



THE CITY OF SAN DIEGO

M E M O R A N D U M

DATE: May 14, 2010

TO: Honorable Council President Ben Hueso and Members of the City Council

FROM: Jay M. Goldstone, Chief Operating Officer  
Mary Lewis, Chief Financial Officer

SUBJECT: Mayor's May Revision to the Fiscal Year 2011 Proposed Budget

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This memorandum presents the Mayor's recommended revisions to the Fiscal Year 2011 Proposed Budget (May Revision). It includes budget adjustments to various departments that have arisen since the Fiscal Year 2011 Proposed Budget was released and corrects significant omissions or errors in the Proposed Budget. It does not, however, include suggestions or recommendations made by individual Council Members for which no specific funding source was identified to fund or restore a particular program or service. As a result of the changes included in the May Revision, the General Fund budget is increased by \$3.3 million. The General Fund and other City non-general funds remain balanced. The following discussion covers the significant adjustments to the budget. A summary of adjustments is included in *Attachment 1*.

## OVERVIEW

### Personnel Adjustments

A net total of 4.01 Full-Time Equivalent (FTE) positions in the General Fund budget are being added in the May Revision (the citywide net position reduction is 9.74 FTE). The overall increase in personnel expenditures includes increased funding of \$3.6 million for unbudgeted Police Recruits; a \$1.0 million increase in the City Council budgets to fund the correct fringe costs and earned annual leave that were inadvertently left out of the budget; and the consolidation of warehouses for Library, Fire, and Police departments into Central Stores (subject to Meet and Confer before implementation) which would result in the reduction of 3.00 FTE positions and a total cost savings of \$237,530 in personnel expenditures.

## **Revenues**

The May Revision includes changes in the revenues budgeted in General Fund departments, including a \$1.6 million increase in revenue in the City Attorney's Office from budgeting litigation revenue and a Service Level Agreement (SLA) for CIP services; a \$1.0 million adjustment to reimburse the Storm Water Department for dewatering expenses; and a \$642,710 revenue increase in the City Treasurer's Department from the implementation of a new compliance program to verify the business fees paid to the City based on the number of reported employees.

## **Appropriations**

The May Revision also reflects a net increase in General Fund expenditures of \$3.3 million. Aside from the aforementioned increases of \$3.6 million to fund the Police Recruits and \$1.0 million added for the City Council fringe budgets and earned annual leave, other General Fund expenditure increases include \$500,000 in additional funding for a study of Phyllis Place and \$441,000 in the City Treasurer's contractual services budget for the City's core banking services.

The May Revision also includes a reduction of \$1.4 million in the Workers' Compensation annual pay-go amount; and a net reduction of \$2.4 million in the Citywide Program Expenditures Department due to a reduction of \$2.9 million budgeted for the annual costs for Public Liability claims expense and an increase of \$500,000 for redistricting costs.

## **CITYWIDE CONSIDERATION**

### **Workers' Compensation Contribution**

*Expenditure Adjustment:* **(\$1,447,578)**

A citywide reduction of \$1.4 million in the Workers' Compensation contribution is included in the May Revision to align budgeted expenditures with expenditure trends.

## **DEPARTMENTAL ADJUSTMENTS**

### **City Planning & Community Investment (CPCI)**

*General Fund Expenditure Adjustment:* **\$500,000**

Addition of \$500,000 for the Phyllis Place project which will be used to study the proposal to make a road connection through Phyllis Place including a California Environmental Quality Act (CEQA) analysis. In October of 2008, during the Quarry Falls City Council hearing, the Council initiated an amendment to the Serra Mesa Community Plan adding the Phyllis Place Road connection. The connection is already shown in the Mission Valley Community Plan, but is not in the Serra Mesa Plan, causing a discrepancy. Funding is needed for CEQA analysis of the proposed amendment which will include additional traffic studies, environmental work and review. The initiation and funding does not prejudice the Council's future action on the amendment proposal, but enables the process of analyzing and considering the proposed amendment.

### **City Planning & Community Investments (CPCI): Non-General Fund**

<i>Net FTE Adjustment:</i>	<i>3.50</i>
<i>Net Revenue Adjustment:</i>	<i>\$638,755</i>
<i>Net Expenditure Adjustment:</i>	<i>\$396,755</i>

#### **Addition in Revenue for Facilities Financing**

This adjustment reflects an increase of \$242,000 in Facilities Financing revenue due to their increased responsibility for overseeing the Park Planning Capital Improvement Program budget. In addition, Facilities Financing anticipates updating several financing plans in Fiscal Year 2011, which will increase the reimbursement of their administrative costs from Development Impact Fees (DIF) and Facilities Benefits Assessments (FBA) that are charged to the communities that are being updated.

#### **Increase in Community Development Block Grant (CDBG) Entitlement**

Due to a greater-than-anticipated CDBG entitlement from Housing and Urban Development (HUD), the HUD Programs Administration section of CPCI will receive an increase in grant revenue and expenditures of \$272,318 that will be used to fund the addition of 1.00 Account Clerk position and additional non-personnel expenses.

#### **Redevelopment Division Interns**

Addition of 2.50 Management Intern positions in the Redevelopment Division at an expenditure and revenue cost of \$64,604, to work in Project Areas, the Affordable Housing Program, or the Redevelopment Finance section.

#### **Library**

<i>FTE Adjustment:</i>	<i>(1.00)</i>
<i>General Fund Expenditure Adjustment:</i>	<i>(\$70,980)</i>

Adjustment reflects the reduction of 1.00 Storekeeper I position due to the consolidation of central stores and the closing of Store 77. The few remaining Library-specific supplies will be added to the stock at Store 1. The proposed warehousing consolidation will reduce costs and lead to greater accountability in the City's operating departments. This reduction is subject to the meet and confer process between the City and labor organizations.

#### **Maintenance Assessment Districts (MADs): Non-General Fund**

<i>Revenue Adjustment:</i>	<i>\$(472,031)</i>
<i>Net Expenditure Adjustment:</i>	<i>\$160,408</i>

A revenue decrease of \$472,031 is included in the May Revision to reflect the new CPI (cost of inflation) rate for Residential Maintenance Assessment Districts (MADs). A net expenditure increase of \$160,408 for MADs reflects a contingency reserve adjustment equal to changes in salary, fringe, and revenue adjustments, a decrease in Discretionary IT expenditures, and a projected expenditure adjustment due to available carryover budget.

**OneSD Support: Non-General Fund**

*Net FTE Adjustment:* (2.00)

*Net Expenditure Adjustment:* \$62,115

This represents the net impact of a reduction of 5.00 Business System Analyst II positions, one of which will be transferred to the Human Resources Department due to workload adjustments and the addition of 3.00 Program Manager positions to oversee citywide support of the OneSD Enterprise Resource Planning (ERP) Financial, Logistic, and Human Capital Management modules. These positions were approved to be exempted from the Civil Service Commission and are included in Exhibit E of the Fiscal Year 2011 Adopted Salary Ordinance. The net increase in personnel expenditures is \$62,115.

**Park & Recreation**

*General Fund Net Revenue Adjustment:* (\$183,890)

*General Fund Net Expenditure Adjustment:* (\$2,738)

**Community Development Block Grant (CDBG) Funding**

This adjustment reflects a reduction in revenue of \$383,890 due to the loss of CDBG funding and the associated reduction of \$2,738 in non-personnel expenditures for the Therapeutic Recreations and Senior Services program.

**Special Promotional Programs Transient Occupancy Tax (TOT) Transfer**

Transfer of \$200,000 in TOT revenue to Park & Recreation in order to reimburse the department for tourism-related expenses.

**NON-MAYORAL DEPARTMENTS**

**City Attorney**

*General Fund Net Revenue Adjustment:* \$1,600,000

*General Fund Net Expenditure Adjustment:* \$1,566,140

**Restoration of Litigation Revenue**

Adjustment reflects the budgeting of \$1.4 million in litigation revenue from settlements that have a reasonable probability of being awarded to the City of San Diego in Fiscal Year 2011.

**Revenue for Service Level Agreement (SLA)**

Adjustment reflects the restoration of partial reimbursable revenue of \$200,000 from an SLA with the Engineering and Capital Projects Department for CIP services.

**Support for Budgeted Positions**

Adjustment to reflect an increase of \$1.6 million to provide funding for positions that were previously vacant during the development of the proposed budget but have since been filled or are intended to be filled.

### **City Council**

*General Fund Net Revenue Adjustment:* (\$32,000)

*General Fund Net Expenditure Adjustment:* \$987,312

#### **Adjustment for Fringe Expenses**

This adjustment reflects an increase of \$863,351 in the Council District budgets to fund increased fringe costs, which are non-discretionary expenses. Adjustments related to this increase in fringe costs were included in the budgets of all City departments; however, due to an oversight in the development of the Proposed Budget, these increases to the Council budgets were inadvertently omitted.

#### **Council Infrastructure Transfers**

Council District 5 is reducing its expenditure budget by \$32,000 and the transfer of \$32,000 from the Council District 5 Infrastructure Improvement Fund is being removed.

#### **Annual Leave Adjustment**

Adjustment reflects an addition of \$155,961 in the Council Administration budget to fund anticipated annual leave payouts resulting from the transition of Council Offices in Council Districts 6 and 8.

#### **Personnel**

*FTE Adjustment:* 0.50

*General Fund Net Expenditure Adjustment:* \$60,000

#### **Drug Testing and Medical Exams**

An increase of \$60,000 in non-personnel expenditures for new employee medical, police, and fire random drug testing and other medical exams is included in the May Revision to align expenditures to current year trends. Personnel had reduced this expenditure in the December budget actions but determined that the need for contract services was greater than could be supported by the reduced budget.

#### **Program Manager Position**

Addition of 0.50 Program Manager position without funding to manage and oversee the OneSD Organizational Management (OM) and Personnel Administration (PA) modules. The department will absorb the full cost of the position in its budget and no additional funding is being added.

### **OFFICE OF THE ASSISTANT COO**

#### **Administration**

*Net FTE Adjustment:* 0.72

*General Fund Expenditure Adjustment:* \$193,066

#### **Part-Time Intern**

Addition of hourly funding for a part-time intern equivalent to a 0.72 FTE position to assist with Public Records Act requests.

**Equal Opportunity Contracting Program (EOCP) Position**

Addition of personnel expenditures totaling \$174,461 for 1.00 EOCP Program Manager based on approval to fill the position.

**Human Resources**

*FTE Adjustment:* (2.00)  
*General Fund Net Expenditure Adjustment:* (\$547,708)

**Transfer of Disability Program**

Adjustment reflects the reduction of 3.00 FTE positions and \$665,794 in personnel and non-personnel expenditures due to the transfer of the Disability Services Program from the Human Resources Department to the Public Works Department.

**Position Transfer**

This adjustment reflects the transfer of 1.00 Senior Management Analyst position and personnel expenditures of \$118,086 from the OneSD Support Department to the Human Resources Department to support city-wide training.

**Purchasing & Contracting: Non-General Fund**

*FTE Adjustment:* 1.00  
*Revenue Adjustment:* \$79,914  
*Expenditure Adjustment:* \$79,914

Transfer of 1.00 Storekeeper II position personnel expenditures and associated revenue of \$79,914 from the Fire-Rescue Department to Central Stores as a result of the conversion of Store 42 from a Central Stores facility to a San Diego Fire Department (SDFD) storeroom. Central Stores will provide storekeeper services at Store 42 via an SLA. The proposed warehousing consolidation will reduce costs and lead to greater accountability in the City's operating departments. This transfer is subject to the meet and confer process between the City and labor organizations.

**OFFICE OF THE CHIEF FINANCIAL OFFICER**

**City Comptroller**

*General Fund FTE Adjustment:* 1.00  
*General Fund Expenditure Adjustment:* \$51,000

This adjustment reflects the addition of \$51,000 for the Simpler contract to access the City's historical financial data for the Charter 39 report and other accounting projects. Fiscal Year 2011 is a transitional year and the financial staff require this tool to extract historical transactional data from the legacy systems. In addition, 1.00 Accountant II position with no funding is being added to support the Internal Controls division, due to the omission of this position from the Proposed Budget.

**City Treasurer**

<i>FTE Adjustment:</i>	<i>1.00</i>
<i>General Fund Net Revenue Adjustment:</i>	<i>\$642,710</i>
<i>General Fund Net Expenditure Adjustment:</i>	<i>\$522,480</i>

**Increase in Contractual Services**

Adjustment reflects an increase of \$441,000 in non-personnel expenditures for Bank of America and Bank of New York citywide banking and custodial banking service charges.

**Addition of Administrative Aide II**

Addition of 1.00 Administrative Aide II position and personnel expenditures of \$81,480 to assist with increased business tax compliance efforts, including business employee count verification. This position will review business records to ensure that they are Employment Development Department (EDD) compliant. The increased enforcement efforts are expected to generate an additional \$642,710 in revenue from fines which is included in the May Revision. This position is required to budget the additional revenue.

**Citywide Program Expenditures**

<i>General Fund Net Expenditure Adjustment:</i>	<i>(\$2,275,972)</i>
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**Public Liability Contribution**

The May Revision contains the reduction of \$2.9 million from the City's Public Liability contribution that was adjusted based upon current year expenditures.

**Redistricting**

The City Charter requires that the City be redistricted at least once every 10 years and a Redistricting Commission be appointed; as such, \$500,000 in one-time expenditures for anticipated costs associated with redistricting have been included in the May Revision. The costs for this effort will be closely monitored and staff will return to Council later in the fiscal year should an additional appropriation be required.

**Tax and Revenue Anticipation Notes (TRANS) Interest Expense**

Adjustment reflects an expenditure increase of \$117,820 for TRANS interest expense for Fiscal Year 2011.

**Debt Management**

<i>General Fund Expenditure Adjustment:</i>	<i>\$97,276</i>
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Adjustment to reflect an increase of \$97,276 to provide funding for critical positions that were vacant during the development of the proposed budget but have since been filled.

**Office of the Chief Financial Officer**

<i>General Fund Revenue Adjustment:</i>	<i>\$150,000</i>
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The Corporate Partnership Program is in the process of developing new marketing partnerships that is anticipated to generate \$150,000 in additional revenue to the General Fund.

## **PUBLIC SAFETY and HOMELAND SECURITY**

### **Emergency Medical Services: Non-General Fund**

<i>Net FTE Adjustment:</i>	<b>4.00</b>
<i>Net Revenue Adjustment:</i>	<b>\$737,296</b>
<i>Net Expenditure Adjustment:</i>	<b>\$561,261</b>

#### **Emergency Services Program**

This adjustment reflects the reduction of 2.00 paramedic positions and personnel expenses of \$176,035 that are no longer needed as this work will now be contracted out to Rural/Metro Inc.

#### **Risk Manager Position**

The addition of 1.00 Risk Manager position and personnel expenditures of \$100,004 has been added in the May Revision to fulfill the Emergency Medical Services Contract between the City of San Diego and San Diego Medical Services (SDMS). This position will be fully reimbursed by SDMS.

#### **Staffing for Medic Units**

This adjustment reflects the addition of 2.00 Fire Captain and 3.00 Firefighter II positions and \$637,292 in personnel expenditures and associated revenue for Medic Units 9, 32, and 39, the cost of which SDMS will fully reimburse in Fiscal Year 2011.

#### **Fire-Rescue**

<i>FTE Adjustment:</i>	<b>(2.00)</b>
<i>General Fund Expenditure Adjustment:</i>	<b>(\$92,103)</b>

Reduction of 1.00 Fleet Parts Buyer position and the transfer of 1.00 Storekeeper II position to Central Stores, resulting in a net reduction of \$92,103 in expenditures for the department. As part of the warehouse consolidation, Central Store 42 will only house SDFD fire equipment and Personal Protective Equipment (PPE). General consumables previously stocked in Store 42 will either be consolidated into Store 1 or direct-ordered. Central Stores will provide storekeeper services at Store 42 via an SLA, which is reflected in the May Revision as an expenditure increase of \$79,914 to reimburse Central Stores for the Storekeeper II position. The proposed warehousing consolidation will reduce costs and lead to greater accountability in the City's operating departments. This transfer is subject to the meet and confer process between the City and labor groups.

#### **Office of Homeland Security**

<i>FTE Adjustment:</i>	<b>1.00</b>
<i>General Fund Net Revenue Adjustment:</i>	<b>\$118,086</b>
<i>General Fund Net Expenditure Adjustment:</i>	<b>\$345,527</b>

#### **Senior Management Analyst Position**

Addition of 1.00 Senior Management Analyst position, personnel cost of \$118,086 and \$118,086 in grant reimbursable revenue to support this position. The position will maintain level of

services required for grant administration and disaster cost recovery. The addition of this position is contingent upon grant approval.

**Support for Unified Disaster Council (UDC) Membership**

Adjustment reflects the addition of \$54,099 in non-personnel expenditures for the Unified Disaster Council (UDC) membership annual dues in order for the City to be a voting member of the UDC which facilitates emergency planning and preparedness on a regional basis.

**Funding for Vacant Positions**

Adjustment to reflect an increase of \$173,342 to provide funding for 1.00 Admin Aide position and 1.00 Senior Management Analyst position that were previously vacant during the development of the proposed budget but have since been filled.

**Police Department**

*FTE Adjustment:* (1.00)  
*General Fund Net Expenditure Adjustment:* \$3,871,342

**Central Stores Consolidation**

Adjustment reflects the reduction of 1.00 Storekeeper I position and personnel costs of \$74,447 due to the closure of Store 75. The remaining SDPD-specific items and other supplies will be added to the stock at Store 1. The proposed warehousing consolidation will reduce costs and lead to greater accountability in the City's operating departments. This reduction is subject to the meet and confer process between the City and labor organizations.

**Communications Equipment Adjustment**

Adjustment reflects the addition of \$312,000 for hand held cellular phones assigned to qualified members of the Department as well as high speed modems for over 500 patrol vehicles.

**Police Recruits**

This adjustment restores \$3.6 million in funding for Police Recruits that had been omitted from the Proposed Budget in error. Police Recruits have historically not been included as budgeted positions in the City budget and therefore in the transition to the new budget system these positions were not identified for funding in the Fiscal Year 2011 Proposed Budget. In the future, Police Recruits will be linked to budgeted positions.

**Public Utilities: Non-General Fund**

*Non-General Fund Net FTE Adjustment:* (25.49)  
*Non-General Fund Net Expenditure Adjustment:* (\$30,553,085)

**Assurance Funding**

Adjustment is due to a \$16.1 million reduction in funding for assurance reserves. These reserves are not part of the City's Reserve Policy and as a result, the reserves are being removed from the Proposed Budget as part of the May Revision.

**Reduction in Non-Personnel Expenditures**

Adjustments include a reduction of \$2.0 million in chemicals expenditures due to a new vendor contract which will reduce sodium hypochlorite costs, and a \$210,000 reduction in non-personnel expenses due to the projected cost for additional meters.

**Public Utilities Restructure**

Reduction of 31.49 FTE positions as a result of the restructuring of the Water and Metropolitan Wastewater Departments into Public Utilities, for a personnel expenditure savings of \$2.5 million.

**Public Utilities Redistribution**

As part of the Public Utilities Department restructure, certain administration and financial functions contained in the Metropolitan Wastewater and Water branches of the Public Utilities Department have been consolidated into a new administration branch. The Public Utilities Department is now comprised of four branches that are funded by both the Water Enterprise Fund and the Sewer Enterprise Fund: Public Utilities Administration, MWWD-Muni, MWWD-Metro, and Water. Though the different branches cover all the tasks required by the Public Utilities Department, separate accounting is kept for each fund. The consolidation of certain administrative and financial functions common to the two enterprise funds created opportunities for greater efficiency and enhanced services to both internal personnel and external customers. This redistribution has a net zero budgetary impact on the Public Utilities Department.

**Support for Customer Implementation System (CIS)**

Addition of 1.00 Customer Service Supervisor, 1.00 Water System Tech Supervisor, 2.00 Senior Customer Service Representatives, and 2.00 Supervising Field Representatives at a total personnel cost of \$484,186 to support the timely completion of the CIS SAP Implementation Project. The May Revision also includes a \$10.2 million reduction in discretionary IT expenses.

**Environmental Services: Non-General Fund**

<i>Net FTE Adjustment:</i>	<b>4.00</b>
<i>Net Revenue Adjustment:</i>	<b>(\$712,138)</b>
<i>Net Expenditure Adjustment:</i>	<b>\$1,656,946</b>

**Operation Station Lease Payment**

Reduction of \$1.0 million in Refuse Disposal Fund revenue as a result of the Council-approved action in December 2009 regarding the renegotiation of the General Fund repayment to the Refuse Disposal Fund for the purchase of the Miramar Place Operations Station, which extends the loan agreement through 2016.

**Completion of Ridgehaven Facilities Improvements CIP**

The final payment for the Ridgehaven Facilities Improvements CIP project will be made in Fiscal Year 2010. As such, associated expenditure decreases of \$114,244 from the Refuse Disposal Enterprise Fund, \$52,144 from the Recycling Enterprise Fund, and \$18,000 from the Energy Conservation Fund are being removed from the Fiscal Year 2011 budget as part of the May Revision due to the completion of this project.

**Energy Efficiency and Conservation Block Grant**

This adjustment reflects the addition of 1.00 Senior Management Analyst, 1.00 Associate Management Analyst, and 1.00 Project Officer positions, all of which are funded by the Energy Efficiency and Conservation Block Grant. The \$316,258 in grant fund revenue will be used for municipal building energy efficiency improvements and residential energy retrofits.

**Addition of Program Manager**

Adjustment reflects the addition of 1.00 Program Manager and personnel expenditures of \$178,545. This position will monitor the implementation of City-wide energy management and implementation plans, oversee grant support of the City's energy policy, and provide advice on energy related policy issues affecting the City of San Diego.

**Refuse Packer Adjustment**

Reduction of \$30,054 in non-personnel expenditures that had been budgeted for the purchase of a refuse packer which was purchased in Fiscal Year 2010.

**Transfer for Loan Payments and Contracting Services**

Reduction of \$21,089 in non-personnel expenditures from the Refuse Disposal Enterprise Fund and \$2,326 in non-personnel expenditures from the Recycling Enterprise Fund for the non-general fund portion of the California Energy Commission Loan Payments and Equal Opportunity Contracting Services. Due to the ongoing State budget crisis, funding for these programs have been discontinued.

**Appropriated Reserve**

Adjustment reflects increases of \$920,000 in the Refuse Disposal Fund and \$480,000 in the Recycling Fund to establish an Appropriated Reserve for the Department's enterprise funds as allowed in the City's Reserve Policy. The Appropriated Reserve will be used to support operations due to unanticipated revenues shortfalls. Funding levels for these reserves will be included in the updated City Reserve Policy.

**General Services—Fleet Services Division: Non-General Fund**

*Revenue Adjustment:* **\$892,951**

*Expenditure Adjustment:* **\$892,951**

Addition of \$892,951 in revenue and expenditures for the operation lease of 16 fire trucks. Funds are transferred from the Fire-Rescue Department to Fleet Services as a revenue transfer. Annual lease payments are then paid through the Fleet Operation Fund.

**Public Works Department**

*General Fund Net FTE Adjustment:* **3.00**

*General Fund Net Expenditure Adjustment:* **\$665,794**

**Transfer of Disability Services Program**

Adjustment reflects the addition of 1.00 Disability Services Coordinator position, 1.00 Project Assistant position, and 1.00 Project Officer II position, resulting in associated personnel

expenditures of \$413,161, and \$252,633 in non-personnel expenditures due to transfer of the Disability Services Program from the Human Resources Department to the Public Works Department.

**QUALCOMM Stadium: Non-General Fund**

*Expenditure Adjustment:* **(\$200,000)**

Adjustment reflects a partial credit of \$200,000 related to cancelling earthquake insurance coverage for QUALCOMM Stadium which will no longer be required after the Jack Murphy bond refunding.

**Storm Water**

*Revenue Adjustment:* **\$975,000**

Transfer of \$975,000 from the Convention Center Fund to reimburse dewatering expenses incurred by the Storm Water Department.

**OTHER FUNDS**

**Tax Revenue Anticipation Notes (TRANs): Non-General Fund**

*Revenue Adjustment:* **\$2,318,339**

*Expenditure Adjustment:* **\$2,318,339**

At the time the Fiscal Year 2011 Proposed Budget was prepared, the borrowing amount for Fiscal Year 2011 was not available and the original budget of \$1.3 million for the Fiscal Year 2010 TRANs was used as an estimate. Based on preliminary cash flow projections provided by the Comptroller's Office and market conditions as of May 5, 2010, Debt Management provided updated estimates for costs of issuance, interest expense, and original issuance premium for the FY 2011 TRANs Budget. The revenue budgeted for TRANs includes \$2.2 million in original issuance premium and a \$1.4 million transfer from the General Fund. These revenues will be used to cover the costs of issuance and interest expense for the Fiscal Year 2011 TRANs. The amount to be transferred from the General Fund provides enough revenue above the original issuance premium to cover all forecasted expenses. Based on these updated estimates, the Fiscal Year 2011 Proposed TRANs Budget for revenues and expenses will be increased by \$2.3 million.

An action will be brought to the City Council in May 2010 by the City's Debt Management Department to authorize the Fiscal Year 2011 TRANs borrowing in an amount not to exceed \$187.0 million. If revenues or expenditures for the TRANs fund are different than budgeted based on the actual pricing of the Fiscal Year 2011 TRANs issuance, which is anticipated to occur in mid-June, the TRANs budget will be adjusted in Fiscal Year 2011.

**CAPITAL IMPROVEMENT PROGRAM (CIP)**

Adjustments to capital improvement projects are primarily due to identification of additional funding, re-prioritization, or correction of planned allocations. The adjustments total a reduction

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of approximately \$32.6 million from the Fiscal Year 2011 Proposed CIP Budget. Please refer to *Attachment 2* for an itemized list of the changes by project. These revisions include:

- A new Public Utilities project has been added for the Customer Information System (CIS) and Installation Order System (IOS) components of the SAP platform in the amount of \$14.6 million. Reductions totaling \$53.4 million in Public Utilities projects are primarily due to the continuation of current year funding which will support Fiscal Year 2011 activity.
- Additional Development Impact Fee (DIF) appropriations of approximately \$4.1 million are included in a variety of new and ongoing projects.
- Reallocations of TransNet funding among projects will align the budget with the Regional Transportation Improvement Program (RTIP).
- The Storm Water Department has allocated \$1.3 million of their Fiscal Year 2011 Proposed General Fund operating budget toward watershed projects with no new impact to the General Fund.

Attachments:

1. Fiscal Year 2011 Mayor's May Revision Summary Table
2. Capital Improvement Program – FY2011 May Revision

cc: Honorable Mayor Jerry Sanders  
Jan Goldsmith, City Attorney  
Wally Hill, Assistant Chief Operating Officer  
Andrea Tevlin, Independent Budget Analyst  
Department Directors  
Julio Canizal, Financial Manager  
Angela Colton, Financial Manager  
Irina Kumits, Financial Manager  
Kevin Casey, Director of Council Affairs

**ATTACHMENT 1**

<b>FISCAL YEAR 2011 MAYOR'S MAY REVISION SUMMARY TABLE</b>						
<b>BUDGET DEPARTMENT</b>	<b>BUDGET ADJUSTMENT</b>	<b>FTE</b>	<b>PE</b>	<b>NPE</b>	<b>EXP</b>	<b>REVENUES</b>
Council District 1	Adjustment for Fringe Expenses		100,564		100,564	
Council District 2	Adjustment for Fringe Expenses		63,270		63,270	
Council District 3	Adjustment for Fringe Expenses		155,359		155,359	
Council District 4	Adjustment for Fringe Expenses		159,186		159,186	
Council District 5	Adjustment for Fringe Expenses		107,332		107,332	
	Removal of Infrastructure Fund Transfer		(32,000)		(32,000)	(32,000)
Council District 7	Adjustment for Fringe Expenses		134,587		134,587	
Council District 8	Adjustment for Fringe Expenses		143,053		143,053	
Council Administration	Annual Leave Adjustment		155,961		155,961	
City Attorney	Restoration of Litigation Revenue					1,400,000
	Revenue for Service Level Agreement (SLA)					200,000
	CAO Positions		1,566,140		1,566,140	
Personnel	Drug Testing and Medical Exams			60,000	60,000	
	Addition of Program Manager	0.50				
Administration	Addition of Funding for EOCP Program Manager		174,461		174,461	
	Addition of Hourly Funding for Intern	0.72	18,605		18,605	
Human Resources	Transfer of Disability Program	(3.00)	(413,161)	(252,633)	(665,794)	
	Transfer of Senior Management Analyst	1.00	118,086		118,086	
Office of the Chief Financial Officer	Corporate Partnership Program					150,000
City Comptroller	Simpler Contract; Addition of 1.00 Accountant II	1.00		51,000	51,000	
City Treasurer	Increase in Contractual Services for Banking Services			441,000	441,000	
	Addition of Administrative Aide II	1.00	81,480		81,480	642,710
Debt Management	Vacant Position Funding		97,276		97,276	
City Planning & Community Investment	Phyllis Place Study			500,000	500,000	
Library	Reduction of 1.00 Storekeeper I (Central Stores Consolidation)	(1.00)	(70,980)		(70,980)	
Park & Recreation	Community Development Block Grant (CDBG) Funding			(2,738)	(2,738)	(383,890)
	Special Promotional Programs Transient Occupancy Tax (TOT) Transfer					200,000
Fire-Rescue	Reduction of 1.00 Fleet Parts Buyer and Transfer of 1.00 Storekeeper (Central Stores Consolidation)	(2.00)	(172,017)	79,914	(92,103)	
Police	Communications Equipment Adjustment			312,000	312,000	
	Police Recruits		3,633,789		3,633,789	
	Reduction of 1.00 Storekeeper (Central Stores Consolidation)	(1.00)	(74,447)		(74,447)	
Office of Homeland Security	Support for Unified Disaster Council (UDC) Membership			54,099	54,099	
	Addition of 1.00 Senior Management Analyst	1.00	118,086		118,086	118,086
	Vacant Position Funding		173,342		173,342	

**ATTACHMENT 1**

<b>FISCAL YEAR 2011 MAYOR'S MAY REVISION SUMMARY TABLE</b>						
<b>BUDGET DEPARTMENT</b>	<b>BUDGET ADJUSTMENT</b>	<b>FTE</b>	<b>PE</b>	<b>NPE</b>	<b>EXP</b>	<b>REVENUES</b>
Public Works	Transfer of Disability Program	3.00	413,161	252,633	665,794	
Storm Water	Reimbursement for Dewatering Expenses					975,000
Citywide Program Expenditures	TRANs Interest Expenditure Adjustment			117,820	117,820	
	Reduction in Public Liability Contribution			(2,893,792)	(2,893,792)	
	Redistricting			500,000	500,000	
General Fund Departments	Salary and Benefit Adjustments	2.79	(2,600,530)		(2,600,530)	
<b>General Fund Total</b>		<b>4.01</b>	<b>4,050,603</b>	<b>(780,697)</b>	<b>3,269,906</b>	<b>3,269,906</b>
TRANs	TRANs Expenditure Adjustment			2,318,339	2,318,339	
	TRANs Debt Service Interest Adjustment					2,318,339
City Planning & Community Investment	Facilities Financing Park Planning CIP Budget Administration					242,000
QUALCOMM Stadium	QUALCOMM Earthquake Insurance Reduction			(200,000)	(200,000)	
Environmental Services	Addition of 1.00 Supervising Management Analyst, 1.00 Associate Management Analyst, and 1.00 Project Officer I	3.00	316,258		316,258	316,258
	Completion of Ridgehaven Facilities Improvements CIP			(184,388)	(184,388)	
	Addition of 1.00 Program Manager	1.00	178,545		178,545	
	Operation Station Lease Payment Adjustment					(1,028,396)
	Refuse Packer Adjustment				(30,054)	(30,054)
	Reduction in Loan Payments and Contracting Services				(23,415)	(23,415)
	Support for the Appropriated Reserve Payment				1,400,000	1,400,000
Emergency Medical Services	Addition of 2.00 Fire Captains	2.00	299,071		299,071	299,071
	Addition of 3.00 Firefighter II Positions	3.00	338,221		338,221	338,221
	Reduction of 2.00 Paramedic Positions	(2.00)	(176,035)		(176,035)	
	Addition of 1.00 Risk Manager	1.00	100,004		100,004	100,004
City Planning & Community Investment	Redevelopment Division Interns	2.50	64,604		64,604	64,604
HUD Programs Admin	Addition of 1.00 Account Clerk	1.00	59,833		59,833	59,833
	Increase in Community Development Block Grant (CDBG) Entitlement			272,318	272,318	272,318
OneSD Support	Reduction of 4.00 Business Systems Analyst II Positions	(4.00)	(413,489)		(413,489)	
	Addition of 3.00 Program Managers	3.00	578,976		578,976	
	Reduction of 1.00 Business Systems Analyst II	(1.00)	(103,372)		(103,372)	

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<b>BUDGET DEPARTMENT</b>	<b>BUDGET ADJUSTMENT</b>	<b>FTE</b>	<b>PE</b>	<b>NPE</b>	<b>EXP</b>	<b>REVENUES</b>
Public Utilities	Addition of 1.00 Customer Service Supervisor, 1.00 Water System Tech Supervisor, 2.00 Senior Customer Service Representatives, and 2.00 Supervising Field Representatives	6.00	484,186		484,186	
	Reduction of 31.49 FTE Positions due to Restructure/Consolidation	(31.49)	(2,470,972)		(2,470,972)	
	Reduction in Assurance Reserve			(16,105,415)	(16,105,415)	
	Reduction of Chemicals Expenditures			(2,012,822)	(2,012,822)	
	Miscellaneous Non-personnel Expense Reduction			(2,450)	(2,450)	
	Reduction in Projected Cost for Additional Meters			(210,000)	(210,000)	
	Reduction in Discretionary IT expenses			(10,235,612)	(10,235,612)	
General Services	Operation Lease of 16 Fire Trucks			892,951	892,951	892,951
Purchasing & Contracting	Addition of 1.00 Storekeeper II	1.00	79,914		79,914	79,914
Non-General Fund Departments	Salary and Benefit Adjustments	1.24	329,698		329,698	
<b>Non-General Fund Total</b>		<b>(13.75)</b>	<b>(334,558)</b>	<b>(24,120,548)</b>	<b>(24,455,106)</b>	<b>3,955,117</b>





















