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Adopted Budget Fiscal Year 2022

Volume 1
Budget Overview and Schedules

MAYOR TODD GLORIA





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GOVERNMENT FINANCE OFFICERS ASSOCIATION

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Disclaimer

Pursuant to the City Charter, the Mayor proposes, and the City Council is responsible for enacting, an annual budget.

The annual budget consists of appropriations based on estimated revenues and expenditures developed during the six to ten-month period preceding the start of each fiscal year. Those estimated revenues and expenditures rely on economic and financial assumptions that the City develops for budgetary purposes based on then-available information. The City updates its estimated revenues and expenditures during the course of a fiscal year as economic and financial conditions develop, which often differ from those estimated at the time the annual budget was developed. At times, these differences are material. As such, the annual budget may be modified by the City Council during the course of the fiscal year.

The annual budget is not prepared, nor is it suitable, for the purpose of an investor understanding the forward-looking financial condition of the City or for making any investment decision in any bonds issued by the City or secured by any City revenues. Further, the economic and financial assumptions the City presents in the annual budget have been prepared for budgetary purposes and may differ materially from the assumptions the City may rely on if the City were to communicate financial projections to investors. The City files official statements for bond offerings, audited financial statements, comprehensive annual financial reports, annual financial information, material event notices, and voluntary disclosures with the Municipal Securities Rulemaking Board (MSRB) and posts such information on the City's investor information webpage. The annual budget will not be filed with the MSRB.



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Mayor's Message – Fiscal Year 2022 Budget

Dear San Diegans,

There is no question that the COVID-19 pandemic has devastated our local economy and made an enormous impact on everything we do. Last March, our tourism industry came to a halt, unemployment more than tripled and we saw one of the sharpest drops in consumer spending in recent history. This has had a crushing effect on our local businesses and has disproportionately affected individuals and families who rely on the service sector or simply do not have the opportunity to work from home. It has also resulted in an unprecedented loss of tax revenues that the City relies on to provide vital services to San Diegans.

With the release of this budget, we see positive signs of a subsiding pandemic and the beginning of an economic recovery. Now more than ever, we need steady leadership and vision to bring the City together, strengthen our economy, invest in our communities and, get our City back on track. This budget seeks to do just that.

The approximately \$300 million in federal relief funds that the City received will allow us to jumpstart San Diego's economic recovery, provide aid to small businesses and help our most vulnerable residents. We will use federal relief funds responsibly over the next two years, allowing us to ensure City employees continue to provide the vital services residents deserve while investing in a stronger and more equitable future for our communities.

The Back to Work SD plan I developed before becoming your mayor is serving as our blueprint for this budget to strengthen San Diego's economy by providing \$10 million in small business loans for hardest hit industries like gyms and restaurants, providing technical assistance for street vendors, and restoring the small business enhancement program – all with a focus on investments in historically underserved communities. We will add dedicated staff to make it easier for local businesses to navigate the pathways to success. Our focus will be to make the City a resource that helps new and existing businesses thrive.

Mayor's Message

Fiscal Year 2022 Budget

We will continue to partner with the San Diego Housing Commission to use federal and state dollars to provide nearly \$92.2 million in relief for families and individuals who've been devastated financially by the pandemic. This is on top of \$13.7 million in emergency rental assistance that helped 3,700 San Diego households in 2020.

This budget also sets the foundation to bring equity to all our neighborhoods. We will focus on our youth by establishing a new Office of Child and Youth Success, expanding summer recreational programs, and providing funding for community-based organizations that serve chronically underserved youth in communities of concern through employment, internship and scholarship opportunities.

A hallmark of this budget is our attention to the City's long-neglected homelessness crisis. The City will continue to leverage federal and State funding and invest an additional \$10 million in General Fund dollars towards our most vulnerable residents. We will base our actions on nationally proven strategies, focusing resources on proven solutions that get people off the streets and make progress toward ending chronic homelessness. We will examine the housing inventory and look at ways to take advantage of existing public health and addiction services to better serve our homeless population.

San Diego will move to coordinate all its efforts through the People Assisting the Homeless (PATH) program, sending out a coordinated team of caseworkers assigned to different neighborhoods, to build rapport and trust with the homeless community. This is a substantial change in how the City has been dealing with a crisis that City-led programs have not been able to alleviate for over a decade. The City will now lead with a "housing first" model that has worked in other cities across the world, connecting people with immediate services.

Each neighborhood in San Diego deserves "sexy" streets, which means slurry seal to maintain good roads, overlays for roads that need new paving, and reconstruction for roads that need a complete makeover. My "Sexy Streets for All of Us" initiative is a down payment in our communities of concern, a \$10 million investment in historically underserved neighborhoods that haven't seen quality road repairs for years. This in addition to the nearly \$30 million in financing funded in this budget. Funding will go toward paving longstanding decrepit roads with new overlay and road reconstruction in communities of concern. Along with investing in our roads, Sexy Streets will also bundle opportunities for Complete Streets to include traffic calming and congestion improvements, new sidewalk connections, necessary sidewalk repairs, new and upgraded bicycle infrastructure, and investments in our

Mayor's Message

Fiscal Year 2022 Budget

stormwater system. This investment will be prioritized based on critical transit and multimodal routes and is an essential step toward righting historic wrongs in our most marginalized and underinvested communities while improving sustainable infrastructure needed to meet our Climate Action Plan goals.

For too long, our underserved communities have been disproportionately impacted by the effects of climate change. This budget includes \$7 million towards the newly created climate equity fund to help these communities effectively respond to the impacts of climate change. This is an important step to ensure underserved communities directly benefit from our efforts around climate action.

All San Diegans deserve clean air, water, and a climate-safe environment. The City will update its Climate Action Plan including aggressive new goals and strategies to implement them. When I authored the plan as interim Mayor seven years ago, I dreamt of a sustainable future with good-paying green jobs for generations to come. We are going to have to take bold steps if we are going to meet our targets to reduce greenhouse gas emissions.

As part of this budget, the City will accelerate the adoption of electric vehicles, incentivize employees to work remotely, encourage the use of alternative modes of transportation, and have all City facilities use 100 percent clean energy through San Diego Community Power when it comes online.

This year, the City will ramp up construction on its Pure Water project, the largest water recycling program in California and the City's biggest infrastructure project in history. It will provide nearly half of San Diego's drinking water when it is completed.

City employees are this organization's most valuable resource. Without them, we cannot provide core neighborhood services like road repair, trash pickup or public safety. Unfortunately, after close to a decade of stagnant salaries, employee compensation is not competitive when compared to other agencies throughout the region. Our City has become the training ground for employees who join the City for a couple of years and then leave to work for other agencies that pay more. We are losing our best and most experienced employees to other local governments. Not only do we want to prevent this continuous attrition, but we want to attract the best and the brightest employees to transform this City into the best-in-class organization San Diegans deserve. We understand that we will not be able to solve this challenge in a single year. But this budget begins to address this fundamental issue and

Mayor's Message

Fiscal Year 2022 Budget

includes compensation increases to begin to align employee salaries with the current employment market.

This budget includes approximately 8.9 million in General Fund budget reductions resulting from minimal service level reductions, savings from operational reorganizations and efficiencies, and new revenue sources identified by City departments.

Conclusion

The City, like many families and businesses across the nation, faces a huge economic challenge ahead. The Fiscal Year 2022 Adopted Budget takes a fiscally responsible, multi-year approach that uses federal relief funds strategically to allow for the City's major revenues to begin recovery while maintaining the services that our residents rely on. Though federal relief funds are one-time funding, we are committed to using them as the foundation for long-term stability. These investments will provide greater equity throughout our communities.

San Diego has overcome financial crisis before. I was proud to serve as Interim Mayor during that time and get our city back on track. We know San Diego is up for the challenge, and I look forward to leading our city through our recovery. Together, we will beat back COVID-19, recover from the pandemic and begin to transform San Diego into not just a "fine" city, but a truly great city for all of us.

Sincerely,



Todd Gloria
Mayor



Todd Gloria
Mayor



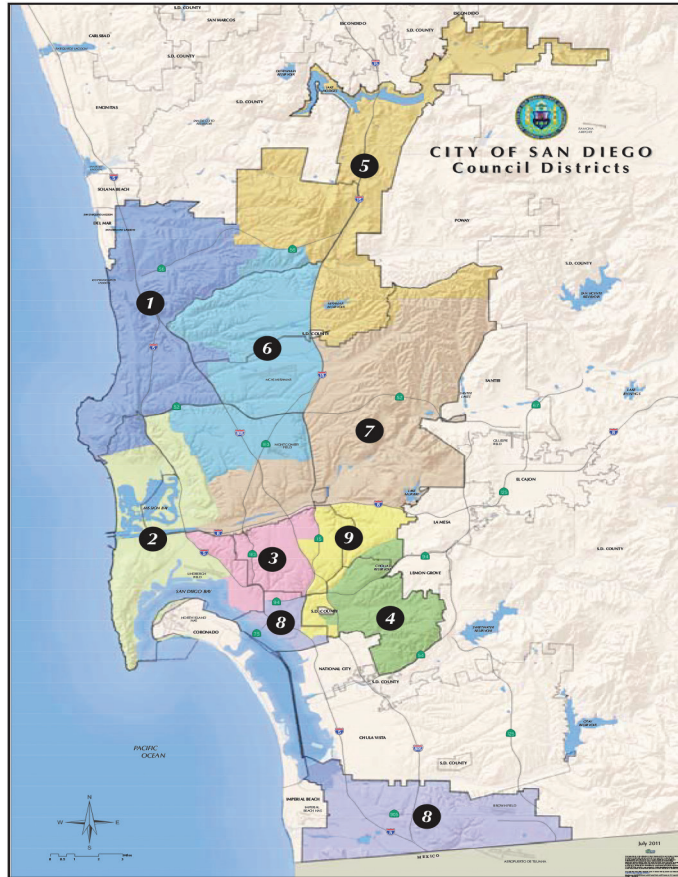
Joe LaCava
Councilmember
District 1



Jennifer Campbell
Councilmember
District 2



Stephen Whitburn
Council President Pro Tem
District 3



Monica Montgomery Steppe
Councilmember
District 4



Marni von Wilpert
Councilmember
District 5



Chris Cate
Councilmember
District 6



Raul A. Campillo
Councilmember
District 7



Vivian Moreno
Councilmember
District 8



Sean Elo-Rivera
Councilmember
District 9



Jay Goldstone
Chief Operating Officer



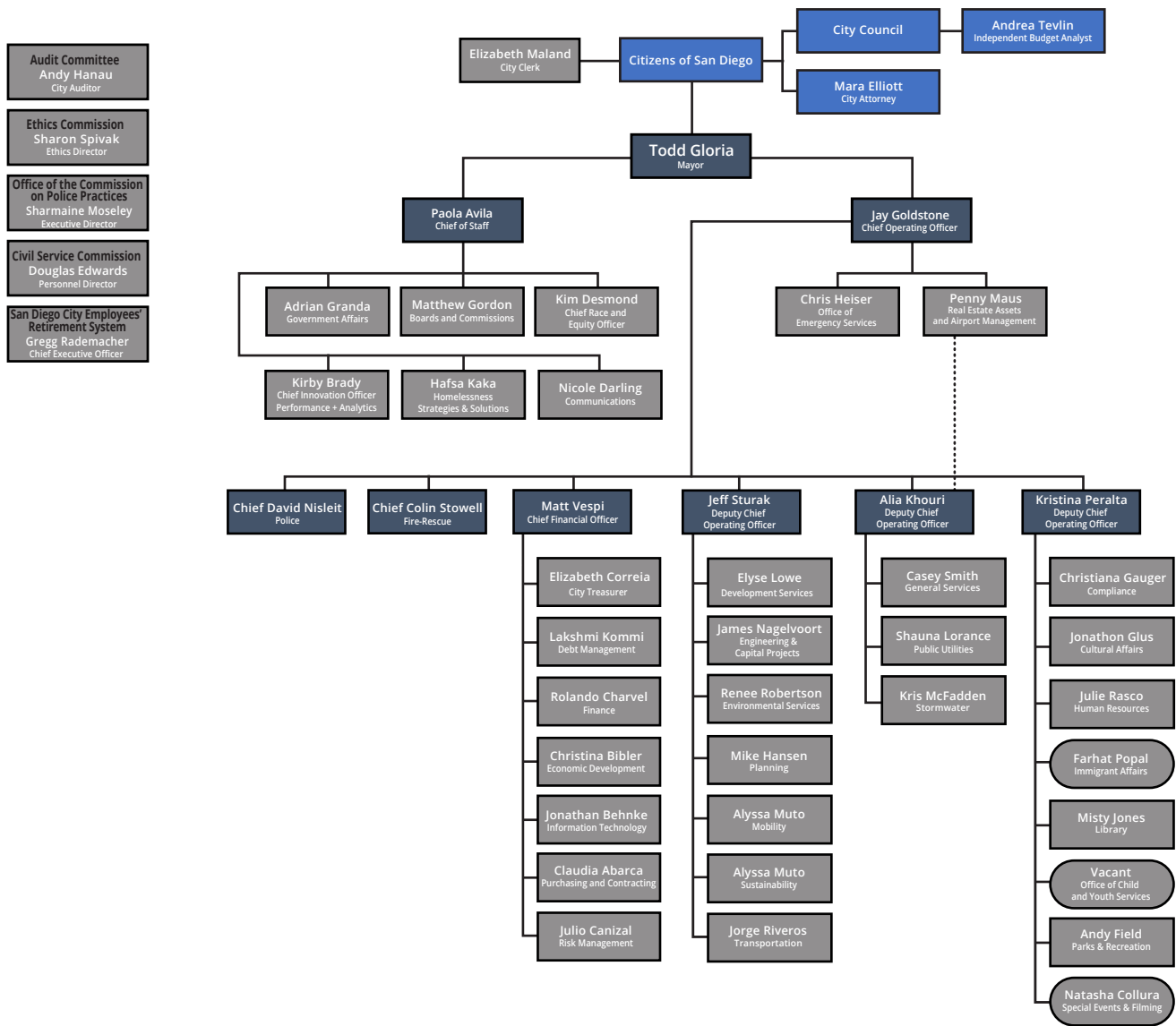
Mara W. Elliott
City Attorney



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Citywide Organizational Structure*

(All City Functions)



*The organizational chart is reflective of City's structure as of July 2021; it excludes the following department restructures and new departments: Storm Water, Transportation, Mobility, Cultural Affairs, and Office of Race and Equity. Per Charter Section 26, all newly created departments included in the Adopted Budget must be approved by ordinance via a two-thirds vote from the City Council. The organizational chart will be updated accordingly at that time.

KEY:

Department

Division / Commission / Program / Agency

REVISED: 08-17-2021



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