



THE CITY OF SAN DIEGO  
**REPORT TO THE CITY COUNCIL**

**Report No:** 13-045

**Date Issued:** May 21, 2013

**City Council Meeting Date:** May 22, 2013

**Subject:** Fiscal Year 2013 Year-End Budget Monitoring Report

**Requested Action:** Accept the Fiscal Year 2013 Year-End Budget Monitoring Report and Approve the Requested Appropriation Adjustments.

## Fiscal Year 2013 Year-End Budget Monitoring Report

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The following report presents projections of year-end revenues and expenditures for the General Fund and other funds with budgeted personnel. Projections were developed using actual (unaudited) data from July 2012 through March 2013, which provides nine accounting periods of activity and departments' projected spending trends for the remainder of Fiscal Year 2013. This report includes discussion of year-end revenue and expenditure projections that vary from the Fiscal Year 2013 current budget by \$0.5 million or more.

Based on the current revenue and expenditure projections presented in this report, the projected budgetary surplus is \$17.0 million, increasing the Fiscal Year 2013 projected ending fund balance to \$170.0 million. The revised Fiscal Year 2013 projected ending fund balance of \$170.0 million is 14.5 percent of Fiscal Year 2013 projected revenues and exceeds the 8.0 percent reserve target by \$76.0 million.

## General Fund

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The Fiscal Year 2013 Adopted Budget included the use of \$12.7 million of Fiscal Year 2012 fund balance. Subsequent to the adoption of the budget, the City Council approved a payment of \$0.5 million to Civic San Diego which increased the total budgeted use of fund balance to \$13.2 million. The Fiscal Year 2013 Mid-Year Budget Monitoring Report (Mid-Year Report) projected General Fund expenditures to exceed revenues by \$7.7 million at fiscal year-end, which was \$5.5 million less than anticipated. As a result of the \$5.5 million budgetary surplus projected in the Mid-Year Report, City Council approved an expenditure appropriation increase of \$1.1 million for two downtown public restrooms (Portland Loos), the Balboa Park Centennial Celebration, and the extension of the emergency winter homeless shelter. These approved expenditure appropriation adjustments further increased the total budgeted use of fund balance to \$14.3

million. Table 1: FY 2013 Budgeted Use of Fund Balance displays the adjustments described above and other adjustments in the budget that have occurred this fiscal year.

<b>FY 2013 Budgeted Use of Fund Balance</b>			
<i>Table 1</i>		<i>in millions</i>	
Description	Revenue	Expenditures	Budgeted Use of Fund
<b>Fiscal Year 2013 Adopted Budget</b>	<b>\$ 1,151.2</b>	<b>\$ 1,163.9</b>	<b>\$ (12.7)</b>
Budget Adjustments through December (Accounting period 6)			
Civic San Diego	4.5	5.0	(0.5)
Planet Bids Software	0.2	0.2	-
<b>Current Budget as of December</b>	<b>\$ 1,155.9</b>	<b>\$ 1,169.1</b>	<b>\$ (13.2)</b>
Budget Adjustments through March (Accounting period 9)			
PTAF Revenues/Police CAD Project <sup>1</sup>	\$ 6.9	\$ 6.9	\$ -
Mid-Year Use of Surplus	-	1.1	(1.1)
Mid-Year Appropriation Adjustments	4.0	4.0	-
Subtotal	\$ 10.9	\$ 12.0	\$ (1.1)
<b>Current Budget as of March</b>	<b>\$ 1,166.8</b>	<b>\$ 1,181.1</b>	<b>\$ (14.3)</b>

<sup>1</sup>Property Tax Administration Fee (PTAF) revenue was refunded to the City for overpayments in FY 2011 and 2012. This one-time revenue was used to fund the Police Computer Aided Dispatch (CAD) Replacement Project per R-308028.

In addition to the \$1.1 million expenditure appropriation increase described above, the Mid-Year Report provided approval for adjustments to General Fund department budgets that were projecting revenues and expenditures that varied from the budget. Table 2: FY 2013 Mid-Year Report Appropriation Adjustments below reflects these adjustments.

<b>FY 2013 Mid-Year Report Appropriation</b>		
<i>Table 2</i>		
Fund/Department	Revenue Increase/(Decrease)	Expenditure
Major General Fund Revenue	\$ 1,270,000	\$ -
Real Estate Assets	1,000,000	-
Police	770,000	4,000,000
Fire-Rescue	260,000	2,000,000
Park and Recreation	700,000	1,000,000
Transportation and Storm Water	-	(2,150,000)
Development Services	-	(600,000)
Economic Development	-	(250,000)
General Fund Total	\$ 4,000,000	\$ 4,000,000

Based on the current year-end projections, it is anticipated that the fiscal year will end with \$2.7 million of revenues in excess of expenditures, as reflected in Table 3: Summary of FY 2013 General Fund Projections. This represents a \$17.0 million improvement from the Fiscal Year 2013 current budget that includes the use of \$14.3 million in fund balance as described above. Of

the \$17.0 million budgetary surplus, \$4.0 million was recommended for use in the Fiscal Year 2014 Proposed Budget and an additional \$10.0 million has been included in the Mayor’s May Revision to the Fiscal Year 2014 Proposed Budget. The remaining \$3.0 million of projected budgetary surplus will remain in the fund balance of the General Fund. The proposed use of surplus is discussed further in the General Fund Reserves section.

<b>Summary of FY 2013 General Fund Projections</b>				
<i>Table 3</i>	<i>in millions</i>			
<b>Revenue/Expenditures</b>	<b>Current Budget</b>	<b>Year-End Projection</b>	<b>Over/(Under) Budget</b>	<b>Variance %</b>
Projected Revenue	\$ 1,166.8	\$ 1,173.8	\$ 7.0	0.6%
Projected Expenditures	1,181.1	1,171.1	(10.0)	-0.8%
<b>Net Year-End Projection</b>	<b>\$ (14.3)</b> <sup>1</sup>	<b>\$ 2.7</b>	<b>\$ 17.0</b>	

<sup>1</sup>The FY 2013 Adopted Budget included the use of \$12.7 million of fund balance. Subsequent to the adoption of the budget, the City Council approved a payment of \$0.5 million to Civic San Diego which increased the total budgeted use of fund balance to \$13.2 million. An additional \$1.1 million was the result of the use of surplus presented in the Mid-Year Report and approved by City Council in R-308030. As a result of these actions, the current budget includes the use of \$14.3 million of fund balance.

**Summary of Changes from Current Budget**

General Fund revenues are projected to exceed the current budget by \$7.0 million. This over budget projection is comprised of an \$11.0 million surplus in General Fund major revenues and a \$4.0 million under budget projection in departmental revenues. The projected increase in General Fund major revenues can be primarily attributed to property tax, transient occupancy tax (TOT) and other major revenues offset by a decrease in sales tax and franchise fee revenue. Offsetting the over budget projection in major revenues are decreases in the Fire-Rescue, Public Works – General Services, Transportation and Storm Water, Park and Recreation and City Comptroller Departments.

Current General Fund expenditure projections are under budget by \$10.0 million primarily due to savings within contractual expenditures, personnel expenditures and the unspent appropriated reserve. Partially offsetting these under budget projections is the transfers out category which is projected to exceed the current budget.

**Summary of Changes from Mid-Year Report**

The current projected General Fund budgetary surplus of \$17.0 million is significantly improved from the budgetary surplus of \$5.5 million estimated in the Mid-Year Report. Table 4: Comparison of FY 2013 General Fund Projections illustrates the differences in the projections between the two reports. As displayed below, revenue projections have increased by \$7.2 million, while expenditure projections have decreased by \$3.2 million. The increase in revenues from the Mid-Year Report is primarily due to increased General Fund major revenues. The reduced expenditure projections are a result of \$5.3 million of decreased personnel expenditures and \$4.8 million of decreased contractual expenditures offset by an increase of \$7.0 million in the transfers out category.

<b>Comparison of FY 2013 General Fund Projections</b>				
<i>Table 4</i>	<i>in millions</i>			
<b>Revenue/Expenditures</b>	<b>Mid-Year Report</b>	<b>Year-End Report</b>	<b>Change Amount</b>	<b>Change %</b>
Projected Revenue	\$ 1,166.6	\$ 1,173.8	\$ 7.2	0.6%
Projected Expenditures	1,174.3	1,171.1	(3.2)	-0.3%
<b>Net Year-End Projection</b>	<b>\$ (7.7)</b>	<b>\$ 2.7</b>	<b>\$ 10.4</b>	

The remainder of this report provides detailed explanations of the variances highlighted above. Additionally, authorities are requested to bring the General Fund and other funds into balance at year-end. Also included are requests to close incomplete capital projects, de-appropriate capital projects with expired grant funding and de-appropriate excess funding in capital projects and fleet replacement funds. Furthermore, authority is requested to transfer funds among the Water and Sewer operating and CIP funds. Finally, authorities are included that are typically requested at year-end to maintain compliance with the City Charter and Municipal Code.

## GENERAL FUND RESERVES

The audited Fiscal Year 2012 ending fund balance for the General Fund was \$167.2 million. As described previously, the current budget includes the use of \$14.3 million of fund balance. Assuming the budgeted use of fund balance, the Fiscal Year 2013 budgeted ending fund balance would be \$153.0 million. Based on current revenue and expenditure projections presented in this report, the projected budgetary surplus is \$17.0 million, increasing the Fiscal Year 2013 projected ending fund balance to \$170.0 million, as reflected in Table 5: FY 2013 General Fund Reserve Estimates. The revised Fiscal Year 2013 projected ending fund balance of \$170.0 is 14.5 percent of Fiscal Year 2013 projected revenues and exceeds the 8.0 percent reserve target by \$76.0 million.

<b>FY 2013 General Fund Reserve Estimates</b>		
<i>Table 5</i>		<i>in millions</i>
Description	Amount	% of Revenue <sup>4</sup>
FY 2012 Ending Balance		
Unassigned Balance	\$ 108.7	
Emergency Reserve	58.5	
	Subtotal	<b>14.1%</b>
FY 2013 Budgeted Use of Fund Balance <sup>1</sup>	\$ (14.3)	
<b>FY 2013 Budgeted Ending Fund Balance</b>	<b>\$ 153.0</b>	<b>13.0%</b>
FY 2013 Projected Budgetary Surplus <sup>2</sup>	\$ 17.0	
<b>FY 2013 Projected Ending Fund Balance</b>	<b>\$ 170.0</b>	<b>14.5%</b>
FY 2014 Re-Budget from FY 2013 Savings <sup>3</sup>	\$ (13.9)	
<b>FY 2014 Projected Ending Fund Balance</b>	<b>\$ 156.0</b>	<b>13.0%</b>

<sup>1</sup>The FY 2013 Adopted Budget included the use of \$12.7 million of fund balance. Subsequent to the adoption of the budget, the City Council approved a payment of \$0.5 million to Civic San Diego which increased the total budgeted use of fund balance to \$13.2 million. An additional \$1.1 million was the result of the use of surplus presented in the Mid-Year Report and approved by City Council in R-308030. As a result of these actions, the current budget includes the use of \$14.3 million of fund balance.

<sup>2</sup>The FY 2013 projected budgetary surplus is illustrated in Table 3: Summary of FY 2013 General Fund projections.

<sup>3</sup>The list of items to be re-budgeted in FY 2014 is presented in Table 6: FY 2014 Re-Budget of FY 2013 Projected Budgetary Surplus.

<sup>4</sup>The reserve percentage is calculated based on revenues in the corresponding fiscal year.

The Fiscal Year 2014 Proposed Budget included the re-budgeting of \$4.0 million of the Fiscal Year 2013 projected budgetary surplus from the Mid-Year Report. The May Revision includes the re-budgeting of an additional \$10.0 million of the current Fiscal Year 2013 projected budgetary surplus of \$17.0 million. The total amount requested to be re-budgeted in Fiscal Year 2014 is \$13.9 million, reducing the Fiscal Year 2014 projected ending fund balance to \$156.0 million or 13.0 percent of revenues; this amount exceeds the 8.0 percent reserve target by \$60.0 million. After considering the Fiscal Year 2013 projected budgetary surplus and the Fiscal Year 2014 re-budget, the General Fund reserves are anticipated to increase by \$3.0 million, remaining well above the 8.0 percent reserve target through the end of Fiscal Year 2014. Table 6: FY 2014

Re-Budget of FY 2013 Projected Budgetary Surplus outlines the re-budgeted items described above.

**FY 2014 Re-Budget of FY 2013 Projected Budgetary Surplus**  
*Table 6*

**FY 2013 Projected Budgetary Surplus** **\$ 16,972,664**

Re-Budget included in FY 2014 Proposed Budget

Council Community Projects, Programs and Services (CPPS) <sup>1</sup>	\$ (1,385,090)
Community Plan Updates	(500,000)
Police Equipment	(1,100,000)
Lifeguard Cliff Rescue Vehicle	(500,000)
Balboa Park Traffic Management Plan	(300,000)
MTS Student Bus Passes	(200,000)
Subtotal	\$ (3,985,090)

Re-Budget included in FY 2014 May Revise

SAFE Expenditures	
Transportation & Storm Water	
City's Traffic Control System Upgrades	\$ (2,000,000)
Partial Funding for Changeable Message Signs	(383,459)
Police	
Helicopter Fuel	(650,000)
Gyro-stabilized Camera System for Helicopters	(640,000)
Various Traffic Related Equipment	(222,500)
Fire-Rescue	
Helicopter Equipment	(90,000)
Various Equipment for the Engines	(155,000)
AB 109 Police Overtime	(714,005)
Kinder Morgan Litigation	(700,000)
Adjustments to CPPS Budgets <sup>1</sup>	14,432
Additional Use of Surplus for FY 2014	(4,422,785)
Subtotal	\$ (9,963,317)

Total Recommended Use of FY 2013 Projected Surplus \$ (13,948,407)

**Remaining FY 2013 Projected Budgetary Surplus** **\$ 3,024,257**

<sup>1</sup>The re-budget of CPPS funds included in the FY 2014 Proposed Budget represents projected savings in City Council offices as reported in the Mid-Year Report. The current year-end projection for City Council offices has increased by \$14,432, reducing the amount available for FY 2014 CPPS budgets.

## GENERAL FUND REVENUES

The current General Fund revenue budget for Fiscal Year 2013 is \$1.2 billion. Revenues are projected to be over budget at year-end by \$7.0 million, or 0.6 percent. This is a \$7.2 million increase from the projection in the Mid-Year Report which is a result of the improved General Fund major revenues partially offset by decreases in departmental revenues. General Fund major revenues are projected to conclude the fiscal year at 1.3 percent or \$11.0 million over budget, primarily in property tax, TOT, and other major revenues offset by a decrease in sales tax and franchise fee revenue.

Departmental revenues are projected to be under budget by \$4.0 million, or 1.3 percent. The majority of the under budget projection for departmental revenues is attributable to the Fire-Rescue Department, which projects revenue to be under budget by \$2.2 million primarily due to a reduction in the transfer in of revenue from the Fire/EMS Transportation Program Fund. As a result of reductions in reimbursable work, the Public Works – General Services Department projects revenue to be under budget by \$0.8 million, the Transportation and Storm Water Department projects revenue to be under budget by \$0.7 million, and the Comptroller’s Office projects revenue to be under budget by \$0.6 million. Additionally, the Park and Recreation Department projects revenues to be under budget by \$0.7 million due to decreased TOT reimbursements of expenditures for the safety and maintenance of visitor related facilities. Offsetting the under budget projections, the City Treasurer Department projects to be over budget by \$0.8 million as result of increased Rental Unit Business Tax and Business Tax revenues and the Police Department projects to be over budget by \$0.8 million primarily due to the unanticipated receipt of Public Safety Realignment Act (AB 109) funds. In total, all other departments are projecting a decrease of \$0.6 million in revenue.

The following sections discuss the variances between revenue projections and the current budget for both major and departmental revenues. Table 7: FY 2013 General Fund Revenue Projections summarizes these revenue variances, which are also detailed in Attachment I: General Fund Projected Revenues.

<b>FY 2013 General Fund Revenue Projections</b>				
<i>Table 7</i>				<i>in millions</i>
<b>Revenue Source</b>	<b>Current Budget</b>	<b>Year-End Projection</b>	<b>Over/(Under) Budget</b>	<b>Variance %</b>
General Fund Major Revenues	\$ 854.3	\$ 865.3	\$ 11.0	1.3%
Departmental Revenue	312.5	308.5	(4.0)	-1.3%
<b>Total</b>	<b>\$ 1,166.8</b>	<b>\$ 1,173.8</b>	<b>\$ 7.0</b>	<b>0.6%</b>

### Major Revenues

The year-end projection for the General Fund major revenues is \$865.3 million, which is a 1.3 percent or \$11.0 million positive variance from the current budget, as reflected in Table 8: FY 2013 General Fund Major Revenue Projections. This year-end projection reflects an increase of

\$8.2 million from the Mid-Year Report mainly due to an increase in projected receipts within the property tax and other major revenues categories.

<b>FY 2013 General Fund Major Revenue Projections</b>				
<i>Table 8</i>	<i>in millions</i>			
<b>Revenue Source</b>	<b>Current Budget</b>	<b>Year-End Projection</b>	<b>Over/(Under) Budget</b>	<b>Variance %</b>
Property Tax	\$ 395.3	\$ 406.5	\$ 11.2	2.8%
Sales Tax	236.3	234.1	(2.2)	-0.9%
Transient Occupancy Tax <sup>1</sup>	81.7	82.9	1.2	1.4%
Franchise Fees <sup>2</sup>	70.0	66.4	(3.6)	-5.2%
Property Transfer Tax	6.4	6.5	0.1	2.3%
Motor Vehicle License Fees	-	0.7	0.7	100.0%
Other Major Revenue	64.7	68.3	3.6	5.6%
<b>Total</b>	<b>\$ 854.3</b>	<b>\$ 865.3</b>	<b>\$ 11.0</b>	<b>1.3%</b>

<sup>1</sup>Total City FY 2013 current revenue budget for transient occupancy tax is \$156.0 million and the projection is \$158.2 million. The balance is budgeted in the Transient Occupancy Tax Fund.

<sup>2</sup>Total City FY 2013 current revenue budget for franchise fees is \$133.2 million and the projection is \$127.5 million. The balance is budgeted in the Environmental Growth and Underground Surcharge Funds.

The General Fund major revenue projections are based on the most recent economic information and revenue distributions to the City. The primary contributor to the positive variance is the property tax revenue category, which is projected to end the fiscal year over budget by \$11.2 million primarily due to increased property tax distributions as a result of the dissolution of redevelopment agencies. TOT revenue is also contributing to the projected surplus as this category is anticipated to be over budget by \$1.2 million at the end of the fiscal year due to an increase in receipts through the first three quarters of the fiscal year. The projected overages in property tax and TOT are partially offset by projected decreases in franchise fees of \$3.6 million and sales tax of \$2.2 million. Additionally, motor vehicle license fees (MVLFF) are projecting to be \$0.7 million over budget while the other major revenue category is projecting to be over budget by \$3.6 million primarily as a result of the receipt of Service Authority for Freeway Emergencies (SAFE) funds.

When the Fiscal Year 2013 Adopted Budget for the General Fund major revenues was developed, it incorporated a projection of continuing improvement in the local, State and national economies for the fiscal year. While some of the General Fund major revenue categories are currently projecting to end the fiscal year under budget, the positive signs shown by local economic indicators during the development of the budget have continued through the first three quarters of the fiscal year as reflected in Table 9: Local Economic Indicators.

When compared to March 2012, the unemployment rate in the City of San Diego for March 2013 has dropped by 1.6 percent, while the total number of unemployed has decreased by 16.2 percent. There have also been significant decreases in foreclosures and notices of default when comparing the same time periods. In addition to local employment and real estate indicators showing improvement, the University of San Diego's (USD) Index of Leading Economic Indicators also reflects a positive change. This index provides a broader picture of the local



economy as it summarizes data across several areas, including building permits, unemployment, stock prices, consumer confidence, help wanted advertising, and the national economy.

**Local Economic Indicators**

*Table 9*

<b>Economic Indicator</b>	<b>March 2012</b>	<b>March 2013</b>	<b>% Change</b>
City of San Diego Unemployment	9.3%	7.7%	-1.6%
City of San Diego Number of Unemployed	66,100	55,400	-16.2%
USD Index of Leading Econ. Indicators	119.8	125.1	4.4%
San Diego County Home Sales	3,237	3808	17.6%
San Diego County Median Home Price	\$327,447	\$395,979	20.9%
San Diego County Foreclosures	716	320	-55.3%
San Diego County Notices of Default	1,773	669	-62.3%

Source: California Employment Development Department, DataQuick Information Systems, USD Index of Leading Economic Indicators, San Diego County Assessor/Auditor/Recorder's Office

With the current year-end projection for the General Fund major revenues slightly above budget, it remains evident that the local economy is continuing to improve, as displayed by local economic indicators in the table above. Although it is anticipated that this improvement in the local economy will continue through the remainder of Fiscal Year 2013, economic indicators will be closely monitored for potential impacts on the General Fund major revenues.

### **Property Tax**

The year-end projection for property tax revenue is \$406.5 million, which is an \$11.2 million or 2.8 percent increase from the current budget. The current year-end projection also reflects a \$4.8 million increase from the property tax projection included in the Mid-Year Report. The projected increase from both the current budget and the projection included in the Mid-Year Report is primarily due to increased property tax distributions as a result of the dissolution of redevelopment agencies.

The 1.0 percent base property tax year-end projection varies from the current budget by \$0.8 million due to a slight increase in property tax receipts and a projected decrease in refunds. In addition to the slight increase in the 1.0 percent base property tax projection, there is a \$10.4 million increase in projected property tax distributions as a result of the dissolution of redevelopment agencies. All of these components in the property tax projection result in a net projected surplus of \$11.2 million as displayed below in Table 10: FY 2013 Property Tax Revenue Projections.

<b>FY 2013 Property Tax Revenue Projections</b>				
<i>Table 10</i>				<i>in millions</i>
<b>Revenue Source</b>	<b>Current Budget</b>	<b>Year-End Projection</b>	<b>Over/(Under) Budget</b>	<b>Variance %</b>
1.0% Property Tax	\$ 387.1	\$ 387.9	\$ 0.8	0.2%
RPTTF Tax Sharing Pass-Through Payments <sup>1</sup>	-	3.3	3.3	100.0%
RPTTF Residual Property Tax	1.3	8.4	7.1	546.2%
PTAF Reimbursement	6.9	6.9	-	0.0%
<b>Total</b>	<b>\$ 395.3</b>	<b>\$ 406.5</b>	<b>\$ 11.2</b>	<b>2.8%</b>

<sup>1</sup>FY 2013 Adopted Budget includes \$2.5 million within the transfers in revenue category, however as a result of the dissolution of the RDA, this revenue is now being received from the Redevelopment Property Tax Trust Fund (RPTTF) and recognized as property tax revenue.

Approved assessed valuation appeals result in refunds of property taxes to the applying property owner and negatively impact the total projected property tax revenue to be received by the City. Since the release of the Mid-Year Report, Financial Management has continued to monitor and analyze property tax refund amounts from the apportionment reports released from the San Diego County Assessor/Recorder/County Clerk's Office. Current applications for assessed valuation reductions are lower than in Fiscal Year 2012, leading to lower total property tax refunds. As a result, the Fiscal Year 2013 year-end property tax projection includes a decrease of \$2.0 million in projected refunds, lowering the projected property tax refunds from \$5.5 million to \$3.5 million and thus increasing the total projected property tax receipts. Financial Management will continue to monitor refund activity for the remainder of the fiscal year.

The Fiscal Year 2013 Adopted Budget included a \$2.5 million tax sharing pass-through payment within the transfers in revenue category. However, as a result of the dissolution of the Redevelopment Agency (RDA), the tax sharing pass-through payment will be received as part of the Recognized Obligations Payment Schedule (ROPS) and will be recognized as property tax revenue. The Fiscal Year 2013 year-end property tax projection includes a total tax sharing pass-through payment of \$3.3 million from the former RDA based on previously approved ROPS. This is an increase of \$0.7 million from the mid-year projection. In addition to tax sharing pass-through payments, the City will be receiving residual property tax payments. The residual property tax payment is the City's proportionate share of funds remaining in the Redevelopment Property Tax Trust Fund (RPTTF) after ROPS requirements have been met. The year-end projection includes an anticipated residual property tax payment of \$8.4 million, a \$3.2 million increase from the Mid-Year Report. The increase to the year-end projection of pass-through and residual property tax payments are due to higher RPTTF funds available than previously anticipated.

It should be noted that the anticipated \$2.3 million residual property tax payment to be received by the City as a result of the first installment of the Housing Due Diligence Review (DDR) payment, will be loaned to the Successor Agency to make the second installment of the Housing DDR payment, and therefore is not included in the year-end projection for property tax. However, the \$0.5 million residual property tax payment to be received as a result of the second installment of the Housing DDR payment is included in the year-end projection. Financial

Management will monitor future RPTTF distributions and adjust the projected pass-through and residual property tax payments as necessary.

Also included in the year-end projection is \$6.9 million from the Property Tax Administration Fee (PTAF) reimbursement. This reimbursement was received by the City in November 2012 from the County of San Diego as a result of overcharged PTAF. The reimbursed PTAF will be used to replace the Police Department’s Computer Aided Dispatch (CAD) system.

**Sales Tax**

The year-end projection for sales tax is \$234.1 million, which is a \$2.2 million or 0.9 percent decrease from the current budget of \$236.3 million. The decreased year-end projection is mainly due to the State Board of Equalization’s estimated Fiscal Year 2013 triple-flip<sup>1</sup> payment to the City being lower than anticipated in the current budget. This year-end projection is also a \$0.3 million decrease from the sales tax projection included in the Mid-Year Report, primarily attributed to a slight dip in holiday season taxable sales.

Although the year-end projection for sales tax revenue is slightly lower than the current budget and holiday sales did not meet expectations, the City did experience positive growth in taxable sales throughout Fiscal Year 2012 and this trend has continued through the second quarter of Fiscal Year 2013.

According to the most recent (February 2013) forecast from the State Board of Equalization, year to year change in State-wide taxable sales are forecasted to grow 6.1 percent in the remaining quarter of Fiscal Year 2013. The City’s projected growth rate for the remainder of the fiscal year is unchanged from the Mid-Year Report at 5.3 percent which is based on the analysis of the most recently available sales tax receipts, and the current projected activity of key economic indicators. The unemployment rate for the City of San Diego has declined to 7.7 percent in March 2013 from 8.2 percent in December 2012, while the State of



Source: State of California, Employment Development Department

<sup>1</sup> Triple-flip is the State legislation under which local governments are required to shift one-quarter of 1.0 cent of the sales and use tax to the State in exchange for an equivalent amount of property tax.

California's unemployment rate also declined to 9.4 percent from 9.8 percent, respectively. Both the City and State unemployment rates remain above the national unemployment rate of 7.6 percent, as shown in Graph 1: Unemployment Rates. The strong correlation between jobs and sales tax revenue to the region provides further indication of overall economic growth and improving consumer confidence in San Diego.

### **Transient Occupancy Tax (TOT)**

The year-end projection for TOT is \$158.2 million, which is a \$2.2 million or 1.4 percent increase from the current budget of \$156.0 million, and a \$1.5 million decrease from the TOT projection included in the Mid-Year Report. The General Fund portion is \$82.9 million, which is a 1.4 percent or \$1.2 million positive variance from the current General Fund budget and a \$0.8 million decrease from the Mid-Year Report.

Although the year-end projection has decreased from the projection in the Mid-Year Report, the most recently released statistics indicate that visitor growth in the San Diego region during calendar year 2013 is projected to be 2.1 percent while overnight visitor growth is projected to be 1.1 percent. In addition, tourism dollars spent in San Diego brought on by air and maritime travelers is expected to increase in the last quarter of the fiscal year due to improvements in the economy. The San Diego International Airport recently re-launched a non-stop international flight between San Diego and Tokyo, Japan allowing the opportunity for growth in global tourism and business travel. Furthermore, additional local-related tourism dollars are projected as the cruise schedule prepared by the Port of San Diego indicates 57 cruise ship visits in the second half of the fiscal year, an increase from the 46 visits during the first half. Overall, the TOT projection for the year-end remains above the budgeted amount, an indication that the positive trend in tourism growth that began in Fiscal Year 2010 is expected to continue through Fiscal Year 2013.

### **Franchise Fees**

The year-end projection for franchise fees is \$66.4 million, which is a \$3.6 million or 5.2 percent decrease from the current budget amount of \$70.0 million. This is a \$0.1 million increase from the franchise fee projection included in the Mid-Year Report. The decreased year-end projection is primarily due to less SDG&E franchise fee revenue as a result of decreased natural gas prices. Franchise fee revenue is generated from agreements with refuse haulers and private utility companies in exchange for the use of the City's rights-of-way. Currently, the City has franchise agreements with SDG&E, Cox Communications, Time Warner Cable, AT&T, and refuse haulers. The revenue received from the agreements with SDG&E and the cable companies is based on a percentage of gross sales while the revenue received from refuse haulers is based on tonnage.

### **Property Transfer Tax**

The year-end projection for property transfer tax is \$6.5 million, which is a \$0.1 million or 2.3 percent increase from the current budget. This is a \$0.1 million decrease from the property transfer tax projection included in the Mid-Year Report. The current projection is based on actual receipts through the third quarter of the fiscal year. According to DataQuick Information Systems, the number of single family homes sold in San Diego County in March 2013 was 3,808, a 17.6 percent increase over the March 2012 home sales volume of 3,237. Median home

prices have also increased and, as of March 2013, the median home price was \$395,979, a 20.9 percent increase over the March 2012 median home price of \$327,447. Notices of default and foreclosures have been declining from their record high levels during the recession. As of March 2013, there were 669 notices of default, a 62.3 percent decrease from the March 2012 notices of default count of 1,773. There were 320 foreclosures in March 2013, a 55.3 percent decrease from the March 2012 foreclosure count of 716. It is assumed that the declines in notices of default and foreclosures will continue through 2013.

Property transfer tax is levied on the sale of residential and commercial real estate property and is highly reflective of the activity in the housing market, making property transfer tax revenues generally more volatile to market changes than the 1.0 percent property tax levy. Accordingly, appreciation or depreciation in property values and sales volume in the local real estate market affect property transfer tax revenues and changes in the market place are reflected in the revenue received on a monthly basis.

### Other Major Revenues

Other major revenues include general governmental services billing (GGSB), which is a reimbursement from other City funds that utilize General Fund services; the one-cent TOT transfer into the General Fund; interest earnings attributable to the General Fund from the City investment pool; and refuse collector business tax. The combined projection for all other General Fund major revenues is \$68.3 million, which is \$3.6 million or 5.6 percent over the current budget. The over budget projection is primarily due to the receipt of \$4.1 million in San Diego Service Authority for Freeway Emergencies (SAFE) funds as a result of the San Diego Association of Governments (SANDAG) assuming responsibility for SAFE. The SAFE funds received have been re-budgeted for use in improving highway safety during Fiscal Year 2014.

### Departmental Revenues

Departmental revenues are projecting to be under budget by \$4.0 million. This projection is a \$1.0 million decrease from the Mid-Year Report and is primarily due to a reduction in the transfer of revenue from the Fire/EMS Transportation Program Fund. Table 11: FY 2013 Significant General Fund Revenue Variances by Department summarizes the current variances by department that exceed \$0.5 million, which is also detailed in Attachment I: General Fund Projected Revenues.

<b>FY 2013 Significant General Fund Revenue Variances by Department</b>						
<i>Table 11</i>						<i>in millions</i>
<b>Department</b>	<b>Current Budget</b>	<b>Year-End Projection</b>	<b>Over/(Under) Budget</b>	<b>Variance %</b>		
Police	\$ 43.6	\$ 44.4	\$ 0.8	1.8%		
City Treasurer	25.0	25.9	0.8	3.3%		
City Comptroller	2.7	2.2	(0.6)	-20.5%		
Park and Recreation	38.0	37.2	(0.7)	-1.9%		
Transportation and Storm Water	48.4	47.8	(0.7)	-1.4%		
Public Works - General Services	4.0	3.2	(0.8)	-20.8%		
Fire-Rescue	27.9	25.7	(2.2)	-8.0%		

### **Police**

The Police Department projects revenues to exceed budget at year-end by \$0.8 million, or 1.8 percent. This projection is an increase of \$0.8 million from the projection in the Mid-Year Report primarily due to the unanticipated reimbursement from the Board of State and Community Corrections (AB 109) for the monitoring of non-violent offenders.

The Department also projects an additional \$0.3 million in over budget revenues from parking citations. While the Police Department is projecting over budget revenues in parking citations, the Transportation and Storm Water and City Treasurer Departments are projecting to be under budget by \$0.3 and \$0.1 million, respectively. As discussed in the Mid-Year Report, Financial Management is continuing to monitor parking citation revenue, and adjustments have been made in Fiscal Year 2014 in order to properly align the activity with the corresponding General Fund departments. Overall, parking citation revenue for the General Fund is projecting to be at budget for Fiscal Year 2013.

The remaining surplus is similar to the projection in the Mid-Year Report and is primarily the result of unbudgeted revenue from the Stonegarden grant and higher than expected revenue from other federal and local agencies for unpredictable joint task force activity. These reimbursements and grant revenues are projecting to be over budget by \$3.4 million; however, they are partially offset by the \$2.6 million projected under budget revenue in licenses and permits, red light violations, and charges for current services such as regional vehicle theft, investigative fees and fingerprinting fees.

### **City Treasurer**

The City Treasurer Department projects revenues to exceed budget at year-end by \$0.8 million, or 3.3 percent. This is primarily attributed to the enhanced Rental Unit Business Tax (RUBT) billing system that was implemented in Fiscal Year 2011 and allows the City to more frequently process master parcel data received from the County Assessor's Office. In addition, revenue associated with the Franchise Tax Board Non-Compliance Program is trending higher. This program notifies businesses that are out of compliance with business license requirements, thus increasing the number of businesses required to register for a business tax certificate. The business tax revenue is also tracking higher due to the implementation of the Employee Count Verification Program in Fiscal Year 2012. This program notifies businesses that were under-reporting business tax employee count. These businesses were registered as small and, once notified, were categorized as large. Offsetting these increases are parking citation revenues, which are projected to be under budget at year-end by \$0.1 million. The Department's favorable variance increased by \$1.1 million from the projection in the Mid-Year Report as a result of the availability of third quarter data which reflects a further increase in RUBT and business tax revenue.

### **City Comptroller**

The City Comptroller Department projects revenues to be under budget at year-end by \$0.6 million, or 20.5 percent. The variance is primarily due to reduced reimbursable services provided to other departments. The Department has experienced a high number of vacancies and focused efforts on completing and issuing the Fiscal Year 2012 Comprehensive Annual Financial Report

(CAFR). This reduced the number of hours and employees available to perform reimbursable work.

### **Park and Recreation**

The Park and Recreation Department projects a \$0.7 million deficit in revenues at year-end, or 1.9 percent. The deficit is primarily due to a decrease in TOT reimbursements for expenditures related to the safety and maintenance of visitor facilities. The decrease in TOT reimbursements is partially offset by over budget rents and concessions revenues and a transfer from the Mount Hope Cemetery Perpetuity Fund. The year-end projection for TOT revenue to the General Fund has declined by \$0.9 million from the projection in the Mid-Year Report due to revised TOT projections as previously discussed.

### **Transportation and Storm Water**

The Transportation and Storm Water Department expects to conclude the fiscal year with \$0.7 million, or 1.4 percent, of revenue under budget. This projected revenue variance is due to low parking citations issued, lower than anticipated trench restoration reimbursements from Public Utilities Department, and the cancellation of the red light photo enforcement program. The year-end projection has increased by \$1.1 million from the projection in the Mid-Year Report due to reimbursable work provided to the Disability Services Department for the installation of American Disability Act (ADA) curb ramps and other minor CIP projects.

It should be noted that the Transportation and Storm Water Department is projecting to be under budget in parking citations by \$0.3 million, while the Police Department is projecting to be over budget by \$0.3 million. As discussed in previous reports, Financial Management is continuing to monitor parking citation revenue. Adjustments have been made in the Fiscal Year 2014 budget to properly align the activity with the corresponding General Fund department. Overall, parking citation revenue for the General Fund is projecting to be at budget for Fiscal Year 2013.

### **Public Works - General Services**

The General Services Department projects revenues to be under budget at fiscal year-end by \$0.8 million, or 20.8 percent. This under budget projection has increased from the Mid-Year Report by \$0.4 million due to less reimbursable projects than previously projected, decreased reimbursements for materials, and reduced TOT revenue. The remaining under budget projection of \$0.5 million is similar to the trend projected in the Mid-Year Report and is primarily due to a reduction in reimbursable work.

### **Fire-Rescue**

The Fire-Rescue Department projects revenues to be under budget at year-end by \$2.2 million, or 8.0 percent. The projection is a \$2.2 million decrease from the projection in the Mid-Year Report which is primarily due to a reduction in the transfer of revenue from the Fire/EMS Transportation Program Fund into the Fire-Rescue Department. Other contributing factors to the Department's variance include \$0.4 million under budget revenue in licenses and permits as a result of lower activity related to fire false alarm permits and penalty fees, and \$0.4 million over budget revenue from other agencies as a result of reimbursable revenue for strike team deployments.

## GENERAL FUND EXPENDITURES

The total Fiscal Year 2013 General Fund current expenditure budget is \$1.2 billion. Year-end projections show under budget expenditures of \$10.0 million, or 0.8 percent. Personnel expenditures are projected to be \$5.9 million under budget and non-personnel expenditures are projected to be under budget by \$4.1 million at fiscal year-end. These year-end expenditure projections are summarized below in Table 12: FY 2013 General Fund Expenditure Projections Summary.

<b>FY 2013 General Fund Expenditure Projections Summary</b>					
<i>Table 12</i>		<i>in millions</i>			
<b>Expenditure Type</b>	<b>Current Budget</b>	<b>Year-End Projection</b>	<b>Over/(Under) Budget</b>	<b>Variance %</b>	
Personnel	\$ 833.0	\$ 827.1	\$ (5.9)	-0.7%	
Non-Personnel	348.1	343.9	(4.1)	-1.2%	
<b>Total</b>	<b>\$ 1,181.1</b>	<b>\$ 1,171.1</b>	<b>\$ (10.0)</b>	<b>-0.8%</b>	

The current projection is \$3.2 million less than the expenditures projected in the Mid-Year Report, as displayed in Table 13: Comparison of FY 2013 General Fund Expenditure Projections. The projected decrease consists of a reduction in personnel expenditures of \$5.3 million which are partially offset by an increase in non-personnel expenditures of \$2.0 million. In addition, \$1.1 million of expenditures were added in the Mid-Year Report for the Centennial Celebration, two downtown public restrooms and the Emergency Winter Homeless Shelter. The following sections discuss the significant variances between expenditure projections and the current budget by categories of expenditures and by department, as detailed in Attachment II: General Fund Projected Expenditures.

<b>Comparison of FY 2013 General Fund Projections</b>					
<i>Table 13</i>		<i>in millions</i>			
<b>Expenditure Type</b>	<b>Mid-Year Report</b>	<b>Year-End Report</b>	<b>Change Amount</b>	<b>Change %</b>	
Personnel	\$ 832.4	\$ 827.1	\$ (5.3)	-0.6%	
Non-Personnel	341.9	343.9	2.0	0.6%	
<b>Total</b>	<b>\$ 1,174.3</b>	<b>\$ 1,171.1</b>	<b>\$ (3.2)</b>		

### Expenditures by Category

The \$5.9 million of anticipated personnel expenditure savings are projected in salaries and wages, primarily due to vacancies. The \$4.1 million of projected savings in non-personnel expenditures is primarily due to savings in contractual expenditures. Although anticipated to be under budget, the projection for non-personnel expenditures has increased by \$2.0 million from the projection in the Mid-Year Report primarily due to the contributions to the Workers' Compensation Reserve Fund and the Central Stores Fund. Table 14: FY 2013 General Fund



Expenditure Projections by Category provides the expenditure projections by category. A detailed discussion of expenditure variances follows.

<b>FY 2013 General Fund Expenditure Projections by Category</b>				
<i>Table 14</i>	<i>in millions</i>			
<b>Expenditure Category</b>	<b>Current Budget</b>	<b>Year-End Projection</b>	<b>Over/(Under) Budget</b>	<b>Variance %</b>
Salaries and Wages	\$ 510.0	\$ 506.3	\$ (3.7)	-0.7%
Fringe Benefits	323.0	320.8	(2.2)	-0.7%
Contracts	145.8	138.5	(7.2)	-5.0%
Supplies	21.9	23.4	1.5	6.8%
Information Technology	43.7	43.1	(0.6)	-1.3%
Energy and Utilities	43.1	41.6	(1.5)	-3.4%
Transfers Out	76.4	83.0	6.6	8.6%
Other	6.9	6.9	(0.0)	-0.3%
Debt	5.8	5.6	(0.2)	-3.8%
Capital Expenditures	2.0	1.9	(0.0)	-1.8%
Appropriated Reserve	2.7	-	(2.7)	-100.0%
<b>Total</b>	<b>\$ 1,181.1</b>	<b>\$ 1,171.1</b>	<b>\$ (10.0)</b>	<b>-0.8%</b>

### Salaries and Wages

Salaries and wages are projected to be under budget by \$3.7 million, or 0.7 percent. Overall, departments are experiencing savings from a temporary hiring freeze implemented following voter approval of Proposition B pension reform. However, these savings are partially offset by projected increases in other types of wages, such as overtime, hourly wages, pay-in-lieu of annual leave, and termination pay. This expenditure projection has decreased by \$5.8 million from the projection in the Mid-Year Report primarily due to additional salary savings projected in the Police, Public Works – Engineering and Capital Projects, Library, Transportation and Storm Water, Park and Recreation and Fire-Rescue Departments. The additional projected salary savings are primarily a result of a combination of greater than anticipated attrition and a continued delay in filling vacant positions.

### Fringe Benefits

General Fund fringe benefits are projected to end the fiscal year \$2.2 million, or 0.7 percent, under budget, which is a slight increase from the Mid-Year Report and is primarily due to the shift of fixed fringe benefit expenditures from the non-general funds to the General Fund. When the Fiscal Year 2013 Adopted Budget was developed, fixed fringe benefit expenses were distributed among City departments and funds based upon budgeted positions; however, actual expenditures to date, combined with year-end projections, reflect shifts in personnel activity from the budgeted amounts.

The variable fringe benefit expenditures also vary from the budget due to variations in staffing levels. Additional variances are present this fiscal year due to changes in retirement expenditures for new employees as a result of Proposition B pension reform that were not known at the time the budget was developed.

The total City requirement for the fixed or obligated fringe benefits for Fiscal Year 2013 is \$331.5 million, of which \$254.8 million is projected to be allocated to the General Fund. The fixed or obligated fringe benefits include: San Diego City Employees Retirement System (SDCERS) Annual Required Contribution (ARC), Retiree Healthcare Contribution (Pay-Go), Workers' Compensation, Other Post-Employment Benefits (OPEB), Risk Management Administration, Long-Term Disability, and Unemployment Insurance. Table 15: FY 2013 General Fund Fringe Benefits Projections includes the projection for both fixed and variable fringe benefit groups.

<b>FY 2013 General Fund Fringe Benefits Projections</b>				
<i>Table 15</i>		<i>in millions</i>		
<b>Fringe Benefits</b>	<b>Current Budget</b>	<b>Year-End Projection</b>	<b>Over/(Under) Budget</b>	<b>Variance %</b>
Fixed	\$ 254.4	\$ 254.8	\$ 0.4	0.2%
Variable	68.6	66.0	(2.6)	-3.8%
<b>Total</b>	<b>\$ 323.0</b>	<b>\$ 320.8</b>	<b>\$ (2.2)</b>	<b>-0.7%</b>

### Contracts

The contracts category is projecting to be under budget by \$7.2 million, or 5.0 percent. The largest contributor to the positive variance is the \$3.2 million under budget projection in the Citywide Program Expenditures Department. This is a result of lower than anticipated costs related to citywide elections, legal services as a result of the delay in the Kinder Morgan litigation, and property tax administration fees. The Transportation and Storm Water Department is projecting a \$1.7 million savings in contracts due to delays in the Tijuana River Valley Maintenance Project as a result of litigation, as well as delays in the recently awarded Tree Trimming, Signal Master Plan and Pedestrian Safety Plan contracts. The Park and Recreation Department is projecting to be under budget by \$0.9 million within the contracts category due to a longer than anticipated procurement process. The Development Services Department projects contractual expenditures to be under budget by \$0.7 million due to the postponement of the Phyllis Place Project and the cost savings related to the Housing Element Update and delayed Community Plan Updates. The Public Works – General Services Department is projecting contractual expenditures to be under budget by \$0.6 million mainly due to the citywide elevator contract coming in lower than anticipated. Additionally, the Office of the City Auditor projects contract expenditures to be under budget by \$0.6 million due to lower than anticipated Fiscal Year 2012 and Fiscal Year 2013 Comprehensive Annual Financial Report (CAFR) expenses. The projected savings within the contracts category are partially offset by anticipated over budget expenditures in the Police Department of \$0.7 million. The contracts deficit in the Police Department is primarily attributed to an unbudgeted expense for delivery services.

### Supplies

Supplies expenses are projected to end the fiscal year \$1.5 million, or 6.8 percent over budget. The largest contributor to the over budget supplies projection is the increased costs for supplies and materials for facility repairs in the Public Works – General Services Department, totaling a projected overage of \$0.8 million. The Police Department is also projecting to be over budget by

\$0.4 million primarily due to increased expenditures for body armor, ammunition and medical supplies.

### **Information Technology**

The information technology category is projected to conclude the fiscal year \$0.6 million, or 1.3 percent, under budget. The under budget projection can primarily be attributed to the City Treasurer and Police Departments. The City Treasurer Department is projecting a savings of \$0.5 million to offset increased spending in the supplies category. The Police Department is projecting savings of \$0.4 million due to postponing the replacement of handheld citation devices to Fiscal Year 2014. It should be noted that the current year-end projections include an increase in information technology expenditures from the Mid-Year Report to support the City's final payment to San Diego Data Processing Corporation. The total increase in expenditures is \$1.4 million, of which the General Fund portion is \$0.6 million with the remainder included in the non-general funds' projections.

### **Energy and Utilities**

The energy and utilities category is projected to conclude the fiscal year \$1.5 million, or 3.4 percent, under budget. The Transportation and Storm Water Department is the largest contributor to the savings with under budget expenditures of \$1.0 million in the energy and utilities category. This savings is due to reduced fuel and energy consumption resulting from ongoing vacancies within the Department and energy efficient street light upgrades. Additionally, the Environmental Services Department is projecting under budget expenditures of \$0.5 million due to lower than anticipated fuel usage.

### **Transfers Out**

The transfers out category is projected to be \$6.6 million, or 8.6 percent, over budget at year-end. The over budget projection is primarily due to a \$3.9 million contribution to the Workers' Compensation Reserve Fund and a \$1.3 million payment to the Central Stores Internal Service Fund which are projected to be transferred out of the Citywide Program Expenditures Department. In Fiscal Year 2012 and Fiscal Year 2013, operating expenses in the Workers' Compensation Fund were higher than budgeted, resulting in the reserve targets being underfunded by \$2.5 million and \$2.3 million, respectively. The over budget expenses in the Workers' Compensation Fund are due to increasing claim costs, which have been on the rise since 2012. As a result, \$4.8 million is required to achieve the targeted level in Fiscal Year 2013; of which \$3.9 million is allocated to the General Fund. The \$1.3 million payment to the Central Stores Internal Service Fund is primarily the result of a delay in invoicing during the migration from the legacy software to SAP in Fiscal Year 2010 leaving the Fund with a negative fund balance. The General Fund portion of the transfer required to bring the Central Stores Internal Service Fund back to a positive fund balance is \$1.3 million. Additionally, increased parking meter revenue in the City Treasurer Department results in an increase of \$1.1 million in the transfer out of these funds. This revenue is a pass-through and is anticipated to be paid out to the Parking Districts this fiscal year, therefore, over budget revenue projections result in an offsetting increase in the transfer out from the Department. There is also a projected increase of \$0.3 million in the Library Department primarily due to higher than anticipated donations which resulted in increased matching donation fund transfers.

**Other Expenditure Categories**

General Fund projections reflect spending in the areas of other, debt and capital expenditures to be slightly under the current budget.

**Appropriated Reserve**

The Fiscal Year 2013 year-end projection assumes the \$2.7 million remaining appropriated reserve will not be expended. At the time of this projection, \$1.3 million was previously allocated from this reserve, of which \$1.0 million supported pre-construction contracts related to the Convention Center Expansion Phase III and an additional \$0.3 million supported tree maintenance within the public right-of-way. The General Fund is expected to be reimbursed in Fiscal Year 2014 for the \$1.0 million Convention Center Expansion Phase III expense when the short-term note is issued to fund the project.

**Departmental Expenditures**

Overall, General Fund expenditures are projected to be under budget by \$10.0 million. Table 16: FY 2013 Significant General Fund Expenditure Variances by Department displays the departments with expenditures projecting to be over or under budget by \$0.5 million or more. These variances are discussed following the table.

<b>FY 2013 Significant General Fund Expenditure Variances by Department</b>				
<i>Table 16</i>	<i>in millions</i>			
<b>Department</b>	<b>Current Budget</b>	<b>Year-End Projection</b>	<b>Over/(Under) Budget</b>	<b>Variance %</b>
Citywide Program Expenditures	\$ 74.4	\$ 76.5	\$ 2.1	2.8%
Fire-Rescue	203.6	205.3	1.7	0.8%
Development Services	13.6	13.1	(0.5)	-4.0%
City Auditor	3.8	3.1	(0.7)	-18.4%
Park and Recreation	87.6	86.5	(1.1)	-1.3%
Transportation and Storm Water	90.5	87.2	(3.4)	-3.7%

**Citywide Program Expenditures**

The Citywide Program Expenditures Department projects to end the fiscal year \$2.1 million, or 2.8 percent, over budget. This unfavorable variance is primarily the result of the General Fund allocation of Workers’ Compensation Reserve and Central Stores Funds which is \$3.9 million and \$1.3 million, respectively.

In Fiscal Year 2012 and Fiscal Year 2013, operating expenses in the Workers’ Compensation Reserve Fund were higher than budgeted, resulting in the reserve targets being underfunded by \$2.5 million and \$2.3 million, respectively. These shortfalls are due to increasing claim costs, which have been on the rise since 2012. As a result, \$4.8 million is required to achieve the targeted level in Fiscal Year 2013, of which \$3.9 million is allocated to the General Fund. The \$1.3 million payment to the Central Stores Internal Service Fund is the General Fund’s portion of the transfer required to bring the Fund back to a positive fund balance.

The increased projections as a result of the Workers' Compensation Reserve and Central Stores Funds allocations are offset by an anticipated \$0.9 million in savings from lower than anticipated costs for citywide elections; \$1.5 million in savings from reduced property tax administration fees for the current year; and \$0.7 million savings in legal services as a result of the delay in the Kinder Morgan litigation.

### **Fire-Rescue**

The Fire-Rescue Department projects to be \$1.7 million, or 0.8 percent, over budget at fiscal year-end. This negative variance is primarily the result of increased personnel, fringe, and energy and utilities expenditures. Personnel expenditures are over budget by approximately \$1.4 million; this variance is primarily in overtime due to Strike Team deployments. Additional over budget personnel expenditures are projected in hourly wages and pay-in-lieu of annual leave. The \$1.7 million deficit also includes a projected \$0.1 million in increased fringe benefits and \$0.2 million in energy and utilities related to diesel fuel costs for fire trucks and engines, electric, water, and sewer service charges. The Department's expenditure appropriations were increased by \$2.0 million as part of the mid-year adjustment process. The Department's year-end expenditure projection has increased by \$0.2 million from the projection in the Mid-Year Report primarily due to increases in fringe expenditures.

### **Development Services**

The Development Services Department projects to end the fiscal year \$0.5 million, or 4.0 percent under budget. The projected savings are primarily attributable to contractual expenditures. Vacancies within the Department contribute to the surplus. Contractual expenditures are projecting to be under budget due to the postponement of the Phyllis Place Project and cost savings related to the Housing Element Update. The year-end projection has decreased by \$0.1 million from the projection in the Mid-Year Report as a result of the delays in contractual expenditures.

### **City Auditor**

The Office of the City Auditor projects to end the fiscal year with \$0.7 million, or 18.4 percent, under budget. The positive variance is primarily due to savings of \$0.6 million in contractual expenditures. These savings are attributed to an internal controls audit report being delayed and lower than anticipated expenditures associated with the review of the City's Fiscal Year 2012 and Fiscal Year 2013 Comprehensive Annual Financial Report (CAFR) contract. In addition, there is savings in personnel expenditures from vacancies experienced earlier in the fiscal year. Since the Mid-Year Report was released, expenditure projections have increased slightly by \$0.1 million. The increased projection is due to the filling of vacant positions and greater contractual expenditures than initially anticipated in the Mid-Year Report.

### **Park and Recreation**

The Park and Recreation Department projects expenditures to end the fiscal year \$1.1 million, or 1.3 percent, under budget. The positive variance is primarily attributed to savings in contracts due to a longer than anticipated procurement process for services such as brush management, tree trimming, and parking lot maintenance. Overall, projections have decreased by \$1.1 million from the projection in the Mid-Year Report primarily due to \$0.4 million savings in personnel expenditures as a result of a delay in filling vacancies, and \$0.9 million savings in contractual

expenditures, as mentioned previously. These decreases are offset by an increase in the transfers out category to support the approved use of surplus from the Mid-Year Report for the Balboa Park Centennial Celebration. The Department also received a budget increase of \$1.0 million to cover anticipated over budget expenditures in personnel, contracts, and energy and utilities as approved in the Mid-Year Report.

### **Transportation and Storm Water**

The Transportation and Storm Water Department projects to be \$3.4 million, or 3.7 percent, under budget by fiscal year-end. The positive variance is due to savings of \$1.7 million in contractual expenditures. This saving is attributed to delays in implementing contracts and projects starting later in the fiscal year than originally anticipated. The variance also includes savings of \$1.0 million in energy and utilities as a result of reduced fuel consumption due to ongoing vacancies and energy efficiency upgrades to street lights. Additionally, the Department projects savings of \$0.6 million in fringe benefits due to vacancies. It should be noted that the budget for salaries in the Transportation and Storm Water Department was reduced by \$1.9 million as a part of the corrective actions stated in the Mid-Year Report. The year-end savings projection has increased by \$2.4 million from the projection in the Mid-Year Report. The increased savings is primarily due to greater savings in contractual expenditures than initially anticipated at mid-year.

### **Police**

The Police Department projects to end the fiscal year with expenditures over budget by \$28,733 million, or less than a percent; although this is not a significant variance, the change in projections from the Mid-Year Report warrants an explanation.

A savings of \$3.0 million from the Mid-Year Report is primarily attributed to redirecting helicopter maintenance and other air support expenses out of the General Fund to the State Citizens Option for Public Safety (COPS) grant funds. As discussed in the Mid-Year Report, the air support program was originally budgeted in the Seized Assets Funds which have underperformed in recent years and currently lack sufficient funds to sustain the program as a result of redirecting these expenses to the General Fund. Since the release of the Mid-Year Report, State COPS Grant revenue has become available and helicopter maintenance expenditures have been redirected to these funds, thereby reducing General Fund expenditures by \$1.7 million; however, a \$0.5 million deficit due to air support fuel remains in the General Fund. In addition to the savings related to air support, the Department projects a \$2.0 million savings in salaries and wages due to a delay in the February academy start date and higher than anticipated attrition rates. These savings are offset by projected deficits of \$0.7 million and \$0.4 million in fringe and supplies expenditures, respectively. The Police Department also projects a \$0.7 million deficit in contracts primarily due to the unbudgeted expense for delivery services.

## Non-General Funds

Projections based on the first nine accounting periods of Fiscal Year 2013 are provided in Attachment III: Non-General Fund Projections for all non-general funds with staff. This information addresses operating expenditures only. Capital Improvements Program expenditures are not included in the current budget or projections provided in this report. Those funds with significant budgetary variances in revenues or expenditures of \$0.5 million or more are displayed in Table 17: FY 2013 Significant Non-General Fund Variances and are discussed below. In addition, the status of certain funds' reserve levels are provided in Attachment IV: Non-General Fund Reserves.

<b>FY 2013 Significant Non-General Fund Variances</b>					
<i>Table 17</i>		<i>in millions</i>			
Fund	Revenue/Expenditure	Current Budget	Year-End Projection	Over/(Under) Budget	Variance %
Central Stores Fund	Rev	\$ 13.3	\$ 12.0	\$ (1.4)	-10.4%
	Exp	13.3	9.7	(3.7)	-27.7%
Development Services Fund	Rev	45.6	48.0	2.4	5.2%
	Exp	44.1	42.8	(1.3)	-3.0%
Fire/EMS Transportation Program Fund	Rev	10.8	10.7	(0.1)	-1.0%
	Exp	15.8	14.0	(1.8)	-11.4%
Fleet Services Operating Fund	Rev	50.0	49.6	(0.4)	-0.8%
	Exp	51.5	50.5	(1.0)	-1.9%
Golf Course Fund	Rev	16.6	18.4	1.9	11.3%
	Exp	14.8	14.6	(0.2)	-1.4%
Information Technology Fund	Rev	7.8	7.9	0.0	0.4%
	Exp	9.1	8.5	(0.6)	-6.2%
PETCO Park Fund	Rev	17.4	17.5	0.1	0.3%
	Exp	17.5	16.7	(0.8)	-4.3%
Publishing Services Fund	Rev	3.8	3.0	(0.8)	-21.2%
	Exp	3.4	2.9	(0.5)	-14.4%
QUALCOMM Stadium Operating Fund	Rev	14.9	15.8	0.9	5.8%
	Exp	16.5	16.3	(0.3)	-1.6%
Recycling Fund	Rev	18.8	19.6	0.8	4.2%
	Exp	23.3	20.2	(3.1)	-13.2%
Refuse Disposal Fund	Rev	27.7	27.3	(0.4)	-1.5%
	Exp	34.5	32.7	(1.8)	-5.3%
Sewer Utility Funds	Rev	410.3	412.3	2.0	0.5%
	Exp	345.0	300.8	(44.1)	-12.8%
Transient Occupancy Tax Fund	Rev	74.4	75.5	1.1	1.4%
	Exp	74.4	74.1	(0.3)	-0.4%
Water Utility Operating Fund	Rev	467.0	434.2	(32.9)	-7.0%
	Exp	436.9	412.4	(24.6)	-5.6%

### **Central Stores Fund**

The Central Stores Fund is projecting to end the fiscal year with revenues under budget by \$1.4 million, or 10.4 percent, and expenditures under budget by \$3.7 million or 27.7 percent. Consistent with the Mid-Year Report, these under budget projections are primarily due to decreased demand by City departments for storeroom supplies. The reduction in projected revenues and expenditures from the Mid-Year Report is due to a further decrease in demand for storeroom supplies. In total, year-end revenues are projected to exceed expenditures by \$2.3 million primarily due to a one-time transfer in of \$2.5 million in revenue to mitigate the negative fund balance within the Central Stores Fund.

### **Development Services Fund**

The Development Services Fund is projecting revenues to be over budget by \$2.4 million, or 5.2 percent at year-end. The increased revenue projection is due to an increase in the demand for building permits as a result of the improving economy. The Fund is projecting under budget expenditures of \$1.3 million, or 3.0 percent due to savings in personnel as a result of vacancies within the Department and conservative spending in information technology, transportation allowances, and capital expenditures. The year-end projection has decreased by \$0.6 million from the projection in the Mid-Year Report primarily due to a decrease in the review of CIP projects, which results in a decrease in reimbursement revenue from other City departments. Also contributing to the variance from the Mid-Year Report are savings in personnel expenditures as a result of delays in the filling of vacant positions. The Fund projects to end the fiscal year with \$5.2 million of revenue in excess of expenditures.

### **Fire/EMS Transportation Program Fund**

The Fire/EMS Transportation Program Fund projects expenditures to end the fiscal year \$1.8 million, or 11.4 percent under budget. The year-end projection has decreased by \$1.8 million from the Mid-Year Report primarily due to the transfer of fund balance from the Fire/EMS Transportation Program Fund into the Fire-Rescue Department resulting in a \$2.2 million savings in the transfers out expenditure group. The savings is also a result of \$0.2 million surplus in capital expenditures offset by deficits in personnel and fringe benefit expenditures of \$0.1 and \$0.3 million, respectively. The Fund is projected to end the fiscal year with expenditures of \$3.3 million in excess of revenues, which will be mitigated with the use of fund balance.

### **Fleet Services Operating Fund**

The Fleet Services Operating Fund is projected to end the fiscal year with \$1.0 million, or 1.9 percent of expenditures under budget. The \$1.0 million surplus in expenditures is primarily attributed to reduced fuel costs and delays in awarding service contracts for a single source parts provider, tire maintenance, and vehicle towing. As requested in the Mid-Year Report, the Department received a budget increase of \$3.5 million in expenditures and \$1.9 million in revenue due to a delay in the full implementation of managed competition. The Fund is projecting to end the fiscal year with \$0.9 million of expenditures in excess of revenues, which will be covered by fund balance.



### **Golf Course Fund**

The Golf Course Fund revenue is projected to be \$1.9 million or 11.3 percent over the current budget. Similar to the projections included in the Mid-Year Report, the over budget revenue is primarily from increased rounds of golf played which can be attributed to improving economic conditions, favorable weather, and golf course enhancements. The Fund is projected to end the fiscal year with revenues \$3.9 million in excess of expenditures.

### **Information Technology Fund**

The Information Technology Fund is projecting expenditures to be under budget by \$0.6 million, or 6.2 percent at fiscal year-end. Similar to the Mid-Year Report, the under budget expenditure projection is in personnel expenditures primarily due to vacancies within the Department. The Fund projects to end the fiscal year with \$0.6 million of expenditures in excess of revenues which will be covered by fund balance.

### **PETCO Park Fund**

The PETCO Park Fund is projecting expenditures to be under budget by \$0.8 million, or 4.3 percent at year-end. The costs related to the Joint Ballpark Operating Expenses agreement are less than what was estimated at the time the budget was developed due to a lower Consumer Price Index. The Fund projects to end the fiscal year with \$0.7 million of revenue in excess of expenditures.

### **Publishing Services Fund**

The Publishing Services Fund is projecting revenues to be \$0.8 million, or 21.2 percent under budget and expenditures to be \$0.5 million, or 14.4 percent under budget at fiscal year-end. The under budget projections for both revenue and expenditures are primarily due to the savings realized citywide from the full implementation of the new Sharp Convenience Copier contract, lower than anticipated convenience copier usage and decreased demand for print jobs. The current year-end projection is similar to the projection in the Mid-Year Report. The Fund projects to end the fiscal year with revenues of \$0.1 million in excess of expenditures.

### **QUALCOMM Stadium Operations Fund**

The QUALCOMM Stadium Operations Fund is projecting revenues to be over budget by \$0.9 million, or 5.8 percent at year-end. The increased revenue projection is due to one-time revenue from a fee paid to the City for a license agreement between the City and AT&T and Verizon, increased revenue from electrical usage by Centerplate, unanticipated revenue from telecom leases, and reimbursement revenue for a position that is shared with the Airport Fund. The increased revenue is slightly offset by reduced revenue from the cancellation of California Interscholastic Federation (CIF) events at QUALCOMM Stadium. The year-end projection has increased by \$0.6 million from the projection in the Mid-Year Report primarily due to one-time revenue from the License Agreement between the City and AT&T and Verizon. The Fund projects to end the fiscal year with \$0.5 million of expenditures in excess of revenues, which will be covered by fund balance.

### **Recycling Fund**

The Recycling Fund is projecting year-end revenue to be over budget by \$0.8 million, or 4.2 percent. This variance is due to an anticipated surplus of \$0.3 million in fines and forfeitures

related to forfeited construction and demolition (C&D) debris recycling deposits. Additionally, the Fund received \$0.7 million in unanticipated State of California curbside recycling supplemental payment. This projected revenue increase is offset by a \$0.2 million decrease, primarily due to a decline in tonnage on which the AB 939 fee is assessed. The Fund is projecting expenditures to be \$3.1 million, or 13.2 percent, under budget. The contributors to the \$3.1 million in savings are salaries and wages due to vacancies, fleet fuel cost being lower than expected, reduced vehicle assignment charges, and less demand for recycling and greenery containers. Revenue and expenditure projections have declined by \$1.2 million and \$1.7 million, respectively from the projections in the Mid-Year Report. The decline in revenue projection is due to more accurate estimates for forfeited C&D debris recycling deposits and tonnage disposed of at the Landfill. The decline in expenditure projection is due to additional savings in greenery tipping fees, vehicle usage and assignment charges, and fleet fuel not realized during the mid-year. The Fund projects to end the fiscal year with \$0.6 million of expenditures in excess of revenues, which will be covered by fund balance.

### **Refuse Disposal Fund**

The Refuse Disposal Fund is projecting expenditures to be under budget by \$1.8 million, or 5.3 percent. This projection is nearly unchanged from the projection in the Mid-Year Report. The expenditure variance is primarily due to tonnage levels disposed at the landfill resulting in a \$0.5 million savings in regulatory fees paid to CalRecycle and the County of San Diego when compared to budget. Along with savings in regulatory fees, the Fund anticipates savings of \$0.1 million in fuel and \$2.0 million in equipment rental as a result of the current tonnage levels expected to be processed. The Fund projects to end the fiscal year with \$6.7 million of expenditures in excess of revenues, which will be covered by fund balance.

### **Sewer Utility Funds**

The Sewer Utility Funds are projected to end the fiscal year with revenues over budget by \$2.0 million, or 0.5 percent, and operating expenditures under budget by \$44.1 million, or 12.8 percent. Of the projected revenue surplus, \$5.7 million is due to capacity fees charged to new construction as well as fees for the design and construction of the Otay Mesa Sewer System; \$2.6 million is due to unanticipated reimbursements from other agencies, an expenditure refund from the prior year, and the recovery of damages to utility-owned property. The projected surplus in revenues is partly offset by a \$3.4 million deficit attributed to low returns on pooled investments and \$3.2 million due to a revised estimate for State Revolving Fund (SRF) Loan proceeds as a result of lower project costs related to the Point Loma Grit Processing Improvement Project, the Metropolitan Biosolids Center (MBC) Dewatering Centrifuge Replacement and other projects. The slight increase of \$1.5 million in the revenue projection from the projection in the Mid-Year Report is mainly due to the surplus in capacity fees offset by the reduction in anticipated proceeds for SRF loans.

A large component of the under budget expenditure projection is \$21.6 million savings in contractual expenditures mainly due to accrual reconciliation accounts to Participating Agencies, a surplus in SRF reserves resulting from a change in the accounting process for SRF loan reserves, and contracts that are expected to expend lower than anticipated. The remainder of the surplus is due to savings in personnel expenditures due to unfilled vacancies, information technology savings due to delays in the implementation of various system enhancements and projects, over budgeted energy and utilities expenditures, and a reduction in the debt service

requirement. The year-end expenditure projections have decreased by \$10.5 million from the projections in the Mid-Year Report. The Funds project to end the fiscal year with \$111.5 million of revenue in excess of expenditures, which will be used to fund the Sewer Capital Improvements Program.

### **Transient Occupancy Tax (TOT) Fund**

The TOT Fund is projecting revenues to exceed budget by \$1.1 million, or 1.4 percent. The total City TOT projection is \$158.2 million, of which \$82.9 million is received in the General Fund while \$75.5 million remains in the TOT Fund. This projection for the non-general fund TOT is a decrease of \$0.7 million from the projection in the Mid-Year Report. As discussed in the General Fund major revenues section, the positive trend in tourism growth that began in Fiscal Year 2010 has continued through the first two quarters of Fiscal Year 2013 and is expected to continue through the remainder of the fiscal year. In the Mid-Year Report, \$1.0 million was reduced from the TOT funding used to reimburse the Park and Recreation Department for tourism related activities supported by the General Fund. Based on updated projections, the transfer to the Park and Recreation Department was further reduced by \$0.9 million from the Mid-Year Report.

### **Water Utility Operating Fund**

The Water Utility Operating Fund is projected to end the fiscal year with revenues under budget by \$32.9 million, or 7.0 percent. Expenditures are projected to be \$24.6 million, or 5.6 percent under budget. This under budget revenue projection is primarily caused by a \$28.0 million reduction due to the finalization of the drawdown of bond proceeds from Public Facilities Financing Authority (PFFA) Funds. A reduction of \$15.6 million is also projected due to lower receipts from water sales, partially offset by increases in capacity charges and reclaimed water sales. Additionally, a \$1.0 million reduction is projected in interest and dividends due to lower than anticipated returns on pooled investments. These projected reductions are partially offset by a \$1.5 million increase in payments for litigation from the 2007 wildfires due to the loss of lease revenues, \$2.4 million in rents and concessions, \$1.4 million revenue from federal agencies, \$5.6 million from State Revolving Fund Loan proceeds for the Harbor Drive and Lindbergh Field pipeline replacement projects, and \$1.3 million due to unbudgeted reimbursement from the Federal Emergency Management Administration (FEMA) for damage to Water Fund equipment and buildings resulting from the 2007 wildfires and the 2010 winter storms. The revenue projections represent an increase of \$0.9 million from the projections in the Mid-Year Report due to increases in rents and concessions, water sales, and unbudgeted reimbursement from FEMA.

Expenditures are projected to be under budget by \$24.6 million primarily due to \$8.3 million in budgeted reserves not expected to be expended, \$4.3 million surplus due to refinancing of bond obligations, and \$4.8 million in savings in contracts. The remaining balance is comprised of savings in supplies due to lower than anticipated chemicals costs and decreased water purchases, personnel expenditures due to position vacancies, and information technology due to the delay in the implementation of various system enhancements and projects. The expenditure projection represents a \$4.2 million decrease from the projection in the Mid-Year Report primarily due to revised projections for personnel costs, contracts, and information technology. The Fund is projected to end the fiscal year with \$21.8 million of revenue in excess of expenditures which, along with fund balance, will be used to fund the Water Capital Improvements Program.

## Appropriation Adjustments

The following appropriation adjustments and authorities are requested to bring the General Fund and other funds into balance at year-end. The adjustments address over budget year-end projections for non-general funds and are supported by additional revenue or fund balance. Also included are requests to close incomplete capital projects and to de-appropriate excess funding in capital projects. Finally, authorities are included that are typically requested at year-end to maintain compliance with the City Charter and Municipal Code.

### Non-General Fund Appropriation Adjustments

Adjustments for non-general funds are supported by additional revenue or fund balance. The requested changes are displayed in Table 18: FY 2013 Year-End Non-General Fund Appropriation Adjustments.

<b>FY 2013 Year-End Non-General Fund Appropriation Adjustments</b>			
<i>Table 18</i>			
<b>Fund</b>	<b>Revenue Increase/(Decrease)</b>	<b>Expenditure</b>	<b>Net Impact<sup>1</sup></b>
Airport Fund	\$ 13,000	\$ 13,000	\$ -
Los Penasquitos Canyon Preserve Fund	-	3,000	3,000
Risk Management Administration Fund	-	26,000	26,000

<sup>1</sup>Remaining balances in non-general funds will be offset by available fund balance.

#### **Airport Fund**

The Airport Fund requires an increase in expenditure appropriations of \$13,000. This increase will support projected over budget salaries and pay-in-lieu of annual leave. The over budget expenditures will be offset by a \$13,000 increase in the revenue budget.

#### **Los Penasquitos Canyon Preserve Fund**

The Los Penasquitos Canyon Preserve Fund requires an increase in expenditure appropriations of \$3,000. This increase will support projected over budget overtime and fringe benefit expenses. The over budget expenditures will be supported by fund balance.

#### **Risk Management Administration Fund**

The Risk Management Administration Fund requires an increase in expenditure appropriations of \$26,000. This increase will support projected over budget fringe and the Fund's allocation of additional citywide information technology transition costs. The over budget expenditures will be supported by fund balance.

## Capital Improvements Program (CIP) Appropriation Adjustments

Revisions to CIP projects are requested to close certain projects and reduce appropriations that are no longer needed or exceed available funds. Requested changes to CIP project budgets are summarized in Table 19: FY 2013 Year-End CIP Appropriation Adjustments.

<b>FY 2013 Year-End CIP Appropriation Adjustments</b>	
<i>Table 19</i>	
<b>Description</b>	<b>Amount</b>
Close Incomplete Projects	\$ (4,687,780)
Martin Luther King, Jr. Promenade	200,000
Rancho Mission Slope Repair Project	800,000
De-Appropriate Water Utility CIP Projects	(15,779,020)
De-Appropriate Sewer Utility CIP Projects	(23,500,000)
De-Appropriate and Transfer Grant CIP Projects	(1,106,705)
<b>Total</b>	<b>\$(44,073,505)</b>

### Close Incomplete CIP Projects

Authority is requested to close 19 abandoned and/or canceled CIP projects, reduce the Fiscal Year 2013 CIP budget by \$4,687,780 and return the available funds to the original source. Attachment V: Incomplete CIP Projects to Close contains the list of projects with estimated remaining budget to de-appropriate.

### Martin Luther King, Jr. Promenade Project

Authority is requested to increase the Fiscal Year 2013 CIP budget by \$200,000 for project S13020 – Martin Luther King, Jr. Promenade Project to fund design costs of the project. Funding is available from the closure of project S12021 – Supplier Relationship Management-SAP.

### Rancho Mission Slope Repair Project

Authority is requested to increase the Fiscal Year 2013 CIP budget by \$800,000 in project AGG00001 – Open Space Improvements. Funding is available from the closure of project S12021 – Supplier Relationship Management-SAP from Fund 400265 – CIP Contributions from the General Fund (\$500,000) and available fund balance from Fund 200324 – Antenna Lease Revenue (\$300,000). The Park & Recreation Department requested funding from the CIP Emergency Reserve in Fiscal Year 2013 to fund an emergency project for the Rancho Mission Slope Repair. This action will replenish the \$800,000 that was borrowed from the CIP Emergency Reserve.

### De-Appropriate Water and Sewer CIP Projects

Authority is requested to reduce the Public Utilities Department’s Fiscal Year 2013 CIP budget by \$15,779,020 in Water CIP projects and \$23,500,000 in Sewer CIP projects and return the funds to the original source. The projects have excess funds due to a combination of bids coming in lower than anticipated and/or completion or closure of sub-phases. De-appropriating and returning these funds to the original source will make them available for other projects that

are ready to move forward. A list of the specific projects and amounts can be found in Attachment VI: Sewer and Water CIP Projects to De-Appropriate.

### **De-Appropriate and Transfer of CIP Grants**

Authority is requested to reduce the Fiscal Year 2013 CIP budget by \$1,106,705 in five CIP projects. The grants associated with these projects have expired and the City can no longer request reimbursement for these expenditures. Authority is also requested to transfer a total of \$54,938 in grant CIP appropriations between four CIP projects. The expenditures for two of the projects were considered ineligible by the grantor. The contracts were re-negotiated and the grantor agreed to allow the City to apply the funds to other CIP projects. Attachment VII: Grant CIP Projects to De-Appropriate and Transfer contains the list of projects with grants that are requested to be de-appropriated and transferred.

### **Requested Authorities**

Additional authorities are requested to allow for budget transfers and de-appropriations between General Fund departments and other non-general funds as described below.

### **Increase Appropriations from Available Sources**

Authority is requested to adjust appropriations as needed for unforeseen events in order to close Fiscal Year 2013 with departments and funds in balance.

### **General Fund Authorities**

Additional authorities are requested to allow for budget transfers among General Fund departments and to address unforeseen events that may occur prior to year-end.

### **Salary and Non-Personnel Budget Transfers**

Authority is requested to transfer salary appropriations in one General Fund department for fringe and/or non-personnel appropriations in another General Fund department with no net increase to either departments' total budget. This will allow departments to remain balanced, within the Charter Section 73 requirement that salary appropriations may not be used for any other purpose.

### **Bottom Line Re-Appropriations**

Authority is requested to transfer excess appropriations from one General Fund department to offset a deficit in another General Fund department during fiscal year closing. This will result in a change to the bottom-line department budgets; however, there will be no net change to the bottom-line General Fund budget. The bottom-line appropriation transfer authority is to be used at fiscal year close, if necessary, after salary appropriation budget transfers have been applied.

**Non-General Fund Authorities**

**Transfer Between the Sewer Funds**

Authority is requested to transfer appropriations among the Municipal Sewer Revenue Fund and the Metropolitan Sewer Utility Fund to properly budget in the fund that the actual activity is recognized.

**Transfer Between the Water Funds and Sewer Funds**

Authority is requested to transfer CIP appropriations and associated fund balances from the Water and Sewer operating funds into the newly established Water and Sewer CIP funds ensuring the reallocation does not change the CIP project budget nor the funding source.

**De-appropriate Fleet Replacement Funds**

Authority is requested to de-appropriate excess carry forward budget in the Fleet Replacement Funds to accurately represent the fund balance.

## Conclusion

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Based on the current revenue and expenditure projections presented in this report, the projected budgetary surplus is \$17.0 million, increasing the Fiscal Year 2013 projected ending fund balance to \$170.0 million. The revised Fiscal Year 2013 projected ending fund balance of \$170.0 million is 14.5 percent of Fiscal Year 2013 projected revenues and exceeds the 8.0 percent reserve target by \$76.0 million.

The total amount requested to be re-budgeted in Fiscal Year 2014 is \$13.9 million, reducing the Fiscal Year 2014 projected ending fund balance to \$156.0 million or 13.0 percent of revenues; this amount exceeds the 8.0 percent reserve target by \$60.0 million. After considering the Fiscal Year 2013 projected budgetary surplus and the Fiscal Year 2014 re-budget, the General Fund reserves are anticipated to increase by \$3.0 million, remaining well above the 8.0 percent reserve target through the end of Fiscal Year 2014.

Additionally, authorities are requested to bring the General Fund and other funds into balance at year-end. These authorities are requested to address over budget year-end projections, as discussed throughout the report. Also included are requests to close incomplete capital projects, de-appropriate capital projects with expired grant funding and de-appropriate excess funding in capital projects and fleet replacement funds. Additionally, authority is requested to transfer funds among the Water and Sewer operating and CIP funds. Finally, authorities are included that are typically requested at year-end to allow for unexpected adjustments.



## Attachments

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- I. General Fund Projected Revenues
- II. General Fund Projected Expenditures
- III. Non-General Fund Projections
- IV. Non-General Fund Reserves
- V. Incomplete CIP Projects to Close
- VI. Sewer and Water CIP Projects to De-Appropriate
- VII. Grant CIP Projects to De-Appropriate and Transfer

*Signature on file*

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Jeff Sturak  
Financial Management Director

*Signature on file*

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Greg Bych  
Interim Chief Financial Officer

*Signature on file*

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Irina Kumits  
Deputy Director

*Signature on file*

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Alia Khouri  
Supervising Budget Development Analyst

**General Fund Projected Revenues**

Department	Adopted Budget	Current Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
<b>Major General Fund Revenues</b>					
Charges for Current Services	\$ 25,334,212	\$ 25,334,212	\$ 23,812,092	\$ (1,522,120)	-6.0%
Franchise Fees <sup>1</sup>	70,007,311	70,007,311	66,365,704	(3,641,607)	-5.2%
Interest and Dividends	1,354,233	1,354,233	1,354,233	-	0.0%
Motor Vehicle License Fees	-	-	705,454	705,454	100.0%
Other Revenue	466,027	466,027	4,558,492	4,092,465	878.2%
Property Tax	387,134,682	395,340,448	406,541,901	11,201,453	2.8%
Property Transfer Tax	6,359,105	6,359,105	6,506,100	146,995	2.3%
Refuse Collector Business Tax	660,000	660,000	660,000	-	0.0%
Revenue from Money and Property	523,973	523,973	539,693	15,720	3.0%
Sales Tax	236,258,330	236,258,330	234,065,848	(2,192,482)	-0.9%
Transfers In	36,312,417	36,312,417	37,328,952	1,016,535	2.8%
Transient Occupancy Tax <sup>2</sup>	81,710,904	81,710,904	82,884,434	1,173,530	1.4%
<i>Subtotal Major General Fund Revenues</i>	<u>\$ 846,121,194</u>	<u>\$ 854,326,960</u>	<u>\$ 865,322,901</u>	<u>\$ 10,995,941</u>	<u>1.3%</u>
Administration	571,690	571,690	777,313	205,623	36.0%
Business Office	-	-	24	24	100.0%
City Attorney	4,656,169	4,656,169	4,575,808	(80,361)	-1.7%
City Auditor	-	-	30,498	30,498	100.0%
City Clerk	18,404	18,404	20,957	2,553	13.9%
City Comptroller	2,716,760	2,716,760	2,160,659	(556,101)	-20.5%
City Treasurer	25,046,475	25,046,475	25,870,781	824,306	3.3%
Council Administration	-	-	-	-	0.0%
Council District 1	-	-	-	-	0.0%
Council District 1 - Community Projects, Programs and Services	-	-	-	-	0.0%
Council District 2	-	-	-	-	0.0%
Council District 2 - Community Projects, Programs and Services	-	-	-	-	0.0%
Council District 3	-	-	-	-	0.0%
Council District 3 - Community Projects, Programs and Services	-	-	-	-	0.0%
Council District 3 - Community Projects, Programs and Services	-	-	-	-	0.0%
Council District 4	-	-	-	-	0.0%
Council District 4 - Community Projects, Programs and Services	-	-	-	-	0.0%
Council District 5	-	-	-	-	0.0%
Council District 5 - Community Projects, Programs and Services	-	-	-	-	0.0%
Council District 6	-	-	-	-	0.0%
Council District 6 - Community Projects, Programs and Services	-	-	-	-	0.0%
Council District 7	-	-	-	-	0.0%

<b>General Fund Projected Revenues</b>
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<b>Department</b>	<b>Adopted Budget</b>	<b>Current Budget</b>	<b>Year-End Projection</b>	<b>Over Budget/ (Under Budget)</b>	<b>Variance %</b>
Council District 7 - Community Projects, Programs and Services	\$ -	\$ -	\$ -	\$ -	0.0%
Council District 8	-	-	-	-	0.0%
Council District 8 - Community Projects, Programs and Services	-	-	-	-	0.0%
Council District 9	-	-	-	-	0.0%
Debt Management	660,645	660,645	601,410	(59,235)	-9.0%
Department of Information Technology	-	-	-	-	0.0%
Development Services	3,291,864	3,291,864	3,509,347	217,483	6.6%
Disability Services	15,415	15,415	15,415	-	0.0%
Economic Development	4,232,349	8,727,698	8,327,431	(400,267)	-4.6%
Environmental Services	1,264,100	1,264,100	1,226,742	(37,358)	-3.0%
Ethics Commission	-	-	28,400	28,400	100.0%
Financial Management	5,000	5,000	108	(4,892)	-97.8%
Fire-Rescue	27,673,921	27,933,921	25,686,300	(2,247,621)	-8.0%
Human Resources	-	-	-	-	0.0%
Library	1,543,719	1,543,719	1,416,109	(127,610)	-8.3%
Department of Information Technology	113,300	113,300	107,389	(5,911)	-5.2%
Office of Homeland Security	1,028,515	1,028,515	860,220	(168,295)	-16.4%
Office of the Assistant Chief Operating Officer	-	-	-	-	0.0%
Office of the Chief Financial Officer	600,000	600,000	171,421	(428,579)	-71.4%
Office of the Chief Operating Officer	-	-	10,083	10,083	100.0%
Office of the Independent Budget Analyst	-	-	-	-	0.0%
Office of the Mayor	308,400	308,400	236,400	(72,000)	-23.3%
Park and Recreation	37,280,754	37,980,754	37,246,312	(734,442)	-1.9%
Personnel	6,000	6,000	9,374	3,374	56.2%
Police	42,860,136	43,630,136	44,412,364	782,228	1.8%
Public Utilities - Reservoir Recreation	989,819	989,819	989,819	-	0.0%
Public Works - Engineering and Capital Projects	56,188,544	56,188,544	56,374,378	185,834	0.3%
Public Works - General Services	4,001,183	4,001,183	3,169,021	(832,162)	-20.8%
Purchasing and Contracting	529,500	729,500	892,974	163,474	22.4%
Real Estate Assets	41,049,418	42,049,418	41,971,966	(77,452)	-0.2%
Transportation and Storm Water	48,441,871	48,441,871	47,778,107	(663,764)	-1.4%
<b>Total General Fund Revenues</b>	<b>\$ 1,151,215,145</b>	<b>\$ 1,166,846,260</b>	<b>\$ 1,173,800,033</b>	<b>\$ 6,953,773</b>	<b>0.6%</b>

The current budget presented in this table is as of March 2013 (accounting period 9) unless otherwise noted.

<sup>1</sup> Total City FY 2013 current revenue budget for franchise fees is \$133.2 million and the projection is \$127.5 million. The balance is budgeted in the Environmental Growth and Underground Surcharge Funds.

<sup>2</sup> Total City FY 2013 current revenue budget for transient occupancy tax (TOT) is \$156.0 million and the projection is \$158.2 million. The balance is budgeted in the TOT Fund.

General Fund Projected Expenditures						
Department	Adopted Budget	Current Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %	
Administration	\$ 2,931,271	\$ 2,931,271	\$ 2,571,161	\$ (360,110)	-12.3%	
Appropriated Reserve	3,928,250	2,671,250	-	(2,671,250)	-100.0%	
Business Office	1,122,992	1,122,992	777,177	(345,815)	-30.8%	
City Attorney	43,602,031	43,602,031	43,428,461	(173,570)	-0.4%	
City Auditor	3,809,105	3,809,105	3,108,319	(700,786)	-18.4%	
City Clerk	4,809,806	4,811,806	4,715,444	(96,362)	-2.0%	
City Comptroller	10,195,223	10,195,223	10,205,717	10,494	0.1%	
City Treasurer	19,648,529	19,648,529	19,586,848	(61,681)	-0.3%	
Citywide Program Expenditures						
Assessments to Public Property	463,235	463,235	451,006	(12,229)	-2.6%	
Business Cooperation Program	350,000	350,000	350,000	-	0.0%	
Citywide Elections	1,800,000	1,800,000	898,115	(901,885)	-50.1%	
Corporate Master Leases Rent	10,683,503	10,683,503	10,555,582	(127,921)	-1.2%	
Deferred Capital Debt Service	8,877,870	8,877,870	8,127,236	(750,634)	-8.5%	
Employee Personal Prop Claims	5,000	5,000	5,000	-	0.0%	
Insurance	1,281,700	1,281,700	1,206,778	(74,922)	-5.8%	
Leverage of Employee Pick-Up Savings	7,973,053	7,973,053	8,007,672	34,619	0.4%	
Memberships	630,000	630,000	693,796	63,796	10.1%	
Preservation of Benefits	1,700,000	1,700,000	1,700,000	-	0.0%	
Property Tax Administration	5,102,711	5,102,711	3,641,279	(1,461,432)	-28.6%	
Public Liab Claims Xfer-Claims Fund	12,206,208	12,206,208	12,206,208	-	0.0%	
Public Liab Claims Xfer-Reserves	6,100,000	6,100,000	6,100,000	-	0.0%	
Public Use Leases	1,502,488	1,502,488	1,502,488	-	0.0%	
Special Consulting Services	4,300,000	3,850,000	3,210,637	(639,363)	-16.6%	
TRANS Interest Expense Transfer Fund	500,000	500,000	260,000	(240,000)	-48.0%	
Transfer to Park Improvement Funds	3,003,095	3,003,095	4,027,657	1,024,562	34.1%	
Transportation Subsidy	459,102	459,102	459,102	-	0.0%	
Transfer to Capital Improvements Program	-	7,935,766	7,935,766	-	0.0%	
Transfer to Internal Service Funds	-	-	5,162,400	5,162,400	100.0%	
<i>Subtotal Citywide Program Expenditures</i>	<u>\$ 66,937,965</u>	<u>\$ 74,423,731</u>	<u>\$ 76,500,720</u>	<u>\$ 2,076,989</u>	<u>2.8%</u>	
Council Administration	2,010,627	1,997,500	1,808,028	(189,472)	-9.5%	
Council District 1	1,038,595	1,038,595	938,723	(99,872)	-9.6%	
Council District 1 - Community Projects, Programs and Services	141,498	141,498	141,498	-	0.0%	
Council District 2	1,011,772	1,011,772	897,644	(114,128)	-11.3%	
Council District 2 - Community Projects, Programs and Services	241,735	189,735	189,735	-	0.0%	
Council District 3	1,126,508	1,126,508	999,062	(127,446)	-11.3%	

Department	Adopted Budget	Current Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
Council District 3 - Community Projects, Programs and Services	\$ 161,248	\$ 146,248	\$ 146,248	\$ -	0.0%
Council District 4	1,101,562	1,101,562	853,122	(248,440)	-22.6%
Council District 4 - Community Projects, Programs and Services	234,393	216,665	216,665	-	0.0%
Council District 5	1,041,206	1,054,333	768,400	(285,933)	-27.1%
Council District 5 - Community Projects, Programs and Services	257,699	232,199	243,199	11,000	4.7%
Council District 6	1,085,830	1,085,830	965,272	(120,558)	-11.1%
Council District 6 - Community Projects, Programs and Services	104,411	59,339	59,339	-	0.0%
Council District 7	1,109,533	1,109,533	958,358	(151,175)	-13.6%
Council District 7 - Community Projects, Programs and Services	108,767	68,217	68,217	-	0.0%
Council District 8	1,122,604	1,122,604	1,024,182	(98,422)	-8.8%
Council District 8 - Community Projects, Programs and Services	214,081	213,731	213,731	-	0.0%
Council District 9	629,826	629,826	505,142	(124,684)	-19.8%
Debt Management	2,356,856	2,356,856	2,177,170	(179,686)	-7.6%
Department of Information Technology	500,000	500,000	499,428	(572)	-0.1%
Development Services	14,243,885	13,643,885	13,099,576	(544,309)	-4.0%
Disability Services	575,749	575,749	512,520	(63,229)	-11.0%
Economic Development	6,821,730	12,497,844	12,394,334	(103,510)	-0.8%
Environmental Services	34,492,606	34,495,606	34,564,600	68,994	0.2%
Ethics Commission	928,923	928,923	834,234	(94,689)	-10.2%
Financial Management	4,209,030	4,209,030	3,769,522	(439,508)	-10.4%
Fire-Rescue	201,562,113	203,577,613	205,307,904	1,730,291	0.8%
Human Resources	2,404,564	2,404,564	2,219,400	(185,164)	-7.7%
Library	39,291,642	39,336,142	39,138,732	(197,410)	-0.5%
Multimedia Services (Department of Information Technology)	423,014	423,014	502,287	79,273	18.7%
Office of Homeland Security	1,744,465	1,744,465	1,726,379	(18,086)	-1.0%
Office of the Assistant Chief Operating Officer	314,036	314,036	325,657	11,621	3.7%
Office of the Chief Financial Officer	841,996	841,996	570,878	(271,118)	-32.2%
Office of the Chief Operating Officer	538,024	538,024	528,519	(9,505)	-1.8%
Office of the Independent Budget Analyst	1,701,668	1,701,668	1,651,228	(50,440)	-3.0%
Office of the Mayor	4,102,579	4,102,579	3,621,603	(480,976)	-11.7%
Park and Recreation	85,971,850	87,571,205	86,465,619	(1,105,586)	-1.3%
Personnel	6,546,590	6,546,590	6,493,894	(52,696)	-0.8%
Police	406,529,645	410,595,195	410,623,928	28,733	0.0%
Public Utilities - Reservoir Recreation	1,706,193	1,706,193	1,706,193	-	0.0%
Public Works - Engineering and Capital Projects	61,086,289	61,086,289	60,969,816	(116,473)	-0.2%
Public Works - General Services	15,191,845	15,207,845	14,842,585	(365,260)	-2.4%

<b>General Fund Projected Expenditures</b>						
<b>Department</b>	<b>Adopted Budget</b>	<b>Current Budget</b>	<b>Year-End Projection</b>	<b>Over Budget/ (Under Budget)</b>	<b>Variance %</b>	
Purchasing and Contracting	\$ 3,166,747	\$ 3,366,747	\$ 3,205,224	\$ (161,523)	-4.8%	
Real Estate Assets	4,541,750	4,541,750	4,280,612	(261,138)	-5.7%	
Transportation and Storm Water	92,421,891	90,529,187	87,163,481	(3,365,706)	-3.7%	
<b>Total General Fund Expenditures</b>	<b>\$ 1,163,942,747</b>	<b>\$ 1,181,104,627</b>	<b>\$ 1,171,085,736</b>	<b>\$ (10,018,892)</b>	<b>-0.8%</b>	

The current budget presented in this table is as of March 2013 (accounting period 9) unless otherwise noted.

<b>Non-General Fund Projections</b>							
<b>Fund</b>	<b>Revenues/ Expenditures</b>	<b>Adopted Budget</b>	<b>Current Budget</b>	<b>Year-End Projection</b>	<b>Over Budget/ (Under Budget)</b>	<b>Variance %</b>	
Airports Fund	Revenues	\$ 4,690,580	\$ 4,690,580	\$ 4,707,916	\$ 17,336	0.4%	
	Expenditures	5,882,910	5,882,910	5,895,311	12,401	0.2%	
Central Stores Fund	Revenues	13,342,058	13,342,058	11,960,889	(1,381,169)	-10.4%	
	Expenditures	13,342,058	13,342,058	9,650,163	(3,691,895)	-27.7%	
Concourse and Parking Garages Operating Fund	Revenues	2,683,220	2,683,220	2,683,221	1	0.0%	
	Expenditures	2,641,944	2,641,944	2,543,990	(97,954)	-3.7%	
Development Services Fund	Revenues	45,586,082	45,586,082	47,975,401	2,389,319	5.2%	
	Expenditures	44,139,126	44,139,126	42,818,892	(1,320,234)	-3.0%	
Energy Conservation Program Fund	Revenues	3,926,679	3,926,679	3,678,151	(248,528)	-6.3%	
	Expenditures	2,361,424	2,361,424	2,343,330	(18,094)	-0.8%	
Facilities Financing Fund	Revenues	2,067,150	2,067,150	1,977,154	(89,996)	-4.4%	
	Expenditures	2,067,150	2,067,150	1,980,850	(86,300)	-4.2%	
Fire/EMS Transportation Program Fund	Revenues	10,750,000	10,827,000	10,717,416	(109,584)	-1.0%	
	Expenditures	14,995,600	15,835,600	14,032,759	(1,802,841)	-11.4%	
Fleet Services Operating Fund	Revenues	48,098,089	49,998,089	49,583,717	(414,372)	-0.8%	
	Expenditures	48,036,589	51,486,589	50,521,991	(964,598)	-1.9%	
GIS Fund	Revenues	1,616,274	1,616,274	1,532,686	(83,588)	-5.2%	
	Expenditures	1,640,459	1,640,459	1,574,093	(66,366)	-4.0%	
Golf Course Fund	Revenues	16,558,714	16,558,714	18,425,738	1,867,024	11.3%	
	Expenditures	14,757,337	14,757,337	14,553,940	(203,397)	-1.4%	
Information Technology Fund	Revenues	7,818,160	7,818,160	7,853,105	34,945	0.4%	
	Expenditures	9,085,716	9,085,716	8,521,738	(563,978)	-6.2%	
Junior Lifeguard Program Fund	Revenues	567,716	567,716	567,716	-	0.0%	
	Expenditures	567,716	567,716	551,316	(16,400)	-2.9%	
Local Enforcement Agency Fund	Revenues	795,693	795,693	706,332	(89,361)	-11.2%	
	Expenditures	851,056	851,056	673,115	(177,941)	-20.9%	
Los Peñasquitos Canyon Preserve Fund	Revenues	186,000	186,000	186,026	26	0.0%	
	Expenditures	201,804	201,804	204,368	2,564	1.3%	
OneSD Support Fund	Revenues	25,638,857	25,905,857	25,662,658	(243,199)	-0.9%	
	Expenditures	25,678,944	26,488,944	26,233,998	(254,946)	-1.0%	

<b>Non-General Fund Projections</b>							
<b>Fund</b>	<b>Revenues/ Expenditures</b>	<b>Adopted Budget</b>	<b>Current Budget</b>	<b>Year-End Projection</b>	<b>Over Budget/ (Under Budget)</b>	<b>Variance %</b>	
PETCO Park Fund	Revenues	\$ 17,397,100	\$ 17,397,100	\$ 17,451,577	\$ 54,477	0.3%	
	Expenditures	17,466,309	17,466,309	16,711,438	(754,871)	-4.3%	
Publishing Services Fund	Revenues	3,773,269	3,773,269	2,974,595	(798,674)	-21.2%	
	Expenditures	3,388,151	3,388,151	2,901,153	(486,998)	-14.4%	
QUALCOMM Stadium Operating Fund	Revenues	14,922,801	14,922,801	15,785,385	862,584	5.8%	
	Expenditures	16,549,074	16,549,074	16,291,431	(257,643)	-1.6%	
Recycling Fund	Revenues	18,826,994	18,826,994	19,625,540	798,546	4.2%	
	Expenditures	23,300,027	23,300,027	20,216,343	(3,083,684)	-13.2%	
Refuse Disposal Fund	Revenues	27,674,497	27,674,497	27,271,942	(402,555)	-1.5%	
	Expenditures	34,548,056	34,548,056	32,713,200	(1,834,856)	-5.3%	
Risk Management Administration Fund	Revenues	9,728,039	9,728,039	9,728,038	(1)	0.0%	
	Expenditures	9,530,180	9,530,180	9,397,315	(132,865)	-1.4%	
Sewer Utility Funds	Revenues	410,300,578	410,300,578	412,346,890	2,046,312	0.5%	
	Expenditures	344,733,176	344,990,436	300,844,527	(44,145,909)	-12.8%	
Transient Occupancy Tax Fund							
Commission for Arts and Culture Department	Revenues	-	-	-	-	0.0%	
Special Events Department	Revenues	150,000	150,000	148,587	(1,413)	-0.9%	
Special Promotional Programs	Revenues	74,282,640	74,282,640	75,349,485	1,066,845	1.4%	
<i>Total Transient Occupancy Tax Fund Revenues</i>		<u>\$ 74,432,640</u>	<u>\$ 74,432,640</u>	<u>\$ 75,498,072</u>	<u>\$ 1,065,432</u>	<u>1.4%</u>	
Commission for Arts and Culture Department	Expenditures	948,968	948,968	831,494	(117,474)	-12.4%	
Special Events Department	Expenditures	722,192	722,192	721,772	(420)	-0.1%	
Special Promotional Programs	Expenditures	72,761,480	72,761,480	72,549,460	(212,020)	-0.3%	
<i>Total Transient Occupancy Tax Fund Expenditures</i>		<u>\$ 74,432,640</u>	<u>\$ 74,432,640</u>	<u>\$ 74,102,726</u>	<u>\$ (329,914)</u>	<u>-0.4%</u>	
Underground Surcharge Fund	Revenues	49,444,555	49,444,555	48,084,493	(1,360,062)	-2.8%	
	Expenditures	49,444,555	49,444,555	48,084,494	(1,360,061)	-2.8%	
Water Utility Operating Fund	Revenues	467,014,802	467,014,802	434,161,247	(32,853,555)	-7.0%	
	Expenditures	436,924,189	436,924,189	412,372,800	(24,551,389)	-5.6%	
Wireless Communications Technology Fund	Revenues	8,621,354	8,621,354	8,557,238	(64,116)	-0.7%	
	Expenditures	9,869,693	9,869,693	9,559,038	(310,655)	-3.1%	

The current budget presented in this table is as of March 2013 (accounting period 9) unless otherwise noted. Capital Improvements Program expenditure budgets are excluded.

<sup>1</sup> Revenues in the Sewer Utility and Water Utility Operating Funds support both Operating and Capital Improvements Program (CIP) activity; however, only Operating expenditures are reflected in this report.



<b>Non-General Fund Reserves</b>			
<b>Fund</b>	<b>Reserve Type</b>	<b>FY 2013 Target</b>	<b>Status</b>
Development Services Fund	Appropriated Reserve	\$ 1,544,869	Budgeted
Public Liability Fund	Fund Balance	23,175,651	On Target
Workers Compensation Fund	Fund Balance	40,281,851	On Target
Long-Term Disability Fund	Fund Balance	8,110,000	On Target
Water Utility Funds	Appropriated Reserve	3,500,000	Budgeted
	Operating Reserve	29,492,988	On Target
	Capital Reserve	5,000,000	Budgeted
	Rate Stabilization Reserve	20,500,000	On Target
	Secondary Purchase Reserve	12,314,908	On Target
	Dedicated Reserve from Efficiency & Savings <sup>1</sup>	15,126,948	N/A
Sewer Utility Funds	Appropriated Reserve	3,500,000	Budgeted
	Operating Reserve	43,723,781	On Target
	Capital Reserve	5,000,000	Budgeted
	Rate Stabilization Reserve	21,300,000	On Target
	Dedicated Reserve from Efficiency & Savings <sup>1</sup>	36,272,893	N/A
Refuse Disposal Fund	Appropriated Reserve	920,000	Budgeted
	Fund Balance	2,760,000	On Target
Recycling Enterprise Fund	Appropriated Reserve	480,000	Budgeted
	Fund Balance	1,440,000	On Target

<sup>1</sup>The Dedicated Reserve from Efficiency & Savings reserves do not have a target, amounts above reflect the balance as of June 30, 2009.

<b>Incomplete CIP Projects to Close</b>
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<b>CIP Project</b>	<b>Estimated Remaining Budget</b>
Supplier Relationship Management - SAP / S12021	\$ 700,000
Environmental Services Operations Yard Improvement / S01085	813,567
Fire Station No. 10 - College Remodel / S01031	21,822
Pt Loma-South Access Road Protection Project / S00316	113,165
Pomerado Pipeline #2 / S00072	11,669
Kearny Mesa Pipeline Upgrade / S10011	-
Kensington Pressure Regulator / S10059	-
Evan V. Jones Parkade Parking Equipment Upgrade / S11034	500,452
Mission City Parkway/San Diego River / S00936	1,362,954
Eastgate Mall-Towne Centre to Miramar Road / S00848	751,255
I-805/Home Avenue Ramp Improvements / S11042	250,000
Mission Beach Boardwalk Widening Project / S00860	62,963
Bridge Preventative Maintenance Program / S00940	-
Port of San Diego Freeway Access / S12026	50,000
Ocean Front Walk-San Fernando to Ventura / S00875	48,767
Pedestrian Bridge - Ted Williams Parkway / S00938	1,165
Hollister Street Widening / S00980	-
Balboa Ave/Hathaway St Left Turn Lane Installation / S10047	-
Market St -Euclid Ave to 54th St- Improvements / S11043	-

<b>Sewer and Water CIP Projects to De-Appropriate</b>
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Project Number & Name	Amount to De-Appropriate
<b>Sewer Utility CIP</b>	
ABP00002 Metropolitan System Pump Stations	\$ 3,000,000
AJA00001 Sewer Main Replacements	12,000,000
S00303 Pump Station Upgrades Group I North County	1,000,000
S00326 East Mission Gorge Force Main Rehabilitation	600,000
S00329 East Point Loma Trunk Sewer	2,500,000
S00334 USIU Trunk Sewer	1,000,000
S00335 Lake Murray Trunk Sewer	2,500,000
S12035 Balboa Terrace Trunk Sewer	900,000
Subtotal Sewer Utility CIP	\$ 23,500,000
<b>Water Utility CIP</b>	
ABM00001 Groundwater Asset Development Program	\$ 500,000
AHC00001 Reclaimed Water Extension	250,000
AKA00002 Pressure Reduction Facility Upgrades	150,000
AKB00003 Water Main Replacements	5,000,000
S00003 Torrey Pines Road/La Jolla Blvd Main Replacement	300,000
S00021 Alvarado Water Treatment Plant Upgrade & Expansion	2,457,896
S00024 Miramar Water Treatment Plant Upgrade & Expansion	100,000
S00040 El Capitan Reservoir Road Improvements	89,564
S10055 Lindbergh Field 16" Cast Iron Main Replacement	2,500,000
S11108 Water Group 787	1,500,000
S12009 La Jolla Scenic Drive 16inch Main	240,258
S12012 Cielo & Woodman Pump Station	441,303
S12013 Alvarado 2nd PL Exten & Morena Blvd CI	250,000
S12028 Harbor Drive Pipelines Replacement	2,000,000
Subtotal Water Utility CIP	\$ 15,779,020
<b>Total Sewer and Water CIP De-Appropriations</b>	
	<b>\$ 39,279,020</b>

<b>Grant CIP Projects to De-Appropriate</b>					
<b>Grant Number &amp; Name</b>		<b>Project Number &amp; Name</b>		<b>Grant Expiration</b>	<b>Amount to De-Appropriate</b>
1000102-2004	JOINT USE-PROP 40 PC	AGF00003	Joint Use Improvements – Citywide	6/30/2011	\$ 6,217.00
1000103-2002	JOINT USE PROP12 RZH	AGF00003	Joint Use Improvements – Citywide	6/30/2009	12,169.00
1000307-2008	FLORIDA CANYON HCF	AGG00001	Open Space Improvements	3/31/2012	56,542.00
1000060-2009	SACSP FY10 (ARRA)	ABT00003	Citywide Energy Improvements	12/31/2012	1.34
1000327-2011	CPUC BATTERY SYSTEM	ABT00003	Citywide Energy Improvements	12/31/2012	9,953.33
1000063-2005	FIRST FIVE GRANT	S00692	Skyline Hills Library	6/30/2011	1,000,000.00
1000003-2006	COM DEV BLOCK GRT PR	S01031	Fire Station No. 10 - College Remodel	9/1/2010	21,822.35
<b>Total De-Appropriations</b>					<b>\$ 1,106,705.02</b>

<b>Grant CIP Projects to Transfer</b>					
<b>Grant Number &amp; Name</b>		<b>Project Number &amp; Name</b>		<b>Increase</b>	<b>Decrease</b>
1000106-2004 - JOINT USE-PROP 40 RZ					
		AGF00003	Joint Use Improvements - Citywide	\$ -	\$ 51,790
		ABE00001	Americans with Disabilities Improvements	51,790.00	-
1000324-2011 - VALENCIA PARK ACQ PC					
		S11103	Valencia Park Acquisition and Development	\$ -	\$ 3,148
		AGF00003	Joint Use Improvements - Citywide	3,148.00	-