



2014

PROPOSED BUDGET

 City of San Diego
MAYOR BOB FILNER

April 16, 2013

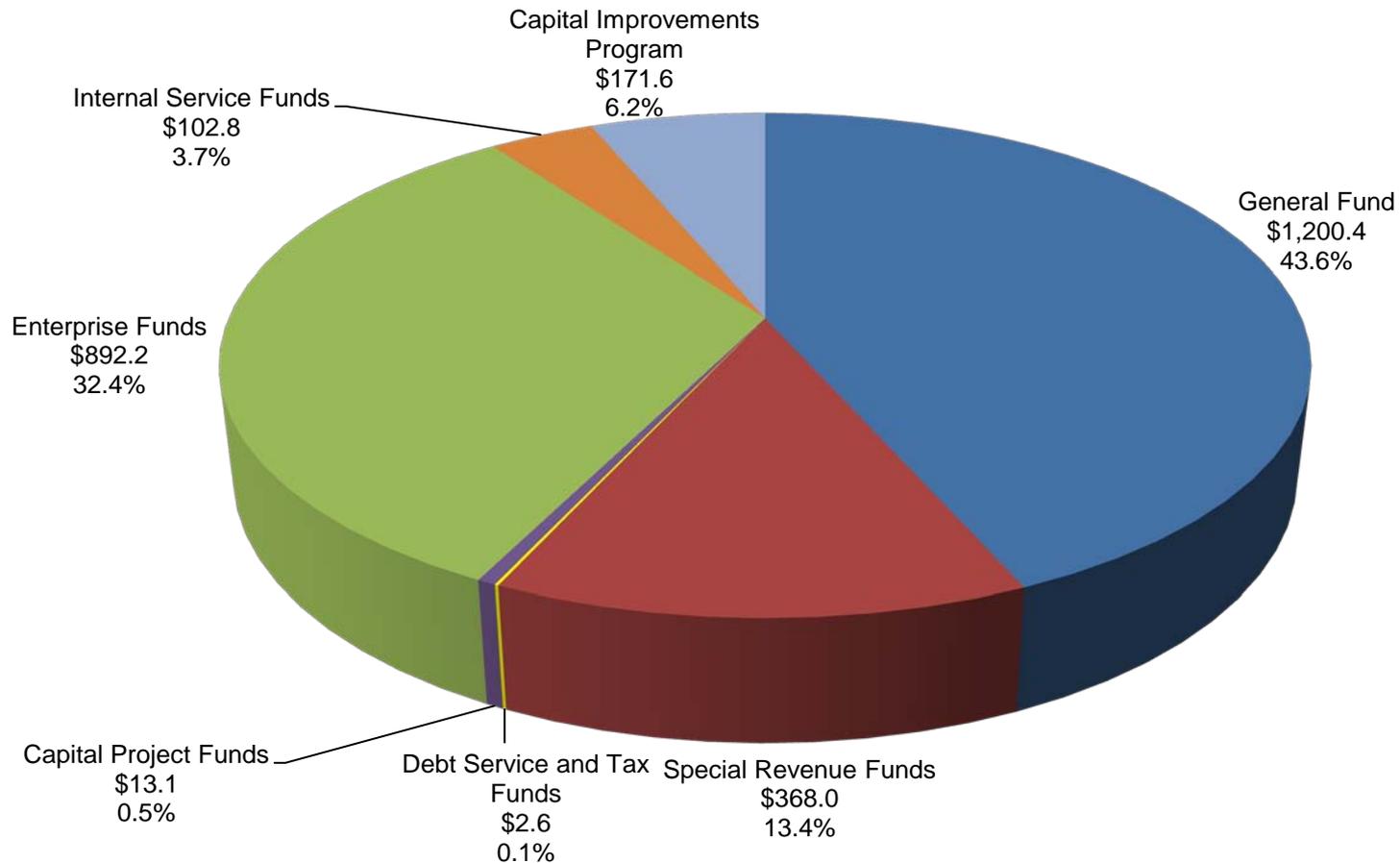


Fiscal Year 2014 Proposed Budget

- Transitional Budget
- Begins to address the priorities of Mayor Filner
- Limited by the inherited General Fund deficit of \$38.4 million and time required to change the culture and priorities of the organization
- Provides modest neighborhood advancements, focusing primarily on the following priorities:
 - Neighborhood services, including neighborhood infrastructure
 - Public safety needs



Citywide Proposed Budget - \$2.75 Billion (in millions)





Total City Expenditure Changes Fiscal Years 2013 - 2014

Fund Type	FY 2013 Adopted Budget	FY 2014 Proposed Budget	Change	Percent Change
General Fund	\$ 1,163,942,747	\$ 1,200,367,373	\$ 36,424,626	3.1%
Special Revenue Funds	360,888,249	367,951,913	7,063,664	2.0%
Debt Service & Tax Funds	1,036,617	2,630,000	1,593,383	153.7%
Capital Project Funds	11,470,515	13,136,289	1,665,774	14.5%
Enterprise Funds	904,284,822	892,158,010	(12,126,812)	(1.3)%
Internal Service Funds	95,601,567	102,836,607	7,235,040	7.6%
Capital Improvements Program (CIP)	214,917,343	171,619,599	(43,297,744)*	(20.4)%
Total	\$ 2,752,141,860	\$ 2,750,699,791	\$ (1,442,069)	(0.1)%

* The FY 2014 CIP Proposed Budget decreased by \$43.3 million primarily due to the availability of prior-year continuing appropriations for water pipeline replacement and other projects. 4

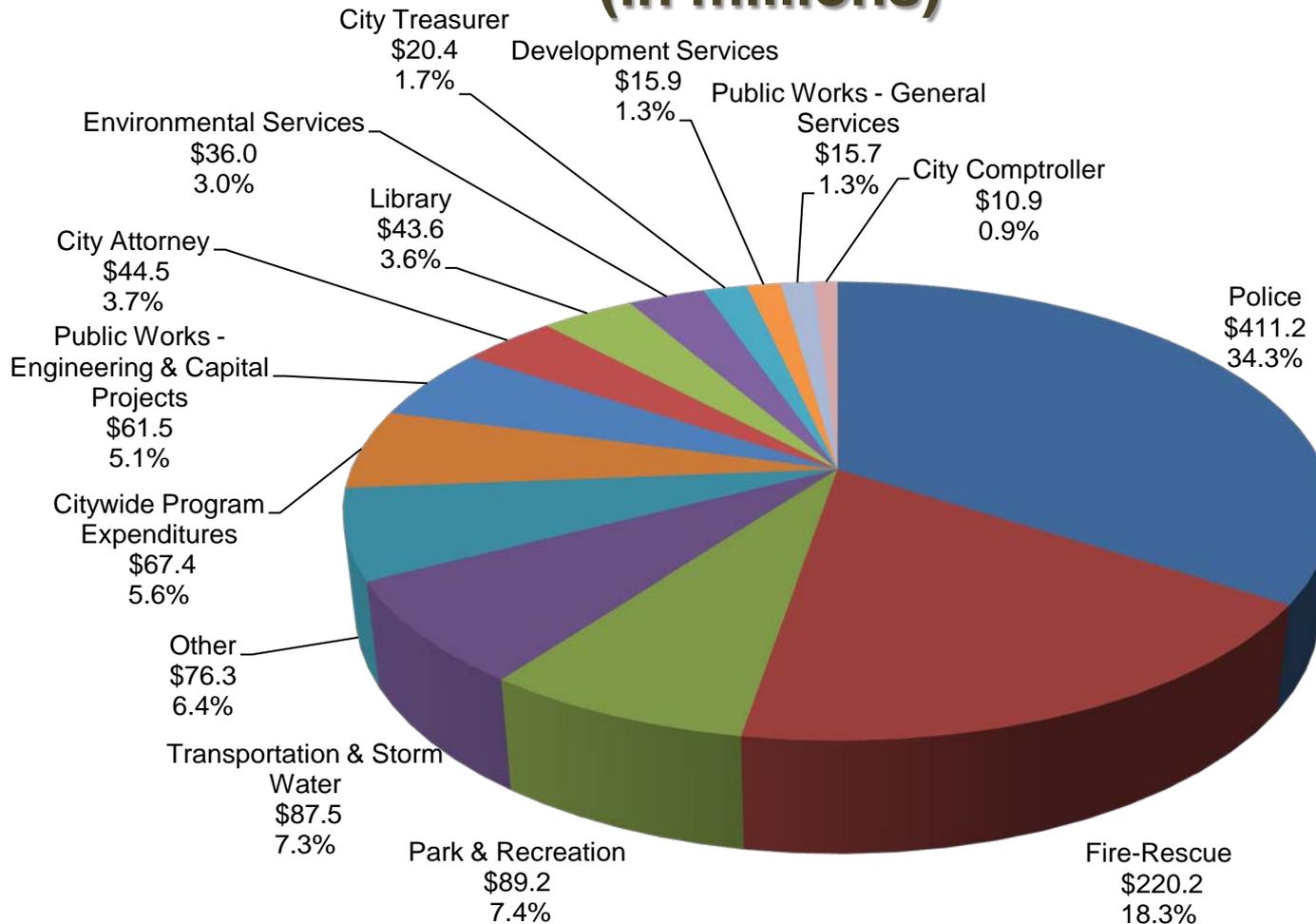


Total City FTE Position Changes Fiscal Years 2013 - 2014

Fund Type	FY 2013 Adopted Budget	FY 2014 Proposed Budget	Change	Percent Change
General Fund	7,152.15	7,212.44	60.29	0.8%
Special Revenue Funds	232.64	231.36	(1.28)	(0.6)%
Enterprise Funds	2,375.99	2,354.19	(21.80)	(0.9)%
Internal Service Funds	296.64	295.32	(1.32)	(0.4)%
Other Funds	62.00	64.00	2.00	3.2%
Total	10,119.42	10,157.31	37.89	0.4%



General Fund Expenditures - \$1.20 Billion (in millions)





Corrective Actions From Five-Year Outlook (in millions)

Expenditures

Third Deferred Capital Bond Issuance	\$(5.6) M
Storm Water CIP General Fund Contribution (one-time)	(2.9) M
Public Liability Contribution	(2.1) M
Deferred Capital Principal from Capital Outlay*	(1.7) M
City Attorney's Office Reduction (13.00 FTEs)	(1.4) M
Property Tax Administration Fee	(1.0) M
O&M Funding for Deferred Capital	(1.0) M

Revenues

SDG&E 2007 Wildfires Settlement (one-time)	\$21.6 M
Major Revenue	2.3 M
Redevelopment Property Tax Trust Fund	3.1 M

Fund Balance

Transient Occupancy Tax Fund Balance+*	\$7.6 M
Fiscal Year 2013 Budgetary Surplus (one-time)	2.1 M
Police Decentralization Fund Balance*	1.4 M
Emergency Medical Services Fund Balance*	1.0 M

*Implemented over three years

†Includes one-time use of \$5.3 M and ongoing use of \$2.3 M over three years beginning in FY 2014



Neighborhood Advancements (in millions)

Neighborhood Services	<u>FTE</u>	<u>Cost</u>
• Deferred Capital O&M Support (PE/NPE)	9.00	\$ 3.2 M
• New Central Library* (PE/NPE)	4.50	\$ 2.4 M
• CIP Bond Debt Service (NPE)	–	\$ 2.0 M
• Penny for the Arts (NPE)	–	\$ 1.6 M
• Emergency Winter Shelter (NPE)	–	\$ 1.3 M
• Civic and Urban Initiatives Program (PE/NPE)	6.00	\$ 1.0 M
• New Park & Recreation Facilities and Acreage (PE/NPE)	7.79	\$ 0.9 M
• Community Plan Updates and Special Projects (NPE)	–	\$ 0.8 M
• Tree Trimming (NPE)	–	\$ 0.5 M
• 2015 Celebration in Balboa Park (PE)	3.00	\$ 0.4 M
• Balboa Park Traffic Management Plan (NPE)	–	\$ 0.3 M
• Library Public Use Computers (NPE)	–	\$ 0.2 M
• Citywide Bike Program (PE)	1.00	\$ 0.1 M
• Property Value Protection Ordinance* (PE)	1.00	\$ 0.1 M
• Winter Restroom Closures Restoration (PE)	0.22	\$ 6,974

*Cost offset by revenue (PE = Personnel Expenditure, NPE = Non-Personnel Expenditure)



Neighborhood Advancements (in millions)

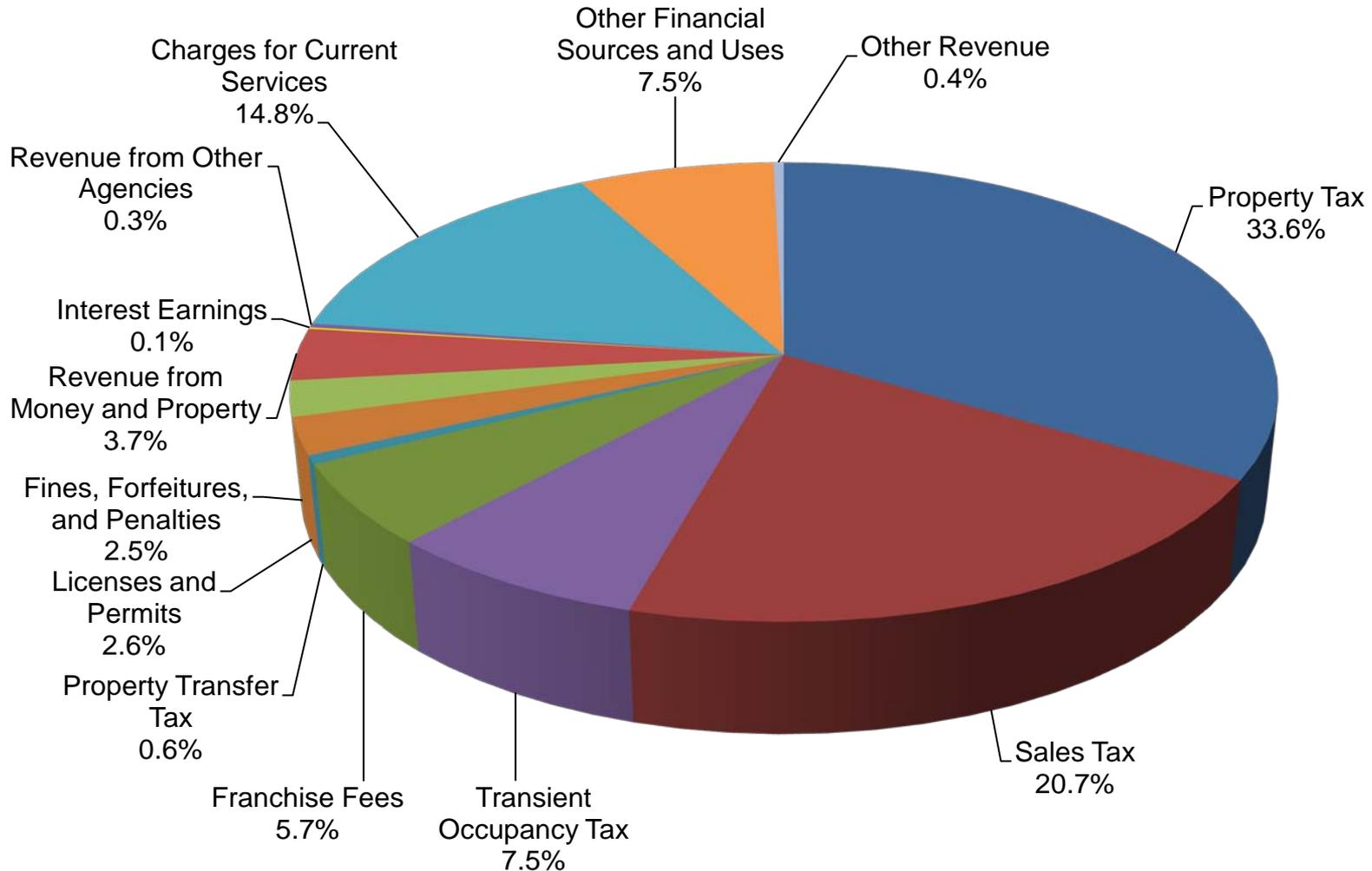
Public Safety	<u>FTE</u>	<u>Cost</u>
• Police Academy Recruits (PE/NPE)	16.00†	\$ 1.2 M
• Police Equipment (NPE)	–	\$ 1.1 M
• Fire Vacancy Savings (PE)	–	\$ 0.5 M
• Lifeguard Cliff Rescue Vehicle (NPE)	–	\$ 0.5 M
• Lifeguard Hourly Staff Support (PE)	12.00	\$ 0.4 M
• Fire Dispatching* (PE)	3.00	\$ 0.3 M
Other Significant Adjustments	<u>FTE</u>	<u>Cost</u>
• Storm Water Permit/TMDL Compliance (PE/NPE)	2.00	\$ 2.2 M
• Supplemental Cost of Living Adjustment (COLA) (PE)	–	\$ 1.9 M
• Engineering Storm Water Compliance* (PE)	4.00	\$0.4 M
• Facilities Vacancy Savings (PE)	–	\$ 0.3 M
• MTS Bus Passes for Students Program (NPE)	–	\$ 0.2 M

† Positions/8.67 FTE

*Cost offset by revenue (PE = Personnel Expenditure, NPE = Non-Personnel Expenditure)



General Fund Revenues - \$1.20 Billion





Major Revenue Projections

- FY 2014 Proposed Budget is based on FY 2013 year-end revenue projections
- Incorporates a wide variety of economic data and assumptions to forecast revenue amounts



Economic Indicators

- San Diego's unemployment rate was 8.0 percent as of February 2013, a decrease of 1.4 percent from 9.4 percent as of February 2012
- San Diego's consumer confidence index has increased 17.0 percent over the past twelve months (as of November 2012) from an index level of 63.59 to 76.56
- Consumer spending in the City of San Diego on taxable items for the prior twelve months (as of September) has increased 5.2 percent when compared to the prior years



Economic Indicators

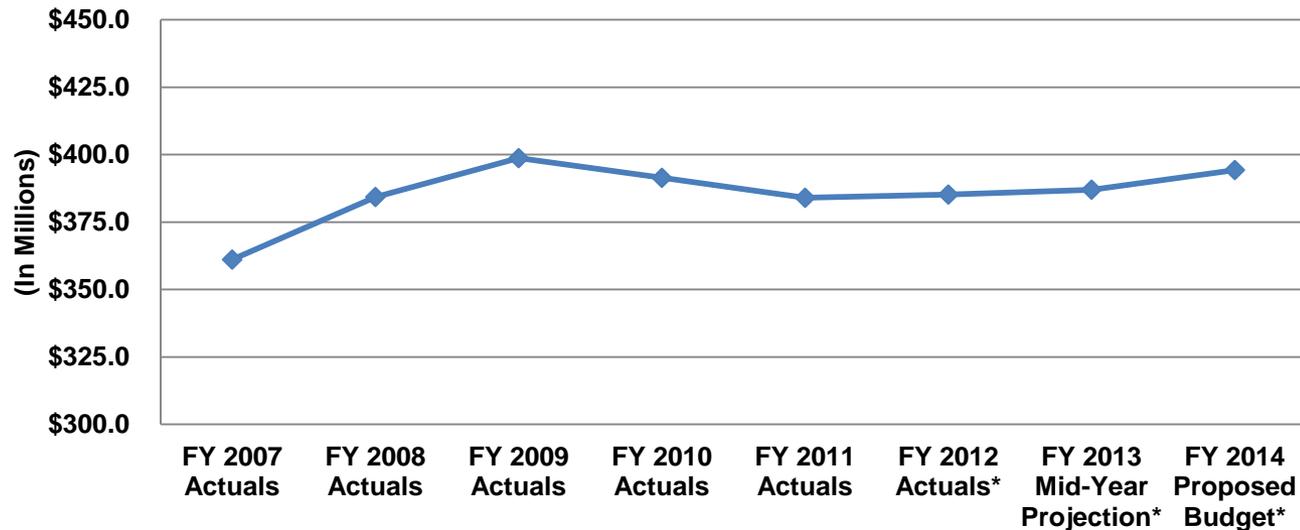
- Home sales in San Diego for the twelve month period (March 2012 – February 2013) increased 14.7 percent compared to the prior twelve month period
- Countywide foreclosures for the twelve month period (March 2012 –February 2013) totaled 6,464 which is a decline of 44.9 percent from the previous twelve month period
- Some uncertainty related to the impacts of sequestration



Property Tax Revenue

- FY 2014 Proposed Budget: \$402.2 million
(Includes pass-through and residual property tax sharing payments)
- Budgeted growth rate: 1.5 percent
- Economic Assumptions
 - Increase in California Consumer Price Index (CPI)
 - Increases in median home price and home sales

Property Tax Revenue - FY 2007-2014



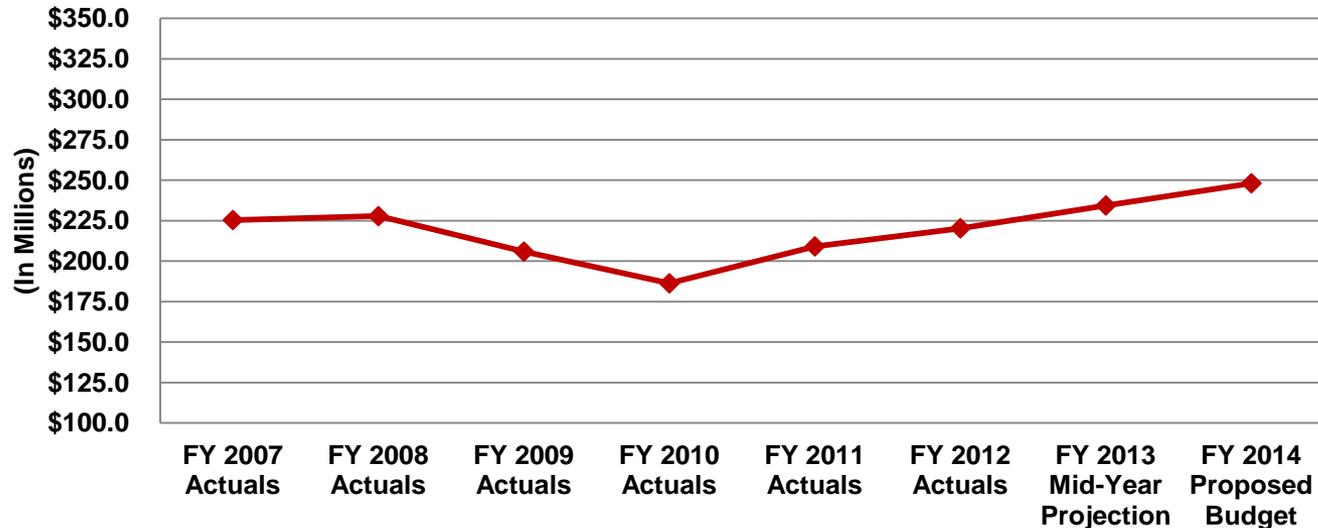
*Excludes pass-through and residual property tax sharing payments and Property Tax Administration Fee settlement



Sales Tax Revenue

- FY 2014 Proposed Budget: \$248.1 million
- Budgeted growth rate: 5.5 percent
- Economic Assumptions:
 - Projected increases in consumer confidence and spending
 - Projected increases in taxable sales in most categories

Sales Tax Revenue - FY 2007-2014





FY 2014 General Fund Reserves

	Amount	Percent of FY 2014 Proposed Revenues
FY 2013 Projected Budget Surplus	\$ 4,227,787	
Re-Budget for FY 2014 from FY 2013 Surplus ¹	(1,885,090)	
FY 2014 Projected Use of FY 2013 Fund Balance from FY 2013: ²		
Police Equipment	(1,100,000)	
Lifeguard Cliff Rescue Vehicle	(500,000)	
Balboa Park Traffic Management Plan	(300,000)	
MTS Youth Bus Passes	(200,000)	
Remaining Balance from FY 2013 Surplus	242,697	
FY 2014 Projected Reserves and Fund Balance³	\$ 154,276,728	12.9 %
Potential Use of Fund Balance for “Claw-back” Provision	(28,000,000)	
FY 2014 Revised Projected Reserves and Fund Balance	\$ 126,276,728	10.6 %

1. Includes \$1.4 million for City Council Community Projects, Programs, and Services and \$0.5 million for Community Plan Updates re-budgeted from FY 2013 budgetary surplus.
2. Includes items not approved by City Council from FY 2013 Mid-Year budgetary surplus with the exception of MTS Youth Bus Passes of \$0.2 million which is offset by a \$0.2 million reduction for the Mission Trails Regional Park – Kumeyaay Campground and Visitors Center.
3. The percentage of General Fund Reserves and Fund Balance is calculated based on overall General Fund revenues.



FY 2014 Proposed CIP Budget Overview

- Proposed budget of \$171.6 million
 - Establishes 12 new projects
 - Adds funding to 95 continuing projects
 - Part of the City's approximately \$6.26 billion multi-year program



Conclusions

- Impacts of a five-year labor agreement on the Pension ARC could offset the use of one-time revenue sources (Estimated General Fund savings for FY 2014 and FY 2015 is \$40 million and total City \$52.1 million)
- Mayor will be reviewing all City operations in anticipation of the FY 2015 Proposed Budget with a focus on replacing one-time resources used in FY 2014 with ongoing resources



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