



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: November 14, 2014 REPORT NO: 14-068

ATTENTION: Budget and Government Efficiency Committee
Agenda of November 19, 2014

SUBJECT: Fiscal Year 2015 First Quarter Budget Monitoring Report

REFERENCE: Fiscal Year 2015 First Quarter Budget Monitoring Report, #14-068

REQUESTED ACTION:

Accept the report on Fiscal Year 2015 First Quarter Budget Monitoring.

STAFF RECOMMENDATION:

Accept the report.

SUMMARY:

See attachment: Fiscal Year 2015 First Quarter Budget Monitoring Report, #14-068

FISCAL CONSIDERATIONS:

See attachment: Fiscal Year 2015 First Quarter Budget Monitoring Report, #14-068

PREVIOUS COUNCIL and/or COMMITTEE ACTION: None

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: None

KEY STAKEHOLDERS AND PROJECTED IMPACTS: None

Attachment: Fiscal Year 2015 First Quarter Budget Monitoring Report, #14-068

Fiscal Year 2015 First Quarter Budget Monitoring Report



**City of San Diego
Financial Management Department
November 2014**

signature on file

Scott Chadwick
Chief Operating Officer

signature on file

Mary Lewis
Chief Financial Officer

signature on file

Tracy McCraner
Financial Management Director

signature on file

Alia Khouri
Budget Coordinator

INTRODUCTION

The FY 2015 First Quarter Budget Monitoring Report (1stQ Report) presents year-end projections of revenues and expenditures for funds with budgeted personnel expenditures. Year-end projections were developed using actual (unaudited) data from July 2014 through September 2014, which provides three accounting periods of actual activity, and departments' anticipated spending trends for the remaining nine accounting periods of the fiscal year.

A high-level summary of projected revenues and expenditures, including the impact of the projected activity on Excess Equity and reserve targets, are discussed in this report. A detailed summary of the General Fund major revenues and assumptions used in these year-end projections are also included. This report also includes explanations of projected variances for departments and funds greater than \$500,000, as well as updates on priority budget initiatives included in the FY 2015 budget. Finally, the status of the current hiring process for vacancies citywide, as of October 1, 2014, is also included.

In accordance with the revised City's Reserve Policy (Council Policy 100-20), the 1stQ Report includes an update on the reserves for various City funds including Excess Equity for the General Fund. The City's Reserve Policy documents the City's approach to establishing and maintaining adequate reserves across City operations, including General Fund, risk management, and enterprise fund operations.

This section intentionally left blank.

GENERAL FUND

OVERVIEW

General Fund revenues and expenditures are projected to be within 1.0% of budget at fiscal year-end. General Fund revenues are projected to be \$2.4 million over budget while expenditures are projected to conclude the fiscal year \$2.5 million over budget. This results in projected increased revenues essentially mitigating the projected increase in expenditures so that the year-end budget variance is approximately \$100,000. These are early trends and through quarterly monitoring and mid-year budget adjustments in both expenditures and revenues, the General Fund is projected to end the year balanced. The Fiscal Year 2015 Adopted Budget included the use of \$13.9 million in Excess Equity. The majority, \$12.8 million, supported funding the Public Liability Fund reserve in order to meet the 50.0% reserve target level of outstanding public liability claims. The residual amount of \$1.7 million was appropriated to fund the City Council Districts Community Projects, Programs, and Services. These approved uses of Excess Equity were offset by a decrease in fringe benefit expenditures of \$600,000 during the final development of the FY 2015 Adopted Budget. Based on the year-end projections, the total projected use of Excess Equity is \$14.0 million. Table 1: Summary of FY 2015 General Fund Projections summarizes this information.

Revenue/Expenditures	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ 1,188.6	\$ 1,188.6	\$ 1,191.0	\$ 2.4	0.2%
Expenditures	1,202.4	1,202.4	1,205.0	(2.5)	-0.2%
Net Projected Activity	\$ (13.9)	\$ (13.9)	\$ (14.0)	\$ (0.1)	
Budgeted Use of Excess Equity	13.9	13.9	13.9	-	0.0%
Net Year-End Projection	\$ 0.0	\$ 0.0	\$ (0.1)	\$ (0.1)	

It is important to note the year-end projection is based on only three months of activity and expenditures and revenues will vary as the year progresses. The City has in place strong expenditure controls to support a balanced budget. Through quarterly budget monitoring, and the continual review of actual revenues against projections, Financial Management will recommend any needed budgetary adjustments in the FY 2015 Mid-Year and Year-End Budget Monitoring reports to maintain a balanced budget.

REVENUE

The overall General Fund revenue projection is on target, with most revenue categories trending close to budget. General Fund Major Revenues are projected to be \$3.2 million over budget and departmental revenues are projected to be \$800,000 under budget. Both are projecting variances from budget to be less than half of 1.0% when compared to the \$1.2 billion budget. Table 2: Summary of FY 2015 General Fund Revenue Projections summarizes this information.

Summary of FY 2015 General Fund Revenue Projections

Table 2

in millions

Revenue	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Projected Revenue					
General Fund Major Revenues	\$ 936.9	\$ 936.9	\$ 940.1	\$ 3.2	0.3%
Departmental Revenue	251.7	251.7	250.9	(0.8)	-0.3%
Total	\$ 1,188.6	\$ 1,188.6	\$ 1,191.0	\$ 2.4	0.2%

General Fund Major Revenues

The over budget projection in the General Fund Major Revenues is primarily due to increases in Sales and Transient Occupancy Taxes. Stable growth in consumer spending in all major industry groups and growth in overnight visitors are driving the increased projections for these revenues. Details about Sales and Transient Occupancy Tax projections and all other major General Fund revenues are included later in this report.

Departmental Revenue

The decrease in departmental revenue is primarily due to under budget projections in the Communications, Real Estate Assets and Economic Development Departments. The under budget projections in these departments are almost entirely offset by over budget projections in the Fire-Rescue, Police, and Transportation and Storm Water Departments. Details about the revenue projections for these departments and others are included later in this report.

EXPENDITURES

The overall General Fund expenditures projection is on target; however, there are notable variances within the expenditure categories. Most notable is the over budget projection of \$6.2 million in personnel expenditures and the under budget projections in non-personnel expenditures of \$3.6 million, primarily in the contracts and transfers out expenditure categories.

Personnel Expenditures

The current projection for personnel expenditures is over budget by \$6.2 million consisting of \$600,000 in salaries and wages, and \$5.6 million in fringe benefits, as displayed on Table 3: FY 2015 General Fund Personnel Expenditure Projections.

FY 2015 General Fund Personnel Expenditure Projections

Table 3

in millions

Expenditure Category	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Salaries and Wages	\$ 493.4	\$ 496.6	\$ 497.1	\$ (0.6)	-0.1%
Fringe Benefits	339.9	339.9	345.5	(5.6)	-1.7%
Total	\$ 833.3	\$ 836.5	\$ 842.6	\$ (6.2)	-0.7%

The salaries and wages expenditure category is comprised of five distinct types of wages: salaries, hourly wages, overtime, pay-in-lieu of annual leave, and termination pay. Salaries

includes compensation for benefited employees and hourly wages includes compensation for non-benefited employees. The expenditures in overtime include the total compensation at time and a half for both salaried and hourly employees. Pay-in-lieu of annual leave and termination pay represent compensation in-lieu of taking leave; termination pay distinguishes that the expense occurred upon the employees' separation from the City.

Salaries and wages are projected to exceed budget by \$600,000 primarily due to the following factors:

- \$5.6 million increase in overtime primarily in public safety
- \$1.9 million increase in termination pay primarily in public safety
- \$1.6 million increase in pay-in-lieu of annual leave citywide
- \$300,000 increase in hourly wages primarily in the Park and Recreation and Fire-Rescue Departments
- These increases are offset by a decrease in salaries of \$8.0 million due to higher vacancies than anticipated in the budget.

According to the April 30, 2014 Vacancy Status Report there were a total of 761.75 FTE vacant positions citywide. As of November 12, 2014, 477.50 FTEs of the 761.75 FTE vacant positions have been filled, or 62.7%. Based on this analysis, the City filled approximately 79 positions per month. The FY 2015 budget added 254.00 FTE positions, of which 198.23 FTEs are projected to be filled by December 31, 2014; this assumes approximately 78.0% of the new FY 2015 positions will be filled. While the City continues the active recruitment and filling of vacant positions, attrition from promoting from within and separations from the City continue to be a challenge. The Financial Management Department will be coordinating with the Personnel Department to provide a detailed report on the status of vacant positions by department early in the next calendar year.

Over budget projections in overtime and termination pay are primarily in the Police and Fire-Rescue Departments. Pay-in-lieu of annual leave is also projected to exceed budget in several departments with the most significant variances in the Office of the City Attorney, Transportation and Storm Water, and Environmental Services Departments. The over budget projections in these salaries and wages categories are mostly offset by savings in salaries of \$8.0 million attributed to higher vacancies citywide than assumed in the development of the FY 2015 budget. The most significant savings in salaries is projected in the Police Department, however the overtime in the Police Department is projected to exceed budget by \$3.7 million. A summary of the projection for these departments is included in the General Fund Summaries by Departments section later in this report.

Overall, the fringe benefits category is projected to be over budget by \$5.6 million due to increases in fixed fringe benefits as displayed in Table 4: FY 2015 General Fund Fringe Benefits Projections. Fixed fringe benefit expenditures, such as the pension payment and risk management reserve contributions, are adjusted to meet the targeted amounts by fiscal year-end. Variances from the fixed targets are primarily due to an increase required to meet the reserve targets in the Workers' Compensation and Long-Term Disability Funds reserves as well as an increase in the actuarially defined contribution (ADC):

- \$2.2 million increase for Workers' Compensation

- \$1.9 million increase in the ADC due to a shift in ADC eligible employees from what was assumed in the FY 2015 budget, from non-general funds to the General Fund
- \$1.4 million increase for Long-Term Disability

These reserve targets are based on updated actuarial valuations recently received for FY 2014 and are higher than when the FY 2015 budget was developed. The FY 2015 reserve targets are based on the average value of the annual actuarial liability for the most recent three fiscal years, 2011 through 2013, in accordance with City’s Reserve Policy 100-20. The current reserve targets include the FY 2014 actuarial liability, which is resulting in an increase to the target due to increased liabilities.

The Workers’ Compensation and Long-Term Disability three fiscal year average increased by 12.5% and 8.2%, respectively. Slight variances for other fixed fringe benefits are attributed to differences between budgeted positions and actual filled positions.

FY 2015 General Fund Fringe Benefits Projections					
<i>Table 4</i>		<i>in millions</i>			
Fringe Benefits Expenditure Category	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Fixed	\$ 249.7	\$ 249.7	\$ 255.3	\$ (5.6)	-2.2%
Variable	90.2	90.2	90.2	-	0.0%
Total	\$ 339.9	\$ 339.9	\$ 345.5	\$ (5.6)	-1.6%

Non-Personnel Expenditures

The General Fund non-personnel expenditures are projected to be \$3.6 million under budget at fiscal year-end. This is primarily due to lower projections in contracts, transfers out, and energy and utilities categories. Contracts are projected to be under budget primarily due to savings in elections costs and lower than anticipated Civic San Diego activities. Offsetting these savings are expenditures related to upgrading the City’s 9-1-1 call manager system and unanticipated expenditures related to Low Flow Diversion Usage fees for wastewater discharge at pump stations. Similarly, transfers out are projected to be under budget mainly due to lower transfers to Park Improvements Funds caused by a lower projection of Mission Bay lease revenue as well as a decrease in reimbursable Maintenance Assessment District (MADs) expenditures. Energy and utilities expenditures are also projected to be under budget largely due to lower fuel costs.

The following section discusses the significant variances between non-personnel expenditure projections and the current budget by categories of expenditures, as displayed in Table 5: FY 2015 General Fund Non-Personnel Expenditure Projections.

FY 2015 General Fund Non-Personnel Expenditure Projections					
<i>Table 5</i>		<i>in millions</i>			
Expenditure Category	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Contracts	\$ 173.7	\$ 175.6	\$ 174.2	\$ 1.4	0.8%
Supplies	27.0	24.9	25.1	(0.2)	-0.8%
Information Technology	25.9	26.5	26.6	(0.2)	-0.8%
Energy and Utilities	40.5	40.5	39.8	0.7	1.7%
Transfers Out	89.2	86.7	85.4	1.3	1.5%
Other	5.4	5.4	5.4	-	0.0%
Debt	4.1	4.1	3.9	0.2	4.9%
Capital Expenditures	3.4	2.3	1.9	0.4	17.2%
Total	\$ 369.1	\$ 366.0	\$ 362.3	\$ 3.6	1.0%

The contracts category is projected to be under budget by \$1.4 million at fiscal year-end due to the following factors:

- \$1.8 million decrease in the Economic Development Department primarily due to less than expected Civic San Diego activities
- \$1.6 million decrease in the Citywide Program Expenditures primarily due to \$1.8 million in savings from elections costs as a result of fewer than anticipated propositions in the mid-term elections
- \$2.0 million increase in the Police Department primarily due to \$1.6 million for upgrading the City's 9-1-1 call manager system, as discussed in the department's section
- \$1.7 million increase in the Transportation and Storm Water Department mainly due to unanticipated expenditures caused by Low Flow Diversion Use fees for wastewater discharge at pump stations
- \$1.7 million decrease in various departments are also contributing to the under budget projection

The transfers out category is projected to be under budget by \$1.3 million at fiscal year-end due to the following factors:

- \$1.2 million decrease in Citywide Program Expenditures due to less than anticipated transfers to Park Improvements Funds as a result of declining Mission Bay lease revenue attributed to the marine life captivity controversy affecting Sea World
- \$700,000 decrease in reimbursable Maintenance Assessment District (MADs) expenditures in the Park and Recreation Department, as discussed in the department's section
- \$700,000 increase due to vehicles and sweepers purchases posting to the transfers out category while budgeted in the capital expenditures category in the Transportation and Storm Water Department

- \$100,000 decrease in various departments are also contributing to the under budget projection

The energy and utilities category is projected to be under budget by \$700,000 at fiscal year-end due to the following factors:

- \$500,000 decrease in the Fire-Rescue Department due to lower fuel and water costs
- \$200,000 decrease in the Environmental Services Department due to lower fuel costs

The capital expenditures category is projected to be under budget by \$400,000 at fiscal year-end primarily due to the following factors:

- \$700,000 decrease in the Transportation and Storm Water Department due to vehicles and sweepers purchases posting to the transfers out category while budgeted in the capital expenditures category
- \$400,000 increase in the General Services Department due to unbudgeted expenditures for the installation of the Portland Loos in downtown

The debt category is projected to be under budget by \$200,000 at fiscal year-end primarily due to debt service payments for California Energy Commission loans for energy efficient facility improvements posting in the transfers out category while budgeted in the debt category in the Library Department. The supplies, information technology, and other expenditure categories projected variances are due to a variety of fluctuations in operations.

This section intentionally left blank.

GENERAL FUND RESERVES

The following details the projected reserves and Excess Equity for the General Fund in accordance with the City's Reserve Policy (Council Policy 100-20). It also takes into consideration the projected activity for this fiscal year. Table 6: FY 2015 General Fund Reserve Estimates summarizes this information.

FY 2015 General Fund Reserve Estimates		
<i>Table 6</i>		<i>in millions</i>
Description	Amount	Revenue %
FY 2014 Unaudited Ending Fund Balance	\$ 181.2	16.9%
FY 2015 Projected Activity		
Projected Revenue	1,191.0	
Projected Expenditures	(1,205.0)	
	\$ (14.0) ¹	
FY 2015 Projected Ending Fund Balance	\$ 167.2	15.6%
Emergency Reserve	85.6	8.0%
Stability Reserve	64.2	6.0%
FY 2015 Required Reserve Level	\$ 149.8	14.0%
Excess Equity	17.4	1.6%
Projected City Council Community Projects, Programs and Services	1.0	
Revised Excess Equity	16.4	1.5%

¹ The FY 2015 Adopted Budget assumed the use of \$13.9 million in Excess Equity; \$12.8 million to fund the Public Liability Fund reserve and \$1.7 million to fund the City Council Districts Community Projects, Programs, and Services. These approved uses of Excess Equity were offset by a decrease in fringe benefit expenditures of \$600,000 during the final development of the FY 2015 Adopted Budget.

Total General Fund reserves include the Emergency Reserve and the Stability Reserve. The City's Reserve Policy requires the total General Fund reserves equal 14.0% of the most recent three-year average of annual audited General Fund operating revenues. The Emergency Reserve target is 8.0% and the Stability Reserve target is 6.0%.

The unaudited FY 2014 ending fund balance for the General Fund was \$181.2 million, or 16.9% of FY 2011 through FY 2013 audited General Fund operating revenues. This is an increase of \$12.9 million from the projected Excess Equity in the FY 2014 Year End Budget Monitoring Report and the FY 2015 Adopted Budget. This increase is primarily attributed to increased revenue of \$8.2 million and decreased expenditures of \$4.6 million in FY 2014.

Significant contributors of the \$8.2 million revenue increase were:

- \$2.6 million increase in Property Tax
- \$2.7 million increase in Transient Occupancy Tax

- \$3.6 million from strike team deployment reimbursements in the Fire-Rescue Department
- Other non significant variances in various departments slightly offset the increases noted above.

Significant contributors of the \$4.6 million expenditure decrease were:

- \$5.1 million decrease in transfers and contracts in the Transportation and Storm Water Department
- A \$2.3 million increase was an expenditure related to the Due Diligence review of the Successor Agency's housing assets, resulting from the State of California Department of Finance's denial of the loan agreement between the General Fund and the Successor Agency.
- \$1.7 million decrease in transfers to Civic San Diego in the Economic Development Department

It is important to note the variances detailed above represent less than a 1.0% variance from the projections presented in the FY 2014 Year End Budget Monitoring Report for both revenues and expenditures. The net of the FY 2014 unaudited actual activity results in an increase to the fund balance of \$12.9 million, which represents an increase from 1.6% to 2.8% in Excess Equity.

Based on the projected activity for FY 2015, the ending fund balance is projected to be \$167.2 million, or 15.6% of the average of FY 2011 through FY 2013 audited General Fund operating revenues. After accounting for the required reserve level of \$149.8 million and the projected funding required to support the City Council Community Projects, Programs and Services in FY 2016, the available Excess Equity is projected to be \$16.4 million, or 1.5% of the average of FY 2011 through FY 2013 audited General Fund operating revenues.

The base for the percent calculations above use only audited results, which does not include the unaudited FY 2014 operating revenues. The audit of FY 2014 activity is anticipated to be completed by early December 2014 with the release of City's Comprehensive Annual Financial Report (CAFR) and will be used to forecast reserve levels in the Mid-Year Budget Monitoring Report. When taking into consideration the unaudited FY 2014 operating revenues, the required reserves will increase due to a higher base for the percent calculations as FY 2014 revenues are higher than previous fiscal years. This would result in a decrease in the available Excess Equity to \$8.8 million, or 0.8% of the average of FY 2012 through FY 2014 General Fund operating revenues. An update to the General Fund reserve levels and Excess Equity will be provided in the Mid-Year Budget Monitoring Report.

This section intentionally left blank.

MAJOR GENERAL FUND REVENUES

The City's major General Fund revenues are projected to be over budget by \$3.2 million primarily due to Sales and Transient Occupancy Tax (TOT) revenues, which are projected to exceed budget by \$2.0 million and \$1.9 million, respectively. The over budget projections are slightly offset by a decrease in property tax revenue of \$1.8 million. Table 7: FY 2015 Major General Fund Revenue Projections summarizes this information.

FY 2015 Major General Fund Revenue Projections					
<i>Table 7</i>		<i>in millions</i>			
Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Property Tax	\$ 445.4	\$ 445.4	\$ 443.7	\$ (1.8)	-0.4%
Sales Tax	257.1	257.1	259.1	2.0	0.8%
Transient Occupancy Tax ¹	92.3	92.3	94.2	1.9	2.1%
Franchise Fees ²	70.7	70.7	71.1	0.4	0.6%
Property Transfer Tax	9.2	9.2	8.7	(0.4)	-4.7%
Motor Vehicle License Fees	-	-	-	-	0.0%
Other Major Revenue	62.2	62.2	63.3	1.1	1.8%
Total	\$ 936.9	\$ 936.9	\$ 940.1	\$ 3.2	0.3%

¹ Total City FY 2015 current revenue budget for transient occupancy tax is \$176.3 million and the projection is \$179.9 million. The balance is budgeted in the Transient Occupancy Tax Fund.

² Total City FY 2015 current revenue budget for franchise fees is \$137.1 million and the projection is \$137.9 million. The balance is budgeted in the Environmental Growth and Underground Surcharge Funds.

The projections for major General Fund revenues are based on the most recent economic information and actual revenue distributions to the City. When the FY 2015 budget for the major General Fund revenues was developed, it incorporated a projection of continuing improvement in the local, State, and national economies. The over budget projections indicate that the positive signs shown by the local economic indicators during the development of the budget have generally continued through the first quarter of the fiscal year as reflected in Table 8: Local Economic Indicators.

Local Economic Indicators			
<i>Table 8</i>			
Economic Indicator	September 2013	September 2014	Change %
City of San Diego Unemployment	7.3%	5.9%	-1.4%
City of San Diego Number of Unemployed	51,800	41,900	-19.1%
USD Index of Leading Econ. Indicators	127.6	129.1	1.2%
San Diego County Home Sales	3,403	3,293	-3.2%
San Diego County Median Home Price	\$432,033	\$459,153	6.3%
San Diego County Foreclosures	170	121	-28.8%
San Diego County Notices of Default	662	485	-26.7%

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

When compared to September 2013, the unemployment rate in the City of San Diego for September 2014 has decreased to 5.9%, while the total number of unemployed has also decreased. There continues to be significant decreases in foreclosures and notices of default when compared to the same time period last fiscal year. 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. Although it is anticipated that this improvement in the local economy will continue through the remainder of FY 2015, economic indicators will be closely monitored for potential impacts to the major General Fund revenues.

Property Tax

FY 2015 Property Tax Revenue Projections					
<i>Table 9</i>					<i>in millions</i>
Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Property Tax Growth Rate	5.1%	5.1%	5.1%	0.0%	N/A
Property Tax Projection	\$ 445.4	\$ 445.4	\$ 443.7	\$ (1.8)	-0.4%

Property tax is projected to be under budget at fiscal year-end primarily due to lower than anticipated residual distributions from the Redevelopment Property Tax Trust Fund (RPTTF) and a decrease in the 1.0% base property tax. This under budget projection is partially offset by a higher than budgeted Motor Vehicle License Fee (MVLFF) backfill payment.

The FY 2015 property tax projection includes a tax sharing pass-through payment of \$4.2 million from the former RDA based on projections for the upcoming Recognized Obligation Payment Schedule (ROPS). The projected payment is slightly less than the budgeted amount. In addition to tax sharing pass-through payments, the City will receive residual property tax payments. The residual property tax payment is the City's proportionate share of funds remaining in the RPTTF after ROPS requirements have been met. The projected residual property tax payment is approximately \$10.3 million, \$2.7 million under budget.

The \$2.7 million decrease is due to the San Diego County Auditor-Controller implementing a court decision in a lawsuit between Los Angeles Unified School District and the County of Los Angeles regarding the calculation of residual RPTTF distributions. As a result of the lawsuit, Education Re-Augmentation Fund (ERAF) will be included in the calculation of the property tax allocation base of the local school districts. The share of the school districts in statutory tax-sharing payments and residual balance distribution from the RPTTF will increase by multiple percentage points and the share of all other local taxing entities, including the City, will decrease collectively by a corresponding number of percentage points. The City's approximate share of the RPTTF residual balance has decreased from 21.2% to 17.5%, leading to the \$2.7 million decrease in projected residual property tax receipts.

Combined, these components of property tax result in an under budget projection of \$1.8 million, as displayed in Table 10: FY 2015 Property Tax Revenue Projections Details.

FY 2015 Property Tax Revenue Projection Details					
<i>Table 10</i>					<i>in millions</i>
Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
1% Property Tax	\$ 314.3	\$ 314.3	\$ 313.9	\$ (0.5)	-0.1%
MVLF Backfill	114.0	114.0	115.3	1.4	1.2%
RPTTF Tax Sharing Pass-through Payments	4.2	4.2	4.2	(0.0)	-0.5%
RPTTF Residual Property Tax	12.9	12.9	10.3	(2.7)	-20.6%
Total	\$ 445.4	\$ 445.4	\$ 443.7	\$ (1.8)	-0.4%

Sales Tax

FY 2015 Sales Tax Revenue Projections					
<i>Table 11</i>					<i>in millions</i>
Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Sales Tax Growth Rate	4.5%	4.5%	4.5%	0.0%	N/A
Sales Tax Projection	\$ 257.1	\$ 257.1	\$ 259.1	\$ 2.0	0.8%

Sales tax revenue is projected to be over budget at fiscal year-end due to stable growth in consumer spending in all major industry groups. From the 2nd quarter of calendar year 2013 to the 2nd quarter of calendar year 2014, the largest gains were experienced in the countywide use tax allocation pools, which reflect the growing influence of online purchases from out-of-state companies without a specific point-of-sale in the City.

Major local economic drivers of the City's sales tax receipts include the unemployment rate, consumer confidence, and consumer spending. As of September 2014, the San Diego unemployment rate was 5.9%, as reported by the California Employment Development Department. The unemployment rates for both the State of California and the nation are 6.9% and 5.7%, respectively, as shown on the next page in Graph 1: Unemployment Rates. As the local unemployment rate continues to improve, consumer confidence is anticipated to continue increasing, and is anticipated to lead to continued growth in the City's sales tax receipts.

This section intentionally left blank.



Source: State of California, Employment Development Department

The City of San Diego continues to experience a steady but moderate increase in sales tax revenue when compared to FY 2014, with gains reported in all economic sectors as displayed in Table 12: Quarterly Sales Tax Revenue. The year-end projection reflects a \$2.0 million increase due to taxable sales exceeding expectations during the first quarter of the fiscal year. Sales tax data from HdL Companies, indicates that expected gains in taxable sales from apparel stores, restaurants, liquor stores, automobile sales, and construction materials should help maintain this trend throughout the remainder of FY 2015.

Quarterly Sales Tax Revenue				
<i>Table 12</i>				<i>in millions</i>
Economic Category	2nd Quarter CY 2013	2nd Quarter CY 2014	Variance %	
General Retail	\$ 14.1	\$ 14.6	4.1%	
Food Products	12.9	13.6	5.3%	
Transportation	13.6	14.5	6.1%	
Business to Business	9.3	9.4	1.2%	
Construction	3.9	4.1	4.9%	
Total	\$ 53.8	\$ 56.2	4.5%	

Source: HdL Companies

Transient Occupancy Tax (TOT)

FY 2015 Transient Occupancy Tax (TOT) Revenue Projections					
<i>Table 13</i>			<i>in millions</i>		
Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
TOT Growth Rate	5.5%	5.5%	5.5%	0.0%	N/A
TOT Projection	\$ 92.3	\$ 92.3	\$ 94.2	\$ 1.9	2.1%

General Fund TOT revenue is projected to be over budget at fiscal year-end by \$1.9 million primarily due to growth in overnight visitors. Major economic drivers of TOT include hotel occupancy rates, daily room rates, business travel, and conventions, along with seasonal and non-seasonal tourism. Sustained positive tourism growth has occurred since the economic turnaround began in FY 2010 and this trend is expected to continue through the remainder of FY 2015, according to the August 2014 Quarterly Travel Forecast from the San Diego Tourism Authority (SDTA) and Tourism Economics, Inc. Growth in hotel room demand has increased significantly, which may be due to marketing campaigns as a result of the reinstatement of Tourism Marketing District (TMD) funds in the beginning of calendar year 2014. Table 14: San Diego County Visitor Industry provides a summary of the projected growth in economic indicators that impact the City's TOT receipts.

San Diego County Visitor Industry				
<i>Table 14</i>				
	CY2012	CY2013	CY2014	CY2015¹
Visitors				
Total Visits (millions)	32.3	33.1	33.9	34.6
Overnight Visits (millions)	16.1	16.4	17.0	17.2
Hotel Sector				
Average Occupancy	70.5%	71.6%	74.6%	75.4%
Average Daily Rate	\$ 131.22	\$ 134.94	\$ 141.73	\$ 150.29
Revenue PAR ²	\$ 92.56	\$ 96.61	\$ 105.75	\$ 113.28
Room Demand (growth)	2.9%	2.4%	5.7%	2.0%

Source: San Diego Tourism Authority and Tourism Economics

¹ Forecast - Tourism Economics Inc. August 2014

² Revenue Per Available Room (Average Occupancy multiplied by Average Daily Rate)

This section intentionally left blank.

Franchise Fees

FY 2015 Franchise Fee Revenue Projections					
<i>Table 15</i>		<i>in millions</i>			
Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
SDG&E Growth Rate	2.0%	2.0%	2.0%	0.0%	N/A
Cables Growth Rate	3.5%	3.5%	3.5%	0.0%	N/A
Franchise Fee Projection	\$ 70.7	\$ 70.7	\$ 71.1	\$ 0.4	0.6%

Franchise fee revenue is projected to be over budget at fiscal year-end by \$400,000. Franchise fee revenue is generated from agreements with private utility companies and refuse haulers 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 several refuse haulers. Approximately 82.0% of franchise fee revenue is comprised of revenue from SDG&E and cable companies. 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. The increased year-end projection is due to increases in cable, refuse, and other miscellaneous franchise fees. The excess revenue projection for cable and refuse franchise fees is attributed to increased receipts and tonnage, respectively. The revenue increase related to miscellaneous franchise fees is due to a new water company paying franchise fees in a small area of the City.

Property Transfer Tax

FY 2015 Property Transfer Tax Projections					
<i>Table 16</i>		<i>in millions</i>			
Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Property Transfer Tax Growth Rate	11.0%	11.0%	11.0%	0.0%	N/A
Property Transfer Tax Projection	\$ 9.2	\$ 9.2	\$ 8.7	\$ (0.4)	-4.7%

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, which makes property transfer tax revenues generally more volatile to market changes than the 1.0% property tax levy. The County of San Diego collects \$1.10 per \$1,000 of the sale price when any real property is sold. The City is credited \$0.55 per \$1,000 against the County's charge, giving both the County and City each \$0.55 per \$1,000 of the sale price. The funds are collected by the County upon a sale of real property within City limits and transferred to the City on a monthly basis.

Property transfer tax revenue is projected to be under budget by \$400,000 at fiscal year-end due to decreased home sales volume year-to-date in FY 2015. Table 17: Local Housing Economic Indicators displays the latest indicators on the local real estate market.

Local Housing Economic Indicators
--

Table 17

Economic Indicator	September 2013	September 2014	Variance %
San Diego County Home Sales	3,403	3,293	-3.2%
San Diego County Median Home Price	\$432,033	\$459,153	6.3%
San Diego County Foreclosures	170	121	-28.8%
San Diego County Notices of Default	662	485	-26.7%

Source: DataQuick Information Systems, San Diego County Assessor/Auditor/Recorder's Office

Other Major Revenue

FY 2015 Other Major Revenue Projections
--

Table 18

in millions

Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Other Major Revenue Projections	\$ 62.2	\$ 62.2	\$ 63.3	\$ 1.1	1.8%

The Other Major Revenues category includes General Governmental Services Billing (GGSB), which is a reimbursement from other City funds that use 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. Other Major Revenues is projected to end the year over budget primarily due to over budget disaster recovery reimbursements from previous fiscal years.

This section intentionally left blank.

GENERAL FUND SUMMARIES BY DEPARTMENT

Citywide Program Expenditures

in millions

Expenditures	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Assessments to Public Property	\$ 0.6	\$ 0.6	\$ 0.6	\$ -	0.0%
Business Cooperation Program	0.4	0.4	0.4	-	0.0%
Citywide Elections	1.8	1.8	0.0	1.8	100.0%
Corporate Master Leases Rent	7.2	7.2	7.1	0.1	1.4%
Deferred Capital Debt Service	14.5	14.5	14.5	-	0.0%
Employee Personal Property Claims	0.0	0.0	-	-	0.0%
Engineering & Capital Projects	2.2	1.5	1.5	-	0.0%
Insurance	2.2	2.2	2.2	-	0.0%
Leverage of Employee Pick-up Savings	8.0	8.0	8.0	-	0.0%
Memberships	0.7	0.7	0.7	-	0.0%
Preservation of Benefits	1.7	1.7	1.7	-	0.0%
Property Tax Administration	3.8	3.8	4.0	(0.2)	-5.2%
Public Liability Claims Transfer - Claims Fund	14.5	14.5	14.5	-	0.0%
Public Liability Claims Transfer - Reserves	12.8	12.8	12.8	-	0.0%
Public Use Leases	1.6	1.6	1.6	-	0.0%
Special Consulting Services	3.0	3.0	3.0	-	0.0%
Supplemental COLA	1.6	1.6	1.6	-	0.0%
Transfer to Park Improvement Funds	10.0	10.0	8.8	1.2	11.9%
Transportation Subsidy	0.5	0.5	0.5	-	0.0%
Total	\$ 87.1	\$ 86.3	\$ 83.4	\$ 2.9	3.4%

Revenue:

This Department does not budget or receive revenue.

Expenditures:

Citywide Program Expenditures are projected to be under budget by \$2.9 million at fiscal year-end. This is primarily due to savings in elections costs of \$1.8 million as a result of fewer propositions in the mid-term elections than previously assumed. Additionally, transfers to Park Improvements Funds are projected to decrease by \$1.2 million as a result of declining Mission Bay lease revenue attributed to the marine life captivity controversy affecting Sea World.

This section intentionally left blank.

Communications

			<i>in millions</i>					
Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			Revenue	\$ 1.6	\$ 1.6	\$ 0.2	\$ (1.4)	-89.1%
0.00	4.00	4.00	Personnel Expenditures	3.2	3.2	0.7	2.5	77.1%
			Non-Personnel Expenditures	0.2	0.2	0.1	0.1	55.7%
			Expenditures	\$ 3.4	\$ 3.4	\$ 0.8	\$ 2.6	75.7%

Revenue:

The revenue in the Communications Department is projected to be under budget at fiscal year-end by \$1.4 million due to a delay in the implementation of the FY 2015 department restructure. The restructure centralizes the City's public communications function by centralizing the Public Information Officers (PIO) into one department. The meet and confer process was delayed pending the hiring of the Director, thereby resulting in a delay in transferring the PIO positions into the Communications Department which is causing the under budget revenue projection for the reimbursement of the PIO positions.

Expenditures:

The personnel expenditures are projected to be under budget by \$2.6 million at fiscal year-end. As stated above, the PIO positions have not transferred into the Communications Department due to delayed start of the meet and confer process, as well as other vacancies. The personnel expenditures for the filled PIO positions are included in the projections of their original Departments. Non-personnel expenditures in supplies are slightly under budget due to the vacant PIO positions.

Economic Development

			<i>in millions</i>					
Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			Revenue	\$ 8.6	\$ 8.6	\$ 6.4	\$ (2.2)	-25.7%
2.50	4.00	1.50	Personnel Expenditures	5.6	5.6	5.0	0.5	9.5%
			Non-Personnel Expenditures	8.5	8.7	6.9	1.8	20.5%
			Expenditures	\$ 14.1	\$ 14.2	\$ 11.9	\$ 2.3	16.2%

Revenue:

The Economic Development Department projects revenue to be under budget at fiscal year-end by \$2.2 million. This is primarily due to less than anticipated revenue reimbursements reserved for Successor Agency activities performed by Civic San Diego (Civic SD). Civic SD cites continued delays in projects at the State level and a higher than anticipated turnover in staff as the reasons for less reimbursable expenditures. The revenue shortfall is also partially attributed to vacancies in reimbursable positions.

The projected activity related to Civic SD is anticipated to increase this fiscal year; however, this information was not available in time to be reflected in these projections. There is no net effect on the year-end projection for the General Fund.

Expenditures:

The Department projects personnel expenditures to be under budget by \$500,000 at fiscal year-end due to four vacancies, two of which are anticipated to remain vacant through fiscal year-end.

Non-personnel expenditures are projected to be under budget by \$1.8 million at fiscal year-end. The under budget projection is primarily due to less than anticipated Civic SD expenditure activity as stated above.

Fire-Rescue

			<i>in millions</i>					
Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			Revenue	\$ 27.0	\$ 27.0	\$ 28.6	\$ 1.5	5.6%
81.00	89.00	8.00	Personnel Expenditures	185.1	185.1	193.8	(8.7)	-4.7%
			Non-Personnel Expenditures	33.4	33.5	32.6	0.9	2.6%
			Expenditures	\$ 218.5	\$ 218.6	\$ 226.4	\$ (7.8)	-3.6%

Revenue:

The Fire-Rescue Department projects revenue to exceed budget by \$1.5 million at fiscal year-end. This revenue projection is the result of the following factors:

- \$1.0 million increase related to reimbursements from prior years for strike team deployments for other agency assistance for natural disasters and Urban Search and Rescue (USAR) task force activity
- \$500,000 increase for Fire-Rescue services to the Port Authority
- \$400,000 increase due to Public Assembly Permits and Alarm Permit Fees; which are higher due to increased activity

The increases noted above are slightly offset by a decrease in the transfer of fund balance from the Fire/Emergency Medical Services Transportation (EMS) Program Fund. Due to increased personnel expenditures in the EMS Fund, less funds are available for the budgeted transfer to the Fire-Rescue Department. The fund balance will be used to reimburse the Fire-Rescue Department for paramedic services which are higher this fiscal year than assumed in the FY 2015 budget due to the increased fringe benefit expenditures related to Workers' Compensation and Long-Term Disability. These two revenue sources offset each other and the net effect to the Fire-Rescue Department revenue projection is a decrease of approximately \$400,000.

Expenditures:

The Department projects personnel expenditures to exceed budget by \$8.7 million for the following factors:

- \$5.1 million increase primarily due to Workers' Compensation and Long-Term Disability fringe related costs
- \$1.6 million increase in salaries due to increased staffing levels resulting from the two additional recruit academies added in the FY 2015 budget
- \$1.0 million increase in overtime for strike team deployments
- \$600,000 increase in termination pay

The current overtime projection is \$2.0 million less than the overtime experienced in FY 2014 due to a decrease in strike team activity through the first part of the fiscal year and the increased staffing levels. Salaries and wages are projected to be \$4.1 million higher than FY 2014; this is also related to the increased staffing levels from additional budgeted academies. As the staffing level increases in the Fire-Rescue Department, the expense for overtime should decrease but will shift to salaries and wages. Financial Management and the Fire-Rescue Department will continue to monitor the impact of the increased staffing levels and make adjustments in future budgets.

The Department projects non-personnel expenditures to be under budget by \$900,000 at fiscal year-end primarily due to savings in fuel and water of \$200,000 each. Savings in debt service for fire engines and trucks are also included in the projection due to the expiration of the lease term and return of the vehicles.

Park and Recreation

				<i>in millions</i>				
Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			Revenue	\$ 32.7	\$ 32.7	\$ 33.1	\$ 0.4	1.3%
33.50	34.75	1.25	Personnel Expenditures	55.6	55.6	57.6	(2.0)	-3.6%
			Non-Personnel Expenditures	42.4	42.5	41.7	0.8	1.9%
			Expenditures	\$ 98.0	\$ 98.1	\$ 99.3	\$ (1.3)	-1.3%

Revenue:

The Park and Recreation Department projects revenue to be slightly over budget at fiscal year-end primarily due to the increased use of park and recreation facilities attributed to the extended warm weather.

Expenditures:

The Department projects personnel expenditures to exceed budget by \$2.0 million at fiscal year-end for the following factors:

- \$800,000 increase in fringe benefits primarily due to Workers' Compensation and Long-Term Disability fringe related costs
- \$500,000 increase in salaries as a result of filling vacancies at a faster rate than previously assumed through improved hiring strategies
- A \$300,000 increase in hourly wages is primarily due to additional staffing during non-standard hours to staff facility rentals, which are reimbursable.
- \$200,000 increase in overtime due to increased staffing on holidays
- \$100,000 increase in pay-in-lieu of annual leave

The Department projects non-personnel expenditures to be under budget by \$800,000 at fiscal year-end for the following factors:

- \$700,000 decrease in reimbursable Maintenance Assessment District (MADs) expenditures. Originally, \$2.0 million was budgeted to reimburse the MADs for the maintenance of property deemed to be a general benefit; however, a re-engineering study released afterwards concluded that the increased general benefit cost to the City was actually \$1.3 million resulting in savings of \$700,000.
- \$200,000 decrease due to delays in awarding a tree-trimming contract

Slightly offsetting the decreases noted above is a \$200,000 increase in supplies from increased use of park and recreation facilities attributed to the warm weather.

Planning

			<i>in millions</i>					
Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			Revenue	\$ 3.8	\$ 3.8	\$ 3.4	\$ (0.5)	-11.7%
0.00	14.00	14.00	Personnel Expenditures	7.5	7.5	7.0	0.5	7.0%
			Non-Personnel Expenditures	1.8	1.8	1.8	0.0	0.2%
			Expenditures	\$ 9.3	\$ 9.3	\$ 8.8	\$ 0.5	5.7%

Revenue:

The Planning Department projects revenue to be under budget by \$500,000 at fiscal year-end due to vacant reimbursable positions.

Expenditures:

The Department projects personnel expenditures to be under budget by \$500,000 at fiscal year-end. The under budget projection is due to vacancies experienced in the first half of the fiscal year which the Department projects to fill by December 2014. Non-personnel expenditures are projected to be at budget by fiscal year-end.

Police

			<i>in millions</i>					
Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			Revenue	\$ 44.6	\$ 44.6	\$ 45.7	\$ 1.1	2.6%
124.00	225.00	101.00	Personnel Expenditures	352.8	355.9	356.9	(1.0)	-0.3%
			Non-Personnel Expenditures	66.7	63.5	65.5	(2.0)	-3.2%
			Expenditures	\$ 419.5	\$ 419.4	\$ 422.4	\$ (3.0)	-0.7%

Revenue:

The Police Department projects revenue to exceed budget at fiscal year-end by \$1.1 million primarily due to revenue associated with Assembly Bill 109 Public Safety Realignment (AB109), which was assumed in the FY 2015 Budget to expire in FY 2014. The \$1.1 million in unbudgeted AB109 revenue will be used to support front-line law enforcement for the monitoring of non-serious, non-violent, or non-sex offenders who will now be under out-of-custody supervision (similar to parole) rather than State prison.

Expenditures:

The Police Department projects personnel expenditures to exceed budget by \$1.0 million at fiscal year-end for the following factors:

- \$3.2 million increase in fringe benefits primarily due to Workers' Compensation and Long-Term Disability fringe related costs
- \$2.2 million decrease due to vacancies, which is partially offset by overtime for police operations targeting re-offending probationers. This overtime is reimbursed with AB109 funding as previously mentioned.

The Department projects non-personnel expenditures to exceed budget by \$2.0 million at fiscal year-end, of which \$1.6 million is for upgrading the City’s 9-1-1 call manager system. The over budget projection is primarily due to the immediate need to upgrade key components of the City’s public safety information technology (IT) infrastructure and 9-1-1 system. The Police and Fire-Rescue Departments’ Computer Aided Dispatch (CAD) systems are currently undergoing upgrade and replacement. During the review and development of the scope of work, it was determined additional components of the City’s public safety IT infrastructure required an upgrade to fully integrate the City’s 9-1-1 system with the new 9-1-1 CAD system. The State of California 9-1-1 Emergency Communications Branch funds call manager system upgrades for the San Diego Police Department on a five-year cycle using funds from the Emergency Telephone Users Surcharge. The State of California 9-1-1 Emergency Communications Branch has agreed to reimburse the City for the mid-cycle upgrade of its existing 9-1-1 call manager system. The full reimbursement will occur in December 2017, when the City is due for its five-year upgrade.

Real Estate Assets

			<i>in millions</i>						
Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %	
<i>FTE</i>			Revenue	\$ 45.1	\$ 45.1	\$ 43.9	\$ (1.2)	-2.8%	
1.00	3.00	2.00	Personnel Expenditures	3.3	3.3	3.1	0.2	4.8%	
			Non-Personnel Expenditures	1.4	1.4	1.2	0.2	14.4%	
			Expenditures	\$ 4.7	\$ 4.7	\$ 4.4	\$ 0.3	6.8%	

Revenue:

The Real Estate Assets Department projects revenue to be under budget by \$1.2 million at fiscal year-end primarily due to a decline in Mission Bay lease revenue. Attendance at Sea World is down due to the marine life captivity controversy. The current projection is lower than the FY 2015 budget; however, the projection is similar to the revenue received in FY 2014. The FY 2015 budget assumed a 5.0% increase in revenue; however, as stated above, due to the unanticipated decline in attendance, the revenue from Sea World is under budget.

Expenditures:

The Department projects personnel expenditures to be slightly under budget at fiscal year-end due to vacancies. Non-personnel expenditures are projected to be slightly under budget primarily due to less maintenance and repairs for the San Diego Theatres than previously assumed.

This section intentionally left blank.

Transportation and Storm Water

in millions

Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			Revenue	\$ 48.2	\$ 48.2	\$ 49.4	\$ 1.1	2.3%
21.00	56.00	35.00	Personnel Expenditures	43.1	42.2	41.4	0.7	1.8%
			Non-Personnel Expenditures	61.0	61.1	62.8	(1.8)	-2.9%
			Expenditures	\$ 104.1	\$ 103.3	\$ 104.3	\$ (1.0)	-1.0%

Revenue:

The Transportation and Storm Water Department projects revenue to exceed budget by \$1.1 million at fiscal year-end primarily due to the following factors:

- \$900,000 increase in revenue from reimbursable work related to minor construction projects such as accessible curb ramps and parking lot maintenance
- \$200,000 increase due to increased reimbursements from the repair and maintenance of storm water infrastructure. The storm water infrastructure often crosses over multiple municipalities. The reimbursements come from those municipalities' share of the repair and maintenance work where City of San Diego forces performed the service.

Expenditures:

The Transportation and Storm Water Department projects personnel expenditures to be under budget by \$700,000 at fiscal year-end for the following factors:

- \$1.6 million decrease in salaries and fringe benefits due to vacancies
- \$500,000 increase in overtime primarily due to channel maintenance in the Murphy Canyon Creek
- \$200,000 increase in pay-in-lieu of annual leave

The Department projects non-personnel expenditures to be over budget by \$1.8 million at fiscal year-end primarily due to unanticipated expenditures caused by Low Flow Diversion Usage fees for wastewater discharge at pump stations.

This section intentionally left blank

NON-GENERAL FUNDS

Central Stores Fund

in millions

Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			Revenue	\$ 13.3	\$ 13.3	\$ 11.3	\$ (2.0)	-15.3%
1.00	1.00	0.00	Personnel Expenditures	1.6	1.6	1.6	0.0	1.0%
			Non-Personnel Expenditures	11.7	11.7	9.7	2.1	17.5%
			Expenditures	13.3	13.3	11.3	2.1	15.5%
			Net Year-End Projection	\$ -	\$ -	\$ -	\$ -	

Revenue:

The revenue in the Central Stores Fund is projected to be under budget by \$2.0 million at fiscal year-end. The demand for storeroom items is projected to be less than budgeted in FY 2015, resulting in less revenue received from the sale of the storeroom items.

Expenditures:

Personnel expenditures in Central Stores Fund are projected to be at budget at fiscal year-end. The Fund's non-personnel expenditures are projected to be under budget by \$2.1 million due to the decreased demand from City departments for storeroom items as described above. The Fund is projected to end the fiscal year with revenue equal to expenditures.

Development Services Fund

in millions

Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			Revenue	\$ 48.4	\$ 48.4	\$ 51.9	\$ 3.5	7.1%
100.50	102.25	1.75	Personnel Expenditures	37.8	37.8	40.4	(2.6)	-6.9%
			Non-Personnel Expenditures	12.0	12.0	11.4	0.6	5.4%
			Expenditures	49.8	49.8	51.8	(2.0)	-3.9%
			Net Year-End Projection	\$ (1.4)	\$ (1.4)	\$ 0.1	\$ 1.5	

Revenue:

The revenue in the Development Services Fund is projected to be \$3.5 million over budget at fiscal year-end for the following factors:

- \$6.4 million increase from additional plan reviews and building permits as a result of the improving economy
- \$2.5 million decrease in reimbursable revenue for services to City departments due to less demand than previously assumed

Expenditures:

Personnel expenditures in the Development Services Fund are projected to exceed budget by \$2.6 million at fiscal year-end. The over budget projection is primarily due to increased staffing levels to meet the increased demand for plan reviews and building permits as a result of the

improving economy. The revenue generated from the increased work offsets the increased expenditures.

Non-personnel expenditures are projected to be under budget by \$600,000 at fiscal year-end due to conservative spending on various supplies and capital expenditures. The Fund is projected to end the fiscal year with revenue in excess of expenditures.

Fire/Emergency Medical Services Transportation Program Fund

			<i>in millions</i>					
Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			Revenue	\$ 11.6	\$ 11.6	\$ 11.6	\$ -	0.0%
0.00	0.00	0.00	Personnel Expenditures	4.9	4.9	5.2	(0.4)	-7.7%
			Non-Personnel Expenditures	7.8	7.8	6.1	1.7	21.7%
			Expenditures	12.7	12.7	11.4	1.3	10.5%
			Net Year-End Projection	\$ (1.2)	\$ (1.2)	\$ 0.2	\$ 1.3	

Revenue:

The revenue in the Fire/Emergency Medical Services Transportation Program Fund is projected to be at budget at fiscal year-end.

Expenditures:

Personnel expenditures in the Fund are projected to exceed budget by \$400,000 due to fringe benefits projected to be higher than budgeted as discussed in the personnel expenditures section of this report. Non-personnel expenditures are projected to be \$1.7 million under budget primarily due to a decrease in the transfer of accrued fund balance to the Fire-Rescue Department. The reduction in the transfer is due to FY 2014 year-end fund balance being lower than assumed in the FY 2015 budget as a result of posting of unanticipated prior year expenditures and increased fringe benefits. The Fund is projected to end the fiscal year with revenue slightly in excess of expenditures.

Fleet Services Operating Fund

			<i>in millions</i>					
Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			Revenue	\$ 50.2	\$ 50.2	\$ 48.8	\$ (1.4)	-2.8%
0.00	13.00	13.00	Personnel Expenditures	17.5	17.5	19.4	(1.9)	-11.1%
			Non-Personnel Expenditures	33.3	33.3	31.1	2.2	6.7%
			Expenditures	50.8	50.8	50.5	0.3	0.6%
			Net Year-End Projection	\$ (0.6)	\$ (0.6)	\$ (1.7)	\$ (1.1)	

Revenue:

The revenue in the Fleet Services Operating Fund is projected to be under budget by \$1.4 million at fiscal year-end due to the following factors:

- \$1.0 million decrease in fuel sale revenue due to a decrease in demand and a decrease in the cost of fuel
- \$400,000 decrease in lease payments for Fire-Rescue vehicles resulting from the expiration of the lease term and return of the vehicles

Expenditures:

Personnel expenditures are projected to exceed budget by \$1.9 million at fiscal year-end primarily due to overtime, which is projected to exceed budget by \$800,000. The over budget projections of \$500,000 in salaries is primarily due to more positions filled than budgeted. The FY 2015 budget assumed full implementation of the Most Efficient Government Operation (MEGO); however, due to meet and confer delays, the savings have not been realized. The projection also assumes the MEGO will be implemented this fiscal year; as a result, one-time transition costs for training and moving to the new location are also contributing to the variance. Fringe benefits are projected to exceed budget by \$500,000, which is in line with the over budget salaries and overtime projections.

Non-personnel expenditures in the Fund are projected to be under budget by \$2.2 million at fiscal year-end due to the following factors:

- \$900,000 decrease in maintenance costs for the Fire-Rescue vehicles which have been returned to the leasee
- \$700,000 decrease resulting from savings related to several new contracts for various maintenance services
- \$600,000 decrease in the cost of fuel

The Fund is projected to end the fiscal year with expenditures in excess of revenue, which will be mitigated by the use of fund balance.

Information Technology Fund*in millions*

Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
<i>FTE</i>			Revenue	\$ 8.7	\$ 8.7	\$ 8.7	\$ (0.0)	0.0%
2.00	10.00	8.00	Personnel Expenditures	5.4	5.4	4.9	0.5	9.7%
			Non-Personnel Expenditures	5.1	5.1	5.1	(0.0)	0.0%
			Expenditures	10.5	10.5	10.0	0.5	5.0%
			Net Year-End Projection	\$ (1.8)	\$ (1.8)	\$ (1.3)	\$ 0.5	

Revenue:

Revenue projections in the Information Technology Fund are projected to be at budget at fiscal year-end.

Expenditures:

Personnel expenditures in the Fund are projected to be under budget by \$500,000 at fiscal year-end due to vacancies. Non-personnel expenditures are projected to be at budget at fiscal year-end. The Fund is projecting expenditures to exceed revenue at the end of the fiscal year, which will be mitigated by the use of fund balance.

This section intentionally left blank.

Refuse Disposal Fund

in millions

Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			Revenue	\$ 28.2	\$ 28.2	\$ 27.7	\$ (0.6)	-2.0%
8.38	11.55	3.17	Personnel Expenditures	14.0	14.0	14.7	(0.7)	-5.3%
			Non-Personnel Expenditures	17.2	17.2	17.2	(0.0)	-0.1%
			Expenditures	31.1	31.1	31.9	(0.8)	-2.4%
			Net Year-End Projection	\$ (2.9)	\$ (2.9)	\$ (4.2)	\$ (1.3)	

Revenue:

The revenue projections in the Refuse Disposal Fund is projected to be under budget by \$600,000 primarily due to lower than anticipated refuse tonnage disposed at the Miramar Landfill.

Expenditures:

The personnel expenditures are projected to be over budget by \$700,000 at fiscal year-end for the following factors:

- \$300,000 increase in overtime from backfilling staff that are on light duty or long-term disability
- \$300,000 increase in fringe benefits primarily due to Workers' Compensation and Long-Term Disability fringe related costs

The non-personnel expenditures are projected to be at budget at fiscal year-end. The Fund is projecting expenditures to exceed revenue at the end of the fiscal year, which will be mitigated by the use of fund balance.

Sewer Utility Funds

in millions

Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			Revenue	\$ 421.6	\$ 421.6	\$ 409.2	\$ (12.4)	-2.9%
39.44	71.52	32.08	Personnel Expenditures	86.1	86.1	85.9	0.3	0.3%
			Non-Personnel Expenditures	259.6	259.6	247.2	12.4	4.8%
			Expenditures	345.7	345.7	333.1	12.6	3.7%
			Net Year-End Projection	\$ 76.0	\$ 75.9	\$ 76.1	\$ 0.2	

Revenue:

Revenue in the Sewer Utility Funds is projected to be \$12.4 million under budget primarily due to lower State Revolving Fund (SRF) loan reimbursements due to revised cost estimates for several Metropolitan Biosolid Center projects.

Expenditures:

Personnel expenditures in the Sewer Utility Funds are projected to be slightly under budget at fiscal year-end.

Non-personnel expenditures in the Funds are projected to be \$12.4 million under budget primarily for the following factors:

- \$3.5 million decrease resulting from not expending the contingency budgeted for fluctuation in operations. The contingency is budgeted annually in the Sewer Utilities Funds as a buffer for unanticipated fluctuations in expenditures.
- \$2.9 million decrease related to Enterprise Asset Management and Geographic Information Source (GIS) program savings
- \$1.4 million decrease in SRF debt service payments due to delays in projects and revised cost estimates
- \$1.1 million decrease in information technology costs due to delays in implementing the EAM project and savings for PC replacements, which occurred in FY 2014.
- \$1.0 million decrease in insurance claims not anticipated this fiscal year
- \$1.0 million decrease in expenditures for environmental services

The Sewer Utility Funds are projected to end the fiscal year with revenue in excess of expenditures by \$76.1 million. Revenue in the Sewer Utilities Funds supports both operating and Capital Improvements Program (CIP) expenditures; however, only operating expenditures are reflected in this report.

Water Utility Operating Fund

			<i>in millions</i>					
Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
<i>FTE</i>			Revenue	\$ 478.3	\$ 478.3	\$ 483.4	\$ 5.1	1.1%
32.45	44.73	12.28	Personnel Expenditures	68.2	68.2	69.2	(1.0)	-1.4%
			Non-Personnel Expenditures	394.5	394.5	389.2	5.3	1.3%
			Expenditures	462.7	462.7	458.4	4.3	0.9%
			Net Year-End Projection	\$ 15.6	\$ 15.6	\$ 25.0	\$ 9.4	

Revenue:

The revenue in the Water Utility Operating Fund is projected to exceed budget by \$5.1 million at fiscal year-end for the following factors:

- \$2.5 million increase in SRF debt service payments for the Harbor Drive and Lindbergh field projects due to revised cost estimates
- \$600,000 increase due to deposits for meter sales activity in FY 2014, which will be recognized as revenue in FY 2015
- \$400,000 increase due to a refund from the County Water Authority (CWA) from an overpayment
- \$600,000 increase in federal refunds and outdoor water conservation rebates
- \$500,000 increase due to greater demand for recycled water

Expenditures:

The personnel expenditures are projected to be over budget by \$1.0 million at fiscal year-end primarily in fringe benefits, overtime, and pay-in-lieu of annual leave, which are partially offset by savings in salaries and wages due to vacancies in the department.

The non-personnel expenditures are projected to be under budget by \$5.3 million at fiscal year-end for the following factors:

- \$3.5 million decrease resulting from not expending the operating contingency budget
- \$600,000 decrease due to a delay in procuring a vendor for the pipeline condition assessment project
- \$400,000 decrease due to savings from computer replacement projects
- \$400,000 decrease in the purchase of vehicles due to bidders unable to meet the timeframe requirement. A new bid process will be starting soon.
- \$250,000 decrease caused by delays in the implementation of the Enterprise Asset Management (EAM) project

The Fund is projected to end the fiscal year with revenue in excess of expenditures by \$25.0 million. Revenue in the Water Fund supports both operating and Capital Improvements Program (CIP) expenditures; however, only operating expenditures are reflected in this report.

This section intentionally left blank.

FY 2015 PRIORITY BUDGET INITIATIVES

The FY 2015 budget includes additional funding for new initiatives as a result of positive economic growth in the City's major revenue sources. The FY 2015 budget puts neighborhoods first by prioritizing funding to four priority initiatives: Infrastructure Investments, Public Safety, Neighborhood Services, and Open Data. The following section provides a status of many of these additions to the budget as well as a few other noteworthy priorities.

INFRASTRUCTURE INVESTMENTS

Investing in the City's infrastructure is a top priority of the FY 2015 budget; this priority intends to improve the quality of life in neighborhoods throughout the City of San Diego. More than 50.0% of major revenue growth is dedicated to funding storm drain and facilities maintenance, street and sidewalk maintenance and repairs, streetlights, and park infrastructure. In addition, the budget includes funding for condition and needs assessments of streets, sidewalks, park assets, and City facilities.

Condition and Needs Assessments of City Facilities

- The General Services Department anticipates to fully expend the \$1.0 million budgeted to support condition and needs assessments of City facilities.
- Almost 400 of the over 800 General Fund City facilities have been assessed to-date. Funds have been encumbered and are on track to being expended by year-end.
- The condition and needs assessments is yielding detailed deferred capital maintenance backlog information which will be incorporated into future budget requests.

Condition and Needs Assessments of Park Assets

- The Park Designer and Management Intern positions will be hired by January 2015.
- The condition and needs assessments are divided between two phases. Phase 1 was completed in October 2014 and included 30 Parks. Phase 2 includes 40 parks, which will begin in January 2015 and is anticipated to be completed by fiscal year-end.

Condition and Needs Assessments of Sidewalks

- Due to vacancies, the assessments have been delayed and are anticipated to be complete by January 2015. The Transportation and Storm Water Department is closely monitoring the assessments and will provide periodic updates.

Condition and Needs Assessments of Streets

- The streets condition and needs assessments are anticipated to begin in March 2015 and be completed by fiscal year-end.

Maintenance of City Facilities

- Three of the seven positions added to the FY 2015 budget to support maintenance of City facilities, have been hired. The remaining four positions are anticipated to be hired by January 2015.

Maintenance of Storm Water Infrastructure

- The Transportation and Storm Water Department anticipates that the two positions added to the FY 2015 budget will be filled by December 2014.
- The positions will monitor the maintenance and repairs on the City's storm drains in compliance with storm water permit requirements by fiscal year-end. The Department also anticipates completion of channel maintenance and repair, as well as planning and preliminary design by fiscal year-end.

SAP Enterprise Asset Management Project (EAM)

- The EAM system is critical for implementation of the citywide asset management policy and will enable staff to conduct in-depth analysis of the maintenance activities across all participating departments, develop maintenance and capital renewal plans, and leverage resources.
- The EAM Program Manager position was hired in October 2014 and will provide citywide leadership and oversight for the EAM project.
- Phase I - Project Preparation is expected to begin in the 4th quarter of FY 2015. The project is anticipated to be complete in FY 2017.

Sidewalk and Street Light Improvements

- The Transportation and Storm Water Department anticipates that approximately 40 of the 135 street lights will be installed by October 2015. The remaining 95 street lights are anticipated to be installed by June 2017.
 - The installation of street lights can require the request for aerial easements and coordination with SDG&E. This process can take up to eight months per street light. Additionally, when the power source is underground, full design is required in addition to coordination with SDG&E; this process can take up to 24 months.
- One of the five new sidewalk installations has been completed and another is approximately 70.0% complete. The three other sidewalk installations require additional design due to challenging site conditions; however, these installations and approximately 200 sidewalk repairs are expected to be complete by October 2015.

Street and Sidewalk Maintenance Managed Competition Alternative Proposal

- The FY 2015 budget added 14 positions to implement the street and sidewalk maintenance alternative proposal to managed competition.

- The alternative proposal is an efficiency plan for providing street and sidewalk maintenance services as an alternative to the Street/Sidewalk Managed Competition proposal. The proposal includes accelerating pothole response time and increasing the quantity of street milling and paving. This proposal is anticipated to improve the overall condition of street pavement surfaces and includes City parking lots for an enhanced level of service.
- All of the 14 positions added to the budget have been hired and the re-reorganization was completed in September 2014.

South Chollas Landfill/Storm Water Improvements

- The project is estimated to cost \$11.4 million and will address deficiencies at the South Chollas Landfill required to bring the site into compliance with the Regional Water Quality Control Board.
- The project scope includes: repairs and/or replacement of asphalt surfaces and drainage conveyance systems, removal and replacement of interior fencing, upgrades to the landfill gas collection system, and installation of light poles and lighting.
- Construction is anticipated to begin in March 2015 and be completed by December 2015

PUBLIC SAFETY

Increasing the support for Public Safety is another top priority in the FY 2015 budget for the City of San Diego. The FY 2015 budget addresses this initiative by allocating more resources for the City's public safety needs for police, fire, and lifeguard services.

The FY 2015 budget includes funding for police officers' retention programs, police academies, sworn and civilian positions, body worn cameras, and funding to support helicopter maintenance and fuel expenditures related to the Air Support Unit. The budget also includes increased funding for two additional fire academies to address expected retirements in FY 2015 and allocates funding to the Fast Response Program to help improve emergency response times.

In addition, the FY 2015 budget includes additional lifeguard positions to serve as emergency support for summer months and periods of increased activity in order to provide the highest quality safety services in the coastal and aquatic environment.

Police Academy Size Increase

- The four FY 2015 academies will increase from 34 to 43 police recruit positions per academy.
- The first academy of the fiscal year began in August 2014 with 46 recruits.
- The second academy began in October 2014 with 39 recruits.
- The last two academies are anticipated to begin in February and May of 2015.

Police Air Support Unit Funding

- Due to a shortfall of funds available in the Seized Assets Funds, which are the primary funding source for the Air Support Unit, \$4.0 million of the total Air Support Unit budget of \$5.8 million was budgeted in the General Fund in FY 2015.
- The Police Department and Financial Management will continue to monitor the performance of the Seized Assets Funds throughout the year and will re-direct expenditures back to the Seized Assets Funds if funding becomes available.

Police Body Worn Cameras

- Approximately 600 cameras have been purchased to date through FY 2014 and FY 2015 funding. These purchases are on track with the Departments' goal to equip every patrol officer with a body worn camera by FY 2016. The Department plans to purchase 400 additional cameras for a total of approximately 1,000 cameras by FY 2016.
- The cameras are to be replaced every 2.5 years and annual maintenance costs are estimated to be \$50,000 in FY 2015 and \$85,000 in FY 2016 through FY 2018.
- A policy for video retention and accessibility guidelines regarding the new body worn cameras has been developed.

Police Department Civilian Positions

- Eight of the 17 civilian positions added in FY 2015 are Police Investigative Service Officers (PISO) and will support the Neighborhood Parking Protection Ordinance.
- Twelve of the 17 civilian positions added have been hired, and five are in the interview and background process.

Police Officers Retention Program

- The \$3.2 million included in the FY 2015 budget to support continuation of the retention program was approved and will support the restoration of Holiday Premium Pay.
- A compensation study was released in November 2014 that analyzes the compensation of police officers in San Diego compared to other jurisdictions. Negotiations with the Police Officers Association (POA) regarding officer compensation are occurring as of the release of this Report.

Fire Recruit Academies

- Additional funding added to the FY 2015 budget for public safety will support the Fire-Rescue Department to hold two additional Fire Recruit Academies this fiscal year.
- The Fire Recruit Academy lasts 16-weeks and can train up to 36 recruits per academy.
- The academy start dates for FY 2015 were July 5 and November 8, 2014. The last academy is anticipated to begin March 14, 2015.

Fire-Rescue Fast Response Squad Program

- The program began early this fiscal year and is anticipated to exceed budget by \$70,000 at fiscal year-end.
- The Department is currently evaluating the program and will provide an update in the Mid-Year Budget Monitoring Report.

Lifeguard Positions for the Boating Safety Unit

- Three of the four lifeguard positions added to the FY 2015 budget have been hired. The Department is currently conducting interviews for the remaining position.

Skyline Temporary Fire Station

- The Skyline temporary Fire Station will open as scheduled in January 2015.
- The fire station will be staffed with current Fire-Rescue personnel and supported with overtime budget added in the FY 2015 budget.

Windansea Beach Lifeguard

- The lifeguard position for Windansea Beach was hired in July 2014.

NEIGHBORHOOD SERVICES – Revitalizing Communities

Libraries, park and recreation facilities, after-school programs and community planning are key to creating healthy and vibrant neighborhoods. The FY 2015 budget includes funding to expand library hours, support after school programs at libraries, and support community plan updates. The budget also increases homeless services, by including funding for programs and services focusing on permanent solutions to ending homelessness.

Brush Management Program

- FY 2015 budget includes \$1.0 million to support increased brush management contractual costs from \$2,051 per acre to \$6,012 per acre.
- The vendor which was awarded the contract in FY 2014 declined the option to renew the FY 2015 contract. A new vendor has been selected and is anticipated to be presented to the City Council for approval in December 2014. The new vendor would begin in January 2015.
- The Department expects to meet the annual goal by fiscal year-end. Through City forces, non-profits and small temporary for profit contracts, approximately 70 of the 452 acre goal will be completed by December 2014.

Climate Action Plan and Sustainability Initiatives

- The Program Manager position added in the FY 2015 budget will provide leadership and coordination across departments for Climate Action Plan Implementation and related sustainability Initiatives.

- The Economic Development Department recently received the necessary approvals for this position. This item was heard and approved by the Civil Service Commission in August 2014, then was heard at the first of two City Council hearings in early October 2014. The Department received approval from City Council at the second hearing on October 21, 2014 and the position is anticipated to be filled in January 2015.

Community Planning Group Support

- The Clerical Assistant 2 position added to the FY 2015 budget has been hired and will support the 41 Community Planning Groups, which meet monthly.

Community Plan Updates - Additional Support Staff

- Two positions were added to the FY 2015 budget to provide general support to all CPUs: an Associate Planner and an Assistant Traffic Engineer.
- The Associate Planner has been hired and is currently working on the Climate Action Plan and the University Community Plan Amendments.
- The Assistant Traffic Engineer is expected to be hired in December 2014. The Traffic Engineer will assist in the development of travel forecasts, mobility, corridor, parking studies, and plans and programs that identify and analyze multimodal transportation improvements for CPUs.

Community Plan Updates CEQA Processing

- Two of the five positions added to the FY 2015 budget to support California Environmental Quality Act (CEQA) processing for CPUs have been hired. The remaining three positions are anticipated to be hired by the end of November 2014.
- The additional CEQA-focused staff will perform environmental reviews for all discretionary actions pending City Council approval, and Environmental Impact Reviews (EIRs) for Southeastern and Encanto CPUs, Grantville Community Plan Amendment, and the Morena Station special project.

Community Plan Updates (CPUs) – Urban Design

- One of the two Associate Planner positions added was reclassified to a Senior Planner after a further review of requirements was conducted by the Planning Department. Both positions have been hired.
- The new positions will be working on two major specific plans: Levi-Cushman and Otay Mesa Central Village.
- The positions will also play a major role in the urban design elements of new CPUs, including Mission Valley, which will reduce consultant costs.

Do Your Homework @ the Library After School Program

- The two Librarian 2 positions added have been hired and the 4.90 FTE hourly positions are anticipated be hired in November 2014.
- The Do Your Homework @ the Library After School Program is anticipated to begin the week of November 17, 2014. An update on the success of the Program will be provided in the Mid-Year Budget Monitoring Report.

Expansion of Library Hours

- The FY 2015 budget includes funding to support four additional hours at all branch Library locations and extended hours on Saturdays and Sundays at 12 branch libraries.
- The new Central Library received funding in FY 2015 to support three additional hours.
- All of the positions added to the FY 2015 budget have been hired and the extended hours of operation started November 8, 2014.

Homeless Solutions

Connections Housing - Downtown

- The FY 2015 budget includes funding to cover the gap in the operations budget for the Connections Housing downtown programs.
- The funding supports existing programs and services including street outreach, interim housing programs, services to mental health, legal support, employment preparation, meals, and a variety of multi-service programs offered by People Assisting the Homeless (PATH).
- The agreements for all funding sources supporting Connections Housing between the City and San Diego Housing Commission (SDHC) have been executed, allowing SDHC to begin working with PATH for operations of Connections Housing.
- An agreement with PATH is in the process of being finalized, with an expected execution in November 2014.

Homeless Management Information System

- Funding was included in the FY 2015 budget to support the development of the Homeless Management Information System (HMIS), which provides homeless service providers with a regionally shared system for data collection and client management.
- The SDHC is overseeing the development of the HMIS with the funding provided by the City.
- The SDHC is in the process of finalizing the agreement with an expected execution in November 2014.

Homeless Outreach Team Enhancement

- \$40,000 in funding was added to link the Police Department's Homeless Outreach Team with local housing and service providers to enhance the street outreach and engagement services currently provided to the homeless.
- The program is currently operating.

Homeless Transitional Storage Center

- The funding included in the FY 2015 budget for the Storage Center has been transferred to the Girls Think Tank (GTT). The GTT runs and operates the Storage Center with funding provided by the City and other donations.
- In May 2014 the Storage Center moved to a new location at 252 16th Street. The Storage Center has the largest number of storage bins totaling 353 available since its opening in 2011 and there are currently over 120 people on the waiting list.
- The SDHC is in the process of finalizing the agreement with an expected execution in November 2014.

Homeless Triage Beds

- The FY 2015 budget includes funding to support a new program which will offer 25 beds to be used by the Police Department's Homeless Outreach Team for emergency homeless care.
- The program began in July 2014 for a three month term using SDHC funds. The next nine months will be supported by funding from the City.

Neil Good Day Center

- Funding to support enhanced services at the Center was included in the FY 2015 budget.
- The additional funding supports the Housing Navigators who help assess homeless clients through the Coordinated Assessment and Housing Placement System (CAHP).
- The agreements for all funding sources have been executed.
- The program is currently operating.

Single Adult and Veterans Winter Shelters

- Both shelters received funding to support operations for five months, from November 2014 through March 2015.
- Both shelters are operating in the same locations as in previous years. The Single Adult Winter Shelter will be in the downtown area, and the Veterans Winter Shelter will be in the Sports Arena area.
- The SDHC will run and operate the shelters with the funding provided by the City and other sources.

Serial Inebriate Program (SIP) Expansion

- \$120,000 was transferred to the SDHC to expand the SIP. The program currently has 20 beds; the additional funding will expand the total SIP to 32 beds.
- SIP provides assistance to the homeless with alcoholism, as well as, case management, access to housing, and long term recovery.

Neighborhood Parking Protection Ordinance (NPPO)

- All of the required signs have been installed and the online permitting system is in use.
- Full enforcement of the NPPO began in August 2014. To-date, 1,838 permits, 468 warnings, and 517 violations have been issued.

Park Ranger for Coastline Area

- The FY 2015 budget includes the addition of one Park Ranger position to support the coastline area.
- The recruitment is in process and the position is anticipated to be hired by December 2014.

Tree Trimming

- The Transportation and Storm Water Department is currently overseeing two tree trimming contracts.
- Approximately 3,000 palm trees have been trimmed to-date in addition to the trimming and maintenance of other trees.

Urban Forestry Program

- The Urban Forester position added to the FY 2015 budget is anticipated to be hired in December 2014.
- The new position will identify strategies and policies for managing City's trees, coordinate citywide tree services, assist the Community Forest Advisory Board, and provide technical and professional guidance.

Zoning Investigator Position to Support Residential Rental Properties

- The Zoning Investigator 2 position began in September 2014 and has assumed citywide enforcement responsibilities for nuisance residential rental properties.
- Since July 2014, 42 cases have been opened for violations related to nuisance residential rental properties.

TRANSPARENCY AND OPEN DATA

Another priority of the FY 2015 budget is to increase transparency using technology and provide information and updates to residents. The goal is for the public to have access to online resources to easily search and track City projects, public contracts, budgets, capital assets, long term planning, and financial information.

Open Data Officer Position

- The Open Data Officer position is expected to be hired by December 2014.
- The Open Data Policy, approved by City Council via R-308684 on January 2, 2014, will be effective January 1, 2015.

OTHER PRIORITY INITIATIVES

The FY 2015 budget includes other significant adjustments related to the prevailing wage and living wage programs, and the Public Liability Fund reserve.

Living Wage Program (LWP)

- The Senior Management Analyst position added in the FY 2015 budget was hired in September 2014.
- The goals of the administration and monitoring of the LWP include identifying all contracts, maintaining accurate records, administering the annual wage adjustment requirements, providing information on the City website and printed materials, conducting proactive compliance reviews and resolving any identified discrepancies.

Prevailing Wage Program

- All of the seven positions added in the FY 2015 budget to support the Prevailing Wage Program have been hired.
- City staff has participated in external trainings and currently provides information on a regular basis regarding training held by other organizations and jurisdictions.
- Trainings have been provided to departments citywide, and will continue to be provided as needed.

Public Liability Fund Reserve

- The FY 2014 Year End Budget Monitoring Report presented available Excess Equity of \$16.8 million and recommended to use the Excess Equity to fully fund the Public Liability reserve in FY 2015, pending the availability of the funding at the close of FY 2014. As discussed in the General Fund Reserve section of this report, the available Excess Equity, based on unaudited activity, is sufficient, and the \$12.8 million will be used to fund the Public Liability reserve in FY 2015.

- Due to larger than anticipated expenditures related to claim losses, the Fund is not projected to remain fully funded at the 50.0% target at the end of FY 2015.
- The required reserve target per the City's Reserve Policy for FY 2015 is 37.0% or \$35.1 million, based on the three year average of the most recent annual actuarial liability valuations. This target takes into account the FY 2014 annual actuarial liability valuation, which was not available during the development of the FY 2015 budget.
- It is anticipated that the FY 2015 target will be met by the end of the fiscal year, but not at the 50.0% level. Financial Management will continue to monitor the Public Liability Fund reserve and provide an update in the Mid-Year Budget Monitoring Report.

Storm Water Code Enforcement

- The Combination Inspector 2 position added to the budget to oversee storm water regulations, inspections, and actions is expected to be hired by January 2015.

Storm Water Permit Compliance

- All of the 9.67 FTE positions added to the budget to monitor compliance with the Bacteria Total Maximum Daily Load (TMDL) and municipal storm water permit requirements will be hired by December 2014.

This section intentionally left blank.

CONCLUSION

General Fund revenues and expenditures are projected to be within 1.0% of budget at fiscal year-end. General Fund revenues are projected to be \$2.4 million over budget while expenditures are projected to conclude the fiscal year \$2.5 million over budget.

Based on the projected activity for FY 2015, the ending fund balance is projected to be \$167.2 million, or 15.6% of the average of FY 2011 through FY 2013 audited General Fund operating revenues. After accounting for the required reserve level of \$149.8 million and the projected funding required to support the City Council Community Projects, Programs and Services in FY 2016, the available Excess Equity is projected to be \$16.4 million, or 1.5% of the average of FY 2011 through FY 2013 audited General Fund operating revenues.

The base for the percent calculations above use only audited results, which does not include the unaudited FY 2014 operating revenues. The audit of FY 2014 activity is anticipated to be completed by early December 2014 with the release of City's Comprehensive Annual Financial Report (CAFR) and will be used to forecast reserve levels in the Mid-Year Budget Monitoring Report. When taking into consideration the unaudited FY 2014 operating revenues, the required reserves will increase due to a higher base for the percent calculations as FY 2014 revenues are higher than previous fiscal years. This would result in a decrease in the available Excess Equity to \$8.8 million, or 0.8% of the average of FY 2012 through FY 2014 General Fund operating revenues. An update to the General Fund reserve levels and Excess Equity will be provided in the Mid-Year Budget Monitoring Report.

Expenditure trends that may result in overspending individual department budgets will be monitored and departments will be required to present a plan to maintain expenditures within approved appropriations. Financial Management will continue to monitor the budget against actual activity, and will recommend budget adjustments as required in the Mid-Year and Year End Budget Monitoring Reports that could include the use of projected fund balance, or Excess Equity, or by the appropriation of additional revenues.

ATTACHMENTS

- I. General Fund Projected Revenues
- II. General Fund Projected Expenditures
- III. Non-General Fund Projections
- IV. Non-General Fund Reserves
- V. General Fund Vacancy Status Report as of October 2014
- VI. Non-General Fund Vacancy Status Report as of October 2014
- VII. Public Utilities Department Vacancy Status Report as of October 2014

General Fund Projected Revenues

Department	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
General Fund Major Revenues					
Charges for Current Services	\$ 26,021,312	\$ 26,021,312	\$ 26,021,312	\$ -	0.0%
Franchise Fees ¹	70,662,949	70,662,949	71,065,941	402,992	0.6%
Interest and Dividends	1,414,251	1,414,251	1,414,251	-	0.0%
Motor Vehicle License Fees	-	-	-	-	0.0%
Fines, Forfeitures, and Penalties	-	-	895	895	100.0%
Other Revenue	60,000	60,000	469,837	409,837	683.1%
Property Tax	445,428,691	445,428,691	443,654,360	(1,774,331)	-0.4%
Property Transfer Tax	9,176,035	9,176,035	8,748,900	(427,135)	-4.7%
Refuse Collector Business Tax	700,000	700,000	750,000	50,000	7.1%
Revenue from Federal and Other Agencies	-	-	-	-	0.0%
Revenue from Money and Property	572,552	572,552	572,552	-	0.0%
Sales Tax	257,106,087	257,106,087	259,104,550	1,998,463	0.8%
Transfers In	33,420,683	33,420,683	34,059,501	638,818	1.9%
Transient Occupancy Tax ²	92,332,290	92,332,290	94,236,860	1,904,570	2.1%
<i>Subtotal Major General Fund Revenues</i>	<u>\$ 936,894,850</u>	<u>\$ 936,894,850</u>	<u>\$ 940,098,961</u>	<u>\$ 3,204,111</u>	<u>0.3%</u>
City Auditor	\$ -	\$ -	\$ -	\$ -	0.0%
City Clerk	42,404	42,404	42,404	-	0.0%
City Comptroller	2,468,547	2,468,547	2,468,548	1	0.0%
Citywide Program Expenditures	-	-	-	-	0.0%
Communications	1,565,333	1,565,333	170,003	(1,395,330)	-89.1%
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 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%
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%

General Fund Projected Revenues
--

Department	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Council District 9	\$ -	\$ -	\$ -	\$ -	0.0%
Council District 9 - Community Projects, Programs, and Services	-	-	-	-	0.0%
Debt Management	683,645	683,645	626,918	(56,727)	-8.3%
Department of Information Technology	-	-	-	-	0.0%
Development Services	629,824	629,824	858,367	228,543	36.3%
Economic Development	8,566,363	8,566,363	6,365,530	(2,200,833)	-25.7%
Environmental Services	1,194,714	1,194,714	1,493,498	298,784	25.0%
Ethics Commission	-	-	61,750	61,750	100.0%
Financial Management	5,000	5,000	5,000	-	0.0%
Fire-Rescue	27,034,577	27,034,577	28,554,060	1,519,483	5.6%
Human Resources	-	-	-	-	0.0%
Internal Operations	-	-	-	-	0.0%
Library	4,125,753	4,125,753	4,125,752	(1)	0.0%
Infrastructure/Public Works	123,135	123,135	123,135	-	0.0%
Neighborhood Services	-	-	-	-	0.0%
Office of Homeland Security	930,957	930,957	1,042,151	111,194	11.9%
Office of the Assistant Chief Operating Officer	450,000	450,000	220,905	(229,095)	-50.9%
Office of the Chief Financial Officer	-	-	-	-	0.0%
Office of the Chief Operating Officer	-	-	-	-	0.0%
Office of the City Attorney	3,256,169	3,256,169	3,257,914	1,745	0.1%
Office of the City Treasurer	18,296,151	18,296,151	18,422,505	126,354	0.7%
Office of the Independent Budget Analyst	-	-	-	-	0.0%
Office of the Mayor	308,400	308,400	308,400	-	0.0%
Park and Recreation	32,708,616	32,708,616	33,147,889	439,273	1.3%
Performance and Analytics	-	-	-	-	0.0%
Personnel	6,000	6,000	11,099	5,099	85.0%
Planning	3,831,968	3,831,968	3,381,939	(450,029)	-11.7%
Police	44,570,440	44,570,440	45,716,309	1,145,869	2.6%
Public Works - Contracting	1,053,393	1,053,393	1,168,957	115,564	11.0%
Public Works - General Services	3,881,596	3,881,596	3,568,684	(312,912)	-8.1%
Purchasing and Contracting	1,607,856	1,607,856	1,528,257	(79,599)	-5.0%
Real Estate Assets	45,129,495	45,129,495	43,880,473	(1,249,022)	-2.8%
Transportation and Storm Water	48,245,274	48,245,274	49,362,512	1,117,238	2.3%
Water	940,000	940,000	940,012	12	0.0%
Total General Fund Revenues	\$ 1,188,550,460	\$ 1,188,550,460	\$ 1,190,951,930	\$ 2,401,470	0.2%

The current budget presented in this table is as of September 2014 (accounting period 3) unless otherwise noted.

¹ Total City FY 2015 current revenue budget for franchise fees is \$137.1 million and the projection is \$137.9 million. The balance is budgeted in the Environmental Growth and Underground Surcharge Funds.

² Total City FY 2015 current revenue budget for Transient Occupancy Tax is \$176.3 million and the projection is \$179.9 million. The balance is budgeted in the Transient Occupancy Tax Fund.

General Fund Projected Expenditures					
-------------------------------------	--	--	--	--	--

Department	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
City Auditor	\$ 3,575,202	\$ 3,637,202	\$ 3,425,125	\$ 212,077	5.8%
City Clerk	5,341,256	5,348,352	5,396,301	(47,949)	-0.9%
City Comptroller	10,735,280	10,904,280	11,087,967	(183,687)	-1.7%
Citywide Program Expenditures					
Assessments to Public Property	567,800	567,800	575,515	(7,715)	-1.4%
Business Cooperation Program	350,000	350,000	350,000	-	0.0%
Citywide Elections	1,800,000	1,800,000	19,666	1,780,334	98.9%
Corporate Master Leases Rent	7,196,638	7,196,638	7,128,208	68,430	1.0%
Deferred Capital Debt Service	14,509,106	14,509,106	14,522,833	(13,727)	-0.1%
Employee Personal Property Claims	5,000	5,000	-	5,000	100.0%
Engineering & Capital Projects	2,246,367	1,471,367	1,471,367	-	
Insurance	2,206,891	2,206,891	2,206,891	-	0.0%
Leverage of Employee Pick-up Savings	8,007,674	8,007,674	8,007,669	5	
Memberships	730,000	730,000	733,070	(3,070)	-0.4%
Preservation of Benefits	1,700,000	1,700,000	1,700,000	-	0.0%
Property Tax Administration	3,823,303	3,823,303	4,047,721	(224,418)	-5.9%
Public Liability Claims Transfer - Claims Fund	14,506,208	14,506,208	14,506,208	-	0.0%
Public Liability Claims Transfer - Reserves	12,800,000	12,800,000	12,800,000	-	0.0%
Public Use Leases	1,582,144	1,582,144	1,582,144	-	0.0%
Special Consulting Services	2,970,000	2,970,000	2,970,000	-	0.0%
Supplemental COLA	1,588,350	1,588,350	1,569,308	19,042	1.2%
Transfer to Park Improvement Funds	10,045,411	10,045,411	8,796,390	1,249,021	12.4%
Transportation Subsidy	459,179	459,179	459,102	77	0.0%
<i>Subtotal Citywide Program Expenditures</i>	<u>\$ 87,094,071</u>	<u>\$ 86,319,071</u>	<u>\$ 83,446,090</u>	<u>\$ 2,872,981</u>	<u>3.3%</u>
Communications	\$ 3,444,543	\$ 3,444,543	\$ 838,272	\$ 2,606,271	75.7%
Council Administration	2,122,912	2,122,912	1,765,289	357,623	16.8%
Council District 1	992,681	992,681	851,514	141,167	14.2%
Council District 1 - Community Projects, Programs and Services	122,527	121,739	121,739	-	0.0%
Council District 2	1,194,251	1,194,251	1,190,060	4,191	0.4%
Council District 2 - Community Projects, Programs and Services	249,704	248,916	248,916	-	0.0%
Council District 3	1,264,259	1,264,259	1,133,255	131,004	10.4%
Council District 3 - Community Projects, Programs and Services	233,180	232,392	232,392	-	0.0%
Council District 4	1,032,409	1,032,409	984,651	47,758	4.6%
Council District 4 - Community Projects, Programs and Services	3,680	2,092	2,092	-	0.0%
Council District 5	1,034,295	1,034,295	832,806	201,489	19.5%
Council District 5 - Community Projects, Programs and Services	360,026	357,076	357,076	-	0.0%
Council District 6	1,056,158	1,056,158	959,006	97,152	9.2%
Council District 6 - Community Projects, Programs and Services	170,309	169,521	169,521	-	0.0%

General Fund Projected Expenditures
--

Department	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Council District 7	\$ 1,112,712	\$ 1,117,712	\$ 983,160	\$ 134,552	12.0%
Council District 7 - Community Projects, Programs and Services	105,737	104,949	104,949	-	0.0%
Council District 8	1,109,450	1,132,450	1,038,539	93,911	8.3%
Council District 8 - Community Projects, Programs and Services	183,687	182,899	182,899	-	0.0%
Council District 9	1,063,375	1,063,375	939,730	123,645	11.6%
Council District 9 - Community Projects, Programs and Services	242,152	234,384	234,384	-	0.0%
Debt Management	2,448,214	2,521,214	2,576,209	(54,995)	-2.2%
Department of Information Technology	500,000	500,000	500,000	-	0.0%
Development Services	7,011,989	7,011,989	6,569,680	442,309	6.3%
Economic Development	14,088,718	14,248,718	11,941,608	2,307,110	16.2%
Environmental Services	35,164,939	35,265,239	35,032,758	232,481	0.7%
Ethics Commission	991,862	1,023,862	1,033,560	(9,698)	-0.9%
Financial Management	4,109,395	4,233,395	4,217,654	15,741	0.4%
Fire-Rescue	218,533,401	218,633,401	226,402,890	(7,769,489)	-3.6%
Human Resources	3,129,024	3,129,024	3,092,040	36,984	1.2%
Internal Operations	388,217	388,217	355,751	32,466	8.4%
Library	45,498,448	45,598,448	45,396,246	202,202	0.4%
Infrastructure/Public Works	1,543,754	1,662,754	1,649,926	12,828	0.8%
Neighborhood Services	970,898	970,898	844,583	126,315	13.0%
Office of Homeland Security	2,018,755	2,076,755	2,204,804	(128,049)	-6.2%
Office of the Assistant Chief Operating Officer	1,116,966	1,119,966	1,083,782	36,184	3.2%
Office of the Chief Financial Officer	566,161	566,161	560,890	5,271	0.9%
Office of the Chief Operating Officer	924,312	973,312	947,717	25,595	2.6%
Office of the City Attorney	45,902,055	46,025,055	46,275,351	(250,296)	-0.5%
Office of the City Treasurer	15,455,696	15,615,696	15,730,619	(114,923)	-0.7%
Office of the Independent Budget Analyst	1,733,699	1,813,699	1,798,462	15,237	0.8%
Office of the Mayor	4,265,207	4,277,207	4,238,098	39,109	0.9%
Park and Recreation	97,970,148	98,073,128	99,325,821	(1,252,693)	-1.3%
Performance and Analytics	1,437,206	1,437,206	1,319,321	117,885	8.2%
Personnel	7,106,828	7,106,828	7,277,391	(170,563)	-2.4%
Planning	9,325,617	9,325,617	8,797,877	527,740	5.7%
Police	419,459,222	419,405,884	422,392,406	(2,986,522)	-0.7%
Public Works - Contracting	2,111,792	2,132,792	2,116,108	16,684	0.8%
Public Works - General Services	17,745,338	17,745,338	18,239,054	(493,716)	-2.8%
Purchasing and Contracting	6,291,735	6,291,735	5,839,499	452,236	7.2%
Real Estate Assets	4,669,197	4,669,197	4,350,447	318,750	6.8%
Transportation and Storm Water	104,094,587	103,256,587	104,263,160	(1,006,573)	-1.0%
Water	2,005,200	2,005,200	2,070,912	(65,712)	-3.3%
Total General Fund Expenditures	\$ 1,202,422,436	\$ 1,202,422,436	\$ 1,204,970,358	\$ (2,547,922)	-0.2%

The current budget presented in this table is as of September 2014 (accounting period 3) unless otherwise noted.

Non-General Fund Projections						
Fund	Revenue/ Expenditure	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Airports Fund	Revenue	\$ 4,778,882	\$ 4,778,882	\$ 4,744,380	\$ (34,502)	-0.7%
	Expenditures	5,227,795	5,227,795	5,055,955	171,840	3.3%
Central Stores Fund	Revenue	13,341,277	13,341,277	11,295,190	(2,046,087)	-15.3%
	Expenditures	13,341,277	13,341,277	11,267,087	2,074,190	15.5%
Concourse and Parking Garages Operating Fund	Revenue	2,713,422	2,713,422	2,713,291	(131)	0.0%
	Expenditures	2,709,263	2,709,263	2,673,641	35,622	1.3%
Development Services Fund	Revenue	48,391,352	48,391,352	51,850,676	3,459,324	7.1%
	Expenditures	49,801,190	49,801,190	51,758,070	(1,956,880)	-3.9%
Energy Conservation Program Fund	Revenue	2,253,884	2,253,884	2,543,652	289,768	12.9%
	Expenditures	2,645,182	2,845,182	2,745,265	99,917	3.5%
Engineering and Capital Projects Fund	Revenue	64,367,237	64,367,237	64,836,462	469,225	0.7%
	Expenditures	64,367,237	64,367,237	64,718,604	(351,367)	-0.5%
Facilities Financing Fund	Revenue	2,275,110	2,275,110	1,898,243	(376,867)	-16.6%
	Expenditures	2,275,110	2,275,110	1,898,243	376,867	16.6%
Fire/EMS Transportation Program Fund	Revenue	11,552,358	11,552,358	11,566,812	14,454	0.1%
	Expenditures	12,702,437	12,702,437	11,373,967	1,328,470	10.5%
Fleet Services Operating Fund	Revenue	50,229,234	50,229,234	48,799,663	(1,429,571)	-2.8%
	Expenditures	50,837,774	50,837,774	50,545,168	292,606	0.6%
GIS Fund	Revenue	1,801,061	1,801,061	1,755,500	(45,561)	-2.5%
	Expenditures	1,905,499	1,905,499	1,831,647	73,852	3.9%
Golf Course Fund	Revenue	17,540,747	17,540,747	17,540,747	-	0.0%
	Expenditures	16,653,723	16,653,723	16,632,207	21,516	0.1%
Information Technology Fund	Revenue	8,673,318	8,673,318	8,672,005	(1,313)	0.0%
	Expenditures	10,488,568	10,488,568	9,965,606	522,962	5.0%
Junior Lifeguard Program Fund	Revenue	595,779	595,779	595,779	-	0.0%
	Expenditures	595,779	595,779	595,238	541	0.1%
Local Enforcement Agency Fund	Revenue	786,417	786,417	755,768	(30,649)	-3.9%
	Expenditures	754,953	754,953	704,245	50,708	6.7%
Los Peñasquitos Canyon Preserve Fund	Revenue	186,000	186,000	186,000	-	0.0%
	Expenditures	221,661	221,661	224,439	(2,778)	-1.3%
OneSD Support Fund	Revenue	19,918,068	19,918,068	19,914,217	(3,851)	0.0%
	Expenditures	20,728,100	20,728,100	20,414,697	313,403	1.5%

Non-General Fund Projections						
Fund	Revenue/ Expenditure	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Parking Meter Operations Fund	Revenue	\$ 9,111,535	\$ 9,111,535	\$ 9,287,723	\$ 176,188	1.9%
	Expenditures	9,111,535	9,111,535	9,119,013	(7,478)	-0.1%
Petco Park Fund	Revenue	15,723,720	15,723,720	15,709,050	(14,670)	-0.1%
	Expenditures	17,542,842	17,542,842	17,539,740	3,102	0.0%
Publishing Services Fund	Revenue	3,221,261	3,221,261	3,495,252	273,991	8.5%
	Expenditures	3,221,261	3,221,261	3,318,748	(97,487)	-3.0%
Qualcomm Stadium Operations Fund	Revenue	16,652,809	16,652,809	16,652,807	(2)	0.0%
	Expenditures	17,963,564	17,963,564	17,946,686	16,878	0.1%
Recycling Fund	Revenue	18,427,651	18,427,651	18,860,672	433,021	2.3%
	Expenditures	22,561,192	22,561,192	22,290,636	270,556	1.2%
Refuse Disposal Fund	Revenue	28,236,434	28,236,434	27,663,321	(573,113)	-2.0%
	Expenditures	31,135,093	31,135,093	31,885,093	(750,000)	-2.4%
Risk Management Administration Fund	Revenue	9,314,487	9,314,487	9,410,355	95,868	1.0%
	Expenditures	10,265,929	10,265,929	10,361,798	(95,869)	-0.9%
Sewer Utility Funds ¹	Revenue	421,631,100	421,631,100	409,233,500	(12,397,600)	-2.9%
	Expenditures	345,671,783	345,719,077	333,084,518	12,634,559	3.7%
Transient Occupancy Tax Fund						
Commission for Arts and Culture Department	Revenue	\$ -	\$ -	\$ -	\$ -	0.0%
Special Events Department	Revenue	150,000	150,000	150,000	-	0.0%
Special Promotional Programs	Revenue	83,938,446	83,938,446	85,669,873	1,731,427	2.1%
<i>Total Transient Occupancy Tax Fund Revenue</i>		<u>\$ 84,088,446</u>	<u>\$ 84,088,446</u>	<u>\$ 85,819,872</u>	<u>\$ 1,731,426</u>	
Commission for Arts and Culture Department	Expenditures	\$ 1,054,761	\$ 1,054,761	\$ 996,994	\$ 57,767	5.5%
Special Events Department	Expenditures	1,044,801	1,044,801	975,556	69,245	6.6%
Special Promotional Programs	Expenditures	89,638,019	89,638,019	91,496,014	(1,857,995)	-2.1%
<i>Total Transient Occupancy Tax Fund Expenditures</i>		<u>\$ 91,737,581</u>	<u>\$ 91,737,581</u>	<u>\$ 93,468,564</u>	<u>\$ (1,730,983)</u>	
Underground Surcharge Fund	Revenue	\$ 50,592,739	\$ 50,592,739	\$ 50,592,739	\$ -	0.0%
	Expenditures	50,592,739	50,592,739	50,456,514	136,225	0.3%
Water Utility Operating Fund ¹	Revenue	478,268,700	478,268,700	483,415,300	5,146,600	1.1%
	Expenditures	462,671,644	462,671,644	458,372,471	4,299,173	0.9%
Wireless Communications Technology Fund	Revenue	7,436,710	7,436,710	7,460,040	23,330	0.3%
	Expenditures	8,412,052	8,412,052	8,053,490	358,562	4.3%

The current budget presented in this table is as of September 2014 (accounting period 3) unless otherwise noted. Capital Improvements Program expenditure budgets are excluded.

¹ 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.

Non-General Fund Reserves

in millions

Description	Fund Name	Reserve Type	FY 2015	
			Target	Status
Development Services	Development Services Fund	Operating Reserve	\$ 2.6	On Target
Golf Course	Golf Course Fund	Operating Reserve	2.1	On Target
Risk Management ¹	Long-Term Disability Fund	Liability Reserve	16.7	On Target
	Public Liability Fund	Liability Reserve	35.1	On Target
	Workers' Compensation Fund	Liability Reserve	48.5	On Target
Environmental Services	Recycling Enterprise Fund	Operating Reserve	2.4	On Target
	Refuse Disposal Fund	Operating Reserve	4.6	On Target
Public Utilities	Sewer Utility Funds	Emergency Operating Reserve	44.4	On Target
		Emergency Capital Reserve	5.0	On Target
		Rate Stabilization Fund Reserve	21.3	On Target
	Water Utility Funds	Emergency Operating Reserve	31.7	On Target
		Emergency Capital Reserve	5.0	On Target
		Rate Stabilization Fund Reserve	38.5	On Target
		Secondary Purchase Reserve	13.6	On Target

¹The FY 2015 reserve targets for the Risk Management Funds are based on updated actuarial valuations recently received for FY 2014.