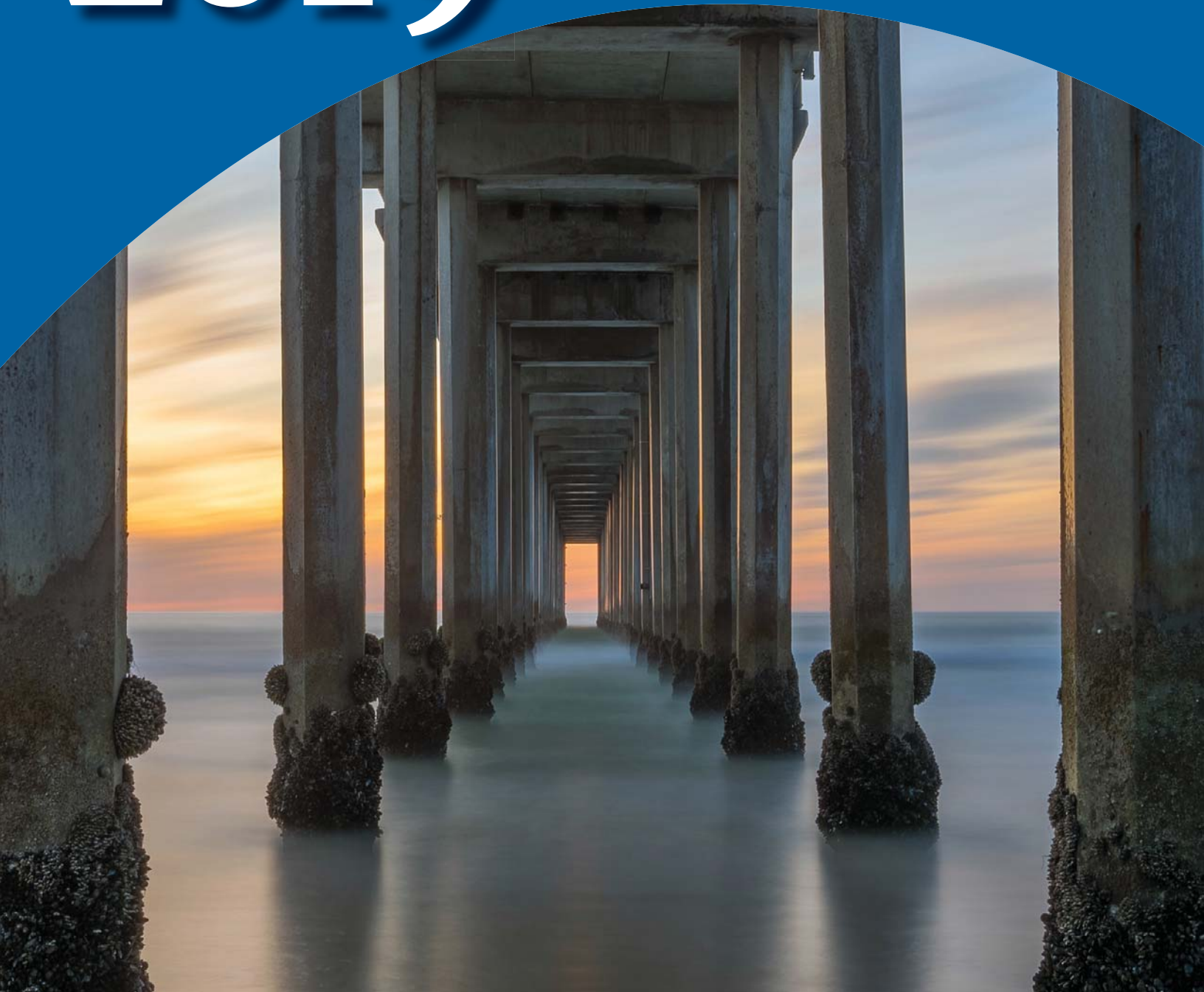


FISCAL YEAR
2019

MAYOR KEVIN L. FAULCONER

Executive Summary



PROPOSED
BUDGET

Executive Summary

The City of San Diego's Fiscal Year 2019 Proposed Budget is \$3.80 billion and is comprised of five operating fund types and the Capital Improvements Program (CIP):

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

This represents an increase of \$158.7 million or 4.4 percent compared to the Fiscal Year 2018 Adopted Budget. This increase is primarily in support of the Capital Improvements Program, the Mayor's Clean SD initiative, Police Officer recruitment and retention compensation package, street repair, homeless services, housing affordability efforts, and support for the Climate Action Plan implementation.

The Fiscal Year 2019 Proposed Budget includes a total of 11,523.35 Full-Time Equivalent (FTE) positions, representing an increase of 103.84 FTE positions or 0.9 percent compared to the Fiscal Year 2018 Adopted Budget. This increase is primarily due to new positions in support of the Mayor's Clean SD initiative and Capital Improvements Program.

Budget Process

The annual operating budget is developed in conjunction with the Mayor, City Council, City departments, Independent Budget Analyst, and public input. The Budget Process consists of three main phases: budget development, budget review, and budget adoption.

The Budget Development phase began with the release of the Fiscal Year 2019-2023 Five-Year Financial Outlook, which created the framework for the development of the Fiscal Year 2019 Proposed Budget.

Next, City departments submitted budget requests and reduction proposals that were

Total City Expenditures Fiscal Years 2018-2019 by Fund Type/Program

(in millions)

Fund Type/Program	FY 2018	FY 2019
General Fund	\$ 1,433.8	\$ 1,447.7
Special Revenue Funds	555.3	600.4
Capital Project Funds	19.4	13.6
Enterprise Funds	1,029.2	1,061.8
Internal Service Funds	129.3	124.6
Capital Improvements Program	475.6	553.2
Total	\$ 3,642.6	\$ 3,801.3

Total City FTE Positions Fiscal Years 2018-2019 by Fund Type

Fund Type	FY 2018	FY 2019
General Fund	7,527.43	7,596.24
Special Revenue Funds	988.15	1,017.90
Enterprise Funds	2,500.35	2,501.88
Internal Service Funds	340.58	344.33
Other Funds	63.00	63.00
Total	11,419.51	11,523.35

analyzed, reviewed, and prioritized by City management. General Fund revenues were projected and expenditures balanced through the budgeting process and included in the Fiscal Year 2019 Proposed Budget, along with changes to the non-general funds and CIP.

During the Budget Review phase, the City Council will hold a series of public meetings to obtain input from San Diego residents on spending priorities. The Mayor and City Council will use the information at these hearings to recommend changes to the Fiscal Year 2019 Proposed Budget. Once the City Council approves the budget and final changes have been made, the City Council will be presented with the Appropriation Ordinance, where it is

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anticipated that the Fiscal Year 2019 budget will be enacted into law.

General Fund Overview

The Fiscal Year 2019 Proposed Budget includes General Fund expenditures of \$1.45 billion to provide core community services, as well as funding for new critical strategic expenditures. These expenditures are primarily supported by major General Fund revenue 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 Proposed Budget. Projected growth rates for these revenue sources are as follows:

- **Property Tax:** 5.5 percent
- **Sales Tax:** 3.0 percent
- **Transient Occupancy Tax:** 5.3 percent
- **Franchise Fees:**
 - SDG&E: 2.0 percent
 - Cable: (-2.0) percent

The remainder of revenues in the General Fund are generated by a variety of sources and are discussed in the General Fund Revenues section of this Volume. Additionally, the Fiscal Year 2019 General Fund Proposed Budget includes the use of one-time fund balance (Excess Equity) based on the Fiscal Year 2018 Mid-Year Budget Monitoring Report. After incorporating all adjustments, the Fiscal Year 2019 Proposed Budget adheres to the City's Budget Policy, maintaining a structurally balanced budget, where ongoing expenditures are supported by ongoing revenues. Additional detail on both revenue and expenditure adjustments are provided later in the Volume.

Critical Strategic Expenditures

The Fiscal Year 2019 Proposed Budget includes critical expenditures that focus on three strategic goals:

- Achieve clean, safe, and liveable neighborhoods

- Create an economically prosperous City
- Provide high quality public service

The list below highlights some of the General Fund critical strategic expenditures.

Achieve Clean, Safe, and Liveable Neighborhoods

City Attorney's Office: funding and positions for services related to the Family Justice Center, civil litigation defense, domestic violence and elder abuse enforcement, and community outreach.

Clean SD: funding and positions to provide further support for the Mayor's Clean SD Initiative.

Emergency Command and Data Center: funding and positions to support constant staffing and provide sufficient second level supervision of dispatch and command operations.

Expansion of Fire Academy Participants: funding to increase class size up to thirty-six recruits for one fire academy.

Infrastructure Fund: funding for the transfer to the Infrastructure Fund in support of General Fund infrastructure.

Lifeguard Vessel Replacement: funding to purchase two specially designed watercraft used in patrol, rescue, and enforcement operations.

Neighborhood Policing Administration: funding and positions in support of the neighborhood policing administration.

Police Officer Recruitment and Retention Compensation: funding for increases in police compensation.

Public Restroom Facilities: funding for portable restroom services and handwashing station in the Downtown area, and expansion of hours at Balboa Park restroom facilities.

Zero-Based Budgeting Overtime: funding for overtime as a result of the zero-based budgeting

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exercise in the Fire-Rescue, Police and Transportation & Storm Water Departments.

Create an Economically Prosperous City

Bridge Shelters: funding for various services at three Bridge Shelter locations: Father Joe's, Veteran's Village and 16th and Newton.

Homeless Safe Parking Program: funding to support the homeless safe parking program operated by Jewish Family Services of San Diego.

Housing Navigation Center: funding associated with the new Housing Navigation Center to be operated by San Diego Housing Commission.

Mixed Income Housing Density Bonus Program: funding to prepare an ordinance and environmental impact report for a density bonus program.

Pension Payment Stabilization Reserve Repayment: funding for the planned replenishment of the Pension Payment Stabilization Reserve Fund over the course of the next five fiscal years.

Provide High Quality Public Service

Contractual Obligations with REO's: funding to support current Memoranda Of Understanding (MOU) with all six Recognized Employee Organizations (REO).

Library New Facilities: funding and positions to support the opening of the Mission Hills Library and San Ysidro Library.

Mission Beach Summer Trash Collection: funding for biweekly waste collection in Mission Beach due to increased activity in the summer months.

Parks and Recreation New Facilities: funding and positions to support maintenance and operations of new park facilities.

Pipe Repair Crew Full Staffing: funding and positions to support the pipe repair crew.

Recreation Center Council Support: funding and positions to provide administrative support to the newly created Recreation Center Council funds.

Relocation to 101 Ash Street: funding for the relocation of various departments into the 101 Ash Street building.

Sidewalk Repair and Replacement Support: funding and positions for sidewalk repair and replacement.

Tax, Lease, & Franchise Revenue Audit Support: funding, positions and associated revenues to administer and audit receipts related to Cannabis Business Tax collection and to audit current lease and franchise agreements with the City.

Budget Reduction Proposals

In order to support new General Fund critical expenditures, the Fiscal Year 2019 Proposed Budget includes budget reduction proposals. The list below highlights these budgeted reduction proposals grouped by organizational branch.

Infrastructure / Public Works

Environmental Impact Mitigation: reduction of funding for mitigation payments and long-term mitigation searches.

Facilities Maintenance: reduction of funding and positions for facility services.

Private Property Graffiti Abatement: reduction of funding associated with private property graffiti abatement services.

Tipping Fee Subsidization Program: reduction of funding to continue the \$2 per ton tipping fee discount to City forces for refuse disposed at the Miramar Landfill.

Transportation & Storm Water Overtime Expenditures: reduction of funding due to operational efficiencies.

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Neighborhood Services

Citywide Park Maintenance: reduction of funding and positions for managerial maintenance support, mowing services, and pesticide applications in parks across the City.

Citywide Planning Efforts: reduction of funding for contractual services.

Economic Development Program Support: reduction of funding for the Business Cooperation Program, Small Business Enhancement Program, and San Diego Housing Commission programs.

Habitat Restoration Services: reduction of funding to remove of non-native plants, habitat restoration, and general maintenance.

Water Conservation Efforts: reduction of funding for with the planned decrease in water usage.

Non-Mayoral

Personnel Certification: reduction of funding and a position for pre-employment screening activities related to certifying department hiring lists.

Public Safety

Fire-Rescue and Police Overtime Expenditures: reduction of funding for public safety overtime expenditures due to operational efficiencies.

Helicopter Maintenance: reduction of funding for helicopter maintenance and repair services.

Non-General Fund Overview

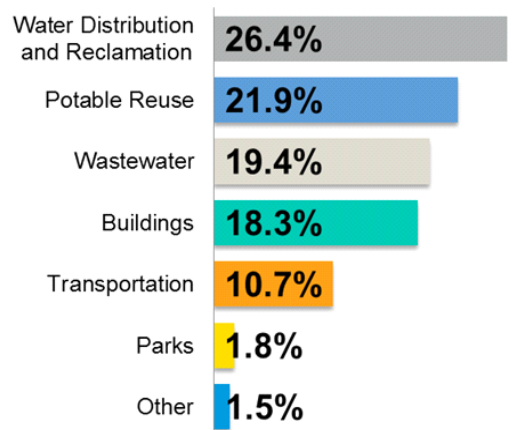
In addition to the General Fund, the Fiscal Year 2019 Proposed Budget includes the following major changes in other non-general funds:

- **Engineering & Capital Projects:** additional funding and positions to support the Capital Improvements Program.
- **Public Utilities:** funding for Pure Water Program, and condition assessments, offset by budget reduction proposals.

Capital Improvements Program Overview

The Fiscal Year 2019 Proposed CIP Budget for all funds is \$553.2 million. This budget allocates existing funds and anticipated revenues to both new and continuing projects. The allocation of funds is based upon an analysis of available funding sources, as well as a review of project needs and priorities.

Proposed Fiscal Year 2019 CIP Budget by Project



Conclusion

The Fiscal Year 2019 Proposed Budget continues the focus on the City's three strategic goals. This proposed budget provides funding for core community services, new critical strategic expenditures, budget reduction proposals with minimal service level impacts, and is a structurally balanced budget. Additional details are included throughout this Volume.