Executive Summary





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The City of San Diego's Fiscal Year 2020 Adopted Budget is \$4.3 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 \$509.5 million or 13.3 percent compared to the Fiscal Year 2019 Adopted Budget. This increase is primarily in support of funding and positions for the Pure Water Program, contractual obligations with Recognized Employee Organizations (REOs), and funding for enhancements to other critical programs and services.

The Fiscal Year 2020 Adopted Budget includes a total of 11,820.42 Full-Time Equivalent (FTE) positions, representing an increase of 275.19 FTE positions or 2.4 percent compared to the Fiscal Year 2019 Adopted Budget. This increase is primarily due to new positions in the Development Services Fund, Engineering and Capital Projects Fund, Fire-Rescue Department, and Public Utilities Department.

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 2020-2024 Five-Year Financial Outlook, which created the framework for the development of the Fiscal Year 2020 Adopted Budget.

Total City Expenditures Fiscal Years 2019-2020 by Fund Type/Program (in millions)

| Fund Type/Program | FY 2019 | FY 2020 |
|---------------------------------|------------|------------|
| General Fund | \$ 1,459.2 | \$ 1,590.0 |
| Special Revenue Funds | 617.0 | 755.9 |
| Capital Project Funds | 13.6 | 5 17.6 |
| Enterprise Funds | 1,061.5 | 5 1,118.7 |
| Internal Service Funds | 124.9 | 151.6 |
| Capital Improvements Program | 558.9 | 710.8 |
| Total | \$ 3,835.1 | \$ 4,344.6 |

Total City FTE Positions Fiscal Years 2019-2020 by Fund Type

| Fund Type | FY 2019 | FY 2020 |
|------------------------|-----------|-----------|
| General Fund | 7,614.12 | 7,727.86 |
| Special Revenue Funds | 1,019.90 | 1,075.37 |
| Enterprise Funds | 2,501.88 | 2,607.46 |
| Internal Service Funds | 346.33 | 346.73 |
| Other Funds | 63.00 | 63.00 |
| Total | 11,545.23 | 11,820.42 |

Next, City departments submitted budget requests and reduction proposals that were analyzed, reviewed, and prioritized by City management. Projected General Fund revenues and expenditures were balanced through the budgeting process and included in the Fiscal Year 2020 Proposed Budget, along with changes to the non-general funds and CIP.

During the Budget Review phase, the City Council held a series of public meetings to obtain input from San Diego residents on spending priorities. The Mayor and City Council used this public input to recommend changes to the Fiscal Year 2020 Proposed Budget. On June 18, 2019, the City Council modified and approved the budget. On June 25, 2019, the City Council adopted the Fiscal Year 2020 Adopted Budget via the Appropriation Ordinance.

General Fund Overview

The Fiscal Year 2020 Adopted Budget includes General Fund expenditures of \$1.59 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 \$1.12 billion or 72.2 percent of the revenue in the Fiscal Year 2020 Adopted Budget. Projected growth rates for these revenue sources are as follows:

- Property Tax: 5.25 percent
- Sales Tax: 3.75 percent
- Transient Occupancy Tax: 3.0 percent
- Franchise Fees:
 - SDG&E: 3.2 percent
 - Cable: -2.2 percent

The remainder of revenues in the General Fund are generated by a variety of sources and are discussed in the General Fund of this Revenues section Volume. Additionally, the Fiscal Year 2020 General Fund Adopted Budget includes the use of one-time fund balance (Excess Equity) based on the Fiscal Year 2019 Year-End Budget Monitoring Report (Third Quarter Report). After incorporating all adjustments, the Fiscal Year 2020 Adopted Budget adheres to the City's Budget Policy, maintaining a structurally balanced budget. Additional details on both revenue and expenditure adjustments are provided later in this Volume.

Critical Strategic Expenditures

The Fiscal Year 2020 Adopted Budget includes critical expenditures that focus on three strategic goals:

- Achieve clean, safe, and livable 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 Livable Neighborhoods

Advanced Lifeguard Academy: funding and positions for advanced training in disciplines that include law enforcement, cliff rescue, and swift water rescue.

Bomb Squad Unit: funding and positions to support a dedicated Bomb Squad Unit for required coverage without placing a unit out-of-service.

Brush Management and Abatement: funding to support brush management and abatement activities in City parks and the public rights-of-way in the Parks and Recreation and Transportation and Storm Water Departments.

Clean SD: funding and positions to enhance the Mayor's Clean SD initiative in the Environmental Services and Police Departments.

Fire-Rescue Staffing Model and Relief Pool: funding and positions to create a permanent full-time Relief Pool.

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

Mission Beach Summer Trash Collection:

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

Mobility Action Plan: funding to support the development of a Mobility Action Plan.

Neighborhood Policing Division Overtime: funding in support of the neighborhood policing division to address community impact strategies and quality of life issues.

Zero-Based Budgeting Overtime: funding in the Fire-Rescue and Police Departments to maintain current service levels.

Create an Economically Prosperous City

Bridge Shelters: funding for various services at three Bridge Shelter locations.

Climate Action Plan: funding to support the reporting and monitoring of the Climate Action Plan, and the Climate Resiliency Plan.

Companion Unit Fee Waiver Program: funding for a transfer to the Public Utilities Department for waived costs related to water and sewer capacity fees for the construction of companion units.

Disparity Study: funding for a citywide disparity study.

Homeless Services Coordination: funding and positions to support the management of Homeless Emergency Aid Program (HEAP) grant funds and homelessness initiatives.

Police Officer Down Payment Assistance Program: funding to support down payment assistance to qualified police officers purchasing a residence within City limits.

Provide High Quality Public Service

Contractual Obligations with REOs: funding to support current Memoranda of Understanding (MOU) with all six REOs, including special salary adjustments for select job classifications to support employee recruitment and retention.

Commission for Arts and Culture Allocation: one-time funding for the Commission for Arts and Culture.

Dockless Mobility Enforcement: one-time funding for the enforcement of dockless devices.

Franchise Agreement Consultant: funding for professional services to support the City during the evaluation and negotiations of the gas and electric franchise agreement.

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

Library Programming: one-time and ongoing funding to support library programming.

Library Technology: one-time funding to support technology upgrades at branch libraries.

Mobility Program Coordinator and Get It Done Enhancements: funding and positions to support the mobility and enhancements to the Get It Done application.

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

Park Rangers–Chollas Lakes and Downtown: funding for park ranger support for Chollas Lakes and Downtown parks.

Short Term Residential Occupancy Tax Compliance Program: funding, positions and associated revenue to support the administration of the Short Term Residential Occupancy Tax Compliance Program.

Transfer to the Capital Improvements Program (CIP) Budget: one-time transfer to support capital project funding for park and library facilities, Vision Zero projects, storm drain pipe lining(s), and the Downtown Mobility Plan.

Budget Reductions

In order to support critical new General Fund expenditures, the Fiscal Year 2020 Adopted Budget includes budget reductions that were strategically chosen to minimize impacts to core service levels and do not impact public safety and public health. The list below includes budgeted reductions grouped by organizational branch. For more information, please see the General Fund Expenditures section of this Volume.

Infrastructure / Public Works

City Reservoirs: reduction of funding related to the closure of City reservoirs by one additional day a month.

Environmental Services Staff: reduction of funding and positions related to maintenance, fleet management, solid waste code enforcement, and contractual services.

Facilities Maintenance: reduction of funding and positions related to facilities services.

Storm Water Channel Maintenance: reduction of funding to support storm water channel maintenance. *Storm Water Compliance Monitoring:* reduction of funding for pro-active storm water compliance monitoring studies and investigations.

Storm Water Habitat Mitigation Credits: reduction of funding for mandated habitat mitigation and restoration as channel clearings are completed.

Storm Water Policy Consultant: reduction of funding for storm water policy consultant services.

Tipping Fee Reduction: reduction of funding to continue a \$3 per ton tipping fee discount to City forces for refuse disposed at the Miramar Landfill.

Neighborhood Services

Corporate Partnership and Development Program: reduction of funding to support City municipal marketing partnership programs.

Public Safety

Civilian Positions: reduction of funding and civilian positions in the Police Department.

Emergency Medical Services Division: reduction of funding and a position related to continuing paramedic education and supervision.

Paramedic School Participants: reduction of funding resulting in fewer participants in the paramedic school.

Patrol Staffing Backfill Overtime: reduction of funding related to overtime for patrol staffing backfill.

Special Weapons and Tactics (SWAT) Training Overtime: reduction of funding related to overtime training for officers who provide additional support to the dedicated SWAT unit.

Smart & Sustainable Communities

Citywide Planning: reduction of funding for the coordination of citywide planning efforts.

EconomicDevelopmentProgramSupport:reduction of funding for selectprogramsandagenciesincludingCONNECT2Careers, San DiegoRegionalEconomic Development Corporation, and theSan Diego Housing Commission.

Non-General Fund Overview

In addition to the General Fund, the Fiscal Year 2020 Adopted Budget includes the following major changes in other non-general funds:

Development Services: funding to support additional residential, downtown, and 5th generation (5G) wireless communication related permitting.

Engineering & Capital Projects: additional funding and positions to support the Capital Improvements Program.

Public Utilities: funding for Pure Water, customer service support, and condition assessments, offset by budget reduction proposals and reorganization changes.

Utilities Undergrounding Program: Additional funding for the acceleration of undergrounding work performed by San Diego Gas & Electric and the City as part of the Utilities Undergrounding Program.

Capital Improvements Program Overview

The Fiscal Year 2020 Adopted CIP Budget for all funds is \$710.8 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.

Adopted Fiscal Year 2020 CIP Budget by Project



Conclusion

The Fiscal Year 2020 Adopted Budget continues to focus on the City's strategic plan goals. This budget includes funding for core community services, new critical strategic expenditures, budget reductions with minimal service level impacts, and is structurally balanced. Additional details are included throughout this Volume.



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