares Drive east of Caithness Drive 190', south side	\$ 18,000
○ Beyer Boulevard west of East Beyer Boulevard 300', south side	\$ 20,000
○ 28th Street south of Imperial Avenue 153', west side streetlight	\$ 2,000
○ 34th Street (South) north of Spring Garden Place 120', east side streetlight	\$ 2,000
○ Logan Avenue northwest of Sigsbee Street 184', south side streetlight	\$ 2,000
○ Acacia St at Delta Street, southeast corner	\$ 1,000
○ Spring Garden Place west of 34TH Street 180', in cul-de-sac streetlight	\$ 2,000
○ Pickwick Street east of 34th Street 495', south side	\$ 2,000
○ 33rd Street north of Imperial Avenue 130', west side at alley streetlight	\$ 2,000
○ Clay Avenue at Sampson Street, at alley, northwest corner streetlight	\$ 1,000
○ Franklin Avenue east of 29th Street 183', south side streetlight	\$ 2,000
○ Sampson Street west of Kearney Avenue 60' south side	\$ 8,000
○ 28th Street south of Imperial Avenue 153', west side	\$ 8,000
○ Gamma Street east of South 42nd Street 160', north side	\$ 8,000
○ 24th Street, 135' north of Imperial Av, east side	\$ 10,000
○ F Street east of 31st Street 265', south side	\$ 10,000
○ Irving Avenue east of Sicard Street 155', south side	\$ 10,000
○ Harrison Avenue north of Sicard Street 310', west side	\$ 10,000
○ G Street west of 31th Street 150', north side	\$ 10,000
○ Harrison Avenue west of Evans Street (south) 300', south side	\$ 10,000
○ Harrison Avenue east of S Evans Street 325', north side	\$ 10,000
○ Everett Avenue east of S Evans Street 205', south side	\$ 10,000
○ Everett Avenue west of S 28th Street 140', north side	\$ 10,000
○ Birch Street northeast of Vesta Street 210', northeast side	\$ 15,000
○ Irving Avenue east of Dewey Street 300', south side	\$ 15,000
○ Irving Avenue west of Sicard Street 155', south side	\$ 15,000
○ F Street west of 33rd Street 130', south side	\$ 18,000
Total	\$ 264,000

Southeast Mini-Parks 4 mini-parks are included in CIP L16000:

- Gamma Street Mini-Park ADA Improvements: This project provides for the design and construction of ADA improvements at the existing Gamma Street Mini-Park in the Southeastern Community. Improvements include upgrades to the children's play area and associated path of travel. Design is in its final phase and the project is ready to begin the construction award process once funding has been added to the project.

Approximate cost: \$1.3 million

- Clay Avenue (CD8): Play structure ages 5-12, installation of tables and BBQ grills and ADA improvements.

Approximate Cost: \$1 million

- Island Ave: Complete design and construction, including ADA improvements, playground and amenities.

Approximate Cost: \$1 million

- J St: ADA improvements and playground upgrade.

Approximate Cost: \$1 million

Southwest Neighborhood Park

This project is P-13 in the Otay Mesa/Nestor Community Plan Update's Public Facilities Financing Plan. The project would provide for the design and construction of 11.54 gross / 6.82 useable acres on city owned dedicated parkland, and will include a new comfort station and play area. The total estimated cost of the project is \$8.8M. At this time a CIP needs to be created for this project and funding allocated to allow a General Development Plan (GDP) to move forward.

Approximate cost \$350,000.

Villa Montezuma

This historic City facility requires immediate attention for the following deficiencies:

1. Plumbing upgrades, which will allow for functional and ADA compliant restrooms and a new hot water heater. Approximate cost: \$150,000
2. Exterior painting prep, such as tenting for termites and rodents, and fixing deteriorating/termite damaged exterior wood boards: Approximate cost: \$150,000
3. Replacement of carpet for third story: Approximate cost: \$10,000

REVENUE OPTIONS

The following revenue opportunities should be explored to fund budget priority items outlined in this memorandum:

Department Budget Reductions

A 1% reduction in department budgets would result in a projected \$7M in additional funding that could be utilized in the FY19 budget.

Excess Equity

The first quarter budget report projected \$17.9M in excess equity at year end that could be used in the FY19 budget.

Excess Risk Management Reserves

\$17M in excess risk management reserves at year end could be used in the FY19 budget.

Pension Payment Stabilization Reserve Contribution

Use of the \$3.5M in Pension Payment Stabilization Reserve funds (General Fund portion).

Use of Redevelopment Property Tax Trust Fund (RPTTF) to Ensure Economic Revitalization and Job Creation

The Five-Year Outlook noted that the adjusted residual RPTTF revenue over the next five years increases from \$19.4 to \$30.6 million, for a total of \$126 million. Using this revenue going forward to invest in San Diego's economically disadvantaged communities, as originally intended allows areas in the greatest need of economic investment an opportunity to attract new commercial activity, which in turn creates new jobs and greater tax revenue for the City's general fund. The prioritized investment of these residual RPTTF funds could fund many capital projects across the city that currently do not have identified funding sources.

Ongoing CIP Cash Management

Ongoing review of CIP cash management activities will ensure the appropriate alignment of the timing and use of funding for CIP projects.

Contracts

The City utilizes outside contractors for a variety of services totaling \$240 million. The City should utilize the appropriate termination clause language within each contract to renegotiate the cost of each contract. A 10% overall reduction in contracts for outside services would provide the City with \$24 million for more immediate General Fund purposes.

Potential Revenue from Short-Term Vacation Rentals

The City Council must take immediate action and adopt sound policy regarding short-term vacation rentals. In doing so, the City will be better suited to track business activity and will create opportunities to generate revenue in the form of permit fees and Transient Occupancy Tax that can support enforcement to ensure compliance of applicable laws.

Infrastructure Fund Suspension

The Outlook recognizes allocations to the Infrastructure Fund as a General Fund expense. Allocations to the Infrastructure Fund could be used to support certain strategic expenditures, potentially including the City's Infrastructure Asset Management Program, street repair, and storm water permit compliance projects, thereby addressing critical needs while mitigating the projected deficit. Additionally, Proposition H included a provision that allows a one-year suspension of the requirement to allocate General Fund revenue growth to the Infrastructure Fund upon a two-thirds vote of the City Council. If funding for non-infrastructure critical expenditures is needed, Council could consider suspending the measure, which would allow \$16.9 M to flow to the General Fund for other City uses.

Thank you for your consideration of these priorities. This memo reflects my top priorities and will serve as the basis for my support of the upcoming budget.




**CITY OF SAN DIEGO
OFFICE OF COUNCILMEMBER GEORGETTE GÓMEZ
NINTH DISTRICT**

M E M O R A N D U M

DATE: January 22, 2018

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Georgette Gómez, Ninth Council District 

SUBJECT: Budget Priorities for Fiscal Year 2019

This memorandum contains my priorities for the City of San Diego's Fiscal Year 2019 (FY19) Budget. The City's *Fiscal Year 2019-2023 Five-Year Financial Outlook* (Outlook) forecasts that the City will experience the softening of revenue growth and a steady increase in both baseline and critical strategic expenditures. This will likely result in some challenging financial years beginning with FY19.

As a Councilmember, it is my duty to advocate for a balanced and responsible budget that provides quality neighborhood services and responds to the needs of all San Diegans no matter what community they call home. As our City faces some tough challenges in regards to homelessness, housing, public safety, transportation, and infrastructure, I hope to partner with hardworking San Diegans to improve the quality of life for our neighborhoods and create a San Diego where all people can achieve their full potential.

While the Outlook projects a \$10.1 million budget shortfall in the next fiscal year, I am confident that we can mitigate the deficit while still providing high quality levels of service to San Diegans.

Thank you for the opportunity to share my FY19 expenditure priorities and suggest revenue sources. They are listed below in alphabetical order:

EXPENDITURES

CLIMATE ACTION PLAN (CAP)

- **Addition of Staff and Resources to Implement the Urban Forestry Five-Year Plan:** The maintenance and management of our urban tree canopy is necessary to implement the CAP. Trees are a significant piece in improving the quality of life for our neighborhoods by providing benefits towards public health, air and water quality, shade, and reduction of the

heat-island effect. To continue implementing the Urban Forestry Five-Year Plan and the CAP, we should make an addition of 4.0 FTE and maintain tree care contracts at FY18 levels to ensure healthy trees in every council district. Additional staff would fill positions of Tree Maintenance Supervisor, Tree Planting Arborist, Tree Protection Arborist, and Tree Inventory Arborist. Further, by maintaining FY18 contract levels, we would continue offering a neighborhood service to San Diegans that would improve their quality of life. *Approximate cost: Additional \$400,000 for 4.0 FTEs.*

- **Addition of Staff to Implement Social Equity Metrics:** The CAP is a landmark and legally-binding document that aims to reduce the City's carbon footprint and contribute to making San Diego a thriving, sustainable, and safe city with a high quality of life. However, some of our communities have experienced the negative impact of pollution and high cost of living at a much higher rate than others for generations. For the CAP to be implemented in a way that acknowledges this inequity, we must implement social equity metrics to measure expenditures that support CAP implementation, especially with our Capital Improvements Program (CIP). I recommend that the City add 1.0 FTE to implement social equity metrics and develop a monitoring program that accounts for CIP and grant fund expenditures in underserved communities, as described in the CAP. *Approximate cost: \$100,000 for 1.0 FTE.*
- **Community Choice Energy (CCE) Local Buildout Study:** While the City of San Diego is making progress on exploring the possibility of a 100% clean energy future, I recommend that we allocate funds for an analysis of local clean energy buildout scenarios and how they impact economic development in our region. The City must ensure that public dollars are invested in the creation of good jobs to grow our changing economy, especially in underserved communities. *Approximate cost: \$75,000 in addition to secured NREL funds.*

ECONOMIC DEVELOPMENT

- **Business Cooperation Program:** The Business Cooperation Program (BCP) was created to capture additional sales and use tax revenues from large research, manufacturing, or construction projects. Program revenues have decreased significantly in recent years and only two companies are currently enrolled in the program. I request that the City invest in 1.0 FTE to support this program, especially in the midst of a construction boom where numerous projects of \$50 million or more have been developed in recent years. Given this, the City has likely missed out on additional revenues – potentially hundreds of thousands to more than \$1 million in recent years. *Approximate cost: \$160,000 for 1.0 FTE.*
- **CONNECT2Careers:** This is a youth employment program operated by the San Diego Workforce Partnership that provides work-readiness training, exposure to career pathways, and job placement for 16-24 year olds. I request that we maintain FY18 funding levels for this important program. *Approximate cost: \$500,000.*

GOVERNMENT EFFICIENCY

- **Addition of a Cross-Department Grants Coordinator:** While the City is forecasted to experience three straight years of deficit per the Outlook, we have an opportunity to be

more creative in the ways we fund neighborhood services and capital projects. The City should hire a dedicated Cross-Department Grants Coordinator that would seek grant opportunities, write grants to fund some of our most critical programs, and manage the reporting of grants. Through the addition of this position, the City's return on investment could be immense, as grant opportunities could bring millions of dollars to San Diego. *Approximate cost: \$100,000 for 1.0 FTE.*

- **City Employee Childcare Services:** Finding licensed childcare for many families has become increasingly difficult including for many parents who work for the City of San Diego. Childcare is a need that should be addressed for children of city employees that are 2 months to 5 years of age. Staff should explore the costs associated with offering this service. *Approximate cost: Unknown.*
- **Earned Sick Leave & Minimum Wage Program Staffing & Outreach:** The City Treasurer's pivot towards full enforcement of the Earned Sick Leave & Minimum Wage Ordinance has been encouraging. However, more can be done to ensure that we are protecting low-wage workers from predatory employers. The City Council should maintain FY18 funding for current staffing levels in the enforcement program and allocate additional funds for community outreach contracts and public service announcements. With this money, the City can broaden outreach for the ordinance and educate more people in vulnerable communities, many of whom are going to nonprofit service providers (instead of the City Treasurer) to receiving information on combating predatory employers. *Approximate cost: \$200,000 for contracts.*
- **Equal Opportunity Contracting (EOC) Disparity Study:** The City's EOC Program implements programs to support small and local businesses by working to ensure diversity and inclusion in City purchasing and contracting. Recent reports have showcased discouraging statistics in City procurement, particularly for firms from disadvantaged communities. In order to better understand how to reform EOC, a disparity study must first be commissioned to remedy any perceived discrimination in City contracting. I highly recommend the funding of an EOC disparity study. *Approximate cost: \$1.0 million.*

HOMELESSNESS & HOUSING AFFORDABILITY

- **Companion Unit Fee Waivers:** A recent San Diego Housing Commission report noted that half of all San Diegans cannot find market-rate rental housing that is affordable, or at less than 30% of their income. Companion units (CUs) provide one of many solutions to our housing crisis, and have been documented at both the State and Federal level as an important tool in the housing toolbox. The City recently loosened regulatory barriers to encourage the development of CUs, however there is still a cost prohibiting factor for homeowners, with permitting fees often totaling over \$30,000 for a single CU. These fees often include water and sewer capacity charges of \$3,586 per unit. The Smart Growth and Land Use Committee voted unanimously in November 2017 to recommend that Council consider encumbering General Fund dollars to cover CU sewer and water fee waivers. *Assuming an average of 100 new detached and 100 attached/converted units processed for FY19, the fee waiver amount needed has an approximate cost of \$360,000.*

- **Expand Homeless Outreach in Streets and Open Spaces:** The City needs to have dedicated outreach workers to expand outreach in the public right-of-way and in our open spaces. The City should contract 5.0 FTE to provide outreach services and connect homeless individuals with services, permanent supportive housing, and other programs that will assist with their transition out of extreme poverty. These outreach workers would not be connected to any specific homeless service provider, but rather, would be knowledgeable of all programs that serve the homeless. *Approximate cost: \$200,000 contract for 5.0 FTEs.*
- **Fire-Rescue Department Resource Access Program:** The San Diego Emergency Medical Services (EMS) Resource Access Program (RAP) is a paramedic-based surveillance and case management system that intercepts high EMS users. RAP seeks to reduce dependence on EMS and acute care services by linking the individual with appropriate resources for their underlying medical, mental health, and social needs. Currently, there are no community paramedics dedicated for this program. Since its inception, RAP has saved taxpayers approximately \$2 million in diverted public health costs. I request the addition of 4.0 FTE Community Paramedics for this program. *Approximate cost: \$380,000.*
- **Tiny Home Bridge Community Pilot:** The homeless population in San Diego is growing year by year, with the greatest increases seen in the number of unsheltered individuals living on the street. Cities such as Seattle and Portland have developed programs through offering public land and funding to support temporary “tiny home communities” for people experiencing homelessness. The bridge communities can provide a safer environment than sleeping on the street, improve access to services, and help individuals transition to permanent housing. The City should identify a minimum of one City-owned parcel for a two-year pilot program, with funding provided to support services, security, and operations at the bridge community. The community could contain approximately 15 temporary “tiny home” sleeping cabins under 120 square feet to provide safe and temporary shelter for these vulnerable individuals. *Approximate cost: \$400,000.*
- **Workforce Development for Homeless Individuals:** Some of our most vulnerable San Diegans are in need of job and skills training to help transition out of poverty and homelessness. The City should fund workforce development programs to lift homeless and low-income San Diegans onto a pathway of self-sufficiency. We should partner with employers, apprenticeship programs, and local non-profit service agencies to coordinate a strategy to prepare them for the workforce. *Approximate cost: Unknown.*

NEIGHBORHOOD SERVICES

- **Code Compliance Officers in the Development Services Department:** The Neighborhood Code Compliance Division in the Development Services Department enforces the City's ordinances and other laws pertaining to land use. They address issues in our neighborhoods such as land use, zoning, housing, noise complaints, public nuisances, and vegetation/fire hazard abatement. I believe that we must continue to work to uplift the quality of life in our neighborhoods, an effort where the Neighborhood Code Compliance Division plays a large role. I recommend an addition of 2.0 FTE Code Compliance Officers in the Neighborhood

Code Compliance Division to further address neighborhood nuisances. *Cost: \$200,000 for 2.0 FTEs.*

- Code Enforcement Officers in the Environmental Services Department:** Code Enforcement Officers are on the front line of keeping our neighborhoods clean. They partner with civic organizations to schedule community clean-ups, work to abate homeless encampments around the City, and serve as a valuable resource in improving the quality of life for San Diegans. In order to better address the proliferation of homeless encampments across the City and coordinate litter collection in canyons and open space, I recommend an addition of 2.0 FTE Code Enforcement Officers in the Environmental Services Department. *Approximate cost: \$200,000 for 2.0 FTEs.*
- Library Programming Budget:** In the FY18 budget proposal, the Library's \$500,000 programming budget was eliminated but was restored by \$100,000 during the May Revise. This item serves as a tool to ensure equity across the Library system by helping to sustain programming for branches in underserved and less affluent neighborhoods that don't have access to private support. I request a partial restoration of the Library programming budget to ensure greater equity in our communities. *Approximate cost: \$250,000.*
- Penny for the Arts:** Last year, Mayor Faulconer proposed a \$4.7 million cut to the arts only to be partially restored with one-time funding after pressure from arts advocates and the City Council. However, the restoration of funding will expire in FY19, leaving a wide range of programs that positively impact our schools and our neighborhoods in jeopardy. In FY19, I propose that the City take the FY18 adopted budget, as opposed to the FY18 base budget, and apply a 2% reduction. *Approximate cost: \$4.2 million.*

PLANNING

- College Area Community Plan Update:** The College Area Community Plan was last updated in 1989 and has been experiencing serious development pressures that have resulted in significant adverse impacts to the low-density neighborhoods that surround San Diego State University. This plan has not provided transit-supportive regulations to stimulate pedestrian-oriented growth along the major corridors. It's important that a complete update to this plan be funded and commence in FY19 to address the issues associated with Residential High Occupancy Permits (RHOP) and to proactively plan for future growth along major transit corridors. *Approximate cost: \$1.0 million.*

PUBLIC SAFETY

- Expansion of the San Diego Misdemeanants At Risk Track (S.M.A.R.T.) Program:** The S.M.A.R.T. Program addresses the challenge of low-level misdemeanor offenders who cycle through the justice system without access to services, coordination of care, or meaningful incentives to engage with social service providers. This program safely diverts chronic misdemeanor offenders, particularly those who are otherwise resistant to intervention, to a case manager and are offered individualized treatment and community-based supportive housing. While the City acquired a property on Palm Avenue in FY18 and is rehabilitating it

for the purpose of becoming a S.M.A.R.T. facility, I believe that the program can be expanded to further expand service in other parts of the City. *Approximate cost: Unknown.*

- **Lifeguard Division Management:** Last year, San Diego Lifeguards made approximately 7,000 water rescues, cliff rescues, river rescues, boat rescues, medical aids, and enforcement calls. In order to continue providing an adequate level of service, I request the addition of a 1.0 FTE Senior Management Analyst to help manage the Lifeguard Division's \$23 million budget and assist with the operational work that supports a consistent level of service. *Approximate cost: \$125,000 for 1.0 FTE.*
- **San Diego Police Department (SDPD) Funding Reprioritization:** Considering the upcoming transition to new leadership at the head of the department, I request that SDPD consider reprioritizing existing funding to accommodate new strategies for recruitment and retention, community-oriented policing, and other projects/program that would improve relationships between SDPD and our local neighborhoods. Echoing my Public Safety & Livable Neighborhoods (PS&LN) priority memo, I request consideration of the following:
 - **Community-Oriented Policing:** I request additional Community Relations Officers and multi-lingual Police Officers/Police Service Officers be added as the Police Department continues to rebuild under the new Police Officers Association agreement. I also request investments in training for officers in community-oriented police practices. *Approximate cost: Unknown.*
 - **Minority Recruitment Pilot Project:** I request that SDPD explore a Minority Recruitment Pilot Project to diversify our police force so it reflects the same communities that are being policed on a daily basis. *Approximate cost: Unknown.*
 - **Racial Impact Report:** I request the funding of a report analyzing racial profiling data collected under the Racial Identity and Profiling Act (RIPA), including any relevant recommendations to improve relationships between SDPD and the community. *Approximate cost: \$75,000.*
 - **Restorative Justice Training for SDPD Officers:** I suggest that the City should fund the training of SDPD officers in restorative justice practices, which would include mediation, counseling, and communication for certain youth offenses. *Approximate cost: \$300,000.*
 - **San Diego Resident Recruitment Incentives:** While the new Police Officers Association contract will certainly play a large role in recruiting new officers, I request that SDPD explore incentives for San Diego residents to join our police force. *Approximate cost: Unknown.*

TRANSPORTATION & INFRASTRUCTURE

- **Pedestrian & Bike Projects:** Please consider the following projects to construct sidewalks and bike facilities within District 9:

- **70th St. Sidewalk Construction:** In the College East area, 70th Street is a heavily trafficked corridor filled with motorists traveling to/from the I-8 during peak hours. The west side of 70th Street from Saranac Street to Alvarado Road lacks adequate sidewalks for pedestrians, which forces them to walk on the street or bike lane. This is especially dangerous considering the volume of motorist traffic during peak hours. The design phase for this project is fully funded in the CIP through the New Walkways annual project allocation (AIK-00001), but no funding has been identified for construction. *Approximate cost: Unknown. However, it is recommended that the City utilize TransNet funding for the construction phase of this project through the AIK-00001 annual allocation.*
- **Altadena Avenue Sidewalk Construction:** Construct sidewalks and plant shade-producing street trees along the east side of Altadena Avenue from Wightman Street to Landis Street. Many children walk to City Heights Prep Charter School and the newly constructed Wightman Neighborhood Park and walk in the roadway due to a lack of sidewalk construction. *Approximate cost: Unknown.*
- **City Heights Urban Greening Plan Pilot Project No. 3:** The FY15 City Heights Urban Greening Plan identified this project to define a Green Streets System and construct multi-modal improvements that would facilitate the quality of life for motorists, bicyclists, and pedestrians in City Heights. Pilot project No. 3 focuses on University Avenue between Euclid Avenue and Winona Avenue and would improve the identity of University Avenue as a main street area by improving bicycle and pedestrian access and incorporating a new plaza into the University Avenue and Reno Drive area. A mini-park could be created in the vacant lot at Euclid Avenue and Auburn Drive. The project would also enhance the pedestrian environment by planting shade-producing canopy trees along University Avenue. *Approximate cost: \$620,000.*
- **Delta Street Sidewalk Construction:** Construct sidewalks and shade-producing street trees along the north side of Delta Street from 43rd Street/North Highland Avenue to Delta Park Lane. Many children walk to school along this roadway in this Southcrest neighborhood due to a lack of sidewalk construction. This project is currently on the unfunded needs list and has been given a priority score of 51 by City engineers. *Approximate cost: Unknown.*
- **Safe Routes to School Program:** This program is part of a national movement to encourage safety for more walking and bicycling around schools. Our City must do better in providing safe and pedestrian-friendly facilities to ensure that students can get to school on foot or by bike. Committing to a Safe Routes to School program will keep kids safe, and provide co-benefits to the Climate Action Plan and Vision Zero commitments. I propose that the City seek Caltrans' Active Transportation Program funds to fund this program for 40 schools in San Diego's most dangerous corridors, two of which are in my district (El Cajon Boulevard and University Avenue). *Approximate cost: \$500,000 to be funded by an available Caltrans Active Transportation Program grant that the City should seek.*

- **Vision Zero Projects:** The City has already implemented some measures in Vision Zero, which is a strategy to eliminate all traffic fatalities and severe injuries in San Diego. To accomplish this vision, the City must invest in pedestrian and bike-friendly facilities that would encourage a safe roadway for pedestrians, bicyclists, transit riders, and motorists. I believe that the following investments would facilitate further implementation of Vision Zero in District 9:
 - **El Cajon Boulevard, Altadena Avenue Pedestrian Safety Phase II:** A High Intensity Activated Crosswalk (HAWK) pedestrian crossing is approved for predesign and design. I request that funding for the construction of the HAWK lights and for an education campaign that teaches drivers and pedestrians how to use the HAWK lights safely. *Approximate cost: \$500,000.*
 - **El Cajon Boulevard, between Highland Avenue and 45th Street (Hoover High):** As outlined in the Complete Boulevard Study, I request that the City construct new medians, sidewalk improvements, curb extensions, and safe crossings. *Approximate cost: \$500,000.*
 - **Fix the Fatal Fifteen Intersections:** These are unimproved intersections with the highest rate of injuries and fatalities in the City. Some improvements were made for intersections in 2017, but more improvements are necessary including continental crosswalks, countdown signals, and audible prompts to let pedestrians know when it is safe to cross. Some of these intersections are in District 9, including University Avenue & 52nd Street; El Cajon Boulevard & 36th Street; and El Cajon Boulevard & 33rd Street. *Approximate Cost: \$200,000.*
 - **University Avenue, Estrella Avenue Pedestrian Safety Upgrade:** I believe that the City should fund design and construction of a HAWK pedestrian crossing, pedestrian crossing refuge, and road diet at this location. This plan is approved in the City Heights Urban Greening Plan. *Approximate cost: \$500,000.*

SUGGESTED DISTRICT-SPECIFIC PRIORITIES

- **Aldine Drive Stormwater Study:** The storm drains along Aldine Dr. in Kensington and Talmadge continue to fail during seasonal rains. While the City has engaged in efforts to repair and replace storm drains, there is still much work to do. In addition to repairing and maintaining the current storm drains in the area, I am requesting an initial pre-design study for road improvements at the location in order to begin to implement Facilities Financing Project T-1. Based on recommendation from city staff, road improvements are needed to fully address the issue of flooding at the area during rains. The full cost to implement Project T-1 is \$6,000,000. It is estimated that \$250,000 would be needed to begin evaluating the project through a commissioned storm water study. This project was also listed in my FY18 budget priority memo from January 2017 and CIP prioritization memo from November 2017. *Approximate cost: \$250,000.*

- **Chollas Triangle Street Closure & Park Development:** In the neighborhood of El Cerrito, the Chollas Triangle section of the Eastern Area Neighborhoods Element is a high priority project. Listed in the Mid-City Public Facilities Financing Plan as Project P-26, this development provides for the design and construction of a 5-acre neighborhood park. In addition to this effort, Mid-City Public Facilities Financing Plan Project T-22 would begin by evaluating either the reduction in the width or closure of all or part of Chollas Parkway between 54th street and University Avenue in order to construct the Chollas Triangle neighborhood park. I would like to request that the initial assessment for the street closure be included along with funding for a General Development Plan for the future park. This project was also listed in my FY18 budget priority memo from January 2017 and CIP prioritization memo from November 2017. *Approximate cost: \$5.0 million for design and construction.*
- **Clay Park Improvements:** In Rolando Village, improvements are needed to address park deficiencies in Clay Park as well as the accommodation of the additional use by the CentrepoinTE/Blvd 63 project, which is a 332 unit multi-unit housing complex adjacent to the park. Proposed improvements include installing a comfort station, installing a shade structure for the playground equipment, upgrading sidewalks to meet ADA standards, installing a security camera to address crime prevention, and the addition of an off-leash dog park. There is no CIP established for this project. This project was also listed in my FY18 budget priority memo from January 2017 and CIP prioritization memo from November 2017. *Approximate cost: \$800,000.*
- **College Fire Station:** The construction of a new fire station on College Avenue is a priority for the College Area, especially with anticipated neighborhood growth due to expansions by San Diego State University. *Approximate cost: Unknown.*
- **Complete Boulevard Study Phase II:** Construct new medians, sidewalk improvements, curb extensions, and safe crossings at the intersections of El Cajon Boulevard and Menlo Avenue, and El Cajon Boulevard and Euclid Avenue as outlined in the Complete Boulevard Study. This includes pedestrian improvements in the vicinity of Hoover High School such as enhanced paved crosswalks, new pedestrian signals, and new sidewalk. This project was also listed in my FY18 budget priority memo from January 2017 and CIP prioritization memo from November 2017. *Approximate cost: \$250,000 to establish CIP and begin design and construction drawings. If funding cannot be identified for this project, I respectfully request that staff apply for a grant from SANDAG's Active Transportation Program.*
- **Eastern Area Mobility Study:** The eastern section of El Cajon Boulevard includes College Area, El Cerrito, and Rolando Village. These neighborhoods are in dire need of improvements in the public Right-of-Way to facilitate pedestrian, bicyclist, and motorist traffic. I request that the City commission a mobility study for El Cajon Boulevard from 54th Street to Keeney Street and implement recommended sidewalk improvements, bike facilities, streetscape improvements, and signal coordination to improve the mobility of pedestrians and bicyclists on El Cajon Boulevard. A full cost estimate is not available at this time. *Approximate cost: \$250,000 to establish a CIP and begin design and construction drawings.*

- **Fairmount Fire Station:** Residents in City Heights have been advocating for a new fire station in the district for several years. This is a high priority, as the design and construction of this new fire station will help to meet faster emergency response times for the community. In fact, the February 22, 2017 Citygate Associates report determined that this fire station was a top priority. As a result, a CIP was established (Home Ave. Fire Station / S14018) and land was acquired in FY17 for this project. Design is anticipated to be completed in FY19, while funding for construction has not yet been identified. This project was also listed in my FY18 budget priority memo from January 2017 and CIP prioritization memo from November 2017. *Approximate cost: \$10.5 million.*
- **Lorca Drive Catwalk and Storm Drain:** The Rolando Village catwalks are paved pathways connecting the streets, allowing neighbors to quickly traverse the canyons that separate different parts of the community. The westernmost catwalk between Cartagena and Lorca Drives has a wooden stairwell in deteriorated condition that has been a concern of the community for quite some time. The original concrete stairway has been unusable for many years due to being undermined by the damaged storm drain located directly beneath the stairs. A wooden stairway was subsequently installed, and repaired, however this is an interim solution. Our office would like to request a CIP evaluation to permanently repair the storm drain and restore the concrete stairs, improving the safety and walkability of the catwalk. *Approximate cost: Unknown.*
- **Streetlights:** There are neighborhoods in District 9 that are lacking adequate street lights. While some neighborhoods are lacking street lights altogether, there are some that are in dire need of maintenance and replacement. Below are my street light requests:
 - **City Heights:** The communities of Castle and Cherokee Point in City Heights lack sufficient street lighting and residents are often left in the dark. There are several streets in these neighborhoods that lack street lighting and serve as hubs for crime and illicit activity. It is imperative that we provide adequate lighting in the Castle and Cherokee Point neighborhoods. *Approximate cost: Unknown. However, this project could be funded through the annual allocation dedicated to the Installation of City Owned Street Lights (AIH-00001).*
 - **Kensington:** The historic street lights in Kensington are attached to circuits that are deteriorating because they are neither wired through a conduit nor trenched deep enough to meet modern standards. In fact, these circuits are often shorted with the slightest bit moisture in the ground, causing the entire neighborhood to go pitch black for periods as long as 3 months. I request that the circuits in the Kensington Heights and Talmadge Park – North Lighting Maintenance Assessment Districts be modernized this fiscal year. This project was also listed in my FY18 budget priority memo from January 2017 and CIP prioritization memo from November 2017. *Approximate cost: \$2.0 million out of the City Circuit Upgrades annual allocation (AIH-00002).*
 - **Southcrest:** This community lacks sufficient street and parks lighting. There are several streets in this neighborhood that are serviced by a single light. Often times these lights are out of commission, leaving entire blocks in the dark. We should

provide adequate lighting in Southcrest, particularly around the Willie Henderson Sports Complex. *Approximate cost: Unknown. However, this project could be funded through the annual allocation dedicated to the Installation of City Owned Street Lights (AIH-00001).*

SUGGESTED REVENUE SOURCES

- **Cannabis Tax Revenue – Unknown revenue:** According to the Outlook, the projected Cannabis Tax revenues in FY19 amount to \$5.5 million. This is a conservative figure. With the increased permitting of cultivation, production, and distribution of non-medical cannabis facilities in the City, this projection is certain to increase. I look forward to receiving a more accurate projection of Cannabis Tax Revenue as the FY19 budget is proposed.
- **Charter Section 77.1 – Infrastructure Fund - \$16.9 million:** There is a provision in Charter Section 77.1 that allows for a one year suspension of the requirement to allocate General Fund revenue growth the Infrastructure fund with a 2/3 vote of the City Council. If this happens, then an estimated \$16.9 million would be available. Through the successful passage of SB 1 in the California State Legislature, an estimated \$23.6 million could be available for street maintenance, freeing up money for other projects and programs in the General Fund.
- **Commercial Paper - \$75.0 million:** Per the outlook, the Commercial Paper Program is estimated to come to Council before the beginning of FY19 and will entail lower cost borrowing based on short-term interest rates instead of issuing a large long-term bond. I look forward to seeing Commercial Paper utilized as a resource to fund projects in my District.
- **Excess Equity - \$17.9 million:** Per the FY18 First Quarter Monitoring Report, an estimated \$17.9 million of Excess Equity is expected to be available for one-time expenditures in FY19.
- **Excess Risk Management Reserves - \$17.0 million:** Per Independent Budget Analyst (IBA) Report 17-39, there is a projected \$17.0 million in excess resources across the Public Liability Reserve, Workers' Compensation Reserve, and Long-Term Disability Reserve. These resources would be available for one-time expenditures in FY19.
- **Pension Stabilization Reserve Contribution - \$3.5 million:** The IBA also recommends the exploration of an alternative replenishment plan to the Pension Stabilization Reserve after FY19. If the Council was to take this suggestion, an estimated \$3.5 million in contributions to the Pension Stabilization Reserve would be available for other one-time expenditures in FY19.
- **Potential Revenue from Short-Term Vacation Rentals – Unknown revenue:** The City Council must take immediate action and adopt sound policy regarding short-term vacation rentals. In doing so, the city will be better suited to track business activity and will create opportunities to generate revenue in the form of permit fees and Transient Occupancy Tax that can support code enforcement to ensure compliance of applicable laws.

- **SB 2 Revenue – Unknown revenue:** California Senate President pro Tempore Toni Atkins spearheaded the Building Homes and Jobs Act (SB 2) to create a source of revenue for affordable housing, planning, and homelessness by imposing a \$75 fee on real estate transaction documents. In FY19, this revenue could be utilized to update planning documents and zoning ordinances.
- **TransNet Extension Cash Balance - \$9.1 million:** Per the *FY18 CIP Mid-Year Budget Monitoring Report*, a \$30.6 million fund balance is estimated to be carried over to FY19. This is approximately one year's worth of TransNet revenue remaining on deposit. Considering our current financial climate, I request that the City spend down 30% of the fund balance, or \$9.1 million, to fund improvements in the City right-of-way.

GG:my



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: August 9, 2017**IBA Report Number:** 17-28REV**City Council Docket Date:** September 12, 2017**Item Number:** TBD

Proposed FY 2018 Statement of Budgetary Principles

OVERVIEW

The Statement of Budgetary Principles (Principles) was first put into place in FY 2008 to address issues of budgetary authority and to provide a means to communicate budget changes between the Executive and Legislative branches following budget adoption each year. For the past ten fiscal years, the Principles have been adopted by the City Council as a companion resolution to the Appropriation Ordinance (AO), which was approved by the City Council on June 26, 2017. The purpose of the Principles is to preserve the intent of the AO as a true appropriation setting document rather than a policy document. The Principles represent an annual agreement between the City Council and the Mayor, which we recommend be continued in FY 2018.

The proposed FY 2018 Principles closely mirrors the FY 2017 Principles with only minor revisions reflecting voter-approved changes to the City Charter that took effect July 18, 2016 (Attachments 1 and 2).

This draft of the Principles is provided for the August 2, 2017 Budget and Government Efficiency Committee for review, and to forward to the full City Council for review and adoption. Since this is an agreement between the two branches, any proposed revisions will need to be agreed to by the Mayor.

BACKGROUND

In 2004, the voters approved a Strong Mayor/Strong Council form of government for the City of San Diego. The change from a City Manager to a Strong Mayor/Strong Council form of government necessitated clarifications of the roles and responsibilities of the Executive and Legislative branches of City government. The Principles were enacted in part as a means to designate areas of Mayoral and Council authority, and the processes by which budget and administrative information would be communicated between the two branches in order to support

the effective and efficient governance of the City.¹ Specifically, concerns were raised by the City Council at that time that significant budget decisions—such as the elimination of department programs²—were being made by the Executive branch outside of the budget adoption process and without communicating the changes to the Legislative branch. The City Council also raised concerns about the lack of department/program performance measures available for review, especially when reductions to department budgets were made as a result of revenue reductions during the last recession, or as part of the City’s efficiency programs. Without robust performance measures, Council did not feel that they were able to ascertain whether, or how, reductions in department or program budgets might have a corresponding reduction in service levels.

The three original stated goals of the Principles were:

1. To set budgetary operating principles;
2. To establish budget authorities regarding service levels; and
3. To enhance communication on management issues between the Executive and Legislative branches.

These goals informed the first Principles released by our Office as IBA Report 07-64. This report also included other items that remain in the current version of the Principles: the provision of quarterly budget monitoring reports to the Council by the Mayor and the requirement that the Mayor provide prior written notification to the City Council of reductions to programs or services affecting the community. Other significant Council-adopted budget documents that have been included in the Principles over the years include:

- Guiding Principles of a Structural Budget Deficit Elimination Plan (Attachment 4);
- O-20084: Mid-Year Adjustments to the Adopted Budget of the City and Reporting of Significant Reductions in City Services or Programs; and O-20551: Amending Section 22.0229 Relating to Mid-Year Adjustment to the Adopted Budget;
- R-307737: Ten Fundamental Principles for an Effective, Cooperative, and Transparent Mayor-Council Form of Government in the City of San Diego (Attachment 5); and
- A requirement for quarterly updates on the City’s performance measures.

DISCUSSION

As noted above, the Principles have changed over the years in order to reflect prior year budget practices and policies, or to address any areas of concern relating to Executive and Legislative branch communications. Over the years the Principles have become an important part of the budget process, as they provide clarity regarding budget authority following budget adoption in June of

¹ The Principles were part of a larger movement that has, over time, codified areas of authority and practice in relation to budget and administrative City governance after the Strong Mayor/Strong Council form of government was put in place. Other documents that have clarified the roles of the Executive and Legislative branches include the City’s Budget Policy (Council Policy 000-02) and the addition of the ability of the Mayor (and subsequently the City Council) to make changes to the Adopted Budget via the Mid-Year Budget Monitoring Report, to the City’s Municipal Code (Section 22.0229, amended by O-20551, Attachment 3).

² This Council concern stemmed from the Mayor’s reduction of a popular swim program in FY 2007 after the Council had adopted the Budget. Council subsequently reinstated the program, but a concern remained about the Mayor’s ability to significantly modify services and programs outside of the budget process without Council input or approval.

each year. Additionally the Principles captures in a single document numerous other important budget documents approved by the Council since the change to a Strong Mayor/Strong Council form of government.

Over the past year our Office raised two issues relative to the Principles. First, Council's review of performance measures on a quarterly basis, which was added to the FY 2014 Principles but was not put into practice. In FY 2017 new department tactical plans resulted in the replacement of a number of established measures with new measures that lacked associated data. Additional data becomes available each year the measures are in place, and the Performance & Analytics Department has now included 20% of City Key Performance Indicators (KPIs) on the City's Performance Dashboard (Dashboard) with a goal of providing 40% for FY 2018.

Second, during our Office's review of the FY 2017 Mid-Year Monitoring Report, we noted that the Mayor had implemented a new San Pasqual Valley Fast Response Squad (FRS) shortly after the FY 2017 Budget was adopted by Council. While some Councilmembers were apprised of the budget revision, the Council as a whole was not provided an informational memorandum on this service addition as agreed to in the Principles. The FY 2018 Principles continues to contain language, agreed to by the Mayor, noting that Council should be informed of any changes to programs or services.

RECOMMENDATION

The Principles have been agreed to by the Executive and Legislative branches of City government each year since FY 2008, in order to clearly define the roles of each branch as they relate to the City's budget development and budget monitoring processes, as well as to set expectations for communication about budget matters. The Principles were presented to the Budget and Government Efficiency Committee on August 2, 2017. The Committee approved the Principles without any revisions, and forwarded them to the City Council for review and adoption. The Committee also made two requests: that the Performance & Analytics Department return to Committee to discuss and review departmental Key Performance Indicators, and that the IBA return to Council early in the FY 2019 budget development process with a review of the Budgetary Principles.

Our Office recommends that the City Council review and adopt the FY 2018 Statement of Budgetary Principles.



Christiana Gauger
Fiscal & Policy Analyst



Andrea Tevlin
Independent Budget Analyst

- Attachments: 1. FY 2018 Statement of Budgetary Principles – Clean Copy
2. FY 2018 Statement of Budgetary Principles – Redline Copy

3. O-20551: An Ordinance Amending Chapter 2, Article 2, Division 2 of the San Diego Municipal Code by Amending Section 22.0229 Relating to Mid-Year Adjustments to the Adopted Budget of the City
4. R-305615: A Resolution of the City of San Diego Adopting the Structural Budget Deficit Elimination Plan Presented by Independent Budget Analyst (IBA)
5. R-307737: A Resolution of the Council of the City of San Diego Establishing Ten Fundamental Principles for an Effective, Cooperative and Transparent Mayor-Council Form of Government in the City of San Diego

FY 2018 STATEMENT OF BUDGETARY PRINCIPLES

WHEREAS, pursuant to sections 69(c) and 265(b)(14) of the City Charter the Mayor is required to propose a budget to the Council and make it available for public view no later than April 15 of each year; and

WHEREAS, on April 13, 2017, the Mayor released the Fiscal Year 2018 Proposed Budget to the Council and to the public; and

WHEREAS, the Council has duly considered the Mayor's Fiscal Year 2018 Budget; and

WHEREAS, between April 17 and June 5, 2017 the City Council held more than one public hearings to consider the City's Fiscal Year 2018 Budget in accordance with City Charter section 69(d), and at such meetings members of the public were invited to comment on and ask questions about the Fiscal Year 2018 Budget; and

WHEREAS, on May 16, 2017, the Financial Management Director provided the City Council with their May Revision to the Fiscal Year 2018 Proposed Budget (May Revision) in accordance with City Charter Section 69(e); and

WHEREAS, on May 18, 2017, the May Revision was presented to the City Council sitting as the Budget Review Committee; and

WHEREAS, Councilmembers submitted their budget priorities to the Independent Budget Analyst on May 22, 2017 to assist with the development of final budget recommendations; and

WHEREAS, on May 31, 2017, the Independent Budget Analyst's Final Budget Report and Recommendations on the FY 2018 Budget (IBA Report # 17-23 *Review of the FY 2017 Year-End Budget Monitoring Report, FY 2018 May Revision, and Recommended Revisions to the Mayor's FY 2018 Budget*) was issued; and

WHEREAS, on June 5, 2017, the City Council approved the City's Fiscal Year 2018 Budget, including the Mayor's Proposed Budget, as modified by the May Revision, and including the recommendations in the IBA Final Report on the FY 2018 Budget, dated May 31, 2017, with revisions proposed by the City Council, and directed the City Clerk to return the same to the Mayor for his consideration under Charter section 69(f)(2); and

WHEREAS, on June 9, 2017 the Mayor modified and signed Budget Resolution R-311158 which is the Fiscal Year 2018 Adopted Budget, in accordance with Charter section 69(g) ; and

WHEREAS, in accordance with Charter section 69(h), on June 13, 2017 the Fiscal Year 2018 Budget became a controlling document for purposes of preparing the annual appropriation ordinance; and

WHEREAS, pursuant to Charter section 69(k), the Council is required to adopt an appropriation ordinance no later than June 30, to establish budgetary appropriations for the Fiscal Year 2018 Budget; and

WHEREAS, the Mayor and the Council acknowledge that the Fiscal Year 2018 Budget reflects the best estimate of the Mayor and the Council regarding projected revenues and expenditures and that such estimate is simply a financial plan that may require adjustments in view of the available resources; and

WHEREAS, in accordance with Chapter 2, Article 2, Division 2 of the Municipal Code, mid-year budget adjustments shall be reported to address any projected surplus or deficit in addition to reporting significant reductions in programs or services; and

WHEREAS, this Statement of Budgetary Principles is intended to facilitate better communication on fiscal matters between the Council and the Mayor and to establish a framework for the administration by the Mayor of the Fiscal Year 2018 Budget in light of the respective duties of the Mayor as Chief Executive Officer and Chief Budget Officer of the City, and the duties of the Council as the legislative and policy setting body of the City, and in light of the obligation of public officials to keep the public apprised of the conduct of the City's financial affairs; and

WHEREAS, the City Council adopted Resolution 307737 on October 15, 2012, subsequently signed by the Mayor, establishing ten fundamental principles for an effective, cooperative and transparent Mayor-Council form of government in the City of San Diego ("Ten Fundamental Principles").

Accordingly, the Mayor and the Council hereby agree to adhere to the following budgetary principles for the Fiscal Year 2018 Budget:

Fiscal Year 2018 Budget—Communication on Proposed Program/Service Changes

1. The Mayor, or his designee, will provide reports to the Council on a quarterly basis regarding the administration of the affairs of the City. These reports can be given verbally, and are intended to improve the flow of information between the Mayor, Council, and public.
2. The Council President will provide time on the Council's agenda for the Report of the Mayor.
3. Consistent with Chapter 2, Article 2, Division 2 of the Municipal Code, prior to any reduction in service levels or elimination of programs or services as represented and funded in the FY 2018 Adopted Budget, the

Mayor, or designee, shall provide written notice to the City Council regarding such reductions and provide a fiscal justification thereof and a description of expected service levels impacts.

4. Notwithstanding the forgoing, the Mayor need not provide prior written notice of any change or modification that results in a more efficient delivery of public services and that accomplishes the legislative intent. However, in these circumstances the Mayor is requested to provide the Council with an informational memo upon implementation.

Fiscal Year 2018 Budget—Appropriation Ordinance

1. Neither the Mayor nor the Council has unilateral authority to make changes to the spending authority contained in the Fiscal Year 2018 Budget.
2. The Mayor shall in good faith fulfill the legislative intent reflected in the adopted Fiscal Year 2018 Budget, including the appropriations reflected in the Fiscal Year 2018 Appropriation Ordinance. However, the Mayor has discretion to effectively and efficiently spend public monies, and shall not be obligated to spend all the money the Council has appropriated if there is a less costly means of accomplishing the Council's stated purposes.
3. The Council shall have no authority to make or adopt changes to the Fiscal Year 2018 Budget without first receiving a funding recommendation of the Mayor. The Mayor will provide such funding recommendation within 30 calendar days of the Council request, or such later period as contained in the request of the Council.
4. In accordance with Charter section 28, the Mayor has the authority to allocate Fiscal Year 2018 Budget appropriations within departments in order to best carry out the Council's legislative intent.
5. The Appropriation Ordinance implements the Fiscal Year 2018 Budget, as approved by the Council. The Appropriation Ordinance shall specify the spending authority by Department and by Fund, and all other conditions, authorizations, and requirements appropriate therefore. The Appropriation Ordinance will include necessary budget delegation to carry out the business of the City; provided however, the Appropriation Ordinance will not include Policy directions.
6. The Statement of Budgetary Principles applies to departments and programs that are under the direction and authority of the Mayor. These Principles shall also apply to those offices that are independent of the Mayor. This Statement of Budgetary Principles is subject in all respects to the provisions of the City Charter.

Fiscal Year 2018 Budget—“Budget-Related Fundamental Principles for an Effective, Cooperative, and Transparent Mayor-Council Form of Government” applying to budget implementation

1. The “Structural Budget Deficit Principles” adopted by Council on February 22, 2010 and outlined in Resolution 305615 should be continually adhered to ensuring a structurally balanced budget.
2. The Mayor will update the City’s Five-Year Financial Outlook (Outlook) in November 2017 and present the results to the Budget and Government Efficiency Committee and City Council.
3. In FY 2018 the City’s performance dashboard, PerformSD, will display historical information and targets for performance measures in the following areas: civic engagement, communication, customer satisfaction, economy and finance, infrastructure, public safety, recreation and culture, sustainability, and transportation and mobility. The performance measure data available as part of the performance dashboard will be discussed and reviewed by the Budget and Government Efficiency Committee by the end of the first quarter of FY 2018. The data will be evaluated for updates quarterly in FY 2018, and will be a subset of the performance measures included in the Proposed and Adopted Budgets. Additional performance measures may be evaluated and added to the performance dashboard in FY 2018.
4. The Mayor will address the City's deferred capital backlog by implementing funded projects in a timely and cost effective manner and working with the Council to identify resources necessary to address remaining unfunded deferred capital as well as new infrastructure needs.

FY ~~2017-2018~~ STATEMENT OF BUDGETARY PRINCIPLES

WHEREAS, pursuant to sections ~~69(c) and 265(b)(1514)~~ of the City Charter the Mayor is required to propose a budget to the Council and make it available for public view no later than April 15 of each year; and

WHEREAS, on April ~~1413, 2016~~2017, the Mayor released the Fiscal Year ~~2017 2018~~ Proposed Budget to the Council and to the public; and

WHEREAS, the Council has duly considered the Mayor's Fiscal Year ~~2017-2018~~ Budget; and

WHEREAS, between ~~May-April 417~~ and June ~~135, 2016~~2017 the City Council held more than ~~two-one~~ public hearings to consider the City's Fiscal Year ~~2017-2018~~ Budget in accordance with ~~San Diego City~~ Charter sections ~~29069(bd) and 71~~, and at such meetings members of the public were invited to comment on and ask questions about the Fiscal Year ~~2017-2018~~ Budget; and

WHEREAS, on May ~~1716, 2016~~2017, the Financial Management Director provided the City Council with their May Revision to the Fiscal Year ~~2017-2018~~ Proposed Budget (May ~~Revise~~Revision) in accordance with City Charter Section 69(e); and

WHEREAS, on May ~~1918, 2016~~2017, the May ~~Revise-Revision~~ was presented to the City Council sitting as the Budget Review Committee; and

WHEREAS, Councilmembers submitted their budget priorities to the Independent Budget Analyst on May ~~2722, 2016~~2017 to assist with the development of final budget recommendations; and

WHEREAS, on ~~June 8May 31, 2016~~2017, the Independent Budget Analyst's Final Budget Report and Recommendations on the FY ~~2017-2018~~ Budget (IBA Report # ~~1617-11-23~~ Review of the FY 2017 Year-End Budget Monitoring Report, FY 2018 May Revision, and Recommended Revisions to the Mayor's FY 2017-2018 Budget) was issued; and

WHEREAS, on June ~~135, 2016~~2017, the City Council approved the City's Fiscal Year ~~2017-2018~~ Budget, including the Mayor's Proposed Budget, as modified by the May ~~Revision~~Revision, and including the recommendations in the IBA Final Report on the FY ~~2017-2018~~ Budget, dated ~~June 8May 31, 2016~~7, with revisions proposed by the City Council, and directed the City Clerk to return the same to the Mayor for his consideration under Charter section ~~29069(bf)(2)~~; and

WHEREAS, on June ~~149, 2016~~2017 the Mayor ~~approved-modified and signed~~ Budget Resolution R-311158 which is the Fiscal Year ~~2017-2018~~ Adopted Budget, in accordance with Charter section ~~29069(bg)(2)(A)~~; and

WHEREAS, in accordance with Charter section ~~29069(b)(2)~~, on June ~~4413~~, ~~2016-2017~~ the Fiscal Year ~~2017-2018~~ Budget became a controlling document for purposes of preparing the annual appropriation ordinance; and

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WHEREAS, pursuant to Charter section ~~71 and 29069(ek)~~, the Council is required to adopt an appropriation ordinance ~~during the month of July~~ no later than June 30, to establish budgetary appropriations for the Fiscal Year ~~2017-2018~~ Budget; and

WHEREAS, the Mayor and the Council acknowledge that the Fiscal Year ~~2017-2018~~ Budget reflects the best estimate of the Mayor and the Council regarding projected revenues and expenditures and that such estimate is simply a financial plan that may require adjustments in view of the available resources; and

WHEREAS, in accordance with Chapter 2, Article 2, Division 2 of the Municipal Code, mid-year budget adjustments shall be reported to address any projected surplus or deficit in addition to reporting significant reductions in programs or services; and

WHEREAS, this Statement of Budgetary Principles is intended to facilitate better communication on fiscal matters between the Council and the Mayor and to establish a framework for the administration by the Mayor of the Fiscal Year ~~2017-2018~~ Budget in light of the respective duties of the Mayor as Chief Executive Officer and Chief Budget Officer of the City, and the duties of the Council as the legislative and policy setting body of the City, and in light of the obligation of public officials to keep the public apprised of the conduct of the City's financial affairs; and

WHEREAS, the City Council adopted Resolution 307737 on October 15, 2012, subsequently signed by the Mayor, establishing ten fundamental principles for an effective, cooperative and transparent Mayor-Council form of government in the City of San Diego ("Ten Fundamental Principles").

Accordingly, the Mayor and the Council hereby agree to adhere to the following budgetary principles for the Fiscal Year ~~2017-2018~~ Budget:

Fiscal Year ~~2017-2018~~ Budget—Communication on Proposed Program/Service Changes

1. The Mayor, or his designee, will provide reports to the Council on a quarterly basis regarding the administration of the affairs of the City. These reports can be given verbally, and are intended to improve the flow of information between the Mayor, Council, and public.
2. The Council President will provide time on the Council's agenda for the Report of the Mayor.
3. Consistent with Chapter 2, Article 2, Division 2 of the Municipal Code, prior to any reduction in service levels or elimination of programs or

services as represented and funded in the FY ~~2017-2018~~ Adopted Budget, the Mayor, or designee, shall provide written notice to the City Council regarding such reductions and provide a fiscal justification thereof and a description of expected service levels impacts.

4. Notwithstanding the forgoing, the Mayor need not provide prior written notice of any change or modification that results in a more efficient delivery of public services and that accomplishes the legislative intent. However, in these circumstances the Mayor is requested to provide the Council with an informational memo upon implementation.

Fiscal Year ~~2017-2018~~ Budget—Appropriation Ordinance

1. Neither the Mayor nor the Council has unilateral authority to make changes to the spending authority contained in the Fiscal Year ~~2017-2018~~ Budget.
2. The Mayor shall in good faith fulfill the legislative intent reflected in the adopted Fiscal Year ~~2017-2018~~ Budget, including the appropriations reflected in the Fiscal Year ~~2017-2018~~ Appropriation Ordinance. However, the Mayor has discretion to effectively and efficiently spend public monies, and shall not be obligated to spend all the money the Council has appropriated if there is a less costly means of accomplishing the Council's stated purposes.
3. The Council shall have no authority to make or adopt changes to the Fiscal Year ~~2017-2018~~ Budget without first receiving a funding recommendation of the Mayor. The Mayor will provide such funding recommendation within 30 calendar days of the Council request, or such later period as contained in the request of the Council.
4. In accordance with Charter sections ~~28 and 81~~, the Mayor has the authority to allocate Fiscal Year ~~2017-2018~~ Budget appropriations within departments in order to best carry out the Council's legislative intent.
5. The Appropriation Ordinance implements the Fiscal Year ~~2017-2018~~ Budget, as approved by the Council. The Appropriation Ordinance shall specify the spending authority by Department and by Fund, and all other conditions, authorizations, and requirements appropriate therefore. The Appropriation Ordinance will include necessary budget delegation to carry out the business of the City; provided however, the Appropriation Ordinance will not include Policy directions.
6. The Statement of Budgetary Principles applies to departments and programs that are under the direction and authority of the Mayor. These Principles shall also apply to those offices that are independent of the

Mayor. This Statement of Budgetary Principles is subject in all respects to the provisions of the City Charter.

Fiscal Year ~~2017-2018~~ Budget—"Budget-Related Fundamental Principles for an Effective, Cooperative, and Transparent Mayor-Council Form of Government" applying to budget implementation

1. The "Structural Budget Deficit Principles" adopted by Council on February 22, 2010 and outlined in Resolution 305615 should be continually adhered to ensuring a structurally balanced budget.
2. The Mayor will update the City's Five-Year Financial Outlook (Outlook) in November ~~2016-2017~~ and present the results to the Budget and Government Efficiency Committee and City Council.
3. ~~In FY 2017, the Mayor will launch a public, performance dashboard available online at PerformSD.~~ In FY ~~2017-2018~~ the City's performance dashboard, PerformSD, will display historical information and targets for performance measures in the following areas: civic engagement, communication, customer satisfaction, economy and finance, infrastructure, public safety, recreation and culture, sustainability, and transportation and mobility. The performance measure data available as part of the performance dashboard will be discussed and reviewed by the Budget and Government Efficiency Committee by the end of the first quarter of FY ~~2017-2018~~. The data will be ~~updated-evaluated for updates at least~~ quarterly in FY ~~2017-2018~~, and will be a subset of the performance measures included in the Proposed and Adopted Budgets. Additional performance measures may be evaluated and added to the performance dashboard in FY ~~2017-2018~~.
4. The Mayor will address the City's deferred capital backlog by implementing funded projects in a timely and cost effective manner and working with the Council to identify resources necessary to address remaining unfunded deferred capital as well as new infrastructure needs.

ORDINANCE NUMBER O- 20551 (NEW SERIES)DATE OF FINAL PASSAGE AUG 03 2015

AN ORDINANCE AMENDING CHAPTER 2, ARTICLE 2,
DIVISION 2 OF THE SAN DIEGO MUNICIPAL CODE BY
AMENDING SECTION 22.0229 RELATING TO MID-YEAR
ADJUSTMENTS TO THE ADOPTED BUDGET OF THE CITY.

WHEREAS, on August 4, 2011, the City Council adopted Ordinance No. O-20084, codified as Municipal Code §22.0229, to set forth a process to amend the City's adopted budget in accordance with the Mayor's responsibilities as Chief Budget Officer of the City and the City Council's non-delegable legislative power and authority regarding the spending of public money; and

WHEREAS, section 22.0229, "Mid-Year Amendments to the Adopted General Fund Budget," as currently drafted, contains ambiguous language with respect to the City Council's authority to make changes to the Mayor's proposed budget amendments in an amount up to the full amount proposed by the Mayor; and

WHEREAS, the Municipal Code amendment removes such ambiguity and provides greater clarity with respect to the roles of the Mayor and City Council in approving amendments to the City's adopted General Fund budget; NOW, THEREFORE,

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

Section 1. That Chapter 2, Article 2, Division 2 of the San Diego Municipal Code is amended by amending section 22.0229 to read as follows:

(O-2015-141)

(COR. COPY)

§ 22.0229 Mid-Year Amendments to the Adopted General Fund Budget

- (a) In the month of February or at such time during any fiscal year after the City has six months of actual budgetary data and the Mid-Year Budget Monitoring Report is projecting a surplus or a deficit relative to the adopted General Fund budget, the Mayor shall report such deficit or surplus to the City Council and provide a recommendation to the City Council, and accompanying budget amendment resolution, to address the reported deficit or surplus. The Mayor may recommend budgeting all, none, or any portion of any projected surplus.
- (b) The City Council may approve the Mayor's recommendation or modify such recommendation in whole or in part, up to the total amount recommended by the Mayor, in accordance with Charter section 290(b).
- (c) Notwithstanding any other provision in this section, transfers of appropriations recommended by the Mayor pursuant to Charter section 73 shall not be considered budget amendments and shall not be subject to the provisions herein.
- (d) Notwithstanding any other provisions in this section, other modifications to the budget proposed by the Mayor shall not be subject to the provisions herein.

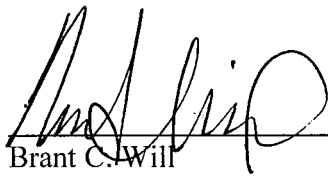
Section 2. That a full reading of this ordinance is dispensed with prior to its passage, a written or printed copy having been made available to the City Council and the public prior to the day of its passage.

(O-2015-141)

(COR. COPY)

Section 3. That this ordinance shall take effect and be in force on the thirtieth day from and after its final passage.

APPROVED: JAN I. GOLDSMITH, City Attorney

By 
Brant C. Will
Deputy City Attorney

BCW:jdf
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Or.Dept:IBA
Document No.: 976516

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of JUL 28 2015

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 8/3/15
(date)


KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

(O-2015-141)

(COR. COPY)

STRIKEOUT ORDINANCE**OLD LANGUAGE: ~~Struck Out~~****NEW LANGUAGE: Double Underline**

ORDINANCE NUMBER O-_____ (NEW SERIES)

DATE OF FINAL PASSAGE _____

AN ORDINANCE AMENDING CHAPTER 2, ARTICLE 2,
DIVISION 2 OF THE SAN DIEGO MUNICIPAL CODE BY
AMENDING SECTION 22.0229 RELATING TO MID-YEAR
ADJUSTMENTS TO THE ADOPTED BUDGET OF THE CITY.

Section 1. That Chapter 2, Article 2, Division 2 of the San Diego Municipal Code is
amended by amending section 22.0229 to read as follows:

§ 22.0229 Mid-Year Amendments to the Adopted General Fund Budget

- (a) In the month of February or at such time during any fiscal year after the City has six months of actual budgetary data and the Mid-Year Budget Monitoring Report is projecting a surplus or a deficit relative to the adopted General Fund budget, the Mayor shall report such deficit or surplus to the City Council and provide a recommendation to the City Council, and accompanying budget amendment resolution, to address the reported deficit or surplus. The Mayor may recommend budgeting all, none, or any portion of any projected surplus.
- (b) The City Council may approve the Mayor's recommendation or modify such recommendation in whole or in part, up to the total amount

(O-2015-141)

(COR. COPY)

recommended by the Mayor, in accordance with Charter section 290(b),

~~provided, however, that:~~

- ~~1. The City Council may budget and appropriate up to the total amount recommended by the Mayor; or~~
 - ~~2. If the mayor recommends budgeting less than \$5 million of the projected surplus amount, the City Council may only increase the adopted General Fund budget by up to \$5 million or not more than 50% of any projected surplus, whichever total dollar amount is less.~~
- (c) Notwithstanding any other provision in this section, transfers of appropriations recommended by the Mayor pursuant to Charter section 73 shall not be considered budget amendments and shall not be subject to the provisions herein.
- (d) Notwithstanding any other provisions in this section, other modifications to the budget proposed by the Mayor shall not be subject to the provisions herein.

BCW:jdf
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Doc. No.: 1043176_2

ATTACHMENT D

Attachment 2, Page 18 of 32

Passed by the Council of The City of San Diego on JUL 28 2015, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherri Lightner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Todd Gloria	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Myrtle Cole	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Cate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage AUG 03 2015.

AUTHENTICATED BY:

KEVIN L. FAULCONER

Mayor of The City of San Diego, California.

(Seal)

ELIZABETH S. MALAND

City Clerk of The City of San Diego, California.

By *Mary Stenrod*, Deputy

I HEREBY CERTIFY that the foregoing ordinance was not finally passed until twelve calendar days had elapsed between the day of its introduction and the day of its final passage, to wit, on

JUL 14 2015AUG 03 2015

, and on

I FURTHER CERTIFY that said ordinance was read in full prior to passage or that such reading was dispensed with by a vote of five members of the Council, and that a written copy of the ordinance was made available to each member of the Council and the public prior to the day of its passage.

(Seal)

ELIZABETH S. MALAND

City Clerk of The City of San Diego, California.

By *Mary Stenrod*, Deputy

Office of the City Clerk, San Diego, California

Ordinance Number O- 20551

RESOLUTION NUMBER R- 305615DATE OF FINAL PASSAGE MAR 02 2010A RESOLUTION OF THE CITY OF SAN DIEGO ADOPTING
THE STRUCTURAL BUDGET DEFICIT ELIMINATION PLAN
PRESENTED BY INDEPENDENT BUDGET ANALYST [IBA].

WHEREAS, at the Budget and Finance Committee meeting of January 6, 2010, the IBA presented IBA Report No. 10-01, "Developing a Structural Budget Deficient Elimination Plan;" and,

WHEREAS, IBA Report No. 10-01 compiled guiding principles and key elements of recommendations from varied sources to identify common elements deemed necessary to effectively address a structural budget deficit; and,

WHEREAS, the IBA suggested eleven guiding principles as a starting point for consideration by the Mayor and City Council; and,

WHEREAS, Councilmembers were requested to submit their ideas on the Structural Budget Deficit Elimination Plan to the Budget and Finance Committee by January 25, 2010; and,

WHEREAS, on January 27, 2010, the Budget and Finance Committee discussed the ideas submitted by the Councilmembers, IBA Report 10-08, and "Kroll Recommendations Related to the Proposed Guiding Principles for a Structural Budget Deficit Elimination Plan" and discussed in general the Proposed Guiding Principles on the Structural Elimination Plan; and

WHEREAS, the Budget and Finance Committee voted unanimously to forward the Guiding Principles to the full City Council with changes in the following language:

1) Principle 10 “in a manner compliant with City Charter;” and 2) Principle 3 “including managed competition;” and

WHEREAS, on February 1, 2010, IBA Report No. 10-9, “Implementation of Recommendations identified in the October 26, 2009 Performance Audit of the Streets Division” was discussed by the Audit Committee; and,

WHEREAS, after a discussion, the committee voted unanimously to recommend that the City Council adopt IBA Structural Budget Deficit Elimination Principle Number Eleven; and

WHEREAS, on February 22, 2010, the City Council discussed the Guiding Principles and changes to the language of the Guiding Principles which had been forwarded to them by the Budget and Finance Committee; NOW, THEREFORE,

BE IT RESOLVED, by the City Council of the City of San Diego that the following eleven Structural Budget Deficit Elimination Principles be adopted:

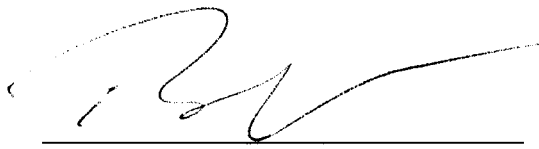
1. Eliminate the General Fund structural budget deficit through a balanced approach of ongoing expenditure reductions and revenue generation, including identifying new revenue sources.
2. Until the City achieves its targeted General Fund reserve level of eight percent, the City should not consider using reserve balances to balance any budget shortfall and should ensure that it does not drop below the current level of seven percent.
3. Actively pursue alternative service delivery methods, including managed competition, efficiency improvements and elimination of service duplications.

4. Prepare a Five-Year Outlook each year and provide numeric values for alternative budget balancing options based on input from City Council, Mayor, and the Independent Budget Analyst; and to be prepared each year to discuss alternative budget balancing options with the Budget Committee or City Council should the Outlook suggest an ongoing structural deficit.
5. One-time resources should be matched to one-time expenditures.
6. Achieve 100 percent cost recovery for programs and services that are intended to be fully cost recoverable through fees.
7. Reduce pension and retiree health care liability and annual City costs through the meet and confer process.
8. When deciding to construct new facilities or establish new programs, the City must take into consideration ongoing operation expenses and should identify ongoing funding to cover these expenses unless necessary to meet high priority needs.
9. Prioritize City services expenditures based on the City Charter requirements, Citizen Survey and other means of public input, benchmarking studies and departmental goals and performance data.
10. Maintain funding of full annual required contributions (ARC) for the City's pension obligations in a manner compliant with City Charter and develop a plan to fully funding of the Retiree Health Care ARC.
11. Develop a plan to fund deferred capital infrastructure and maintenance needs to reduce the current backlog, identify the level of funding necessary to prevent the problem from growing larger, and to reduce the potential of increasing costs to identify the level of funding;

and to discuss at the Budget and Finance Committee, a policy to calculate and identify the level of funding to deferred maintenance budget needs.

APPROVED: JAN I. GOLDSMITH, City Attorney

By




Paul F. Prather
Deputy City Attorney

PFP:als
02/09/10
02/24/10 REV.COPY
Or.Dept:IBA
R-2010-558

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of ~~FEB 22 2010~~.

ELIZABETH S. MALAND
City Clerk

By 

Deputy City Clerk

Approved: 3.2.10
(date)



JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor

150
10/15RESOLUTION NUMBER R- 307737DATE OF FINAL PASSAGE OCT 23 2012

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO ESTABLISHING TEN FUNDAMENTAL
PRINCIPLES FOR AN EFFECTIVE, COOPERATIVE AND
TRANSPARENT MAYOR-COUNCIL FORM OF
GOVERNMENT IN THE CITY OF SAN DIEGO.

WHEREAS, since 1931, pursuant to the City Charter of the City of San Diego (Charter), the City of San Diego has operated under a governance structure known as the City Manager form of government; and

WHEREAS, on November 2, 2004, the voters of the City of San Diego voted to amend the Charter by adding Article XV which modified the City Manager form of governance for a trial period of five years to test implementation of a form of governance commonly referred to as a Mayor-Council form of government; and

WHEREAS, on June 8, 2010, the voters of the City of San Diego voted to continue the form of governance commonly referred to as the Mayor-Council form of government; and

WHEREAS, with the Mayor-Council form of government the voters of the City of San Diego also created the position of Independent Budget Analyst; and

WHEREAS, the Office of the Independent Budget Analyst reviews and provides budgetary and policy analysis for the Council, independent of the Mayor; and

WHEREAS, the Charter sets forth certain rights, powers, duties and responsibilities of the Mayor under the Mayor-Council form of government; and

WHEREAS, the Mayor is the chief executive officer of the City; and

WHEREAS, the Mayor supervises the administration of the affairs of the City except as otherwise specifically provided in the Charter and makes such recommendations to the Council concerning the affairs of the City as may seem to him desirable; and

WHEREAS, with the Mayor-Council form of government the voters of the City of San Diego did not add or subtract from the powers conferred upon the City Attorney in Charter sections 40 and 40.1, including the City Attorney's sole authority to prepare and approve all ordinances, resolutions, and contracts and that such ordinances, resolutions and contracts are not valid without City Attorney approval; and

WHEREAS, the Mayor shall keep the Council advised of the financial condition and future needs of the City; and

WHEREAS, the Council must approve a Salary Ordinance each year, fixing the salaries of all officers and employees of the City; and

WHEREAS, it is the role of the Mayor to propose to the Council the terms in the Salary Ordinance, which must be consistent with any existing Memoranda of Understanding between the City and its recognized employee organizations or otherwise in conformance with the Meyers-Milias-Brown Act (MMBA), City Council Policy 300-06, or any other legal requirements governing labor relations binding upon the City; and

WHEREAS, the MMBA provides that the legislative body of a public agency employer – like the City, or the agency's administrative officers or other representatives as designated by the legislative body or by law – must meet and confer in good faith regarding wages, hours, and other terms and conditions of employment with representatives of the agency's recognized employee organizations, in an endeavor to reach agreement on matters within the scope of bargaining prior to arriving at a determination of policy or course of action; and

WHEREAS, it is the role of the Council to approve any memoranda of understanding with the City's recognized employee organizations concerning wages, hours, and other terms and conditions of employment; and

WHEREAS, each year, the Mayor must submit a proposed budget for the next fiscal year to the Council, which must approve the budget as submitted by the Mayor or modify the budget in whole or in part; and

WHEREAS, the Mayor shall cooperate fully with the Council and Office of the Independent Budget Analyst, including, but not limited to, supplying requested information concerning the budget process and fiscal condition of the City to the Council and the Office of Independent Budget Analyst; and

WHEREAS, the Mayor may prescribe such general rules and regulations as he may deem necessary or expedient for the general conduct of the administrative Departments; and

WHEREAS, on or before the 15th day of January of each year, the Mayor shall communicate by message to the Council a statement of the conditions and affairs of the City, including a report of the City's affairs for the previous fiscal year and make recommendations on such matters as he or she may deem expedient and proper; and

WHEREAS, subject to the Civil Service provisions of the Charter and except as otherwise provided in the Charter, the Mayor shall be responsible to the Council for the proper administration of all affairs of the City placed in his charge; and

WHEREAS, the Mayor and non-Mayoral officers of the City shall inform the Council of all material facts or significant developments relating to all matters under the jurisdiction of the Council as provided under the Charter except as may be otherwise controlled by the laws and regulations of the United States or the State of California; and

WHEREAS, the Mayor and all non-Mayoral officers shall comply promptly with all lawful requests for information by the Council; and

WHEREAS, the Council desires that the Mayor work in a timely, efficient and effective manner to carry out Council-initiated services, which include those services that are for the benefit of the City's constituents; and

WHEREAS, the Council or any Council committee may summon any city official or department head to provide information or answer a question of the Council or Council committee; and

WHEREAS, the Charter provides that all legislative powers of the City are vested, subject to the terms of the Charter and the Constitution of the State of California, in the Council, except for those legislative powers reserved by the Charter and the Constitution of the State; and

WHEREAS, subject to certain exceptions, the Mayor must approve or veto Council actions; and

WHEREAS, the Council may override a Mayoral veto with five votes until such time as a ninth Councilmember is seated at which time six votes of the Council would override a Mayoral veto; and

WHEREAS, the Council is empowered by the Charter to adopt an administrative code providing for the detailed powers and duties of the administrative offices and departments of the City Government, based upon the provisions of the Charter; and

WHEREAS, except as established by the provisions of the Charter, the Council may change, abolish, combine, and rearrange the departments, divisions and boards of the City Government provided for in said administrative code, but such ordinance creating, combining,

abolishing or decreasing the powers of any department, division or board shall require a vote of two-thirds of the members elected to the Council; and

WHEREAS, the Council may, by ordinance or resolution, require the Mayor to perform such other duties; and

WHEREAS, in recognition of the respective duties of the Mayor as the Chief Executive Officer of the City and the Council as the legislative and policy-setting body of the City under the City's Charter, the Council has identified certain principles that would ensure an effective, cooperative and transparent working environment between the executive and legislative branches; and

WHEREAS, the Statement of Budgetary Principles clarifies respective roles and sets guiding principles regarding budgetary authority, implementation and communication between the two branches following adoption of the City's annual budget; and

WHEREAS, the Structural Budget Deficit Principles, adopted by Council on February 22, 2010, by San Diego Resolution R-305615 (Mar. 2, 2010), are a compilation of best financial practices that have guided the executive and legislative branches over the last several years as the City worked to eliminate the City's structural budget deficit; and

WHEREAS, the Mid-Year Budget Authority Ordinance," adopted by Council on August 2, 2011, as San Diego Ordinance O-20084 (Aug. 4, 2011), establishes spending priorities while respecting the Mayor's obligation to balance City-wide priorities with available resources; requires the Mayor, in the event of a projected budget deficit or surplus at mid-year, to recommend changes to the City's adopted General Fund budget which the Council can adopt or revise; and requires the Mayor to provide written notification to the Council prior to making any significant reductions to programs or services provided to the community; and

WHEREAS, publicly reporting performance results for core City services periodically throughout the fiscal year assist in monitoring how tax dollars are being spent, determining whether goals are being achieved as originally intended, help identify if programmatic or policy changes are necessary, and communicating expectations and results of City programs and services to the public; and

WHEREAS, the Council desires that the Mayor effectively communicate with the Council, the IBA, and the City Attorney to ensure the Council has the information necessary to make well-informed decisions; and

WHEREAS, effective communication includes presentations by the Mayor or designated staff at Council or committee meetings, providing written reports and/or memoranda, and participating in briefings; and

Whereas, Council expects the Mayor himself or herself to personally participate in monthly Council meetings; and

WHEREAS, multi-year financial planning allows policymakers to make decisions within the greater context of the annual budget process and facilitates understanding whether the funding priorities in the Mayor's Proposed Budget are consistent with the City's short and long term priorities, funding obligations, and projected available resources; and

WHEREAS, if Council chooses to designate the Mayor as the City's Chief Labor Negotiator in negotiating with the City's labor organizations as required by the MMBA, it is vital the Mayor take direction from the Council, communicate and work cooperatively with the City Attorney, Independent Budget Analyst and Council, and include the Independent Budget Analyst and City Attorney in all labor negotiation processes; and

WHEREAS, adherence to these principles will facilitate the Mayor and Council carrying out its mandates under the Charter and more effectively meeting the needs of the City of San Diego residents; NOW, THEREFORE,

BE IT RESOLVED, that the Council of the City of San Diego adopts the following Ten Fundamental Principles for an Effective, Cooperative and Transparent Mayor-Council Form of Government in the City of San Diego:

1. Cooperate with the Council to create annually a “Statement of Budgetary Principles.”
2. Adhere to the “Structural Budget Deficit Principles” adopted by Council on February 22, 2010, by San Diego Resolution R-305615 (Mar. 2, 2010), to ensure the City maintains a structurally balanced budget.
3. Adhere to the “Mid-Year Budget Authority Ordinance” adopted by Council on August 2, 2011, as San Diego Ordinance O-20084 (Aug. 4, 2011).
4. Publicly report performance results and future goals for core City services. This information will be published annually in the Mayor’s Proposed and Final Budget; and beginning fiscal year 2015, annual performance reporting will be supplemented with quarterly reporting through the issuance of a stand-alone “City of San Diego Quarterly Performance Report” to the City Council, to also be made available on the City’s website.
5. Present to Council no later than November of each fiscal year a financial outlook that includes projected revenues and committed expenditures for a five-year outlook period.

6. Address the City's deferred capital backlog by implementing funded projects in a timely and cost effective manner and working with the Council to identify resources necessary to address remaining unfunded deferred capital as well as new infrastructure needs.
7. Work cooperatively and timely with the City Attorney, Independent Budget Analyst and Council to effectively carry out the City's labor relations policies and duties under State and local law if the Council chooses to designate the Mayor as the City's Chief Labor Negotiator.
8. Participate with Council in developing a Comprehensive City of San Diego Economic Development Strategy to ensure continued economic growth and prosperity for our community.
9. Communicate in a timely and effective manner with the Independent Budget Analyst, City Attorney and Council, including the Mayor personally participating in monthly Council meetings, to ensure that Council has the information it needs to make well-informed decisions and that City contracts conform to Charter and Municipal Code requirements.

10. Work cooperatively with Independent Budget Analyst, City Attorney Council

Committees, and Council to efficiently carry out Council-initiated policy directives, services, including constituent services, and programs that have been included in the annual adopted budget.

APPROVED: JAN I. GOLDSMITH, City Attorney

By


Mary Jo Lanza
Assistant City Attorney

MJL:ccm

09/12/2012

10/16/2012 REV.

Or.Dept: Council District 4

456616.doc

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of OCT 15 2012.

ELIZABETH S. MALAND
City ClerkBy 
Deputy City ClerkApproved: 10-23-12
(date)
JERRY SANDERS, MayorVetoed: _____
(date)

JERRY SANDERS, Mayor

Passed by the Council of The City of San Diego on OCT 15 2012, by the following vote:

Council Members	Yeas	Nays	Not Present	Ineligible
Sherri Lighter	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kevin Faulconer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Todd Gloria	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Anthony Young	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carl DeMaio	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage OCT 23 2012.

AUTHENTICATED BY:

JERRY SANDERS

Mayor of The City of San Diego, California.

ELIZABETH S. MALAND

City Clerk of The City of San Diego, California.

(Seal)

By

Hevenson Cruz Deputy

Office of the City Clerk, San Diego, California

Resolution Number 307737



THE CITY OF SAN DIEGO
M E M O R A N D U M

DATE: May 15, 2018

TO: Honorable Council President Myrtle Cole and Members of the City Council

FROM: Kris Michell, Chief Operating Officer *Kris Michell*
 Rolando Charvel, Chief Financial Officer *Rolando Charvel*
 Tracy McCraner, Comptroller and Financial Management Director *Tracy McCraner*

SUBJECT: May Revision to the Fiscal Year 2019 Proposed Budget

This memorandum presents the Mayor's recommended revisions (May Revision) to the Fiscal Year 2019 Proposed Budget. The May Revision is based on the most current financial information and economic assumptions available after the development of the Fiscal Year 2019 Proposed Budget. The May Revision contains recommended changes to the budget based on current year revenue and expenditure projections and adjustments to projects within the Capital Improvements Program (CIP). The May Revision continues to maintain core services and includes funding for additional critical strategic expenditures, such as: Fire-Rescue overtime as projected in the Fiscal Year 2018 Year-End Budget Monitoring Report (Year-End Report), positions in the Office of City Attorney, Police Officer recruitment and onboarding efforts, restoration of funding for programs and services, and technical revisions to department budgets to align with the most current information.

The May Revision for the General Fund increases expenditures by \$9.7 million and 10.88 Full-Time Equivalent (FTE) positions over the Fiscal Year 2019 Proposed Budget (Proposed Budget). These additional expenditures and positions are supported by minor increases in ongoing revenue resulting from updated projections, minor reductions in ongoing expenditures, and one-time revenue from the use of fund balance in excess of reserves (Excess Equity) from Fiscal Year 2018. Per the Year-End Report, issued on May 15, 2018, approximately \$22.7 million in Excess Equity is projected, of which \$12.3 million was used in the Proposed Budget and \$8.6 million in the May Revision, for a total of \$20.9 million to support one-time expenditures in Fiscal Year 2019. The total projected Excess Equity remaining after the proposal in May Revision is \$1.8 million. It is important to note that Excess Equity projections reflect nine months of actual activity and three months of projections. Final numbers for Fiscal Year 2018 will not be available until the completion of the audited financial statements in the fall of 2018.

After incorporating all adjustments, the May Revision adheres to the City's Budget Policy, maintaining a structurally balanced budget, where ongoing expenditures are supported by ongoing revenue.

The following information provides a summary of significant adjustments to the Proposed Budget. For a summary of all adjustments included in the May Revision refer to *Attachment 1*.

Summary of the Fiscal Year 2019 General Fund May Revision

The May Revision for the General Fund represents an increase of \$527,772 in new revenue and \$8.6 million in additional Excess Equity for a total of \$9.7 million in new resources. These resources support \$9.7 million in expenditures over the Proposed Budget for a total budget of \$1.46 billion.

	Expenditures	Resources ¹
Proposed Budget	\$ 1,447,704,207	\$ 1,447,704,207
May Revision	\$ 9,707,893	\$ 9,707,893
Total Budget	\$ 1,457,412,100	\$ 1,457,412,100

¹ Resources reflects the sum of revenue plus the use of Excess Equity

The following table provides a summary of the adjustments included in the May Revision for the General Fund by resources and expenditures. Furthermore, the table reflects that the May Revision maintains a structurally balanced budget, as the combined May Revision and Proposed Budget of \$36.8 million in one-time expenditures exceed the \$35.2 million in one-time resources, reflecting that ongoing expenditures are supported by ongoing revenue as required by the City's Budget Policy. For a list of all General Fund one-time resources and expenditures included in the Proposed Budget and May Revision refer to *Attachment 2*.

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Description	May Revision
Ongoing Resources	
Department Revenue	\$ 1,259,818
User Fee Revenue	\$ 391,667
Major General Fund Revenue	\$ (527,772)
Subtotal Ongoing Resources	\$ 1,123,713
One-Time Resources	
Use of Excess Equity	\$ 8,584,180
Subtotal One-Time Resources	\$ 8,584,180
Total Resources	\$ 9,707,893
Ongoing Expenditures	
Fire-Rescue Overtime	\$ 3,416,938
Parking Administration System	\$ 709,100
City Attorney Position Support	\$ 659,547
Animal Services Contract	\$ 450,717
Police Officer Recruitment and Onboarding	\$ 316,662
Community Plan Updates	\$ 201,987
Accela Project Tracking System	\$ 200,000
Internship and Work Readiness Program	\$ 175,326
City Attorney - Tuition Reimbursement	\$ 130,000
Safe Parking Program	\$ 102,667
Restoration of Council District 1 and 3 Budget	\$ 94,015
Personnel - Associate Personnel Analyst	\$ 86,157
Communications - Public Records Act Program Web Portal	\$ 28,000
Neighborhood Services Branch - Miscellaneous Office Supplies and Services	\$ 10,170
Government Affairs - Miscellaneous Office Supplies and Services	\$ 10,170
Otay Mesa Enhanced Infrastructure District	\$ 250
Salary and Fringe Benefit Adjustment	\$ (468,662)
Intelligent Cities Outdoor Lighting Project	\$ (515,030)
Master Refunding Project	\$ (850,000)
Subtotal Ongoing Expenditures	\$ 4,758,014
One-Time Expenditures	
Fire-Rescue Overtime	\$ 3,416,937
Transfer to the Infrastructure Fund	\$ 934,841
Companion Unit Fee Waiver Pilot	\$ 300,000
Lifeguard Academy	\$ 238,356
Community Projects, Programs, and Services Adjustment	\$ 59,745
Subtotal One-Time Expenditures	\$ 4,949,879
Total Expenditures	\$ 9,707,893
One-Time Expenditures (Fiscal Year 2018 Proposed Budget and May Revision)	\$ 36,843,967
One-Time Resources (Fiscal Year 2018 Proposed Budget and May Revision)	\$ 35,237,806
One-Time Expenditures Exceed One-Time Resources	\$ 1,606,161

Excess Equity

As stated earlier, the Excess Equity is projected to be approximately \$22.7 million. Of this amount, \$12.3 million was included in the Proposed Budget and \$8.6 million in the May

Revision, for a total of \$20.9 million to support one-time expenditures. The total projected Excess Equity remaining after the proposal in the May Revision is \$1.8 million. These estimates reflect nine months of actual activity and three months of projections and final numbers will not be available until the completion of the audited financial statements in the fall of 2018. For additional information on the projected Excess Equity calculation refer to the Year-End Report.

Citywide Adjustments

The following sections summarize May Revision adjustments with a citywide impact.

Citywide Reorganization/Restructuring

The May Revision includes citywide reorganizations of several departments and programs for the overall efficiency and effectiveness of City operations. The most significant reorganization is the creation of the Smart and Sustainability Branch and associated changes to the Neighborhood Services Branch. The Smart and Sustainability Branch will oversee the operations of the Development Services Department, Economic Development Department, Planning Department, Sustainability Department, and CivicSD, while the Neighborhood Services Branch will continue to oversee the operations of the Library Department and Parks and Recreation Department. Additionally, the Neighborhood Services Branch will now oversee Corporate Partnerships & Development, Homelessness Coordination, and Special Events & Filming Programs. Other notable reorganizations are to the Performance & Analytics Department, which will now report directly to the Office of the Chief Operating Officer. For an up to date organizational chart refer to *Attachment 3*.

As a result of the reorganizations mentioned above, the May Revision includes the required budget adjustments and is summarized in the following table.

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Adjustment Description	FTE	Expenditure	Revenue
Smart and Sustainability Branch			
Accounting Structure Change: Renamed to Smart and Sustainability (Previously Named Neighborhood Services Branch)	-	\$ -	\$ -
Neighborhood Services Branch			
Accounting Structure Change: Creation of the Neighborhood Services Branch	-	\$ -	\$ -
Transfer of a DCOO from the Office of the Chief Operating Officer	1.00	\$ 239,420	\$ -
Transfer of Homelessness Coordination from the Office of the Chief Operating Officer	2.00	\$ 296,646	\$ -
Transfer of Corporate Partnerships & Development from the Office of the Assistant COO	3.00	\$ 400,764	\$ 391,021
Addition of Miscellaneous Office Supplies and Services	-	\$ 10,170	\$ -
Office of the Chief Operating Officer			
Transfer of a DCOO to Neighborhood Services Branch	(1.00)	\$ (239,420)	\$ -
Transfer of Homelessness Coordination to the Neighborhood Services Branch	(2.00)	\$ (296,646)	\$ -
Office of the Assistant COO			
Transfer of Corporate Partnerships & Development to the Neighborhood Services Branch	(3.00)	\$ (400,764)	\$ (391,021)
Total Adjustments	-	\$ 10,170	\$ -

As reflected above, the net addition to the General Fund as a result of these reorganizations is \$10,170 and is in support of miscellaneous office supplies and services for the Deputy Chief Operating Officer overseeing the operations of the Neighborhood Services Branch.

Salary and Fringe Benefit Adjustments

The May Revision includes salary adjustments to select job classifications approved by City Council on April 9, 2018. The citywide amount of these salary adjustments is \$1.6 million, with \$891,768 funded by the General Fund. These adjustments are offset by a reduction of \$3.1 million, with \$1.2 million in the General Fund included in the Proposed Budget as an estimate for the anticipated adjustment pending the approval by City Council mentioned above. The net impact of these select salary adjustments after the implementation in the budget system is a net reduction of \$1.5 million, with \$287,839 in the General Fund. The reason for the variance is due to fewer job classifications receiving a salary adjustment than anticipated in the Proposed Budget.

As a result of the implementation of the select salary adjustments mentioned above and the increase of 14.88 FTE positions citywide, a citywide fringe benefit adjustment is required to ensure that the Actuarially Determined Contribution (ADC) pension payment to SDCERS, Other Post-Employment Benefits, Workers' Compensation, Risk Management Administration,

Long-Term Disability, and Unemployment Insurance are correctly allocated to all funds and departments.

Capital Improvements Program and Infrastructure Fund

The May Revisions to the CIP includes several adjustments to Public Utilities CIP funding allocations between projects to better align the budget with expected work in Fiscal Year 2019. All CIP adjustments are detailed in *Attachment 6*.

Additionally, as a result of updated revenue projections, an additional \$934,841 is budgeted to be transferred to the Infrastructure Fund, per City Charter. Of that transfer, \$200,000 has been allocated to a new preliminary engineering project for Ysabel Creek Road, in the San Pasqual Valley. The remaining \$734,841 has not been allocated, and is available for appropriation by the City Council. Funding can be allocated in either the capital or operating budget, but must be “exclusively used for the acquisition of real property, construction, reconstruction, rehabilitation, repair and maintenance of Infrastructure” as defined in the City Charter.

Intelligent Cities Outdoor Lighting Project

The Intelligent Cities Outdoor Lighting Project is intended to retrofit City owned outdoor lights to adaptive control LED systems and sensor nodes in support of the City’s Climate Action Plan (CAP). This technology includes better control options, environmental and mobility measurement, longer lifespan of fixtures and equipment, improved light and visual qualities, as well as potential for improved remote asset management related to maintenance activities. An update on the fiscal impact of this project is included in the May Revision.

The May Revision includes a reduction of \$877,030 in expenditures associated with debt service payments due to project delays offset by an addition in expenditures for energy costs of \$362,000 related to expected energy usage savings not fully realized in Fiscal Year 2019. The net impact of these adjustments result in a reduction of \$515,030 in the General Fund. The project was initially scheduled to begin construction December 2017 and complete December 2018. The project delay was due to contract awarding issues which have since been resolved. As a result, reduced draws to the loan funding and reduced energy savings from fixture retrofits have been delayed. Every effort is being made to expedite contracting tasks and materials ordering in order to maintain the revised project timeline, which began in March 2018 and is expected to be complete in March 2019.

User Fee Analysis

In accordance with the User Fee Policy (100-05), Financial Management coordinated a comprehensive analysis of General Fund departments’ user fees for implementation on July 1, 2018. This analysis was presented to the Budget & Government Efficiency Committee on April 18, 2018 and forwarded with a recommendation of approval to the City Council with the exception of the proposed increase to the massage establishment fee. As a result, the fiscal impact of this analysis is included in the May Revision.

The table below summarizes the revenue update for the Fiscal Year 2019 Proposed User Fees to be considered by City Council on May 21, 2018.

Department	Proposed Budget	May Revision	Total Budget
City Clerk	\$ -	\$ 61,000	\$ 61,000
City Treasurer	\$ 2,790	\$ (40,284)	\$ (37,494)
Development Services	\$ -	\$ 4,100	\$ 4,100
Environmental Services	\$ -	\$ 7,899	\$ 7,899
Fire-Rescue	\$ -	\$ 197,689	\$ 197,689
Library	\$ (475,951)	\$ (271,022)	\$ (746,973)
Personnel	\$ 5,200	\$ -	\$ 5,200
Police	\$ -	\$ 437,611	\$ 437,611
Public Utilities	\$ 196,146	\$ -	\$ 196,146
Real Estate Assets	\$ 15,000	\$ -	\$ 15,000
Transportation & Storm Water	\$ -	\$ (5,327)	\$ (5,327)
Total Adjustments	\$ (256,815)	\$ 391,666	\$ 134,851

The May Revision includes a total increase in the budgeted user fee revenue for Fiscal Year 2019 of \$391,666. This is offset by a decrease of \$256,815 in the budgeted user fee revenue reflected in the FY 2019 Proposed Budget resulting in a net change to user fee revenue of \$134,851. This net change is from a combination of fee changes (increases, decreases and eliminations) and an expected increase in fee-generating activities.

Departmental Adjustments

The following sections include department or fund specific adjustments included in the May Revision. It should be noted that the amounts in the tables below include all departmental specific adjustments, as well as any citywide adjustments (e.g., Salary and Fringe Benefit Adjustments, Comprehensive User Fee Analysis) completed in the department or fund. For a summary of all adjustments included in the May Revision refer to *Attachment 1*.

General Fund

Major General Fund Revenues

All major General Fund revenue projections for the May Revision have been updated based on the most recent economic indicators and current Fiscal Year 2018 Year-End revenue projections.

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ -	\$ (527,772)

Property Tax Revenue

The May Revision includes a net addition of \$506,567 due to a reallocation of property tax and projection adjustments based on the most recent information and economic indicators. These adjustments include the reallocation of \$1.8 million of Property Tax Revenue from the General Fund to the Otay Mesa Enhanced Infrastructure District. This is offset by an increase of \$1.8 million in Property Tax revenue primarily related to growth in Redevelopment Property Tax Trust Fund (RPTTF) distributions. Also included is the one-time addition of \$855,090 in RPTTF distributions due to the sale of the World Trade Center Parking Garage now anticipated

to occur in Fiscal Year 2019. Lastly, a reduction of \$410,647 to the 1 percent Property Tax Revenue is based on updated Fiscal Year 2018 receipts.

Sales Tax Revenue

Addition of \$185,510 in Sales Tax revenue primarily due updated revenue projections and adjustments.

Transient Occupancy Tax Revenue

Addition of \$464,758 in Transient Occupancy Tax revenue based on updated Fiscal Year 2018 receipts.

Franchises Fee Revenue

Reduction of \$223,416 in Franchise Fee revenue based on updated Fiscal Year 2018 receipts.

Other Revenue Categories

Other revenue categories include adjustments to transfers in from other funds, revenue from money and property (including office rent), and property transfer tax. The May Revision adjustments reflect the most recent available information and projections for these categories. The net reduction of \$1.6 million in Other Revenue Categories is due to a reduction of \$1.9 million in transfers in to align the Employee Offset Savings revenue to the allocated fringe expenditure. This is slightly offset by increases of \$152,460 in Golf Enterprise Fund revenue based on updated projections, \$147,755 in additional office space rent reimbursement due to the execution of a Non-General Fund lease, and \$63,932 in property transfer tax based on updated projections.

City Attorney

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
5.00	\$ 1,019,228	\$ 56,000

Civil Lawsuits - Civil Litigation Division

Addition of 1.00 Deputy City Attorney and 1.00 City Attorney Investigator and total expenditures of \$307,774 in the Civil Litigation Division in defense of civil lawsuits filed against the City. The City Attorney Investigator will provide investigative services related to these civil lawsuits.

Environment and Land Use – Civil Advisory Division

Addition of 1.00 Deputy City Attorney and total expenditures of \$217,942 in the Civil Advisory Division to support the Environment and Land Use Section. This position will provide additional legal services to City departments on environmental and land use matters.

Tuition Reimbursement

Addition of \$130,000 in non-personnel expenditures for anticipated tuition reimbursements to Deputy City Attorney positions in accordance with the Memorandum of Understanding between the City and the Deputy City Attorneys Association of San Diego.

Family Justice Center Support

Addition of 1.00 Assistant Management Analyst and total expenditures of \$72,450 for additional operational support and expansion of the Family Justice Center.

Senior Clerk Typist – Criminal Litigation Division

Addition of 1.00 Senior Clerk Typist and total expenditures of \$61,381 to provide administrative support in the Criminal Division. This position will expand resources and provide support to existing staff.

Otay Mesa Enhanced Infrastructure District

Addition of \$56,000 in revenue to fund reimbursable expenditures associated with a General Election Ballot to support the Otay Mesa Enhanced Infrastructure Financing District and allow the Public Financing Authority to issue bonds for public capital improvements.

City Clerk

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ (991)	\$ 63,000

Otay Mesa Enhanced Infrastructure Financing District

Addition of \$2,000 in revenue to fund reimbursable expenditures associated with a General Election Ballot to support the Otay Mesa Enhanced Infrastructure Financing District and allow the Public Financing Authority to issue bonds for public capital improvements.

User Fee Revenue

Addition of \$61,000 in revenue associated with the User Fee Analysis, as discussed earlier in this Report.

City Council

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 149,921	\$ 20,000

Community Projects, Programs, and Services Adjustment

Addition of \$59,745 in the Council Districts' budgets for Community Projects, Programs, and Services (CPPS) based on the estimated savings from the Fiscal Year 2018 Council Districts' budgets as detailed in the Year-End Report.

Restoration of Council District 1 and 3 Budget

Addition of \$94,015 in Council District 1 and 3's budget associated with a one-time reduction in Fiscal Year 2018 that was not restored in the Fiscal Year 2019 Proposed Budget.

Otay Mesa Enhanced Infrastructure Financing District

Addition of \$20,000 in revenue to fund reimbursable expenditures associated with a General Election Ballot to support the Otay Mesa Enhanced Infrastructure Financing District and allow the Public Financing Authority to issue bonds for public capital improvements.

Citywide Program Expenditures

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ (1,671,796)	\$ -

Transfer to the Infrastructure Fund

Based on the Charter Section 77.1 calculation requirements and updated major General Fund revenue projections, the transfer amount to the Infrastructure Fund has been increased by \$934,841. The total transfer to the Infrastructure Fund is \$17.1 million in the Fiscal Year 2019 Budget.

Companion Unit Fee Waiver Pilot

Addition of \$300,000 in non-personnel expenditures for a transfer to the Public Utilities Fund to cover the cost of Water and Sewer Capacity fees for a Companion Unit Fee Waiver Pilot for new construction of approximately 83 units in Fiscal Year 2019.

Master Refunding Project

Reduction of \$850,000 in non-personnel expenditures associated with the debt service payments due on the City's Lease Revenue Refunding Bonds, Series 2010A (Master Refunding Project), which is anticipated to be refunded per resolution (R-311698) approving the form and distribution of the Preliminary Official Statement and Official Statement of the Lease Revenue Refunding Bonds, Series 2018A approved by City Council on April 25, 2018.

Intelligent Cities Outdoor Lighting Project

A reduction of \$877,030 in expenditures associated with debt service payments due to project delays, as discussed earlier in this Report.

Salary Adjustments

Reduction of \$1.2 million in personnel expenditures associated with the removal of a temporary adjustment for salary adjustments to select job classifications not yet final at the time of the development of the Proposed Budget, as discussed earlier in this Report.

City Treasurer

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 769,413	\$ (40,284)

Parking Administration System

Addition of \$709,100 in non-personnel expenditures for hosting software for a centralized payment processing solution for the Parking Administration System that was erroneously not funded in the Proposed Budget.

User Fee Revenue

Reduction of \$40,284 in revenue associated with the User Fee Analysis, as discussed earlier in this Report.

Communications

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 25,650	\$ -

Public Records Act Program Web Portal

Addition of \$28,000 in non-personnel expenditures for licensing costs for NextRequest online records portal for the Public Records Act Program to enhance tracking of the City's compliance with the California Public Records Act.

Debt Management

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ (1,024)	\$ 5,811

Otay Mesa Enhanced Infrastructure Financing District

Addition of \$250 in non-personnel expenditures associated with a General Election Ballot to support the Otay Mesa Enhanced Infrastructure Financing District and allow the Public Financing Authority to issue bonds for public capital improvements.

Department of Finance

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 275,354	\$ 54,808

Otay Mesa Enhanced Infrastructure Financing District

Addition of \$52,000 in revenue to fund reimbursable expenditures associated with a General Election Ballot to support the Otay Mesa Enhanced Infrastructure Financing District and allow the Public Financing Authority to issue bonds for public capital improvements.

Revised Revenue

Reduction of \$2,808 to reflect revised revenue projections from San Diego Association of Governments (SANDAG) in order to correctly align anticipated revenue for Fiscal Year 2019.

Development Services

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 231,522	\$ 4,100

Accela Project Tracking System

Addition of \$200,000 in non-personnel expenditures for debt service payments for the Accela Project Tracking system. This adjustment reflects the transfer to the Development Services Fund where the debt service payment will be recognized.

User Fee Revenue

Addition of \$4,100 in revenue associated with the User Fee Analysis, as discussed earlier in this Report.

Economic Development

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 100,820	\$ -

Safe Parking Program

Addition of \$102,667 in non-personnel expenditures to support the homeless safe parking program operated by Jewish Family Services of San Diego. This adjustment reflects the annualized amount to cover the full year of operations.

Fire-Rescue

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
2.88	\$ 6,949,817	\$ 1,257,543

Fire-Rescue Overtime

The Proposed Budget includes a zero-based budgeting process for overtime expenditures in the Fire-Rescue Department. The overtime expenditures in the Proposed Budget were based on prior years actual activity, five months of actual activity in Fiscal Year 2018, projections and analysis from the Fiscal Year 2018 Mid-Year Budget Monitoring Report, and a 3.3 percent salary increase and anticipated operational efficiencies in Fiscal Year 2019. Since the completion of the zero-based budgeting process for overtime expenditures in the Proposed Budget, there has been an additional four months of actual activity in Fiscal Year 2018, as well projections and analysis from the Year-End Report. As such, the May Revision includes new and improved information to base Fiscal Year 2019 overtime expenditures upon and results in an increase of \$6.8 million for the Fire-Rescue Department.

As discussed in the Year-End Report, the significant increases in overtime expenditures are related to the extreme fire season, particularly in the month of December 2017, and overtime paid to backfill annual leave absences and compensation time taken by fire suppression staff.

The current MOU between the City and Local 145, which was approved by City Council on June 13, 2016 (R-310508), included several provisions related to reducing employee's annual leave balances that are above the individual accrual limits. The provisions include mandatory pay-in-lieu of annual leave, a 96 hour mandatory vacation draw, a maximum of 96 hours of consecutive work and a provision to cease accrual of annual leave beginning in Fiscal Year 2020. An additional provision that became effective on July 1, 2017, with the commencement of Fiscal Year 2018, is Article 36, Section B(1) which provides for non-productive hours taken during a 28-day 212 hour cycle to be counted as hours worked for FLSA overtime. Similarly, all non-productive time taken once the FLSA overtime is "triggered" is now paid at premium overtime pay or one and one-half times the employees base rate of pay.

The \$6.8 million increase in overtime expenditures in the May Revision is primarily related to the impacts of the MOU provision described above. Of this \$6.8 million, \$3.4 million is considered to be one-time expenditures, as the impact of the current Local 145 MOU provision

is expected to decrease in Fiscal Year 2020, when employees cease to accrue annual leave over their individual limits. Lastly, the May Revision does not include increases related to deployments or weather-related staffing since an extreme fire season cannot be predicted for Fiscal Year 2019 and these expenditures are often reimbursed by other agencies.

Lifeguard Academy

Addition of 2.88 Lifeguard 1 Hourly positions and total expenditures of \$238,356 for one Lifeguard Academy in support of advanced training and to help maintain full Lifeguard staffing.

Transient Occupancy Tax Transfer

Addition of \$1.0 million in revenue related to the reimbursements to the General Fund Fire-Rescue Lifeguard Division for safety and maintenance of tourism-related facilities from the Transient Occupancy Tax (TOT) Fund.

Safety Sales Tax Allocation

Addition of \$15,450 in revenue due to updated revenue projections in the Public Safety Services and Debt Services fund. Safety Sales Taxes in excess of debt service are transferred from Public the Safety Services and Debt Services Fund to Fire-Rescue and Police for local public safety expenditures.

User Fee Revenue

Addition of \$197,689 in revenue associated with the User Fee Analysis, as discussed earlier in this Report.

Government Affairs

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 9,975	\$ -

Miscellaneous Office Supplies and Services

Addition of \$10,170 in non-personnel expenditures in support of miscellaneous office supplies and services for the Department.

Human Resources

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
1.00	\$ 172,718	\$ 70,180

Internship and Work Readiness Program

Restoration of 1.00 Program Coordinator and total expenditures of \$175,326 and associated revenue of \$70,180 from CDBG funds to support the Internship and Work Readiness Program to develop workforce initiatives and to provide support to recruit and train city employees and coordinate the City of San Diego Opportunity Youth Mentoring program. This position was reduced in the Proposed Budget.

Neighborhood Services

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
6.00	\$ 947,000	\$ 391,021

Transfer of Deputy Chief Operating Officer

Transfer of 1.00 Deputy Chief Operating Officer and total expenditures of \$239,420 from the Office of the Chief Operating Officer.

Transfer of Homelessness Coordination

Transfer of 2.00 FTE Positions and total expenditures of \$296,646 from the Office of the Chief Operating Officer.

Transfer of Corporate Partnerships & Development

Transfer of 3.00 FTE Positions and total expenditures of \$400,764 and revenue of \$391,021 from the Office of the Assistant COO.

Miscellaneous Office Supplies and Services

Addition of \$10,170 in non-personnel expenditures in support of miscellaneous office supplies and services for the Deputy Chief Operating Officer overseeing the Neighborhood Services Branch.

Office of the Assistant COO

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
(3.00)	\$ (401,194)	\$ (391,021)

Transfer of Corporate Partnerships & Development

Transfer of 3.00 FTE Positions and total expenditures of \$400,764 and revenue of \$391,021 to the Neighborhood Services Branch.

Office of the Chief Operating Officer

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
(3.00)	\$ (536,858)	\$ -

Transfer of Deputy Chief Operating Officer

Transfer of 1.00 Deputy Chief Operating Officer and total expenditures of \$239,420 to the Neighborhood Services Branch.

Transfer of Homelessness Coordination

Transfer of 2.00 FTE Positions and total expenditures of \$296,646 to the Neighborhood Services Branch.

Parks and Recreation

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 335,627	\$ -

Intelligent Cities Outdoor Lighting Project

Addition of \$330,000 in non-personnel expenditures for energy costs related to expected energy usage savings not fully realized, as discussed earlier in this Report.

Personnel

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
1.00	\$ 215,399	\$ -

Associate Personnel Analyst

Restoration of 1.00 Associate Personnel Analyst and total expenditures of \$86,157 for additional support for classification and compensation studies. This position was reduced in Fiscal Year 2018.

Planning

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 297,793	\$ 30,000

Community Plan Updates

Restoration of \$201,987 in non-personnel expenditures related to the Community Plan Updates. These expenditures were reduced in the Proposed Budget.

Otay Mesa Enhanced Infrastructure Financing District

Addition of \$30,000 in revenue to fund reimbursable expenditures associated with a General Election Ballot to support the Otay Mesa Enhanced Infrastructure Financing District and allow the Public Financing Authority to issue bonds for public capital improvements.

Police

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
1.00	\$ 237,647	\$ 453,062

Police Officer Recruitment and Onboarding

Addition of 1.00 Police Captain and total expenditures of \$316,662 in support of the Recruitment and Backgrounds Unit to supervise, manage, and oversee all aspects of Police Officer recruitment and onboarding activities, including community outreach and advertising for new Police Officers.

Safety Sales Tax Allocation

Addition of \$15,450 in revenue due to updated revenue projections in the Public Safety Services and Debt Services fund. Safety Sales Taxes in excess of debt service are transferred from Public the Safety Services and Debt Services Fund to Fire-Rescue and Police for local public safety expenditures.

User Fee Revenue

Addition of \$437,611 in revenue associated with the User Fee Analysis, as discussed earlier in this Report.

Public Works – General Services

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 41,758	\$ 75,696

Revised Revenue

Addition of \$75,696 in revenue to reflect revised projections associated with the reimbursable consolidated positions from the Stadium Operations.

Purchasing & Contracting

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 452,234	\$ -

Animal Services Contract

Addition of \$450,717 in non-personnel expenditures for the animal services contract with San Diego Humane Society. At the time of the Proposed Budget the animal services contract had not yet been finalized or approved by the City Council. This adjustment reflects the additional amount to cover the full year of the contract.

Transportation & Storm Water

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 127,518	\$ (135,308)

Revised Revenue

Reduction of \$129,981 to reflect revised revenue projections from San Diego Association of Governments (SANDAG) in order to correctly align anticipated revenue for Fiscal Year 2019.

Intelligent Cities Outdoor Lighting Project

Addition of \$32,000 in non-personnel expenditures for energy costs related to expected energy usage savings not fully realized, as discussed earlier in this Report.

User Fee Revenue

Reduction of \$5,327 in revenue associated with the User Fee Analysis, as discussed earlier in this Report.

Non-General Funds

The May Revision for the non-general funds increased expenditures by \$16.6 million. The following describes the significant adjustments within each non-general fund.

Development Services Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ (233,595)	\$ 200,000

Salary Adjustment

Reduction of \$387,127 in personnel expenditures associated with the removal of a temporary adjustment for salary adjustments to select job classifications not yet final at the time of the development of the Proposed Budget, as discussed earlier in this Report.

Accela Project Tracking System

Addition of \$200,000 in revenue associated with the General Fund's portion of the Accela debt service payment, as discussed earlier in this Report.

Energy Conservation Program Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
1.00	\$ 34,210	\$ 16,838

Climate Action Plan Support

Addition of 1.00 Management Intern and total expenditures of \$32,314 in support for the Climate Action Plan and focus on providing research and data collection around the major CAP initiatives.

Revised Revenue

Addition of \$16,838 in revenue to properly align with the charges to departments and funds supporting the operations of the Energy Conservation Program Fund.

Engineering & Capital Projects Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ (896,748)	\$ -

Adjustment to Information Technology Projects

Net zero adjustment to expenditures related to the recategorization of information technology projects from capital to operating expenditures.

Salary Adjustment

Reduction of \$918,243 in personnel expenditures associated with the removal of a temporary adjustment for salary adjustments to select job classifications not yet final at the time of the development of the Proposed Budget, as discussed earlier in this Report.

Environmental Growth 1/3 Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ -	\$ 260,917

Revised Revenue

Addition of \$260,917 in revenue based on updated revenue projections. Environmental Growth Fund revenue for Fiscal Year 2019 is developed from Fiscal Year 2018 Year End revenue projections which were derived from SDGE's Calendar Year 2017 revenue. This May Revision adjustment reflects a 2.0 percent growth in SDGE's Calendar Year 2017 revenues as aligned to the City's Fiscal Year.

Environmental Growth 2/3 Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ -	\$ 521,835

Revised Revenue

Addition of \$521,835 in revenue based on updated revenue projections. Environmental Growth Fund revenue for Fiscal Year 2019 is developed from Fiscal Year 2018 Year End revenue projections which were derived from SDGE's Calendar Year 2017 revenue. This May Revision adjustment reflects a 2.0 percent growth in SDGE's Calendar Year 2017 revenues as aligned to the City's Fiscal Year.

Facilities Financing Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
2.00	\$ 191,062	\$ 192,251

Development Impact Fee Analysis

Addition of 1.00 Associate Engineer - Civil and total expenditures of \$105,154, and associated revenue to implement in-house project cost estimating services and improve the control over the cost and timing of Development Impact Fee (DIF) plan updates.

Fiscal and Internal Controls Support

Addition of 1.00 Associate Management Analyst and total expenditures of \$87,101 and associated revenue to improve fiscal internal controls, address performance audit findings, and other fiscal operations.

Infrastructure Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ -	\$ 934,841

Infrastructure Fund Transfer

Addition of \$934,841 in one-time revenue for the transfer from the General Fund to the Infrastructure Fund per City Charter Section 77.1.

Local Enforcement Agency Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ (237)	\$ (364,079)

Revised Revenue

Reduction of \$364,079 in revenue that was erroneously entered in the Proposed Budget.

Long Range Property Management Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 49,287	\$ -

Administrative Services

Addition of \$49,287 non-personnel expenditures for administrative services support from CivicSD.

Low and Moderate Income Housing Asset Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 17,783,839	\$ -

Affordable Housing Development Projects

Addition of \$17.8 million in non-personnel expenditures associated with affordable housing development projects anticipated to be presented for approval by City Council during Fiscal Year 2019.

Metropolitan Sewer Utility Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 31,855	\$ -

Service Level Agreement - Public Liability Claims

Addition of \$39,478 in non-personnel expenditures associated with the Supervising Claims Representative position in the Risk Management Department to support the Public Utilities Department public liability claims management program.

Salary Adjustment

Reduction of \$271,603 in personnel expenditures associated with the removal of a temporary adjustment for salary adjustments to select job classifications not yet final at the time of the development of the Proposed Budget, as discussed earlier in this Report.

Mission Bay/Balboa Park Improvement Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ (250,000)	\$ (250,000)

Master Refunding Project

Reduction of \$250,000 in non-personnel expenditures associated with the debt service payments due on the City's Lease Revenue Refunding Bonds, Series 2010A (Master Refunding Project), which is anticipated to be refunded per resolution (R-311698) approving the form and distribution of the Preliminary Official Statement and Official Statement of the Lease Revenue Refunding Bonds, Series 2018A approved by City Council on April 25, 2018.

Municipal Sewer Revenue Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ (672,908)	\$ -

Advanced Metering Infrastructure Project

Reallocation of \$626,498 from the Municipal Sewer Revenue Fund to the Water Utility Operating Fund for the Advanced Metering Infrastructure Project.

Service Level Agreement- Public Liability Claims

Addition of \$21,533 in non-personnel expenditures associated with the Supervising Claims Representative position in the Risk Management Department to support the Public Utilities Department public liability claims management program.

Salary Adjustments

Reduction of \$118,474 in personnel expenditures associated with the removal of a temporary adjustment for salary adjustments to select job classifications not yet final at the time of the development of the Proposed Budget, as discussed earlier in this Report.

Public Art Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 423,767	\$ 423,767

Public Art Fund

Addition of \$423,767 in non-expenditures and \$423,767 in revenue for Arts, Culture, and Community Festivals allocation from the Transient Occupancy Tax (TOT) Fund to the Public Art Fund to support artwork conservation, installation, and other professional art collections management services as recommended by the Commission for Arts and Culture.

Public Safety Services & Debt Service Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 30,900	\$ 30,900

Safety Sales Tax Allocation

Addition of \$30,900 in non-expenditures and \$30,900 in revenue associated with the half-cent sales tax for the purpose of funding local public safety.

Risk Management Administration Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
1.00	\$ 300,923	\$ 119,629

Supervising Claims Representative – Public Liability Claims

Addition of 1.00 Supervising Claims Representative and total expenditures of \$112,279 and associated revenue to support the Public Utilities Department public liability claims management program.

Support for Information Technology

Addition of \$112,476 in non-personnel expenditures in support of information technology enhancements to maximize the City's Claims Management System and claims management process.

Sewer Utility – AB 1600 Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ –	\$ 150,000

Companion Unit Fee Waiver Pilot

Addition of \$150,000 in revenue for a transfer to the Water and Sewer Utility Funds to cover the cost of Water and Sewer Capacity fees for a Companion Unit Fee Waiver Pilot for new construction of approximately 83 units in Fiscal Year 2019.

Stadium Operations Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ (700,199)	\$ (161,789)

Master Refunding Project

Reduction of \$700,000 in non-personnel expenditures associated with the debt service payments due on the City's Lease Revenue Refunding Bonds, Series 2010A (Master Refunding Project), which is anticipated to be refunded per resolution (R-311698) approving the form and distribution of the Preliminary Official Statement and Official Statement of the Lease Revenue Refunding Bonds, Series 2018A approved by City Council on April 25, 2018.

Stadium Events Revenue

Addition of \$650,000 in revenue to reflect anticipated events at the Stadium.

Revised Revenue

Reduction of \$811,789 in revenue from the Transient Occupancy Tax (TOT) Fund. The TOT Fund supports Stadium operations, however additional revenue from concerts, other events and a reduction to debt service reduce the support needed from the TOT Fund.

Successor Agency Admin & Project - CivicSD Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 49,287	\$ 49,287

Successor Agency Funding Adjustment

Addition of \$49,287 in non-personnel expenditures and \$49,287 in revenue to reflect the anticipated expenditures for Successor Agency activities performed by CivicSD.

Transient Occupancy Tax Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 82,512	\$ 422,509

Safety and Maintenance of Visitor-Related Facilities

Addition \$1.0 million in non-personnel expenditures for the General Fund reimbursement to Lifeguards for safety & maintenance of visitor-related facilities.

Revised Revenue

Addition of \$422,509 in Transient Occupancy Tax Fund revenue as a result of updated TOT revenue projections for FY 2019.

One-Cent Discretionary

Addition of \$84,502 of One-Cent discretionary funding transfers to the General Fund as a result of updated TOT revenue projections for FY 2019.

Support to Other Funds

A reduction of \$99,404 in non-personnel expenditures to Safety and Maintenance of Visitor-Related Facilities Reimbursements to the Stadium Operations Fund as a result of additional revenue from concerts and other events.

Master Refunding Project

Reduction of \$950,000 in non-personnel expenditures related to the annual allocations which support debt service in the Stadium Operations Fund and the Balboa / Mission Bay Park Improvements Fund.

The May Revision includes *Attachment 4* (Excerpt from Council Policy 100-03: Transient Occupancy Tax) and *Attachment 5* (Transient Occupancy Tax Fund Allocations) for Fiscal Year 2019. Council Policy 100-03 directs the distribution and appropriation of Transient Occupancy Tax funds.

Underground Surcharge Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 8,075	\$ 5,304,655

Revised Revenue

Addition of \$5.3 million in revenue associated with the San Diego Gas & Electric (SDG&E) Rule 20A reimbursements and revised revenue projections for the SDGE underground utility surcharge.

Water Utility Operating Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ 558,492	\$ -

Advanced Metering Infrastructure Project

Reallocation of \$626,498 from the Municipal Sewer Revenue Fund to the Water Utility Operating Fund for the Advanced Metering Infrastructure Project.

Service Level Agreement- Public Liability Claims

Addition of \$58,618 in non-personnel expenditures associated with the Supervising Claims Representative position in the Risk Management Department to support the Public Utilities Department public liability claims management program.

Salary Adjustment

Reduction of \$245,342 in personnel expenditures associated with the removal of a temporary adjustment for salary adjustments to select job classifications not yet final at the time of the development of the Proposed Budget, as discussed earlier in this Report.

Water Utility - AB 1600 Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ -	\$ 150,000

Companion Unit Fee Waiver Pilot

Addition of \$150,000 in revenue for a transfer to the Water and Sewer Utility Funds to cover the cost of Water and Sewer Capacity fees for a Companion Unit Fee Waiver Pilot for new construction of approximately 83 units in Fiscal Year 2019.

Zoological Exhibits Maintenance Fund

FTE Adjustment	Expenditure Adjustment	Revenue Adjustment
0.00	\$ (186,205)	\$ (186,205)

Zoological Tax

The City collects property tax for the maintenance of zoological exhibits in Balboa Park and remits this revenue to the Zoological Society. This adjustment reflects the updated revenue projection for Fiscal Year 2019 based on the Fiscal Year 2018 Year End Projection and the most recent economic information. This adjustment reduces \$186,205 in Zoo Tax revenue and the corresponding non-personnel expenditures of \$186,205 which is remitted to the Zoological Society.

Capital Improvements Program

Adjustments to capital improvement projects are primarily due to the identification of additional funding and adjustments to bring project budgets in line with revised project schedules. The Fiscal Year 2019 May Revision CIP adjustments total a net increase of \$2.71 million to the Fiscal Year 2019 Proposed CIP Budget. Significant adjustments include:

- \$200,000 allocation from the Infrastructure Fund to determine options for restoring Ysabel Creek Road in the San Pasqual Valley area
- \$2.51 million addition in Public Utilities projects as a result of revised schedules and cost estimates

Additionally, as a result of updated revenue projections, an additional \$934,841 is budgeted to be transferred to the Infrastructure Fund, per City Charter.

Attachment 6 – FY 2019 CIP May Revision Adjustments provides an itemized list of the changes by project along with a brief description of each change.

Attachments:

1. FY 2019 May Revision Summary Table
2. FY 2019 One-Time Resources and Expenditures List
3. FY 2019 Organizational Chart
4. Excerpt from Council Policy 100-03: Transient Occupancy Tax
5. FY 2019 Transient Occupancy Tax Fund Allocation
6. FY 2019 CIP May Revision Adjustments

cc: Honorable Mayor Kevin L. Faulconer
Aimee Faucett, Chief of Staff, Office of the Mayor
Andrea Tevlin, Independent Budget Analyst
Stacey LoMedico, Assistant Chief Operating Officer
Matt Awbrey, Deputy Chief of Staff & Chief of Communications, Office of the Mayor
Almis Udrys, Deputy Chief of Staff – Innovation & Policy, Office of the Mayor
Felipe Monroig, Deputy Chief of Staff & Strategic Initiatives, Office of the Mayor
Jessica Lawrence, Director of Finance Policy and Council Affairs, Office of the Mayor
David Graham, Deputy Chief Operating Officer, Neighborhood Services
Ronald H. Villa, Deputy Chief Operating Officer, Internal Operations
Paz Gomez, Deputy Chief Operating Officer, Infrastructure / Public Works
Matthew Vespi, Deputy Director, Financial Management
Department Directors /Assistant Directors
Deputy Directors / Assistant Deputy Directors
Department Analysts

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Honorable Councilmembers
May 15, 2018

ATTACHMENT E

Financial Management Staff
City Comptroller's Office Accountants

FY 2019 MAY REVISION SUMMARY TABLE

ATTACHMENT 1

ATTACHMENT E

GENERAL FUND		FTE	PE	NPE	EXP	REV
Department Title	Budget Adjustment					
City Attorney	Civil Lawsuits - Civil Litigation Division	2.00	\$ 300,774	\$ 7,000	\$ 307,774	\$ -
	Salary and Fringe Benefit Adjustment	-	\$ 229,681	\$ -	\$ 229,681	\$ -
	Environment and Land Use Section - Civil Advisory Division	1.00	\$ 213,442	\$ 4,500	\$ 217,942	\$ -
	Tuition Reimbursement	-	\$ -	\$ 130,000	\$ 130,000	\$ -
	Family Justice Center Support	1.00	\$ 69,950	\$ 2,500	\$ 72,450	\$ -
	Senior Clerk Typist - Criminal Litigation Division	1.00	\$ 61,381	\$ -	\$ 61,381	\$ -
	Otay Mesa Enhanced Infrastructure District	-	\$ -	\$ -	\$ -	\$ 56,000
City Attorney Total		5.00	\$ 875,228	\$ 144,000	\$ 1,019,228	\$ 56,000
City Auditor	Salary and Fringe Benefit Adjustment	-	\$ (1,481)	\$ -	\$ (1,481)	\$ -
City Auditor Total		-	\$ (1,481)	\$ -	\$ (1,481)	\$ -
City Clerk	Salary and Fringe Benefit Adjustment	-	\$ (991)	\$ -	\$ (991)	\$ -
	Otay Mesa Enhanced Infrastructure District	-	\$ -	\$ -	\$ -	\$ 2,000
	User Fee Revenue	-	\$ -	\$ -	\$ -	\$ 61,000
City Clerk Total		-	\$ (991)	\$ -	\$ (991)	\$ 63,000
City Treasurer	Parking Administration System	-	\$ -	\$ 709,100	\$ 709,100	\$ -
	Salary and Fringe Benefit Adjustment	-	\$ 60,313	\$ -	\$ 60,313	\$ -
	User Fee Revenue	-	\$ -	\$ -	\$ -	\$ (40,284)
City Treasurer Total		-	\$ 60,313	\$ 709,100	\$ 769,413	\$ (40,284)
Citywide Program Expenditures	Transfer to the Infrastructure Fund	-	\$ -	\$ 934,841	\$ 934,841	\$ -
	Companion Unit Fee Waiver Pilot	-	\$ -	\$ 300,000	\$ 300,000	\$ -
	Intelligent Cities Outdoor Lighting Project	-	\$ -	\$ (877,030)	\$ (877,030)	\$ -
	Master Refunding Project	-	\$ -	\$ (850,000)	\$ (850,000)	\$ -
	Salary Adjustments	-	\$ (1,179,607)	\$ -	\$ (1,179,607)	\$ -
Citywide Program Expenditures Total		-	\$ (1,179,607)	\$ (492,189)	\$ (1,671,796)	\$ -
Communications	Public Records Act Program Web Portal	-	\$ -	\$ 28,000	\$ 28,000	\$ -
	Salary and Fringe Benefit Adjustment	-	\$ (2,350)	\$ -	\$ (2,350)	\$ -
Communications Total		-	\$ (2,350)	\$ 28,000	\$ 25,650	\$ -
Council Administration	Salary and Fringe Benefit Adjustment	-	\$ (1,037)	\$ -	\$ (1,037)	\$ -
	Restoration of Council District 1 and 3 Budget	-	\$ (1,037)	\$ -	\$ (1,037)	\$ -
Council District 1	Salary and Fringe Benefit Adjustment	-	\$ 46,254	\$ -	\$ 46,254	\$ -
	Salary and Fringe Benefit Adjustment	-	\$ (545)	\$ -	\$ (545)	\$ -
	Community Projects, Programs, and Services Adjustment	-	\$ -	\$ (48,402)	\$ (48,402)	\$ -
Council District 1 Total		-	\$ 45,709	\$ (48,402)	\$ (2,693)	\$ -
Council District 2	Community Projects, Programs, and Services Adjustment	-	\$ -	\$ 29,382	\$ 29,382	\$ -
	Salary and Fringe Benefit Adjustment	-	\$ (606)	\$ -	\$ (606)	\$ -
Council District 2 Total		-	\$ (606)	\$ 29,382	\$ 28,776	\$ -
Council District 3	Restoration of Council District 1 and 3 Budget	-	\$ 47,761	\$ -	\$ 47,761	\$ -
	Community Projects, Programs, and Services Adjustment	-	\$ -	\$ 35,519	\$ 35,519	\$ -
	Salary and Fringe Benefit Adjustment	-	\$ (302)	\$ -	\$ (302)	\$ -
Council District 3 Total		-	\$ 47,459	\$ 35,519	\$ 82,978	\$ -
Council District 4	Community Projects, Programs, and Services Adjustment	-	\$ -	\$ 19,235	\$ 19,235	\$ -
	Salary and Fringe Benefit Adjustment	-	\$ (497)	\$ -	\$ (497)	\$ -
Council District 4 Total		-	\$ (497)	\$ 19,235	\$ 18,738	\$ -
Council District 5	Community Projects, Programs, and Services Adjustment	-	\$ -	\$ 19,591	\$ 19,591	\$ -
	Salary and Fringe Benefit Adjustment	-	\$ (272)	\$ -	\$ (272)	\$ -
Council District 5 Total		-	\$ (272)	\$ 19,591	\$ 19,319	\$ -
Council District 6	Community Projects, Programs, and Services Adjustment	-	\$ -	\$ 45,778	\$ 45,778	\$ -
	Salary and Fringe Benefit Adjustment	-	\$ (191)	\$ -	\$ (191)	\$ -
Council District 6 Total		-	\$ (191)	\$ 45,778	\$ 45,587	\$ -
Council District 7	Salary and Fringe Benefit Adjustment	-	\$ (194)	\$ -	\$ (194)	\$ -
	Community Projects, Programs, and Services Adjustment	-	\$ -	\$ (24,727)	\$ (24,727)	\$ -
Council District 7 Total		-	\$ (194)	\$ (24,727)	\$ (24,921)	\$ -

FY 2019 MAY REVISION SUMMARY TABLE

ATTACHMENT E

GENERAL FUND	Department Title	Budget Adjustment	FTE	PE	NPE	EXP	REV
Council District 8	Community Projects, Programs, and Services Adjustment	-	-	\$ -	\$ 30,265	\$ 30,265	\$ -
	Salary and Fringe Benefit Adjustment	-	-	\$ (601)	-	\$ (601)	\$ -
	Otay Mesa Enhanced Infrastructure District	-	-	-	-	-	\$ 20,000
Council District 8 Total		-	-	\$ (601)	\$ 30,265	\$ 29,664	\$ 20,000
Council District 9	Salary and Fringe Benefit Adjustment	-	-	\$ (631)	-	\$ (631)	\$ -
	Community Projects, Programs, and Services Adjustment	-	-	-	\$ (46,896)	\$ (46,896)	\$ -
Council District 9 Total		-	-	\$ (631)	\$ (46,896)	\$ (47,527)	\$ -
Debt Management	Otay Mesa Enhanced Infrastructure District	-	-	-	250	250	\$ 5,811
	Salary and Fringe Benefit Adjustment	-	-	\$ (1,274)	-	\$ (1,274)	\$ -
Debt Management Total		-	-	\$ (1,274)	\$ 250	\$ (1,024)	\$ 5,811
Department of Finance	Salary and Fringe Benefit Adjustment	-	-	\$ 275,354	-	\$ 275,354	\$ -
	Otay Mesa Enhanced Infrastructure District	-	-	-	-	-	\$ 52,000
	Revised Revenue	-	-	-	-	-	\$ 2,808
Department of Finance Total		-	-	\$ 275,354	-	\$ 275,354	\$ 54,808
Development Services	Accela Project Tracking System	-	-	-	\$ 200,000	\$ 200,000	\$ -
	Salary and Fringe Benefit Adjustment	-	-	\$ 31,522	-	\$ 31,522	\$ -
	User Fee Revenue	-	-	-	-	-	\$ 4,100
Development Services Total		-	-	\$ 31,522	\$ 200,000	\$ 231,522	\$ 4,100
Economic Development	Safe Parking Program	-	-	-	\$ 102,667	\$ 102,667	\$ -
	Salary and Fringe Benefit Adjustment	-	-	\$ (1,847)	-	\$ (1,847)	\$ -
Economic Development Total		-	-	\$ (1,847)	\$ 102,667	\$ 100,820	\$ -
Environmental Services	Salary and Fringe Benefit Adjustment	-	-	\$ (16,139)	-	\$ (16,139)	\$ -
	User Fee Revenue	-	-	-	-	-	\$ 7,899
Environmental Services Total		-	-	\$ (16,139)	-	\$ (16,139)	\$ 7,899
Ethics Commission	Salary and Fringe Benefit Adjustment	-	-	\$ (575)	-	\$ (575)	\$ -
		-	-	-	-	-	\$ -
Fire-Rescue	Fire-Rescue OverTime	-	-	\$ 6,833,875	-	\$ 6,833,875	\$ -
	Lifeguard Academy	2.88	-	\$ 230,806	7,550	\$ 238,356	\$ -
	Salary and Fringe Benefit Adjustment	-	-	\$ (122,414)	-	\$ (122,414)	\$ -
	Transient Occupancy Tax Transfer	-	-	-	-	-	\$ 1,044,404
	User Fee Revenue	-	-	-	-	-	\$ 197,689
	Safety Sales Tax Allocation	-	-	-	-	-	\$ 15,450
Fire-Rescue Total		2.88	-	\$ 6,942,267	\$ 7,550	\$ 6,949,817	\$ 1,257,543
Government Affairs	Miscellaneous Office Supplies and Services	-	-	-	\$ 10,170	\$ 10,170	\$ -
	Salary and Fringe Benefit Adjustment	-	-	\$ (195)	-	\$ (195)	\$ -
Government Affairs Total		-	-	\$ (195)	\$ 10,170	\$ 9,975	\$ -
Human Resources	Internship and Work Readiness Program	1.00	-	\$ 175,326	-	\$ 175,326	\$ 70,180
	Salary and Fringe Benefit Adjustment	-	-	\$ (2,608)	-	\$ (2,608)	\$ -
Human Resources Total		1.00	-	\$ 172,718	-	\$ 172,718	\$ 70,180
Infrastructure/Public Works	Salary and Fringe Benefit Adjustment	-	-	\$ 6	-	\$ 6	\$ -
		-	-	-	-	-	\$ -
Infrastructure/Public Works Total		-	-	\$ 6	-	\$ 6	\$ -
		-	-	-	-	-	\$ -
Internal Operations	Salary and Fringe Benefit Adjustment	-	-	\$ (334)	-	\$ (334)	\$ -
		-	-	-	-	-	\$ -
Internal Operations Total		-	-	\$ (334)	-	\$ (334)	\$ -
Library	Salary and Fringe Benefit Adjustment	-	-	\$ (14,221)	-	\$ (14,221)	\$ (271,022)
	User Fee Revenue	-	-	-	-	-	\$ (271,022)
Library Total		-	-	\$ (14,221)	-	\$ (14,221)	\$ (271,022)
Major Revenues		-	-	-	-	-	\$ (527,772)
Major Revenues Total		-	-	-	-	-	\$ (527,772)

FY 2019 MAY REVISION SUMMARY TABLE

ATTACHMENT E

GENERAL FUND	Department Title	Budget Adjustment	FTE	PE	NPE	EXP	REV
Neighborhood Services	Transfer of Corporate Partnerships & Development		3.00	\$ 370,263	\$ 30,501	\$ 400,764	\$ 391,021
	Transfer of Homelessness Coordination		2.00	\$ 296,646	-	\$ 296,646	\$ -
	Transfer of Deputy Chief Operating Officer		1.00	\$ 239,420	-	\$ 239,420	\$ -
	Miscellaneous Office Supplies and Services		-	\$ -	\$ 10,170	\$ 10,170	\$ -
Neighborhood Services Total							
Office of Boards & Commissions	Salary and Fringe Benefit Adjustment		6.00	\$ 906,329	\$ 40,671	\$ 947,000	\$ 391,021
			-	\$ (490)	-	\$ (490)	\$ -
			-	\$ (490)	-	\$ (490)	\$ -
	Office of Boards & Commissions Total		-	\$ -	-	\$ -	\$ -
Office of Homeland Security	Salary and Fringe Benefit Adjustment		-	\$ (900)	-	\$ (900)	\$ -
			-	\$ (900)	-	\$ (900)	\$ -
			-	\$ (900)	-	\$ (900)	\$ -
	Office of Homeland Security Total		-	\$ -	-	\$ -	\$ -
Office of the Assistant COO	Transfer of Corporate Partnerships & Development		(3.00)	\$ (370,263)	\$ (30,501)	\$ (400,764)	\$ (391,021)
	Salary and Fringe Benefit Adjustment		-	\$ (430)	-	\$ (430)	\$ -
			-	\$ (430)	-	\$ (430)	\$ -
	Office of the Assistant COO Total		(3.00)	\$ -	\$ (30,501)	\$ (401,194)	\$ (391,021)
Office of the Chief Financial Officer	Salary and Fringe Benefit Adjustment		-	\$ (335)	-	\$ (335)	\$ -
			-	\$ (335)	-	\$ (335)	\$ -
			-	\$ (335)	-	\$ (335)	\$ -
	Office of the Chief Financial Officer Total		-	\$ -	-	\$ -	\$ -
Office of the Chief Operating Officer	Transfer of Homelessness Coordination		(2.00)	\$ (296,646)	-	\$ (296,646)	\$ -
	Transfer of Deputy Chief Operating Officer		(1.00)	\$ (239,420)	-	\$ (239,420)	\$ -
	Salary and Fringe Benefit Adjustment		-	\$ (792)	-	\$ (792)	\$ -
	Office of the Chief Operating Officer Total		(3.00)	\$ -	\$ (536,858)	\$ (536,858)	\$ -
Office of the IBA	Salary and Fringe Benefit Adjustment		-	\$ (959)	-	\$ (959)	\$ -
			-	\$ (959)	-	\$ (959)	\$ -
			-	\$ (959)	-	\$ (959)	\$ -
	Office of the IBA Total		-	\$ -	-	\$ -	\$ -
Office of the Mayor	Salary and Fringe Benefit Adjustment		-	\$ (1,164)	-	\$ (1,164)	\$ -
			-	\$ (1,164)	-	\$ (1,164)	\$ -
			-	\$ (1,164)	-	\$ (1,164)	\$ -
	Office of the Mayor Total		-	\$ -	-	\$ -	\$ -
Parks & Recreation	Intelligent Cities Outdoor Lighting Project		-	\$ -	\$ 330,000	\$ 330,000	\$ -
	Salary and Fringe Benefit Adjustment		-	\$ 5,627	-	\$ 5,627	\$ -
			-	\$ 5,627	-	\$ 5,627	\$ -
	Parks & Recreation Total		-	\$ -	\$ 330,000	\$ 335,627	\$ -
Performance & Analytics	Salary and Fringe Benefit Adjustment		-	\$ (621)	-	\$ (621)	\$ -
			-	\$ (621)	-	\$ (621)	\$ -
			-	\$ (621)	-	\$ (621)	\$ -
	Performance & Analytics Total		-	\$ -	-	\$ -	\$ -
Personnel	Salary and Fringe Benefit Adjustment		1.00	\$ 129,242	-	\$ 129,242	\$ -
	Associate Personnel Analyst		-	\$ 86,157	-	\$ 86,157	\$ -
			1.00	\$ 215,399	-	\$ 215,399	\$ -
	Personnel Total		1.00	\$ -	-	\$ -	\$ -
Planning	Community Plan Updates		-	\$ -	\$ 201,987	\$ 201,987	\$ -
	Salary and Fringe Benefit Adjustment		-	\$ 95,806	-	\$ 95,806	\$ -
	Otay Mesa Enhanced Infrastructure District		-	\$ -	-	\$ -	\$ 30,000
	Planning Total		-	\$ -	\$ 201,987	\$ 297,793	\$ 30,000
Police	Police Officer Recruitment and Onboarding		1.00	\$ 316,662	-	\$ 316,662	\$ -
	Salary and Fringe Benefit Adjustment		-	\$ (79,015)	-	\$ (79,015)	\$ -
	Safety Sales Tax Allocation		-	\$ -	-	\$ -	\$ 15,450
	User Fee Revenue		-	\$ -	-	\$ -	\$ 437,612
Police Total							
Public Works - General Services	Salary and Fringe Benefit Adjustment		1.00	\$ 237,647	-	\$ 237,647	\$ 453,062
	Revised Revenue		-	\$ 41,758	-	\$ 41,758	\$ -
			-	\$ -	-	\$ -	\$ 75,696
	Public Works - General Services Total		-	\$ -	-	\$ -	\$ 75,696
Purchasing & Contracting	Animal Services Contract		-	\$ -	\$ 450,717	\$ 450,717	\$ -
	Salary and Fringe Benefit Adjustment		-	\$ 1,517	-	\$ 1,517	\$ -
			-	\$ 1,517	-	\$ 1,517	\$ -
	Purchasing & Contracting Total		-	\$ -	\$ 450,717	\$ 452,234	\$ -
Real Estate Assets	Salary and Fringe Benefit Adjustment		-	\$ (1,295)	-	\$ (1,295)	\$ -
			-	\$ (1,295)	-	\$ (1,295)	\$ -
			-	\$ (1,295)	-	\$ (1,295)	\$ -
	Real Estate Assets Total		-	\$ -	-	\$ -	\$ -
Smart & Sustainable Communities	Salary and Fringe Benefit Adjustment		-	\$ (93)	-	\$ (93)	\$ -
			-	\$ (93)	-	\$ (93)	\$ -
			-	\$ (93)	-	\$ (93)	\$ -
	Smart & Sustainable Communities Total		-	\$ -	-	\$ -	\$ -

FY 2019 MAY REVISION SUMMARY TABLE

ATTACHMENT 1

ATTACHMENT E

GENERAL FUND		FTE	PE	NPE	EXP	REV
Department Title	Budget Adjustment					
Transportation & Storm Water	Intelligent Cities Outdoor Lighting Project	-	\$ -	\$ 32,000	\$ 32,000	\$ -
	Salary and Fringe Benefit Adjustment	-	\$ 95,518	\$ -	\$ 95,518	\$ -
	Revised Revenue	-	\$ -	\$ -	\$ -	\$ (129,981)
	User Fee Revenue	-	\$ -	\$ -	\$ -	\$ (5,327)
Transportation & Storm Water Total		-	\$ 95,518	\$ 32,000	\$ 127,518	\$ (135,308)
Grand Total		10.88	\$ 7,913,726	\$ 1,794,167	\$ 9,707,893	\$ 1,123,713

FY 2019 MAY REVISION SUMMARY TABLE

ATTACHMENT 1

ATTACHMENT E

NON-GENERAL FUNDS						
Fund Name	Budget Adjustment	FTE	PE	NPE	EXP	REV
Airports Fund	Salary and Fringe Benefit Adjustment	-	\$ 28,200	\$ -	\$ 28,200	\$ -
Airports Fund Total		-	\$ 28,200	\$ -	\$ 28,200	\$ -
Central Stores Fund	Salary and Fringe Benefit Adjustment	-	\$ (920)	\$ -	\$ (920)	\$ -
Central Stores Fund Total		-	\$ (920)	\$ -	\$ (920)	\$ -
City Employee's Retirement System Fund	Salary and Fringe Benefit Adjustment	-	\$ 21,758	\$ -	\$ 21,758	\$ -
City Employee's Retirement System Fund Total		-	\$ 21,758	\$ -	\$ 21,758	\$ -
Concourse and Parking Garages Operating Fund	Salary and Fringe Benefit Adjustment	-	\$ (82)	\$ -	\$ (82)	\$ -
Concourse and Parking Garages Operating Fund Total		-	\$ (82)	\$ -	\$ (82)	\$ -
Development Services Fund	Salary and Fringe Benefit Adjustment	-	\$ (233,595)	\$ -	\$ (233,595)	\$ -
Development Services Fund Total		-	\$ (233,595)	\$ -	\$ (233,595)	\$ 200,000
Energy Conservation Program Fund	Climate Action Plan Support	1.00	\$ 32,314	\$ -	\$ 32,314	\$ -
Energy Conservation Program Fund	Salary and Fringe Benefit Adjustment	-	\$ 1,896	\$ -	\$ 1,896	\$ -
Energy Conservation Program Fund Total		-	\$ -	\$ -	\$ -	\$ 16,838
Engineering & Capital Projects Fund	Salary and Fringe Benefit Adjustment	1.00	\$ 34,210	\$ -	\$ 34,210	\$ 16,838
Engineering & Capital Projects Fund Total		-	\$ (896,748)	\$ -	\$ (896,748)	\$ -
Environmental Growth 1/3 Fund	Revised Revenue	-	\$ (896,748)	\$ -	\$ (896,748)	\$ -
Environmental Growth 1/3 Fund Total		-	\$ -	\$ -	\$ -	\$ 260,917
Environmental Growth 2/3 Fund	Revised Revenue	-	\$ -	\$ -	\$ -	\$ 260,917
Environmental Growth 2/3 Fund Total		-	\$ -	\$ -	\$ -	\$ 521,835
Facilities Financing Fund	Development Impact Fee Analysis	1.00	\$ 105,154	\$ -	\$ 105,154	\$ 105,152
Facilities Financing Fund	Fiscal and Internal Controls Support	1.00	\$ 87,101	\$ -	\$ 87,101	\$ 87,099
Facilities Financing Fund Total		-	\$ (1,193)	\$ -	\$ (1,193)	\$ -
Fire/Emergency Medical Services Transport Program Fund	Salary and Fringe Benefit Adjustment	2.00	\$ 191,062	\$ -	\$ 191,062	\$ 192,251
Fire/Emergency Medical Services Transport Program Fund Total		-	\$ (1,964)	\$ -	\$ (1,964)	\$ -
Fire/Emergency Medical Services Transport Program Fund	Salary and Fringe Benefit Adjustment	-	\$ (1,964)	\$ -	\$ (1,964)	\$ -
Fleet Operations Operating Fund	Salary and Fringe Benefit Adjustment	-	\$ (11,245)	\$ -	\$ (11,245)	\$ -
Fleet Operations Operating Fund Total		-	\$ (11,245)	\$ -	\$ (11,245)	\$ -
GIS Fund	Salary and Fringe Benefit Adjustment	-	\$ (91)	\$ -	\$ (91)	\$ -
GIS Fund Total		-	\$ (91)	\$ -	\$ (91)	\$ -
Golf Course Fund	Salary and Fringe Benefit Adjustment	-	\$ (1,411)	\$ -	\$ (1,411)	\$ -
Golf Course Fund Total		-	\$ (1,411)	\$ -	\$ (1,411)	\$ -
Information Technology Fund	Salary and Fringe Benefit Adjustment	-	\$ (1,117)	\$ -	\$ (1,117)	\$ -
Information Technology Fund Total		-	\$ (1,117)	\$ -	\$ (1,117)	\$ -
Infrastructure Fund	Infrastructure Fund Transfer	-	\$ -	\$ -	\$ -	\$ 934,841
Infrastructure Fund Total		-	\$ -	\$ -	\$ -	\$ 934,841
Junior Lifeguard Program Fund	Salary and Fringe Benefit Adjustment	-	\$ (112)	\$ -	\$ (112)	\$ -
Junior Lifeguard Program Fund Total		-	\$ (112)	\$ -	\$ (112)	\$ -
Local Enforcement Agency Fund	Salary and Fringe Benefit Adjustment	-	\$ (237)	\$ -	\$ (237)	\$ -
Local Enforcement Agency Fund Total		-	\$ (237)	\$ -	\$ (237)	\$ (364,079)
Local Enforcement Agency Fund	Administrative Services	-	\$ -	\$ 49,287	\$ 49,287	\$ -
Long Range Property Management Fund	Salary and Fringe Benefit Adjustment	-	\$ (179)	\$ -	\$ (179)	\$ -
Long Range Property Management Fund Total		-	\$ (179)	\$ -	\$ (179)	\$ -
Los Peñasquitos Canyon Preserve Fund	Affordable Housing Development Projects	-	\$ -	\$ 17,783,839	\$ 17,783,839	\$ -
Los Peñasquitos Canyon Preserve Fund Total		-	\$ -	\$ 17,783,839	\$ 17,783,839	\$ -
Low and Moderate Income Housing Asset Fund	Salary and Fringe Benefit Adjustment	-	\$ (1,394)	\$ -	\$ (1,394)	\$ -
Low and Moderate Income Housing Asset Fund Total		-	\$ (1,394)	\$ -	\$ (1,394)	\$ -
Maintenance Assessment District (MAD) Management Fund	Salary and Fringe Benefit Adjustment	-	\$ (7,623)	\$ -	\$ (7,623)	\$ -
Maintenance Assessment District (MAD) Management Fund Total		-	\$ -	\$ -	\$ -	\$ 39,478
Metropolitan Sewer Utility Fund	Service Level Agreement - Public Liability Claims	-	\$ -	\$ -	\$ -	\$ -
Metropolitan Sewer Utility Fund Total		-	\$ (7,623)	\$ 39,478	\$ 31,855	\$ -

FY 2019 MAY REVISION SUMMARY TABLE

ATTACHMENT E

NON- GENERAL FUNDS						
Fund Name	Budget Adjustment	FTE	PE	NPE	EXP	REV
Mission Bay/Balboa Park Improvement Fund	Master Refunding Project	-	\$ -	\$ (250,000)	\$ (250,000)	\$ (250,000)
Mission Bay/Balboa Park Improvement Fund Total		-	\$ -	\$ (250,000)	\$ (250,000)	\$ (250,000)
Municipal Sewer Revenue Fund	Service Level Agreement- Public Liability Claims	-	\$ -	\$ 21,533	\$ 21,533	\$ -
	Advanced Metering Infrastructure Project	-	\$ -	\$ (626,498)	\$ (626,498)	\$ -
	Salary and Fringe Benefit Adjustment	-	\$ (67,943)	\$ -	\$ (67,943)	\$ -
Municipal Sewer Revenue Fund Total		-	\$ (67,943)	\$ (604,965)	\$ (672,908)	\$ -
OneSD Support Fund	Salary and Fringe Benefit Adjustment	-	\$ (1,835)	\$ -	\$ (1,835)	\$ -
OneSD Support Fund Total		-	\$ (1,835)	\$ -	\$ (1,835)	\$ -
Parking Meter Operations Fund	Salary and Fringe Benefit Adjustment	-	\$ (1,198)	\$ -	\$ (1,198)	\$ -
Parking Meter Operations Fund Total		-	\$ (1,198)	\$ -	\$ (1,198)	\$ -
PETCO Park Fund	Salary and Fringe Benefit Adjustment	-	\$ (9)	\$ -	\$ (9)	\$ -
PETCO Park Fund Total		-	\$ (9)	\$ -	\$ (9)	\$ -
Public Art Fund	Public Art Fund	-	\$ -	\$ 423,767	\$ 423,767	\$ 423,767
Public Art Fund Total		-	\$ -	\$ 423,767	\$ 423,767	\$ 423,767
Public Safety Services & Debt Service Fund	Safety Sales Tax Allocation	-	\$ -	\$ 30,900	\$ 30,900	\$ 30,900
Public Safety Services & Debt Service Fund Total		-	\$ -	\$ 30,900	\$ 30,900	\$ 30,900
Publishing Services Fund	Salary and Fringe Benefit Adjustment	-	\$ (254)	\$ -	\$ (254)	\$ -
Publishing Services Fund Total		-	\$ (254)	\$ -	\$ (254)	\$ -
Recycling Fund	Salary and Fringe Benefit Adjustment	-	\$ (10,470)	\$ -	\$ (10,470)	\$ -
Recycling Fund Total		-	\$ (10,470)	\$ -	\$ (10,470)	\$ -
Refuse Disposal Fund	Salary and Fringe Benefit Adjustment	-	\$ 3,107	\$ -	\$ 3,107	\$ -
Refuse Disposal Fund Total		-	\$ 3,107	\$ -	\$ 3,107	\$ -
Risk Management Administration Fund	Support for Information Technology	-	\$ -	\$ 112,476	\$ 112,476	\$ -
	Supervising Claims Representative - Public Liability Claims	1.00	\$ 109,779	\$ 2,500	\$ 112,279	\$ 119,629
	Salary and Fringe Benefit Adjustment	-	\$ 76,168	\$ -	\$ 76,168	\$ -
Risk Management Administration Fund Total		1.00	\$ 185,947	\$ 114,976	\$ 300,923	\$ 119,629
Sewer Utility - AB 1600 Fund	Companion Unit Fee Waiver Pilot	-	\$ -	\$ -	\$ -	\$ 150,000
Sewer Utility - AB 1600 Fund Total		-	\$ -	\$ -	\$ -	\$ 150,000
Stadium Operations Fund	Salary and Fringe Benefit Adjustment	-	\$ (199)	\$ -	\$ (199)	\$ -
	Master Refunding Project	-	\$ -	\$ (700,000)	\$ (700,000)	\$ -
	Stadium Events Revenue	-	\$ -	\$ -	\$ -	\$ 650,000
	Revised Revenue	-	\$ -	\$ -	\$ -	\$ (811,789)
Stadium Operations Fund Total		-	\$ (199)	\$ (700,000)	\$ (700,199)	\$ (161,789)
Successor Agency Admin & Project - CivicSD Fund	Successor Agency Funding Adjustment	-	\$ -	\$ 49,287	\$ 49,287	\$ 49,287
Successor Agency Admin & Project - CivicSD Fund Total		-	\$ -	\$ 49,287	\$ 49,287	\$ 49,287
Transient Occupancy Tax Fund	Safety and Maintenance of Visitor-Related Facilities	-	\$ -	\$ 1,044,404	\$ 1,044,404	\$ -
	One-Cent Discretionary	-	\$ -	\$ 84,502	\$ 84,502	\$ -
	Salary and Fringe Benefit Adjustment	-	\$ 3,010	\$ -	\$ 3,010	\$ -
	Master Refunding Project	-	\$ -	\$ (950,000)	\$ (950,000)	\$ -
	Support to Other Funds	-	\$ -	\$ (99,404)	\$ (99,404)	\$ -
	Revised Revenue	-	\$ -	\$ -	\$ -	\$ 422,509
Transient Occupancy Tax Fund Total		-	\$ 3,010	\$ 79,502	\$ 82,512	\$ 422,509
Underground Surcharge Fund	Salary and Fringe Benefit Adjustment	-	\$ 8,075	\$ -	\$ 8,075	\$ -
Underground Surcharge Fund Total		-	\$ 8,075	\$ -	\$ 8,075	\$ 5,304,655
Water Utility Operating Fund	Advanced Metering Infrastructure Project	-	\$ -	\$ 626,498	\$ 626,498	\$ -
	Service Level Agreement- Public Liability Claims	-	\$ -	\$ 58,618	\$ 58,618	\$ -
	Salary and Fringe Benefit Adjustment	-	\$ (126,624)	\$ -	\$ (126,624)	\$ -
Water Utility Operating Fund Total		-	\$ (126,624)	\$ 685,116	\$ 558,492	\$ -
Water Utility - AB 1600 Fund	Companion Unit Fee Waiver Pilot	-	\$ -	\$ -	\$ -	\$ 150,000
Water Utility - AB 1600 Fund Total		-	\$ -	\$ -	\$ -	\$ 150,000

FY 2019 MAY REVISION SUMMARY TABLE

ATTACHMENT 1

ATTACHMENT E

NON - GENERAL FUNDS									
Fund Name	FTE	PE	NPE	EXP	REV	Budget Adjustment			
Wireless Communications Technology Fund	-	\$ (2,936)	\$ -	\$ (2,936)	\$ -	Salary and Fringe Benefit Adjustment			
Wireless Communications Technology Fund Total	-	\$ (2,936)	\$ -	\$ (2,936)	\$ -				
Zoological Exhibits Maintenance Fund	-	\$ -	\$ (186,205)	\$ (186,205)	\$ (186,205)	Zoological Tax			
Zoological Exhibits Maintenance Fund Total	-	\$ -	\$ (186,205)	\$ (186,205)	\$ (186,205)				
Grand Total	4.00	\$ (892,817)	\$ 17,514,982	\$ 16,622,165	\$ 7,815,356				
City Total	14.88	\$ 7,020,909	\$ 19,309,149	\$ 26,330,058	\$ 8,939,069				

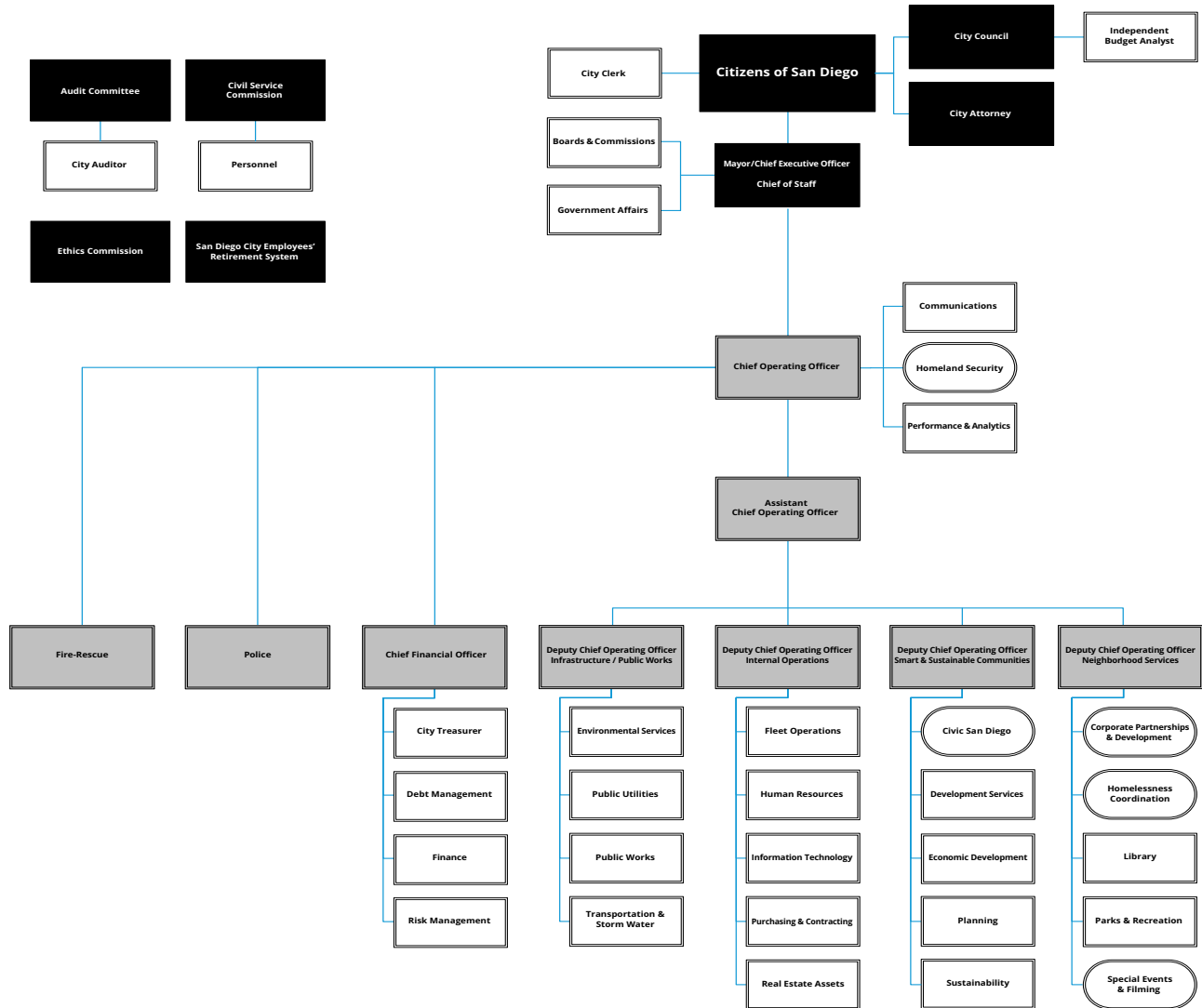
ATTACHMENT E

One-Time Resources	
FY 2019 Proposed Budget	
Use of Excess Equity	\$ 12,287,060
Compensated Absences Leave Fund Balance	4,752,491
Fleet Operations Operating Fund Balance	4,609,306
Fleet Operations Replacement Fund Transfer	3,400,000
Reimbursement for National Incident Based Reporting System	814,000
Supplemental Environmental Projects -Regional Water Quality Control Board	491,143
Reimbursement for Debt Management services for Public Utilities Department	175,626
Otay Mesa Enhanced Infrastructure Financing District (EIFD) Election	124,000
FY 2019 Proposed Budget Subtotal	\$ 26,653,626
FY 2019 May Revision	
Use of Excess Equity	\$ 8,584,180
FY 2019 May Revision Subtotal	8,584,180
Total	\$ 35,237,806

One-Time Expenditures	
FY 2019 Proposed Budget	
Transfer to the Infrastructure Fund (Charter Section 77.1)	\$ 16,156,068
Commission for Arts & Culture Funding	3,949,600
Transfer to Replenish the Pension Payment Stabilization Reserve	3,612,662
101 Ash Relocation Costs	2,100,000
Contributions to the Capital Improvements Program Fund for IT Projects	1,168,000
Community Projects, Programs, and Services (CPPS) Funds	921,418
Information Technology Network Transition ¹	900,000
Contributions to General Fund Reserves - FY 2019 Reserve Target of 15.25%	554,424
Regional Water Quality Control Board - Supplemental Environmental Projects	501,166
Executive Complex Relocation Costs	450,000
Parks and Recreation New Parks and Facilities	404,920
Lifeguard Vessel Replacements	256,000
Personal Protective Equipment (PPE)	241,500
Support for Various Information Technology Expenditures ¹	225,735
Parks and Recreation - Supplies and Contractual Services	97,500
Civic Theatre Maintenance	75,000
Mission Hills Library	68,088
Parks and Recreation User Fee Study	50,000
Pipe Repair Team Vehicle Purchases - Transportation & Storm Water	43,145
SMART Program Funding	40,000
Consultant for Select Committee on Homelessness	38,000
San Ysidro Library	20,611
Otay Mesa Enhanced Infrastructure Financing District (EIFD) General Election Ballot	20,000
FY 2019 Proposed Budget Subtotal	\$ 31,893,837
FY 2019 May Revision	
Fire-Rescue Overtime	\$ 3,416,937
Transfer to the Infrastructure Fund	934,841
Companion Unit Fee Waiver Pilot	300,000
Lifeguard Academy	238,357
Community Projects, Programs, and Services Adjustment	59,745
Otay Mesa Enhanced Infrastructure Financing District (EIFD) General Election Ballot	250
FY 2019 May Revision Subtotal	\$ 4,950,130
Total	\$ 36,843,967

¹ This line was added since the release of the Fiscal Year 2019 Proposed Budget.

ORGANIZATION (All City Functions)



Key



Revised 05/15/2018

Excerpt from Council Policy 100-03: Transient Occupancy Tax
Attachment A: General Requirements and Conditions
Section B: Funding

1. Expenses must be both incurred and paid by an organization before the City will release funding to the organization, except as otherwise may be provided.
2. Expenses must be incurred during the City's fiscal year (July 1 - June 30) for which the program is funded, except as otherwise may be provided.
3. City funds may not be used for alcoholic beverages. In addition, City funds may not be used for travel, meals, lodging, or entertainment expenses, except as otherwise may be provided. Waivers to this provision will be considered for expenditures within the Economic Development Program categories. Organizations receiving waivers may use City funds for travel, meals, or lodging within the following parameters:
 - a. Travel – when use of public air carrier transport is required in order to perform the contractual scope of services to the City, City funds may be applied toward the equivalent of coach airfare only. City funds may not be applied toward any upgrades.
 - b. Meals – when provision of meals is required in order to perform the contractual scope of services to the City, City funds may be applied toward a maximum of \$50 per day per person for meals (excluding sales tax and a maximum 15% gratuity, which are also eligible expenses). This daily maximum is further limited by meal, as follows: \$10, \$15, and \$25 are the maximum City funds that can be applied toward breakfast, lunch, and dinner, respectively, per person. If alcoholic beverages are consumed with meals, they may not be paid for with City funds. In the event that meals are provided to individuals who are not members of the funded organization within the scope of a business development meeting, documentation containing the purpose of the meeting, the benefit to the City, and a list of attendees must be provided to the City in order for City funding to be utilized.

- c. Lodging – when out-of-town lodging is required in order to perform the contractual scope of services to the City, City funds may be applied toward the equivalent of the cost of a standard room in a business class hotel, or toward the conference rates of the host hotel when attending a conference.
 - d. Sponsorships – the City acknowledges the business requirement of event sponsorships by promotional organizations in order to market San Diego as a convention destination in a highly competitive market, and to attract businesses to the region. The primary objective of a funded organization's participation in such events is to gain exposure for San Diego and secure access to important decision makers representing prominent convention groups and businesses. Financial sponsorship of such events is an acceptable application of City funds. If alcoholic beverages are consumed during event sponsorships, they may not be paid for with City funds.
- 4. City funds will be used only to assist an organization in its annual operating program or in its sponsorship of special events. City funding will not be used for capital or equipment outlay, for the purchase of awards, trophies, gifts, or uniforms, nor for the buildup of reserves.
 - 5. Matching fund requirements will be determined by the appropriate application process as called for in the specific funding guidelines within each funding category, if applicable.
 - 6. Organizations requesting funds should possess, at a minimum, a three-year track record of operations. Annual requests for funding may be for one-time events or projects, though applicant organizations must have a three-year history.

FY 2019 Transient Occupancy Tax Fund Allocations

ATTACHMENT E

ORGANIZATION/PROGRAM	FY 19 Allocation
Arts, Culture, and Community Festivals – Organizational Support	
Art of Elan	26,616
ArtReach	21,826
Bach Collegium San Diego	32,700
Balboa Park Cultural Partnership	245,264
Balboa Park Online Collaborative	85,137
California Ballet Association, Inc.	120,479
California Lawyers for the Arts	73,404
CAMARADA	15,815
Center for World Music	25,706
Choral Club of San Diego	5,000
Choral Consortium of San Diego	5,000
City Ballet, Inc	84,883
Classics for Kids, Inc	37,170
Culture Shock Dance Troupe, Inc.	23,206
Cygnnet Theatre Company	172,973
Diversionsary Theater Productions Inc.	77,533
Fern Street Community Arts, Inc.	21,021
Finest City Performing Arts, Inc.	56,555
Flying Leatherneck Historical Foundation	36,139
Gaslamp Quarter Historical Foundation	53,460
Japan Society of San Diego and Tijuana	28,729
Japanese Friendship Garden Society of San Diego	141,764
La Jolla Historical Society	78,939
La Jolla Music Society	212,062
La Jolla Symphony and Chorus Association	60,523
Lambda Archives of San Diego	18,054
Library Association of La Jolla	133,483
Mainly Mozart, Inc.	112,646
Malashock Dance & Company	57,961
Maritime Museum Association of San Diego	174,954
Media Arts Center San Diego	96,602
Mingei International	196,511
Mojalet Dance Collective	15,189
Moxie Theatre, Inc	27,075
Museum of Contemporary Art San Diego	267,441
Museum of Photographic Arts	229,051
New Americans Museum	38,529
NTC Foundation	191,782
Old Globe Theatre	491,017
Opera Neo	17,902
Outside the Lens	55,231
Pacific Arts Movement	67,295
Persian Cultural Center	42,615
Playwrights Project	42,174
Poway Center for the Performing Arts Foundation	66,449
Prophet World Beat Productions	33,647
Putnam Foundation dba Timken Museum of Art	126,939
Resounding Joy Inc	26,942
Reuben H. Fleet Science Center	352,986
SACRA/PROFANA	15,042
San Diego Air & Space Museum	294,897
San Diego Archaeological Society	32,518
San Diego Art Institute	48,304
San Diego Automotive Museum	56,795
San Diego Ballet	48,322

FY 2019 Transient Occupancy Tax Fund Allocations

ATTACHMENT E

ORGANIZATION/PROGRAM	FY 19 Allocation
San Diego Center for Jewish Culture	137,311
San Diego Children's Choir	62,497
San Diego Civic Youth Ballet	77,077
San Diego Comic Convention	489,802
San Diego Dance Theater	45,419
San Diego Early Music Society	14,986
San Diego Guild of Puppetry, Inc.	12,887
San Diego Hall of Champions	115,775
San Diego Historical Society	165,335
San Diego Junior Theatre	83,822
San Diego Master Chorale	12,923
San Diego Model Railroad Museum	70,057
San Diego Museum Council, Inc.	23,368
San Diego Museum of Art	366,448
San Diego Museum of Man	236,273
San Diego Musical Theatre	87,466
San Diego Opera Association	397,566
San Diego Pro Arte Voices	9,041
San Diego Repertory Theatre	203,636
San Diego Society of Natural History	426,696
San Diego Symphony Orchestra Association	490,787
San Diego Watercolor Society	33,848
San Diego Winds	17,511
San Diego Writers, Ink	20,880
San Diego Young Artists Music Academy	11,741
San Diego Youth Symphony and Conservatory	136,783
Save Our Heritage Organization	89,925
Scripps Ranch Theatre	26,833
So Say We All	10,024
Space 4 Art	35,184
Spreckels Organ Society	36,538
The Aja Project	43,013
The New Children's Museum	199,162
The PGK Project, Inc.	14,318
Theater and Arts Foundation of San Diego County	454,036
transcendANCE Youth Arts Project	21,781
Veterans Memorial Center, Inc	20,541
Villa Musica	78,490
Westwind Brass	5,824
Write Out Loud	12,269
Young Audiences of San Diego	139,098
Youth Philharmonic Orchestra	8,397
Arts, Culture, and Community Festivals - Organizational Support Total*	10,065,625
Arts, Culture, and Community Festivals - Creative Communities San Diego	
A Ship in the Woods Foundation	5,000
Adams Avenue Business Association	35,103
American Water Works Association	9,958
America's Finest City Dixieland Jazz Society	38,073
Armed Services YMCA of the USA- San Diego Branch	115,726
Asian Story Theater	5,940
Biocom Institute	84,785
Bodhi Tree Concerts	5,000
Brazilian Institute for Arts & Culture	11,433
Cabrillo Festival	5,000
Casa Familiar	5,000
Contact Arts dba San Diego Fringe Festival	87,411

FY 2019 Transient Occupancy Tax Fund Allocations

ATTACHMENT E

ORGANIZATION/PROGRAM	FY 19 Allocation
CoTA (Collaborations: Teachers and Artists)	5,805
Depositing Empowerment through Outreach and Urban Redevelopment	5,000
Friends of Balboa Park	5,000
Hillcrest Business Improvement Association	23,193
Indian Fine Arts Academy of San Diego	25,459
Italian American Art and Cultural Association of San Diego	19,036
Jacobs & Cushman San Diego Food Bank	61,103
Karama	7,561
Karen Organization of San Diego	5,000
La Maestra Family Clinic, Inc	7,625
Linda Vista Multi-Cultural Fair, Inc.	9,506
Little Italy Association	25,459
Mandate Project Impact	25,218
Mariachi Juvenil de San Diego	48,952
Mariachi Scholarship Foundation	25,201
Musicians for Education	17,397
Ocean Beach Merchants Association	29,895
Pacific Beach Business Improvement Association	15,815
Pacific Beach Town Council	5,000
Parade Band Foundation	9,065
Point Loma Summer Concerts	16,564
Rolando Community Council	7,591
San Diego Architectural Foundation	10,878
San Diego Audubon Society	23,145
San Diego Earth Day	23,723
San Diego Film Foundation	137,143
San Diego Lesbian, Gay, Bisexual, Transgender Pride	138,893
San Diego Performing Arts League	5,000
San Diego Shakespeare Society	5,983
Sherman Heights Community Center	6,222
Sorrento Valley Town Council	5,000
Speed of Change, Inc	15,815
Spirit of the Fourth	11,186
Teatro Mascara Magica	6,581
The Bon Temps Social Club of San Diego	127,128
The Cooper Family Foundation	5,000
Torrey Pines Kiwanis Foundation	52,578
Via International	5,786
Arts, Culture, and Community Festivals - Creative Communities Total *	1,388,935
Arts, Culture, and Community Festivals - Public Art Fund	578,410
Arts, Culture, and Community Festivals - Horton Plaza Theatre Foundation	420,000
Arts, Culture, and Community Festivals - Art Education Enrichment Initiative	100,000
Arts, Culture, and Community Festivals - Mayor and City Council Allocations	400,000
Citywide Economic Development	
CleanTECH San Diego	30,000
CyberHive, Inc.	85,000
Economic Development Corporation San Diego County	35,000
EvoNexus (formerly CommNexus San Diego)	35,000
Hera Labs	35,000
Mission Trails Regional Park Foundation, Inc.	35,000
Scintillon Institute	20,000
The Maritime Alliance Foundation	40,000
Citywide Economic Development Total	315,000
Economic Development and Tourism Support	
American Youth Hostels, Inc.	35,000
Biocom	35,000

FY 2019 Transient Occupancy Tax Fund Allocations

ATTACHMENT E

ORGANIZATION/PROGRAM	FY 19 Allocation
Cabrillo National Monument	35,000
California Western School of Law	20,000
CONNECT Foundation	35,000
Downtown San Diego Partnership Foundation	35,000
Finnish-American Chamber of Commerce Cal. Chapter, Inc.	20,000
GRID Alternatives San Diego	23,629
LaunchBio, Inc.	35,000
North Park Organization of Business	35,000
Otay Mesa Chamber of Commerce	35,000
San Diego county Bicycle Coalition	35,000
San Diego Diplomacy Council	35,000
San Diego French-American Chamber of Commerce	30,000
San Diego Venture Group	35,000
South County Economic Development Council	35,000
Startup San Diego	35,000
The Swedish-American Chamber of Commerce in San Diego	16,000
Travelers Aid Society of San Diego	35,000
University of San Diego	35,000
US Green Building Council San Diego Chapter	30,625
WOFI Honor	33,100
Economic Development and Tourism Support Subtotal	698,354
Other	
Business Expansion, Attraction, and Retention (BEAR)	515,000
Economic Development Program Administration	180,000
Other Subtotal	695,000
Economic Development - Economic Development and Tourism Support Total	1,708,354
*Funding award recommendations are tentative until June 30, 2018 because a variety of factors in the City's budget process can cause fluctuations in the numbers.	

Capital Improvements Program (CIP) FY2019 May Revision

ATTACHMENT 6
ATTACHMENT E

Citywide

Governmental Funded IT Projects - ATT00001

Fund	Proposed	Change	Revised
400265 CIP Contributions from General Fund	\$928,800	(\$118,000)	\$810,800

Funding has been removed from this project since a sub-project has been determined to not be capital in nature. This will be included in the operating budget under the Public Works - Engineering & Capital Projects Department.

Public Utilities

Freeway Relocation - AKB00002

Fund	Proposed	Change	Revised
700010 Water Utility - CIP Funding Source	\$0	\$500,000	\$500,000

Funding has been added to this project to support a CALTRANS cooperative agreement.

Groundwater Asset Development Program - ABM00001

Fund	Proposed	Change	Revised
700010 Water Utility - CIP Funding Source	\$6,200,000	(\$6,050,000)	\$150,000

Funding has been removed from this project due to a delay in a sub-project construction award date.

Harbor Dr TS Participation Agreement - RD16001

Fund	Proposed	Change	Revised
700008 Muni Sewer Utility - CIP Funding Source	\$7,000,000	(\$4,000,000)	\$3,000,000

Funding has been removed from this project due to a delay in the construction award date.

Large Diameter Water Transmission PPL - AKA00003

Fund	Proposed	Change	Revised
700010 Water Utility - CIP Funding Source	\$15,491,975	\$1,500,000	\$16,991,975

Funding has been added to this project to support the awarding of a Phase 2 construction contract.

MBC Equipment Upgrades - S17013

Fund	Proposed	Change	Revised
700009 Metro Sewer Utility - CIP Funding Source	\$550,000	\$550,000	\$1,100,000

Funding has been added to this project to support an expanded scope and associated permit requirements.

Metropolitan Waste Water Department Trunk Sewers - AJB00001

Fund	Proposed	Change	Revised
700008 Muni Sewer Utility - CIP Funding Source	\$5,881,393	\$216,000	\$6,097,393
700009 Metro Sewer Utility - CIP Funding Source	\$3,083,904	\$1,193,596	\$4,277,500

Funding has been added to this project to support increased design costs and expected increases in construction contract bids.

Metro Treatment Plants - ABO00001

Fund	Proposed	Change	Revised
700009 Metro Sewer Utility - CIP Funding Source	\$5,311,000	\$2,679,800	\$7,990,800

Funding has been added to this project to support expected contract awards in FY 2019.

NCWRP Improvements to 30 mgd - S17012

Fund	Proposed	Change	Revised
700009 Metro Sewer Utility - CIP Funding Source	\$3,080,000	\$500,000	\$3,580,000

Funding has been added to this project to support additional electrical work and permit requirements.

Capital Improvements Program (CIP) FY2019 May Revision

ATTACHMENT 6
ATTACHMENT E

Pipeline Rehabilitation - AJA00002

Fund	Proposed	Change	Revised
700008 Muni Sewer Utility - CIP Funding Source	\$30,431,911	(\$333,991)	\$30,097,920

Funding has been removed from this project to realign the budget to reflect current cost estimates.

PS2 Power Reliability & Surge Protection - S00312

Fund	Proposed	Change	Revised
700009 Metro Sewer Utility - CIP Funding Source	\$19,450,000	\$500,000	\$19,950,000

Funding has been added to this project to support the purchase of an additional land parcel.

Standpipe and Reservoir Rehabilitations - ABL00001

Fund	Proposed	Change	Revised
700010 Water Utility - CIP Funding Source	\$4,005,053	\$670,000	\$4,675,053

Funding has been added to this project to support cost increases in the La Jolla Country Club Reserve project.

Tierrasanta (Via Dominique) Pump Station - S12040

Fund	Proposed	Change	Revised
700010 Water Utility - CIP Funding Source	\$100,000	\$500,000	\$600,000

Funding has been added to this project to support additional equipment and extended construction management services.

Upas St Pipeline Replacement - S11022

Fund	Proposed	Change	Revised
700010 Water Utility - CIP Funding Source	\$0	\$500,000	\$500,000

Funding has been added to this project to support a construction claim and contract change orders.

Water Department Security Upgrades - S00050

Fund	Proposed	Change	Revised
700010 Water Utility - CIP Funding Source	\$2,000,000	(\$2,000,000)	\$0

Funding has been removed from this project to realign the budget to reflect current cost estimates.

Water Main Replacements - AKB00003

Fund	Proposed	Change	Revised
700010 Water Utility - CIP Funding Source	\$74,153,904	\$2,967,670	\$77,121,574

Funding has been added to this project to support increases in average sub-project project cost and to allow for the awarding of phased contracts.

Water Pump Station Restoration - ABJ00001

Fund	Proposed	Change	Revised
700010 Water Utility - CIP Funding Source	\$3,979,847	\$2,421,481	\$6,401,328

Funding has been added to this project to support phased awards and higher construction bid amounts.

Water Treatment Plants - ABI00001

Fund	Proposed	Change	Revised
700010 Water Utility - CIP Funding Source	\$0	\$200,000	\$200,000

Funding has been added to this project to support in-house staff costs and provide contingency funding for any unforeseen costs in FY 2019.

Transportation & Storm Water

Preliminary Engineering for Ysabel Creek Road

Fund	Proposed	Change	Revised
100012 Infrastructure Fund	\$0	\$200,000	\$200,000

Funding has been added to this project to determine options for restoring Ysabel Creek Road

Total CIP	\$181,647,787	\$2,396,556	\$184,244,343
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THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: May 31, 2018**IBA Report Number:** 18-13**City Council Docket Date:** June 11, 2018**Item Number:** TBD

Recommended City Council Modifications to the Mayor's Proposed FY 2019 Budget and May Revision

This report presents the Office of the Independent Budget Analyst's final FY 2019 budget review and recommendations for Council budget modifications. The recommendations are based on the following: our analysis of the FY 2019 May Revision to the Proposed Budget (May Revise), the FY 2018 Year-End Budget Monitoring Report (Third Quarter Report), the FY 2018 CIP Year-End Budget Monitoring Report, and the FY 2019 Proposed Budget. Recommendations also reflect our review of Councilmember budget modification memoranda that were submitted to our Office on May 21, 2018 and released concurrently with this report as IBA Report 18-14, as well as our consideration of feedback from the public, City staff, and City Councilmembers received during the Budget Review Committee (BRC) hearings.

This report is released at the end of a budget development process that has included extensive reviews of the Mayor's FY 2019 Proposed Budget by the City Council and the IBA, including:

- The IBA's review of the Mayor's FY 2019 Proposed Budget issued on April 27, 2018 as IBA Report No. 18-08
- Departmental and agency budget hearings with the BRC that took place on May 2-4 and May 7-8, 2018
- An evening City Council meeting held on May 14, 2018, in order to solicit input from the community on the Mayor's budget proposals and City Council's budget priorities for FY 2019
- The discussion of the May Revise and Third Quarter Report (both of which were released on May 15, 2018) at the BRC on May 17, 2018
- The discussion of the FY 2018 CIP Year-End Budget Monitoring Report at the Infrastructure Committee on May 23, 2018
- Financial Management responses to BRC requests for additional information released following BRC hearings

In addition to approving final budget modifications, our Office recommends that the City Council designate any modifications made as either one-time or ongoing expenditures, in order to avoid confusion about their funding status in future budgets. This, and other requests for Council authority, are itemized in the concluding section of this report.

OVERVIEW OF THE FY 2018 YEAR-END REPORT AND AVAILABLE EXCESS EQUITY

The Third Quarter Report describes revenue and expenditure year-end projections based on actual (unaudited) data from July 2017 through March 2018 and includes several requests for authority for City Council approval. We address select components of the Third Quarter Report (including General Fund (GF) revenues, salaries and wages, and other significant issues, such as resources that balance FY 2019, Fire overtime, Fleet fund balance, and E&CP deficit) in Attachment 1 to this report.

Additionally, the Third Quarter Report provides an updated estimate of GF Excess Equity, which increased by \$10.4 million since the Mid-Year Report – from \$12.3 million to \$22.7 million. The FY 2019 Proposed Budget and May Revise incorporate the use of most of this Excess Equity into the FY 2019 budget, leaving \$1.8 million in Excess Equity, which is shown in the following table.

Excess Equity Estimate (\$ in millions)	
FY18 Beginning Reserve Balance	\$ 218.2
FY18 Budgeted Use of Excess Equity ¹	(8.7)
FY18 Projected Budgetary Surplus (Based on Year-End Report)	4.8
FY18 Prefunding of FY19 General Fund Reserve Contribution	(10.3)
FY18 Year-End Reserve Estimate	204.0
FY18 15% Reserve Requirement (<i>includes FY18 contribution</i>)	(181.3)
FY18 Year-End Excess Equity Estimate	22.7
FY19 Proposed Budget Use of Excess Equity	(12.3)
FY19 May Revision Use of Excess Equity	(8.6)
Estimated Available Excess Equity	\$ 1.8

¹FY18 Budgeted Use of Excess Equity does not include 1) the \$7.0M FY18 budgeted GF Reserve contribution, which is incorporated in the "FY18 15% Reserve Requirement" line and 2) the \$10.3M FY18 prefunding of the FY19 Reserve contribution, which is included on its own line.

A portion of the \$1.8 million Excess Equity is considered available for ongoing expenditures, based on the May Revise indication that ongoing revenues exceed ongoing expenditures by \$1.6 million – with the remaining \$0.2 million available for one-time expenditures.

Subsequent to the presentation of the May Revise at Budget Review Committee on May 17, it was discovered that \$855,000 of the \$1.6 million (related to RPTTF distributions from the sale of the World Trade Center parking garage) was erroneously categorized in the May Revise as an ongoing resource. In consulting with Financial Management, we jointly identified that, based on historical trends, an increase in ongoing Fire-Rescue vacancy savings of around \$800,000 is an appropriate

budget adjustment for replacing the one-time funding from the sale of the World Trade Center parking garage. The revenue reclassification to a one-time resource also frees up \$855,000 for additional one-time expenditures. These adjustments are reflected in the table entitled “Recommended Modifications to the Mayor’s FY 2019 Budget” and in our Office’s list of final budget recommendations, both of which appear later in this report.

OVERVIEW OF THE FY 2019 MAY REVISE AND KEY ISSUES

General Fund Adjustments

The May Revise increases the Mayor’s FY 2019 General Fund expenditures budget to approximately \$1.46 billion, a \$9.7 million or 0.7% increase over the Proposed Budget. This increase in expenditures is supported by \$8.6 million of Excess Equity and a net increase of \$1.1 million in General Fund revenues, as displayed in the following table. Overall, our Office considers the use of these resources to be appropriate.

Resources for May Revise Expenditures	
Use of Excess Equity	\$ 8,584,180
Department Revenue	1,259,818
User Fee Revenue	391,667
Major General Fund Revenue ¹	(527,772)
Total Resources	\$ 9,707,893

¹ Significant decreases include a \$1.8 million decrease in Property Tax revenue which is being allocated to the Otay Mesa Enhanced Infrastructure District and a \$1.9M decrease in Employee Offset Savings revenue (to align with fringe expenditures that support such revenue). The largest offsetting increases include an increase of \$2.6M in residual RPTTF distributions and an increase of \$465,000 in TOT revenue.

Non-General Fund Adjustments

Transient Occupancy Tax Fund

The May Revise includes the addition of \$83,000 in expenditures and an increase of \$423,000 in revenues in the Transient Occupancy Tax (TOT) Fund resulting in a projected fund balance of \$340,000. The \$423,000 in increased revenue is based on updated FY 2018 TOT receipts. The expenditure addition is primarily the net result from an increased allocation of approximately \$1.0 million for Fire-Safety Lifeguards (\$5.0 million was included in the FY 2019 Proposed Budget) and the reduction of \$950,000 in debt service costs projected to result from the anticipated refunding of the 2010 Master Refunding Bonds.

Low and Moderate Income Housing Asset Fund

The May Revision adds \$17.8 million in non-personnel expenditures for low-income housing loans to support affordable housing development projects within the Low and Moderate Income Housing Asset Fund (LMIHAF). These projects are anticipated to come before Council for approval during Fiscal Year 2019. At the time of the Proposed Budget only projects that had received approval by

City Council were budgeted. Approval of this adjustment would reduce the remaining fund balance from \$22.8 million at the time of the Proposed Budget to approximately \$300,000.

The May Revision includes a \$6.5 million allocation for the San Ysidro Senior Village Project within the proposed \$17.8 million increase. This allocation is intended to substitute San Diego Housing Commission funds approved for this project to reimburse the Housing Commission for funds it spent on bridge shelters in FY 2018. At the Budget Review Committee on May 7, 2018, Housing Commission staff stated that the City has also committed to replenishing Housing Commission funds expended in FY 2018 and FY 2019 for the new transitional storage center and FY 2019 costs for the bridge shelters (together totaling \$18.3 million). An additional \$2.0 million is budgeted within the \$17.8 million LMIHAF adjustment and Council has already approved \$10.0 million in Community Development Block Grant funding that is intended to go towards this purpose.

Significant May Revise Additions

Our Office has reviewed the additions included in the May Revise and notes their overall appropriateness. However, several items that were raised as priorities by Councilmember budget priority memoranda, Councilmember comments, and public testimony during BRC hearings were not funded in the May Revise. We discuss those unfunded priority items later in this report in the section “Results of Councilmembers’ Final Budget Memos”. In the following section, we highlight and discuss items included in the May Revise that may be of particular interest to the City Council due to the size of the adjustment, or to provide additional information on the reasons for the addition.

Fire-Rescue Overtime - \$6.8 million

In response to a projected FY 2018 over-budget expenditure of \$12.9 million for Fire-Rescue Department overtime in the Third Quarter Report, the May Revise adds \$6.8 million in overtime expenditures to the Fire-Rescue budget for FY 2019. Of this amount, half (\$3.4 million) is funded with ongoing resources and half is considered a one-time expense.

As has been explained in previous reports by Financial Management, a large part of the overage in FY 2018 is due to strike team deployments and weather-related staffing which are one-time events. But another part is due to Local 145 MOU provisions, including one that went into effect at the start of FY 2018, which needs to be addressed to avoid these overages in future years.

We have discussed with Financial Management some concerns about \$3.4 million being budgeted as one-time in FY 2019 and whether there will be enough behavior change to achieve the necessary mitigations. Aside from that issue, we cautiously agree that the total amount for FY 2019 should be sufficient even though it is \$7.6 million less than FY 2018 projections. We will continue to work with staff in monitoring and analyzing this issue through the end of FY 2018 and into FY 2019.

ATTACHMENT F

City Attorney Positions - \$790,000

In our review of the FY 2019 Proposed Budget, we noted that the City Attorney had requested an additional 11.50 FTE positions and \$120,000 for Deputy City Attorney tuition reimbursement that were not included in the Mayor's proposal. During the City Attorney's presentation at the BRC hearing on May 8, 2018, she updated and refined this request to \$130,000 for tuition reimbursement and 6.00 FTE positions. The May Revise adds \$130,000 for tuition reimbursement and 5.00 FTE positions. The positions added include a third Senior Victim Services Coordinator (budgeted as an Assistant Management Analyst) for the Family Justice Center, which the Department indicates will assist with client intake and supervision of the reception desk. This request was made after the budget hearing. The Assistant City Attorney and Court Support Clerk positions were not included in the May Revise.

CITY ATTORNEY POSITIONS			
Description	Budget Hearing Request	May Revision	Change
Assistant City Attorney	1.00		(1.00)
Deputy City Attorney (Civil Litigation Division)	1.00	1.00	-
Deputy City Attorney (Civil Advisory Division)	1.00	1.00	-
City Attorney Investigator	1.00	1.00	-
Senior Clerk Typist	1.00	1.00	-
Court Support Clerk	1.00		(1.00)
Assistant Management Analyst/Sr Victim Svcs Coord (FJC)		1.00	1.00
Total	6.00	5.00	(1.00)

Animal Services Contract - \$451,000

In our review of the FY 2019 Proposed Budget, we noted that the budget for the animal services contract in the Purchasing & Contracting Department was less than the proposed contract with the San Diego Humane Society. On April 30, 2019, City Council approved the new contract with the San Diego Humane Society, including the FY 2019 expense of nearly \$11.0 million from the General Fund. The May Revise adds \$451,000 to fully fund the contract in FY 2019.

Police Captain for Recruitment and Onboarding - \$317,000

The May Revise includes the addition of 1.00 Police Captain and \$317,000 in associated expenditures to support the Police Department's recruitment and onboarding activities. This position was requested by the Police Department based on an updated evaluation of its staffing needs since the FY 2019 Proposed Budget was released. The position is anticipated to lead the Background/Recruiting and Volunteer Services Unit and will oversee all aspects of talent acquisition and onboarding activities for sworn personnel, including community outreach and advertising.

Community Plan Updates - \$202,000

The May Revise includes the restoration of \$202,000 in non-personnel expenditures that were reduced in the FY 2019 Proposed Budget as a budget reduction measure for the Planning

ATTACHMENT F

Department. As a result, the Mira Mesa Community Plan Update is anticipated to proceed as currently planned in the Department's current Work Program.

Safe Parking Program - \$103,000

In our review of the FY 2019 Proposed Budget, we noted that the \$308,000 budget for the Safe Parking Program in the Economic Development Department would only cover nine months of operations. The May Revise adds \$103,000 to cover the remaining three months of operations for FY 2019.

Companion Unit Fee Waiver Pilot - \$300,000

The May Revise includes the addition of \$300,000 in one-time funds within the Citywide Program Expenditures budget to continue the Companion Unit Fee Waiver Pilot, which was approved by City Council on April 30, 2018, into FY 2019. This funding will be used to reimburse the Public Utilities Department for sewer and water capacity fees that cannot be waived and that otherwise would have been paid by companion unit permittees.

Lifeguard Academy – \$238,000

The May Revise includes the addition of \$238,000 in expenditures to allow for one Lifeguard Academy to be held in FY 2019. The Lifeguard Academy was not requested by the Fire-Rescue Department in the FY 2019 Proposed Budget, but was later identified as a need to maintain necessary staffing levels.

RESULTS OF COUNCILMEMBERS' FINAL BUDGET MEMOS

Following the release of the May Revise and Council's subsequent review at the BRC hearing on May 17, 2018, Councilmembers submitted budget modification memoranda to our Office on May 21, 2018. These memos identified expenditure priorities and potential new funding sources that were not included in the FY 2019 Proposed Budget or May Revise.

Our Office reviewed the budget priorities mentioned by a majority of Councilmembers (five or more) and we recommend funding all majority-support items using a combination of available ongoing and one-time resources. Descriptions of the majority-support items are provided in narrative form in the following section. Additionally, the table entitled "Recommended Modifications to the Mayor's FY 2019 Budget" (included later in this report) specifies recommended expenditures on majority-support items, whether they are ongoing or one-time, and what resources are available to fund them.

Tree Trimming - \$882,000 Ongoing

Seven councilmember budget memos requested the restoration of funding for the City's tree trimming contract to FY 2018 levels, which would allow for broadleaf trees to be trimmed once every nine years instead of once every 21 years. Amounts for this restoration in the memos ranged

from \$800,000 to \$900,000. **The total reduction in tree trimming contract expenses in the Proposed Budget is \$882,000, and our final recommendations include restoring this funding.**

Library Programming - \$100,000 Ongoing

A majority of Councilmember budget priority memoranda included support for funding library programming. In past years, the Department received \$500,000 in FY 2017 and \$100,000 in FY 2018 which allowed for the development of programs such as Spring into STEAM, 1000 Books Before Kindergarten, the Campaign for Grade Level Reading, and the Summer Reading Program, among others; however, no funding was included in the FY 2019 Proposed Budget. **Our Office recommends that \$100,000 in ongoing funding be added to the Library Department budget to further library programming.**

Council Administration (1.00 FTE) - \$66,000 Ongoing

A majority of Councilmember budget priority memoranda requested 1.00 FTE be added to the Council Administration Department to provide services in support of City Council operations. **The estimated annual cost for a Council Representative I position is \$66,000, which our Office recommends adding to the Council Administration budget.** The requested position would perform several duties including: assisting with the administration and tracking of grant funded programs; ensuring contract requirements are met for the Council's Community Projects, Programs, and Services (CPPS) grants and Arts, Culture, and Community Festivals allocations; oversight of credit card usage for all City Council offices; processing and accounting for all travel requests; and other complex administrative support activities.

Code Compliance Positions (5.00 FTEs) - \$400,000 Ongoing

Seven Councilmember budget priority memoranda requested an increase to the number of code enforcement positions in the Development Services Department (DSD). **Our Office recommends the addition of 5.00 FTEs, consisting of 1.00 FTE Senior Zoning Investigator and 4.00 FTE Zoning Investigators, and \$400,000 in ongoing funding to DSD's General Fund budget.** The Department has stated they concur with the position classifications that we have identified.

Lifeguard Clerical Assistant II (1.00 FTE) - \$53,000 Ongoing

A majority of Councilmember budget priority memos supported the addition of a clerical staff member to the Fire-Rescue Department's Lifeguard Division, both in the first round of priority memoranda in January 2018 and in the second round of memoranda in May 2018. **Based on this majority Council support, our Office recommends that 1.00 FTE Lifeguard Clerical Assistant II and \$53,000 in ongoing funding be added to the Fire-Rescue Department budget to support Lifeguard Division operations.**

Graffiti Abatement - \$300,000 One-Time

Six councilmember budget memos requested the restoration of funding for the City's graffiti abatement contract, with funding amounts of \$100,000 to \$300,000. The Proposed Budget included a \$300,000 reduction in the City's graffiti abatement contracts, which would be

associated with eliminating abatements on residential private property. **Our final recommendations include restoring this \$300,000 in funding.**

Library Security - \$288,000 One-Time

A majority of Councilmember budget priority memoranda included support for providing additional security services at library branches. **Our office recommends that \$288,000 in one-time funding be added to the Library Department budget to enhance the existing level of security services.** Attachment 2, which was provided by the Department, reflects their planned FY 2019 Library system security schedule, including the service level increase given the recommended additional funding. Note that the Department plans to make periodic adjustments to this schedule based on frequency of security incidents experienced at branch locations.

Brush Management - \$555,000 One-Time

A majority of Councilmember budget priority memoranda supported a service increase for the frequency of brush abatement from 24 months (452 acres) to 21 months (509 acres). The Parks and Recreation Department estimates this increase to cost \$555,000, including oversight and management of work performed by a third-party contractor. **Our office recommends that \$555,000 in one-time funding be added to the Parks and Recreation Department budget to enhance the existing level of brush management.**

CIP Items – Streetlights - \$3.0 Million

Installation of City-owned streetlights was the only capital activity prioritized by five Councilmembers. Some Councilmembers prioritized streetlights throughout the City generally or in certain communities, while others offered a list of numerous specific locations in their districts that need attention. **We recommend allocating the \$3.0 million available for capital expenditures to be placed in the annual allocation for Installation of City Owned Streetlights AIH00001.** This would increase the amount included in the FY 2019 Proposed Budget for this annual allocation from \$1.9 million to \$4.9 million. There is also \$2.2 million in carryforward budget (as of the beginning of May) that is working to be spent among 15 subprojects which addresses numerous locations.

We note that in the Unidentified Funding project list published in the FY 2019 Proposed Budget, the installation of streetlights annual allocation has the second largest unidentified funding need of \$184.8 million (behind the drainage and watershed annual allocations). Only 4.2% of total streetlights needs are funded which is the smallest percentage out of all the annual allocations on the list. In addition to installing new streetlights, Transportation and Storm Water staff, as well as several Councilmembers, have noted a need to repair streetlights.

For illustrative purposes, it costs approximately \$20,000 for a new streetlight with a pole and \$2,500 for a new light (also referred to as a cobra head street light) to be added to an existing pole. With a total appropriation of \$4.9 million, this would fund roughly 245 streetlights including a pole, or 1,900 new cobra head street lights.

RECOMMENDED MODIFICATIONS TO THE FY 2019 BUDGET

Our Office recommends the following budget modifications for City Council approval at its meeting on June 11, 2018. This scenario includes funding for all Council-majority expenditure priorities using a combination of available resources, as shown in the table below.

Recommended Modifications to the Mayor's FY 2019 Budget - \$5.7M

Ongoing Operating Expenditure Items	Amount
Tree Trimming	\$ 882,000
Library Programming	100,000
Council Administration - 1.00 FTE Council Representative I	66,000
Code Compliance Positions - 5.00 FTEs	400,000
Lifeguard Division - 1.00 FTE Clerical Assistant II	53,000
Total Ongoing Operating Expenditures	\$ 1,501,000
Ongoing Operating Resources	Amount
Ongoing Excess Equity	\$ 751,000
Ongoing Fire Vacancy Savings (portion)	750,000
Total Ongoing Operating Resources	\$ 1,501,000
Balance of Ongoing Operating Expenses/Resources	\$ -

One-time Operating Expenditure Items	Amount
Graffiti Abatement	\$ 300,000
Library Security	288,000
Brush Management	555,000
Total One-Time Operating Expenditures	\$ 1,143,000
One-time Operating Resources	Amount
One-Time RPTTF	\$ 855,000
Remaining Excess Equity	200,000
Ongoing Fire Vacancy Savings (portion)	88,000
Total One-Time Operating Resources	\$ 1,143,000
Balance of One-Time Operating Expenses/Resources	\$ -

Capital Expenditure Items	Amount
Streetlights	\$ 3,035,000
Total Capital Expenditures	\$ 3,035,000
Capital Resources	Amount
Remaining Land Sales	\$ 2,300,000
Infrastructure Fund	735,000
Total Capital Resources	\$ 3,035,000
Balance of Capital Expenses/Resources	\$ -

Grand Total of All Expenditures	\$ 5,679,000
Grand Total of All Resources	\$ 5,679,000
Final Balance of All Expenditures/Resources	\$ -

FINAL BUDGET RECOMMENDATIONS

In order to approve the FY 2019 budget, the City Council is being asked to approve the following two actions:

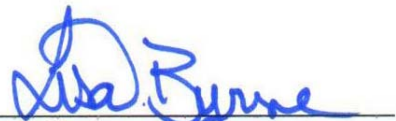
1. Approve the Mayor's FY 2019 Proposed Budget, as modified by the Mayor's May Revision.
2. Approve the Independent Budget Analyst's recommended final budget modifications included in IBA Report 18-13 in the table entitled "Recommended Modifications to the Mayor's FY 2019 Budget", and as modified by the City Council.

LOOKING TO FY 2020

As we mentioned in our review of the FY 2019 Proposed Budget, we are potentially heading, based on current information, into a deficit situation for FY 2020. Our Proposed Budget review discusses several financial issues contributing to FY 2020 being another difficult budget year, with the City possibly facing a double-digit deficit that could require more reductions, operational efficiencies, and/or new revenue sources to balance the budget. An evaluation of challenges for FY 2020 will occur during FY 2019, beginning with the completion of the Five-Year Outlook in November and continuing during the FY 2020 budget development process.



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Fiscal & Policy Analyst



Lisa Byrne
Fiscal & Policy Analyst



Baku Patel
Fiscal & Policy Analyst



Charles E. Modica, Jr.
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Angela Colton
Fiscal & Policy Analyst



Jeff Kavar
Deputy Director



Andrea Tevlin
Independent Budget Analyst

Attachments: 1. IBA Review of the FY 2018 Year-End Budget Monitoring Report
2. Library Department FY 2019 Planned Security Schedule

IBA Review of the FY 2018 Year-End Budget Monitoring Report

Overall, our Office concurs with the year-end expenditure and revenue projections included in the FY 2018 Year-End Budget Monitoring Report (Third Quarter Report). Our Office also agrees with the Third Quarter Report appropriation adjustment requests, as well as the typical annual year-end budget control authorities requested in the report. Details of select revenue and expenditure projections included in the Third Quarter Report, including major General Fund revenue projections, over-budget expenditures in salaries and wages, as well as significant issues identified by our Office, are discussed in the following sections.

General Fund Revenues

FY 2018 General Fund revenues are projected to be approximately \$1.42 billion at fiscal year-end, \$13.3 million or 1.0% above the FY 2018 Adopted Budget, and \$8.1 million over the year-end projection reported in the FY 2018 Mid-Year Budget Monitoring Report, as displayed on the following table.

FY 2017 Projected Year-End General Fund Revenue					
Revenue Source (\$ in millions)	Adopted Budget	Mid-Year Projection	Year-End Projection	Variance: Adopted Budget to Year-End	Variance: Mid-Year to Year-End
Major General Fund Revenues					
<i>Property Tax</i>	\$ 534.6	\$ 532.9	\$ 533.3	\$ (1.4)	\$ 0.4
<i>Sales Tax</i>	275.3	274.4	276.4	1.1	2.0
<i>Transient Occupancy Tax</i>	121.1	123.3	121.9	0.9	(1.4)
<i>Major Franchise Fees</i>	73.5	77.7	77.7	4.2	0.0
Sub-Total Major General Fund Revenues:	1,004.5	1,008.3	1,009.3	4.8	1.0
Miscellaneous Revenues	105.7	105.7	108.3	2.5	2.5
Property Transfer Tax	10.1	10.4	10.6	0.5	0.2
Department Revenues	287.4	288.5	292.9	5.5	4.4
Total:	\$ 1,407.7	\$ 1,412.9	\$ 1,421.1	\$ 13.3	\$ 8.1

Note: Table may not total due to rounding

Our office agrees with the year-end revenue projections in the Year-End Report.

General Fund Expenditures

Since the Third Quarter Report includes detailed discussion on FY 2018 projections, our coverage of Third Quarter Report expenditures will focus on salaries and wages.

Salaries and Wages

The following table includes year-end projections from both the Mid-Year and Third Quarter Reports for the various salaries and wages categories. The second column from the right shows that salaries and wages in total are projected to be \$7.6 million higher than what was included in the FY 2018 Adopted Budget.

Looking at the separate lines in the table, we can see that there is \$15.5 million in salary savings, primarily related to higher vacancies than anticipated in the Adopted Budget. This \$15.5 million in vacancy savings, though, is more than offset by overages in special pay, overtime, hourly wages, vacation pay-in-lieu, and termination pay.

The most significant overage, \$16.8 million in overtime, is largely related to the Fire-Rescue, Police, and Transportation & Storm Water Departments – \$12.9 million, \$1.7 million, and \$1.4 million, respectively. Note, however, that \$4.5 million of the overtime overage is related to reimbursable amounts for Fire-Rescue, which after receipt of such reimbursements, will have no impact on the General Fund fund balance. The sizable Fire-Rescue overage is discussed later, in the Fire Overtime section of this Attachment.

FY 2018 Projected Salaries and Wages Expenditures						
General Fund Amounts (\$ in millions)	Adopted Budget	Mid-Year Projection	Third-Qtr Projection	Variance Mid-Year to Third Qtr	Variance Adopted to Third-Qtr	Variance % Adopted to Third-Qtr
Salaries ¹	\$ 434.2	\$ 423.8	\$ 418.7	\$ (5.1)	\$ (15.5)	-3.6%
Special Pay	28.6	31.3	31.6	0.3	2.9	10.3%
Overtime	61.5	67.8	78.4	10.6	16.8	27.4%
Hourly	13.0	13.3	13.3	(0.0)	0.3	2.0%
Vacation Pay-in-Lieu of Annual Leave	7.3	9.3	9.1	(0.2)	1.8	24.3%
Termination Pay	2.4	3.0	3.6	0.5	1.2	49.9%
Total	\$ 547.1	\$ 548.5	\$ 554.6	\$ 6.1	\$ 7.6	1.4%

Note: Table may not total due to rounding.

¹The Year-End Report salaries category includes special pay, producing a net salary savings of \$12.5M (the \$2.9M over-budget special pay offsets the \$15.5M in salary savings, netting to \$12.5M).

The trend where salary/vacancy savings offsets or partially offsets other salaries and wages categories has been occurring for several years, as the next table demonstrates.

Salaries and Wages Expenditures			
General Fund Amounts (\$ in millions)	FY 2016 Variance Adopted to Actual Expenditures	FY 2017 Variance: Adopted to Actual Expenditures	FY 2018 Variance: Adopted to Third-Qtr Projection
Salaries	\$ (21.9)	\$ (15.7)	\$ (15.5)
Special Pay	1.6	4.0	2.9
Overtime	11.9	10.6	16.8
Hourly	0.4	0.1	0.3
Vacation Pay-in-Lieu of Annual Leave	2.8	1.9	1.8
Termination Pay	1.1	0.9	1.2
Total	\$ (4.2)	\$ 1.9	\$ 7.6

Note: Table may not total due to rounding.

Significant Issues

Risk Management Reserves

The Risk Management Department manages the Public Liability (PL), Workers' Compensation, and Long-Term Disability Funds. In our review of the FY 2019 Proposed Budget we reviewed issues associated with each of these funds. Except for the PL Funds, nothing in the Year-End Report has changed with respect to the projected year-end balances or reserve targets. Changes with respect to PL Funds are discussed in the next section.

Public Liability Funds – Resources that Balance the FY 2019 Budget

There are two PL funds supporting claims against the General Fund: the PL Reserve and the PL Operating Fund. In our review of the FY 2019 Proposed Budget, we identified one-time resources in the PL Operating Fund that exceeded projected FY 2018 costs by about \$7.3 million. We also identified \$2.0 million in excess PL Reserve that was estimated for FY 2019, for a total of \$9.3 million.

Not being needed to support the Reserve and public liability claims in FY 2018, Financial Management utilized this \$9.3 million in excess resources by reducing the FY 2018 General Fund expenditures that were budgeted to support the PL funds. With this action, additional General Fund Excess Equity was created, of which \$8.6 million was used to balance the FY 2019 May Revise. The largest components of May Revise expenditures increases are \$6.8 million in Fire overtime (discussed below) and \$935,000 in Infrastructure Fund transfer.

Fire Overtime

The Fiscal Year 2018 Year-End projection for Fire overtime is \$12.9 million over the budgeted level set by the Adopted Budget. This overage has increased significantly from the projection at Mid-Year. As shown in the table below, the total projected overtime expenditure for Fire is now \$45.8 million, which is about 45% higher than the average cost over the past four years.

Fire-Rescue Overtime – Historical Budget vs. Actuals (in millions)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Budget	\$23.7	\$26.7	\$29.9	\$30.1	\$32.8	\$38.1
Actual	\$29.7	\$31.5	\$31.8	\$32.5	\$45.8 (YE Proj.)	-

In response to the projected over-budget overtime expenditures for FY 2018, the May Revise adds \$6.8 million in overtime expenditures to the Fire-Rescue budget for FY 2019. Of this amount, half (\$3.4 million) is funded with ongoing resources and half is considered a one-time expense. As has been explained in previous reports by Financial Management, a large part of the overage in FY 2018 is due to strike team deployments and weather-related staffing which are one-time events.

But another part is due to Local 145 MOU provisions, including one that went into effect at the start of FY 2018, which needs to be addressed to avoid these overages in future years.

We have discussed with Financial Management some concerns about the \$3.4 million being budgeted as one-time in FY 2019 and whether there will be enough behavior change to achieve the necessary mitigations. Aside from that issue, we cautiously agree that the total amount for FY 2019 should be sufficient even though it is \$7.6 million less than FY 2018 projections. We will continue to work with staff in monitoring and analyzing this issue through the end of FY 2018 and into FY 2019.

Fleet Operating Fund Balance

At the time of our review of the FY 2019 Proposed Budget, it was unclear if the Fleet Operating Fund would have sufficient fund balance at the end of FY 2018 to support the significant vehicle usage fee rate reduction being given to client departments in FY 2019. Based on the FY 2018 mid-year projections and accounting for the savings from not conducting tenant improvements at the Othello facility, we projected the Fleet Operating Fund would be short approximately \$1.6 million of fund balance at the end of FY 2019. However, with the updated projections in the FY 2018 Year-End Budget Monitoring Report, which include the savings from Othello, the Fleet Operating Fund is now projected to end FY 2019 with a positive fund balance of approximately \$332,000.

Engineering & Capital Projects Deficit

The Year-End Budget Monitoring Report includes a projected Engineering & Capital Projects (ECP) Fund deficit of \$8.0 million by the end of FY 2018. This is a \$4.4 million increase in deficit from the Mid-Year Budget Monitoring Report. Our Office's review of the Proposed Budget discussed the projected FY 2019 deficit and suggested Council request additional information from staff on what is driving the deficit and how it will be addressed. The Year-End Budget Monitoring Report provides additional information on this topic.

The report states that revenues are estimated to decrease by \$7.4 million from the Mid-Year Budget Monitoring Report due primarily to challenges in filling vacant positions and an increase in non-billable or unreimbursed labor charges. Staff indicates that one such unreimbursed labor charge is for inspections that Public Works conducts related to work that San Diego Gas and Electric does in the public-right-of-way, typically paid out of the General Fund from Franchise Fee revenue. This contributes to \$1.2 million of the revenue decrease. Expenditures are also projected to be underbudget primarily due to vacant reimbursable positions.

The year-end report indicates that one of the planned ways to mitigate the \$8.0 million deficit is to adjust the ECP overhead rate. The overhead rate that ECP uses is currently set at 94.7% and is updated each year. For every \$1 in direct expenditures, such as time an engineer spends on a specific capital improvement project, an additional 0.95 cents is charged to cover indirect expenses such as utilities and management. The overhead rate is generally calculated by taking total *indirect* costs and dividing by *direct* salaries and wages, using audited financial data from two years prior.

The current overhead rate, based on FY 2016 data, could be understated. For example, staff indicates that the FY 2018 vacancies are about 5% higher than in FY 2016, in which many of these positions are billable. If the proportion of direct expenditures is less in FY 2018 as compared to FY 2016, this would have the effect of increasing the overhead rate calculation.

FY 2019 - Library System Security Guard Schedule

Branch Libraries Security Guard Schedule - Additional hours from FY18 shown in red.

Beckwourth

BW	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total
Hours	10:00-6:00	10:00-6:00	10:00-6:00	10:00-6:00	10:00-6:00	10:00-6:00		
Guard 1	8	8	8	8	8	8		48

** Increases 4 hours Mondays through Fridays and adds 8 hours on Saturdays*

Carmel Valley

VA	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total
Hours	2:00 - 6:00	2:00 - 6:00	2:00 - 6:00	2:00 - 6:00	2:00 - 6:00	2:00 - 6:00	1:00-5:00	
Guard 1	4	4	4	4	4	4	4	28

**Adds 4 hours on Saturdays and Sundays*

Carmel Mountain Ranch

CT	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total
Hours	9:30 - 6:00	11:30 - 8:00	11:30 - 8:00	9:30 - 6:00	9:30 - 6:00	9:30 - 6:00	1:00-5:00	
Guard 1		8	8	8	4			28

City Heights

CT	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total
Hours	9:30 - 6:00	11:30 - 8:00	11:30 - 8:00	9:30 - 6:00	9:30 - 6:00	9:30 - 6:00	1:00-5:00	
Guard 1	8	8	8	8	8	8	4	52

College Rolando

CH	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total
Hours	1:00 - 6:00	1:00 - 8:00	1:00 - 8:00	1:00 - 6:00	1:00 - 6:00	1:00 - 6:00		
Guard 1	5	7	7	5	5	5		34

**Adds 5 hours on Saturdays*

La Jolla

LJ	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total
Hours	9:15-5:15	11:15-7:15	11:15-7:15	9:15-5:15	9:15-5:15	9:15-5:15	12:30-4:30	
Guard 1	8	8	8	8	8	8	4	52

Logan

LO	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total
Hours	10:00-6:00	12:00-8:00	12:00-8:00	10:00-6:00	10:00-6:00	10:00-6:00	1:00-5:00	
Guard 1	8	8	8	8	8	8	4	52

Linda Vista

LV	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total
Hours	2:00 - 6:00	2:00 - 8:00	2:00 - 8:00	2:00 - 6:00	2:00 - 6:00	11:30 - 4:00		
Guard 1	4	6	6	4	4	5		29

**Increases 1 hour on Tuesdays and Wednesdays*

Mira Mesa

MM	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total
Hours	10:00-6:00	10:00-6:00	10:00-6:00	10:00-6:00	10:00-6:00	10:00-6:00	1:00-5:00	
Guard 1	8	8	8	8	8	8	4	52

Mission Hills

MH	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total
Hours	2:00-6:00	4:00-8:00	4:00-8:00	2:00-6:00	2:00-6:00	10:00-6:00		
Guard 1	4	4	4	4	4	8		28

**Adds 4 hours on Mondays, Thursdays, Fridays and 8 hours on Saturdays*

Mission Valley

MV	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total
Hours	10:00-6:00	12:00-8:00	12:00-8:00	10:00-6:00	10:00-6:00	10:00-6:00	1:00-5:00	
Guard 1	8	8	8	8	8	8	4	52

Malcolm X

MX	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total
Hours	9:30-5:00	11:30-7:30	11:30-7:30	9:30-5:00	9:30-5:00	9:30-5:00	12:00-5:00	
Guard 1	8	8	8	8	8	8	5	
Hours	4:00-8:00	4:00-8:00	4:00-8:00	4:00-8:00	4:00-8:00	4:00-8:00	12:00-5:00	
Guard 2	4	4	4	4	4	4	5	82

North Clairemont

NC	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total
Hours	11:30-8:00	2:00-8:00	4:00 - 6:00	4:00 - 6:00	4:00 - 6:00			
Guard 1	8	6	4	4	4			26

**Adds 8 hours on Mondays and 4 hours on Thursdays, Fridays and increases 2 hours on Tuesdays*

North Park

NP	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total
Hours	11:30-8:00	11:30-8:00	11:30-8:00	11:30-8:00	2:00 - 6:00	2:00 -6:00		
Guard 1	8	8	8	8	4	4		40

**Adds 8 hours on Mondays and increases 4 hours on Tuesdays through Thursdays*

Ocean Beach

OB	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total
Hours	9:30 - 6:00	11:30 - 8:00	11:30 - 8:00	9:30 - 6:00	9:30 - 6:00	9:30 - 6:00		
Guard 1	8	8	8	9	9	9		51

**No increase - hours were adjusted*

Oak Park

OK	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total
Hours		9:30 - 6:00	9:30 - 6:00	9:30 - 6:00				
Guard 1		8	8	8				24

**Increases 4 hours on Tuesdays through Thursdays*

Otay Mesa

OT	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total
Hours	9:30 - 6:00	9:30 - 6:00	9:30 - 6:00	2:00 - 6:00	2:00 - 6:00	2:00 - 6:00		
Guard 1	8	8	8	4	4	4		36

**Increases 4 hours on Mondays through Wednesdays*

Pacific Beach

PB	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total
Hours	10:00 - 6:00	11:30 - 8:00	11:30 - 8:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	12:00-5:00	
Guard 1	8	8.5	8.5	8	8	8	5	54

Point Loma

PO	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total
Hours	9:30 - 6:00	9:30 - 6:00	9:30 - 6:00	9:30 - 6:00	9:30 - 6:00	9:30 - 6:00	1:00-5:00	
Guard 1	8	8	8	8	8	4	4	
Guard 2				4				
Total	8	8	8	12	8	4	4	52

**Increases 4 hours on Mondays, Thursdays, Fridays and 2 hours on Tuesdays and Wednesdays*

San Ysidro

SY	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total
Hours		9:30 - 6:00	9:30 - 6:00	9:30 - 6:00				
Guard 1		8	8	8				24

**Increase 4 hours on Tuesdays and Wednesdays, adjusted hours on Thursdays*

Serra Mesa

SM	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total
Hours		2:00-8:00	2:00-8:00	2:00-8:00		12:00 - 6:00	1:00-5:00	
Guard 1		6	6	6		6	4	28

**Adds 6 hours on Thursdays and 4 hours on Sundays*

Skyline

SK	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total
Hours	2:00-6:00	12:00-8:00	12:00-8:00	2:00 - 6:00	2:00-6:00	2:00 - 6:00		
Guard 1	4	8	8	4	4	4		32

Tierrasanta

TS	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total
Hours		4:00 - 8:00	4:00 - 8:00			12:00-4:00		
Guard 1		4	4			4		12

University Heights

UH	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total
Hours	9:30 - 6:00	9:30 - 6:00	9:30 - 6:00	9:30 - 6:00	9:30 - 6:00	9:30 - 6:00		
Guard 1	8	8	8	8	8	8		48

**Increases 4 hours on Mondays through Fridays*

CENTRAL LIBRARY**Security Guard Schedule - Additional hours from FY18 shown in red.**

Guards	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.	Sun.	Total
24 hrs Guards	24	24	24	24	24	24	24	168
Lead 1	8	8	8	8	8	8	6	54
Lead 2	5	5	5	5	0	8	7	35
Guard1	8	8	8	8	8	8	7	55
Guard 2	8	8	8	8	8	8	7	55
Guard 3	8	8	8	8	8	8	7	55
Guard 4	8	8	8	8	8	8	7	55
<i>*Increases 8 hours Mondays through Fridays</i>								
Total Daily Hours	69	69	69	69	64	72	65	477

****Security Guard Schedules are subject to change based on needs.**



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: May 31, 2018**IBA Report Number:** 18-14**City Council Docket Date:** June 11, 2018**Item Number:** TBD

FY 2019 Councilmember Budget Modification Memoranda

As part of the FY 2019 budget development process, Councilmembers submitted budget modification memoranda to our Office on May 21, 2018, which are included in their entirety as attachments to this report. These memos identify specific expenditure priorities and potential new funding sources not included in the FY 2019 Proposed Budget or the May Revision.

Our Office reviewed the budget modifications mentioned by a majority of Councilmembers – five or more – in their memoranda, and we discuss these prioritized expenditures in IBA Report 18-13 (*Recommended City Council Modifications to the Mayor's Proposed FY 2019 Budget and May Revision*). In that report we recommend funding for all of the City Council's majority expenditure priorities using a combination of available resources. The IBA's final budget recommendations will be considered by the City Council at the meeting of June 11, 2018.

A handwritten signature in blue ink, appearing to read "Chris Olsen".

Chris Olsen
Fiscal & Policy Analyst

A handwritten signature in blue ink, appearing to read "Andrea Tevlin".

APPROVED: Andrea Tevlin
Independent Budget Analyst

Attachment: 1. Councilmember Budget Modification Memoranda



**COUNCILMEMBER BARBARA BRY
CITY OF SAN DIEGO**

DISTRICT 1

MEMORANDUM

DATE: May 21, 2018
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Councilmember Barbara Bry, First Council District *Barbara Bry*
SUBJECT: Fiscal Year 2019 Final Budget Priorities

After weeks of Budget review with my Council colleagues, the Independent Budget Analyst, and our San Diego community members, I am pleased to submit my Fiscal Year 2019 Final Budget Priorities.

I commend the Mayor on a balanced budget with a respite for the arts, a commitment to Climate Action Campaign goals, and the addition of critical positions in the City Attorney's Office.

Further, I thank the Mayor for funding allocations to Scripps Park Comfort Station, La Jolla Recreation Centers, as well as asphalt resurfacing and traffic signage in District 1.

As Budget and Government Efficiency Committee Chair, I look forward to working with Committee Members, the Independent Budget Analyst (IBA), full City Council, Mayor and staff, and the community to make continuous improvements and keep San Diego imaginative, innovative and inclusive. As such, my final priorities include:

FY2019 Final Budget Priorities

Public Safety

- Lifeguard Clerical Assistant II, as per the Lifeguard Division 5 Year Plan
- Lifeguard Children's Pool III, as per the Lifeguard Division 5 Year Plan
- Police Department Racial Impact Report AB 953
- Police Department Restorative Justice training
- Fire Rescue Resource Access Program
- San Diego Police Department Housing Incentives \$500K

Environment

- Restoration of \$900,000 for shade tree pruning

Infrastructure

District 1 priorities:

- Carmel Valley Recreation Center Pool
- Carmel Valley Recreation Center Crosswalk
- La Jolla Azul to Poole Sidewalk
- La Jolla Dunaway Drive
- La Jolla Casa de Manana Street Panels
- La Jolla Neptune Broken Pipe
- Torrey Pines Los Pen Restoration and Sorrento Channel

Neighborhood Services

- Library security \$250,000 and programming \$50,000
- 2 FTEs Code Compliance
- Graffiti abatement \$100,000

Council Administration

- 1 FTE Council Representative position in Council Administration

All one-time costs may be paid for by excess equity. Ongoing positions may be funded by redirecting funds from Recreation Council administration.

Thank you for your consideration of the priorities I've outlined here. If you have any questions or concerns, please contact Budget Committee Consultant Victoria Joes at vcjoes@saniego.gov or (619) 236-6611.



MEMORANDUM

DATE: May 21, 2018
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Councilmember Lorie Zapf, Council District 2
SUBJECT: Final Budget Suggestions for FY 2019

It continues to be my priority to protect and preserve the safety and integrity of our beach and bay communities. I am happy to see many of these priorities, such as maintaining funding levels to Arts and Culture, a second trash pick-up in Mission Beach to address the health and safety for residents and businesses, and continued investment in infrastructure projects like the street repaving program included by the Mayor.

Below is a list of Council District 2 priorities that I, on behalf of my council district, will continue to advocate for and would like to see included in the FY 2019 budget:

Clean SD

Proposed Reallocation: \$177,000

The proposed \$4.2 million allocation towards the Clean SD program includes much needed services for clean-up and sanitation efforts throughout our city. Currently, the Library budget includes \$130,000 for additional janitorial services at the Central Library. I am proposing that Clean SD funds cover this expenditure. Therefore, the \$130,000 previously allocated to the Library Department's budget can be used towards library programming. The Park and Recreation Department budget includes \$47,000 to expand restroom hours at Balboa Park. I am proposing that funds from Clean SD cover this cost and that the budgeted expenditure previously allocated to the Park and Recreation Department be used to restore citywide park maintenance staff.

Council Administration Position

Proposed Allocation: \$66,000

Include \$66,000 to fund a Council Representative I position. This position will provide complex administration support for all City Council Offices. This position will also assist in the

implementation of funding grant cycles and grant tracking, manage the grant approval process and ensure City department contracting requirements are met.

Eliminate Recreation Center Fund Support

Proposed Reallocation: \$291,000

Staff disclosed administration of the new structure for Recreation Councils which includes budget development and monitoring, contract management, and payment processing would be maintained by current staff levels and that additional staff support would not be needed.

Library

Proposed Allocation: \$288,000

Increased security guard services were not included in the May Revise and with on-going public safety concerns throughout our branch library locations, I am requesting that \$288,000 be allocated to expand the number of hours and increase the caliber of guards trained for workplace violence. Families should feel safe bringing their children to libraries in their community. In addition, Library staff should be in a safe working environment.

Tree Trimming

Proposed Allocation: \$881,000

I believe that we must prioritize the upkeep and care of trees within our community and suggest that we move to restore \$881,000 in the budget to provide for tree trimming services. Neglecting tree trimming is detrimental to community and motorist safety and increases the city's liability in claims involving tree-related incidents. Overgrown tree branches may block stop signs and other traffic signs, potentially contributing to traffic accidents and injuries. Pedestrians and powerlines are at risk when tree branches fall, either from weather or breaking off. It is the duty of the city to properly manage and take care of trees in public right-of ways. The possibility of damages and injuries resulting from negligence and improper care of trees may lead to costly claims against the city.

Clerical Assistant II for San Diego Lifeguards

Proposed Allocation: \$66,000

Ensuring that our Lifeguard Division is sufficiently staffed must be a high priority for our city and I propose that we include in the budget \$66,848 for Fire-Rescue, Lifeguard Division, to recruit for the position of Clerical Assistant II. Outlined in the "Lifeguard Division Five Year Needs Assessment," the Clerical Assistant II position will assume a supportive role in all aspects of the Lifeguard Division's front office operations. Currently, employees in the Lifeguard position are handling clerical duties such as invoicing, answering front counter calls, and other non-rescue responsibilities. Having to handle these clerical duties is a misuse of time and skill of

highly trained and qualified Lifeguards, taking them away from supervising and protecting our beaches and waters. I propose that we include in the budget sufficient funding so that a Clerical Assistant II may be hired to support all clerical aspects of the Lifeguard Division's front office operations and so that Lifeguards may re-assume their intended roles of beach supervision and rescue.

Installation of City Owned Street Lights and Traffic Signal Modifications and Upgrades

Proposed Allocation: \$734,841

I propose that we allocate the remaining \$734,841 of the Infrastructure Fund to citywide traffic signal upgrades and modifications and to the installation of city owned streetlights citywide. Upgrading our traffic signals reduces congestion and delay and the installation of pedestrian countdown timers helps to implement Vision Zero. Installation of city owned street lights also helps to promote walkability and safety. I recommend the allocation of \$367,000 to both annual allocations, AIL00005 – Traffic Signal Upgrades and to AIH0001- City Owned Street Light Installations.

Brush Management

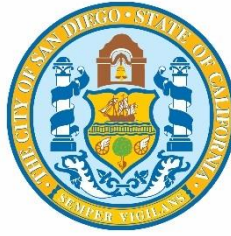
Proposed Allocation: \$554,696

In order to provide fire safety, especially during these dry seasons, I would like to suggest we allocate \$554,696 for additional brush management. The additional funds would enable the improved service frequency from 24 months to 21 months.

Roundabout at West Point Loma Blvd. and Bacon Street Traffic Circle

Proposed Allocation: \$500,000

The installation of a traffic circle at West Point Loma Blvd. and Bacon Street is a high priority item for the Ocean Beach community and I believe we should move to allocate \$500,000 of the budget to fund this traffic project. The intersection of West Point Loma Blvd. and Bacon Street is a high traffic area, due to motorists coming from Sunset Cliffs Blvd. and Nimitz Blvd, that becomes congested from the 4-way stop. The installation of a roundabout will contribute to a more fluid traffic flow and reduce the backup of cars that results from motorists awaiting their turn through the intersection. Additionally, this traffic circle proposal, deemed as the top priority of the Ocean Beach Planning Board, meets goals outlined in the Climate Action Plan, the Bike Master Plan, the Ocean Beach Community Plan Bike Boulevard, and the SANDAG Smart Growth Corridor.



**COUNCILMEMBER CHRISTOPHER WARD
COUNCILMEMBER GEORGETTE GÓMEZ
M E M O R A N D U M**

DATE: May 21, 2018

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Christopher Ward, Third Council District
Councilmember Georgette Gómez, Ninth Council District

RE: Final Budget Priorities and Revisions to the Fiscal Year 2019 Budget

This memorandum contains our joint priorities for the Fiscal Year 2019 budget, which align with our commitment to create a spending plan for San Diego that balances fiscal responsibility with the need to make bold and equitable investments in our City's future.

We believe the priorities which receive funding should be designed to not only maintain the fiscal health of the city in FY 2019. This should include efforts to ensure that city functions are performed in a cost-effective manner by city staff rather than outside contracted support.

Additionally, while it's necessary to keep our budget balanced, we should also continue efforts to match ongoing commitments with ongoing funding. Stopgap efforts may be unavoidable in certain cases, but the city should make every effort to avoid normalizing these funding approaches. This provides stability for city programs, avoiding year-to-year uncertainty for businesses, community organizations, and citizens and allowing them to better serve the region.

Fiscal prudence is important because the City's *Fiscal Year 2019-2023 Five-Year Financial Outlook* projects the Council to be in a position to mitigate a \$34.6 million deficit in the FY 2020 budget. This is due to the softening of growth in our major revenue sources, while projected baseline and critical strategic expenditures are expected to increase. This makes the FY 2019 budget especially important, as the investments made next year must be fiscally responsible and equitable so we make a positive impact in our diverse communities.

We look forward to working closely to provide appropriate support for these FY 2019 programs and hope to continue strengthening our budgetary practices going forward.

HOMELESSNESS & AFFORDABLE HOUSING

The proposed budget increases spending on homeless programs at the expense of dedicated funding to support the creation of affordable housing. We made the decisions to move forward with the bridge structures, safe parking and storage facilities in order to provide safe and sanitary conditions for our fellow San Diegans. We must identify funding to sufficiently backfill that money to the Housing Commission to make the progress we need on Housing First priorities. The final FY 19 budget must reflect the City of San Diego's commitment to permanent supportive housing opportunities through a coordinated and collaborative approach to our homeless crisis.

- **Establishment of a Flexible Spending Pool (FSP):** Creation of the bridge structures has provided 700 beds for unsheltered individuals but exits to permanent housing remain low. This is in part because we have not invested in the end of the pipeline to provide units needed at affordable rates. The Rapid Rehousing Initiative conducted through the Select Committee on Homelessness this past fall identified delays which underscored the need for centralized housing navigation, and the need for additional, flexible financial resources. The City should initiate the development of a flexible spending account that can allocate funding to an expanded range of Housing First opportunities. Through the combined resources of the City, the San Diego Housing Commission, local government partners, and philanthropic assistance, this pool can be used to fill gaps in rental payments, security deposits, and other additional services needed to efficiently connect individuals to permanent housing.
Approximate cost: \$500,000 (Start-Up)
- **Increased Funding for Homeless Prevention and Diversion Services:** An additional \$1 million allocation to the San Diego Housing Commission can assist up to 1,450 households at risk of experiencing homelessness, helping to reduce the inflow of newly homeless individual and families into the system.
Approximate cost: \$1.0 million.
- **Workforce Development and Job Training:** Employment is critical for ending homelessness and outlined as a key strategy in the United States Interagency Council on Homelessness (USICH) federal plan to prevent and end homelessness. Rapid Re-Housing (RRH) is a Housing First intervention targeted to mid-range acuity households (both families and single adults) who will need some support but ultimately will be self-sufficient over a period of time. By providing targeted intensive employment supports to RRH households, it is expected that employment outcomes will improve housing stability at RRH exit and further stability over time. The pilot is expecting to serve a minimum of 200 households enrolled in City of San Diego RRH programs. Employment services will be provided by the San Diego Workforce Partnership (SDWP) and the San Diego Housing Commission's (SDHC) Achievement Academy.
Approximate cost: \$325,000 total with \$25,000 investment from the City of San Diego
- **Tiny Home Bridge Community Pilot:** Cities such as Seattle and Portland have developed programs through offering public land and funding to support temporary "tiny home

communities” for people experiencing homelessness. The bridge communities can provide a safer environment than sleeping on the street, improve access to services, and help individuals transition to permanent housing. The City should identify a minimum of one City-owned parcel for a two-year pilot program, with funding provided to support services, security, and operations at the bridge community. The community could contain approximately 15 temporary “tiny home” sleeping cabins under 120 square feet to provide safe and temporary shelter for these vulnerable individuals.

Approximate cost: \$400,000.

- **Housing Preservation Coordinator:** We recommend that the San Diego Housing Commission hire a Housing Preservation Coordinator to annually conduct an inventory of at-risk units, connect owners to financing and subsidy resources available for preservation, and/or facilitate sales to qualified affordable housing developers.

Approximate Cost: \$108,000 for 1.0 FTE.

PUBLIC SAFETY

- **Funding to Implement AB 953:** The Racial and Identity Profiling Act of 2015 only requires that the data be sent to the State Department of Justice. San Diego residents must have an opportunity to hear from the San Diego Police Department directly through an annual independent Racial Impact Report. The report should include information about any racial bias complaints and the outcomes of such complaints, as well as any action taken by SDPD to mitigate racial biases. The report should also make recommendations based on the data collected. Analysis of data we are already required to report will allow for us to see if we are making progress to deal with the disparities identified in the SDSU study, as well as under AB 953.

Approximate cost: \$75,000

- **Balboa Park SDPD dedicated team:** Balboa Park is our City's crown jewel and a regional park in our urban core with more than 1,200 acres. Previously, the park had a dedicated team in SDPD assigned. As we staff up officers, we request the restoration of the critical team under the neighborhood policing division.

Approximate cost: Reallocation of staff resources.

- **Police Performance Metrics:** The addition of performance metrics related to 911 call wait time is helpful to provide an overview of response times in comparison to best practices and help align resources to meet our targets. The FY 19 budget allocation of 10.0 FTE (9.0 Dispatch and 1.0 Dispatch Supervisor) is an important step to improve San Diego Police Department Non-Emergency and Other Communication Channels. However, additional metrics are needed to allow the City to be better informed about how to address staffing. The FY 19 budget should include the following performance metrics for the Police Department, including dispatch division:

- Comparison of actual sworn staffing with the sworn staffing goals remaining in the SDPD five-year plan;

- Budgeted and actual sworn officers per 1,000 population (appeared in FY 15, FY 14, and FY 13 adopted budgets) and how they compare with the average of other large cities;
 - Average non-emergency call wait time;
 - The number of abandoned non-emergency calls, and the number of abandoned non-emergency calls that received a call back;
 - The number of sworn officer hours dedicated to dispatch, and the cost, including overtime pay.
- **Community Oriented Policing:** We are encouraged by the creation of the new Neighborhood Policing Division and the centralization of the Homeless Outreach Team, Quality of Life Teams, and Psychiatric Emergency Response Team programs but need to remain committed to investing in a community policing philosophy departmentwide. It is imperative that the Police Department present a restoration plan to ensure a robust community policing strategy. Specifically, we request that additional Community Relations Officers and multi-lingual Police Officers/Police Services Officers be added as the Police Department continues to rebuild. Increase RSVP program to provide more resources to our neighborhoods and more opportunities for engaged residents to volunteer. More eyes on the streets in our neighborhoods increases sense of community based police presence.
Approximate Cost: Reallocation of existing resources.
- **Resource Access Program (RAP):** We are encouraged to learn that the RAP program will be reinstated through the upcoming RFP for EMS. The San Diego EMS Resource Access Program is a paramedic-based surveillance and case management system that intercepts high EMS users and seeks to reduce dependence on EMS and acute care services by linking individuals with appropriate resources for their underlying medical, mental health, and social needs. RAP has saved taxpayers approximately \$2 million dollars in diverted public health costs and we would like to see the RFP include 4.0 FTE Community Paramedics for this program.
- **Downtown Park Ranger:** The FY 19 proposed budget includes an additional Park Ranger dedicated to the San Diego River. As the City's fastest growing neighborhood, Downtown San Diego is continuously adding park space. However, they are not supported by a dedicated Park & Recreation Department ranger. In light of ongoing public safety issues at Horton Plaza Park, Fault Line Park and Children's Park, and to meet the standard of activation and support afforded to communities throughout the City, the Downtown neighborhoods of Core, Marina, Gaslamp Quarter, Little Italy, East Village, and Cortez Hill should have a dedicated ranger.
Approximate Cost: \$75,000
- **Restorative Justice Funding:** Funding toward the training of San Diego Police Department Officers in Restorative Justice practices. Restorative Justice prioritizes mediation, counseling and communication for certain youth offenses. The overarching goal is to keep youth out of the school to prison pipeline, a path that youth of color disproportionately find themselves on because they face harsher punishments and are more heavily prosecuted for minor offenses. The City Council and Mayor recently renewed their commitment and investment in addressing Police Officer retention issues and have vowed continued support. A revenue from the City's Marijuana Tax (Measure N) continues to increase, it is appropriate for some

of this new funding to be invested in Restorative Justice practices including training for 125 SDPD Officers.

Approximate cost: \$300,000

- **Lifeguard Division Staffing:** Last year, San Diego Lifeguards made approximately 7,000 water rescues, cliff rescues, river rescues, boat rescues, medical aids, and enforcement calls. In order to continue providing an adequate level of service, we request the addition of a 1.0 FTE Clerical Assistant II to support the Lifeguard Division's front office operation.
Approximate cost: \$67,000 for 1.0 FTE.

NEIGHBORHOOD SERVICES

- **Code Compliance Officers in the Development Services Department:** Despite budget requests from a majority of Council offices, the Mayor's proposed FY 19 budget decreases the number of code compliance officers. The Development Services Department's Neighborhood Code Compliance Division provides significant value to neighborhoods by enforcing our municipal code and protecting the public from a variety of health and safety violations. Our districts contain some of the oldest neighborhoods in the City, which rely on code enforcement to mitigate such nuisances as illegal businesses operations, high occupancy housing issues, noise generators, accumulation of materials in yards, and unsafe and unsanitary housing conditions. We ask for an additional 2.0 FTE Combination Inspectors (\$64,000 each) and 2.0 FTE Zoning Investigators (\$56,000 each) be added to the FY 19 budget.
Approximate cost: \$240,000. This cost could be offset by increased activity (i.e. issuance of permits for compliance, citations, etc.)
- **Brush Abatement for Urban Canyons:** Increased accumulation of brush within our canyons creates a concern in our neighborhoods of potential fire hazard. While staff has begun to work through the backlog of fire risk violations we need the resources for Park and Recreation to increase abatement specifically within our urban canyons. Our FY19 proposed Brush Management Budget is \$4,437,568. We request increased service frequencies from 24 months (452 acres per year) to 21 months (509 acres per year, 12.5% increase
Approximate cost: \$554,696 per fiscal year.
- **Library Services and Programming:**
 - **Library Security:** In order for patrons to feel safe in our branch libraries additional security is needed. Currently only 24 out of our 36 branch libraries have security. We believe this responsibility should fall under the jurisdiction of our City employees and be filled with classified positions. If contracting out for this upcoming FY is necessary we request staff return with a report on the cost to add these position in next year's budget.
Approximate cost: \$288,000

- **Restoration of Programming Budget:** Today's libraries are not just about what we have for people – but what we do for and with people. The \$600,000 of city-funded Library programming over the last two years allowed the Library to develop equitable, system-wide science and technology initiatives that prepare middle and high school students for college and the workforce. That city investment was leveraged into \$1.2 million in donations from Library donors for these programs. We request the restoration of \$100,000 in recurring funds for Library programming to ensure these impactful programs continue.
Approximate cost: \$100,000
- **Penny for the Arts:** The Penny for the Arts Blueprint (Blueprint) adopted by the City Council in 2012 included a goal of restoring annual Arts, Culture, and Community Festivals allocations to 9.52% of the City's transient occupancy tax (TOT) revenues by FY17. In the years since, the City has not met the Blueprint's annual funding targets. Rather, even as TOT revenue has grown, the city has fallen further behind its Blueprint targets. In order to ensure that Penny for the Arts funding levels do not continue to fall even further behind Blueprint goals of 9.52% of TOT, funding should, at a minimum, be maintained at FY 2018's adopted level of 6.32% (Fiscal Year 2019 equivalent: \$15,432,191).
Approximate cost: \$1,000,000
- **Business Cooperation Program:** The Business Cooperation Program (BCP) was created to capture additional sales and use tax revenues from large research, manufacturing, or construction projects. Program revenues have decreased significantly in recent years and only two companies are currently enrolled in the program. I request that the City invest in 1.0 FTE to support this program, especially in the midst of a construction boom where numerous projects of \$50 million or more have been developed in recent years. Given this, the City has likely missed out on additional revenues – potentially hundreds of thousands to more than \$1 million in recent years.
Approximate cost: \$160,000 for 1.0 FTE.
- **Graffiti Abatement Contract Restoration:** We request that the Mayor restore this contract to ensure that the continuation of abatement services on residential private property. This represents a service level reduction of 15%, which is unnecessary considering the need for such services in the older neighborhoods that we represent.
Approximate cost: \$300,000.

INFRASTRUCTURE & SUSTAINABILITY

- **Storm Water Channel and Storm Drain Maintenance:** No additional channel clearing resources are in the proposed budget. The city has engaged in an effort to enhance the maintenance of its storm water channels and storm drains to ensure that life and property are protected during winter storm season. Much of the work has been through emergency permitting. In order to avoid the need to do last minute emergency permits, the City should continue funding our storm water channel and storm drain maintenance program at an enhanced level that proactively addresses high flood risk locations.
Approximate cost: \$1.4 million.

- **Urban Forestry Program:** The maintenance and management of our urban tree canopy is necessary to implement the CAP. Trees are a significant piece in improving the quality of life for our neighborhoods by providing benefits towards public health, air and water quality, shade, and reduction of the heat-island effect. To continue implementing the Urban Forestry Five-Year Plan and the CAP, we should make the following investments:
 - **Addition of Urban Forestry Staff:** The FY 19 proposed budget only transfers 1.0 FTE and does not provide additional funding for staff and resources as identified in the Five-Year Urban Forest Management Plan and Climate Actions plan goals. We request the 2.0 FTE Urban Forestry professionals (\$200,000) with the expectation of an additional 2.0 FTE in FY 20.
Approximate cost: \$200,000 for 2.0 FTEs.
 - **Restoration of Tree Trimming Contract:** Fund the current shade tree trimming program at current levels by restoring the proposed reduction of \$882,000 from the tree trimming contract. Reducing broadleaf tree trimming from once every 9 years to once every 21 years is counter to our Climate Action plan goals and targets for urban canopy and poses a public safety risk in several of our older neighborhoods.
Approximate cost: \$882,000.
 - **Free Tree Initiative:** Continue funding the “free tree” initiative, which is a small but visible and measurable implementation step for the Climate Action Plan. If discontinued, the momentum towards tree canopy investment will be lost.
Approximate cost: \$300,000.
- **Community Choice Energy (CCE) Local Buildout Study:** While the City of San Diego is making progress on reaching a 100% clean energy future, I recommend that we allocate funds for an analysis of local clean energy buildout scenarios and how they impact economic development in our region. The City must ensure that public dollars are invested in the creation of good jobs to grow our changing economy, especially in underserved communities. *Approximate cost: \$75,000 in addition to secured NREL funds.*
- **Safe Routes to School Program:** This program is part of a national movement to encourage safety for more walking and bicycling around schools. Our City must do better in providing safe and pedestrian-friendly facilities to ensure that students can get to school on foot or by bike. Committing to a Safe Routes to School program will keep kids safe, and provide co-benefits to the Climate Action Plan and Vision Zero commitments. I propose that the City seek Caltrans’ Active Transportation Program funds to fund this program for 40 schools in San Diego’s most dangerous corridors, two of which are in our districts (El Cajon Boulevard and University Avenue).
Approximate cost: \$500,000 to be funded by an available Caltrans Active Transportation Program grant that the City should seek.

PLANNING

- **College Area Community Plan Update:** The College Area Community Plan was last updated in 1989 and has been experiencing serious development pressures that have resulted in significant adverse impacts to the low-density neighborhoods that surround San Diego State University. This plan has not provided transit-supportive regulations to stimulate pedestrian-oriented growth along the major corridors. It's important that a complete update to this plan be funded and commence in FY19 to address the issues associated with Residential High Occupancy Permits (RHOP) and to proactively plan for future growth along major transit corridors.

Approximate cost: \$1.0 million.

OPERATIONAL NEEDS

- **Earned Sick Leave & Minimum Wage Program Staffing & Outreach:** The City Treasurer's pivot towards full enforcement of the Earned Sick Leave & Minimum Wage Ordinance has been encouraging. However, more can be done to ensure that we are protecting low-wage workers from predatory employers. The City Council should maintain FY18 funding for current staffing levels in the enforcement program and allocate additional funds for community outreach contracts and public service announcements. With this money, the City can broaden outreach for the ordinance and educate more people in vulnerable communities, many of whom are going to nonprofit service providers (instead of the City Treasurer) to receiving information on combating predatory employers.

Approximate cost: \$200,000 for contracts.

- **Equal Opportunity Contracting (EOC) Disparity Study:** The City's EOC Program implements programs to support small and local businesses by working to ensure diversity and inclusion in City purchasing and contracting. Recent reports have showcased discouraging statistics in City procurement, particularly for firms from disadvantaged communities. In order to better understand how to reform EOC, a disparity study must first be commissioned to remedy any perceived discrimination in City contracting. We highly recommend the funding of an EOC disparity study.

Approximate cost: \$1.0 million.

- **Council Administration Support:** We request the addition of 1.0 FTE Council Representative position in Council Administration to support service levels to the Council Offices, perform key responsibilities, and provide assistance with Public Records Act requests.

Approximate cost: \$66,000 for 1.0 FTE.

SUGGESTED REVENUE SOURCES

While we acknowledge the City's budgetary constraints, we offer the following revenue sources to continue progress and prevent any reductions to public safety and critical neighborhood services. These sources are meant to provide funding options and specifically related to cash balance and reserves are not intended to be depleted completely:

- **General Fund Excess Equity – \$1.8 million:** Per the *FY18 Year-End Budget Monitoring Report* and FY 19 May Revise, about \$1.8 million in Excess Equity is expected to be available for Council appropriation. Of the \$1.8 million, nearly \$1.6 million is available to ongoing expenditures, while \$200,000 is available to one-time expenditures in FY19.
- **Infrastructure Fund - \$735,000:** Per the FY19 May Revise, nearly \$735,000 is available for Council appropriation in the Infrastructure Fund for the acquisition of real property, construction, reconstruction, rehabilitation, repair, and maintenance infrastructure.
- **Capital Outlay Fund - \$2.0 million:** Per the *FY18 CIP Year-End Budget Monitoring Report*, there is a remaining fund balance in the Capital Outlay Fund of \$2.0 million to be utilized to support acquisition, financing, and construction costs for permanent public improvements across all asset types.
- **Potential Revenue from Short-Term Vacation Rentals – Unknown revenue:** The City Council must take immediate action and adopt sound policy regarding short-term vacation rentals. In doing so, the city will be better suited to track business activity and will create opportunities to generate revenue in the form of permit fees and Transient Occupancy Tax that can support code enforcement to ensure compliance of applicable laws.
- **TransNet Extension Cash Balance - \$9.8 million:** Per the *FY18 CIP Year-End Budget Monitoring Report*, a \$32.5 million fund balance is estimated to be carried over to FY19. This is approximately one year's worth of TransNet revenue remaining on deposit. We request that the City spend down 30% of the fund balance, or \$9.8 million, to fund improvements in the City right-of-way.
- **Excess Risk Management Reserves - \$8.3 million:** Per Independent Budget Analyst (IBA) analysis of the FY19 Proposed Budget, there is a projected \$8.3 million in excess resources attributed to the General Fund in the Long-Term Disability Fund and Workers' Compensation Reserve Fund. These resources are expected to be encumbered to cover operating expenses in FY20, however, Council may choose to appropriate these funds in FY19 for one-time expenditures.
- **Use of Redevelopment Property Tax Trust Fund (RPTTF) - \$19.4 million:** Per the FY19-FY23 Five-Year Financial Outlook, the adjusted residual RPTTF revenue amounts to \$19.4 million in FY19. Using this revenue going forward to invest in San Diego's economically disadvantaged communities, as originally intended, allows areas in the greatest need of economic investment an opportunity to attract new commercial activity, which in turn creates new jobs and greater tax revenue for the City's General Fund. The prioritized investment of these residual RPTTF funds could fund many capital projects across the City that currently do not have identified funding source.

ADDENDUM A

- **Aldine Drive Stormwater Study:** The storm drains along Aldine Dr. in Kensington and Talmadge continue to fail during seasonal rains. While the City has engaged in efforts to repair and replace storm drains, there is still much work to do. In addition to repairing and maintaining the current storm drains in the area, I am requesting an initial pre-design study for road improvements at the location in order to begin to implement Facilities Financing Project T-1. Based on recommendation from city staff, road improvements are needed to fully address the issue of flooding at the area during rains. The full cost to implement Project T-1 is \$6,000,000. It is estimated that \$250,000 would be needed to begin evaluating the project through a commissioned storm water study. This project was also listed in my FY18 budget priority memo from January 2017 and CIP prioritization memo from November 2017. *Approximate cost: \$250,000.*
- **Balboa Park Restroom Rehabilitation/Modernization:** Improvements are critically needed to the restrooms in Balboa Park near, specifically the Juniper St. restroom, South Palisades restroom between the Automotive Museum and the Air & Space Museum, at Spanish Village, Pepper Grove and Morley Field. Self-cleaning, single-use style restrooms should be considered in addition to the use of the streamlined design/bulk purchase and installation to reduce the cost per unit. *Approximate cost: \$300,000.*
- **Bridge Deck Restroom Operations & Maintenance:** The Bridge Decks overlooking the Interstate 15 serve both of our districts and represent a tremendous opportunity for increased mobility in Mid-City. They are located in a heavily trafficked area along two transit corridors and residents that utilize public transportation will need access to public restrooms while experiencing their daily commutes. We request funding to open, operate, and maintain the restrooms located on the I-15 Bridge Decks. *Approximate cost: Unknown.*
- **Chollas Triangle Street Closure & Park Development:** In the neighborhood of El Cerrito, the Chollas Triangle section of the Eastern Area Neighborhoods Element is a high priority project. Listed in the Mid-City Public Facilities Financing Plan as Project P-26, this development provides for the design and construction of a 5-acre neighborhood park. In addition to this effort, Mid-City Public Facilities Financing Plan Project T-22 would begin by evaluating either the reduction in the width or closure of all or part of Chollas Parkway between 54th street and University Avenue in order to construct the Chollas Triangle neighborhood park. I would like to request that the initial assessment for the street closure be included along with funding for a General Development Plan for the future park. This project was also listed in my FY18 budget priority memo from January 2017 and CIP prioritization memo from November 2017. *Approximate cost: \$5.0 million for design and construction.*
- **City Heights Pool Repairs:** We request funding to make the necessary repairs to the pool facilities at the City Heights Recreation Center. Due to a microfracture in the pool, the pool is now out of service for a projected two to three years. In order to start the repair project and

potentially accelerate the opening of the pool facilities, we request funding for repairs.
Approximate cost: \$500,000.

- **Clay Park Improvements:** In Rolando Village, improvements are needed to address park deficiencies in Clay Park as well as the accommodation of the additional use by the Centrepointe/Blvd 63 project, which is a 332 unit multi-unit housing complex adjacent to the park. Proposed improvements include installing a comfort station, installing a shade structure for the playground equipment, upgrading sidewalks to meet ADA standards, installing a security camera to address crime prevention, and the addition of an off-leash dog park. There is no CIP established for this project. This project was also listed in Councilmember Gomez's FY18 budget priority memo from January 2017 and CIP prioritization memo from November 2017.
Approximate cost: \$800,000.
- **College Fire Station:** The construction of a new fire station on College Avenue is a priority for the College Area, especially with anticipated neighborhood growth due to expansions by San Diego State University.
Approximate cost: Unknown.
- **Golf Course Drive Improvement/ CIP S-15040:** This project provides for the design and construction of a paved pedestrian pathway and bike facility along Golf Course Drive, connecting the existing Golden Hill Recreation Center to 28th St. A feasibility study was completed and presented to Greater Holden Hill Planning Committee which moved to approve of "Alternative 1" and "Alternative 2" as presented within the WBS S-15040 Feasibility Study provided to our office from Park & Recreation.
Approximate cost: \$4.5 million
- **Eastern Area Mobility Study:** The eastern section of El Cajon Boulevard includes College Area, El Cerrito, and Rolando Village. These neighborhoods are in dire need of improvements in the public Right-of-Way to facilitate pedestrian, bicyclist, and motorist traffic. I request that the City commission a mobility study for El Cajon Boulevard from 54th Street to Keeney Street and implement recommended sidewalk improvements, bike facilities, streetscape improvements, and signal coordination to improve the mobility of pedestrians and bicyclists on El Cajon Boulevard. A full cost estimate is not available at this time.
Approximate cost: \$250,000 to establish a CIP and begin design and construction drawings.
- **Lorca Drive Catwalk and Storm Drain:** The Rolando Village catwalks are paved pathways connecting the streets, allowing neighbors to quickly traverse the canyons that separate different parts of the community. The westernmost catwalk between Cartagena and Lorca Drives has a wooden stairwell in deteriorated condition that has been a concern of the community for quite some time. The original concrete stairway has been unusable for many years due to being undermined by the damaged storm drain located directly beneath the stairs. A wooden stairway was subsequently installed, and repaired, however this is an interim solution. Our office would like to request a CIP evaluation to permanently repair the storm drain and restore the concrete stairs, improving the safety and walkability of the catwalk.
Approximate cost: Unknown.

- **Open Space Parks/ CIP AGE-00001:** There are over 150 canyons throughout urban San Diego. We request that this CIP be amended to incorporate and properly fund the Canyon Enhancement Planning (CEP) Program produced by San Diego Canyonlands. Mission Valley trail connections through Buchanan Canyon (University Heights) and the 33rd Street Mini-Park (Normal Heights) be considered for restoration.
- **Reynard Way Neighborhood Park – Mission Hills:** This park is outlined as a park opportunity for Uptown in the Community Plan and would provide a much-needed neighborhood park resource for the community of Mission Hills, specifically south of Washington. I request that funding be identified to initiate a General Development Plan for this long-awaited community asset.
Approximate cost: \$250,000.
- **Streetlights:** There are neighborhoods in District 9 that are lacking adequate street lights. While some neighborhoods are lacking street lights altogether, there are some that are in dire need of maintenance and replacement. Below are my street light requests:
 - **City Heights:** The communities of Castle and Cherokee Point in City Heights lack sufficient street lighting and residents are often left in the dark. There are several streets in these neighborhoods that lack street lighting and serve as hubs for crime and illicit activity. It is imperative that we provide adequate lighting in the Castle and Cherokee Point neighborhoods. *Approximate cost: Unknown. However, this project could be funded through the annual allocation dedicated to the Installation of City Owned Street Lights (AIH-00001).*
 - **Southcrest:** This community lacks sufficient street and parks lighting. There are several streets in this neighborhood that are serviced by a single light. Often times these lights are out of commission, leaving entire blocks in the dark. We should provide adequate lighting in Southcrest, particularly around the Willie Henderson Sports Complex. *Approximate cost: Unknown. However, this project could be funded through the annual allocation dedicated to the Installation of City Owned Street Lights (AIH-00001).*
 - **Golden Hill:** This community also lacks sufficient street and parks lighting and there are pockets of the neighborhoods that are dark. We request street lights at 26th and Broadway as well as F Street between 21st and 24th St.
- **Trolley Barn Park Comfort Station:** Trolley Barn Park is an important asset to the neighborhood of University Heights. As identified in the Unfunded Park Improvement List, a comfort station should be added to the heavily utilized park.
Approximate cost: \$750,000.
- **Ward Canyon Neighborhood Park Phase II Completion:** The temporary dog park at Ward Canyon Neighborhood Park was an important step toward realizing this long awaited and significant community asset. We would like to see the construction of these permanent park improvements included in the next bond/funding to see the construction of these

permanent park improvements included in the next bond/funding opportunity. Phase II also called for the demolition of the Mock Building/Storefront located in the northwest corner of the park, as well as the construction of a new Mid-City police building on the western end, with windows facing the park for increased visibility and public safety.

Approximate cost: \$7.5 million (per Facilities Finance Program Estimation)



**CITY OF SAN DIEGO
OFFICE OF COUNCIL PRESIDENT MYRTLE COLE
FOURTH COUNCIL DISTRICT**

MEMORANDUM

DATE: May 21, 2018
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Council President Myrtle Cole *Myrtle Cole*
SUBJECT: FY 2019 Budget Priorities

I am disappointed to see that the Mayor's revised budget did not address our basic neighborhood services. I believe that we can still have a balanced FY 2019 budget, maintain current level of City services and strive for additional resources to fulfill essential operations and provide optimal customer service. My priorities continue to focus on building a San Diego of which we can all be proud. Below is a list of Council District 4 and Citywide priorities that I would like to see included in Fiscal Year 2019.

Public Safety:

Identify funding for Resource Access Program (RAP). The RAP program is an important component in addressing the needs of our homeless. RAP, a paramedic based surveillance and case management system, manages frequent users of the 911/EMS system. RAP paramedics connect homeless individuals with resources for their underlying medical, mental health, and social needs. The RAP program has many benefits including reducing calls to the 911/EMS system, thus freeing up time for serious emergencies and reducing the costs.

Identify and allocate funding for Death and Disability benefits for Firefighters as required by City Charter Section 151 and authorized by Proposition B. Firefighters hired after July 20, 2012 do not have a defined Death and Disability benefit if permanently disabled or killed in the line of duty. The Cheiron CPR Analysis dated March 7, 2012 provided a summary of benefits and costing intended to replace the previous Death and Disability benefit with a like benefit. The previous plan was closed to firefighters due to pension system changes under Proposition B. Fortunately, no permanent disabilities or deaths have occurred for post-Prop B new hires to date. As such, the City has incurred

no cost in the last 5 ½ years. Funding must be allocated to provide for Death and Disability benefits moving forward to prevent an unfunded liability to the City in the event a firefighter is permanently disabled or killed.

Lifeguard

Identify and allocate funding for:

- Addition of one Clerical Assistant II dedicated to supporting all aspects of the Lifeguard Division front office operation. **(PREVIOUSLY REQUESTED Senior Management Analyst)**
- Addition of one (two FTE) Lifeguard III at the Children's Pool/La Jolla Cove.

Support and Fund the Neighborhood Code Compliance Division of the Development Services Department to administer programs designed to protect the public's health, safety, welfare, and property value through enforcement.

Identify and allocate appropriate funding for additional Psychiatric Emergency Response Team staff to address expanding homeless populations in communities throughout San Diego.

Climate Action Plan:

Implement the Downtown Mobility Plan and the highest priority bike lanes, identified by the Bicycle Advisory Committee.

Funding for shade tree pruning, which is essential to maintaining the health of our existing tree canopy; allocation of funds to expand the canopy; and an increase in staffing capacity to implement the Phase 1 actions outlined in the Five-Year Urban Forest Management Plan.

Infrastructure:

Identify and allocate funding for completion of the Streamview Drive.

Improvements. Including traffic calming measures, installation of roundabouts, medians, angled parking, resurfacing of streets and construction of new sidewalks.

Continued funding for the Martin Luther King, Jr. Recreation Center Facility renovations and repairs.

Identify and allocate funding for Emerald Hills Community Park

Renovations. Funding for improvements include, repainting of its tennis courts, resurfacing of basketball courts, and upgrading playground equipment of the two tot-lots.

Identify and allocate funding for a Permanent Skyline Hills Fire Station (FS 51). Identify funding to construct a permanent facility for the health and safety of our fire-rescue personnel.

Identify and allocate funding for a Permanent Home Avenue Fire Station (FS 1). This project will provide for the much-needed Fire Station to meet emergency response times in the community.

Identify and allocate funding to continue work on the Rolando Park Joint-Use Field project.

Identify funding to establish a CIP project to design and construct a new Oak Park Library.

Support Services for Planning Groups and Neighborhood Councils.

Fund improvements at 15 deadliest intersections. To ensure basic, low-cost pedestrian safety infrastructure improvements such as high visibility crosswalks, audible signals, and countdown signals.

Identify and allocate funding for increased lighting on Reo Drive between Rancho Hills Drive and Tonawanda Drive. This area is very dark and unsafe. It is not safe for pedestrians to walk this stretch of Reo Drive at night nor is it safe for the visibility for drivers on this road.

Identify and allocate funding for installation of sidewalks at several locations in Paradise Hills.

Identify funding for additional sidewalks and street lights in District 4 including, Paradise Hills, Community-Wide Pedestrian Improvements for North Encanto, and Northside of Market Street.

Economic Development and Neighborhood Services:

Allocate and Restore Services for Weed Abatement and Tree Trimming: These services are designed to protect the public's health, safety and welfare through abatement

Identify and allocate funding for Graffiti Abatement.

Continue to allocate additional funding for the Penny for the Arts Blueprint.

Library Services:

Identify and allocate funding for:

- An addition of at least \$100,000 for Library programming, and the adoption of a recurring budget line item for Library programming starting in FY19
- An additional \$288,000 added to the Library budget to ensure adequate Library security

Identify and allocate funding for a Small Business Bonding Assistance Program. The Small Business Bonding Assistance Program can serve as a supplement to the City's existing SLBE/ELBE program, and as an alternative to addressing the bonding needs of small construction firms.

Minimum Wage and Earned Sick Days Enforcement:

Continued funding for the current Minimum Wage and Earned Sick Days Program positions.

Identify and allocate funding for Park Maintenance Staff to maintain the 42,097 acres of park land in the City of San Diego.

Identify and allocate funding for Fleet Operations.

Identify funding to hire more Utility Workers. Repairing and improving streets has been a priority for both the Mayor and Council. Without more employees performing this work, the division will remain stretched thin and backlogged.

Identify and allocate funding for addition of 1 FTE Council Rep position in Council Administration to support and maintain service levels to support the Council Offices.

Revenue Opportunities:

To address funding for our FY 2019 budget priorities, following are some possible actions:

Excess Equity: There is an estimated \$1.8 million available for a one-time use.

Infrastructure Fund: There is an estimated \$934,841 allocation for FY 2019.


City of San Diego Land Sales.

We look forward to the collaborative work ahead and thank you for your consideration of our budget priorities.

**COUNCILMEMBER MARK KERSEY**

DATE: May 21, 2018

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Mark Kersey 

RE: Final Fiscal Year 2019 Budget Priorities


This is in response to Budget & Government Efficiency Committee Chair Barbara Bry's May 1, 2018 memorandum requesting final Councilmember input on the Fiscal Year 2019 Budget. My final requested budget modifications are:

- **Wheels of Change** (\$120,000): Wheels of Change, a workforce development program for homeless individuals, is in the pilot phase and has a waitlist of over 150 people. I request \$120,000 to continue the Wheels of Change program in Fiscal Year 2019.
- **Code Enforcement** (\$526,000): The City's Code Enforcement program improves safety and quality-of-life in our neighborhoods and helps weed out bad actors in a variety of industries, including the new adult-use cannabis industry. I request the addition of \$526,000 to the Code Enforcement Division budget to increase code compliance staffing.
- **Brush Management** (\$555,000): Regular brush management reduces the risk of wildfire in our open space parks and canyons. I request an additional \$555,000 be allocated to the Park & Recreation Department brush management budget to increase service frequency.
- **Tree Trimming** (\$882,000): A 21-year trimming cycle for trees in the public right-of-way is well below the industry standard and could leave the City vulnerable to litigation. I request restoration of \$882,000 to maintain FY18 funding levels for street tree trimming services.



**COUNCILMEMBER CHRIS CATE
CITY OF SAN DIEGO
SIXTH DISTRICT**

MEMORANDUM

DATE: May 21, 2018
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Councilmember Chris Cate 
SUBJECT: Recommended Fiscal Year 2019 Budget Revisions

The City continues to be in a precarious financial situation. In January of this year, the projected deficit for Fiscal Year (FY) 19 was anticipated to be above \$24 million, largely due to an increase in the General Fund portion of the Actuarially Determined Contribution (ADC) payment. To maintain basic neighborhood services for FY19, such as library and recreation center hours, road repair efforts, and responsive Police and Fire-Rescue Departments, City departments were asked to submit 2% operational reductions, primarily in non-personnel expenditures and in the elimination of vacant positions. Other strategies involved the use of excess equity and fund balances in the sum of \$26.7 million. These operational cuts ensured that critical strategic expenditures, such as the Clean SD program and Bridge Shelters, received the necessary support they needed to operate in FY19. Nevertheless, the multitude of ongoing expenditures that may require support beyond FY19 are expected to be affected by the City's budget going forward into FY20.

FY2020 Projected Deficit

Based on the projections from the most recent Five-Year Financial Outlook and current revenues and expenditures outlined in the FY19 Proposed Budget, the City can expect a deficit in FY20. The City's pension payment is expected to grow by another \$24.5 million, bringing next year's total payment to \$347.4 million, with an \$18.1 million hit to the General Fund. Based on growth rates included in the Five-Year Financial Outlook, General Fund revenues are expected to grow by \$39.5 million, while expenditures are anticipated to grow by \$73.8 million. Furthermore, in light of the Council pre-funding the FY19 reserve contribution in FY18 by \$10.3 million, the City can expect a \$9.6 million obligation in FY20 to meet reserve targets. The following table uses the same format of that outlined in the Five-Year Financial Outlook:

	FY2019 5yr	FY2019 Budget	FY2020 Projection
General Fund Revenues			
Property Tax	\$563.7	\$559.5	\$586.1
Sales Tax	\$281.8	\$281.9	\$289.8
TOT	\$130.6	\$127.9	\$135.3
Franchise Fees	\$77.7	\$78.9	\$80.5
Property Transfer Tax	\$10.5	\$10.9	\$11.3
Licenses & Permits	\$19.7	\$25.3	\$25.8
Cannabis Business Tax*	\$5.5	\$0.0	\$0.0
Fines	\$32.0	\$31.4	\$31.6
Revenue from Money & Property	\$60.3	\$59.8	\$61.8
Revenue from Other Federal Agencies	\$4.5	\$5.5	\$4.5
Charges for Services	\$163.5	\$159.3	\$162.6
Other Revenue	\$2.5	\$3.0	\$2.5
Transfers In	\$82.2	\$91.9	\$83.8
Removal of One-Time Resources/Interest		\$0.7	
Baseline	\$1,434.5	\$1,436.0	\$1,475.5
General Fund Expenditures			
Salaries & Wages	\$549.5	\$581.6	\$581.6
Employee Agreements	\$40.3	\$0.0	\$40.3
ADC	\$231.4	\$238.9	\$257.0
Flexible Benefits	\$82.8	\$94.1	\$82.8
OPEB	\$41.9	\$41.7	\$42.7
Workers' Comp	\$23.2	\$19.7	\$21.2
SPSP	\$18.9	\$19.5	\$19.0
Other Fringe	\$25.9	\$24.0	\$25.8
Personnel Expenditures	\$1,013.9	\$1,019.5	\$1,069.7
Infrastructure Fund	\$16.9	\$16.2	\$17.7
Supplies	\$31.2	\$30.2	\$31.7
Contracts	\$236.9	\$236.8	\$245.1
IT	\$34.5	\$32.0	\$32.6
Energy & Utilities	\$45.5	\$49.0	\$51.3
Reserve Contributions	\$5.0	\$4.2	\$13.5
Other Expenditures	\$51.9	\$59.9	\$59.9
Non-Personnel Expenditures	\$421.9	\$428.2	\$451.8
Total Expenditures	\$1,435.8	\$1,447.7	\$1,521.5
Baseline Difference	(\$1.3)	(\$11.7)	(\$46.0)

*Included within Licenses & Permits in FY19 Budget & FY20 Projection

As noted, this projection does not include the FY20 Five-Year Critical Strategic Expenditures for items, such as Clean SD, SDPD, and Fire-Rescue positions and equipment, software maintenance, and technology upgrades, that were included in the previous Five-Year Financial Outlook. In total, not including costs for the Bridge Shelters, Storage Center Operations, and Othello Fleet Services Improvements, these critical expenditures account for an additional \$25.6 million in expenditures in FY20.

FY20 5-Year Critical Strategic Expenditures	
City Clerk	\$0.5
Chief Operating Officer	\$0.3
City Treasurer	\$0.3
Citywide Program Expenditures	\$0.6
Environmental Services	\$0.3
Fire-Rescue	\$7.9
Fleet Operations	\$4.6
Hepatitis A Response	\$0.7
Homelessness (Safe Parking)	\$0.2
Library	\$0.6
Park & Recreation	\$4.2
Performance and Analytics	\$0.7
Police Body Worn Cameras and Tasers	\$0.4
Police Civilian Positions and Equipment	\$1.0
Transportation and Storm Water	\$3.3
Total	\$25.6

Upon taking into consideration the modest revenue growth and the above-mentioned expenditures, we project the City to have an approximately \$46.0 million budget deficit in FY20. This projection is limited in scope and does not include any additional ongoing expenditures that may be included in the FY19 adopted budget, nor does it include any initiatives or critical strategic expenditures necessary to be fulfilled during the FY20 budget deliberations.

FY20 Totals	
Total Revenues	\$1,475.5
Total Expenditures	\$1,521.5
5-Year Critical Strategic Expenditures	\$25.6
Surplus/Deficit	(\$46.0)

We must respond to these financial challenges by exercising strong fiscal discipline and maximizing one-time revenue sources for critical needs that ensure the public's safety and delivery of quality neighborhood services.

FY2019 Priorities

In response to the public hearings regarding the proposed budget and Mayor's May Revise, I recommend the following allocations for the remaining \$1.8 million of excess equity:

San Diego Police Department Housing Incentives (\$500,000)

The City Council and Mayor should continue prioritizing resources and funding to address the recruitment and retention crisis of the San Diego Police Department (SDPD). Staffing levels continue to be 200 officers below the nearly 2,000 budgeted for the department. To meet full staffing goals, the City should consider instituting a housing incentive pilot program for officers willing to reside within City limits. The program should include down payment and closing cost assistance by leveraging matching funds from financial institutions. \$500,000 should be allocated to initiate this pilot.

Mira Mesa Epicentre Facility Improvements (\$234,157)

Vacant since 2016, the Mira Mesa Epicentre provided San Diego youth a host of services since first opening in 1999, including educational activities, recreational services, a concert venue, and an entrepreneurial program for young adults. The facility has struggled to find a replacement tenant due to substantial, outstanding retrofits, and specific covenants tied to the receipt of prior Community Development Block Grants. To make the Epicentre more marketable and attractive to prospective tenants, the following improvements, identified as critical needs in a 2014 facility assessment, should be considered for funding from the remaining excess equity:

- Foundation Repair: \$107,760
- Slab on Grade Repairs: \$77,280
- Domestic Water Distribution: \$15,120
- Total: \$200,160
- Total with Inflation: \$234,157

Citywide Brush Management (\$554,696)

As the City enters a long-term drought, the maintenance of brush adjacent to residents and businesses is paramount. To mitigate the potential for future fire damage, the City should move forward with an increase to the Brush Management Budget of the Park and Recreation Department by \$554,696.

Wheels of Change (\$120,000)

Wheels of Change is a proven program that provides homeless individuals with the opportunity to earn a fair wage for a day's work. Modeled after Albuquerque's "There's a Better Way" program, Wheels of Change gives San Diego's homeless an opportunity to better their lives. Operated by the Alpha Project, there is currently a list of over 150 individuals waiting to participate. As such, this program is hoping to secure \$120,000 to expand its days of operation to five days per week.

Street Repairs (~\$500,000)

I recommend the following street repairs be funded through \$734,841 of unallocated dollars from the General Fund transfer to the Infrastructure Fund:

- Glasgow Drive from Merrimac Avenue to north cul-de-sac, OCI 16, 0.3 mile
- Clairemont Mesa Blvd. between the 163 and 805, OCI 40, 1.0 mile
- Pegasus Avenue from Capricorn Way to Polaris Drive, OCI 29, 0.5 mile

Private Property Graffiti Abatement (\$234,841)

In the Mayor's Proposed Budget, the City's Private Property Graffiti Abatement program was eliminated from the Transportation and Storm Water Department's budget. This program previously utilized a contract with Urban Corps to help residents abate graffiti on their property. To help individuals who may not have the physical or financial means to abate graffiti, the full reinstatement of this funding should be prioritized. I recommend that \$300,000 of the \$1.3 million General Fund transfer to the Capital Improvement Program (CIP) Budget be reallocated for this purpose. The CIP Budget should be backfilled with remaining dollars from the unallocated Infrastructure Fund transfer outlined in the May Revise.

I further recommend the following positions be added to the FY19 Budget by reallocating \$587,097 from the City Attorney's Office per the funding increase outlined in the Mayor's May Revise. This reallocation will not include the additions associated with the Family Justice Center and Tuition Reimbursement.

5.00 Full Time Equivalent (FTE) Positions for Marijuana-Related Code Compliance (~\$525,716)

With the implementation of Proposition 64 in January of this year, the City will continue to see an escalation of marijuana-related business activity, particularly as the 40 new production facilities go on-line. Measure N, passed by the voters in November 2016, authorizes a levy of gross receipts tax to properly regulate the marijuana industry without the diversion of resources from core City services. In the Proposed FY19 Budget, no code compliance officers were added. As such, approximately \$500,000 should be allocated to support the addition of 5.00 new FTE positions for code compliance to help regulate the local marijuana industry.

1.00 FTE Position for Council Administration (\$66,000)

Council Administration provides critical services to City Council offices. Their workload includes managing items appearing before Council committees, ensuring Councilmembers receive docket information and closed session material, providing Information Technology support, overseeing payroll, and processing Community, Projects, Programs and Services (CPPS) documentation. Recently, new filing deadlines issued by the City Attorney's Office have had a significant effect on the turnaround time for Council Administration to process CPPS items. 1.00 FTE position should be added to Council Administration to help alleviate the delays this has caused.

CC:ic



City of San Diego
Councilmember Scott Sherman
Seventh District

MEMORANDUM

DATE: May 21, 2018
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Councilmember Scott Sherman
RE: Fiscal Year 2019 Final Budget Priorities

The following are my budget priorities for funding in the FY19 Budget.

Reduction of Four City Attorney Positions

I propose the reduction of four City Attorney positions from the May Revise totaling \$587,097. This reduction would not include the proposed Assistant Management Analyst position for the Family Justice Center. The Office of the City Attorney currently has 29 vacant FTE's, which is 8% of the current budget. Due to the high number of vacancies, the reduction of proposed positions should not have an impact.

Addition of Five Code Enforcement Officers (~\$500,000)

Due to the passage of Proposition 64 and a possible resolution related to Short Term Vacation Rentals, there is a need for additional Code Enforcement Officers. These officers would provide much needed additional resources to the department as they take on these additional enforcement responsibilities. The passage of Measure N provided a new revenue stream, but no positions were added to provided enforcement from that revenue stream. The funding for these positions would come from the reduction of four City Attorney positions recommended in the May Revise.

Wheels of Change (\$120,000)

Wheels of Change is a homeless workforce development program that is currently in the pilot phase. It is operated two times/week out of the Alpha Project tent. The program is modeled after Albuquerque's program called "There's a Better Way." The San Diego program was initially funded with \$80,000 from a private donation. There is currently a wait

list of over 150 individuals that want to participate in the program. I request \$120,000 to continue the program in FY19.

Mira Mesa Epicentre Facility Improvements (\$235,000)

The Mira Mesa Epicentre has historically provided San Diego youth with a host of services since first opening in 1999. The facility was closed in 2016 and has struggled to find a replacement tenant due to substantial retrofits that are required. I request additional funding to assist in repairs from the remaining excess equity.

Increase Fire Safety through additional Brush Management (~\$550,000)

San Diego has approximately 500 linear miles of Wildland Urban Interface (WUI). San Diego is extremely susceptible to fires, especially as a result of the last two winters. The annual allocation for brush management ensures that City land is serviced once every 24 months. An increase of ~\$550,000 would drop the service frequency by 3 months to once every 21 months.

Additional FTE for Council Administration (\$66,000)

Council Administration provides support for the San Diego City Council. The level of support required by the City Council has risen in recent years due to the addition of a new Council District and a variety of other factors. There is a need for an additional FTE for a department that has not seen any adjustments in recent years.

cc: Honorable Mayor Kevin Faulconer



COUNCILMEMBER DAVID ALVAREZ
City of San Diego
Eighth District
MEMORANDUM

DATE: May 21, 2018

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember David Alvarez

SUBJECT: Final Budget Priorities and Revisions to the Fiscal Year 2019 Budget

Over the last few weeks the Council has heard from many citizens regarding their priorities in the City's proposed budget. Taking that public testimony and staff responses to Council questions into account, as well as the May Revisions to the proposed budget released on May 15, 2018, I submit this memorandum which contains my priorities for the Fiscal Year 2019 budget. I have proposed \$2.5 million in new expenditures and suggested \$5.7 million in budgetary resources.

EXPENDITURES

NEIGHBORHOOD SERVICES

Library Programming

The Library Department programming budget is a vital tool to ensure equity across the Library system by helping to sustain programming for branches in underserved and less affluent neighborhoods, which don't have access to private support.

Approximate cost: \$100,000

Penny for the Arts

FY19 funding for arts related programs should remain consistent at FY18 funding levels using recurring revenue.

Approximate cost: \$566,500

Council Administration

Addition of one position (one FTE Council Rep 1) in order to maintain daily operational service needs in Council Administration's ability to assist the Council in serving the public.

Approximate cost: \$66,000

Micro Business Improvement Districts

Funding should be made available to support the Micro BIDs, specifically targeting Imperial Avenue and Logan Avenue.

Approximate cost: \$20,000

INFRASTRUCTURE & SUSTAINABILITY**Baybridge Community Center Improvements**

The Baybridge Community Center is a single story 9,890 gross square foot building located adjacent to Chicano Park. The facility was built in 1971 and is part of the Parks and Recreation Department. The building is in very poor condition with many pressing needs to be move-in ready for the next tenant. A roof replacement is identified as a critical need in the most recent facilities assessment report. Other critical improvements are electrical and HVAC upgrades.

Approximate cost: \$500,000

Tree Trimming and Weed Abatement

The current budget would increase tree trimming maintenance from every nine years to every twenty-one years. I am requesting funding for tree trimming and weed abatement to be restored in the FY19 budget. This will ensure that the City takes proactive measures to reduce fire risk during the upcoming fiscal year. Moreover, an increased frequency for services will help to reduce future potential liability to the City.

Approximate cost: \$800,000

Growing Our Urban Forest

Growing our urban forest is a critical piece of our Climate Action Plan. The City must invest in the professional staff needed to maintain and manage existing trees and a robust planting program. I request the addition of 2.0 FTE for horticulturalists/urban foresters.

Approximate cost: \$200,000

Private Property Graffiti Abatement Program

Restore the private property graffiti abatement program. The elimination of this service would be detrimental to the City, leading to an increase in blight in some communities. Additionally, the need for code enforcement officers to help to monitor and provide enforcement to ensure the graffiti abatement occurs, can ultimately end up costing the City more money.

Approximate cost: \$300,000

Southwest Neighborhood Park

The project would provide for the design and construction of 11.54 gross / 6.82 useable acres on city owned dedicated parkland and will include a new comfort station and play area. An earlier request to allocate \$460,000 in Otay Mesa/Nestor DIF to this project to allow the development of the General Development Plan (GDP) was granted. Currently, the CIP for this project does not

appear under the FY19 proposed CIP budget or in the Mayor's Revise. I respectfully request this project to be reflected in the Adopted FY19 Budget.

Approximate cost: None

Otay Mesa/Nestor Community Plan Update

Include the Otay Mesa-Nestor Community Plan Update in the FY19 community plan update work plan. The first Otay Mesa-Nestor Community Plan was adopted in 1979 and it was last updated in 1997.

Approximate cost: None

Performance Metrics

The following performance metrics should be included under the Development Services Department and/or Planning Department in the FY19 budget:

- Number of building permits issued
- Number of residential units built
- Percentage of RHNA city allocation units permitted
- Percentage of RHNA allocation units built

The following performance metrics should be included under the Housing Commission in the FY19 budget:

- Number of affordable units preserved
- Percentage of units preserved in danger of losing their affordability clause

Future Infrastructure/Commercial Paper/Bond Issuances and/or CDBG Reprogramming:

The projects listed in Attachment A are high priority community needs for the FY19 budget. Consideration should be provided to those projects eligible for FY19 funding opportunities.

SUGGESTED REVENUE SOURCES

I offer the following revenue sources to continue progress and prevent any reductions to public safety and critical neighborhood services:

Excess Equity

The May Revise indicated that \$1.8 million remains unused in excess equity.

Available resource: \$1.8 million.

Infrastructure Fund

The May Revise resulted in an increase to the allocation made to the infrastructure Fund. This funding should be used to fund the infrastructure items prioritized in this memorandum.

Available resource: \$739k

Contracts

The City utilizes outside contractors for a variety of services totaling \$240 million. The City should utilize the appropriate termination clause language within each contract to renegotiate the cost of each contract. A simple 1% overall reduction in contracts for outside services would provide the City with \$2.4 million for more immediate General Fund purposes.

Available resource: \$2.4 million.

Park and Recreation Department position reduction:

During FY18, there was a change in the way Recreation Council's across the City process the use of their funding. At the time this change was approved by Council, it was anticipated that current staff will absorb the work produced. For FY19 there is a request for 3 additional FTEs in support of the work produced by this change. I request that this line be removed from the Park and Recreation Budget, as staff previously stated that it had the capacity to absorb the work.
Available resource: \$300,000

Business Expansion, Attraction, and Retention (BEAR)

Recently, an audit was published which highlighted various issues with the current Business Incentive Program. The Audit Committee made a recommendation for this program to be suspended until the Economic Development Department implements all the recommendations to reform the program. Given this recommendation, I am requesting that this funding be suspended and allocated to other business support programs.
Available resource: \$515,000

Thank you for your consideration of these priorities. This memo reflects my top priorities and will serve as the basis for my support of the budget.

ATTACHMENT A

Baybridge Community Center Improvements

The Baybridge Community Center is a single story 9,890 gross square foot building located adjacent to Chicano Park. The facility was originally built in 1971 and is part of the Parks and Recreation Department. The building is in very poor condition with many pressing needs to be move-in ready for the next tenant. The current roof needs replacement and is identified as a critical need in the City's most recent facilities assessment report. Other repairs such as HVAC and electrical upgrades also need to be done.

Approximate cost: \$500,000

Beyer Community Park

This project would create a 12.6 acre community park serving the San Ysidro and Otay Mesa communities. The General Development Plan and design of the project will soon be complete. The next step would be to fund the project's initial construction phase.

Approximate cost: \$400,000

Chollas Creek Master Plan Restoration and Active Transportation Improvement Project

Chollas Creek is a significant asset that traverses the City Heights, Eastern, Encanto, Southeastern San Diego, and Barrio Logan communities. Planning work has been completed as part of the 2015 Southeastern and Encanto Community Plans; Chollas Triangle Plan amendment; Southcrest Trails Park General Development Plan; and improvements from private development projects along the creek that implement the 2002 Chollas Creek Enhancement Plan. The total cost of the Master Plan is estimated to be \$1.0 million based on the costs of the San Diego River Park Master Plan/CEQA document. However, Park Planning staff reports that the Master Plan could be funded in phases over a three year time period.

La Media Road CIP

Completion of this CIP is critical to our cross-border economy. \$9.7 million in Transnet funding should be allocated to it in FY19.

Pedestrian/Safe Routes to School Improvement Projects

- Picador Boulevard and Majestic Drive (Montgomery Middle School) Crosswalk/Rectangular Rapid Flash Beacon (RRFB)

- Hemlock Avenue and Hollister Street (Nestor Academy) Crosswalk/Rectangular Rapid Flash Beacon (RRFB)

Funding should be provided to install these much needed RRFBs in order to provide a safe zone for students crossing the street.

Approximate cost: \$20,000

Sidewalks

Sidewalks throughout District 8 are in disrepair and need immediate attention. The list below should be considered priority locations in the FY19 budget.

-Saturn Boulevard Sidewalk Improvements between Dalia Ave. to Elm St. This stretch along Saturn Boulevard has long needed the installation of sidewalks in order to provide a safe environment for pedestrians.

-Installation of a sidewalk on Evergreen Ave. between Thermal Ave. to 16th St.

- Imperial Ave. & 25th St. Sidewalk Repairs: The condition of the sidewalks at the following stretches are riddled with potholes, the concrete blocks are broken, missing and protruding. These conditions are dangerous for pedestrians and pose a liability risk to the City.

- Imperial Avenue from 19th St. to 30th St.
- 25th St. from Imperial Ave. to G St.

-San Ysidro locations:

- -Howard Ave. (east side) between Village Pine Dr. and Iris Ave. (50/50 cost share – \$22,500 San Ysidro & \$22,500 Otay Mesa-Nestor)
- -Smythe Ave. (both sides) between Beyer Blvd. and SR-905.
- -Cottonwood Rd. (both sides) between W. San Ysidro Blvd. and Vista Ln.
- -Seaward Ave. (south side) between Cottonwood Rd. and West Park Ave.
- -Border Village Rd. (both sides) between the north and south connections to E. San Ysidro Blvd.
- -Calle Primera (north side) between Via De San Ysidro and Willow Rd.
- -Cottonwood Rd. (west side) Beyer Blvd. to Foothill Rd.
- -Smythe Ave. (both sides) between Sunset Ln. and W. San Ysidro Blvd.
- -Alverson Rd. (both sides) between Sunset Ln. and W. San Ysidro Blvd.
- W. San Ysidro Blvd between Dairy Mart Rd. and I-805; E. San Ysidro Blvd between I-805 & San Ysidro border crossing.

Approximate cost \$1.1 million

Streetlights

District 8 communities are deficient in sufficient street and parks lighting. It is imperative that we provide and repair lighting in our neighborhoods and public facilities. The following are priorities to provide and repair lighting:

- Dahlia Avenue between Saturn Boulevard and 18th Street qualifies for three additional street lights. Their proposed locations are as follows:
 - Dahlia Avenue west of Saturn Blvd 305' south side \$ 2,500
 - Dahlia Avenue west of Saturn Blvd 105' south side \$ 2,500
 - Dahlia Avenue east of 18th Street 160' south side \$ 2,500
- East Beyer Boulevard north west of Center Street 600', west side \$ 15,000
- G Street east of 30th Place 150', south side \$ 10,000
- Antares Drive east of Caithness Drive 190', south side \$ 18,000
- Beyer Boulevard west of East Beyer Boulevard 300', south side \$ 20,000
- 28th Street south of Imperial Avenue 153', west side streetlight \$ 2,000
- 34th Street (South) north of Spring Garden Place 120', east side streetlight \$ 2,000

○ Logan Avenue northwest of Sigsbee Street 184', south side streetlight	\$ 2,000
○ Acacia St at Delta Street, southeast corner	\$ 1,000
○ Spring Garden Place west of 34TH Street 180', in cul-de-sac streetlight	\$ 2,000
○ Pickwick Street east of 34th Street 495', south side	\$ 2,000
○ 33rd Street north of Imperial Avenue 130', west side at alley streetlight	\$ 2,000
○ Clay Avenue at Sampson Street, at alley, northwest corner streetlight	\$ 1,000
○ Franklin Avenue east of 29th Street 183', south side streetlight	\$ 2,000
○ Sampson Street west of Kearney Avenue 60' south side	\$ 8,000
○ 28th Street south of Imperial Avenue 153', west side	\$ 8,000
○ Gamma Street east of South 42nd Street 160', north side	\$ 8,000
○ 24th Street, 135' north of Imperial Av, east side	\$ 10,000
○ F Street east of 31st Street 265', south side	\$ 10,000
○ Irving Avenue east of Sicard Street 155', south side	\$ 10,000
○ Harrison Avenue north of Sicard Street 310', west side	\$ 10,000
○ G Street west of 31th Street 150', north side	\$ 10,000
○ Harrison Avenue west of Evans Street (south) 300', south side	\$ 10,000
○ Harrison Avenue east of S Evans Street 325', north side	\$ 10,000
○ Everett Avenue east of S Evans Street 205', south side	\$ 10,000
○ Everett Avenue west of S 28th Street 140', north side	\$ 10,000
○ Birch Street northeast of Vesta Street 210', northeast side	\$ 15,000
○ Irving Avenue east of Dewey Street 300', south side	\$ 15,000
○ Irving Avenue west of Sicard Street 155', south side	\$ 15,000
○ F Street west of 33rd Street 130', south side	\$ 18,000
Total	\$ 264,000

Southeast Mini-Parks 4 mini-parks are included in CIP L16000:

- Gamma Street Mini-Park ADA Improvements: This project provides for the design and construction of ADA improvements at the existing Gamma Street Mini-Park in the Southeastern Community. Improvements include upgrades to the children's play area and associated path of travel. Design is in its final phase and the project is ready to begin the construction award process once funding has been added to the project.

Approximate Cost: \$1.3 million

- Clay Avenue (CD8): Play structure ages 5-12, installation of tables and BBQ grills and ADA improvements.

Approximate Cost: \$1 million

- Island Ave: Complete design and construction, including ADA improvements, playground and amenities.

Approximate Cost: \$1 million

- J St: ADA improvements and playground upgrade.

Approximate Cost: \$1 million

Southwest Neighborhood Park

This project is P-13 in the Otay Mesa/Nestor Community Plan Update's Public Facilities Financing Plan. The project would provide for the design and construction of 11.54 gross / 6.82

useable acres on city owned dedicated parkland, and will include a new comfort station and play area. The total estimated cost of the project is \$8.8M. A CIP is being created for inclusion in the FY19 Budget and funding will be allocated to allow a General Development Plan (GDP) to move forward. After the GDP is complete the project will need additional design and construction funding.

Approximate cost \$8.8 million

Villa Montezuma

This historic City facility requires immediate attention for the following deficiencies:

1. Plumbing upgrades, which will allow for functional and ADA compliant restrooms and a new hot water heater. Approximate cost: \$150,000
2. Exterior painting prep, such as tenting for termites and rodents, and fixing deteriorating/termite damaged exterior wood boards: Approximate cost: \$150,000
3. Replacement of carpet for third story: Approximate cost: \$10,000

RESOLUTION NUMBER R- 311783DATE OF FINAL PASSAGE JUN 13 2018

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO ADOPTING THE FISCAL YEAR 2019 BUDGET, INCLUDING APPROVING THE MAYOR'S FISCAL YEAR 2019 PROPOSED BUDGET, THE MAY REVISION TO THE PROPOSED BUDGET, THE INDEPENDENT BUDGET ANALYST'S RECOMMENDED REVISIONS TO THE PROPOSED BUDGET AND OTHER CHANGES AS APPROVED BY THE CITY COUNCIL.

WHEREAS, pursuant to San Diego Charter section 69, prior to June 15 of each year and after holding a minimum of one public hearing, the City Council shall adopt a resolution approving the City's budget as proposed by the Mayor or modified in whole or part; and

WHEREAS, on April 16, 2018, the Mayor's proposed budget (Proposed Budget) was presented to the City Council; and

WHEREAS, on May 17, 2018, the Mayor's May revision (May Revision) to the Proposed Budget, dated May 15, 2018, was presented to the City Council sitting as the Budget Review Committee; and

WHEREAS, on May 31, 2018, the Independent Budget Analyst issued her Review of the FY 2018 Year-End Budget Monitoring Report, FY 2019 May Revision, and Recommended Revisions to the Mayor's FY 2019 Budget IBA Report No. 18-13 (IBA FY 2019 Budget Report); and

WHEREAS, between May 2 and May 14, 2018, the City Council held more than one public hearing to consider the City's Fiscal Year 2019 budget in accordance with San Diego Charter section 69; and

WHEREAS, the City Council has determined to approve the City's Fiscal Year 2019 Budget, including the Mayor's Proposed Budget, as modified by the May Revision, and including certain recommendations contained in the IBA FY 2019 Budget Report; NOW, THEREFORE,

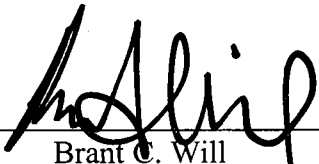
BE IT RESOLVED, by the Council of the City of San Diego that the Mayor's Proposed Budget, as modified by the May Revision, is hereby approved including the recommendations contained in the IBA FY 2019 Budget Report, except as follows:

1. Capital expenditures related to Streetlights in the IBA FY 2019 Budget Report is reduced to \$2,300,000 from \$3,035,000.
2. Increase budget in CIP S81008 – Chicano Park Community Center by \$500,000 from Infrastructure Fund.
3. Increase budget in CIP ABT00001, Annual Allocation – City Facility Improvements by \$235,000 from Infrastructure Fund to fund improvements to the Mira Mesa Epicenter Improvements.

BE IT FURTHER RESOLVED, that the Mayor is directed to present to the City Council the Fiscal Year 2019 First Quarter Budget Monitoring Report (First Quarter Budget Monitoring Report), along with the Five Year Financial Outlook, no later than November 30, 2018.

BE IT FURTHER RESOLVED, that the City Clerk is hereby authorized and directed to return, as soon as practicable, the Approved Budget to the Mayor in accordance with section 69 of the Charter.

APPROVED: MARA W. ELLIOTT, City Attorney

By 
Brant C. Will
Deputy City Attorney

BCW:jdf
05/30/18
06/05/18 COR. COPY
06/11/18 REV.
Or.Dept:IBA
Doc. No.: 1762136_3

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JUN 11 2018.

ELIZABETH S. MALAND City Clerk

By  For
Deputy City Clerk Matt Hilario

Approved: 6/13/18
(date)


KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

ATTACHMENT H

Passed by the Council of The City of San Diego on **JUN 11 2018**, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Barbara Bry	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Ward	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Myrtle Cole	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Cate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Georgette Gomez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage **JUN 13 2018**

(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

(Seal)

KEVIN L. FAULCONER
Mayor of The City of San Diego, California.

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

By , Deputy

Office of the City Clerk, San Diego, California

Resolution Number R- **311783**



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: July 17, 2018**IBA Report Number:** 18-22**Budget & Government Efficiency Committee Docket Date:** July 25, 2018**Item Number:** TBD

Proposed FY 2019 Statement of Budgetary Principles

OVERVIEW

The Statement of Budgetary Principles (Principles) was first put into place in FY 2008 to address issues of budgetary authority and to provide a means to communicate budget changes between the Executive and Legislative branches following budget adoption each year. For the past eleven fiscal years, the Principles have been adopted by the City Council as a companion resolution to the Appropriation Ordinance (AO), which was approved by the City Council on June 25, 2018. The purpose of the Principles is to preserve the intent of the AO as a true appropriation setting document rather than a policy document. The Principles represent an annual agreement between the City Council and the Mayor, which we recommend be continued in FY 2019.

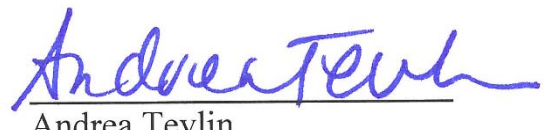
In 2004, the voters approved a Strong Mayor/Strong Council form of government for the City of San Diego. The change from a City Manager to a Strong Mayor/Strong Council form of government necessitated clarifications of the roles and responsibilities of the Executive and Legislative branches of City government. The Principles were enacted in order to designate areas of Mayoral and Council authority, and to establish the processes by which budget and administrative information would be communicated between the two branches in order to support the effective and efficient governance of the City.¹

The proposed FY 2019 Principles closely mirror the FY 2018 Principles with only minor revisions reflecting date changes and an updated description of the City's performance dashboard, PerformSD.

¹ The Principles were part of a larger movement that has, over time, codified areas of authority and practice in relation to budget and administrative City governance after the Strong Mayor/Strong Council form of government was put in place. Other documents that have clarified the roles of the Executive and Legislative branches include the City's Budget Policy (Council Policy 000-02) and the addition of the ability of the Mayor (and subsequently the City Council) to make changes to the Adopted Budget via the Mid-Year Budget Monitoring Report, to the City's Municipal Code (Section 22.0229, amended by O-20551).

ATTACHMENT I

This draft of the Principles is provided for the July 25, 2018 Budget and Government Efficiency Committee for review with a recommendation to forward the item, with any desired modifications, to the full City Council for review and adoption. Since this is an agreement between the City's two branches of government, any proposed revisions will also be subject to Mayoral approval.


Chris Olsen
Fiscal & Policy Analyst
Andrea Tevlin
Independent Budget Analyst

Attachments: 1. FY 2019 Statement of Budgetary Principles – Clean Copy
2. FY 2019 Statement of Budgetary Principles – Redline Copy

FY 2019 STATEMENT OF BUDGETARY PRINCIPLES

WHEREAS, pursuant to sections 69(c) and 265(b)(14) of the City Charter the Mayor is required to propose a budget to the Council and make it available for public view no later than April 15 of each year; and

WHEREAS, on April 12, 2018, the Mayor released the Fiscal Year 2019 Proposed Budget to the Council and to the public; and

WHEREAS, the Council has duly considered the Mayor's Fiscal Year 2019 Budget; and

WHEREAS, between April 16 and June 11, 2018 the City Council held more than one public hearing to consider the City's Fiscal Year 2019 Budget in accordance with City Charter section 69(d), and at such meetings members of the public were invited to comment on and ask questions about the Fiscal Year 2019 Budget; and

WHEREAS, on May 15, 2018, the Financial Management Director provided the City Council with their May Revision to the Fiscal Year 2019 Proposed Budget (May Revision) in accordance with City Charter Section 69(e); and

WHEREAS, on May 17, 2018, the May Revision was presented to the City Council sitting as the Budget Review Committee; and

WHEREAS, Councilmembers submitted their budget priorities to the Independent Budget Analyst on May 21, 2018 to assist with the development of final budget recommendations; and

WHEREAS, on May 31, 2018, the Independent Budget Analyst's Final Budget Report and Recommendations on the FY 2019 Budget (IBA Report # 18-13 *Recommended City Council Modifications to the Mayor's Proposed FY 2019 Budget and May Revision*) was issued; and

WHEREAS, on June 11, 2018, the City Council approved the City's Fiscal Year 2019 Budget, including the Mayor's Proposed Budget, as modified by the May Revision, and including the recommendations in the IBA Final Report on the FY 2019 Budget, dated May 31, 2018, with revisions proposed by the City Council, and directed the City Clerk to return the same to the Mayor for his consideration under Charter section 69(f)(2); and

WHEREAS, on June 13, 2018, the Mayor signed Budget Resolution R-311783, which is the Fiscal Year 2019 Adopted Budget, in accordance with Charter section 69(g); and

WHEREAS, pursuant to Charter section 69(k), the Council is required to adopt an appropriation ordinance no later than June 30, to establish budgetary appropriations for the Fiscal Year 2019 Budget; and

WHEREAS, the Mayor and the Council acknowledge that the Fiscal Year 2019 Budget reflects the best estimate of the Mayor and the Council regarding projected revenues and expenditures and that such estimate is simply a financial plan that may require adjustments in view of the available resources; and

WHEREAS, in accordance with Chapter 2, Article 2, Division 2 of the Municipal Code, mid-year budget adjustments shall be reported to address any projected surplus or deficit in addition to reporting significant reductions in programs or services; and

WHEREAS, this Statement of Budgetary Principles is intended to facilitate better communication on fiscal matters between the Council and the Mayor and to establish a framework for the administration by the Mayor of the Fiscal Year 2019 Budget in light of the respective duties of the Mayor as Chief Executive Officer and Chief Budget Officer of the City, and the duties of the Council as the legislative and policy setting body of the City, and in light of the obligation of public officials to keep the public apprised of the conduct of the City's financial affairs; and

WHEREAS, the City Council adopted Resolution 307737 on October 15, 2012, subsequently signed by the Mayor, establishing ten fundamental principles for an effective, cooperative and transparent Mayor-Council form of government in the City of San Diego ("Ten Fundamental Principles").

Accordingly, the Mayor and the Council hereby agree to adhere to the following budgetary principles for the Fiscal Year 2019 Budget:

Fiscal Year 2019 Budget—Communication on Proposed Program/Service Changes

1. The Mayor, or his designee, will provide reports to the Council on a quarterly basis regarding the administration of the affairs of the City. These reports can be given verbally, and are intended to improve the flow of information between the Mayor, Council, and public.
2. The Council President will provide time on the Council's agenda for the Report of the Mayor.
3. Consistent with Chapter 2, Article 2, Division 2 of the Municipal Code, prior to any reduction in service levels or elimination of programs or services as represented and funded in the FY 2019 Adopted Budget, the Mayor, or designee, shall provide written notice to the City Council regarding such reductions and provide a fiscal justification thereof and a description of expected service levels impacts.

4. Notwithstanding the foregoing, the Mayor need not provide prior written notice of any change or modification that results in a more efficient delivery of public services and that accomplishes the legislative intent. However, in these circumstances the Mayor is requested to provide the Council with an informational memo upon implementation.

Fiscal Year 2019 Budget—Appropriation Ordinance

1. Neither the Mayor nor the Council has unilateral authority to make changes to the spending authority contained in the Fiscal Year 2019 Budget.
2. The Mayor shall in good faith fulfill the legislative intent reflected in the adopted Fiscal Year 2019 Budget, including the appropriations reflected in the Fiscal Year 2019 Appropriation Ordinance. However, the Mayor has discretion to effectively and efficiently spend public monies, and shall not be obligated to spend all the money the Council has appropriated if there is a less costly means of accomplishing the Council's stated purposes.
3. The Council shall have no authority to make or adopt changes to the Fiscal Year 2019 Budget without first receiving a funding recommendation of the Mayor. The Mayor will provide such funding recommendation within 30 calendar days of the Council request, or such later period as contained in the request of the Council.
4. In accordance with Charter section 28, the Mayor has the authority to allocate Fiscal Year 2019 Budget appropriations within departments in order to best carry out the Council's legislative intent.
5. The Appropriation Ordinance implements the Fiscal Year 2019 Budget, as approved by the Council. The Appropriation Ordinance shall specify the spending authority by Department and by Fund, and all other conditions, authorizations, and requirements appropriate therefore. The Appropriation Ordinance will include necessary budget delegation to carry out the business of the City; provided however, the Appropriation Ordinance will not include Policy directions.
6. The Statement of Budgetary Principles applies to departments and programs that are under the direction and authority of the Mayor. These Principles shall also apply to those offices that are independent of the Mayor. This Statement of Budgetary Principles is subject in all respects to the provisions of the City Charter.

Fiscal Year 2019 Budget—"Budget-Related Fundamental Principles for an Effective, Cooperative, and Transparent Mayor-Council Form of Government" applying to budget implementation

1. The “Structural Budget Deficit Principles” adopted by Council on February 22, 2010 and outlined in Resolution 305615 should be continually adhered to ensuring a structurally balanced budget.
2. The Mayor will update the City’s Five-Year Financial Outlook (Outlook) in November 2018 and present the results to the Budget and Government Efficiency Committee and City Council.
3. In FY 2019 the City’s performance dashboard, PerformSD, will display historical information and targets for performance measures in the following areas: civic engagement, communication, customer satisfaction, economy and finance, infrastructure, public safety, recreation and culture, sustainability, and transportation and mobility. The performance measure data available as part of the performance dashboard will be discussed and reviewed by the Budget and Government Efficiency Committee by the end of the first quarter of FY 2019. The data will be evaluated for updates quarterly in FY 2019, and will be a subset of the performance measures included in the Proposed and Adopted Budgets. Additional performance measures may be evaluated and added to the performance dashboard in FY 2019.
4. The Mayor will address the City's deferred capital backlog by implementing funded projects in a timely and cost effective manner and working with the Council to identify resources necessary to address remaining unfunded deferred capital as well as new infrastructure needs.

FY ~~2018-2019~~ STATEMENT OF BUDGETARY PRINCIPLES

WHEREAS, pursuant to sections 69(c) and 265(b)(14) of the City Charter the Mayor is required to propose a budget to the Council and make it available for public view no later than April 15 of each year; and

WHEREAS, on April ~~13~~12, ~~2017~~2018, the Mayor released the Fiscal Year ~~2018~~2019 Proposed Budget to the Council and to the public; and

WHEREAS, the Council has duly considered the Mayor's Fiscal Year ~~2018-2019~~ Budget; and

WHEREAS, between April ~~17~~16 and June ~~5~~11, ~~2017~~2018 the City Council held more than one public hearings to consider the City's Fiscal Year ~~2018-2019~~ Budget in accordance with City Charter section 69(d), and at such meetings members of the public were invited to comment on and ask questions about the Fiscal Year ~~2018-2019~~ Budget; and

WHEREAS, on May ~~16~~15, ~~2017~~2018, the Financial Management Director provided the City Council with their May Revision to the Fiscal Year ~~2018-2019~~ Proposed Budget (May Revision) in accordance with City Charter Section 69(e); and

WHEREAS, on May ~~18~~17, ~~2017~~2018, the May Revision was presented to the City Council sitting as the Budget Review Committee; and

WHEREAS, Councilmembers submitted their budget priorities to the Independent Budget Analyst on May ~~22~~21, ~~2017~~2018 to assist with the development of final budget recommendations; and

WHEREAS, on May 31, ~~2017~~2018, the Independent Budget Analyst's Final Budget Report and Recommendations on the FY ~~2018-2019~~ Budget (IBA Report # ~~17-2318-13~~ *Review of the FY 2017 Year-End Budget Monitoring Report, FY 2018 May Revision, and Recommended Revisions to the Mayor's FY 2018 Budget Recommended City Council Modifications to the Mayor's Proposed FY 2019 Budget and May Revision*) was issued; and

WHEREAS, on June ~~5~~11, ~~2017~~2018, the City Council approved the City's Fiscal Year ~~2018-2019~~ Budget, including the Mayor's Proposed Budget, as modified by the May Revision, and including the recommendations in the IBA Final Report on the FY ~~2018-2019~~ Budget, dated May 31, ~~2017~~2018, with revisions proposed by the City Council, and directed the City Clerk to return the same to the Mayor for his consideration under Charter section 69(f)(2); and

WHEREAS, on June ~~9~~13, ~~2017~~2018, the Mayor ~~modified and~~ signed Budget Resolution ~~R-311158~~R-311783, which is the Fiscal Year ~~2018-2019~~ Adopted Budget, in accordance with Charter section 69(g) ; and

~~WHEREAS, in accordance with Charter section 69(h), on June 13, 2017 the Fiscal Year 2018 Budget became a controlling document for purposes of preparing the annual appropriation ordinance; and~~

WHEREAS, pursuant to Charter section 69(k), the Council is required to adopt an appropriation ordinance no later than June 30, to establish budgetary appropriations for the Fiscal Year 2018-2019 Budget; and

WHEREAS, the Mayor and the Council acknowledge that the Fiscal Year 2018-2019 Budget reflects the best estimate of the Mayor and the Council regarding projected revenues and expenditures and that such estimate is simply a financial plan that may require adjustments in view of the available resources; and

WHEREAS, in accordance with Chapter 2, Article 2, Division 2 of the Municipal Code, mid-year budget adjustments shall be reported to address any projected surplus or deficit in addition to reporting significant reductions in programs or services; and

WHEREAS, this Statement of Budgetary Principles is intended to facilitate better communication on fiscal matters between the Council and the Mayor and to establish a framework for the administration by the Mayor of the Fiscal Year 2018-2019 Budget in light of the respective duties of the Mayor as Chief Executive Officer and Chief Budget Officer of the City, and the duties of the Council as the legislative and policy setting body of the City, and in light of the obligation of public officials to keep the public apprised of the conduct of the City's financial affairs; and

WHEREAS, the City Council adopted Resolution 307737 on October 15, 2012, subsequently signed by the Mayor, establishing ten fundamental principles for an effective, cooperative and transparent Mayor-Council form of government in the City of San Diego ("Ten Fundamental Principles").

Accordingly, the Mayor and the Council hereby agree to adhere to the following budgetary principles for the Fiscal Year 2018-2019 Budget:

Fiscal Year 2018-2019 Budget—Communication on Proposed Program/Service Changes

1. The Mayor, or his designee, will provide reports to the Council on a quarterly basis regarding the administration of the affairs of the City. These reports can be given verbally, and are intended to improve the flow of information between the Mayor, Council, and public.
2. The Council President will provide time on the Council's agenda for the Report of the Mayor.
3. Consistent with Chapter 2, Article 2, Division 2 of the Municipal Code, prior to any reduction in service levels or elimination of programs or

services as represented and funded in the FY ~~2018-2019~~ Adopted Budget, the Mayor, or designee, shall provide written notice to the City Council regarding such reductions and provide a fiscal justification thereof and a description of expected service levels impacts.

4. Notwithstanding the foregoing, the Mayor need not provide prior written notice of any change or modification that results in a more efficient delivery of public services and that accomplishes the legislative intent. However, in these circumstances the Mayor is requested to provide the Council with an informational memo upon implementation.

Fiscal Year ~~2018-2019~~ Budget—Appropriation Ordinance

1. Neither the Mayor nor the Council has unilateral authority to make changes to the spending authority contained in the Fiscal Year ~~2018-2019~~ Budget.
2. The Mayor shall in good faith fulfill the legislative intent reflected in the adopted Fiscal Year ~~2018-2019~~ Budget, including the appropriations reflected in the Fiscal Year ~~2018-2019~~ Appropriation Ordinance. However, the Mayor has discretion to effectively and efficiently spend public monies, and shall not be obligated to spend all the money the Council has appropriated if there is a less costly means of accomplishing the Council's stated purposes.
3. The Council shall have no authority to make or adopt changes to the Fiscal Year ~~2018-2019~~ Budget without first receiving a funding recommendation of the Mayor. The Mayor will provide such funding recommendation within 30 calendar days of the Council request, or such later period as contained in the request of the Council.
4. In accordance with Charter section 28, the Mayor has the authority to allocate Fiscal Year ~~2018-2019~~ Budget appropriations within departments in order to best carry out the Council's legislative intent.
5. The Appropriation Ordinance implements the Fiscal Year ~~2018-2019~~ Budget, as approved by the Council. The Appropriation Ordinance shall specify the spending authority by Department and by Fund, and all other conditions, authorizations, and requirements appropriate therefore. The Appropriation Ordinance will include necessary budget delegation to carry out the business of the City; provided however, the Appropriation Ordinance will not include Policy directions.
6. The Statement of Budgetary Principles applies to departments and programs that are under the direction and authority of the Mayor. These Principles shall also apply to those offices that are independent of the

Mayor. This Statement of Budgetary Principles is subject in all respects to the provisions of the City Charter.

Fiscal Year ~~2018-2019~~ Budget—“Budget-Related Fundamental Principles for an Effective, Cooperative, and Transparent Mayor-Council Form of Government” applying to budget implementation

1. The “Structural Budget Deficit Principles” adopted by Council on February 22, 2010 and outlined in Resolution 305615 should be continually adhered to ensuring a structurally balanced budget.
2. The Mayor will update the City’s Five-Year Financial Outlook (Outlook) in November ~~2017-2018~~ and present the results to the Budget and Government Efficiency Committee and City Council.
3. In FY ~~2018-2019~~ the City’s performance dashboard, PerformSD, will display historical information and targets for performance measures in the following areas: civic engagement, communication, customer satisfaction, economy and finance, infrastructure, public safety, recreation and culture, sustainability, and transportation and mobility. The performance measure data available as part of the performance dashboard will be discussed and reviewed by the Budget and Government Efficiency Committee by the end of the first quarter of FY ~~2018-2019~~. The data will be evaluated for updates quarterly in FY ~~2018-2019~~, and will be a subset of the performance measures included in the Proposed and Adopted Budgets. Additional performance measures may be evaluated and added to the performance dashboard in FY ~~2018-2019~~.
4. The Mayor will address the City’s deferred capital backlog by implementing funded projects in a timely and cost effective manner and working with the Council to identify resources necessary to address remaining unfunded deferred capital as well as new infrastructure needs.

(O-2018-137)

ORDINANCE NUMBER O- 20952 (NEW SERIES)DATE OF FINAL PASSAGE JUN 25 2018

AN ORDINANCE ADOPTING THE ANNUAL BUDGET FOR
FISCAL YEAR 2019 AND APPROPRIATING THE
NECESSARY MONEY TO OPERATE THE CITY OF
SAN DIEGO FOR FISCAL YEAR 2019.

WHEREAS, San Diego City Charter (Charter) section 69 requires that the form,
arrangement and itemization of the Appropriation Ordinance be determined and prescribed by
the Chief Financial Officer and the City Attorney; and

WHEREAS, in accordance with Charter sections 69, and 290, the annual Salary
Ordinance and the adopted budget are controlling documents for the preparation of the
Appropriation Ordinance; and

WHEREAS, on April 24, 2018 Ordinance No. 20927, the Salary Ordinance, was
approved by the City Council in accordance with Charter section 290; and

WHEREAS, on June 11, 2018, the City Council adopted Resolution R-311783, (Budget
Resolution) approving the Mayor's Fiscal Year 2019 Budget, including the May Revise, the
recommendations in the IBA's Fiscal Year 2019 Budget Report and specific changes made by
the City Council, as set forth in the Budget Resolution; NOW, THEREFORE,

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

Section 1. The budget for the expense of conducting the affairs of the City of
San Diego (City) for the fiscal year commencing July 1, 2018, and ending June 30, 2019 (Fiscal
Year), heretofore prepared and submitted to this City Council by the Mayor is hereby adopted as
the Annual Budget for the Fiscal Year.

Section 2. There is hereby appropriated for expenditure out of the funds of the City
for municipal purposes the amounts set forth in Attachment I, and in the approved Capital

Improvements Program (CIP) Budget, which defines the legal levels at which the Chief Financial Officer (CFO), as designee of the Mayor, shall control operational and capital project spending.

A. GENERAL FUND

1. The CFO is authorized to appropriate and expend interest earnings and/or original issue premium generated from the issuance and/or administration of Tax and Revenue Anticipation Notes, if issued, for the purpose of funding expenditures related to their issuance, including interest costs.
2. The provisions in the Library Ordinance, San Diego Municipal Code section 22.0228, restricting funding are hereby waived.
3. The CFO is authorized to transfer appropriations for costs avoided in one department by a mutual agreement to incur them in another department.
4. The CFO is authorized to increase and/or decrease revenue and expenditure appropriations for the purpose of implementing City Charter or City Council Policy approved programs:
 - Business and Industry Incentive Program (Council Policy 900-12)
 - Small Business Enhancement Program (Council Policy 900-15)
 - Storefront Improvement Program (Council Policy 900-17), and
 - Mission Bay and Other Regional Park Improvements (San Diego Charter section 55.2b).
5. The CFO is authorized to increase and/or decrease revenue and expenditure appropriations for the purpose of implementing City Council approved Community Parking District Policy (Council Policy 100-18).

The CFO is authorized to transfer funds from Community Parking District

Funds to the General Fund, and to appropriate and expend those funds for the purpose of implementing City Council approved Community Parking District Plans in accordance with the Community Parking District Policy (Council Policy 100-18).

6. The CFO is authorized to increase revenue and expenditure appropriations for the purpose of paying unanticipated Property Tax Administration fees to the County of San Diego.
7. City Council Community Projects, Programs and Services
 - (a) The City Council Community Projects, Programs and Services funds shall be administered in accordance with Council Policy 100-06.
 - (b) Upon written direction from the City Councilmember, the CFO is authorized to transfer and appropriate funds from that Councilmember's Community Projects, Programs and Services account to other General Fund departments, Non General Funds, and/or existing capital improvement projects to supplement the project, program, or service identified by the Councilmember.
 - (c) Upon written direction from the City Councilmember, the CFO is authorized to transfer excess non-personnel appropriations from the administration of that Councilmember's office to the Councilmember's Community Projects, Programs and Services account.

8. Upon written direction from the City Councilmember, the CFO is authorized to transfer funds from EDCO Community Fund (Fund No. 700042) to the General Fund and to appropriate and expend those funds for the purpose that fund was created which is to enhance community activities (Park and Recreation and Library) in neighborhoods near the EDCO Transfer Station.
9. The CFO is authorized to modify revenue and expenditure appropriations for the purpose of transferring funds to Civic San Diego in accordance with any approved adjustments to the Fiscal Year 2019 Budget for the City of San Diego, solely in its capacity as the designated successor agency to the former Redevelopment Agency (Successor Agency).

B. SPECIAL REVENUE FUNDS

1. Transient Occupancy Tax Fund (Fund No. 200205)
 - (a) The provisions of Council Policy 100-03 (Transient Occupancy Tax), for specific activities funded by this Ordinance, are deemed and declared to be complied with by the adoption of this Ordinance. Notwithstanding the foregoing, the City Council hereby waives certain provisions of Council Policy 100-03, as specified, for the entity set forth below:

Horton Plaza Theatres Foundation B-1, B-2, and B-4
 - (b) The Mayor or his designee is hereby authorized to execute appropriate agreements for the conduct of activities associated with the allocations for Fiscal Year 2019. It is the intent of the City

Council that the Transient Occupancy Tax Fund appropriations be expended in accordance with Council Policy 100-03.

2. Public Art Fund (Fund No. 200002)
 - (a) The CFO is authorized to transfer, appropriate, and expend Arts, Culture, & Community Festivals funds between the Transient Occupancy Tax (TOT) Fund and the Public Art Fund, in accordance with the budget.
 - (b) The CFO is authorized to appropriate and expend unbudgeted revenues or fund balance in the Public Art Fund to support public art and civic enhancement-related programs, projects, administration costs and activities in accordance with San Diego Municipal Code section 26.0701.
3. Environmental Growth Funds (Fund Nos. 200110, 200111, 200109)
 - (a) It is the intent of the City Council that the Environmental Growth Fund(s) appropriations are to be expended for those purposes described in Charter section 103.1a. The provisions in San Diego Municipal Code section 63.30 are hereby waived.
 - (b) Any monies deposited in the Environmental Growth Fund(s) in excess of estimated revenue as described in Charter section 103.1a and any carryover monies from the previous fiscal year are hereby appropriated for the purpose for which the Environmental Growth Fund was created and may be expended only by City Council resolution. The City Council may, from time-to-time, for purposes

of augmenting specified programs, elect to allocate additional monies to the Environmental Growth Fund from sources other than those enumerated in Charter section 103.1a. In that event, those additional monies shall not be subject to any fractional allocation but shall be used solely and exclusively for the program purpose designated by City Council.

4. Maintenance Assessment District Funds

- (a) The CFO is authorized to transfer allocations from contributing Maintenance Assessment District (MAD) Funds excess revenue or reserves to increase the appropriations to reimburse the MAD Management Fund (Fund No. 200023) accordingly, in the event that actual expenses related to administration exceed budgeted levels.
- (b) The CFO is authorized to appropriate and expend any monies deposited in the MAD Funds in excess of estimated revenue and any carryover monies from the previous fiscal year for which each Fund(s) was created.

5. Zoological Exhibits Fund (Fund No. 200219)

The CFO is authorized to appropriate and expend unanticipated revenues or fund balance for the purpose of transferring funds to support zoological exhibits in accordance with Charter section 77A.

6. Utilities Undergrounding Program Fund (Fund No. 200217)

The CFO is authorized to reallocate appropriations among the Utilities Undergrounding Program Fund's capital improvement project (AID00001) and the annual operating budget for costs associated with San Diego Gas and Electric provided that such reallocation does not increase or decrease the total Utilities Undergrounding Program Fund appropriations.

7. Prop 42 Replacement – Transportation Relief Fund (Fund No. 200306)

and Road Maintenance and Rehabilitation Fund (Fund No. 200731)

The CFO is authorized to adjust operating appropriations in the Prop 42 Replacement – Transportation Relief Fund (Fund No. 200306) and the Road Maintenance and Rehabilitation Fund (Fund No. 200731) at the end of the Fiscal Year based on actual revenues received and/or available fund balance.

8. Recreation Center Funds

The CFO is authorized to appropriate and expend any monies deposited in the Recreation Center Funds in excess of City Council approved budgeted revenue and to appropriate any carryover monies from the prior fiscal year and expend in accordance with the purpose for which each Fund was created.

C. CAPITAL PROJECTS FUNDS AND CAPITAL IMPROVEMENTS PROGRAM

1. The CFO is authorized to add maintenance projects funded elsewhere which are determined to be of a capital nature to the CIP.

2. The CFO is authorized to close completed CIP projects and transfer unexpended balances to the appropriate reserve, or to fund balance, or up to \$100,000 to an Annual Allocation of the same asset type (e.g., water/sewer mains, facilities, streets or storm drains).
3. Once an asset has been put into service (Technically Completed “TECO”), the CFO is authorized to transfer unexpended balances not required to close the project to the appropriate reserve, or to fund balance, or up to \$100,000 to an Annual Allocation of the same asset type (e.g., water/sewer mains, facilities, streets or storm drains).
4. The CFO is authorized to return unexpended balances that were allocated to an Annual Allocations in a prior fiscal year and are not allocated to a specific sub-project in the current Fiscal Year to the appropriate reserve or to fund balance. The CFO shall report transfers that are made using this authority to the City Council.
5. Once an asset has been put in service, the CFO is authorized to transfer and appropriate a maximum of \$200,000 per project not to exceed 10% of the project budget from Annual Allocations, earned interest or unappropriated fund balances to CIP projects to support remaining project costs in excess of approved appropriations in order to complete and/or close the project.
6. The CFO is authorized to make cash advances from the appropriate revenue source funds for the purpose of funding incidental and engineering costs of projects included in the long-range CIP Budget. Such

advances shall be reimbursed to the respective Fund upon appropriation.

In addition, the CFO is authorized and directed to advance funds as required for grant funded projects based on earned grant revenue receivable. Advances will be returned upon the payment of the grant receivable.

7. The CFO is authorized to reallocate revenue sources between CIP projects, in accordance with the restrictions placed on various revenues where the net reallocation does not result in a net increase to any of the revenue sources or project budgets.
8. The CFO is authorized to appropriate revenue sources to CIP projects from fund balance, in accordance with the restrictions placed on various revenues, and to return existing revenue sources to fund balance within the same CIP project where the net change in funding does not result in a net change to the project budget.
9. Development Impact Fee Community Funds and Developer Contributions-CIP (Fund Nos. 400080-400095, 400111-400137, 400097-400110, 400849, 400855-400858, 400863-400864, and 200636).
 - (a) The CFO is authorized to modify individual project appropriations, close projects, and/or add new projects to the CIP in accordance with City Council-approved Development Impact Fee plans (Public Facilities Financing Plans and Impact Fee Studies) provided funding is available for such action.

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- (b) The CFO is authorized to reallocate Development Impact Fee (DIF) Community Funds funded appropriations between City Council-approved projects to expedite the use of DIF Community Funds in accordance with AB1600 requirements.
- (c) The CFO is authorized to appropriate in the DIF Community Funds a sufficient and necessary amount to reimburse the administrative costs incurred by other City funds.
10. Mission Bay Park Improvement Fund (Fund No. 200386) and San Diego Regional Parks Improvement Fund (Fund No. 200391)
- (a) Capital Improvements in Mission Bay, as recommended and prioritized by the Mission Bay Park Improvement Fund Oversight Committee, pursuant to Charter section 55.2, are hereby approved as set forth below.

CIP Project	Amount
Mission Bay Improvements / AGF00004	
Comfort Stations	\$4,500,000
Monument Signage	\$1,500,000
Playgrounds	\$4,500,000
Programmatic EIR / B18079	\$2,500,000

- (b) Capital Improvements in San Diego Regional Parks, as recommended and prioritized by the San Diego Regional Parks Improvement Fund Oversight Committee, pursuant to Charter section 55.2, are hereby approved as set forth below.

CIP Project	Amount
Museum of Man Seismic Retrofit / L12003	\$400,000
City Facility Improvements / ABT00001	
Casa de Balboa Fire Alarm System Replacement / B17181	\$150,000
Chollas Lake Improvements / L18001	\$350,000

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EB Scripps Park Comfort Station Replacement / S15035	\$1,456,694
Regional Park Improvements / AGF00005	
Coast Walk Trail Rehabilitation	\$150,000
OB Dog Beach Accessibility Improvements	\$443,306
Presidio Drive Improvements	\$150,000
Mission Trails Regional Park Cowles Mountain Trail Rehabilitation / S10065	\$150,000
Mission Trails Regional Park Trail Realignment / S10066	\$250,000

- (c) The CFO is authorized to increase and/or decrease appropriations in the Mission Bay Improvements project (AGF00004) and Regional Park Improvements project (AGF00005) at the end of the Fiscal Year based on actual revenues received and/or available fund balance to support capital improvements in accordance with Charter section 55.2.
11. The CFO is authorized to appropriate and expend the remaining fund balances and/or interest earnings from funds up to \$25,000 for the purpose of fully expending and closing that fund. Funds shall be used solely for their intended or restricted purpose and for previously Council-approved projects.
 12. The CFO is authorized to appropriate and expend interest earnings from any bond construction funds for the purpose of transferring bond construction fund interest earned to support debt service payments as permitted in the respective bond indenture(s).
 13. The CFO is authorized to transfer unexpended capital bond fund appropriations from TECO, completed, and closed CIP projects to an Annual Allocation for the same asset type (e.g., facilities, streets or storm drains) in order to expedite the expenditure of capital bond funds.

14. The CFO is authorized to modify the accounting of CIP projects to ensure the use of the most appropriate project type among the following types: P: Preliminary Engineering, S: Standalone, L: Large, and RD: Reimbursement to Developer.
15. The CFO is authorized to convert a sub-project within an Annual Allocation into a new standalone CIP project, and transfer the associated appropriation.

D. ENTERPRISE FUNDS

1. All Enterprise Funds are hereby appropriated for the purpose of providing for the operation, maintenance and development of their respective purposes.
2. Reserve Funds are hereby appropriated to provide funds for the purpose for which the Fund was created. The CFO is hereby authorized to return to the source Fund monies deposited in Reserve Funds in excess of amounts required, consistent with the City's Reserve Policy (Council Policy 100-20).
3. Water Funds (Fund Nos. 700010, 700011, 700012) and Sewer Funds (Fund Nos. 700000, 700001, 700002, 700008, 700009)
 - (a) The CFO may reallocate appropriations and associated encumbrances from any City Council approved budgeted project in the CIP to the Fund's annual operating budget for costs associated with extended environmental monitoring for re-vegetation. Such reallocation shall decrease the total appropriation and encumbrance

for the project and increase the appropriation and encumbrance in the annual operating budget by an equal amount provided that the reallocation is no greater than 5% of the Capital Project Budget.

E. INTERNAL SERVICE FUNDS

1. The CFO is hereby authorized to distribute surplus retained earnings or excess contributions from various internal service funds back to the appropriate contributing funds.

2. Fleet Services Operating Fund (Fund No. 720000) and Fleet Services Replacement Funds (Fund Nos. 720001-720038, 720056, 720058, 720059)

The CFO is hereby authorized to redistribute contributions among the Fleet Services Operating and Fleet Services Replacement Internal Service Funds or to advance funds between these internal service funds.

3. Central Stores Fund (Fund No. 720040), Publishing Services Fund (Fund No. 720041), Fleet Services Operating Fund (Fund No. 720000), Fleet Services Replacement Funds (Fund No. 720001-720038, 720056, 720058, 720059), and Risk Management Administration Fund (Fund No. 720048)

The CFO is hereby authorized to appropriate expenditures from unanticipated revenues for the purpose of allowing for the uninterrupted provision of services.

4. The CFO is authorized to increase and/or decrease revenue and expenditure appropriations in Non General Funds for the purpose of reimbursing the Public Liability Operating Fund (Fund No. 720045) for

Non General Fund claims incurred in the course of complying with
Council Policy on Claims Against the City (Council Policy 000-09).

F. TRUST AND AGENCY FUNDS

These Funds are established to account for assets held by the City as an agent for individuals, private organizations, other governments and/or funds; for example, federal and State income taxes withheld from employees, 401(k) and deferred compensation plans, parking citation revenues, and employee benefit plans. The CFO is authorized and directed to establish the appropriate agency funds and to deposit and disburse funds in accordance with the respective agency relationships.

G. GRANT FUNDS

Community Development Block Grant Funds

- (a) Community Development Block Grant (CDBG) Funds are appropriated for the purposes established by the grant provisions as approved and authorized by the City Council. All authorized but incomplete program activities and unexpended monies related thereto remaining in the CDBG Funds on June 30, 2018, shall be carried forward to future years for the purpose of completing the authorized activities in accordance with Council Policy 700-02 which includes the requirement to use funds within 18 months of the start of the fiscal year for which the funds are allocated.
- (b) The CFO is authorized to transfer funds allocated to projects that have been completed, or where any portion has been deemed ineligible upon written confirmation from the sub-recipient or the CDBG Program office

or in accordance with section 2.C.2 for the City's CIP projects, to Unobligated CDBG Funds to be reappropriated by the City Council.

- (c) In accordance with section 2.C.3 herein, the CFO is authorized to transfer and appropriate a maximum of \$100,000 per City CIP project from Unobligated CDBG Funds or excess program income to projects for eligible costs, such as engineering, in excess of previously approved appropriations.

Section 3. The Mayor is hereby authorized to execute appropriate initial and continuing contracts and agreements for the conduct of activities associated with the allocations authorized by City Council and in accordance with provisions of grant agreements.

Section 4. The CFO is authorized and directed to make inter-fund loans, including interest at the City's pooled rate of return, between funds to cover cash needs. These loans may, if appropriate, extend beyond the current Fiscal Year.

Section 5. All interest earnings generated by any fund which has been established pursuant to a legal or contractual requirement, externally imposed restriction, or by enabling legislation (including, but not limited to, the Appropriation Ordinance) shall remain in such fund solely for the purpose the fund was intended.

Section 6. All Funds, not otherwise contained herein, established by the City Council in previous fiscal years or during the current Fiscal Year, are appropriated for the purposes established by applicable laws and/or in accordance with provisions of agreements authorized by Council and for projects contained in the Council-approved CIP or authorized by Council resolution. The CFO is authorized and directed to appropriate and expend monies within the funds for services provided by those funds. The CFO is authorized and directed to return any

surplus monies to the contributing funds or, when the contributing funds cannot be legally determined, to the General Fund.

Section 7. The CFO is authorized and directed to transfer current and/or prior years' forfeited monies within the flexible spending accounts to the Risk Management Administration Fund (Fund No. 720048) to be expended, up to the full forfeited amount, for programs which benefit City employees.

The CFO is authorized and directed to transfer surplus monies between flexible benefit plan funds.

Section 8. The CFO is authorized to increase revenue and expenditure appropriations in accordance with City Council-approved capital lease agreements for the purpose of financing the acquisition of essential projects and equipment.

Section 9. The CFO is authorized and directed to make appropriate inter-fund transfers in accordance with the Annual Budget Document and estimated sources of revenue.

The CFO may transfer funds to related City entities in accordance with the Annual Budget Document and appropriate funding source rules and regulations.

Section 10. The CFO is authorized and directed to appropriate and expend donations in accordance with Council Policy 100-02 (City Receipt of Donations).

Section 11. All revenues generated consistent with the Public Trust pursuant to California Public Resources Code section 6306 in relation to operation of Mission Bay Park and Ocean Beach Park which are greater than expenditures for operations, maintenance and capital improvements during the Fiscal Year are hereby placed in a special fund to be used exclusively for past and future operations, maintenance and capital improvements and for past, current, and future expenditures uncompensated by past, current and future revenues derived from Mission

Bay Park and Ocean Beach Park as required by agreements with the State of California.

Unanticipated revenues are hereby appropriated for such purposes and may be expended only by Council resolution or in accordance with projects contained in the Council-approved Capital Improvements Program.

All revenues generated by sovereign trust lands granted by the State of California to the City pursuant to California Public Resources Code section 6306 are hereby appropriated for purposes consistent with the Public Trust.

Section 12. All other revenues which are not appropriated by any other section of this ordinance, and which are in excess of budgeted revenue may be transferred by the CFO to legally established reserve fund(s) or account(s). However, in no event shall the total appropriations of all tax revenues as defined by article XIII B of the California Constitution made pursuant to this ordinance exceed the City's legal limit.

The total appropriation is \$3,835,066,955, a portion of which will be derived from proceeds of taxes as defined within article XIII B of the California Constitution.

It is the intent of this ordinance to comply with article XIII B of the California Constitution.

Section 13. The CFO is authorized and directed to modify appropriations in accordance with the Fiscal Year 2019 Tax Rate Ordinance as approved by Council.

Section 14. The CFO is authorized and directed to close obsolete or inactive funds and appropriate and expend for the purpose of returning residual balances of such funds to their source or, if the source cannot be determined, to the General Fund. The CFO shall periodically report fund closures to the City Council and recommend the appropriation of any residual balances.

Section 15. The CFO is hereby authorized to restrict from the departmental appropriations as set forth in Attachment I an amount sufficient to assure that, in the event there is a shortfall in projected revenues, there are sufficient revenues to cover the remaining appropriations; provided that in the case that projected revenue estimates are met, the restricted funds may be released.

Section 16. Unless otherwise specified in this ordinance, the CFO is authorized to modify appropriations upon adopted City Council resolution, provided funding is available for such action and in accordance with funding source guidelines and applicable grant agreements.

Section 17. The CFO is authorized and directed to apply for, accept, appropriate, and expend grants received by the City of San Diego in accordance with Municipal Code sections 22.5201, 22.5202, 22.5203, and 22.5204, and funding source guidelines and applicable grant agreements.

Section 18. The powers of the City Council not delegated to the Mayor and CFO, as specifically set forth herein, are reserved to the Council in accordance with the terms of the Charter.

Section 19. That a full reading of this ordinance is dispensed with prior to its passage, a written or printed copy having been available to the City Council and the public prior to the day of its final passage.

Section 20. This ordinance is declared to take effect and be in force immediately upon its passage pursuant to the authority contained in Charter sections 275 and 295.

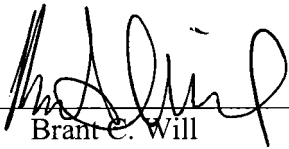
(O-2018-137)

Section 21. The Mayor shall have no veto power over this ordinance pursuant to

Charter section 280(a)(4).

APPROVED: MARA W. ELLIOTT, City Attorney

By

A handwritten signature in black ink, appearing to read "Brant C. Will", is written over a horizontal line.

Brant C. Will
Deputy City Attorney

BCW:jdf
06/12/2018
Or.Dept.: FM
Doc. No.: 1771496_2

Fiscal Year 2019 Operating and Capital Appropriations

OPERATING APPROPRIATIONS	Salary & Wages	Fringe & Non-Personnel	FY 2019 Appropriation
General Fund			
City Attorney	\$32,172,500	\$26,502,264	\$58,674,764
City Auditor	\$2,117,625	\$1,977,615	\$4,095,240
City Clerk	\$2,631,296	\$3,243,875	\$5,875,171
City Treasurer	\$7,522,666	\$10,029,416	\$17,552,082
Citywide Program Expenditures	-	\$125,700,764	\$125,700,764
Communications	\$2,404,580	\$2,287,197	\$4,691,777
Council Administration	\$1,385,329	\$1,291,343	\$2,676,672
Council District 1	\$702,001	\$616,103	\$1,318,104
Council District 1 - CPPS	-	\$80,757	\$80,757
Council District 2	\$660,915	\$693,042	\$1,353,957
Council District 2 - CPPS	-	\$119,348	\$119,348
Council District 3	\$732,417	\$500,830	\$1,233,247
Council District 3 - CPPS	-	\$87,304	\$87,304
Council District 4	\$654,485	\$602,458	\$1,256,943
Council District 4 - CPPS	-	\$128,924	\$128,924
Council District 5	\$656,447	\$524,836	\$1,181,283
Council District 5 - CPPS	-	\$216,869	\$216,869
Council District 6	\$717,527	\$468,021	\$1,185,548
Council District 6 - CPPS	-	\$135,822	\$135,822
Council District 7	\$697,912	\$471,938	\$1,169,850
Council District 7 - CPPS	-	\$28,429	\$28,429
Council District 8	\$628,780	\$738,435	\$1,367,215
Council District 8 - CPPS	-	\$140,300	\$140,300
Council District 9	\$662,659	\$680,191	\$1,342,850
Council District 9 - CPPS	-	\$43,410	\$43,410
Debt Management	\$1,706,835	\$1,397,084	\$3,103,919
Department of Finance	\$8,851,174	\$7,711,684	\$16,562,858
Department of Information Technology	-	\$1,139,200	\$1,139,200
Development Services	\$4,381,285	\$3,745,713	\$8,126,998
Economic Development	\$4,343,073	\$8,909,682	\$13,252,755
Environmental Services	\$9,407,673	\$35,211,407	\$44,619,080
Ethics Commission	\$558,406	\$725,104	\$1,283,510
Fire-Rescue	\$137,010,860	\$132,722,125	\$269,732,985
Government Affairs	\$539,476	\$258,029	\$797,505
Human Resources	\$2,533,332	\$2,463,583	\$4,996,915
Infrastructure/Public Works	\$253,391	\$400,123	\$653,514

ATTACHMENT J

O-2018-137
FY 2019 Appropriations Ordinance

Attachment I
FY 2019 Operating and CIP Appropriations

OPERATING APPROPRIATIONS	Salary & Wages	Fringe & Non-Personnel	FY 2019 Appropriation
General Fund (continued)			
Internal Operations	\$228,229	\$245,236	\$473,465
Library	\$20,900,411	\$34,954,741	\$55,855,152
Neighborhood Services	\$693,592	\$253,408	\$947,000
Office of Boards & Commissions	\$797,541	\$573,351	\$1,370,892
Office of Homeland Security	\$1,403,458	\$1,414,861	\$2,818,319
Office of the Assistant COO	\$274,595	\$366,025	\$640,620
Office of the Chief Financial Officer	\$294,399	\$312,766	\$607,165
Office of the Chief Operating Officer	\$594,264	\$653,962	\$1,248,226
Office of the IBA	\$1,182,671	\$946,978	\$2,129,649
Office of the Mayor	\$2,159,615	\$1,595,452	\$3,755,067
Parks and Recreation	\$39,503,841	\$76,886,703	\$116,390,544
Performance & Analytics	\$1,470,956	\$2,401,407	\$3,872,363
Personnel	\$4,667,784	\$4,407,913	\$9,075,697
Planning	\$4,978,661	\$4,928,640	\$9,907,301
Police	\$231,942,523	\$241,879,840	\$473,822,363
Public Utilities	-	\$2,606,490	\$2,606,490
Public Works - General Services	\$11,710,888	\$14,500,917	\$26,211,805
Purchasing & Contracting	\$3,332,355	\$13,763,743	\$17,096,098
Real Estate Assets	\$2,444,716	\$5,517,416	\$7,962,132
Smart & Sustainable Communities	\$228,229	\$143,090	\$371,319
Transportation & Storm Water	\$36,356,206	\$89,783,421	\$126,139,627
General Fund Total	\$589,097,578	\$870,129,585	\$1,459,227,163
Capital Project Funds			
TransNet Extension Administration & Debt Fund	-	\$333,880	\$333,880
TransNet Extension Congestion Relief Fund	-	\$3,351,330	\$3,351,330
TransNet Extension Maintenance Fund	-	\$9,916,236	\$9,916,236
Capital Project Funds Total	-	\$13,601,446	\$13,601,446
Enterprise Funds			
Airports Fund	\$1,310,205	\$4,127,820	\$5,438,025
Development Services Fund	\$31,051,565	\$41,393,605	\$72,445,170
Golf Course Fund	\$4,640,132	\$14,215,935	\$18,856,067
Recycling Fund	\$6,037,495	\$19,768,951	\$25,806,446
Refuse Disposal Fund	\$7,899,692	\$25,782,295	\$33,681,987
Sewer Funds	\$55,313,223	\$307,284,475	\$362,597,698
Water Utility Operating Fund	\$46,598,091	\$496,048,348	\$542,646,439
Enterprise Funds Total	\$152,850,403	\$908,621,429	\$1,061,471,832

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FY 2019 Appropriations Ordinance

Attachment I

FY 2019 Operating and CIP Appropriations

OPERATING APPROPRIATIONS	Salary & Wages	Fringe & Non-Personnel	FY 2019 Appropriation
Internal Service Funds			
Central Stores Fund	\$783,662	\$6,749,332	\$7,532,994
Energy Conservation Program Fund	\$2,109,113	\$2,832,053	\$4,941,166
Fleet Operations Operating Fund	\$12,474,732	\$40,821,490	\$53,296,222
Fleet Operations Replacement Fund	-	\$44,759,750	\$44,759,750
Publishing Services Fund	\$461,084	\$2,037,338	\$2,498,422
Risk Management Administration Fund	\$5,716,585	\$6,204,793	\$11,921,378
Internal Service Funds Total	\$21,545,176	\$103,404,756	\$124,949,932
Special Revenue Funds			
Automated Refuse Container Fund	-	\$1,300,000	\$1,300,000
Concourse and Parking Garages Operating Fund	\$126,779	\$3,675,727	\$3,802,506
Convention Center Expansion Funds	-	\$13,401,050	\$13,401,050
Engineering & Capital Projects Fund	\$51,399,965	\$50,837,979	\$102,237,944
Environmental Growth 1/3 Fund	-	\$4,854,402	\$4,854,402
Environmental Growth 2/3 Fund	-	\$10,203,909	\$10,203,909
Facilities Financing Fund	\$1,321,054	\$1,750,907	\$3,071,961
Fire and Lifeguard Facilities Fund	-	\$1,389,181	\$1,389,181
Fire/Emergency Medical Services Transport Program Fund	\$2,526,134	\$10,054,176	\$12,580,310
Gas Tax Fund	-	\$32,854,099	\$32,854,099
General Plan Maintenance Fund	-	\$2,650,000	\$2,650,000
GIS Fund	\$127,156	\$2,516,223	\$2,643,379
Information Technology Fund	\$4,336,757	\$8,617,417	\$12,954,174
Junior Lifeguard Program Fund	\$74,128	\$540,910	\$615,038
Local Enforcement Agency Fund	\$421,445	\$728,798	\$1,150,243
Long Range Property Management Fund	-	\$1,088,810	\$1,088,810
Los Penasquitos Canyon Preserve Fund	\$114,652	\$151,945	\$266,597
Low and Moderate Income Housing Asset Fund	-	\$49,801,656	\$49,801,656
Maintenance Assessment District (MAD) Funds	\$1,653,803	\$40,125,213	\$41,779,016
Mission Bay/Balboa Park Improvement Fund	-	\$1,878,475	\$1,878,475
New Convention Facility Fund	-	\$2,133,025	\$2,133,025
OneSD Support Fund	\$3,373,924	\$24,851,167	\$28,225,091
Parking Meter Operations Fund	\$867,078	\$9,730,562	\$10,597,640
PETCO Park Fund	\$112,597	\$17,149,240	\$17,261,837
Public Art Fund	-	\$578,410	\$578,410
Public Safety Services & Debt Service Fund	-	\$9,738,827	\$9,738,827
Road Maintenance and Rehabilitation Fund	-	\$13,842,506	\$13,842,506
Seized Assets - California Fund	-	\$11,919	\$11,919
Seized Assets - Federal DOJ Fund	-	\$1,620,758	\$1,620,758
Seized Assets - Federal Treasury Fund	-	\$119,187	\$119,187
Stadium Operations Fund	\$386,699	\$14,669,407	\$15,056,106

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Attachment I
 FY 2019 Operating and CIP Appropriations

OPERATING APPROPRIATIONS	Salary & Wages	Fringe & Non- Personnel	FY 2019 Appropriation
Special Revenue Funds (continued)			
State COPS	-	\$2,140,000	\$2,140,000
Storm Drain Fund	-	\$5,700,000	\$5,700,000
Successor Agency Admin & Project - CivicSD Fund	-	\$2,023,757	\$2,023,757
Transient Occupancy Tax Fund	\$1,156,510	\$122,102,510	\$123,259,020
Trolley Extension Reserve Fund	-	\$1,067,000	\$1,067,000
Underground Surcharge Fund	\$1,410,985	\$58,552,810	\$59,963,795
Wireless Communications Technology Fund	\$3,030,378	\$6,302,068	\$9,332,446
Zoological Exhibits Maintenance Fund	-	\$13,768,168	\$13,768,168
Special Revenue Funds Total	\$72,440,044	\$544,522,198	\$616,962,242

TOTAL OPERATING APPROPRIATIONS	\$835,933,201	\$2,440,279,414	\$3,276,212,615
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FY 2019 Appropriations Ordinance

Attachment I
FY 2019 Operating and CIP Appropriations

CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS FY 2019
Appropriation

Citywide

ATT00001	Governmental Funded IT Projects	\$1,158,800
ATT00002	Enterprise Funded IT Projects	\$1,514,000
P19000	Fleet Management Software Upgrade	\$250,000
T19000	311 Enhancements	\$550,000
Citywide Total		\$3,472,800

Department of Information Technology

T19001	I AM Enhancements	\$501,679
Department of Information Technology Total		\$501,679

Environmental Services

AFA00001	Minor Improvements to Landfills	\$1,000,000
L17000	Miramar Landfill Facility Improvements	\$2,000,000
L18002	Miramar Landfill Storm Water Improvements	\$1,000,000
Environmental Services Total		\$4,000,000

Library

S15011	Tierrasanta Library Expansion	\$200,000
Library Total		\$200,000

Parks and Recreation

AGF00004	Mission Bay Improvements	\$6,591,611
AGF00005	Regional Park Improvements	\$792,635
AGF00007	Park Improvements	\$1,250,000
L12000	Convert RB Medians0Asphalt to Concrete	\$150,000
L12003	California Tower Seismic Retrofit	\$400,000
L18001	Chollas Lake Improvements	\$350,000
S10065	Mission Trails RP Cowles Mountain Trail	\$150,000
S10066	Mission Trails RP Trail Realignment	\$250,000
S15035	EB Scripps Pk Comfort Station Replacement	\$1,456,694
S16016	Kelly St Neighborhood Pk Security Lighting Upgrade	\$40,000
S16017	Encanto Comm Pk Security Lighting Upgrades	\$60,000
S16018	Marie Widman Memorial Pk Security Lighting Upgrade	\$175,000
S16021	Skyline Hills Comm Pk Security Lighting Upgrades	\$70,000
S17001	Talmadge Traffic Calming Infrastructure	\$20,000
S18008	Chicano Park Community Center	\$500,000
Parks and Recreation Total		\$12,255,940

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FY 2019 Operating and CIP Appropriations

CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS FY 2019
Appropriation

Public Utilities

ABI00001	Water Treatment Plants	\$200,000
ABJ00001	Water Pump Station Restoration	\$6,401,328
ABL00001	Standpipe and Reservoir Rehabilitations	\$4,675,053
ABM00001	Groundwater Asset Development Program	\$150,000
ABO00001	Metro Treatment Plants	\$7,990,800
ABP00001	Pump Station Restorations	\$700,000
ABP00002	Metropolitan System Pump Stations	\$500,000
ABP00003	Pump Station 64,65, Penasquitos, E Mission Gorge	\$652,960
ABT00007	Sewer CIP Emergency Reserve	\$5,000,000
AHC00004	Recycled Water Systems Upgrades	\$400,000
AJA00001	Sewer Main Replacements	\$60,600,791
AJA00002	Pipeline Rehabilitation	\$30,097,920
AJB00001	Metropolitan Waste Water Department Trunk Sewers	\$10,374,893
AKA00002	Pressure Reduction Facility Upgrades	\$200,000
AKA00003	Large Diameter Water Transmission PPL	\$16,991,975
AKB00002	Freeway Relocation	\$500,000
AKB00003	Water Main Replacements	\$77,121,574
AKB00007	Instrumentation and Control	\$300,000
ALA00001	PURE Water Program	\$121,379,888
RD16001	Harbor Dr TS Participation Agreement	\$3,000,000
S00312	PS2 Power Reliability & Surge Protection	\$19,950,000
S00317	South Metro Sewer Rehabilitation Ph 3B	\$500,000
S00319	EMTS Boat Dock and Steam Line Relocation	\$500,000
S10008	El Monte Pipeline No 2	\$1,000,000
S11022	Upas St Pipeline Replacement	\$500,000
S11024	Miramar Clearwell Improvements	\$29,080,100
S11025	Chollas Building	\$8,380,251
S11026	Montezuma/MidCity Pipeline Phase II	\$10,000,000
S12010	30th Street Pipeline Replacement	\$11,578,813
S12012	Cielo & Woodman Pump Station	\$4,146,000
S12013	Alvarado 2nd Extension Pipeline	\$2,500,000
S12015	Pacific Beach Pipeline South (W)	\$10,491,262
S12016	Otay 1st/2nd PPL West of Highland Avenue	\$9,700,000
S12018	Lower Otay Outlet Tower	\$990,811
S12040	Tierrasanta (Via Dominique) Pump Station	\$600,000
S13015	Water & Sewer Group Job 816 (W)	\$1,485,509
S15016	Otay Second Pipeline Relocation0PA	\$3,000,000
S15019	Alvarado Trunk Sewer Phase IV	\$250,000
S15027	La Jolla View Reservoir	\$500,000

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Attachment I
FY 2019 Operating and CIP Appropriations

		FY 2019 Appropriation
CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS		
Public Utilities (continued)		
S16027	Morena Pipeline	\$5,000,000
S17008	Advanced Metering Infrastructure	\$1,781,864
S17012	NCWRP Improvements to 30 mgd	\$3,580,000
S17013	MBC Equipment Upgrades	\$1,100,000
Public Utilities Total		\$473,851,792
Public Works - General Services		
ABT00001	City Facilities Improvements	\$2,975,000
Public Works - General Services Total		\$2,975,000
Transportation & Storm Water		
AIA00001	Minor Bike Facilities	\$900,000
AID00001	Utilities Undergrounding Program	\$5,000,000
AID00005	Street Resurfacing and Reconstruction	\$24,822,333
AIE00001	Bridge Rehabilitation	\$600,000
AIG00001	Median Installation	\$750,000
AIH00001	Installation of City Owned Street Lights	\$4,190,168
AIK00001	New Walkways	\$1,182,000
AIK00003	Sidewalk Repair and Reconstruction	\$5,000,000
AIL00001	Traffic Calming	\$1,200,000
AIL00002	Install T/S Interconnect Systems	\$100,000
AIL00004	Traffic Signals - Citywide	\$1,628,000
AIL00005	Traffic Signals Modification	\$1,787,000
P19001	Ysabel Creek Road Repair	\$200,000
RD11001	Via de la Valle Widening	\$1,144,000
S00851	SR 163/Friars Road	\$3,449,000
S00856	El Camino Real to ViaDeLaValle (1/2 mile)	\$937,000
S00880	Miramar Road0I0805 Easterly Ramps	\$460,000
S00915	University Avenue Mobility	\$500,000
S11060	Otay Mesa Truck Route Phase 4	\$1,000,000
S15018	La Media Road Improvements	\$369,048
S15045	Park Boulevard At0Grade Crossing	\$5,078,580
S16022	Market St-Euclid to Pitta0Improvements	\$200,000
S18000	Streamview Drive Improvements Phase 2	\$900,000
S18001	University Avenue Complete Street Phase1	\$200,000
Transportation & Storm Water Total		\$61,597,129
TOTAL CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS		\$558,854,340
TOTAL COMBINED APPROPRIATIONS		\$3,835,066,955

MAINTENANCE ASSESSMENT DISTRICT APPROPRIATIONS

Fund	Maintenance Assessment District Fund	Salary & Wages	Fringe & Non-Personnel	FY 2019 Appropriation
200023	Maintenance Assessment District (MAD) Management Fund	\$1,653,803	\$2,889,587	\$4,543,390
200025	Street Light District #1 MAD Fund	-	\$840,512	\$840,512
200028	Scripps/Miramar Ranch MAD Fund	-	\$2,526,986	\$2,526,986
200030	Tierrasanta MAD Fund	-	\$2,275,704	\$2,275,704
200031	Campus Point MAD Fund	-	\$80,155	\$80,155
200032	Mission Boulevard MAD Fund	-	\$146,231	\$146,231
200033	Carmel Valley MAD Fund	-	\$4,163,979	\$4,163,979
200035	Sabre Springs MAD Fund	-	\$391,459	\$391,459
200037	Mira Mesa MAD Fund	-	\$1,419,304	\$1,419,304
200038	Rancho Bernardo MAD Fund	-	\$916,077	\$916,077
200039	Penasquitos East MAD Fund	-	\$595,564	\$595,564
200040	Coronado View MAD Fund	-	\$72,764	\$72,764
200042	Park Village MAD Fund	-	\$592,155	\$592,155
200044	Eastgate Technology Park MAD Fund	-	\$297,179	\$297,179
200045	Calle Cristobal MAD Fund	-	\$377,875	\$377,875
200046	Gateway Center East MAD Fund	-	\$399,473	\$399,473
200047	Miramar Ranch North MAD Fund	-	\$1,807,099	\$1,807,099
200048	Carmel Mountain Ranch MAD Fund	-	\$753,820	\$753,820
200052	La Jolla Village Drive MAD Fund	-	\$107,318	\$107,318
200053	First SD River Imp. Project MAD Fund	-	\$465,110	\$465,110
200055	Newport Avenue MAD Fund	-	\$87,072	\$87,072
200056	Linda Vista Community MAD Fund	-	\$332,442	\$332,442
200057	Washington Street MAD Fund	-	\$152,605	\$152,605
200058	Otay International Center MAD Fund	-	\$709,701	\$709,701
200059	Del Mar Terrace MAD Fund	-	\$489,051	\$489,051
200061	Adams Avenue MAD Fund	-	\$63,194	\$63,194
200062	Carmel Valley NBHD #10 MAD Fund	-	\$453,882	\$453,882
200063	North Park MAD Fund	-	\$889,987	\$889,987
200065	Kings Row MAD Fund	-	\$26,156	\$26,156
200066	Webster-Federal Boulevard MAD Fund	-	\$57,160	\$57,160
200067	Stonecrest Village MAD Fund	-	\$861,647	\$861,647
200068	Genesee/North Torrey Pines Road MAD Fund	-	\$497,828	\$497,828
200070	Torrey Hills MAD Fund	-	\$1,598,857	\$1,598,857
200071	Coral Gate MAD Fund	-	\$228,787	\$228,787
200074	Torrey Highlands MAD Fund	-	\$974,984	\$974,984
200076	Talmadge MAD Fund	-	\$177,475	\$177,475
200078	Central Commercial MAD Fund	-	\$409,103	\$409,103
200079	Little Italy MAD Fund	-	\$1,251,440	\$1,251,440
200080	Liberty Station/NTC MAD Fund	-	\$215,502	\$215,502

MAINTENANCE ASSESSMENT DISTRICT APPROPRIATIONS

Fund	Maintenance Assessment District Fund	Salary & Wages	Fringe & Non-Personnel	FY 2019 Appropriation
200081	Camino Santa Fe MAD Fund	-	\$204,328	\$204,328
200083	Black Mountain Ranch South MAD Fund	-	\$1,205,869	\$1,205,869
200084	College Heights Enhanced MAD Fund	-	\$575,643	\$575,643
200086	C&ED MAD Management Fund	-	\$430,000	\$430,000
200087	City Heights MAD Fund	-	\$427,872	\$427,872
200089	Black Mountain Ranch North MAD Fund	-	\$579,282	\$579,282
200091	Bay Terraces - Parkside MAD Fund	-	\$102,576	\$102,576
200092	Bay Terraces - Honey Drive MAD Fund	-	\$32,060	\$32,060
200093	University Heights MAD Fund	-	\$92,421	\$92,421
200094	Hillcrest MAD Fund	-	\$42,108	\$42,108
200095	El Cajon Boulevard MAD Fund	-	\$782,979	\$782,979
200096	Ocean View Hills MAD Fund	-	\$931,681	\$931,681
200097	Robinhood Ridge MAD Fund	-	\$204,740	\$204,740
200098	Remington Hills MAD Fund	-	\$56,171	\$56,171
200099	Pacific Highlands Ranch MAD Fund	-	\$801,751	\$801,751
200101	Rancho Encantada MAD Fund	-	\$186,211	\$186,211
200103	Bird Rock MAD Fund	-	\$301,287	\$301,287
200105	Hillcrest Commercial Core MAD Fund	-	\$138,182	\$138,182
200614	Mission Hills Special Lighting MAD Fund	-	\$41,849	\$41,849
200707	Barrio Logan Community Benefit MAD Fund	-	\$638,569	\$638,569
200714	Civita MAD Fund	-	\$1,381,009	\$1,381,009
200717	Kensington Heights MAD	-	\$100,355	\$100,355
200718	Kensington Manor MAD	-	\$103,245	\$103,245
200719	Kensington Park North MAD	-	\$80,882	\$80,882
200720	Talmadge Park North MAD	-	\$29,173	\$29,173
200721	Talmadge Park South MAD	-	\$59,746	\$59,746

MAINTENANCE ASSESSMENT DISTRICT TOTAL	\$1,653,803	\$40,125,213	\$41,779,016
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JUN 25 2018

Passed by the Council of The City of San Diego on _____, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Barbara Bry	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Ward	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Myrtle Cole	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Cate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Georgette Gomez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage **JUN 25 2018**.

AUTHENTICATED BY:

KEVIN L. FAULCONER
Mayor of The City of San Diego, California.

(Seal)

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

_____, Deputy

I HEREBY CERTIFY that the foregoing ordinance was passed on the day of its introduction, to wit, on
JUN 25 2018

_____, said ordinance being of the kind and character authorized
for passage on its introduction by Section 295 of the Charter.

I FURTHER CERTIFY that said ordinance was read in full prior to passage or that such reading was
dispensed with by a vote of five members of the Council, and that a written copy of the ordinance was made
available to each member of the Council and the public prior to the day of its passage.

(Seal)

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

By _____, Deputy

Office of the City Clerk, San Diego, California

Ordinance Number O- **20952**