

The City of
SAN DIEGO

**FISCAL YEAR 2019
FIRST QUARTER BUDGET
MONITORING REPORT**



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INTRODUCTION

Per City Council Budget Policy (Policy No. 000-02), quarterly reports are presented to the Budget and Government Efficiency Committee and the City Council each fiscal year. The purpose of the Fiscal Year 2019 First Quarter Budget Monitoring Report (First Quarter Report) is to provide City Council and the public an update of major General Fund revenues, overtime expenditure projections, updates on selected programs and/or initiatives, updates on General Fund balance and reserve estimates, and non-General Fund Risk Management reserves.

The First Quarter Report focuses staff resources on priority budget analysis and Major Revenue projections. The program updates identified for inclusion within the First Quarter Report are the combination of recommendations from all operating departments, Department of Finance (DoF) and management.

DoF produces this report, in collaboration with City departments, to address significant variances between budget and projected revenues and/or expenditures for significant programs and/or initiatives. The First Quarter Report is developed using three months of actual (unaudited) activity for Fiscal Year 2019. Statistical data and economic analyses are gathered from economic consultants and other resources to project year-end revenue estimates. The data included in this report is the most current data available at the time of publication; however, the data and projections are subject to change. The First Quarter Report provides relevant expenditure and revenue projections on items of focus.

The First Quarter Report will discuss the following:

- Major General Fund revenue projections
- Public Safety overtime expenditure projections
- Program updates
- Update to the General Fund excess equity and reserves
- Update of the non-General Fund Risk Management reserves

DoF and departments will continue to monitor the City's actual revenue and expenditures and will provide any significant changes in subsequent quarterly budget monitoring reports.

GENERAL FUND REVENUE

The following section includes a summary of the City's major General Fund revenue projections.

MAJOR GENERAL FUND REVENUES

The City's major General Fund revenues are projected to be over budget by \$24.9 million primarily due to property tax and sales tax, which are projected to be over budget by \$8.7 million and \$15.7 million, respectively. Table 1: FY 2019 Major General Fund Revenue Projections summarizes this information.

FY 2019 Major General Fund Revenue Projections					
<i>Table 1</i>					<i>in millions</i>
Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Property Tax	\$ 560.0	\$ 560.0	\$ 568.7	\$ 8.7	1.5%
Sales Tax	282.1	282.1	297.7	15.7	5.6%
Transient Occupancy Tax ¹	151.3	151.3	151.5	0.2	0.1%
Franchise Fees ²	77.1	77.1	77.4	0.4	0.5%
Total	\$ 1,070.5	\$ 1,070.5	\$ 1,095.4	\$ 24.9	2.3%

¹Total City FY 2019 Adopted Budget for transient occupancy tax is \$245.1 million and the projection is \$244.6 million. The balance is budgeted in the Transient Occupancy Tax Fund.

²Total City FY 2019 Adopted Budget for franchise fees revenue is \$158.4 million and the projection is \$158.7 million. The balance is budgeted in the Environmental Growth and Underground Surcharge Funds.

The projections for major General Fund revenues are based on the most recent economic information available to the City and actual revenue distributions. When the Fiscal Year 2019 Adopted Budget for the major General Fund revenues was developed, it incorporated a moderate but slower rate of growth than experienced in previous fiscal years.

The local economy continued its growth through the first quarter. When compared to September 2017, the unemployment rate and the number of unemployed in the City of San Diego for September 2018 have improved. Home prices continue to rise, while the number of homes sales have decreased. Furthermore, foreclosure and notices of default have declined to the lowest level in twelve years. These local economic indicators are supportive of the overall projection for revenue growth that is positive yet moderate. A summary of current local key economic indicators is reflected in Table 2: Local Economic Indicators. Details on the major components of the City's General Fund Fiscal Year 2019 Adopted Budget and current projections are provided in the following sections.

Local Economic Indicators			
Table 2			
Economic Indicator	September-17	September-18	Change %
City of San Diego Unemployment	4.2%	3.3%	-21.4%
City of San Diego Number of Unemployed	26,000	22,000	-15.4%
USD Index of Leading Econ. Indicators ¹	143.2	152.3	6.4%
City of San Diego Home Sales (CYTD)	16,645	15,375	-7.6%
City of San Diego Median Home Price	\$535,000	\$585,000	9.3%
San Diego County Foreclosures (CYTD)	648	485	-25.2%
San Diego County Notices of Default (CYTD)	2,664	2,365	-11.2%

Source: California Employment Development Department (Sept '18 preliminary), USD Index of Leading Economic Indicators, DQNews/CoreLogic, San Diego County Assessor/Auditor/Recorder's Office
 *Data for 2018 reflects May 2018; data for September not available as of publication date.

Property Tax

FY 2019 Property Tax Revenue Projections					
Table 3					
<i>in millions</i>					
Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Property Tax Growth Rate	5.5%	5.5%	5.5%	0.0%	N/A
Property Tax Projection	\$ 560.0	\$ 560.0	\$ 568.7	\$ 8.7	1.5%

Property tax is projected to be over budget by \$8.7 million at fiscal year-end. This is due to a \$6.5 million dollar increase in the City’s estimated Redevelopment Property Trust Fund (RPTTF) revenue, a \$1.3 million increase in Motor Vehicle License Fee backfill, and an estimated property tax distribution increase of \$900,000. The Fiscal Year 2019 Adopted Budget property tax growth rate of 5.5% remains unchanged for these projections. This growth rate is based on a continued increase in home prices slightly tempered by fewer home sales.

The Fiscal Year 2019 Adopted Budget included RPTTF payments of \$22.0 million from the former Redevelopment Agency (RDA). Based on the latest Recognized Obligation Payment Schedule (ROPS) projections, total RPTTF distributions are expected to be \$6.5 million above budget. The residual property tax payment, which is the City’s proportionate share of funds remaining in the RPTTF after ROPS requirements have been met, is projected to be \$19.7 million, or \$5.7 million above the Fiscal Year 2019 budget amount. This is primarily due to significantly lower Enforceable Obligation projections for ROPS 13. Reductions from ROPS period 12 to ROPS period 13 include lower Community Development Block Grant (CDBG) loan repayments and other reductions due to completed Enforceable Obligations. One-time residual proceeds from the sale of Successor Agency properties are expected to be \$1.2 million, an increase of \$370,000 due to additional sales occurring in Fiscal Year 2019. Lastly, the tax sharing pass-through payments are projected to be \$7.5 million, an increase of \$350,000.



FY 2019 Property Tax Revenue Projection Details					
Table 4					in millions
Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
1.0% Property Tax	\$ 393.5	\$ 393.5	\$ 394.4	\$ 0.9	0.2%
MVLF Backfill	144.5	144.5	145.9	1.3	0.9%
RPTTF Tax Sharing Pass-through	7.2	7.2	7.5	0.4	4.9%
RPTTF Residual Property Tax	14.8	14.8	20.9	6.1	41.2%
Total	\$ 560.0	\$ 560.0	\$ 568.7	\$ 8.7	1.5%

Reviewing the risks to this projection, property tax revenues could be affected by delinquency rates, refunds, and RPTTF residual distributions, the latter of which is largely determined by Enforceable Obligations to be placed on the ROPS which are subject to the California Department of Finance approval in April 2019. An update to the projection of the residual property tax distributions will be provided at that time.

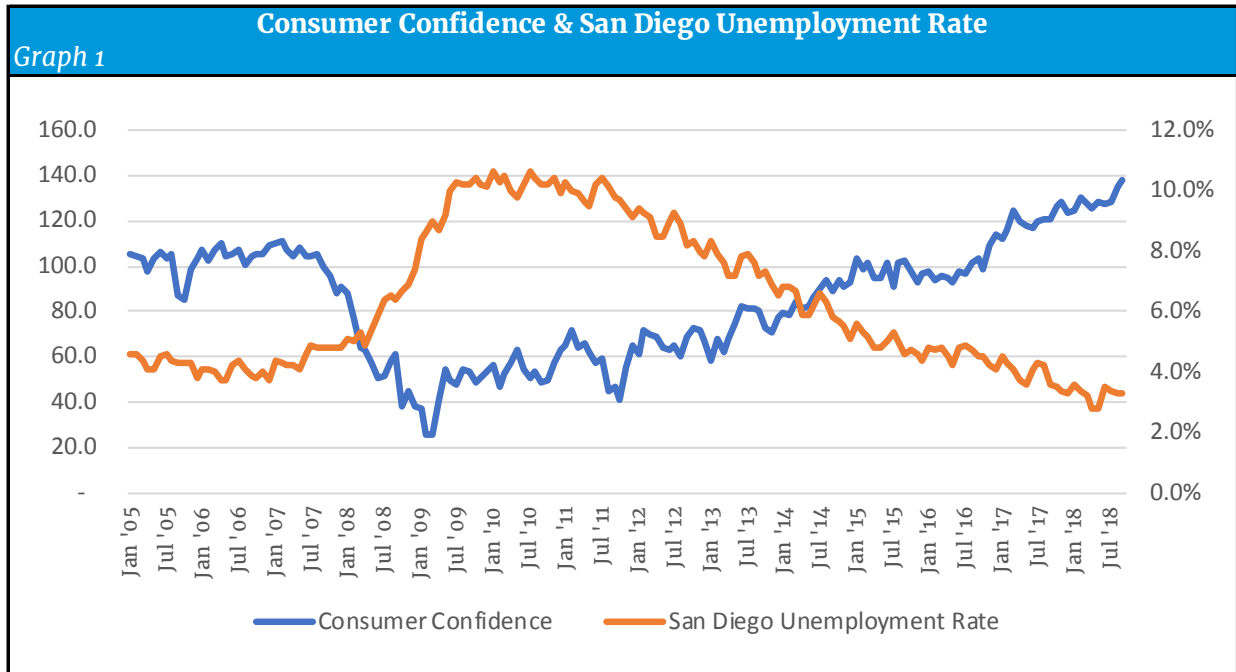
Sales Tax

FY 2019 Sales Tax Revenue Projections					
Table 5					in millions
Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Sales Tax Growth Rate	3.0%	2.3%	2.3%	-0.7%	N/A
Sales Tax Projection	\$ 282.1	\$ 282.1	\$ 297.8	\$ 15.7	5.6%

Sales tax revenue is projected to be over budget by \$15.7 million at fiscal year-end. The Fiscal Year 2019 Adopted Budget was based on year-end estimates for Fiscal Year 2018. As reported in the Fiscal Year 2018 Year-End Financial Performance Report, the California Department of Tax and Fee Administration (CDTFA) implemented a new sales tax reporting software system and modified the schedules of sales tax distributions to the cities. Complications with the software update impeded the CDTFA’s ability to process a significant amount of sales tax returns. This delayed distribution of sales tax to the City resulted in lower than anticipated revenue in Fiscal Year 2018.

Since the year-end, the State has distributed cleanup payments in their September and October distributions totaling \$14.7 million of delayed Fiscal Year 2018 sales tax revenues. Due to the City’s 60-day accrual policy these amounts will be recognized as one-time revenue in Fiscal Year 2019.

Major local economic drivers of the City’s sales tax receipts include the unemployment rate, consumer confidence, and consumer spending. As of September 2018, the San Diego unemployment rate was 3.3%, as preliminarily reported by the California Employment Development Department. The unemployment rate has decreased 0.3% from September 2017. Consumer confidence, a measurement of the consumer’s willingness to spend, had experienced significant growth since 2009, reaching an all-time high of 138.4 in September 2018. These indicators are depicted in Graph 1: Consumer Confidence and Unemployment Rate.



Source: Consumer Confidence Board, and State of California Economic Development Department

While the local economic indicators for sales tax are positive, growth in sales tax will continue to be constrained by online sales. As consumers shift from instore (brick and mortar) purchases to online sales, the City receives a smaller portion of sales tax revenues. Sales tax revenues from online retailers are distributed to the City through the county pool at a rate of approximately 0.5% as opposed to 1.0% for instore point of sale City sales tax revenues. This trend towards online sales is evidenced by the percentage of the City’s total sales tax revenue received from the county pool steadily increasing over the past several years.

Due to the CDTFA’s software issues, data regarding industry level performance details is currently unavailable. Avenu Insights & Analytics is working with the CDTFA to obtain this updated data. Once this information is available, future budget monitoring reports will resume industry level performance details.

While economic indicators are positive and stable, growth in sales tax has been tempered by continually declining retail sales, the City’s largest sales tax category. Additionally, recent interest rate increases, changes in global economic policy, and other uncertainties could likely indicate a shift in consumer confidence and taxable sales. Therefore, the growth rate for Fiscal Year 2019 is being reduced to 2.3%. This growth rate is in line with the projections developed by the City’s sales tax consultant, Avenu Insights & Analytics.

Lastly, the recent Supreme Court ruling in South Dakota vs. Wayfair, Inc. allows states to require online retailers to collect and remit sales tax, overruling a long-standing physical presence requirement. Although this decision will increase local sales tax revenues, the estimated impact and date of implementation by CDTFA is unknown.



Transient Occupancy Tax (TOT)

FY 2019 Transient Occupancy Tax (TOT) Revenue Projections ¹					
<i>Table 6</i>					<i>in millions</i>
Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
TOT Growth Rate	5.3%	5.3%	5.3%	0.0%	N/A
TOT Projection	\$ 151.3	\$ 151.3	\$ 151.5	\$ 0.2	0.1%

¹Total City FY 2019 Adopted Budget for transient occupancy tax is \$245.1 million and the projection is \$244.6 million. The balance is budgeted in the Transient Occupancy Tax Fund.

Transient Occupancy Tax (TOT) revenue is projected to be slightly over budget by fiscal year-end.

Room rates, occupancy, and overnight visitor growth are the primary economic indicators for TOT revenue performance. According to the July 2018 San Diego Travel Forecast, prepared for the San Diego Tourism Authority by Tourism Economics, overnight visits, room supply, and room demand are projected to reflect steady but restrained growth in calendar year 2018 before experiencing a long-term easing of growth. The City is projected to see continued growth in TOT revenue due to projected long-term increases in the supply of rooms and room rates. Based on this information, the projected growth rate included in the Fiscal Year 2019 Adopted Budget of 5.3% remains appropriate. Table 7: San Diego County Visitor Industry, provides a summary of the projected growth in economic indicators that impact the City's TOT receipts.

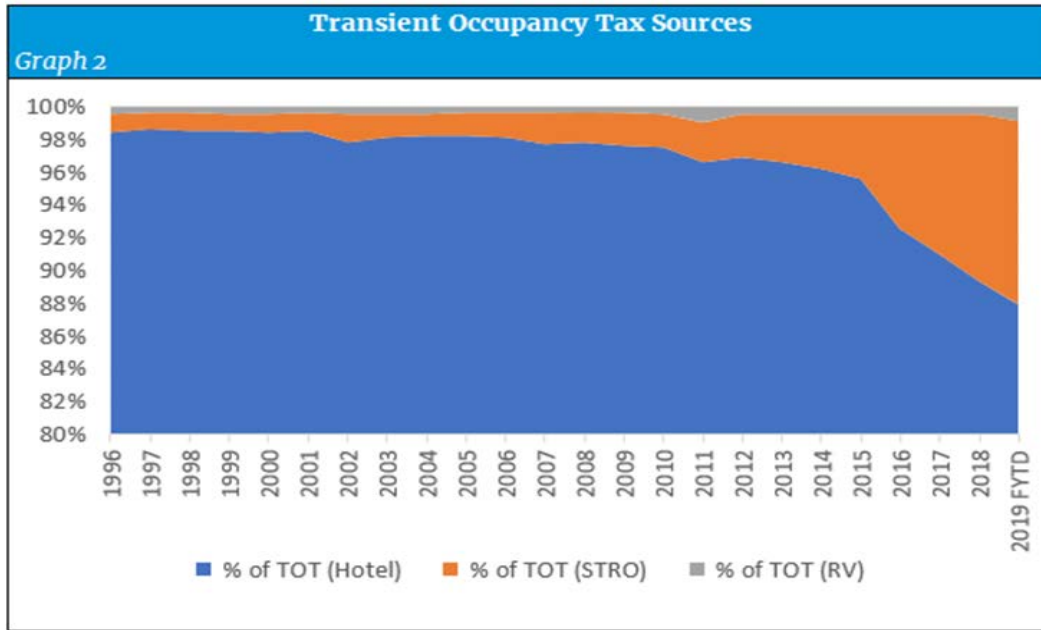
San Diego County Visitor Industry				
<i>Table 7</i>				<i>in millions</i>
	CY 2017	CY 2018	CY 2019 ²	CY 2020 ²
Visitors				
Total Visits (millions)	35.0	36.2	37.0	37.8
Overnight Visits (millions)	17.6	18.1	18.4	18.8
Hotel Sector				
Average Occupancy	77.3%	77.5%	77.2%	76.9%
Average Daily Rate	\$ 160.11	\$ 165.07	\$ 171.64	\$ 177.38
Revenue PAR ¹	\$ 123.73	\$ 127.99	\$ 132.44	\$ 136.32
Room Demand (growth)	1.3%	2.7%	1.9%	1.9%

Source: San Diego Tourism Authority and Tourism Economics

¹Revenue Per Available Room (Average Occupancy multiplied by Average Daily Rate)

²Forecast - Tourism Economics, July 2018

The City receives TOT from hotels, Short Term Residential Occupancy units (STRO), and Recreational Vehicle Parks (RV Parks). Graph 2: FY 2019 Transient Occupancy Tax Sources details the percentage of TOT received from each of these sub-groups by fiscal year, and more specifically the growth in STRO revenues as a percentage of total TOT.



TOT revenue projections will continue to be closely monitored and updated in the Fiscal Year 2019 Budget Monitoring Report (Mid-Year Report) to account for any changes in spending trends and economic indicators related to the San Diego tourism economy.

Franchise Fees

Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
SDG&E Growth Rate	2.0%	2.0%	2.0%	0.0%	N/A
Cable Growth Rate	-2.0%	-2.0%	-2.0%	0.0%	N/A
Franchise Fee Projection	\$ 77.1	\$ 77.1	\$ 77.4	\$ 0.4	0.5%

Franchise fee revenue is generated from agreements with private utility companies and refuse haulers in exchange for the use of the City’s rights-of-way. Currently, the City has franchise agreements with San Diego Gas & Electric (SDG&E), Cox Communications, Spectrum (formerly known as Time Warner), AT&T, and several refuse haulers. Approximately 80.1% of franchise fee revenue is comprised of revenue from SDG&E and cable companies. The revenue received from the agreements with SDG&E and the cable companies is based on a percentage of gross sales while the revenue received from refuse haulers is based on tonnage.

The Fiscal Year 2019 franchise fee revenue is projected to exceed budget at fiscal year-end by \$370,000. The adopted budget was developed based on Fiscal Year 2018 year-end projections. Based on the Fiscal Year 2018 year-end actual receipts, the projection for refuse hauler revenue has increased by \$560,000. This is slightly offset by a \$190,000 reduction in the anticipated cable revenue due to ongoing reductions in the cable industry. For the first quarter, SDG&E franchise fee revenues are projected at the budgeted amount. The City receives an annual cleanup payment from SDG&E in February at which time the revenue projections will be updated.



GENERAL FUND EXPENDITURES

PUBLIC SAFETY OVERTIME EXPENDITURE PROJECTIONS

Overtime expenditures are projected to exceed budget by \$16.2 million, or 25.8% by fiscal year-end and is partially offset with salary savings and revenues. The following section discusses the major contributors to the projected overtime expenditures in the Fire-Rescue, and the Police Departments.

FY 2019 Public Safety Overtime Projections					
Table 9					in millions
Department	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Fire-Rescue	\$ 38.1	\$ 38.1	\$ 45.0	\$ (6.9)	-18.1%
Police	24.6	24.6	33.9	(9.3)	-37.8%
Total	\$ 62.7	\$ 62.7	\$ 78.9	\$ (16.2)	-25.8%

Fire-Rescue

The Fire-Rescue Department is projecting overtime to exceed budget by \$6.9 million, or 18.1%, at fiscal year-end. The increase in overtime is partially offset with salary savings and a \$2.0 million increase in reimbursable deployment revenues. The net impact to the General Fund is projected at \$160,000. This increase is primarily due to the following:

- \$1.9 million associated to Strike Team deployments, which include the Holy Fire, Ferguson Fire, and Mendocino Complex Fire. This is offset with an increase in deployment revenue of \$2.0 million from the California Department of Emergency Services (CALOES).
- \$1.1 million associated to backfill for leave time taken primarily due to an increase in compensation time taken.
- \$1.1 million in Fair Labor Standards Act (FLSA) related overtime for filled positions.
- \$1.1 million in overtime due to not achieving full staffing at the beginning of the fiscal year as anticipated and higher attrition.
- \$710,000 associated to an additional unbudgeted academy as a cost reduction measure for overtime.
- \$640,000 in weather related staffing.

The Fire-Rescue Department projects to have an additional \$4.8 million in salary savings associated to vacancies and the reclassification of nonproductive time as overtime as a result of updates to the Local 145 Memorandum of Understanding to offset the increase in overtime expenditures.

Police

The Police Department is projecting overtime to exceed budget by \$9.3 million, or 37.8%, at fiscal year-end partially offset by vacancy savings. This increase is primarily due to the following:

- \$2.5 million mostly in extension of shift related overtime.
- \$2.9 million in Neighborhood Policing primarily for security around the transitional storage facility and San Diego riverbed.
- \$2.5 million associated with patrol staffing backfill needed as a result of a high number of vacancies and the formation of the Neighborhood Policing Division.

- \$760,000 associated to special events.

The Police Department projects to have an additional \$3.2 million in vacancy savings to partially offset this over budget expense. During the development of the Fiscal Year 2019 Adopted Budget the following services were not known at the time: the overtime associated to the Neighborhood Policing Division, in particular the patrolling and outreach around the Transitional Storage Center located in Sherman Heights, and the gap in service levels that the movement of officers to the Neighborhood Policing Division would create and its associated backfill overtime needed to maintain service levels. The remaining overage is in extension of shift that the Police Department took as a budget reduction. The department has implemented measures to cut back on extension of shift overtime and will continue to do so through the remainder of the fiscal year. Some of the instituted measures include requiring Commanding Officer approval of extension of shift related overtime and reallocating some staff from some specialized units back into Patrol.

The DoF is working with the Police Department to identify alternative funding sources to cover any projected deficit resulting from overtime costs. An appropriation adjustment may be included in the Mid-Year Report.

Non-Discretionary Projections

Energy Costs

FY 2019 Energy Services Projection					
<i>Table 10</i>					<i>in millions</i>
Fund	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
General Fund	\$ 9.7	\$ 9.7	\$ 10.6	\$ (0.8)	-8.5%
Non-General Funds	28.5	28.5	29.2	(0.7)	-2.4%
Total	\$ 38.2	\$ 38.2	\$ 39.8	\$ (1.5)	-4.0%

Electrical services are projected to be over budget by \$1.5 million Citywide at fiscal year-end. The General Fund is projected to be over budget by \$830,000 and Non-General Funds are projected to be over budget by \$690,000 at fiscal year-end. The increase in expenditures is primarily attributed to unanticipated Critical Peak Pricing (CPP) events occurring during the first quarter. CPP events are those where energy demand is at its highest, which significantly increases energy costs. The departments primarily contributing to the General Fund increase in expenditures include fire stations, Library and Parks and Recreation Departments because they manage facilities designated as cool zones for the public during heatwaves. The Public Utilities Department's (PUD) costs make up a majority of the Non-General Fund increase. However, PUD was able to make operational changes to accommodate for the CPP events which resulted in a smaller variance than that of the General Fund.

To mitigate the increase in expenditures, the Office of Sustainability will closely monitor expenditures and will set up triggers to notify departments of budget overages before quarterly forecasts are due. It will continue to educate city departments on methods for reducing energy costs.

Fuel Costs

FY 2019 Fuel Expenditure Projections					
<i>Table 11</i>					<i>in millions</i>
Fund	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
General Fund	\$ 9.3	\$ 9.3	\$ 8.3	\$ 0.9	10.0%
Non-General Fund	2.8	2.8	4.0	(1.2)	-41.9%
Total	\$ 12.1	\$ 12.1	\$ 12.4	\$ (0.3)	-2.2%

The Fleet Operations Department is projecting fuel expenditures to be over budget by \$270,000 Citywide at fiscal year-end. The overage is attributed to a 6.6% projected increase in gasoline and diesel prices. However, this increase is offset by a 7.0 decrease in fuel consumption compared to last fiscal year. The decrease of projected expenditures in the General Fund is primarily due to a decrease in diesel fuel consumption. The Fleet Operations Department will continue to monitor the fuel expenditures throughout the fiscal year and provide quarterly updates.

GENERAL FUND BALANCES AND RESERVES

The City’s [Reserve Policy \(Council Policy 100-20\)](#) documents the City’s approach to establishing and maintaining strong reserves across City operations. Please note that the projected ending fund balance does not take into consideration any projected activity for major General Fund revenues or overtime expenditures. The ending fund balance currently assumes that expenditures will be as budgeted, an updated excess equity with projected activity will be included in the Mid-Year Report.

FISCAL YEAR 2019 GENERAL FUND BALANCES AND RESERVES

Table 12: FY 2019 General Fund Balances and Reserve Estimates displays the General Fund activity, reserve levels, use of excess equity, and estimated ending fund balance.

FY 2019 General Fund Balances and Reserve Estimates		
<i>Table 12</i>		<i>in millions</i>
Description	Amount	% of Operating Revenues ¹
FY 2018 Unaudited Ending Fund Balance	\$ 227.4	18.0%
Emergency Reserve Total	\$ 101.1	8.0%
Beginning Stability Reserve	\$ 88.50	7.0%
FY 2019 Stability Reserve Increase	3.2	0.25%
Stability Reserve Total	\$ 91.7	7.25%
FY 2019 Projected Reserve Balance	\$ 192.8	15.25%
FY 2019 Ending Fund Balance less Projected Reserve	\$ 34.6	2.7%
FY 2019 Adopted Budget Activity:		
Revenue	\$ 1,436.54	
Expenditures ²	1,458.7	
Net Activity	(22.1)	
FY 2019 Projected Ending Fund Balance (Excess Equity)	\$ 12.5	1.0%

¹Based on FY 2016 and FY 2017 operating revenues as reported in the CAFR and FY 2018 (unaudited) operating revenues in accordance with the City’s Reserve Policy (CP 100-20).

²The FY 2019 Adopted Budget has total expenditures of \$1,459.2 million which includes the use of \$22.7 million of fund balance. This use of fund balance includes the budgeted FY 2019 Reserve Contribution of \$550,000 to reach the target of 15.25%. The \$550,000 is removed from the budgeted activity to reflect the projected expenditures of \$1,458.7 million as the reserve contributions will not be recognized as an expenditure but will close to fund balance as part of the year-end financial accounting process.

Overview

The Fiscal Year 2019 projected ending fund balance in excess of required reserves (excess equity) is \$12.5 million, or 1.0%, of operating revenues after taking into account the following:

- \$227.4 million Fiscal Year 2018 unaudited ending fund balance.
- \$192.8 million, or 15.25%, required Fiscal Year 2019 Reserve Level.
- \$22.1 million Fiscal Year 2019 budgeted use of fund balance for eligible one-time uses.

Fiscal Year 2019 Projected Ending Fund Balance

The FY 2018 unaudited ending (FY 2019 beginning) fund balance is \$227.4 million, or 18.0%, of the three-year average of Fiscal Year 2016 and Fiscal Year 2017 audited and Fiscal Year 2018 unaudited General Fund operating revenues.

The current General Fund reserve of 15.25% is comprised of an 8.0% Emergency Reserve, or \$101.1 million, and a 7.25% Stability Reserve, or \$91.6 million. Per the Reserve Policy, the Stability Reserve will increase by 1.7% over an eight-year period, or from 7.0% to 8.7% by Fiscal Year 2025, of a three-year average of General Fund Operating Revenues as reported in the CAFR. In Fiscal Year 2020, the Stability Reserve target is scheduled to increase from 7.25% to 7.5% which in turn increases the total General Fund reserve level to 16.5% by fiscal year 2020 year-end. It is important to note that as General Fund Operating Revenues increase, the contribution amounts also increase, even if the percentages remain constant. This relationship exists because the reserve contribution amount is a product of the General Fund operating revenues.

The Fiscal Year 2019 Adopted Budget includes the use of \$22.7 million of fund balance. This use of fund balance includes the Fiscal Year 2019 reserve contribution amount of \$550,000 to reach the target of 15.25%. This amount is excluded from the budgeted activity because it will close to fund balance instead of being recognized as an expenditure as part of the year-end financial accounting process. The remaining \$22.1 million budgeted use of fund balance primarily funds the transfer to the Infrastructure Fund and the Commission for Arts and Culture.

The Fiscal Year 2019 projected ending fund balance will be updated during the Mid-Year Report once the City of San Diego's Comprehensive Annual Financial Report ending June 30, 2018 is complete. Any recommended use of excess equity may be included in the quarterly budget monitoring reports.

Pension Payment Stabilization Reserve

The Pension Payment Stabilization Reserve (Pension Reserve) was established per the City's Reserve Policy to mitigate any unanticipated increases in the annual pension payment, also known as the Actuarially Determined Contribution (ADC). In November 2017, the City Council approved revisions to the City's Budget Policies and Reserve Policy to allow the use of the Pension Reserve for any increase in the annual pension payment as calculated in the most recent Actuarial Valuation Report produced by the San Diego City Employees' Retirement System's (SDCERS) actuary.

In Fiscal Year 2018, the Pension Reserve was fully utilized to minimize the impact from the significant increase in the City's ADC pension payment. The Fiscal Year 2019 Adopted Budget included the replenishment of 20.0%, or \$4.8 million, of the Pension Reserve target. The total amount is composed of contributions from the General Fund and the Enterprise Funds of \$3.6 million and \$1.2 million, respectively.

PROGRAM UPDATES

1,000 Miles of Street Repair

One of the Mayor's top initiatives is to repair 1,000 miles of City streets in five years or less by Fiscal Year 2020. As of September 30, 2018, the City has achieved the 1,000-mile goal nearly two years ahead of schedule. The City plans to continue its aggressive street repair program in Fiscal Year 2019 by repairing approximately 390 miles by the end of the fiscal year through asphalt overlay, slurry seal, and concrete street repairs. The \$75.9 million in projected street repair expenditures for Fiscal Year 2019 are supported by several funding sources including TransNet, Gas Taxes (including Senate Bill 1: Road Maintenance and Rehabilitation Program), and debt financing. From July through September 2018, the City has completed repair of 69 miles.

101 Ash Street Building Project

The 101 Ash Street Building Project includes architectural, electrical, and plumbing work, asbestos mitigation, and mechanical tenant improvements to all 19 floors of the 101 Ash Street Building. The project is anticipated to maximize employee centralization and accommodate approximately 1,160 employees from various City Departments, including tenants of the City Operations Building and former tenants of 1010 2nd Ave Building (Executive Complex). Improvements will increase the building's occupancy and bring it into compliance with current Americans With Disabilities Act (ADA) requirements.

During the first quarter of Fiscal Year 2019, Public Works advertised for the tenant improvements and a contract was awarded to West Coast Construction. Areas that would be impacted by the tenant improvement process were cleared of furniture and prepared for construction. Construction began on September 2018. The tenant improvements are estimated to be completed in the summer of 2019, with staff moved in by early fall 2019.

The Real Estate Assets Department incurred \$70,000 in charges for furniture removal and storage in the first quarter of Fiscal Year 2019. The department also approved a quote for \$270,000 with G/M Business Interiors (GMBI) for removing furniture from floors 2 – 16. That work began at the beginning of October and should be completed by mid or late December 2018.

Cannabis Business Tax

The City began collecting tax receipts from the Cannabis Business Tax in January of 2018 and received \$2.7 million in gross receipts in Fiscal Year 2018. The Fiscal Year 2019 Adopted Budget includes \$5.9 million in revenue. Tax receipts are projected to exceed this amount and the City will be monitoring revenues closely and will provide an updated projection during the Mid-Year Report. The projected increase in Cannabis Business Tax revenues this fiscal year are due to the following:

- The opening of additional marijuana outlets in the City.
- The permitting and opening of taxable marijuana production facilities in the City.
- The City of San Diego entered into a contract in May 2018 to conduct taxation and regulatory audits at 12 of the City's Cannabis Outlet establishments. These audits are expected to be completed by the end of calendar year 2018. The audits will increase compliance and identify distributors subject to the tax.
- The Office of the City Treasurer anticipates issuing regulations by the end of the year that will increase verification requirements for medical cannabis sales by requiring

outlets to verify eligibility for the exclusion with a customer's valid State-issued Medical Marijuana Identification Card (MMIC).

Per Municipal Code §34.0112(c), the Cannabis Business Tax rate will increase from 5.0% to 8.0% on gross receipts in Fiscal Year 2020.

Clean San Diego (SD)

The Fiscal Year 2019 Adopted Budget includes the addition of 16.00 FTE positions and total expenditures of \$4.2 million in the Environmental Services Department (ESD) to administer the Clean SD program. Total expenditures include \$1.7 million for as-needed clean-up crews, \$1.3 million for personnel and equipment, \$1.1 million for sidewalk sanitation, and \$100,000 in disposal fees. The Clean SD program targets specific areas within the City of San Diego known as hot spots, including areas in Logan Heights, Paradise Hills, Ocean Beach, Point Loma, City Heights, Mission and Pacific Beaches, Webster and Mt. Hope, San Ysidro, South Bay, Downtown, and rivers and canyons. These hot spots were identified to address a high volume of illegal dumping and trash removal.

As of the first quarter, 148 tons of litter removal and waste abatements have been removed from the City's illegal dumping hot spots, 49 tons removed from the downtown area, 47 tons removed from the San Diego Riverbed, and 52 tons removed from canyons and open space areas. In addition, the equivalent of 407 city blocks have been sanitized. Expenditures for this program allow for extended work hours to deliver weekend litter removal and abatement services. Additionally, the Transportation and Storm Water Department provides frequent street sweeping within the East Village area.

As of September 2018, 9.00 FTE positions have been filled with the remainder anticipated to be filled by the end of November 2018. ESD projects that the Clean SD Program will remain at budget.

Climate Action Plan

The Climate Action Plan (CAP) provides a roadmap for how San Diego can achieve its Green House Gas (GHG) emissions reduction targets of 50.0% of 2010 levels by 2035. The 2018 CAP Annual Report was published on October 25, 2018 and reported a 21.0% reduction in GHG emissions since 2010, primarily due to an increase in renewable energy on the grid, more fuel-efficient vehicles, and waste diversion rates. The Annual Report can be found on the City's Sustainability web page: <https://www.sandiego.gov/sustainability>.

The Fiscal Year 2019 Adopted Budget included the addition of 5.00 FTE positions in the Energy Conservation Program Fund to support the Sustainability Department and implementation of the Climate Action Plan, of which 3.00 FTE positions have been filled. The department plans to fill the remaining 2.00 FTE positions by December 2018.

In October, the City of San Diego was declared a top 20 leadership City as part of the Bloomberg Philanthropies American Cities Climate Challenge. Bloomberg Philanthropies will provide robust technical assistance and support, valued at \$2.5 million, for climate change efforts and to promote a sustainable future for City residents. Additionally, the Sustainability Department has been awarded a \$150,000 grant from SANDAG to support an education, encouragement and awareness campaign for active transportation and transit options, called #MoveFreeSD.

On October 25, 2018, the City announced that it will move forward with establishing a Community Choice Aggregation (CCA) program to reach its 100% renewable energy goal by 2035. CCA, enabled by State legislation, allows local governments to procure power on behalf

of residents and businesses and deliver that power to customers through the existing utility transmission and distribution system. A CCA allows the local government to control the quality of power (e.g., renewable content), rates, and revenue generated. A business plan for the formation of a CCA Program was completed in October 2018 and estimated start-up costs of \$125 million, to be financed through a Joint Powers Authority. The business plan (and prior feasibility study) indicate rate competitiveness and financial stability can be achieved with a CCA. Additionally, a CCA is the only pathway which allows for a clear path to achieving the goal of 100% renewable electricity by 2035. Finally, by launching a CCA through a Joint Powers Authority, the City has an opportunity to remove the General Fund from the financial risks associated with entering into long-term energy contracts and continued operations of a CCA. The Mayor will ask City Council to approve a resolution of intent to move forward with the CCA as quickly as possible.

Family Justice Center

In Fiscal Year 2019, the San Diego Family Justice Center (SDFJC) and 4.00 non-sworn positions were transferred from the San Diego Police Department to the City Attorney's Office. Additionally, 5.00 FTE positions were added in the Fiscal Year 2019 Adopted Budget, for a total of 9.00 FTE positions to support the SDFJC. Two of those five positions were added to replace the sworn positions responsible for managing the SDFJC. Currently, five of the nine positions are filled, and the remaining vacant positions are expected to be filled within the next few months. To assist with the transition, the City Attorney's Office added 2.00 FTE supplemental unclassified positions and expenditures are offset with current vacant positions.

During the first quarter, the SDFJC created a Human Trafficking Working Group to assist the SDFJC in expanding its services to victims of human trafficking and SDFJC interns and volunteers have logged in close to 1,500 hours of service. The SDFJC created a comprehensive training program for interns and volunteers who meet with domestic violence clients during the initial assessment process.

In the next quarter, the SDFJC plans to launch services to victims of human trafficking and will add new community partners to further meet the needs of victims of domestic violence, sexual assault, and human trafficking.

General Electric (GE) Lighting Upgrade and Installation

The GE Lighting Upgrade and Installation includes the retrofit of lighting fixtures to Adaptive Control light-emitting diode (LEDs) and installing 4,200 smart sensors by July 2019. The table below provides an update on the GE Lighting Upgrade and Sensor Installations as of the first quarter. The City standard Adaptive Control system provides additional energy savings opportunities and cost savings.

The City's outdoor lighting inventory is approximately 62,000 of which 38,000 have been previously retrofitted with energy efficient lighting through a previous effort. The outdoor lighting inventory includes both streetlights, parking lot lighting and park lighting. In addition, 3,162 have been retrofitted with Adaptive Control LEDs. The Adaptive Control system provides data for enhanced asset management, real time energy usage, and an improved maintenance tool for remote access to each light in the system. The system also includes pertinent data related to the lighting systems such as location, if the light is working or not, wattage, voltage, account number, and type of light. The installed sensors have the capability to provide data for available parking and parking enforcement, pedestrian, and vehicle counts, including path of travel, weather information, and right-of-way monitoring for enhanced public safety and situational awareness capabilities.

Homeless Initiatives

Bridge Shelters

In November 2017, the City Council and Housing Authority authorized a Memorandum of Understanding between the City and the San Diego Housing Commission (Housing Commission) for the oversight and administration of three Temporary Bridge Shelters. These shelters are contracted through June 30, 2019 and provide individuals and families experiencing homelessness with safe, centralized locations to receive temporary housing and supportive services needed to expedite placement into permanent or longer-term housing options. Currently, the three shelters provide a total of 674 beds per night. Between December 2017, when the first two shelters opened, and August 2018, 2,713 persons were served, and 391 persons exited the shelters to permanent or longer-term housing.

The Fiscal Year 2019 Adopted Budget includes \$2.8 million from the General Fund in the Citywide Program Expenditures Department budget for the rental of mobile offices, restrooms, sinks, showers, laundry units, storage units, energy services, lighting, and equipment. At fiscal year-end, these services are projected to total \$3.0 million, which is a \$220,000 increase above the Fiscal Year 2019 Adopted Budget of \$2.8 million. This variance is primarily due to miscellaneous professional services such as portable toilets, showers, and the maintenance of those facilities.

Housing Navigation Center

In January 2018, the City Council approved the acquisition of the facility at 1401 Imperial Avenue with \$7.0 million in Community Development Block Grant (CDBG) funding, for use as a Housing Navigation Center. The purpose of the Housing Navigation Center is to serve as an entry point to the Coordinated Entry System (CES), provide core services to address housing crises, and help clients access a range of services that impact housing stability. The San Diego Housing Commission issued an RFP to select a service provider for the Housing Navigation Center and recommended a provider to the Housing Commission Board in July 2018; the Housing Authority and the City Council is anticipated to consider the operating agreement with Family Health Centers of San Diego on November 13th.

Safe Parking Program

The Safe Parking Program was expanded in October 2017, in partnership with Jewish Family Service of San Diego (JFS), to provide individuals and families who are temporarily living in their cars with a safe and secure place to sleep at night. The Safe Parking Program also provides access to critical assistance necessary to secure stable housing. On September 28, 2018, the City and JFS executed an agreement that maintains the Program's service levels and provides funding through Fiscal Year 2019. JFS will continue to operate the Safe Parking Program at the Balboa Avenue and Aero Drive locations. Both parking sites offer a minimum of 60 parking spaces each, for a total of 120 parking spaces. The Fiscal Year 2019 Adopted Budget included \$410,000 for the Safe Parking Program. Because the agreement was not executed until late September 2018, there have been no expenditures to date. However, first quarter program costs are anticipated to be reimbursed to Jewish Family Services within the next 30-60 days, and the program is on track and expected to stay within budget.

Transitional Storage Center

The Housing Commission's Fiscal Year 2019 Adopted Budget includes \$1.7 million for the Sherman Heights Facility (Storage Connect Center). The center opened on June 13, 2018 to meet storage needs within the downtown homeless community and provides a location to keep personal belongings off downtown streets, sidewalks, and storefronts. The storage

center has Council approval to serve 500 clients. The San Diego Police Department is currently providing patrol and outreach services around and near the facility and is projected to incur \$2.0 million in overtime expenditures in Fiscal Year 2019, assuming services continue at the current service level and through the end of the fiscal year.

Homeless Emergency Aid Program Funding

As part of the State's Fiscal Year 2019 Budget, Senate Bill (SB) 850 authorized \$500.0 million for the Homeless Emergency Aid Program (HEAP), a block grant to provide direct assistance to cities, counties and Continuums of Care (CoCs) to address the homelessness crisis in California. The State determined that the City was eligible to receive an allocation of approximately \$14.1 million, based on its population and Point in Time Count of individuals experiencing homelessness. The City applied for this funding and received approval for the full allocation of \$14.1 million. By the end of the calendar year, the City Council will be asked to accept, appropriate, and expend the block grant.

Housing Affordability Program - Housing SD

Housing SD is a set of policies and initiatives to increase housing affordability and address the statewide housing crisis at the local level. The Housing SD plan includes a set of housing proposals to: increase supply, lower costs, and promote smart growth and Climate Action Plan implementation. The goal of Housing SD is to increase San Diego's housing supply for low- and middle-income San Diegans. Initiatives that have been completed since June 2017 include the following: Affordable/Sustainable Expedite Program, municipal code changes to promote companion unit production, Affordable Housing Density Bonus Program, the 11th Land Development Code update, production of the first [Housing Inventory Report](#), expansion of zones where live/work spaces are allowed, and streamlined environmental reviews.

Fiscal Year 2019 Initiatives underway include: transit priority area parking standards, the Moderate/Middle Income Density Bonus Program, Parks Master Plan, updating Development Impact Fee (DIF) calculation methodology, additional updates to the Land Development Code, and implementation of SB 743 (updating CEQA Transportation Analysis Metrics to Vehicle Miles Traveled, or VMT).

The Planning Department plans to finalize its Fiscal Year 2019/20 work program, which will consider various initiatives as well as input from stakeholders and any proposed State legislation. The Planning Department anticipates spending the \$250,000 allocated in the Fiscal Year 2019 Adopted Budget for analysis of environmental effects that could result from proposed policy and ordinance changes. Other studies that may also be needed include: the development and vetting of future initiatives to verify viability and applicability of the initiatives. The goal is to create legislation that will be used by our housing partners.

New Library Branches

Mission Hills-Hillcrest

The Mission Hills-Hillcrest Branch Library is currently in the construction phase, and is approximately 95% complete, with an estimated completion date of November 2018. Remaining work includes building interior finishes such as millwork, ceiling tile, doors and hardware, and book shelving.

San Ysidro

The San Ysidro Library project is progressing as scheduled. The estimated completion date is June 2019 with an anticipated grand opening in the summer of 2019.

Othello Building Update

The Fleet Operations Department is finalizing the plans for the Othello site by working closely with various departments and plans to bring the item forward to City Council as soon as the work is complete in early 2019.

Parks and Recreation New Facilities

Hawk Pocket Park

The Fiscal Year 2019 Adopted Budget includes 0.50 Grounds Maintenance Worker II and non-personnel expenditures to support the Hawk Pocket Park, which opened to the public in July 2018.

Pacific Highlands Ranch Community Park and Recreation Center

The Fiscal Year 2019 Adopted Budget includes 1.00 Recreation Center Director 3, 1.00 Assistant Recreation Center Director, 2.50 Grounds Maintenance Worker IIs, 1.00 Recreation Leader – Hourly and non-personnel expenditures to support the Pacific Highlands Ranch Community Park and Recreation Center, which is projected to open to the public in February 2019.

New Joint Use Park Facilities

The Fiscal Year 2019 Adopted Budget includes seven new joint use parks with four projected to open in Fiscal Year 2019 and the remaining three projected to open in Fiscal Year 2020. The Fiscal Year 2019 Adopted Budget includes 0.50 Grounds Maintenance Worker II and non-personnel expenditures for each new park.

Additional Maintenance Support

The Fiscal Year 2019 Adopted Budget includes 1.00 Aquatic Technician II and non-personnel expenditures to support the Murphy Canyon Road Training Facility. The position was recently created, and the recruitment process has begun with the anticipation of the position being filled by December.

The Fiscal Year 2019 Adopted Budget includes 1.00 Grounds Maintenance Worker II and non-personnel expenditures to support the Torrey Meadows Neighborhood Park. The budgeted Grounds Maintenance Worker II position will be included in the interview process taking place in late October 2018 with the anticipation of filling the position by late November. The park is currently maintained by maintenance staff from a nearby facility that has not yet opened to the public.

The Fiscal Year 2019 Adopted Budget includes 1.00 Grounds Maintenance Supervisor, 1.00 Grounds Maintenance Worker II, and non-personnel expenditures to support the maintenance at Virginia Avenue, El Cajon Boulevard and University Avenue Transit Stations. Recruitment for the Grounds Maintenance Worker II and the Grounds Maintenance Supervisor positions were recently completed. The Department anticipates filling the positions by late November and December, respectively.

Police Officer Recruitment and Marketing Plan

In the first quarter of Fiscal Year 2019, the written examination for the position of Police Officer Recruit was offered 15 times in San Diego County. Written testing is on-going, and the Recruiting Unit will be offering the written examination at Northern Arizona University next quarter. Lateral Police Officers have the written test waived and can apply directly for the Physical Ability Test (PAT). The Recruiting Unit has attended over 60 events from July to September 2018 and is anticipated to attend an additional 60 events in the months of October to December 2018. These events will promote career opportunities and testing availability to

interested applicants. The events are split among three areas: military bases, college campuses and community events. The recruiters who travelled were exposed to over 5,000 U.S. soldiers who were transitioning out of the military to civilian life. Current academies include: the 116th class, which has 44 recruits who will graduate on November 15, 2018; and the 117th class, which began on September 2018 and has 43 recruits who will graduate in February 2019. The academy goal continues to be 50 recruits per class.

In June 2018, the City Council approved entering into a contract with Loma Media for marketing services. Loma Media is conducting a national recruitment campaign, including the branding of the San Diego Police Department, and assisting the Department in marketing itself to attract police officer recruit candidates. Loma Media has been conducting market research and interviews with Department members. In October 2018, Loma Media released the first of several recruiting videos, which will be strategically streamed on social media, Google and YouTube. The digital marketing campaign also includes a new recruitment website.

Pure Water

Pure Water San Diego is the City's phased, multi-year program to use proven water purification technology to produce a safe and sustainable high-quality water supply for San Diego. The Fiscal Year 2019 operating budget of \$20.9 million will support the expenditures needed for implementation of Phase 1 Pure Water projects. Fiscal year-to-date, approximately \$2.0 million has been expended for implementation of this project. The Phase 1 project designs are in their final review cycles and construction packages will begin advertising in late calendar year 2018 through mid-2019. Construction management consultants have been hired to assist in the oversight and management of Phase 1 construction activities and are in the process of reviewing project plans and specifications relative to constructability. As a result of the constructability review, completion of Phase 1 has been extended from late-2021 to the end of the second quarter of calendar year 2023. The project will produce 30 million gallons-per-day of the City's water supply needs by the first quarter of calendar year 2024.

Stadium Updates

The City signed an agreement with San Diego State University to extend the existing contract for the University's use of the stadium two years through December 2020. During the first quarter, San Diego County Credit Union (SDCCU) Stadium hosted one soccer game, one concert, and three Aztecs football games. Future scheduled events include, four Aztecs football games, Navy vs. Notre Dame football game, the Holiday Bowl, one major soccer game, five Alliance of America spring football games and an array of parking lot events.

SDCCU Stadium's Fiscal Year 2019 Adopted Budget for revenue totals \$3.6 million and actuals for the first quarter are just over \$1.0 million. The Department is projecting to receive a total of \$6.3 million at fiscal year-end, exceeding budgeted revenues by \$2.7 million. This is primarily due to the five additional spring football games and suites/signage revenue. Per the Alliance of American Football contract, all five spring football games will be held inside the stadium and the City receives 100.0% of concessions revenue, the first \$150,000 of parking revenue and 90.0% of all additional parking revenue, thereafter.

The additional spring football games will result in additional expenditures; however, this will be offset by the revenues discussed above. All other expenditures are projected as budgeted.

The November 2018 election will include two ballot measures contemplating the future of the stadium site. A contract for a consultant to aid in decommissioning the Stadium is being

considered by the Real Estate Assets Department and the Office of the City Attorney. Decommissioning updates will be provided as more information becomes available.

Tree Trimming

In Fiscal Year 2019, the Transportation and Storm Water Department reorganized trimming schedules to optimize efficiency and provide community-based schedules. The Fiscal Year 2019 Adopted Budget for contractual tree maintenance is \$2.3 million and is estimated to result in the trimming of approximately 36,000 trees. This is approximately one third of the palm trees and one eighth of non-palm trees. Through the first quarter of Fiscal Year 2019 the Department has scheduled 5,290 non-palm trees and 3,400 palm trees for trimming and has trimmed 232 non-palm trees and 337 palm trees. The contractor is on schedule to trim approximately 18,000 trees by the end of December 2018. Additionally, in-house crews are projected to trim approximately 3,500 trees this fiscal year.

RISK MANAGEMENT RESERVES

The Long-Term Disability, Public Liability, and Workers' Compensation Funds provide funding sources for certain claims made against the City. The City's Reserve Policy (CP 100-20) sets required reserve level targets for each fund to ensure financial stability, as shown below in Table 13: FY 2019 Risk Management Liability Reserves. All Risk Management reserves goals are based on the average value of the annual actuarial liability (AVAAL) for the three most recent fiscal years, which are currently Fiscal Years 2016 through 2018. Additional details on each reserve are included below.

FY 2019 Risk Management Reserves				
Table 13				in millions
Description	Fund Name	Reserve Type	FY 2019 Target	FY 2019 Projected Ending Balance
Risk Management	Long-Term Disability Fund	Liability Reserve	\$ 3.9	\$ 12.9
	Public Liability Fund	Liability Reserve	32.1	34.7
	Workers' Compensation Fund	Liability Reserve	31.3	35.8

LONG-TERM DISABILITY RESERVE

The Long-Term Disability (LTD) Reserve Fund provides partial income replacement to eligible City employees who are unable to work for a period of time as a result of a non-industrial injury, illness, or pregnancy. The Reserve Policy requires the City to maintain LTD reserves equal to 100.0% of the LTD actuarial liability, that is, the AVAAL for Fiscal Years 2016 through 2018. The reserve target for Fiscal Year 2019 is \$3.9 million, which is \$9.0 million lower than the estimated ending fund balance of \$12.9 million for Fiscal Year 2019.

The excess LTD Reserve balance has been identified as a potential funding source to establish a new long-term death and disability benefits plan for employees hired after Proposition B became effective in 2012. The City is currently negotiating this plan with each of its recognized employee organizations; however, future contributions are expected to be made by both the City and its employees once the plan goes into effect.

PUBLIC LIABILITY RESERVE

The Public Liability (PL) Reserve is funded by the General Fund to support claims arising from real or alleged acts on the part of the City, including claims for bodily injury, property damage, and errors and omissions. Per City Reserve Policy, the PL Reserve target for Fiscal Year 2019 increased by 3.0% to 50.0% of the PL actuarial liability, or most recent three-year AVAAL. This reserve level recognizes that not all claims will be awarded and not all claims will be due and payable at one point in time, yet there may be more than one large claim that could require an immediate payment. The ending fund balance for Fiscal Year 2019 is estimated to be \$34.7 million; therefore, resulting in a projected excess reserve of \$2.6 million.

WORKERS' COMPENSATION RESERVE

The Workers' Compensation (WC) Reserve is a citywide fund that provides wage replacement and medical benefits to employees who suffer employment-related injuries and illnesses. On February 21, 2017, the Reserve Policy was revised to reduce the WC Reserve policy goal from 25.0% to 12.0% of the AVAAL for three most recent fiscal years. The purpose of this revision was to right-size the WC Reserve to a level that is sufficient to support approximately one year of operating cash for the Workers' Compensation program.

The WC Reserve target for Fiscal Year 2019 is \$31.3 million, which is \$4.5 million lower than the projected ending reserve balance of \$35.8 million. The remaining WC reserves will be used to offset WC reserve operating expenditures through Fiscal Year 2020, as discussed in the FY 2020-2024 Five-Year Financial Outlook.

CONCLUSION

The DoF and City departments will continue to monitor programs and initiatives as discussed in this report. Furthermore, DoF will ensure conservative spending throughout the fiscal year and provide an update in the Fiscal Year 2019 Mid-Year and Year-End (Third Quarter) Budget Monitoring Reports.

The main items of focus in this report include the major General Fund revenues, trending over budget by \$24.9 million primarily due to increased property and sales tax. General Fund overtime expenditures are projected over budget by \$16.2 million at fiscal year-end and are projected to be offset with an increase of \$8.0 million in salary savings in public safety departments from budget and \$2.0 million in Fire-Rescue Department revenue associated to strike team deployments.

The Fiscal Year 2019 General Fund ending fund balance (excess equity) is projected at \$12.5 million by fiscal year-end. However, this is based on the Fiscal Year 2018 ending fund balance which is contingent upon the completion of the General Fund audit and is subject to change. The Fiscal Year 2018 audited ending fund balance will be final when the Mid-Year Report is published. Furthermore, the Fiscal Year 2019 ending fund balance currently considers Fiscal Year 2019 budgeted revenues and expenditures and does not consider any projected activity included in this report. During the Mid-Year Report, the projected activity will be updated to include Fiscal Year 2019 projections.

The Mayor will recommend any necessary budget adjustments during the Fiscal Year 2019 Mid-Year and Year-End Budget Monitoring Reports, which could include the use of projected fund balance (excess equity) and/or the appropriation of additional revenues, or other funding sources.

ATTACHMENTS

- I. Charter 39 Supporting Schedules as of September 2018

Financial Performance Report Fiscal Year 2019

As of September 30, 2018



**Finance Branch
Department of Finance**

Purpose, Scope and Content

Pursuant to Section 39 of the City Charter, this report is intended to serve as a summary of the financial activity of the City of San Diego for period 3 (as of September 30, 2018).

The report provides a variety of comparative financial metrics including current vs. prior fiscal year actual revenue and expenditure (“Actuals”) and current year Actuals vs. the Current Budget. These types of metrics, when analyzed in the aggregate, provide a basis to evaluate the current financial condition of the General Fund and other budgeted funds. Additionally, the intent of this report is to provide operating results as of September 30, 2018, and therefore, does not include forward looking statements or projections.

The information contained in this report should not be relied upon for making investment decisions or be considered a replacement for the City of San Diego’s Comprehensive Annual Financial Report (CAFR). The attached report contains **unaudited** information and was not prepared in accordance with Generally Accepted Accounting Principles (GAAP) for external financial reporting purposes. For additional information about the City’s financial reporting, please visit the internet at:

<https://www.sandiego.gov/finance/financialrpts>

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General Fund Summary
As of Period 3, Ended September 30, 2018 (25% Completed)
(Unaudited)

	FY19 Adopted Budget	FY19 Current Budget	FY19 Year-to-Date Actuals¹	FY19 % of Current Budget	FY18 Year-to-Date Actuals	Actuals FY19/FY18 Change	FY19/FY18 % Change
Revenue							
Property Taxes	\$ 560,025,220	\$ 560,025,220	\$ 8,576,016	1.5%	\$ 9,995,583	\$ (1,419,567)	-14.2%
Sales Taxes	282,061,831	282,061,831	23,478,200	8.3%	25,991,760	(2,513,560)	-9.7%
Transient Occupancy Taxes	128,368,696	128,368,696	27,529,670	21.4%	25,884,798	1,644,872	6.4%
Property Transfer Taxes	11,009,669	11,009,669	793,997	7.2%	959,448	(165,451)	-17.2%
Licenses & Permits	25,810,583	25,810,583	4,413,839	17.1%	3,367,666	1,046,173	31.1%
Fines & Forfeitures	31,363,846	31,363,846	3,271,730	10.4%	5,346,501	(2,074,771)	-38.8%
Interest & Dividends	650,000	650,000	194,255	29.9%	(361,549)	555,804	153.7%
Franchises & Other Local Taxes	78,820,678	78,820,678	313,203	0.4%	806,831	(493,628)	-61.2%
Rents & Concessions	59,330,796	59,330,796	13,075,153	22.0%	10,655,718	2,419,435	22.7%
Revenues from Other Agencies	5,545,990	5,545,990	1,228,507	22.2%	669,934	558,573	83.4%
Charges for Current Services	160,287,025	160,287,025	20,758,714	13.0%	21,350,551	(591,837)	-2.8%
Other Revenue	3,058,083	3,058,083	669,066	21.9%	746,689	(77,623)	-10.4%
Transfers	90,208,443	90,208,443	7,160,772	7.9%	7,890,654	(729,882)	-9.2%
Total General Fund Revenue	\$ 1,436,540,860	\$ 1,436,540,860	\$ 111,463,122	7.8%	\$ 113,304,584	\$ (1,841,462)	-1.6%
Expenditures							
Personnel Services	\$ 589,097,578	\$ 589,104,958	\$ 151,432,930	25.7%	\$ 142,556,071	\$ 8,876,859	6.2%
Total PE	589,097,578	589,104,958	151,432,930	25.7%	142,556,071	8,876,859	6.2%
Fringe Benefits	437,985,873	437,985,873	111,256,671	25.4%	106,527,277	4,729,394	4.4%
Supplies	30,233,172	30,230,865	9,716,849	32.1%	13,326,748	(3,609,899)	-27.1%
Contracts	240,658,394	240,968,321	34,264,494	14.2%	64,781,376	(30,516,882)	-47.1%
Information Technology	31,967,402	31,967,402	3,255,519	10.2%	2,375,561	879,958	37.0%
Energy & Utilities	49,316,269	49,316,269	10,066,353	20.4%	8,718,671	1,347,682	15.5%
Capital Expenditures	2,114,450	2,114,450	90,297	4.3%	131,628	(41,331)	-31.4%
Debt	9,574,905	9,574,905	207,521	2.2%	113,796	93,725	82.4%
Other Expenditures	5,359,190	5,359,190	1,563,176	29.2%	1,855,048	(291,872)	-15.7%
Transfers	62,919,930	62,604,930	14,240,935	22.7%	9,393,137	4,847,798	51.6%
Total NPE	870,129,585	870,122,205	184,661,815	21.2%	207,223,242	(22,561,427)	-10.9%
Total General Fund Expenditures	\$ 1,459,227,163	\$ 1,459,227,163	\$ 336,094,745	23.0%	\$ 349,779,313	\$ (13,684,568)	-3.9%
General Fund Encumbrances							
Net Impact	\$ (22,686,303)	\$ (22,686,303)	\$ (329,490,645)		\$ (340,018,592)	\$ 10,527,947	

¹ Includes adjustments made in future periods.

General Fund Revenue Status Report
As of Period 3, Ended September 30, 2018 (25% Completed)
(Unaudited)

	FY19 Year-to-Date Revenue ¹	FY19 Current Budget	FY19 % of Current Budget	FY18 Year-to-Date Revenue	FY19/FY18 Change	FY19/FY18 % Change
Property Taxes	\$ 8,576,016	\$ 560,025,220	1.5%	9,995,583	\$ (1,419,567)	-14.2%
Sales Taxes	23,478,200	282,061,831	8.3%	25,991,760	(2,513,560)	-9.7%
Transient Occupancy Taxes	27,529,670	128,368,696	21.4%	25,884,798	1,644,872	6.4%
Property Transfer Taxes	793,997	11,009,669	7.2%	959,448	(165,451)	-17.2%
Licenses & Permits						
Business Taxes	2,670,145	13,486,297	19.8%	1,740,065	930,080	53.5%
Rental Unit Taxes	433,799	7,459,502	5.8%	404,858	28,941	7.1%
Alarm Permit Fees	186,334	540,000	34.5%	121,167	65,167	53.8%
Application Fees ²	-	-	100.0%	825	(825)	-100.0%
Other Licenses & Permits	1,123,561	4,324,784	26.0%	1,100,751	22,810	2.1%
Total Licenses & Permits	4,413,839	25,810,583	17.1%	3,367,666	1,046,173	31.1%
Fines & Forfeitures						
Parking Citations	1,835,133	22,362,006	8.2%	3,947,591	(2,112,458)	-53.5%
Municipal Court	740,649	4,812,505	15.4%	719,527	21,122	2.9%
Other Fines & Forfeitures	695,948	4,189,335	16.6%	679,383	16,565	2.4%
Total Fines & Forfeitures	3,271,730	31,363,846	10.4%	5,346,501	(2,074,771)	-38.8%
Interest & Dividends	194,255	650,000	29.9%	(361,549)	555,804	153.7%
Franchises						
SDG&E	-	47,711,759	0.0%	-	-	-
CATV	15,656	15,641,491	0.1%	-	15,656	-
Refuse Collection	34,140	12,700,000	0.3%	247,815	(213,675)	-86.2%
Other Franchises	263,407	2,767,428	9.5%	559,016	(295,609)	-52.9%
Total Franchises	313,203	78,820,678	0.4%	806,831	(493,628)	-61.2%
Rents & Concessions						
Mission Bay	8,355,278	30,140,940	27.7%	6,014,693	2,340,585	38.9%
Pueblo Lands	1,307,798	6,887,451	19.0%	1,272,171	35,627	2.8%
Other Rents and Concessions	3,412,077	22,302,405	15.3%	3,368,854	43,223	1.3%
Total Rents & Concessions	13,075,153	59,330,796	22.0%	10,655,718	2,419,435	22.7%
Revenue from Other Agencies	1,228,507	5,545,990	22.2%	669,934	558,573	83.4%
Charges for Current Services	20,758,714	160,287,025	13.0%	21,350,551	(591,837)	-2.8%
Other Revenue	669,066	3,058,083	21.9%	746,689	(77,623)	-10.4%
Transfers	7,160,772	90,208,443	7.9%	7,890,654	(729,882)	-9.2%
Total General Fund Revenue	\$ 111,463,122	\$ 1,436,540,860	7.8%	\$ 113,304,584	\$ (1,841,462)	-1.6%

¹ Includes adjustments made in future periods.

² Application Fees post to the General Plan Maintenance Fund beginning in Fiscal Year 2018.

General Fund Expenditure Status Report
As of Period 3, Ended September 30, 2018 (25% Completed)
(Unaudited)

	FY19 Year-to-Date Expenditure ¹	FY19 Current Budget	%	FY18 Year-to-Date Expenditure	FY19/FY18 Change	FY19/FY18 % Change
			Consumed			
Mayor						
Office of the Mayor	\$ 983,509	\$ 3,755,067	26.2%	\$ 1,071,298	\$ (87,789)	-8.2%
Performance & Analytics	567,797	3,872,363	14.7%	606,382	(38,585)	-6.4%
Office of Boards & Commissions ⁵	310,406	1,370,892	22.6%	-	310,406	100.0%
Government Affairs ¹	205,261	797,505	25.7%	-	205,261	100.0%
Chief Operating Officer						
Office of the Chief Operating Officer	288,291	1,248,226	23.1%	353,934	(65,643)	-18.5%
Communications	1,112,043	4,691,777	23.7%	911,235	200,808	22.0%
Public Safety						
Fire-Rescue	67,252,508	269,732,985	24.9%	65,356,403	1,896,105	2.9%
Police	119,089,469	473,822,363	25.1%	116,263,852	2,825,617	2.4%
Office of Homeland Security	615,714	2,818,319	21.8%	544,593	71,121	13.1%
Office of the Chief Financial Officer						
City Treasurer	3,330,264	17,552,082	19.0%	3,190,684	139,580	4.4%
Citywide Program Expenditures	24,464,204	125,700,764	19.5%	47,315,158	(22,850,954)	-48.3%
Debt Management	631,227	3,103,919	20.3%	735,248	(104,021)	-14.1%
Department of Finance ²	3,925,585	16,562,858	23.7%	3,922,248	3,337	0.1%
Office of the Chief Financial Officer	146,877	607,165	24.2%	131,977	14,900	11.3%
Office of the Assistant COO						
Office of the Assistant Chief Operating Officer	169,921	640,620	26.5%	417,556	(247,635)	-59.3%
Infrastructure & Public Works						
Environmental Services	7,843,407	44,619,080	17.6%	8,127,708	(284,301)	-3.5%
Public Utilities	1,197,257	2,606,490	45.9%	1,028,934	168,323	16.4%
Public Works	129,929	653,514	19.9%	161,636	(31,707)	-19.6%
Public Works - Contracting ⁴	-	-	-	519,507	(519,507)	-100.0%
Public Works - General Services	5,727,676	26,211,805	21.9%	4,511,341	1,216,335	27.0%
Transportation & Storm Water	22,264,758	126,140,220	17.7%	24,481,793	(2,217,035)	-9.1%
Internal Operations						
Internal Operations	78,070	473,465	16.5%	125,526	(47,456)	-37.8%
Department of Information Technology	-	1,139,200	0.0%	3,977	(3,977)	-100.0%
Human Resources	1,294,426	4,996,915	25.9%	1,331,329	(36,903)	-2.8%
Purchasing & Contracting	5,227,514	17,096,098	30.6%	1,252,478	3,975,036	317.4%
Real Estate Assets	1,450,713	7,962,132	18.2%	1,256,803	193,910	15.4%

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	FY19 Year-to-Date Expenditure ¹	FY19 Current Budget	%	Consumed	FY18 Year-to-Date Expenditure	FY19/FY18 Change	FY19/FY18 % Change
Neighborhood Services							
Smart and Sustainable Communities ³	92,882	371,319	25.0%		241,128	(148,246)	-61.5%
Development Services	1,623,235	8,126,998	20.0%		1,804,753	(181,518)	-10.1%
Planning	1,893,648	9,907,301	19.1%		1,997,115	(103,467)	-5.2%
Economic Development	2,057,574	13,252,755	15.5%		2,084,175	(26,601)	-1.3%
Library	12,162,432	55,855,152	21.8%		12,107,792	54,640	0.5%
Parks & Recreation	27,943,671	116,397,924	24.0%		27,093,068	850,603	3.1%
Neighborhood Services ⁵	294,426	947,000	31.1%		-	294,426	100.0%
Non-Mayoral							
City Attorney	13,607,552	58,674,764	23.2%		12,872,761	734,791	5.7%
City Auditor	873,050	4,095,240	21.3%		902,900	(29,850)	-3.3%
City Clerk	1,280,366	5,875,171	21.8%		1,308,071	(27,705)	-2.1%
Council Administration	626,691	2,676,672	23.4%		564,124	62,567	11.1%
City Council - District 1	277,487	1,398,861	19.8%		237,155	40,332	17.0%
City Council - District 2	260,391	1,473,305	17.7%		293,972	(33,581)	-11.4%
City Council - District 3	235,815	1,320,551	17.9%		255,877	(20,062)	-7.8%
City Council - District 4	272,222	1,378,487	19.7%		259,856	12,366	4.8%
City Council - District 5	213,123	1,398,152	15.2%		236,059	(22,936)	-9.7%
City Council - District 6	272,730	1,321,370	20.6%		278,477	(5,747)	-2.1%
City Council - District 7	252,771	1,198,279	21.1%		266,970	(14,199)	-5.3%
City Council - District 8	303,502	1,507,515	20.1%		302,371	1,131	0.4%
City Council - District 9	334,384	1,385,667	24.1%		282,536	51,848	18.4%
Ethics Commission	270,282	1,283,510	21.1%		258,206	12,076	4.7%
Office of the IBA	483,482	2,129,649	22.7%		492,605	(9,123)	-1.9%
Personnel	2,156,203	9,075,697	23.8%		2,017,742	138,461	6.9%
Total General Fund Expenditures	\$ 336,094,745	\$ 1,459,227,163	23.0%		\$ 349,779,313	\$ (13,684,568)	-3.9%

¹ Includes adjustments made in future periods.

² The Financial Management Department and the Office of the City Comptroller were merged in FY19 to create the Department of Finance.

³ Formerly Neighborhood Services, renamed to Smart and Sustainable Communities in FY19.

⁴ Public Works - Contracting was moved from the General Fund to the Engineering & Capital Projects fund in FY19.

⁵ Department was created in FY19.

Citywide Program Expenditure Status Report
As of Period 3, Ended September 30, 2018 (25% Completed)
(Unaudited)

	FY19 Year-to-Date Expenditure¹	FY19 Current Budget	% Consumed	FY18 Year-to-Date Expenditure	FY19/FY18 Change	FY19/FY18 % Change
Citywide Program Expenditures						
Assessments To Public Property	-	851,560	0.0%	-	-	0.0%
Citywide Elections	-	1,781,321	0.0%	413,481	(413,481)	-100.0%
Corporate Master Leases Rent	7,299,701	19,783,387	36.9%	6,997,647	302,054	4.3%
Deferred Capital Debt Service	12,778,548	19,759,020	64.7%	3,584,038	9,194,510	256.5%
Engineering and Capital Projects	24,808	250,000	9.9%	90,442	(65,634)	-72.6%
General Fund Reserve	-	554,424	0.0%	-	-	0.0%
Insurance	1,476,236	2,406,578	61.3%	1,646,786	(170,550)	-10.4%
Memberships	636,398	735,000	86.6%	274,571	361,827	131.8%
PL Claims Trans-Ins	-	10,900,000	0.0%	12,400,000	(12,400,000)	-100.0%
Preservation of Benefits	96	1,500,000	0.0%	126,510	(126,414)	-99.9%
Property Tax Administration	48,482	4,593,620	1.1%	67,542	(19,060)	-28.2%
Public Liability Claims Xfer-Claims Fund	-	17,100,000	0.0%	17,100,000	(17,100,000)	-100.0%
Public Liab Claims Xfer-Reserves	-	-	-	3,127,665	(3,127,665)	-100.0%
Public Use Leases	-	1,582,144	0.0%	-	-	0.0%
Special Consulting Services	2,199,935	5,657,000	38.9%	33,533	2,166,402	6460.5%
Supplemental COLA Benefit	-	1,525,497	0.0%	1,452,943	(1,452,943)	-100.0%
Transfer to Capital Improvement Program	-	5,417,600	0.0%	-	-	0.0%
Transfer to Park Improvement Funds	-	10,140,940	0.0%	-	-	0.0%
Transportation Subsidy	-	459,102	0.0%	-	-	0.0%
Transfer to Infrastructure Fund	-	17,090,909	0.0%	-	-	0.0%
Total Citywide Program Expenditures	\$ 24,464,204	\$ 125,700,764	19.5%	\$ 47,315,158	\$ (22,850,954)	-48.3%

¹ Includes adjustments made in future periods.

Council Districts Expenditure Status Report
As of Period 3, Ended September 30, 2018 (25% Completed)
(Unaudited)

	FY19	FY19	FY19	FY19	%	FY18	FY19/FY18	FY19/FY18
	Year-to-Date	Adopted	Current	Budget	%	Year-to-Date	Change	% Change
	Expenditure	Budget	Budget	Change	Consumed	Expenditure		
Council District 1	\$ 277,487	\$ 1,318,104	\$ 1,318,104	\$ -	21.1%	\$ 237,155	\$ 40,332	17.0%
District 1 CPPS	-	80,757	80,757	-	-	-	-	-
Total Council District 1	277,487	1,398,861	1,398,861	-	19.8%	237,155	40,332	17.0%
Council District 2	258,391	1,353,957	1,353,957	-	19.1%	293,827	(35,436)	-12.1%
District 2 CPPS	2,000	119,348	119,348	-	1.7%	145	1,855	1279.3%
Total Council District 2	260,391	1,473,305	1,473,305	-	17.7%	293,972	(33,581)	-11.4%
Council District 3	235,815	1,233,247	1,233,247	-	19.1%	255,877	(20,062)	-7.8%
District 3 CPPS	-	87,304	87,304	-	-	-	-	-
Total Council District 3	235,815	1,320,551	1,320,551	-	17.9%	255,877	(20,062)	-7.8%
Council District 4	266,117	1,256,943	1,256,943	-	21.2%	259,856	6,261	2.4%
District 4 CPPS	6,105	128,924	121,544	(7,380)	4.7%	-	6,105	-
Total Council District 4	272,222	1,385,867	1,378,487	(7,380)	19.7%	259,856	12,366	4.8%
Council District 5	213,123	1,181,283	1,181,283	-	18.0%	236,059	(22,936)	-9.7%
District 5 CPPS	-	216,869	216,869	-	-	-	-	-
Total Council District 5	213,123	1,398,152	1,398,152	-	15.2%	236,059	(22,936)	-9.7%
Council District 6	262,586	1,185,548	1,185,548	-	22.1%	278,482	(15,896)	-5.7%
District 6 CPPS	10,144	135,822	135,822	-	7.5%	(5)	10,149	-202980.0%
Total Council District 6	272,730	1,321,370	1,321,370	-	20.6%	278,477	(5,747)	-2.1%
Council District 7	252,771	1,169,850	1,169,850	-	21.6%	266,970	(14,199)	-5.3%
District 7 CPPS	-	28,429	28,429	-	-	-	-	-
Total Council District 7	252,771	1,198,279	1,198,279	-	21.1%	266,970	(14,199)	-5.3%
Council District 8	303,502	1,367,215	1,367,215	-	22.2%	302,371	1,131	0.4%
District 8 CPPS	-	140,300	140,300	-	-	-	-	-
Total Council District 8	303,502	1,507,515	1,507,515	-	20.1%	302,371	1,131	0.4%
Council District 9	334,384	1,342,850	1,342,850	-	24.9%	282,536	51,848	18.4%
District 9 CPPS	-	43,410	42,817	(593)	-	-	-	-
Total Council District 9	334,384	1,386,260	1,385,667	(593)	24.1%	282,536	51,848	18.4%
Total Council Districts	\$ 2,422,425	\$ 12,390,160	\$ 12,382,187	\$ (7,973)	19.6%	\$ 2,413,273	\$ 9,152	0.4%

Other Budgeted Funds Revenue Status Report
As of Period 3, Ended September 30, 2018 (25% Completed)
(Unaudited)

	FY19 Year-to-Date Revenue ¹	FY19 Current Budget	FY19 % of Current Budget	FY18 Year-to-Date Revenue	FY19/FY18 Change	FY19/FY18 % Change
Airports Fund	\$ 1,451,987	\$ 4,934,289	29.4%	\$ 635,919	\$ 816,068	128.3%
Automated Refuse Container Fund	309,552	1,000,000	31.0%	331,558	(22,006)	-6.6%
Central Stores Internal Service Fund	1,591,951	7,533,914	21.1%	2,000,708	(408,757)	-20.4%
Concourse and Parking Garages Operating Fund	1,002,019	3,993,726	25.1%	881,321	120,698	13.7%
Convention Center Complex Funds	2,632	13,003,993	0.0%	1,871	761	40.7%
Development Services Fund	20,540,461	64,479,323	31.9%	20,066,935	473,526	2.4%
Energy Conservation Program Fund	77,080	4,442,544	1.7%	3,073,671	(2,996,591)	-97.5%
Engineering and Capital Projects	23,243,860	102,237,944	22.7%	19,297,324	3,946,536	20.5%
Environmental Growth Fund 1/3	15,852	5,310,441	0.3%	6,210	9,642	155.3%
Environmental Growth Fund 2/3	10,448	10,627,882	0.1%	(9,960)	20,408	-204.9%
Facilities Financing Fund	677,806	3,071,961	22.1%	530,890	146,916	27.7%
Fire/Emergency Medical Services Fund	333,921	12,359,004	2.7%	2,776,721	(2,442,800)	-88.0%
Fire and Lifeguard Facilities Fund	438	1,383,570	0.0%	285	153	53.7%
Fleet Services Funds	13,837,524	85,414,356	16.2%	26,461,208	(12,623,684)	-47.7%
Gas Tax Fund	30,987	32,854,099	0.1%	4,517,388	(4,486,401)	-99.3%
General Plan Maintenance Fund	633,925	2,650,000	23.9%	612,243	21,682	3.5%
GIS Fund	8,616	2,581,074	0.3%	54,135	(45,519)	-84.1%
Golf Course Fund	6,909,112	20,475,022	33.7%	5,961,989	947,123	15.9%
Information Technology Fund	44,054	13,188,511	0.3%	60,897	(16,843)	-27.7%
Infrastructure Fund	-	17,090,909	0.0%	-	-	-
Junior Lifeguard Program Fund	5,253	615,150	0.9%	27,161	(21,908)	-80.7%
Los Penasquitos Canyon Preserve Fund	11,596	266,776	4.3%	11,313	283	2.5%
Maintenance Assessment District (MAD) Funds	156,212	24,351,085	0.6%	357,982	(201,770)	-56.4%
Mission Bay/Balboa Park Improvement Fund	-	1,883,684	0.0%	-	-	-
Mission Bay Improvement Fund	84,997	6,591,611	1.3%	58,397	26,600	45.6%
New Convention Facility Fund	-	2,133,025	0.0%	-	-	-
OneSD Support Fund	2,792	27,824,407	0.0%	234,321	(231,529)	-98.8%
Parking Meter Operations	2,888,893	11,017,852	26.2%	2,930,393	(41,500)	-1.4%
PETCO Park Fund	393,480	17,017,688	2.3%	579,421	(185,941)	-32.1%
Prop 42 Replacement - Transportation Relief Fund	16,712	-	100.0%	21,572	(4,860)	-22.5%
Public Art Fund	55,643	578,410	9.6%	767	54,876	7154.6%
Public Safety Needs & Debt Service Fund	1,776,747	9,738,827	18.2%	1,675,255	101,492	6.1%
Publishing Services Internal Fund	159,620	2,498,676	6.4%	709,824	(550,204)	-77.5%

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Schedule 3 (cont.)

	FY19 Year-to-Date Revenue ¹	FY19 Current Budget	FY19 % of Current Budget	FY18 Year-to-Date Revenue	FY19/FY18 Change	FY19/FY18 % Change
Recycling Fund	\$ 2,131,409	\$ 22,343,726	9.5%	\$ 3,139,583	\$ (1,008,174)	-32.1%
Refuse Disposal Fund	7,773,169	31,866,974	24.4%	7,459,912	313,257	4.2%
Regional Park Improvements Fund	36,994	3,549,329	1.0%	26,434	10,560	39.9%
Risk Management Fund	1,624,930	11,130,932	14.6%	2,331,481	(706,551)	-30.3%
Road Maintenance & Rehabilitation	2,251,209	23,353,385	9.6%	-	2,251,209	100.0%
Seized and Forfeited Assets Funds	21,085,558	1,200,000	1757.1%	189,372	20,896,186	11034.5%
Solid Waste Local Enforcement Agency Fund	357,516	786,417	45.5%	327,577	29,939	9.1%
Stadium Operations Fund	1,095,192	10,619,263	10.3%	1,332,501	(237,309)	-17.8%
State COPS	9,561	2,140,000	0.4%	4,888	4,673	95.6%
Storm Drain Fund	1,107,857	5,700,000	19.4%	1,117,672	(9,815)	-0.9%
Successor Agency Admin & Project Fund	-	2,023,757	0.0%	84,702	(84,702)	-100.0%
Transient Occupancy Tax Fund	24,465,591	120,723,415	20.3%	23,042,853	1,422,738	6.2%
TOT - Major Events Revolving FD	139,600	-	100.0%	-	139,600	100.0%
TransNet ARRA Exchange Fund	-	-	-	78,683	(78,683)	-100.0%
TransNet Extension Funds	1,563,406	33,388,000	4.7%	5,861,113	(4,297,708)	-73.3%
Trolley Extension Reserve Fund	317	1,064,000	0.0%	396	(79)	-19.9%
Underground Surcharge Fund	377,272	66,374,970	0.6%	184,211	193,061	104.8%
Wastewater Department Funds	80,895,701	449,180,767	18.0%	84,221,697	(3,325,996)	-3.9%
Water Department Funds	122,406,199	708,692,928	17.3%	118,970,936	3,435,263	2.9%
Wireless Communication Technology Fund	52,483	10,115,149	0.5%	60,874	(8,391)	-13.8%
Zoological Exhibits Maintenance Fund	356,073	13,768,168	2.6%	388,405	(32,332)	-8.3%

¹ Includes adjustments made in future periods.

Other Budgeted Funds Expenditure Status Report
As of Period 3, Ended September 30, 2018 (25% Completed)
(Unaudited)

	FY19	FY19	%	FY18	FY19/FY18	FY19/FY18
	Year-to-Date	Current	Consumed	Year-to-Date	Change	% Change
	Expenditures¹	Budget		Expenditures		
Airports Fund	\$ 1,088,768	\$ 5,438,025	20.0%	\$ 870,186	\$ 218,582	25.1%
Automated Refuse Container Fund	275,515	1,300,000	21.2%	203,818	71,697	35.2%
Central Stores Internal Service Fund	2,308,849	7,532,994	30.6%	2,707,449	(398,600)	-14.7%
Concourse and Parking Garages Operating Fund	283,157	3,802,506	7.4%	476,801	(193,644)	-40.6%
Convention Center Complex Funds	238,138	13,401,050	1.8%	(178,702)	416,840	-233.3%
Development Services Fund	16,477,687	72,445,170	22.7%	15,792,973	684,714	4.3%
Energy Conservation Program Fund	752,358	4,941,166	15.2%	776,078	(23,720)	-3.1%
Engineering and Capital Projects	22,632,221	102,237,944	22.1%	20,190,326	2,441,895	12.1%
Environmental Growth Fund 1/3	960,388	4,854,402	19.8%	914,132	46,256	5.1%
Environmental Growth Fund 2/3	-	10,203,909	0.0%	-	-	-
Facilities Financing Fund	517,237	3,071,961	16.8%	604,889	(87,652)	-14.5%
Fire/Emergency Medical Services Fund	882,765	12,580,310	7.0%	1,186,859	(304,094)	-25.6%
Fire and Lifeguard Facilities Fund	695,173	1,389,181	50.0%	1,731	693,442	40060.2%
Fleet Services Funds	23,569,537	177,034,569	13.3%	25,627,172	(2,057,635)	-8.0%
Gas Tax Fund	5,040,039	37,121,680	13.6%	5,343,473	(303,434)	-5.7%
General Plan Maintenance Fund	760,962	2,650,000	28.7%	559,523	201,439	100.0%
GIS Fund	106,495	2,643,379	4.0%	1,243,657	(1,137,162)	-91.4%
Golf Course Fund	3,752,366	18,856,067	19.9%	3,431,831	320,535	9.3%
Information Technology Fund	2,549,228	12,954,174	19.7%	2,329,147	220,081	9.4%
Infrastructure Fund	1,005,032	1,487,207	67.6%	729,691	275,341	100.0%
Junior Lifeguard Program Fund	322,839	615,038	52.5%	320,220	2,619	0.8%
Los Penasquitos Canyon Preserve Fund	57,662	266,597	21.6%	62,827	(5,165)	-8.2%
Maintenance Assessment District (MAD) Funds	4,379,730	41,863,225	10.5%	4,390,309	(10,579)	-0.2%
Mission Bay/ Balboa Park Improvement Fund	1,345,453	1,878,475	71.6%	544,296	801,157	147.2%
New Convention Facility Fund	1,066,513	2,133,025	50.0%	1,718,001	(651,488)	-37.9%
OneSD Support Fund	2,488,919	28,225,091	8.8%	3,093,334	(604,415)	-19.5%
Parking Meter Operations	676,250	10,597,640	6.4%	572,260	103,990	18.2%
PETCO Park Fund	12,699,500	17,261,837	73.6%	12,584,651	114,849	0.9%
Prop 42 Replacement - Transportation Relief Fund	154,194	788,714	19.6%	1,401,958	(1,247,764)	-89.0%
Public Art Fund	13,825	2,175,600	0.6%	(14,430)	28,255	-195.8%
Public Safety Needs & Debt Service Fund	-	9,738,827	0.0%	-	-	-
Publishing Services Internal Fund	462,243	2,498,422	18.5%	702,880	(240,637)	-34.2%

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Schedule 4 (cont.)

	FY19 Year-to-Date Expenditures¹	FY19 Current Budget	% Consumed	FY18 Year-to-Date Expenditures	FY19/FY18 Change	FY19/FY18 % Change
Recycling Fund	\$ 4,215,710	\$ 25,806,446	16.3%	\$ 4,258,908	\$ (43,198)	-1.0%
Refuse Disposal Fund	6,031,178	33,681,987	17.9%	6,743,209	(712,031)	-10.6%
Risk Management Fund	2,430,730	11,921,378	20.4%	2,445,077	(14,347)	-0.6%
Road Maintenance & Rehabilitation	1,549,825	17,116,061	9.1%	-	1,549,825	100.0%
Seized and Forfeited Assets Funds	349,213	1,966,136	17.8%	188,651	160,561	85.1%
Solid Waste Local Enforcement Agency Fund	204,503	1,150,243	17.8%	196,155	8,348	4.3%
Stadium Operations Fund	5,823,176	15,056,106	38.7%	4,421,664	1,401,512	31.7%
State COPS	113,215	2,140,000	5.3%	-	113,215	100.0%
Storm Drain Fund	1,424,657	5,700,000	25.0%	1,599,471	(174,814)	-10.9%
Successor Agency Admin & Project Fund	-	2,023,757	0.0%	84,702	(84,702)	-100.0%
Transient Occupancy Tax Fund	1,384,618	123,259,020	1.1%	1,091,939	292,679	26.8%
TOT - Special Events	31,200	241,431	12.9%	-	31,200	100.0%
TransNet Extension Funds	3,547,221	13,651,954	26.0%	3,111,406	435,815	14.0%
Trolley Extension Reserve Fund	968,026	1,067,000	90.7%	400	967,626	241906.5%
Underground Surcharge Fund	3,435,203	59,963,795	5.7%	1,733,810	1,701,393	98.1%
Wastewater Department Funds	4,816,237	362,597,698	13.3%	40,021,015	8,095,222	20.2%
Water Department Funds	118,980,760	542,646,439	21.9%	110,426,725	8,554,035	7.7%
Wireless Communication Technology Fund	2,164,348	9,332,446	23.2%	1,920,134	244,214	12.7%
Zoological Exhibits Maintenance Fund	1	13,768,168	0.0%	1	-	0.0%

¹Includes adjustments made in future periods.