

**CITY COUNCIL OF THE CITY OF SAN DIEGO
SUPPLEMENTAL DOCKET NUMBER 3
MONDAY, MARCH 3, 2014, AT 2:00 PM
CITY ADMINISTRATION BUILDING
COUNCIL CHAMBERS – 12TH FLOOR
202 “C” STREET
SAN DIEGO, CA 92101**

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ADOPTION AGENDA, DISCUSSION, OTHER LEGISLATIVE ITEMS
RESOLUTIONS:

ITEM-S401: Approve the recommended budget adjustments as outlined in the Fiscal Year 2014 Mid-Year Budget Monitoring Report No. 14-020.

ITEM DESCRIPTION:

The FY 2014 Mid-Year Budget Monitoring Report presents year-end projections of revenues and expenditures for departments with budgeted staff. Year-end projections were developed using actual (unaudited) data from July 2013, through December 2013, which provides six accounting periods of actual activity and departments' anticipated spending trends for the remaining six periods of this fiscal year. This report includes discussion of year-end revenue and expenditure projections that vary from the FY 2014 current budget by \$0.5 million or more as well as discussion of departments where the current vacancy rate significantly exceeds the budgeted vacancy rate.

STAFF'S RECOMMENDATION:

Adopt the following resolution:

(R-2014-525)

Authorizing the Chief Financial Officer to revise the Fiscal Year 2014 Budget, in accordance with Report No. 14-020 and the Memorandum, as follows:

1. Adjust General Fund (100000) expenditure appropriations and revenue budget by up to \$17,900,000, as follows:
 - a. Increase revenue appropriations by up to \$17,900,000 in Major General Fund Revenues Department (9911),
 - b. Increase expenditure appropriations by up to \$6,800,000 in the Police Department (1914),
 - c. Increase expenditure appropriations by up to \$6,600,000 in the Citywide Program Expenditures Department (9912),
 - d. Increase expenditure appropriations by up to \$2,100,000 in the Fire-Rescue Department (1912),
 - e. Increase expenditure appropriations by up to \$1,700,000 in the Public Works – Engineering and Capital Projects Department (2112), and
 - f. Increase expenditure appropriations by up to \$700,000 in the Park and Recreation Department (1714).
2. Increase the Development Services Fund (700036) expenditure appropriations and revenue appropriations by up to \$1,800,000.
3. Increase the Fleet Services Operating Fund (720000) expenditure appropriations and revenue appropriations by up to \$1,200,000.
4. Increase the Fire/EMS Transportation Program Fund (200227) expenditure appropriations by up to \$600,000 from available fund balance.
5. Increase General Fund (100000) expenditure appropriations by up to \$22,914,220 from the Fiscal Year 2014 projected excess equity, as follows:
 - a. Increase expenditure appropriations by up to \$10,100,000 in Citywide Program Expenditures Department (9912) to support the FY15 required contribution to the Public Liability Reserve,
 - b. Increase expenditure appropriations by up to \$3,200,000 in Citywide Program Expenditures Department (9912) to support the anticipated expenditures in the Public Liability Pay-Go,

c. Increase expenditure appropriations by up to \$3,000,000 in the Transportation and Storm Water Department (2116) to support the transfer to the CIP project for the South Chollas Landfill Improvements,

d. Increase expenditure appropriations by up to \$2,000,000 in the Police Department (1914) to support the purchase of body worn cameras and associated IT costs,

e. Increase expenditure appropriations by up to \$1,250,000 in the Economic Development Department (1316) as a potential loan to the Successor Agency for cost over-runs in Phase I of the North Embarcadero Visionary Plan,

f. Increase General Fund (100000) expenditure appropriations by up to \$1,200,000 per the allocation distribution of Long-Term Disability in the FY14 budget in General Fund Departments to support the FY 2015 required contribution to the Long-Term Disability Fund reserves,

g. Increase expenditure appropriations by up to \$664,970 to support implementation and enforcement costs of the Neighborhood Parking Protection Ordinance in the following departments:

- \$511,970 in the Police Department (1914) for eight Police Investigative Service Officers, related vehicle assignment and usage rates, and computers and cameras for the new vehicles,
- \$83,000 in the City Treasurer's Office (1516) for online system maintenance, payment processing, two Public Information Clerks, related non-personnel expenditures for the additional staff, and online permitting software, and
- \$70,000 in the Transportation and Storm Water Department (2116) for signage.

h. Increase expenditure appropriations by up to \$420,000 in the Fire-Rescue Department (1912) to support the transfer to the CIP project for a temporary fire station on Skyline Drive and Sychar Road.

i. Increase expenditure appropriations by up to \$300,000 in the Office of the City Attorney (1211) to support the over budget personnel cost expenditures,

j. Increase expenditure appropriations by up to \$258,000 in the Department of Information Technology (1314) to support the non-personnel expenditures required to upgrade the City's website,

- k. Increase expenditure appropriations by up to \$200,000 to the Fire-Rescue Department (1912) for the outfitting of 34 new Lifeguard vehicles,
 - l. Increase expenditure appropriations by up to \$182,000 in the Police Department (1914) to support personnel and associated non-personnel expenditures for 9 Police Recruits in the May 2014 academy,
 - m. Increase expenditure appropriations by up to \$71,250 in the Park and Recreation Department (1714) to support the personnel and non-personnel expenditures required to support weekend overnight camping at the Kumeyaay Campground, and \$10,000 in revenue appropriations,
 - n. Increase expenditure appropriations by up to \$60,000 in the Park and Recreation Department (1714) to support a lighting upgrade project at the Mission Trails Visitor Center, and
 - o. Increase expenditure appropriations by up to \$8,000 in the Personnel Department (1212) to support NEOGOV technology improvements.
6. Increase the Fleet Services Operating Fund (720000) expenditure appropriations and revenue appropriations by up to \$200,000, from a transfer of funds from the Fire-Rescue Department (1912), in the General Fund (100000), to support the outfitting of the new lifeguard vehicles.
7. Transfer \$3,420,000 from the General Fund (100000) for Capital Improvements Program (CIP) projects, of which \$3,000,000 is from the Transportation and Storm Water Department (2116) for the South Chollas Landfill Improvements (S-00684) and \$420,000 is from the Fire-Rescue Department (1912) for the temporary fire station on Skyline Drive and Sychar Road, to the General Fund Contributions to the CIP Fund (400265),
8. Increase the Fiscal Year 2014 Capital Improvements Program Budget and appropriate and expend \$3,420,000, as follows:
- a. \$3,000,000 in South Chollas Landfill Improvements (S-00684) from General Fund Contributions to the CIP Fund (400265), and
 - b. \$420,000 in the temporary fire station on Skyline Drive and Sychar Road CIP Project (S-00687) from General Fund Contributions to the CIP Fund (400265).

STAFF SUPPORTING INFORMATION:

FISCAL CONSIDERATIONS:

The General Fund is projected to end the fiscal year with \$28.4 million of revenues in excess of expenditures. This projection represents a \$50.8 million budgetary surplus, an improvement from the FY 2014 budget that assumed the use of \$22.4 million of fund balance. The budgeted use of fund balance supported various one-time expenditures as well as the non-pensionable compensation increases approved in the five-year agreements with the City's six recognized employee organizations. There are many factors contributing to the projected surplus, however, the primary factor is over budget revenues of \$39.0 million as a result of the dissolution of the Redevelopment Agency (RDA). Of this amount, approximately \$34.9 million is one-time revenue.

Of the \$50.8 million projected budgetary surplus, \$37.0 million is available for appropriation after taking into consideration the loan to the Successor Agency and the 14.0 percent General Fund reserve requirement approved by City Council on February 10, 2104 (R-308740). Of this amount, \$20.9 million of Excess Equity, as defined in the revised General Fund Reserve Policy, is recommended to be appropriated for critical expenditures this fiscal year. The remaining \$16.1 million, or 1.5 percent, is recommended to remain unappropriated to account for variances in projected financial activity through the end of the fiscal year as a buffer to maintain the 14.0 percent General Fund reserve target.

PREVIOUS COUNCIL AND/OR COMMITTEE ACTION:

- This item was heard by the Budget and Government Efficiency Committee on February 26, 2014.

ACTION: Motion by Council President Pro Tem Lightner, second by Council President Gloria, to forward to full City Council without a recommendation. In addition, Committee Members requested that the Independent Budget Analyst evaluate whether the proposed expenditures can be fully achieved in this fiscal year.

VOTE: 5-0; Gloria-yea, Lightner-yea, Faulconer-yea, Kersey-yea, Alvarez-yea.

- This item will be heard at City Council on March 3, 2014. This item does not require two Council hearings and will be amending the budget via resolution.

Canizal/Chadwick

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