

FISCAL YEAR
2019

MAYOR KEVIN L. FAULCONER
Citywide Budget Overview



ADOPTED
BUDGET

Citywide Budget Overview

The City of San Diego's Fiscal Year 2019 Adopted Budget of \$3.84 billion is comprised of five operating fund types and the Capital Improvements Program (CIP):

- General Fund;
- Special Revenue Funds;
- Capital Project Funds;
- Enterprise Funds;
- Internal Service Funds; and
- Capital Improvements Program

Table 1 shows the change in expenditures from Fiscal Year 2017 to Fiscal Year 2019 by fund type/program.

Table 1: Total City Expenditure Changes Fiscal Years 2017 - 2019 by Fund Type/Program

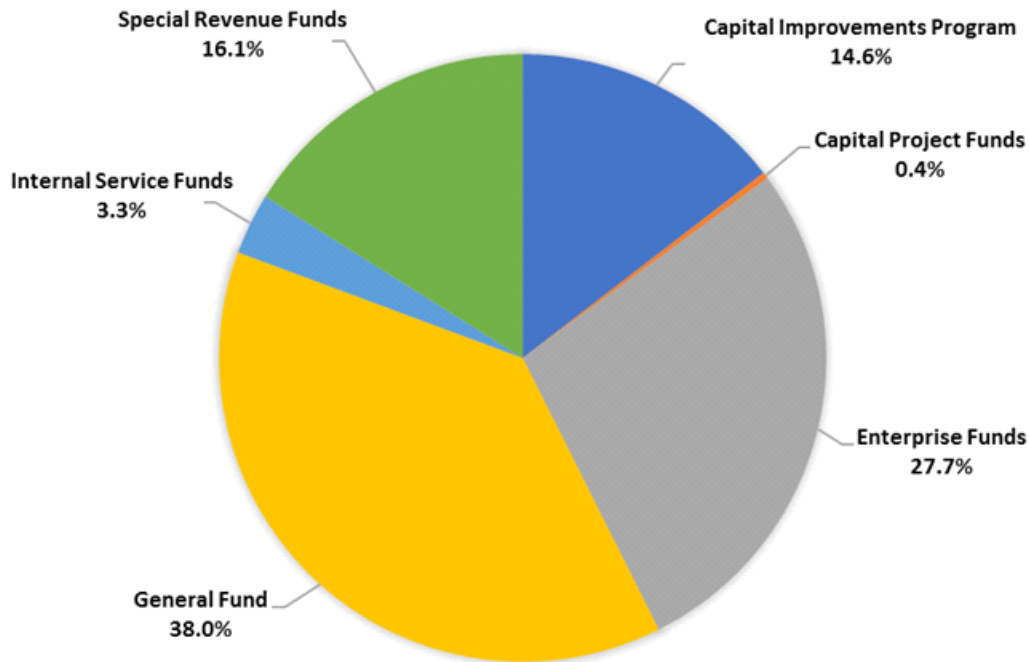
Fund Type	FY 2017 Actual	FY 2018 Adopted Budget	FY 2019 Adopted Budget	FY 2018 - FY 2019 Change	Percent Change
General Fund	\$ 1,320,631,691	\$ 1,433,823,658	\$ 1,459,227,163	\$ 25,403,505	1.8%
Special Revenue Funds	463,184,730	555,299,448	616,962,242	61,662,794	11.1%
Capital Project Funds	13,169,231	19,371,372	13,601,446	(5,769,926)	(29.8)%
Enterprise Funds	932,857,308	1,029,151,055	1,061,471,832	32,320,777	3.1%
Internal Service Funds	121,289,606	129,282,569	124,949,932	(4,332,637)	(3.4)%
Capital Improvements Program	495,022,683	475,643,273	558,854,340	83,211,067	17.5%
Total	\$ 3,346,155,249	\$ 3,642,571,374	\$ 3,835,066,955	\$ 192,495,581	5.3%



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Figure 1 displays the Fiscal Year 2019 Adopted Expenditure Budget by Fund Type/Program.

Figure 1: Fiscal Year 2019 Adopted Expenditure Budget by Fund Type/Program



Note: Numbers may not add to 100% due to rounding.

Table 2 presents the changes in revenues from Fiscal Year 2017 to Fiscal Year 2019 by fund type.

Table 2: Total City Revenue Changes Fiscal Years 2017 - 2019 by Fund Type

Fund Type	FY 2017 Actual	FY 2018 Adopted Budget	FY 2019 Adopted Budget	FY 2018 - FY 2019 Change	Percent Change
General Fund	\$ 1,346,436,529	\$ 1,407,748,305	\$ 1,436,540,860	\$ 28,792,555	2.0%
Special Revenue Funds	514,624,385	535,338,950	579,012,311	43,673,631	8.2%
Capital Project Funds	67,549,518	43,630,218	43,528,940	(101,278)	(0.2)%
Enterprise Funds	1,149,259,611	1,260,673,364	1,302,023,029	41,349,665	3.3%
Internal Service Funds	124,506,218	112,558,726	111,020,422	(1,538,304)	(1.4)%
Total ¹	\$ 3,202,376,261	\$ 3,359,949,563	\$ 3,472,125,562	\$ 112,175,999	3.3%

¹ Operating revenues may be less than operating expenditures due to the use of fund balance in excess of reserves.

Expenditure Overview by Fund Type/Program

General Fund

Departments within the General Fund provide core community services, such as public safety (including police/fire protection and life safety), parks and recreation, library services, and refuse collection, as well as vital support functions such as finance, legal, and human resources. These core services are primarily supported by major revenue sources that include property tax, sales tax, transient occupancy tax, and franchise fees. The City's Fiscal Year 2019 Adopted Budget reflects General Fund expenditures totaling \$1.46 billion, which is an increase of \$25.4 million or 1.8 percent from the Fiscal Year 2018 Adopted Budget. Detail on the total net increase in the General Fund is described in the General Fund Expenditures section of this Volume.



Capital Project Funds

Capital Project Funds are primarily used for the acquisition or construction of major capital facilities. These funds typically make up a small portion of the overall CIP, which can be supported by all fund types. The Fiscal Year 2019 Adopted Budget for Capital Project Funds is \$13.6 million, which is a decrease of \$5.8 million or 29.8 percent from the Fiscal Year 2018 Adopted Budget. This decrease is primarily attributed to the removal of one-time expenditures related to debt service payments for deferred capital bonds from the Capital Outlay Fund.

Special Revenue Funds

Special Revenue Funds account for revenues that are received for specifically identified purposes. The two largest special revenue funds are Transient Occupancy Tax (TOT) and Engineering & Capital Projects. The Fiscal Year 2019 Adopted Budget for Special Revenue Funds is \$617.0 million, representing an increase of \$67.1 million or 11.1 percent from the Fiscal Year 2018 Adopted Budget. This net increase is primarily due to the following adjustments:

- \$49.8 million in the Low and Moderate Income Housing Asset Fund of which \$32.0 million is associated with the Fund now being included in the annual budget development process and \$17.8 million is associated with new affordable housing development projects anticipated in Fiscal Year 2019;
- \$7.6 million in the Transient Occupancy Tax Fund to support the safety and maintenance of visitor-related facilities; and
- \$2.4 million in the Engineering & Capital Projects Fund related to position transfers from the General Fund to improve the management and oversight of contracting functions that support the Capital Improvements Program.

Enterprise Funds

Enterprise Funds account for specific services that are funded directly through user fees. These

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funds include Water, Sewer, Development Services, Refuse Disposal, Recycling, Golf Course, and Airports. Typically, these funds are intended to be fully self-supporting and are not subsidized by the General Fund. The Fiscal Year 2019 Adopted Budget for Enterprise Funds is \$1.06 billion, representing an increase of \$32.3 million or 3.1 percent from the Fiscal Year 2018 Adopted Budget. This net increase is primarily due to the following adjustments:

- \$19.3 million in the Water Utility Operating Fund for water purchases from the San Diego County Water Authority;
- \$8.6 million in the Water and Sewer Funds to support the Pure Water Program;
- \$3.9 million in the Water and Sewer Funds for condition assessments associated with programmatic wastewater pipelines and project planning; and
- \$2.8 million in the Metropolitan Sewer Utility Fund for pump station and treatment plant condition assessments.

Internal Service Funds

Internal Service Funds support the City's internal operations on a cost-reimbursable basis. The Fiscal Year 2019 Adopted Budget for Internal Service Funds totals \$124.9 million, which is a net decrease of \$4.3 million or 3.4 percent from the Fiscal Year 2018 Adopted Budget. This net decrease is primarily due to the removal of one-time expenditures of \$9.7 million included in the Fiscal Year 2018 Adopted Budget. These adjustments are offset by the following additions:

- \$3.4 million in the Fleet Operations Replacement Fund for a transfer to the General Fund as a result of savings in facility improvement funds that will not be utilized in Fiscal Year 2019; and
- \$1.1 million in the Energy Conservation Program Fund in support for citywide energy conservation efforts and establishment of the Department of Sustainability.

Capital Improvements Program

The CIP budget allocates available revenue to rehabilitate, restore, improve, enhance and increase the City's capital facilities. This fiscal year's budget is comprised of various funding sources, such as sewer and water rate fees, a one half-cent local sales tax for transportation improvements (TransNet Extension), Mission Bay lease revenue, and other City enterprise funds. The Fiscal Year 2019 Adopted CIP Budget totals \$558.9 million. This is an increase of \$83.3 million or 17.5 percent from the Fiscal Year 2018 Adopted CIP Budget of \$475.6 million, primarily due to an increase in Public Utilities Department Enterprise Fund projects for Pure Water and water main replacements.



The CIP budget projects *Anticipated* funding in the CIP project pages. For Fiscal Year 2019, a total of \$138.1 million in anticipated funding for CIP projects is included but will not be appropriated in the Fiscal Year 2019 Adopted Budget. Anticipated funding includes a variety of funding such as commercial paper, lease revenue bonds, donations, grants, developer funding, and Facilities Benefit

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Assessments. As anticipated sources of funds are received, a separate Council action will be brought forward to appropriate any anticipated funding during Fiscal Year 2019.

Citywide Reorganization/Restructuring

The Fiscal Year 2019 Adopted Budget reflects the restructuring of several departments and programs as a result of executive management decisions and department-initiated reorganizations. Reorganizations include restructuring of departments and major divisions within a department and are intended to increase the overall efficiency and effectiveness of City operations. The following provides an overview of significant changes to the City's organizational structure that are included in the Fiscal Year 2019 Adopted Budget.

Family Justice Center

Family Justice Center functions have been transferred from the Police Department to the Office of the City Attorney. The Family Justice Center is a multi-agency, multi-disciplinary center designed to provide comprehensive and coordinated services to victims of domestic violence and their children, as well as to victims of other forms of family violence. This transfer will continue the partnership between the Police Department and the Office of the City Attorney to help stop family violence.



Publishing Services

Publishing services functions performed in the Public Works Department have been transferred to the Purchasing and Contracting Department.

Facility Maintenance Consolidation

Facility maintenance functions performed in the Parks and Recreation, Library, Fire-Rescue, Police Department, and Stadium Operations Fund have been transferred to the Facilities Division within the Public Works Department. These functions have been centralized to increase the efficiency and effectiveness of facility maintenance services citywide.

Public Works - Contracts Division

The Contracts Division within the Public Works Department, which manages the procurement process of the Capital Improvements Program (CIP) construction contracts, have been transferred to the Engineering & Capital Projects Fund. These functions have been transferred to improve the management and oversight of these functions.

Department of Finance

The Department of Finance is a newly created department by centralizing the functions and duties of the Office of the City Comptroller and the Financial Management Department. The Department of Finance will continue to provide internal fiscal management and perform general accounting and financial reporting functions for the City of San Diego.

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Government Affairs

Government Affairs is a newly created department to centralize the City's engagement with non-City government agencies. The Government Affairs Department will act as a resource for the Mayor to advise on federal, State, county, and other regional government issues, legislation, and other public policy or political issues that may impact the City.

Department of Sustainability

The Department of Sustainability is a newly created department to centralize the City's effort to reach Climate Action Plan goals. The Department of Sustainability will lead the implementation of the City's Climate Action Plan which aims to achieve the greenhouse gas reduction targets set forth by the State of California. The Office will facilitate innovative efforts across multiple City departments to enhance economic, social and environmental sustainability. These efforts will promote renewable electricity; water and energy efficiency; zero waste; bicycling, walking, transit, smart growth and land use; and resiliency measures.

Office of Boards and Commissions

The Office of Boards and Commissions is a newly created department to support the day-to-day operations for the City's boards and commissions and serves as an access point to the volunteer members appointed by the Mayor and City Council. These entities serve in a fiduciary, regulatory, policy-setting and/or advisory capacity. The Office includes the existing Executive Directors and staff positions that support the following: Accessibility Advisory Board, Commission for Arts and Culture, Citizens' Review Board on Police Practices, Commission on Gang Prevention & Intervention, and the Human Relations Commission.

Low and Moderate Income Housing Asset Fund

The Low and Moderate Income Housing Asset Fund was established to conduct the dissolution of operations related to housing assets and activities of the former Redevelopment Agency (Housing Successor) of the City of San Diego. The Low and Moderate Income Housing Asset Fund will now be included in the budget development process and the Annual Appropriation Ordinance.

Long Range Property Management Fund

The Long Range Property Management Fund was established to address the disposition and use of non-housing real properties owned by the former Redevelopment Agency (Housing Successor) of the City of San Diego. The Long Range Property Management Fund will now be included in the budget development process and the Annual Appropriation Ordinance.

Smart and Sustainable Communities Branch

The Smart and Sustainable Communities Branch is a newly created branch which will oversee the operations of the Development Services Department, Economic Development Department, Planning Department, Department of Sustainability, and CivicSD.

Neighborhood Services Branch

The Neighborhood Services Branch will now oversee Corporate Partnerships & Development, Homelessness Coordination, Special Events & Filming Programs and will continue to oversee the operations of the Library Department and Parks and Recreation Department.

Performance & Analytics

The Performance & Analytics Department will now report directly to the Office of Chief Operating Officer.

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Summary of Adjustments in the General Fund

The Fiscal Year 2019 Adopted Budget includes General Fund expenditures of \$1.46 billion to provide core community services, as well as funding for new critical strategic expenditures. These expenditures are primarily supported by major General Fund revenues sources that include property tax, sales tax, transient occupancy tax, and franchise fees. These four major General Fund revenue sources account for \$1.05 billion or 73.0 percent of the revenue in the Fiscal Year 2019 Adopted Budget, with the remainder of revenues generated by a variety of sources. In total, the Fiscal Year 2019 Adopted Budget includes General Fund revenues of \$1.44 billion and are discussed in detail in the General Fund Revenues Section of this Volume. Additionally, the Fiscal Year 2019 General Fund Adopted Budget includes the use of one-time fund balance (Excess Equity) of \$22.7 million, as estimated in the Fiscal Year 2018 Year-End Budget Monitoring Report, issued in May 2018. After incorporating all adjustments, the Fiscal Year 2019 Adopted Budget adheres to the City's Budget Policy, maintaining a structurally balanced budget, where ongoing expenditures are supported by ongoing revenues.

The following information provides a summary of select initiatives, budget reduction proposals and other fiscal actions included in the Fiscal Year 2019 Adopted Budget for the General Fund. For a summary of all significant budget adjustments included in the General Fund please refer to the General Fund Expenditures Section of this Volume.

Clean SD Initiative

In May of 2017, the City began a pilot program for littering and graffiti abatements throughout the City called Clean SD. The Clean SD initiative proactively addressed illegal dumping in nine hotspot areas around the City and responded to requests throughout the City using the Get It Done mobile application. In Fiscal Year 2018, there was an increase in services for:

- Waste abatements in the Downtown area
- Sidewalk sanitation in the Downtown area and throughout the City
- Additional street sweeping in the East Village area
- Expanded waste abatements in the San Diego River and Chollas Channel
- Additional litter removal throughout the City

The Fiscal Year 2019 Adopted Budget includes \$4.4 million in expenditures to expand Clean SD to a citywide trash and debris cleanup program. The following table displays the Fiscal Year 2019 Adopted Budget for Clean SD efforts by Department.

General Fund	FY 2019 Adopted Budget
Environmental Services Department	
Waste Abatements	\$ 2,779,366
Sidewalk Sanitation	\$ 1,300,000
Clean SD Administrative Support	\$ 137,160
Total Environmental Services Department	\$ 4,216,526
Transportation and Storm Water Department	
Street Sweeping	\$ 150,000

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General Fund	FY 2019 Adopted Budget
Total Transportation and Storm Water Department	\$ 150,000
Total General Fund	\$ 4,366,526

The Fiscal Year 2019 Adopted Budget includes enhanced street sweeping four times a week in East Village, sidewalk sanitation in downtown and surrounding areas, and flexible crews to clean up illegal dumping and perform curbside cleanups. The curbside cleanups will be conducted in areas throughout the City where a high number of reports related to illegal dumping occurs, high volume of trash and debris is removed and a high number of requests for litter removal are received.

Additionally, waste abatements will occur at least two times per week in downtown, and as reported and needed in various locations throughout the City based on resources. There will also be five on call litter removal crews to address illegal dumping, lead curbside and community cleanups and perform waste abatements associated with illegal camps.

Homeless Programs and Services

The Fiscal Year 2019 Adopted Budget includes \$8.0 million in funding for homeless programs and services, with \$7.8 million budgeted in the General Fund and \$250,000 budgeted in the Low-Moderate Income Housing Asset Fund. Additionally, in April the City Council approved an item that included \$12.9 million in Community Development Block Grant (CDBG) program entitlement allocations and Fiscal Year 2019 CDBG program income fund allocations for the City's CDBG Reinvestment Initiative for homeless programs, projects, and services.

Table 3 displays the Fiscal Year 2019 Adopted Budget for homeless programs and services by fund and department.

Table 3: Homeless Programs and Services by Department and Fund

General Fund	FY 2019 Adopted Budget ¹
Citywide Program Expenditures Department	
Bridge Shelters	\$ 2,762,000
Total Citywide Program Expenditures Department	\$ 2,762,000
Economic Development Department	
Homeless Shelters and Services Programs	\$ 2,287,106
Safe Parking Program	410,667
Housing Navigation Center	300,000
San Diego Misdemeanants At Risk Track (SMART) Program	40,000
Total Economic Development Department	\$ 3,037,773
Police Department	
Homeless Outreach Team (HOT)	\$ 1,924,902
Total Police Department	\$ 1,924,902
Total General Fund	\$ 7,762,675

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Table 3: Homeless Programs and Services by Department and Fund

General Fund	FY 2019 Adopted Budget ¹
Council Administration	
Consultant for Select Committee on Homelessness	\$ 38,000
Total Council Administration	\$ 38,000
Total General Fund	\$ 7,762,675

Low-Moderate Income Housing Asset Fund	FY 2019 Adopted Budget
Housing Navigation Center Operations	\$ 250,000
Total Low-Moderate Income Housing Asset Fund	\$ 250,000

Bridge Shelters

The Fiscal Year 2019 Adopted Budget includes \$2.8 million in the Citywide Program Expenditures budget for three Bridge Shelter locations: Father Joe's, Veteran's Village, and Alpha Project. The purpose of the Bridge Shelters is to provide individuals and families experiencing homelessness with access to safe and sanitary shelter, and assistance in obtaining permanent housing. The shelters offer beds for up to 674 people a day, and include meals, showers, restrooms, 24-hour security, alcohol and substance abuse counseling, job training, and mental health services. Funding will allow for the continued rental of mobile offices, restrooms, sinks, showers, laundry units, storage units, energy services, lighting, and equipment.

Homeless Shelters and Services Program

The Fiscal Year 2019 Adopted Budget includes \$2.3 million from the General Fund in the Economic Development Department for the following four homeless programs and services:

- Year-Round Interim Housing Program
- Connections Housing/PATH Interim Bed Program
- Serial Inebriate Program (SIP)
- Transitional Storage Center located at 252 16th Street

Per a Memorandum of Understanding with the San Diego Housing Commission (Housing Commission), the Housing Commission administers the contracts for these programs. The \$2.3 million included in the Fiscal Year 2019 Adopted Budget includes a reduction of \$28,000 from the amount budgeted in Fiscal Year 2018. This adjustment is not anticipated to have service level impacts.

Safe Parking Program

The Fiscal Year 2019 Adopted Budget includes \$411,000 from the General Fund in the Economic Development Department for the Safe Parking Program, which was expanded in October 2017. The program provides individuals and families who are temporarily living in their cars with a safe and secure place to park at night. Participants are provided with case management, food assistance,

¹ Note the table is not intended to capture all staff related costs.

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access to bathrooms and showers, and assistance in finding permanent housing. This program is operated by Jewish Family Services of San Diego, and Dreams for Change.

Housing Navigation Center

The Housing Navigation Center is expected to open in Fall 2018 and will provide onsite intake, assessment, triage and referrals for permanent housing opportunities. On January 29, 2018, the City Council authorized the allocation of \$7.3 million in CDBG funds to acquire the property at 1401 Imperial Avenue for the center. The Fiscal Year 2019 Adopted Budget includes \$550,000 for the Housing Navigation Center, including \$300,000 from the General Fund and \$250,000 from the Low-Moderate Income Housing Asset Fund. An additional \$1.0 million from the CDBG Reinvestment Initiative is also budgeted for Housing Navigation Center operations in Fiscal Year 2019, and is shown in the table in the following section.

Other Homeless Programs and Services in the Adopted Budget

The Fiscal Year 2019 Adopted Budget also includes the following:

- \$1.9 million for the Police Department's Homeless Outreach Team (HOT). Together with the Psychiatric Emergency Response Team (PERT), the Homeless Outreach Team seeks out and engages with chronically homeless persons and places willing participants in housing linked with the appropriate services needed.¹
- \$40,000 in the Economic Development Department for the San Diego Misdemeanants At Risk Track (SMART) Program to provide additional contract support in Fiscal Year 2019.
- \$38,000 for a Committee Consultant for the Select Committee on Homelessness, which is expected to conclude by December 31, 2018.

Other Funding Allocations for Homeless Programs, Services, and Projects

In Fiscal Year 2019, \$12.9 million from CDBG program entitlement allocations and from CDBG program income funds for the City's Reinvestment Initiative is anticipated to fund homeless programs, services, and projects.

Table 4 displays the homeless programs, services, and project budget by funding source in Fiscal Year 2019.

Table 4: CDBG Entitlement Allocations and Reinvestment Initiative Expenditures for Homeless Programs, Services, or Projects

Program, Service, or Project by Funding Source	FY 2019
CDBG Entitlement Allocations	
Day Center for Homeless Adults	\$ 541,250
Connections Housing Interim Bed Program	303,575
Interim Housing for Homeless Adults	267,351
Cortez Hill Family Center	205,902
Homeless related Public Services projects	585,337

¹ This does not include expenditures for the Police Department's Quality of Life Team, new Neighborhood Policing Administration, and Patrol divisions whose officers also work with homeless individuals as part of their assigned duties.

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Table 4: CDBG Entitlement Allocations and Reinvestment Initiative Expenditures for Homeless Programs, Services, or Projects

Program, Service, or Project by Funding Source	FY 2019
Total CDBG Entitlement Allocations	\$ 1,903,415
CDBG Reinvestment Initiative	
Housing Navigation Center Operations	\$ 1,000,000
Homeless Facility/Permanent Supportive Housing Acquisition/ Rehabilitation	10,000,000
Total CDBG Reinvestment Initiative	\$ 11,000,000

Infrastructure Fund (Charter Section 77.1)

In June 2016, voters approved Proposition H, requiring the City to dedicate specific sources of revenue to fund new General Fund infrastructure, such as streets, sidewalks, bridges, buildings, and the maintenance and repair of such infrastructure.

The calculation to fund the new Infrastructure Fund is based upon the following:

- Major Revenues 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 for Fiscal Year 2018 through Fiscal Year 2022
- Sales Tax Increment – an amount equal to the annual change in sales tax revenue when compared to the sales tax baseline of Fiscal Year 2016 actual receipts, inflated annually by the lesser of California Consumer Price Index (CCPI) or two percent for Fiscal Year 2018 through Fiscal Year 2042
- General Fund Pension Cost Reduction – any amount if pension costs for any fiscal year are less than the base year of Fiscal Year 2016 for Fiscal Year 2018 through Fiscal Year 2042

Based on the definitions in Charter Section 77.1, the only required deposit to the Infrastructure Fund for Fiscal Year 2019 is the Major Revenues Increment. The Fiscal Year 2019 Adopted Budget for the Infrastructure Fund totals \$17.1 million and includes the following Major Revenue Increments:

- Property Tax: \$13.3 million
- Transient Occupancy Tax: \$3.2 million
- Property Tax Otay Mesa Enhanced Infrastructure Financing District: \$879,000

The proposed uses for the \$17.1 million are:

- \$5.0 million for overlay and reconstruction of streets and roads;
- \$5.0 million for the repair and reconstruction of sidewalk;
- \$2.4 million for City facilities improvements including
 - Roof repairs at the Rancho Penasquitos Library, Mingei Museum, and the Air and Space Museum
 - Foundation repairs at the Mira Mesa Library

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- Mitigation of moisture intrusion at the Martin Luther King Jr. Recreation Center
- Mira Mesa Epicenter Improvements
- \$1.3 million for new street lights;
- \$1.3 million to repair basketball courts in City parks;
- \$800,000 for minor bike facilities included in the Bicycle Master Plan;
- \$500,000 for the Chicano Park Recreation Center;
- \$345,000 for security lighting in City parks;
- \$200,000 for Ysabel Creek Road repair study;
- \$200,000 for traffic calming; and
- \$200,000 for expansion of the Tierrasanta Library.

Commercial Paper

The Commercial Paper Program is a strong cash management tool that provides a “just in time” seamless funding source for Capital Improvement Program (CIP) projects. The Commercial Paper Program will allow the General Fund to take advantage of short-term borrowing rates and provide the General Fund with greater financial flexibility to funding CIP projects. The Commercial Paper Program will enable the General Fund to:

- Facilitate quick access to the debt market with the flexibility to tailor borrowings to both external conditions and specific cash requirements; and
- Borrow funds as needed and in the amounts required (as capital project spending occurs).

Volume 3 of the Fiscal Year 2019 Proposed Budget showed \$80.0 million in anticipated budget for the proposed General Fund Commercial Paper Program. For the adopted budget, since these appropriations were made in Fiscal Year 2018, they are now shown as continuing appropriations. The Fiscal Year 2019 Adopted Budget for the General Fund also includes funding for expected interest costs and fees associated with the issuance of this short-term debt.

The following projects are expected to receive commercial paper appropriations:

- ABT00001 - City Facilities Improvements
- ACA00001 - Drainage Projects
- ACC00001 - Watershed CIP
- AID00005 - Street Resurfacing and Reconstruction
- AIE00002 - Guard Rails
- AIL00001 - Traffic Calming
- P18002 - Ocean Beach Pier Condition Assessment
- P18008 - OB LG Station, Tower and Public Restroom
- S00880 - Miramar Road-I-805 Easterly Ramps
- S01083 - Fairbrook Neighborhood Park Development
- S11003 - Coolidge Street Storm Drain
- S14017 - Fire Station No. 51 - Skyline Hills

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- S14018 - Fairmount Avenue Fire Station
- S15035 - EB Scripps Pk Comfort Station Replacement
- S15038 - Skyline Hills Community Park ADA Improve
- S00751 - Hickman Fields Athletic Area
- S17000 - Balboa Pk Bud Kearns Aquatic Complex Imp

Additional information regarding the projects listed above can be located in the “Capital Improvement Projects” Section in Volume 3.

Vision Zero

In June 2015, Mayor Kevin Faulconer joined Circulate San Diego, Councilmember Mark Kersey, and Councilmember Marti Emerald to announce the City’s support for the Vision Zero campaign to eliminate all traffic fatalities and severe injuries in San Diego by 2025. Vision Zero is supported through the integration of the three E’s of traffic safety: Engineering, Education, and Enforcement.

- Engineering – to develop and implement a data driven strategy that employs best planning, design and engineering practices.
- Education – to develop and implement an array of educational strategies that will serve to inform bicyclists, pedestrians, drivers and regional stakeholders about the Vision Zero campaign in an effort to decrease severe injuries and fatalities across all modes of transportation.
- Enforcement – ensure the City of San Diego employs proven methods of traffic safety enforcement and proactively seeks opportunities to enhance existing techniques.

In Fiscal Year 2019, \$18.6 million will be allocated to projects that support the City’s Vision Zero goals, including over \$6.0 million for sidewalks and \$1.2 million for traffic calming.

The proposed allocation of funds to projects are listed below:

Bicycle Facilities

- AIA00001- Minor Bike Facilities: \$900,000

Sidewalks

- AIK00001- New Walkways: \$1.2 million
- AIK00003- Sidewalk Repair and Reconstruction: \$5.0 million
- S16022- Market St-Euclid to Pitta-Improvements: \$200,000

Roadway - Improvements

- S15045- Park Boulevard At-Grade Crossing: \$5.1 million
- S18000- Streamview Drive Improvements Phase 2: \$900,000
- S00915- University Avenue Mobility: \$500,000
- S17001- Talmadge Traffic Calming Infrastructure: \$20,000

Signals - Calming/Speed Abatement

- AIL00001- Traffic Calming: \$1.2 million
- S18001- University Avenue Complete Street Phase1: \$200,000

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Traffic Signals

- AIL00004- Traffic Signals – Citywide: \$1.6 million
- AIL00005- Traffic Signals Modification: \$1.8 million

Implementation of the Climate Action Plan

In December 2015, City Council adopted the Climate Action Plan (CAP). The CAP set greenhouse gas (GHG) emissions reduction targets for 2020 (15% reduction) and 2035 (50% reduction) from a 2010 baseline.

The CAP identifies goals and actions in the following five strategic areas to reach or exceed GHG targets and ensure the City is prepared for a changing climate:

- Energy & Water Efficient Buildings
- Clean & Renewable Energy
- Bicycling, Walking, Transit & Land Use
- Zero Waste
- Climate Resiliency

Principles of sustainability and projects that reduce GHG emissions or improve the economic, social, or environmental sustainability of the City are woven throughout many departments and functions within City operations. However, the City budget is structured by functional departments and not by sector or initiatives. Because the efforts that support the CAP cross many departments and are embedded in many different projects and initiatives, the CAP Implementation Budget Summary presented here highlights new funding which is requested through the City's official budget process to support the different strategic areas of the CAP in order to facilitate a discussion about implementation of the CAP. It is important to note that throughout the year there are other sources of funding (e.g. Community Development Block Grants) or budget adjustments that are not captured in this report, but do assist in achieving the City's CAP goals.

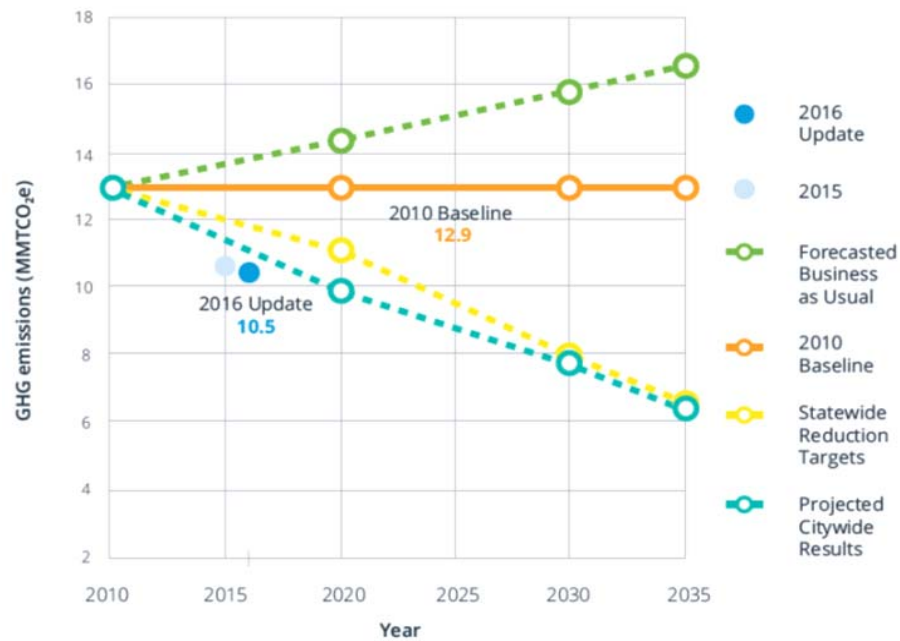
San Diego's CAP is considered a national model. The City is breaking new ground in policies, programs, and methodologies to implement the plan. As a national leader, techniques for implementing evolve and improve over time as processes are established, metrics are created or improved, and annual monitoring begins. The Fiscal Year 2019 Adopted Budget demonstrates that the City remains committed to keeping the economic, social, and environmental principles of sustainability at the forefront of decision-making.

Progress towards Achieving Climate Action Plan Goals

The City is making significant progress towards achieving its GHG reduction targets. **Figure 2** shows the citywide GHG inventory update for 2016 shows a GHG emissions reduction of 19 percent below the 2010 baseline. This is four percent ahead of the 2020 target of 20 percent described above.

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Figure 2: Citywide Greenhouse Emissions Inventory and Projections



Summary of Climate Action Plan Adopted Budget

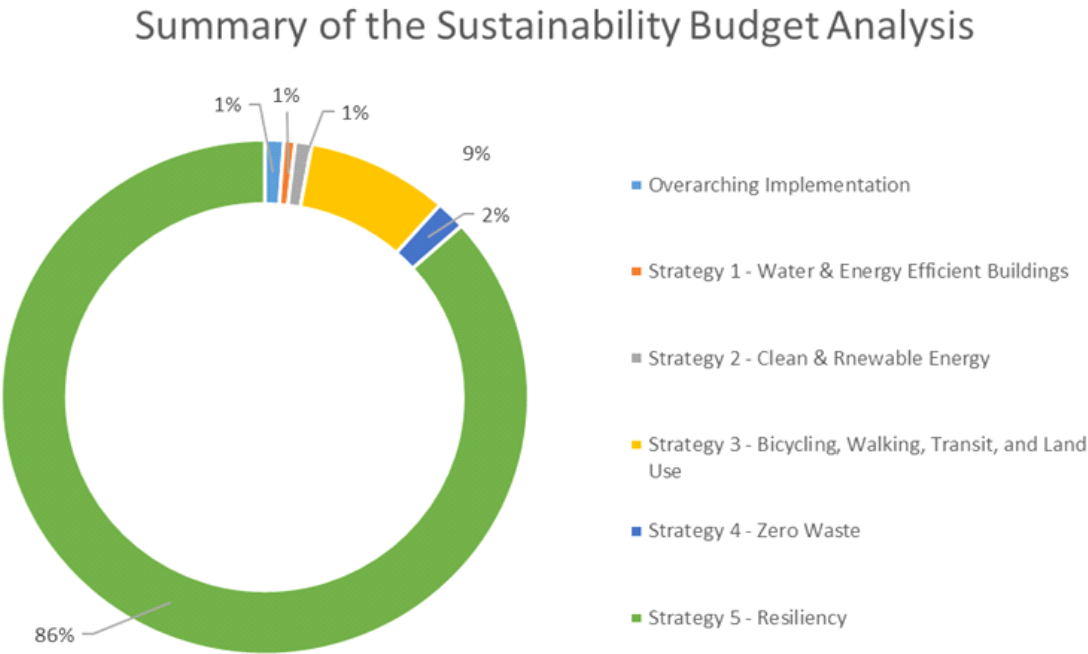
Table 5 is a summary of investments across City departments that support the five strategic areas of the CAP. The investment amounts represent new resources included in the Fiscal Year 2019 Adopted Budget. These new resources are added to existing CAP investment in the departments' base budgets (continuing appropriations). **Figure 3** is a representation of these investments as a percentage of each CAP strategy.

Table 5: Funding Across City Departments

Climate Action Plan Fiscal Year 2019 Adopted Budget			
Strategy	Direct	Indirect	Total
Strategy 1 - Energy & Water Efficient Buildings	\$ 1,103,938	\$ 12,496	\$ 1,116,434
Strategy 2 - Clean & Renewable Energy	1,561,321	-	1,561,321
Strategy 3 - Bicycling, Walking, Transit & Land Use	13,516,017	-	13,516,017
Strategy 4 - Zero Waste	2,840,509	-	2,840,509
Strategy 5 - Climate Resiliency	1,422,334	133,242,876	134,665,210
Overarching Implementation	1,793,146	-	1,793,146
Total	\$ 22,237,265	\$ 133,255,372	\$ 155,492,638

Citywide Budget Overview

Figure 3: Climate Action Plan Fiscal Year 2019 Adopted Budget



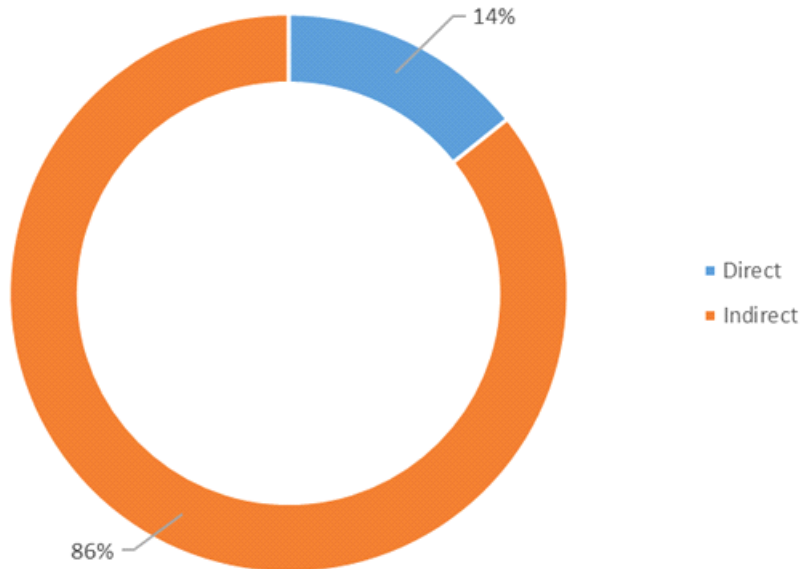
Climate Action Plan Fiscal Year 2019 Adopted Budget

This budget analysis identifies both *CAP-direct* and *CAP-indirect* efforts. *CAP-direct* efforts are explicitly identified as actions in the CAP (e.g. landfill gas capture) or directly support the CAP GHG reduction goals (e.g. increasing sidewalks or bikeways to increase walking or biking). *CAP-indirect* efforts are not explicitly specific in the CAP or only partially support the CAP through climate change efforts (e.g. funding for the San Diego Pure Water Program, which supports climate resiliency through a diversified water supply and water results to help prepare or prevent periods of drought). **Figure 4** is a representation of the percentage of the budget analysis that is identified as being *CAP-direct* and *CAP-indirect*.

Citywide Budget Overview

Figure 4: Climate Action Plan Fiscal Year 2019 Adopted Budget Direct and Indirect Items

Summary of Direct and Indirect Budget Items



Budget Reduction Proposals

As part of the budget development process, General Fund departments were required to submit budget reduction proposals equating to 2.0 percent of the department's Fiscal Year 2018 Adopted Budget. Approximately, \$20.2 million of budget reduction proposals were submitted and reviewed by management to ensure the overall impact to service levels provided to residents would be minimal.

Of the \$20.2 million of budget reduction proposals submitted, the Fiscal Year 2019 Adopted Budget includes \$13.5 million of ongoing expenditure budget reductions, including the elimination of 28.64 FTE positions. The budget reduction proposals identified in the Fiscal Year 2019 Adopted Budget are focused on efficiencies and minimizing the impact to service levels. These ongoing expenditure budget reductions are required to allow ongoing expenditures to be funded by ongoing revenues, ensuring the City maintains a structurally balanced budget. **Table 6** provides the total for budget reduction proposals by department included in the Fiscal Year 2019 Adopted Budget.

Table 6: General Fund Budget Reduction Proposals by Department

Department	Budgeted FTE Positions	FY 2019 Adopted Budget
City Clerk	-	\$ 14,000
City Treasurer	0.70	\$ 89,758
Communications	1.00	\$ 70,267
Debt Management	1.00	\$ 103,310
Department of Finance	5.00	\$ 560,450
Development Services	-	\$ 30,168

Citywide Budget Overview

Table 6: General Fund Budget Reduction Proposals by Department

Department	Budgeted FTE Positions	FY 2019 Adopted Budget
Economic Development	-	\$ 267,894
Environmental Services	0.85	\$ 778,069
Fire-Rescue	1.00	\$ 3,773,520
Infrastructure/Public works	2.00	\$ 239,635
Internal Operations	-	\$ 945
Library	-	\$ 382,205
Office of Homeland Security	1.00	\$ 87,856
Office of the Assistant COO	1.00	\$ 96,313
Office of the Chief Financial Officer	-	\$ 12,379
Office of the Chief Operating Officer	0.35	\$ 42,168
Office of the Mayor	0.74	\$ 78,442
Parks and Recreation	5.00	\$ 1,737,384
Performance & Analytics	1.00	\$ 69,272
Personnel	1.00	\$ 79,053
Police	-	\$ 3,000,000
Public Works - General Services	5.00	\$ 412,045
Purchasing & Contracting	2.00	\$ 168,016
Real Estate Assets	-	\$ 23,063
Smart & Sustainable Communities	-	\$ 21,104
Transportation & Storm Water	-	\$ 1,327,178
Total General Fund	28.64	\$ 13,464,494

For additional information on General Fund budget reduction proposals, please refer to the General Fund Expenditures Section of this Volume.

Other Fiscal Actions

In addition to the budget reduction proposals detailed above, the Fiscal Year 2019 Adopted Budget includes the following fiscal actions to ensure the City maintains a balanced General Fund budget:

- Use of \$22.7 million in one-time fund balance (Excess Equity), as estimated in the Fiscal Year 2018 Year-End Budget Monitoring Report, to fund one-time expenditures in the General Fund.
- Use of \$5.0 million in excess Workers' Compensations Fund reserves to support workers' compensation operating expenses, of which approximately \$4.0 million will be used for the General Fund. As initially planned in the Fiscal Year 2018 Adopted Budget, the estimated remaining excess Workers' Compensation Fund reserves of \$5.2 million will be used to fund workers' compensation operating expenses through Fiscal Year 2020.

Citywide Budget Overview

- Use of \$2.4 million in excess Long-Term Disability Fund reserves to support long-term disability operating expenses, of which approximately \$1.6 million will be used for the General Fund. As initially planned in the Fiscal Year 2018 Adopted Budget, the estimated remaining excess Long-Term Disability Fund reserves of \$7.9 million will be used to fund future long-term disability operating expenses and the death and disability benefit that is being negotiated with the City's recognized employee organizations.
- \$3.6 million to replenish the Pension Payment Stabilization Reserve Fund, reserves were used in the Fiscal Year 2018 Adopted Budget to offset the unanticipated increase in the pension payment for the General Fund. This contribution to the Pension Payment Stabilization Reserve Fund is the first of five contributions to fully replenish the Pension Payment Stabilization Reserve Fund by Fiscal Year 2023.
- \$554,424 to the General Fund reserve to maintain the policy target level of 15.25 percent for Fiscal Year 2019. This contribution is in addition to the \$10.3 million that was pre-funded in the Fiscal Year 2018 Adopted Budget which otherwise would have been the required contribution in the Fiscal Year 2019 Adopted Budget.

Special Revenue and Internal Service Fund Budget Reduction Proposals

As part of the budget development process, non-general fund departments which impact the General Fund were required to submit budget reduction proposals. The non-general fund budget reduction proposals which impact the General Fund are as follows:

Central Stores Fund

The Fiscal Year 2019 Adopted Budget includes the reduction of 2.00 FTE positions and expenditures of \$152,464 as a result of the consolidation of operations and operational efficiencies at central store locations.

Energy Conservation Program Fund

The Fiscal Year 2019 Adopted Budget includes the reduction of \$59,940 for energy consultant services and replacement of equipment.

Fleet Services Operating Fund

The Fiscal Year 2019 Adopted Budget includes the reduction of \$629,251 in expenditures and 2.75 FTE positions. \$454,251 in expenditure reductions is associated with a right-sizing analysis to identify underutilized vehicles. Due to the utilization of these vehicles they will not be replaced at the end of life resulting in savings in annual fleet replacement costs. The remaining \$175,000 in expenditure reductions is associated with the implementation of new procedures to enforce the City's Idling Reduction Policy (A.R. 90.72) resulting in savings related to fuel costs.

Information Technology Fund

The Fiscal Year 2019 Adopted Budget includes the reduction of \$241,609 in expenditures primarily related to budgetary savings in facility maintenance services.

OneSD Support Fund

The Fiscal Year 2019 Adopted Budget includes the reduction of \$7,600 in expenditures for miscellaneous supplies, contractual services, and travel.

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Risk Management Administration Fund

The Fiscal Year 2019 Adopted Budget includes the reduction of 1.00 FTE position and expenditures of \$221,466 due to a reduction to contractual services for temporary administrative support and the closure of the lobby reception area for the Risk Management Department.

Transient Occupancy Tax Fund - Commission for Arts & Culture

The Fiscal Year 2019 Adopted Budget for the Commission for Arts & Culture allocation is \$14.5 million, representing a decrease of \$149,976 or 1.0 percent from the Fiscal Year 2018 Adopted Budget. This net decrease is due to a:

- Reduction of \$264,346 or 2.0 percent in the Arts, Culture, and Community Festivals programming allocation; and
- Addition of \$114,370 or 8.2 percent in the Commission for Arts and Culture organization in the newly created Office of Boards and Commissions Department.

Transient Occupancy Tax Fund - Special Events and Filming Department

The Fiscal Year 2019 Adopted Budget includes the reduction of \$24,325 primarily due to a reduction to film marketing in the Special Events & Filming Department. This reduces the Department's advertisement budget but does not impact the ability to provide permitting or core services for the filming program.

Wireless Communications Technology Fund

The Fiscal Year 2019 Adopted Budget includes the reduction of 2.00 FTE positions and expenditures of \$199,483 related to administrative and engineering support. This decrease will require the Fund to distribute this support amongst existing staff.

Enterprise Fund Budget Reduction Proposals

As part of the budget development process, certain enterprise funds were required to submit budget reduction proposals. The enterprise funds budget reduction proposals are as follows:

Sewer Funds

The Fiscal Year 2019 Adopted Budget includes an expenditure reduction of \$4.9 million in the Metropolitan Sewer Utility and Municipal Sewer Revenue Funds. The budget reduction proposals for the Fiscal Year 2019 Adopted Budget are outlined below.

- \$2.5 million for incremental funding for various contracts and supplies based on historical savings;
- \$1.8 million for waste water collection and treatment system enhancements which will now be supported with current staff resulting in savings in contractual expenditures; and
- \$515,386 for capital expenditures related to equipment purchases based on historical savings.

Water Utility Operating Fund

The Fiscal Year 2019 Adopted Budget includes an expenditure reduction of \$4.0 million in the Water Utility Operating Fund. The budget reduction proposals for the Fiscal Year 2019 Adopted Budget are outlined below.

- \$2.6 million for incremental funding of various contracts based on historical savings; and

Citywide Budget Overview

- \$1.4 million for vehicle replacement costs as a result of reexamining the Fund's replacement schedule and available fund balances for future replacements.

Citywide Personnel Expenditures

The Fiscal Year 2019 Adopted Budget includes a total of \$841.2 million for salaries and wages, and \$617.2 million for fringe expenditures, resulting in a total budget of \$1.46 billion in personnel expenditures citywide. **Table 7** illustrates the budgeted FTE positions, salaries and wages, fringe, and total personnel expenditures by fund type.

Table 7: Fiscal Year 2019 Adopted Personnel Expenditures Budget

Fund Type	Budgeted FTE Positions	Budgeted Salaries and Wages	Budgeted Benefits	Budgeted Personnel Expenses
General Fund	7,614.12	\$ 589,097,578	\$ 437,985,873	\$ 1,027,083,451
Special Revenue Funds	1,019.90	72,440,044	48,327,897	120,767,941
Enterprise Funds	2,501.88	152,850,402	110,756,084	263,606,486
Internal Service Funds	346.33	21,545,176	16,663,543	38,208,719
Other Funds ¹	63.00	5,252,776	3,504,787	8,757,563
Total	11,545.23	\$ 841,185,976	\$ 617,238,184	\$ 1,458,424,160

¹ Other Funds includes San Diego City Employee's Retirement System (SDCERS) FTE positions.

Total City Personnel

The Fiscal Year 2019 Adopted Budget includes a total of 11,545.23 FTE positions with 7,614.12 or 66.0 percent of these positions budgeted within the General Fund. **Table 8** presents the change in positions based on job classification from Fiscal Year 2018 to Fiscal Year 2019.

Table 8: Total City FTE Position Changes Fiscal Year 2018 - 2019

Fund Type	FY 2018 Adopted Budget	Additions	Reductions	Reorganizations	FY 2019 Adopted Budget	FY 2018 - FY 2019 Change	Percent Change
General Fund	7,527.43	141.86	(60.18)	5.01	7,614.12	86.69	1.2%
Special Revenue Funds ¹	988.15	44.15	(6.40)	(6.00)	1,019.90	31.75	3.2%
Enterprise Funds	2,500.35	10.85	(8.31)	(1.01)	2,501.88	1.53	0.1%
Internal Service Funds	340.58	9.50	(5.75)	2.00	346.33	5.75	1.7%

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Table 8: Total City FTE Position Changes Fiscal Year 2018 - 2019

Fund Type	FY 2018 Adopted Budget	Additions	Reductions	Reorganizations	FY 2019 Adopted Budget	FY 2018 - FY 2019 Change	Percent Change
Other Funds ²	63.00	-	-	-	63.00	-	-%
Total	11,419.51	206.36	(80.64)	0.00	11,545.23	125.72	1.1%

¹Total number of budgeted positions includes positions from Maintenance Assessment Districts (MADs).

²Other Funds includes San Diego City Employee's Retirement System (SDCERS) FTE positions.

For details on all position changes, refer to Attachment A - Fiscal Year 2019 Changes in Full-time Equivalent (FTE) Positions in the Appendix.

Table 9 represents the allocation of FTE positions per employee labor group within each fund type. The largest employee labor group, the Municipal Employees Association (MEA), represents 35.3 percent of General Fund positions and 45.0 percent of all City positions.

Table 9: Fiscal Year 2019 Adopted FTE Positions by Labor Group

Labor Group	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Other Funds ¹	Labor Group Total
MEA	2,686.24	832.40	1,503.15	136.23	37.00	5,195.02
AFSCME LOCAL 127	1,050.19	43.00	840.37	160.25	-	2,093.81
POA	2,035.35	-	-	-	-	2,035.35
IAFF LOCAL 145	935.00	9.00	-	-	-	944.00
Unclassified / Unrepresented	430.89	96.50	82.12	28.85	19.00	657.36
Classified / Unrepresented	148.09	39.00	76.24	21.00	7.00	291.33
Teamsters Local 911	162.38	-	-	-	-	162.38
DCAA	154.98	-	-	-	-	154.98
Elected Officials	11.00	-	-	-	-	11.00
Fund Total	7,614.12	1,019.90	2,501.88	346.33	63.00	11,545.23

¹ Other Funds includes San Diego City Employee's Retirement System (SDCERS) FTE Positions.

Salaries and Wages

The Fiscal Year 2019 Adopted Budget includes \$841.2 million in budgeted salaries and wages, with \$589.1 million or 70.0 percent budgeted in the General Fund. **Table 10** displays the Fiscal Year 2019 Adopted Budget for salaries and wages by fund type.

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Table 10: Fiscal Year 2019 Adopted Budgeted Salaries and Wages

Salary and Wage Type	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Other Funds ¹	Budgeted Salaries and Wages
Salaries/Add-on-Pays	\$ 534,790,950	\$ 75,336,039	\$ 147,810,618	\$ 21,195,348	\$ 5,260,861	\$ 784,393,816
Vacancy Savings	(33,209,339)	(4,585,771)	(8,811,070)	(250,039)	-	(46,856,219)
Salary Savings	(1,903,048)	(258,716)	(622,816)	(39,389)	(10,463)	(2,834,432)
Vacation Pay in Lieu	6,881,919	33,500	514,200	4,000	-	7,433,619
Termination Pay/Annual Leave	2,368,704	92,046	400,063	74,282	-	2,935,095
Hourly Wages	13,534,809	324,864	1,909,912	84,958	2,378	15,856,921
Overtime	66,633,583	1,498,082	11,649,495	476,016	-	80,257,176
Total	\$ 589,097,578	\$ 72,440,044	\$ 152,850,402	\$ 21,545,176	\$ 5,252,776	\$ 841,185,976

¹ Other Funds includes San Diego City Employee's Retirement System (SDCERS) FTE Positions.

The Fiscal Year 2019 Adopted Budget reflects the current Memoranda of Understanding (MOU) with the City's six Recognized Employee Organizations (REO). The current MOUs between the City and the Municipal Employees Association (MEA), International Association of Firefighters (Local 145), American Federation of State, County, and Municipal Employees (Local 127), Teamsters (Local 911) and the Deputy City Attorneys Association provided for a 3.3 percent general salary increase on July 1, 2018. The Fiscal Year 2019 Adopted Budget includes \$20.9 million for the negotiated salary increases with these five REOs. Additionally, the City reached an agreement with the San Diego Police Officers Association (POA) on October 18, 2017 which provides that effective July 1, 2018 POA members receive an 8.3 percent general salary increase, and on January 1, 2019 POA members receive an additional 5.0 percent general salary increase. The Fiscal Year 2019 Adopted Budget includes \$18.8 million in increased salaries for the members of POA. In addition to the agreed upon salary increases in the current MOUs between the City and the six REOs, the Fiscal Year 2019 Adopted Budget includes \$1.4 million in special salary adjustments to select job classifications as approved by City Council on April 9, 2018.

The Healthy Workplaces, Healthy Families Act of 2014 (A.B. 1522) requires that any employee who, on or after July 1, 2015, works in California for 30 or more days within a year from the beginning of employment is entitled to paid sick leave. Hourly non-benefitted employees, will earn one hour of paid Hourly Sick Leave (A.B. 1522) for every 30 hours worked, up to a maximum accrual of 48 hours. The Fiscal Year 2019 Adopted Budget includes \$244,201 in the General Fund and \$291,658 citywide for Hourly Sick Leave (A.B. 1522), these amounts are based on projected expenditures in Fiscal Year 2018.

Vacancy Savings

Vacancy savings is used as a budgeting tool to allocate resources that are projected to remain unspent to other priority needs. As part of the development of the Fiscal Year 2019 Adopted Budget, the City is estimating an amount of personnel savings or vacancy savings by department that is attributable to normal attrition, extended leaves of absence, under-filled positions, and newly hired

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employees that may start at a lower salary than the salary of the prior incumbent. Savings from vacant reimbursable positions have been excluded from the estimated vacancy savings as the City does not realize savings due to offsetting revenue for these unfilled positions. These estimates of vacancy savings will require that departments monitor Fiscal Year 2019 personnel expenditures to remain within available allocated appropriations. The Fiscal Year 2019 vacancy savings is \$46.9 million, representing an increase of \$2.5 million or 5.7 percent from the Fiscal Year 2018 Adopted Budget.

Table 11 displays the changes in budgeted vacancy savings from Fiscal Year 2018 to Fiscal Year 2019.

Table 11: Budgeted Vacancy Savings Fiscal Year 2017 - 2019

Departments/Funds	FY 2017 Adopted Budget	FY 2018 Adopted Budget	FY 2019 Adopted Budget
City Attorney	\$ 775,166	\$ 602,112	\$ 603,241
City Clerk	32,968	74,797	39,084
City Comptroller	236,278	93,745	-
City Treasurer	187,491	211,286	265,548
Communications	54,059	87,028	44,950
Debt Management	-	54,059	-
Department of Finance	-	-	189,005
Development Services	202,655	141,773	179,540
Economic Development	109,346	254,634	120,152
Environmental Services	338,964	332,592	355,877
Financial Management	59,467	65,291	-
Fire-Rescue	7,327,282	3,398,859	3,873,144
Human Resources	-	-	55,843
Library	787,452	541,547	566,134
Office of Homeland Security	-	59,363	43,983
Parks and Recreation	974,299	970,217	696,569
Performance & Analytics	109,855	-	-
Personnel	53,893	53,893	37,236
Planning	146,079	153,588	254,469
Police	16,313,637	19,860,629	23,248,651
Public Works - Contracts	57,866	57,866	-

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Departments/Funds	FY 2017 Adopted Budget	FY 2018 Adopted Budget	FY 2019 Adopted Budget
Public Works - General Services	314,580	466,648	313,049
Purchasing & Contracting	134,659	157,019	414,987
Real Estate Assets	66,768	54,059	117,165
Transportation & Storm Water	2,052,197	2,008,505	1,790,712
Total General Fund	\$ 30,334,961	\$ 29,699,510	\$ 33,209,339
Airports Fund	\$ 33,322	\$ 59,363	\$ 32,810
Central Stores Fund	29,931	30,056	-
Development Services Fund	4,551,001	3,534,927	2,987,202
Energy Conservation Program Fund	-	31,491	-
Engineering & Capital Projects Fund	2,051,733	2,998,684	4,212,166
Facilities Financing Fund	-	50,003	-
Fleet Operations Operating Fund	-	325,185	134,400
Golf Course Fund	132,652	163,528	63,084
Information Technology Fund	109,855	80,454	144,431
Local Enforcement Agency Fund	60,674	60,674	-
Maintenance Assessment District (MAD) Management Fund	59,363	-	-
Metropolitan Sewer Utility Fund	1,251,724	1,546,641	1,290,991
Municipal Sewer Revenue Fund	1,063,422	1,583,690	1,179,582
OneSD Support Fund	219,855	80,454	-
Parking Meter Operations Fund	41,330	41,330	-
Recycling Fund	304,572	369,700	307,275
Refuse Disposal Fund	289,208	382,729	396,154
Risk Management Administration Fund	321,859	318,615	115,639
Stadium Operations Fund	109,855	59,363	-
Underground Surcharge Fund	-	-	119,550
Water Utility Operating Fund	2,263,691	2,851,234	2,553,972

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Departments/Funds	FY 2017 Adopted Budget	FY 2018 Adopted Budget	FY 2019 Adopted Budget
Wireless Communications Technology Fund	97,053	58,157	109,624
Total Non-General Fund	\$ 12,991,100	\$ 14,626,278	\$ 13,646,880
Total	\$ 43,326,061	\$ 44,325,788	\$ 46,856,219

Total Budgeted Fringe Allocations

Total budgeted fringe allocations represent personnel costs that are non-wage related. A significant portion of the total budgeted fringe allocations are considered fixed fringe costs. Fixed fringe costs are expenditures that meet specific obligations established through agreements with the labor unions, City ordinances, or the City's Reserve Policy, regardless of current FTE position count or salary amounts. Fixed fringe costs include the San Diego City Employees' Retirement System's (SDCERS) Actuarially Determined Contribution (ADC), as well as contributions for Workers' Compensation, Long-Term Disability (LTD), Other Post-Employment Benefits (OPEB), Unemployment Insurance, and Risk Management Administration (RMA). These expenditures account for \$423.5 million or 68.6 percent of budgeted fringe in Fiscal Year 2019. The remaining budgeted fringe allocations are variable to payroll activity such as reductions or additions in staff and salary increases or decreases.

Table 12 displays the citywide fringe allocation which totals \$617.2 million for Fiscal Year 2019, of which \$438.0 million or 71.0 percent is budgeted in the General Fund.

Table 12: Fiscal Year 2019 Annual Budgeted Fringe by Fund Type

Fringe Type	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Other Funds ¹	Fringe Totals
Retirement ADC	\$ 238,922,952	\$ 22,973,329	\$ 51,891,170	\$ 7,479,881	\$ 1,633,531	\$ 322,900,863
Flexible Benefits	94,141,584	11,246,063	26,752,717	4,037,505	810,499	136,988,368
Retiree Health/Other Post-Employment Benefits	41,653,791	5,692,252	13,985,970	2,071,437	385,812	63,789,262
Supplemental Pension Savings Plan	19,564,786	4,590,631	9,063,961	1,390,317	356,323	34,966,018
Workers' Compensation	19,707,040	978,443	3,028,114	796,286	86,213	24,596,096
Risk Management Administration	7,162,260	978,764	2,404,840	356,176	66,339	10,968,379
Medicare	7,053,666	996,848	1,945,448	293,200	74,285	10,363,447
Employee Offset Savings	6,031,194	411,729	674,556	105,507	54,544	7,227,530
Retirement DROP	1,860,675	200,681	571,652	65,188	17,731	2,715,927

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Table 12: Fiscal Year 2019 Annual Budgeted Fringe by Fund Type

Fringe Type	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Other Funds ¹	Fringe Totals
Unemployment Insurance	807,572	115,435	232,656	34,271	8,808	1,198,742
Retiree Medical Trust	860,576	83,170	123,547	21,651	6,232	1,095,176
Retirement 401 Plan	219,777	60,552	81,453	12,124	4,470	378,376
Long-Term Disability	-	-	-	-	-	-
Fund Type Totals	\$ 437,985,873	\$ 48,327,897	\$ 110,756,084	\$ 16,663,543	\$ 3,504,787	\$ 617,238,184

¹ Other Funds includes San Diego City Employee's Retirement System (SDCERS) FTE Positions.

City Retirement Contributions

The City's payment for retirement benefits in Fiscal Year 2019 is budgeted at \$326.4 million and is described below:

- In September 2017, the SDCERS Board of Administration (Board) approved the lowering of the discount rate from 7.00 percent to 6.75 percent and is scheduled to be reduced from 6.75 percent to 6.50 percent for the June 30, 2018 Actuarial Valuation. Also the Board approved incorporating a five year layering method for certain components of the UAL to improve the projected stability of future employer contributions. Based on the assumptions accepted by the Board, Cheiron prepared the City's Actuarial Valuation Report as of June 30, 2017, which includes the City's ADC for Fiscal Year 2019. The City's pension payment for Fiscal Year 2019 is \$322.9 million, a decrease of \$1.6 million from Fiscal Year 2018 Adopted Budget; approximately \$239.0 million or 74.0 percent of the ADC is budgeted in the General Fund. The two significant offsetting changes which led to the decrease in the pension payment was the discount rate decrease of 7.00 percent to 6.75 percent which increased the ADC by \$17.5 million, and the Board incorporating a five year layering method for certain components of the UAL decreased the ADC by \$22.5 million. Additionally, there were net asset experience gains which decreased the ADC by \$10.3 million and liability experience loss which increased the ADC by \$8.8 million.
- \$1.5 million is budgeted in the Citywide Program Expenditures Department for the Preservation of Benefits Plan contribution to SDCERS to cover benefit payments in excess of Internal Revenue Service (IRS) limits. Note this figure is not reflected in **Table 12**.
- \$2.0 million has been budgeted citywide (\$1.5 million in the General Fund) to fund the pay-go costs for the supplemental cost of living adjustment (COLA) benefit. The supplemental COLA benefit was established by San Diego Ordinance O-18608, adopted on January 11, 1999, to increase the monthly retirement allotment for retirees who retired before July 1, 1982 with at least ten years of service credit and whose benefits had fallen below 75 percent of their original purchasing power. A reserve was established in Fiscal Year 1999 with \$35.0 million in surplus earnings from the previous fiscal year to fund this benefit. However, this reserve was depleted in Fiscal Year 2015. As a result, Ordinance O-20282 was adopted on July 23, 2013 and the City funds the supplemental COLA benefit annually. Note this figure is not reflected in **Table 12**.

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Retiree Health/Other Post Employment Benefits

The Retiree Health or Other Post Employment Benefits (OPEB) Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2017 is approximately \$553.9 million and the Actuarially Determined Contribution (ADC) for Fiscal Year 2019 was determined to be \$51.6 million.

In Fiscal Year 2012, the City entered into a 15-year memorandum of understanding with each of its labor organizations and provided the same terms to unrepresented employees regarding reforms to the retiree healthcare benefit for health-eligible employees. The agreements set the City's annual OPEB budget at \$57.8 million for Fiscal Years 2013 through 2015, with annual increases of up to 2.5 percent after 2015. The City has budgeted \$63.8 million in Fiscal Year 2019 for retiree health care benefits. If the retiree health defined contribution and pay-as-you-go actuals exceed \$63.8 million, then the excess will be withdrawn from the City's CalPERS Employer Retiree Benefit Trust (CERBT) account.

Employee Offset Savings (EOS)

The Fiscal Year 2019 Adopted Budget includes Employee Offset Savings of \$7.3 million, which is budgeted as an expense to all City departments and revenue to the respective funds. The \$7.3 million will be transferred to the General Fund to backfill the Tobacco Settlement Revenues securitized in Fiscal Year 2006.

Retirement DROP

In accordance with the Deferred Retirement Option Program (DROP) adopted in Fiscal Year 1997, the City is required to match 3.05 percent of the DROP participants' salary. The Fiscal Year 2019 Adopted Budget for Retirement DROP contributions is \$2.7 million.



Workers' Compensation

State Workers' Compensation laws ensure that employees who suffer work-related injuries or illnesses are provided with medical treatment and monetary awards. State Workers' Compensation statutes establish this framework of laws for the City.

In February 2017, City Council approved amendments to the City's Reserve Policy (Council Policy 100-20) to reduce the Workers' Compensation Reserve target from 25 percent to 12 percent of the three-year average of outstanding actuarial liabilities. As a result of this amendment to the Reserve Policy, the excess Worker's Compensation Reserve available for use is \$10.2 million, of which \$5.0 million will be used to reduce workers' compensation operating expenses in Fiscal Year 2019. The remaining excess reserves will be used to continue the reduction in workers' compensation operating expenses through Fiscal Year 2020. The workers' compensation contribution in the Fiscal Year 2019 Adopted Budget is \$24.6 million.

Long-Term Disability

Long-term disability is an employee benefit plan designed to provide partial salary replacement to eligible employees who are unable to work due to a disability as a result of injury, illness, or pregnancy. The Fiscal Year 2018 ending reserve balance is projected to be \$15.7 million, exceeding

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the policy goal of \$5.5 million, which is the current three year average of the annual actuarial liability. The Fiscal Year 2019 Adopted Budget includes the use of \$2.4 million in excess reserves from the Long-Term Disability (LTD) Fund to support LTD operating expenses.

Flexible Benefits

An Internal Revenue Service (IRS) qualified cafeteria-style benefits program is offered to all eligible employees. All employees in one-half, three-quarter, or full-time status are eligible. The Fiscal Year 2019 Adopted Budget for Flexible Benefits is \$137.0 million, representing a decrease of \$1.7 million from the Fiscal Year 2018 Adopted Budget. This decrease is primarily the result of the decrease in flexible benefit allotments for sworn police officers who have eight or more years of service as outlined in the labor agreement between the City and San Diego Police Officer Association; per the agreement, flexible benefit allotments for Fiscal Year 2019 is \$9,317, a decrease from \$11,400.

The City currently offers healthcare coverage to all of its full time, three-quarter time, half-time employees, and non-standard hour employees working an average of at least 30 hours per week or 130 hours per month, per the Affordable Care Act (ACA), through the Flexible Benefits Plan. The majority of City employees qualify for the Flexible Benefits Plan, thus complying with a key component of the ACA. The City continues to monitor ACA mandates and clarifications to assess the impacts on City benefit plans.

Supplemental Pension Savings Plan (SPSP) and New Retirement Plans

In 1982, the City opted out of Social Security and established the Supplemental Pension Savings Plan (SPSP). SPSP accounts provide a way for eligible employees to add to savings for retirement income, which is in addition to SDCERS' benefits. Employees hired before July 1, 2009 must contribute a mandatory 3.0 percent. Employees hired on or before July 1, 1986 can voluntarily contribute up to an additional 4.5 percent, and if hired after July 1, 1986 an additional 3.05 percent. This amount is deducted from employees' paychecks and placed into an SPSP account for the employee. The City also matches these contributions. The Fiscal Year 2019 Adopted Budget for SPSP is \$16.0 million.

General members hired on or after July 1, 2009 but before July 20, 2012 receive a hybrid retirement plan which includes a reduced defined benefit retirement plan as well as a defined contribution savings plan with a mandatory employee contribution of 1.0 percent of payroll, which the City matches. The Fiscal Year 2019 Adopted Budget for the City's contribution match is \$376,878, based on 584.50 FTE general members as of November 2016.

On June 5, 2012, City of San Diego voters approved Proposition B, a pension reform initiative amending the San Diego City Charter. Proposition B provides that all employees hired on or after July 20, 2012, other than sworn police officers, would no longer be eligible to participate in the City's defined benefit plan and would only be eligible to participate in a defined contribution plan. New hires with offers of employment made on or after July 20, 2012, with no prior City service, would be 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 would be required to contribute 9.2 percent of compensation to the plan, which would be matched by a 9.2 percent employer contribution. For safety employees, the mandatory employee and matching employer contributions would be 11.0 percent of compensation.

In December 2015, the Public Employment Relations Board (PERB) issued a decision in favor of the City unions in an Unfair Practice Charge (UPC) filed by the San Diego Municipal Employees Association (MEA), the International Association of Firefighters (IAFF) Local 145, the American Federation of State County And Municipal Employees (AFSCME) Local 127, and the Deputy City

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Attorneys Association of San Diego (DCAA), ruling that the City had violated the Meyers-Milias-Brown Act (MMBA) when it failed to meet and confer over the language of Proposition B. On April 11, 2017, the Fourth District Court of Appeals issued an opinion concluding the PERB erred when it applied agency principles to transform the Citizens Pension Reform Initiative (CPRI) from a citizen-sponsored initiative into a City sponsored initiative and that Proposition B did not violate MMBA. On July 26, 2017, the California Supreme Court granted review of the appellate decision. Subsequently, on August 2, 2018, the California Supreme Court issued a decision determining that the City had an obligation to meet and confer and sent the matter of Proposition B back to the Court of Appeal for a determination of the appropriate judicial remedy.

The Fiscal Year 2019 Adopted Budget for the City's Interim Defined Contribution Retirement Plan is \$18.0 million, which represents an increase of \$2.6 million over the Fiscal Year 2018 Adopted Budget. This increase is primarily due to the assumption that vacant and new positions being added to the budget will be filled by employees in the Interim Defined Contribution Retirement Plan. Additionally, the Fiscal Year 2019 Adopted Budget includes \$870,173 in the SPSP-H account for hourly employees.

Retiree Medical Trust (RMT)

The Fiscal Year 2019 Adopted Budget for retiree health trust contributions is \$1.1 million. General members hired on or after July 1, 2009 must contribute 0.25 percent of payroll into a retiree medical trust, which the City matches. The Fiscal Year 2019 Adopted Budget for the City's contribution match to general members is \$510,748. In addition, \$584,428 is included in the Fiscal Year 2019 Adopted Budget for contributions to the Southern California Firefighters Benefit Trust for each active International Association of Firefighters (IAFF) Local 145 member.

Risk Management Administration

The Risk Management Administration (RMA) rate is established to support the appropriated expenditures that fund all of the programs and services provided by the Risk Management Department, which is an Internal Service Fund. These services include the administration of Workers' Compensation, Public Liability and Loss Recovery, Safety and Environmental Health Services, Employee Benefits, Savings Plans, and Long-Term Disability. The Fiscal Year 2019 Adopted Budget for Risk Management Administration is \$11.0 million.

Medicare

Medicare is a federal tax established by the Federal Insurance Contributions Act (FICA) that all employees and employers are required to pay.

The application of this rate applies to all City employees and is based on earned income, including any earned income related to overtime or other employee special pays. The Fiscal Year 2019 Adopted Budget for Medicare is \$10.4 million.

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Unemployment Insurance

Unemployment Insurance provides temporary unemployment benefits to eligible workers who are unemployed and meet State law eligibility requirements to receive the benefit. The Fiscal Year 2019 Adopted Budget for Unemployment Insurance is \$1.2 million.

