



ADOPTED Budget

FISCAL YEAR **2023**

VOLUME 1

Executive Summary



MAYOR TODD GLORIA



HOUSING • PROTECT & ENRICH • INFRASTRUCTURE • SUSTAINABILITY • PROSPERITY



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The City of San Diego's Fiscal Year 2023 Adopted Budget is \$5.07 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

This represents an increase of \$426.6 million, or 8.4 percent, compared to the Fiscal Year 2022 Adopted Budget. This is primarily due to increases in most funds associated with citywide employee compensation, transition costs associated with post-Proposition B employees, the Bridge to Home Program, an increase in Transient Occupancy Tax eligible expenditures. Increases in the General Fund are associated to the following: non-discretionary expenditures associated with litigation and contracts, contributions to the Capital Improvements Program and the Infrastructure Fund, homelessness programs and services, road repair, Climate Action Plan funding, State Senate Bill 1383 organics diversion (SB 1383), and stormwater compliance costs.

The Fiscal Year 2023 Adopted Budget includes a total of 12,777.15 Full-Time Equivalent (FTE) positions, representing an increase of 833.44 FTE positions or 6.5 percent compared to the Fiscal Year 2022 Adopted Budget. This net increase is primarily due to the following: positions added in the Public Utilities Department to support the Pure Water Program, water production, and operations and maintenance of various water programs; positions added in the Development Services Department to support the Housing Program, and permits associated with telecommunications, subdivisions, and private grading; and annualized positions added in Fiscal Year 2022, restructures, and positions added in the General Fund to support the following programs: Parks and Recreation, Transportation Department, SB 1383, stormwater compliance, and parking enforcement. The General Fund added approximately 605.36 FTE net positions.

Total City Expenditures Fiscal Years 2022-2023 by Fund Type/Program (in millions)

Fund Type/Program	FY 2022	FY 2023
General Fund	\$ 1,743.5	\$ 1,955.0
Special Revenue Funds	743.9	825.4
Capital Project Funds	20.2	27.6
Enterprise Funds	1,193.7	1,265.3
Internal Service Funds	157.1	167.1
Capital Improvements Program	789.5	834.1
Total	\$ 4,647.9	\$ 5,074.4

Numbers may not foot due to rounding.

Total City FTE Positions Fiscal Years 2022-2023 by Fund Type

Fund Type	FY 2022	FY 2023
General Fund	7,731.03	8,336.39
Special Revenue Funds	1,074.51	1,074.01
Enterprise Funds	2,747.69	2,947.02
Internal Service Funds	339.48	368.73
Other Funds	51.00	51.00
Total	11,943.71	12,777.15

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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 2023-2027 Five-Year Financial Outlook (Outlook) in Fall 2021, which is prepared each year to establish the initial framework for the development of the Fiscal Year 2023 Adopted Budget. The Five-Year Outlook projected a General Fund baseline deficit of \$66.8 million. Due to the availability of ARPA funds Departments were not asked to submit budget reduction requests for the Fiscal Year 2023 budget development process. City departments submitted budget requests to the Department of Finance in January 2022 that were analyzed, reviewed, and prioritized by Management in February 2022 and presented to the Mayor in March for further evaluation and discussion. Once budget decisions were finalized, projected General Fund revenues and expenditures were then balanced through the remainder of the budgeting process and included in the Fiscal Year 2023 Adopted 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 in the months of April and May 2022 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 2023 Adopted Budget through the Mayor's May Revision and City Council modifications, respectively. The City Council then adopted and modified the budget which was then enacted into law via the Appropriation Ordinance.

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 \$1.32 billion, or 67.6 percent, of the revenue in the Fiscal Year 2023 Adopted Budget. Projected growth rates for these revenue sources when the Fiscal Year 2023 Adopted Budget was prepared are as follows:

- Property Tax: 6.00 percent
- Sales Tax: 3.00 percent
- Transient Occupancy Tax: 5.47 percent
- Franchise Fees:
 - SDG&E: 7.36 percent
 - Cable: -4.75 percent

A direct federal revenue allocation from the American Rescue Plan Act (ARPA) of 2021 allowed the City to maintain vital services to its residents. The remainder of revenues in the General Fund are generated by a variety of resources. After incorporating all adjustments, the Fiscal Year 2023 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 2023 Adopted Budget includes funding to maintain current service levels and adds enhancements and new services. New services include support for stormwater compliance, Climate Action Plan, additional homelessness services and programs and new parks and recreation facilities. Notable additions to maintain current services include parking enforcement, SB 1383 - Organics Waste Diversion, homelessness services and programs, maintenance of the right-of-way, responding to residents' requests for service, and cost increases for non-discretionary expenditures, salaries and fringe benefits.

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

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Climate Action Plan

<i>Climate Action Plan</i>	Funding in positions and non-personnel expenditures to support the City's Climate Action Plan goals.
<i>Evan Jones Parkade EV Charging</i>	Funding in one-time non-personnel expenditures to install off-grid solar powered charging at the Evan Jones Parkade.
<i>Mobility Master Plan</i>	Funding in non-personnel expenditures to support the Mobility Master Plan.
<i>Public Power Feasibility</i>	Funding in one-time non-personnel expenditures associated to a feasibility study for municipalization of the electricity grid.

Employee Compensation and Proposition B

<i>Employee Compensation</i>	Funding related to employee compensation increases.
<i>Labor Negotiation Support</i>	Funding in non-personnel expenditures to support labor negotiation and support services.
<i>Proposition B Transition Costs</i>	Funding related to transition costs of post-Proposition B employees into the pension system.

Equity and Diversity

<i>Disparity Study Recommendations</i>	Funding to support a bonding assistance and technical contracting assistance programs.
<i>Employee Compensation Survey</i>	Funding in non-personnel expenditures to support a compensation survey.
<i>Interpretation and Translation Services</i>	Funding to support translation services for City Council Offices and citywide.
<i>Recreation Program Audit Recommendations</i>	Funding in positions and non-personnel expenditure to support recreation programming equity.
<i>SD Access 4 All</i>	Funding in non-personnel expenditures to expand the SD Access 4 All Program and develop the Digital Equity Program.
<i>Support for Office of Child and Youth Services</i>	Funding of positions and non-personnel expenditures to support critical operations for the Office of Child and Youth Services.
<i>Support for Office of Immigrant Affairs</i>	Funding of positions and non-personnel expenditures to support critical operations for the Office of Immigrant Affairs.
<i>Wage Monitoring Solution</i>	Funding in non-personnel expenditures for a wage monitoring IT solution.

Homelessness and Housing

<i>Bridge to Home Program</i>	Funding of one-time non-personnel expenditures to support the Bridge to Home program.
<i>Downtown and Urban Core Homeless Outreach</i>	Funding of non-personnel expenditures to support downtown and urban core homeless outreach.
<i>Establishment of a Rental Registry</i>	Funding of one-time contractual expenditures for a nexus study to initiate the establishment of a rental registry.
<i>Homeless Programs and Services</i>	Funding in one-time non-personnel expenditures to support various homelessness programs and services.
<i>Housing Stability Fund</i>	Funding of one-time non-personnel expenditures to support the creation of a pilot program that would provide rental subsidies.

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<i>LGBT Youth Services and Shelters</i>	Funding of one-time non-personnel expenditures for LGBT Youth shelter beds.
<i>Multidisciplinary Outreach Team Pilot</i>	Funding of one-time non-personnel expenditures to support the Multidisciplinary Outreach Team Pilot.
<i>Safe Camping Pilot Program</i>	Funding of one-time non-personnel expenditures to support the Safe Camping Pilot Program.
<i>Shelter Capacity Expansion</i>	Funding of one-time non-personnel expenditures to lease and improve additional sites to expand congregate and non-congregate shelter bed capacity.

Neighborhood Services

<i>Animal Services Contract</i>	Funding to support the San Diego Human Society Animal Services contract and for patrol services at parks.
<i>CleanSD</i>	Funding in non-personnel expenditures to improve illegal encampment abatement response times.
<i>Encampment Abatement</i>	Funding of positions to improve current encampment abatement response times and increase sidewalk sanitation.
<i>Graffiti Abatement</i>	Funding of positions and non-personnel expenditures to address graffiti within the right-of-way and at public restrooms.
<i>Illegal Dump Abatement</i>	Funding in one-time non-personnel expenditures for Illegal Dump Abatement.
<i>Missed Collection Crew</i>	Funding in non-personnel expenditures for a collection crew pilot program to address missed collection response times.
<i>Office of the Commission on Police Practices</i>	Funding to support the Office of the Commission on Police Practices.
<i>New Parks and Recreation Facilities</i>	Funding of positions and non-personnel expenditures to maintain new parks and recreation facilities citywide.
<i>Park Restoration</i>	Funding of positions for the restoration of the Balboa Park Maintenance Special Projects Unit.
<i>Public PC Replacements</i>	Funding in non-personnel expenditures to replace computers at various libraries.
<i>Service Level Improvements of Sidewalk Sanitation</i>	Funding in one-time and on-going non-personnel expenditures to improve encampment abatement response times and sidewalk sanitation.
<i>Sidewalk Vending Ordinance</i>	Funding for positions and non-personnel expenditures to support the enforcement, education, and outreach of the Sidewalk Vending Ordinance Program.
<i>Substandard Housing Support</i>	Funding of positions to support effective and timely response to substandard housing complaints.
<i>Support for Arts and Culture</i>	Additional funding for arts, culture, and community festivals through support to organizations and creative communities.
<i>Central Library Facility Maintenance</i>	Funding in non-personnel expenditures to conduct window washing at the Central Library.

Other

<i>Asset Management Plan Support</i>	Funding in positions and non-personnel expenditures to support the minor construction process and asset management plan.
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California Coastal Commission Support	Funding in personnel expenditures to support review and approval of programs, projects, and permitting requests.
City Attorney Positions	Funding of positions to reduce the need for outside counsel and retain institutional knowledge and experience.
Council Administration and Council District Support	Funding of positions to support the City Council Administration with administering all committees and support City Council Offices and their respective community programs, projects and services.
Economic Development Strategy	Funding of one-time non-personnel expenditures associated with the development of an Economic Development Strategy.
Free4Me Pilot Program	Funding of one-time non-personnel expenditures to provide free feminine hygiene products at city-owned facilities
General Fund Reserves	Funding of one-time non-personnel expenditures for a contribution to the General Fund Reserves.
Refuse Disposal and Tipping Fees	Funding of non-personnel expenditures to eliminate the refuse disposal fee discount and support the consumer price index increase for tipping fees.
Real Estate Management Support	Funding of positions and non-personnel expenditures to support property acquisitions, office space analysis, leases, appraisals, and dispositions.
Supplemental Positions	Funding for supplemental positions in various departments.
Support for the Office of the Independent Budget Analyst	Funding of positions and non-personnel expenditures to assist the Independent Budget Analyst with analyzing real estate transactions, housing, and homelessness.
Support for the Personnel Department	Funding of positions to support the Personnel Department to assist and enhance hiring efforts and address personnel issues.

Public Safety

Boating Safety Unit	Funding of positions to support the Boating Safety Unit and nighttime operations.
Crime Lab Support	Funding of positions to support DNA and evidence processing.
Facilities Maintenance	Funding in one-time non-personnel expenditures to support infrastructure maintenance.
Facilities Remediation	Funding in non-personnel expenditures to support asbestos remediation in various City buildings.
Fire Air Bag Kits	Funding in one-time non-personnel expenditures to replace vehicle extrication air bag kits.
Fire Facilities Maintenance	Funding in non-personnel expenditures to maintain new and aging facilities.
New Seasonal Lifeguard Towers	Funding in ongoing non-personnel expenditures to replace a seasonal lifeguard tower annually.
Parking Enforcement Support	Funding to support parking enforcement efforts.
Police Promotional Examination Process	Funding in one-time non-personnel expenditures to support the bi-annual promotional process in the Police Department.
Recruitment Support	Funding in non-personnel expenditures to support the promotion of City employment opportunities and advertising of the City's employment website.
Shared Mobility Device Enforcement	Funding in expenditures to support the enforcement of Shared Mobility Devices in the public right-of-way.

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<i>Street Racing and Sideshow Enforcement</i>	Funding to support the enforcement of street racing and car shows.
<i>Wellness Behavioral Services</i>	Funding in non-personnel expenditures related to contractual increases for firefighter psychological services.

Stormwater

<i>Stormwater Compliance</i>	Funding in positions and non-personnel expenditures to meet regulatory requirements and address storm needs and comply with Regional Water Quality Control Board regulations.
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Transportation

<i>Complete Streets Design</i>	Funding in non-personnel expenditures associated with the Complete Streets Design Guidelines.
<i>Graffiti Abatement Program</i>	Funding in non-personnel expenditures to support citywide graffiti abatement.
<i>Public Works Dispatch</i>	Funding to increase public works dispatch support.
<i>Street Condition Assessment</i>	Funding of one-time non-personnel expenditures to continue the street condition assessment.
<i>Traffic Management Center</i>	Funding in one-time non-personnel expenditures for the relocation, design and configuration of a new Traffic Management Center.
<i>Traffic Signal Support</i>	Funding of positions to replace traffic signal cabinet and loops citywide.
<i>Transportation Compliance</i>	<i>Safety</i> Funding of positions and one-time non-personnel expenditures to support department-wide safety, light duty, and injury prevention programs in the Transportation Department.
<i>Weed Abatement Program</i>	Funding in non-personnel expenditures to support weed abatement in the right-of-way.

Non-General Fund Overview

In addition to the General Fund, the Fiscal Year 2023 Adopted Budget includes the following major changes in non-general funds:

<i>Convention Center Expansion Administration Fund</i>	Reduction in expenditures associated with a one-time transfer in Fiscal Year 2022 associated with operational and capital support for the Convention Center Corporation.
<i>Development Services Fund</i>	Addition of positions and expenditures to support citywide compensation increases, housing program, telecommunications, software implementation, Urban Division support, as needed plan check and inspections services, and other permits.
<i>Engineering and Capital Projects Fund</i>	Addition of expenditures to support citywide compensation increases and positions to support the private development permit and the Strategic Capital Projects Department.
<i>Fire/Emergency Services Transport Fun</i>	<i>Medical Program</i> Addition of expenditures to support a contracted Behavioral Health Officer to support mental health response for the City Emergency Medical Services system.

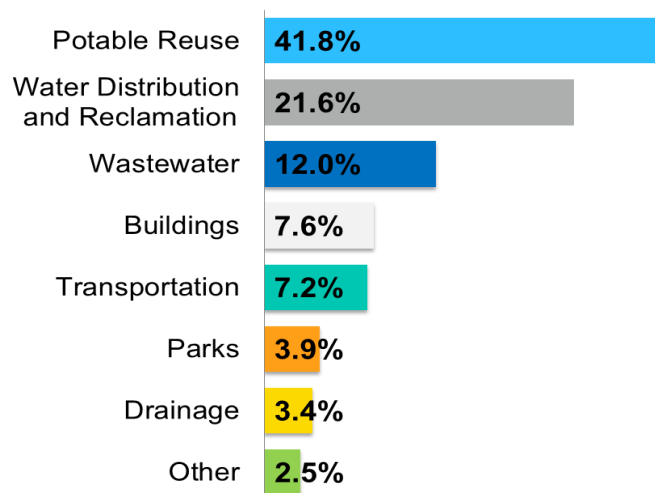
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<i>Fleet Operating Fund</i>	Addition of expenditures to support citywide compensation increases, fuel increases, and fleet repair and maintenance.
<i>Information Technology Fund</i>	Addition of one-time expenditures to support the transition of citywide IT fixed services.
<i>Low- and Moderate-Income Housing Asset Fund</i>	Addition of one-time non-personnel expenditures to support the Bridge to Home program.
<i>Metropolitan Sewer Utility Fund</i>	Addition of positions and expenditures associated with citywide compensation increases, monitor cliff erosion at the Point Loma Wastewater Treatment Plant, and Pure Water Phase 2.
<i>Municipal Sewer Fund</i>	Addition of positions and expenditures associated with citywide compensation increases, and to mitigate and prevent sanitary sewer spills.
<i>Recycling Fund</i>	Reduction of expenditures associated with the restructure of the Organics Waste Diversion Program to the General Fund and addition office space rent to reflect revised revenue projections.
<i>Refuse Disposal Fund</i>	Addition of expenditures to support citywide compensation increases, for landfill gas operations, and to support State Senate Bill 1383 - Organics Waste Diversion.
<i>Transient Occupancy Tax Fund</i>	Addition of expenditures to reimburse the General Fund for the safety and maintenance of visitor related facilities and to establish a regional film office.
<i>Water Utility Operating Fund</i>	Addition of positions and expenditures associated with citywide compensation increases, purchase of water, maintenance of dams and treatment plants, and Pure Water Operations.
<i>Wireless Communications Technology Fund</i>	Addition of one-time non-personnel expenditures to support a consolidated system manual for the City's wireless infrastructure system.

Capital Improvements Program Overview

The Fiscal Year 2023 Adopted CIP Budget for all funds is \$834.1 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.

Fiscal Year 2023 Adopted Budget by Project Type



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Conclusion

The Fiscal Year 2023 Adopted Budget continues to focus on the City's goals and make investments to address the City's various needs including: infrastructure, stormwater compliance, and climate action plan goals. This balanced budget includes funding to maintain current services and fund new critical expenditures. The Adopted Budget includes an increase of \$148.7 million in additional Major General Fund revenues from the continuing economic recovery from the COVID 19 pandemic and uses one-time funding from the American Rescue Plan Act. However, based on current projections, balancing the General Fund budget in future years will require further mitigations such as the suspension of the General Fund reserve contributions, use of reserves, reduction of transfers to the infrastructure fund, or identification of new revenue sources. Additional details are included throughout this Volume.