



# Adopted Budget Fiscal Year 2022

## Volume 1 Executive Summary

MAYOR TODD GLORIA



The City of  
**SAN DIEGO**



## Executive Summary



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The City of San Diego's Fiscal Year 2022 Adopted Budget is \$4.6 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;
- Internal Service Funds; and
- Capital Improvements Program.

This represents an increase of \$626.1 million or 15.6 percent compared to the Fiscal Year 2021 Adopted Budget. This is primarily due to increases in Capital Improvements Program associated with the Pure Water Program, citywide employee compensation, getting San Diegans "Back to Work", homelessness programs and services, road repair, climate equity funding, SB1383 and storm water compliance costs, and increases to the City's pension payment.

The Fiscal Year 2022 Adopted Budget includes a total of 11,943.71 Full-Time Equivalent (FTE) positions, representing an increase of 216.78 FTE positions or 1.8 percent compared to the Fiscal Year 2021 Adopted Budget. This net increase is primarily due to the following: positions added in the Public Utilities Department to support operations and preventative maintenance; and positions added in the General Fund to support the following programs: State Bill 1383 organics collection (SB-1383), stormwater repair and maintenance, Dig Alert activities, and the installation of bicycle facilities. The General Fund added approximately 91.01 FTE net positions, resulting from 177.55 FTE additions and 86.54 FTE reductions.

### Total City Expenditures Fiscal Years 2021-2022 by Fund Type/Program (in millions)

Fund Type/Program	FY 2021	FY 2022
General Fund	\$ 1,620.9	\$ 1,743.5
Special Revenue Funds	703.2	743.9
Capital Project Funds	32.4	20.2
Enterprise Funds	1,131.4	1,193.7
Internal Service Funds	166.4	157.1
Capital Improvements Program	367.5	789.5
<b>Total</b>	<b>\$ 4,021.8</b>	<b>\$ 4,647.9</b>

### Total City FTE Positions Fiscal Years 2021-2022 by Fund Type

Fund Type	FY 2021	FY 2022
General Fund	7,640.02	7,731.03
Special Revenue Funds	1,076.06	1,074.51
Enterprise Funds	2,610.62	2,747.69
Internal Service Funds	337.23	339.48
Other Funds	63.00	51.00
<b>Total</b>	<b>11,726.93</b>	<b>11,943.71</b>

## 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 Development 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 2022-2026 Five-Year Financial Outlook (Outlook) in Fall 2020, which is prepared each year to establish the initial framework for the

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development of the Fiscal Year 2022 Adopted Budget. Based on this year's Outlook, General Fund departments and various non-General Funds were directed to only submit reduction proposals and budget requests that maintain the City's current service levels. City departments submitted budget requests and reduction proposals to the Department of Finance in January 2021 that were analyzed, reviewed, and prioritized by the City's Executive Team in February 2021.

In addition to the revenue shortfall projected in the Outlook, the Third Quarter Budget Monitoring Report projected a deficit for Fiscal Year 2021. As a result, the Fiscal Year 2022 General Fund Adopted Budget is a multi-year analysis that funds critical expenditures in Fiscal Year 2022 and addresses the projected revenue shortfalls in Fiscal Year 2021, Fiscal Year 2022, and in future fiscal years with proposed reductions, recommended allocation of funds included in the American Rescue Plan Act (ARP), and other mitigation actions. Looking beyond Fiscal Year 2022, there is an ongoing need to reach a structurally balanced budget where ongoing revenues support ongoing expenditures. The proposed multi-year analysis reflects revenue shortfalls in future fiscal years and will require further mitigations, such as the use of reserves, additional budget reductions, or identification of new revenue sources. For additional information on how the Fiscal Year 2021 and Fiscal Year 2022 was balanced, please refer to the Citywide Budget Overview section of this Volume.

During the Budget Review phase, the City Council held a series of public meetings in the months of April and May 2021 to obtain input from San Diego residents on spending priorities. The Mayor and City Council used the information at these hearings to recommend changes to the Fiscal Year 2022 Proposed Budget through the Mayor's May Revision and City Council modifications, respectively. The Budget Adoption phase begins with the City Council approving the budget, the release of the budget resolution and allowance for the Mayor's veto period and City Council's override period, if applicable. On June 29, 2021, the City Council adopted and enacted the Fiscal Year 2022 budget into law via the adoption of the Fiscal Year 2022 Appropriation Ordinance.

After the Appropriation Ordinance is adopted into law, the process of monitoring the budget begins. This process involves quarterly reports that provide updated year-end revenue and expenditure projections based on statistical data and economic analysis that are presented to the City Council and public. Additionally, in November/December the city will be updating the Five-Year Financial Outlook that will contain an updated baseline outlook/projection and will include any budget adjustments included in the Fiscal Year 2022 Adopted Budget.

## General Fund Overview

Departments within the General Fund provide core community services such as public safety (including police/fire protection and life safety), parks and recreation, library services, and refuse collection, as well as vital support functions such as finance, legal and human resources. These core services are primarily supported by major revenue sources that include property tax, sales tax, transient occupancy tax, and franchise fees. These four major General Fund revenue sources account for \$1.17 billion or 67.0 percent of the revenue in the Fiscal Year 2022 Adopted Budget. Projected growth rates for these revenue sources when the Fiscal Year 2022 Adopted Budget was prepared are as follows:

- Property Tax: 4.50 percent
- Sales Tax: 13.16 percent
- Transient Occupancy Tax: 62.54 percent
- Franchise Fees:
  - SDG&E: 1.91 percent
  - Cable: -4.60 percent

This year, a direct federal revenue allocation from the American Rescue Plan Act allowed the City to maintain vital services to its residents. The remainder of revenues in the General Fund are generated by a

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variety of resources. After incorporating all adjustments, the Fiscal Year 2022 Adopted Budget maintains a balanced and fiscally responsible budget. Additional details on both revenue and expenditure adjustments are provided later in this Volume.

## Critical Expenditures

The Fiscal Year 2022 Adopted budget includes approximately funding to maintain current services and add new services. New services include investments to get San Diegans “Back to Work”, homelessness funding to support our most vulnerable communities, infrastructure funding for the “sexy” streets initiative in communities of concern, compensation for city employees, and the creation of the Climate Equity Fund and other investments to help underserved communities effectively respond to impacts of climate change. Notable additions to maintain current services include citywide compensation increases for City employees, funding for the continuation of COVID-19 sanitation and supplies, funding for positions filled in prior fiscal years, but not yet added in the annual budget, and funding to maintain operational and capital support of the Convention Center.

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

<b><i>Animal Services Contract</i></b>	Funding in non-personnel expenditures to support the animal services contract and deferred maintenance at the City's animal shelter facility.
<b><i>Back to Work SD</i></b>	Funding in non-personnel expenditures for programs to get San Diegans back to work through a variety of initiatives that support small businesses and summer youth programs.
<b><i>California Coastal Commission Support</i></b>	Funding in non-personnel expenditures that will support the review and approval of City of San Diego programs, projects, and permitting requests.
<b><i>City Attorney Positions</i></b>	Funding in positions to reduce the need for outside counsel and retain institutional knowledge and experience.
<b><i>Citywide Program Expenditures</i></b>	Funding in non-personnel expenditures to comply with Governmental Accounting Standard Board (GASB) Statement 87.
<b><i>Citywide Park Facilities</i></b>	Funding in positions and non-personnel expenditures for new Facilities, Play All Day Sites, and Join Use Facilities.
<b><i>Climate Equity Fund</i></b>	Funding in non-personnel expenditures for disadvantaged communities to adapt to climate change and for related actions.
<b><i>Code Compliance Officers</i></b>	Funding of positions to enforce and investigate code violations.
<b><i>Convention Center Corporation Operational Support</i></b>	Funding to support the operations of the San Diego Convention Center Corporation.
<b><i>COVID-19 Support</i></b>	Funding to support upstaffing and emergency medical services to continue to respond to the COVID-19 pandemic, as needed.
<b><i>Fire Academies</i></b>	Funding for two additional Fire Academies to increase staffing levels.
<b><i>Homeless Programs and Services</i></b>	Funding in one-time non-personnel expenditures associated with crisis intervention and housing investment opportunities.
<b><i>Employee Compensation</i></b>	Funding related to employee compensation increases.
<b><i>Fire Helicopter Maintenance</i></b>	Restoration of funding to maintain Helicopter 1.
<b><i>Library Materials and Programming</i></b>	Funding in non-personnel expenditures associated to e-materials and equity focused virtual and expanded programming.
<b><i>Mobility Action Plan</i></b>	Funding in non-personnel expenditures associated with the Mobility Action Plan.

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<b><i>New Office of the Commission On Police Practices</i></b>	Funding of positions and non-personnel expenditures associated to the establishment of the Office of the Commission on Police Practices.
<b><i>New Office of Child and Youth Success</i></b>	Funding of positions and non-personnel expenditures associated to the establishment of the Office of Child and Youth Success.
<b><i>Park Rangers</i></b>	Funding of positions to provide adequate oversight and support for encampment and abatement activities at open spaces and regional parks.
<b><i>Pay Equity Study</i></b>	Funding in non-personnel expenditures to conduct a pay equity study.
<b><i>Public Power Feasibility</i></b>	Funding in non-personnel expenditures associated to a feasibility study to pursue public power.
<b><i>Public Safety Radios</i></b>	Funding in non-personnel expenditures for the acquisition of public safety radios for the Police and Fire-Rescue Departments.
<b><i>Safe &amp; Sustainable Transportation All Ages &amp; Abilities Team (STAT)</i></b>	Funding of positions and non-personnel expenditures to install safe and sustainable transportation improvements.
<b><i>SB1383 - Organics Collection</i></b>	Initial Funding in non-personnel expenditures to support the implementation of organics collection to comply with State Bill 1383.
<b><i>"Sexy" Streets Funding</i></b>	Funding for streets in communities of concern.
<b><i>Small Business Ombudsman Program</i></b>	Funding for positions to provide small business ombudsman services.
<b><i>Storm Water Pipe Repair</i></b>	Funding of positions and non-personnel expenditures for repair citywide storm drainpipe repairs.
<b><i>Street Condition Assessment</i></b>	Funding of one-time non-personnel expenditures for a street condition assessment.
<b><i>Supplemental Positions</i></b>	Funding for existing supplemental positions in various departments.
<b><i>Support for Arts and Culture</i></b>	Additional funding for arts, culture, and community festivals through support to organizations and creative communities.
<b><i>Surveillance Ordinance Implementation</i></b>	Funding of position and non-personnel expenditures to support the implementation of the Surveillance Ordinance.

## Budget Reductions

In order to offset shortfalls in major General Fund revenues due to the COVID-19 pandemic and support the critical expenditures mentioned above, the Fiscal Year 2022 Adopted Budget includes budget reductions that were strategically chosen to minimize impacts to core service levels. The list below includes budgeted reductions from the Fiscal Year 2022 Adopted Budget. For more information, please see the General Fund Expenditures section of this Volume.

<b><i>Executive Management</i></b>	Reduction of 2.00 FTE positions associated with a restructure of operations and changes in organizational management.
<b><i>Police</i></b>	Reduction in overtime expenditures associated to extension of shift, neighborhood policing, and Clean SD.
<b><i>Environmental Services</i></b>	Reduction of non-personnel expenditures associated with efficiencies in Clean SD sanitation services

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## Non-General Fund Overview

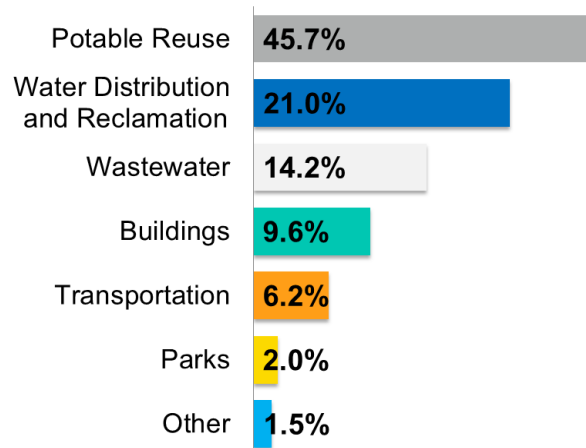
In addition to the General Fund, the Fiscal Year 2022 Adopted Budget includes the following major changes in other non-general funds:

<b>Airports Fund</b>	Addition of non-personnel expenditures associated to the maintenance and repair of various facilities.
<b>Development Services Fund</b>	Addition of positions and expenditures to support citywide compensation increases, permit applications and issuances, 5G program and geotechnical review.
<b>Engineering and Capital Projects Fund</b>	Addition of expenditures to support citywide compensation increases and one-time information technology transition costs.
<b>Environmental Growth Funds</b>	Addition of non-personnel expenditures to maintain open space and developed regional parks for the purpose of preserving and enhancing the environment
<b>Infrastructure Fund</b>	Reallocation of "Sexy" Streets #ForAllofUS initiative expenditures to the Capital Improvements Program
<b>Metropolitan Sewer Utility Fund</b>	Addition of positions and expenditures associated with citywide compensation increases, regulatory compliance of national pollutant discharge elimination system, erosion monitoring and management of the wastewater treatment plant.
<b>Municipal Sewer Fund</b>	Addition of positions and expenditures associated with citywide compensation increases, facilities maintenance, energy program, and the hauling and disposal of biosolids.
<b>Water Utility Operating Fund</b>	Addition of positions and expenditures associated with citywide compensation increases, debt service, preventative maintenance, purchase of water, dam maintenance, and Pure Water Operations.

## Capital Improvements Program Overview

The Fiscal Year 2022 Adopted CIP Budget for all funds is \$789.5 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 2022 CIP Budget by Asset Type



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## Conclusion

The Fiscal Year 2022 Adopted Budget continues to focus on the City's goals and make onetime investments to respond to the continued impacts from the COVID-19 pandemic and help residents get back to work. This balanced budget includes funding to maintain current services and fund new critical expenditures, with limited budget reductions. The Adopted Budget addresses the shortfalls in Fiscal Year 2021 and Fiscal Year 2022 and uses the one-time funding from the American Rescue Plan Act. However, to maintain a balanced budget in future years it will require further mitigations such as use of reserves, additional budget reductions, or identification of new revenue sources. Additional details are included throughout this Volume.