

# Mayor's May Revision to the Fiscal Year 2016 Proposed Budget

May 21, 2015

# Highlights

- A net \$28.9 million increase in General Fund appropriations
  - Primarily funded by an increase of \$4.9 million in Property Tax and Transient Occupancy Tax (TOT) revenue
  - 881,098 in User Fee revenue from various departments
  - The use of \$20.8 million in Excess Equity for reserves, including Public Liability
- Pension Payment Stabilization Reserve Trust
- Net total of 45.56 additional Full-Time Equivalent (FTE) positions are being added to the General Fund budget (Citywide is 100.06 FTE positions)
- New infrastructure expenditure additions are \$42.8 million
  - \$6.9 million above the Mayor's pledge to dedicate 50 percent of all new major General Fund revenue growth
- Incorporates budgetary changes associated with San Diego Works Proposals
- General Fund reserve projection at 14.0%

# General Fund Overview

(\$ in millions)

	Revenues (Sources)	Expenditures
	<hr/>	<hr/>
FY 2016 Proposed Budget	\$ 1,274.6	\$1,275.7
May Revision Adjustments	8.2	28.9
FY 2015 Excess Equity *	21.8	0.0
Revised FY 2016 Budget	<hr/> \$1,304.6	<hr/> \$1,304.6

\* \$15.0 million for Pension Payment Stabilization Reserve Trust, \$5.8 million to fund the Public Liability Fund Reserve, and \$975,300 allocated to Community Projects, Programs, and Services

# Projected Excess Equity & PL Reserve

(\$ in millions)

## Excess Equity

<b>FY 2015 Projected Excess Equity</b>	<b>\$21.8</b>
Community Projects, Programs, & Services	(1.0)
Public Liability Reserve Contribution	(5.8)
Pension Payment Stabilization Reserve Contribution	(15.0)
<b>FY 2016 Projected Excess Equity</b>	<b>\$0.0</b>

## Public Liability Reserve

<b>FY 2015 Projected Public Liability Reserve*</b>	<b>\$37.9</b>	<b>40.0%</b>
Excess Equity Contribution	5.8	
Fiscal Year 2016 Budgeted Contribution	0.9	
<b>FY 2016 Projected Public Liability Reserve</b>	<b>\$44.6</b>	<b>47.0%</b>

\*Includes an additional \$3.4 million contribution projected in the FY2015 Year-End Projection



# GF Ongoing Resources

(\$ in millions)

## Ongoing Resource - \$7.9

➤ Property Tax (5.0% Growth Rate)	\$2.7
➤ Transient Occupancy Tax (TOT 6.0% Growth Rate)	2.2
➤ TOT Reimbursement (Tourism-Related)	1.1
➤ User Fee Adjustments*	0.9
➤ San Diego Works Proposals	0.2
➤ Other Minor Adjustments	0.8

\*Includes \$15,212 in fees not approved by City Council on May 19, 2015

# GF Ongoing Uses

(\$ in million)

## Ongoing Uses - \$3.8

- Expansion of Hours for 20 Recreation Centers (25.0 FTEs) (45 to 60 hrs) \$1.2
- Overhead Support Costs and JPA Cost Allocation 0.4
- Council Approved Sick Leave for Hourly Employees (AB 1522) 0.4
- Council District's Budgets Adjustment 0.3
- Contract Compliance (3.00 FTEs) 0.3
- Library Materials 0.2
- Background Checks and Online Hiring Center (2.0 FTEs) 0.1
- Program Manager for Balboa Park and Mission Bay (1.0 FTE) 0.1
- Performance Dashboard/Open Budget Tool 0.1

# GF Ongoing Uses

(\$ in million)

## Ongoing Uses (cont.)

➤ Deputy City Attorney for Charter Review Committee (1.00 FTE)	\$0.1
➤ Reimbursable Assistant Traffic Engineer for Community Parking Districts (1.00 FTE)	0.1
➤ Reimbursable Assistant Traffic Engineer for Active Transportation Planning (1.00 FTE)	0.1
➤ Horticulturist for Water Conservation and Irrigation (1.00 FTE)	0.1
➤ City Auditor Salary Increase and 1.00 IT Auditor (Offsetting NPE) as recommended by the Audit Committee	0.0
➤ Other Adjustments	0.3

# GF One-Time Resources and Uses

(\$ in million)

## One-Time Resources - \$21.6

➤ FY 2015 Year-End Excess Equity	\$20.8
➤ TOT Fund Balance	0.8

## One-Time Use - \$25.7

➤ Pension Payment Stabilization Reserve Trust (Citywide \$19.6 million)	\$15.0
➤ Prefund Public Liability Reserve (47% target level)	6.7
➤ Election Funding	1.8
➤ Repairs of Libraries and Park & Recreation Facilities	1.7
➤ Kinder Morgan Litigation	0.4
➤ Ward Canyon Park	0.1





# Non-General Fund Adjustments

- Sewer Funds and Water Utility Operating Fund
  - Reduction of \$20.6 million for Water Purchases
  - Addition of 26.00 FTE positions and \$14.7 million in associated expenditures to support the Advanced Metering Infrastructure (AMI) project
  - Addition of 6.00 FTE positions and \$11.7 million in expenditures to support the Pure Water Program
  - Addition of 9.00 FTE positions and \$798,871 in expenditures to support the enforcement of water use

# Fiscal Year 2016-2020 Five-Year Financial Outlook Updated for FY 2016 May Revise

(\$ in millions)

GENERAL FUND REVENUES	Fiscal Year 2016 Outlook Version	FY 2016 Budget	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
<b>GENERAL FUND REVENUES</b>	\$ 1,241.4	\$ 1,282.8	\$ 1,287.8	\$ 1,331.4	\$ 1,374.0	\$ 1,413.1
GENERAL FUND EXPENDITURES	Fiscal Year 2016 Outlook Version	FY 2016 Budget	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
<b>Personnel Expenditures</b>	\$ 844.8	\$ 878.6	\$ 877.5	\$ 883.2	\$ 882.7	\$ 874.5
<b>Non-Personnel Expenditures</b>	\$ 338.1	\$ 425.9	\$ 369.1	\$ 383.4	\$ 413.7	\$ 422.1
<b>GENERAL FUND EXPENDITURES</b>	\$ 1,182.9	\$ 1,304.6	\$ 1,246.6	\$ 1,266.6	\$ 1,296.3	\$ 1,296.7
<b>UPDATED SURPLUS / (DEFICIT)</b>	\$ 58.5	\$ (21.8)	\$ 41.2	\$ 64.8	\$ 77.7	\$ 116.4
Use of Fund Balance for CPPS	\$ -	\$ 1.0	\$ -	\$ -	\$ -	\$ -
Use of Fund Balance for Pension Stability Reserve	\$ -	\$ 15.0	\$ -	\$ -	\$ -	\$ -
Use of Fund Balance to Prefund Public Liability Reserve	\$ -	\$ 5.8	\$ -	\$ -	\$ -	\$ -
<b>UPDATED NET SURPLUS / (DEFICIT)</b>	\$ 58.5	\$ -	\$ 41.2	\$ 64.8	\$ 77.7	\$ 116.4
<b>NOVEMBER BASELINE SURPLUS / (DEFICIT)</b>	\$ 58.5	\$ -	\$ 89.3	\$ 109.5	\$ 132.0	\$ 164.1
<b>CHANGE FROM NOVEMBER OUTLOOK</b>	\$ -	\$ -	\$ (48.1)	\$ (44.7)	\$ (54.3)	\$ (47.7)

# Capital Improvements Program (CIP)

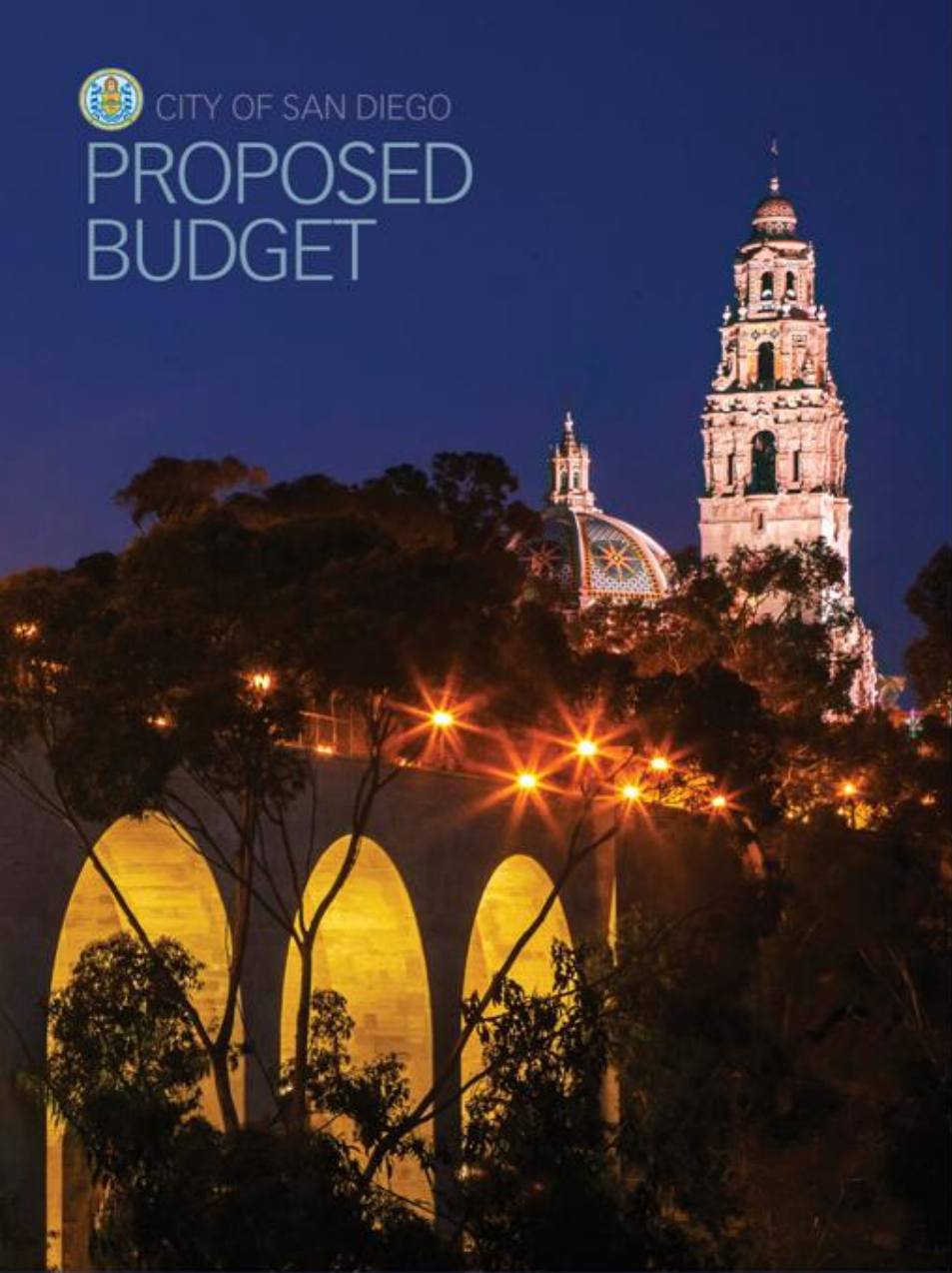
- The CIP budget increased by \$28.0 million from the Fiscal Year 2016 Proposed CIP Budget of \$338.3 million
- The revised Fiscal Year 2016 CIP Budget is \$366.2 million
- Adjustments are primarily due to identification of additional funding and re-prioritizations of CIP funds

# Hiring and Recruitment Plan

- Management and Personnel are working to improve recruitment and hiring process
- Staff began working with Personnel to ensure coordination and tasks of hiring process began this fiscal year
  - List of job classifications for newly added positions provided to Personnel for assessment
  - Hiring priorities have already begun with Personnel
- Financial Management identified a process improvement for unclassified positions
  - One consolidated action to the Civil Service Commission and City Council for approval
  - Will save weeks filling these positions
- Financial Management and Personnel will be providing a citywide training on creating new positions in early June

# Conclusion

- General Fund remains balanced
- Proposes the use of Excess Equity, contingent upon its availability, to prefund the Public Liability Reserve and to establish the General Fund portion of a new Pension Payment Stabilization Reserve Trust
- General Fund reserve projection at 14.0%



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