A Citizen’s Guide to the Budget Process & FY 2020 Adopted Budget

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Introduction

Each year the City must forecast the revenues it will receive and the expenditures it will incur for the upcoming fiscal year. The resulting official document is known as the Municipal Budget.

The budget is a management and planning tool. Because the City is limited by the amount of resources available, the budget aids officials in determining which objectives have the highest priority, will meet the greatest needs, and produce the greatest positive impact in the community. The annual budget document serves as a plan for how the monies that come into the City of San Diego will be spent to operate and maintain the City.

This guide, created by the Office of the Independent Budget Analyst (IBA), is designed to help interested residents gain a better understanding of the City of San Diego’s Fiscal Year (FY) 2020 Adopted Budget, and the process by which the annual operating budget is developed each year. This guide provides residents with the following:

- An overview of the FY 2020 Adopted Budget
- A description of the annual budget process
- Information about how you can become more involved in the City’s budget process
- Assistance in how to access and interpret budget documents

Since this guide focuses on the FY 2020 operating budget, it excludes details regarding the FY 2020 Capital Improvements Program (CIP) budget. Capital infrastructure projects funded by the CIP budget are generally large and expensive, take multiple years to complete, and are supported by financing sources outside the City’s General Fund (the main funding source for core City functions and services included in the operating budget). The IBA’s Guide to Infrastructure provides an in-depth explanation of the CIP and its annual budget process. It may be used in conjunction with this guide to learn more about how the City formulates and funds major components of the annual budget.

This guide to the budget will also be available on the IBA’s website:

www.sandiego.gov/iba

For additional information regarding the City’s annual budget and other important topics, contact our office at:

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FY 2020 Adopted Budget at a Glance

How large is the City’s FY 2020 Budget?

Total FY 2020 Budget
$4.34 Billion

Operating Budget (all funds)
$3.63 Billion

Operating Budget (General Fund only)
$1.59 Billion

Capital Improvements Program Budget
$710.8 Million

What are the City’s major General Fund resources?

FY 2020 General Fund Revenue
(Total: $1.55 Billion; $ in millions)

Revenue from Money & Property
$61.4

Transfers In
$104.1

Charges for Current Services
$176.4

Property Tax
$601.9

Other Revenue*
$22.8

Fines, Forfeitures, & Penalties
$31.1

Franchise Fees
$82.0

Transient Occupancy Tax
$36.9

Sales Tax
$297.9

* The other revenue category is composed of a number of ongoing and one-time revenue sources including property transfer tax, revenue from other agencies, and interest earnings.

How many full time-equivalent (FTE) positions are included in the budget?

11,820.42 Total FTE Positions

7,727.86 General Fund FTE Positions
FY 2020 Adopted Budget at a Glance

How much is budgeted for operations and capital expenditures?

**FY 2020 Expenditures by Fund Type/Program**
(Total: $4.34 Billion; $ in millions)

- General Fund: $1,590.0
- Special Revenue Funds: $755.9
- Internal Service Funds: $151.5
- Enterprise Funds: $1,118.7
- Capital Improvements Program: $710.8
- Capital Project Funds: $17.5

How much is budgeted to be spent by General Fund Department?

**FY 2020 General Fund Expenditures by Department**
(Total: $1.59 Billion; $ in millions)

- Police: $539.3 (34%)
- Fire-Rescue: $284.9 (18%)
- Purchasing & Contracting: $20.2 (1%)
- Transportation & Storm Water: $126.0 (8%)
- Park & Recreation: $122.2 (8%)
- Environmental Services: $64.8 (4%)
- Citywide Program Expenditures: $153.2 (10%)
- Other: $154.8 (10%)
- Library: $60.3 (4%)
- Real Estate Assets - Facilities Services: $24.5 (1%)


Office of the Independent Budget Analyst
Guide to the FY 2020 Budget
FY 2020 Adopted Budget Highlights

The City of San Diego’s FY 2020 Adopted Budget totals $4.34 billion, with approximately $710.8 million budgeted in the Capital Improvements Program (CIP) for capital projects across the City. Approximately $3.63 billion is allocated in the operating budget for essential City functions and services like public safety (including police and fire), parks and recreation, water and wastewater, and the operation of City landfills.

In the Mayor’s FY 2020–2024 Five-Year Financial Outlook, which was released in November 2018, the FY 2020 General Fund budget was projected to have a deficit of approximately $73.6 million after taking into account the Mayor’s Critical Strategic Expenditures. This projected deficit was largely attributable to elevated pension payments, slowing revenue growth, compensation agreements with recognized employee organizations, and contributions to the Infrastructure fund as well as General Fund reserve. The Outlook also included projections for critical strategic expenditures including but not limited to, borrowing costs to fund General Fund capital projects, staffing for new City facilities, police overtime, additional fire-rescue peak hour engines (PHE), vehicle replacements, and funding for sidewalk repairs.

The FY 2020 Proposed Budget, released in mid-April, utilized a variety of one-time and ongoing resources to mitigate the projected deficit and support additional Critical Strategic Expenditures1. Those mitigation measures include the use of excess equity (available fund balance) and fund balances from other funds, which are one-time funding sources, and department operating reductions (ongoing funding).

Over the last several years, the City has been diligent about structurally balancing its budget and adhering to the Council adopted Structural Budget Deficit Elimination Guiding Principles. A structurally balanced budget is a budget where ongoing expenditures are supported by ongoing revenues. While the FY 2020 Proposed Budget is balanced, we are heading into

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1 As is noted in the IBA’s Review of the FY 2020 Proposed Budget.

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the new fiscal year recognizing that, based on what we know today, we are potentially facing a similar deficit situation for FY 2021. A number of financial conditions (e.g. employee compensation increases related to negotiated labor agreements, increasing pension payments, reserve contributions and ongoing costs for homeless programs and services) may contribute to a deficit in FY 2021 that could require more expenditure reductions, department operational efficiencies, and/or new revenue sources in order to balance the budget.

The City’s Operating Budget

The $3.63 billion operating budget provides a plan for how the monies coming into the City (revenues) will be spent in order to operate and maintain City functions and services, such as police, fire, parks, and libraries. In addition to the $3.63 billion operating budget, $710.8 million is set aside for the Capital Improvements Program (CIP) budget, which allocates available revenue for the rehabilitation, improvement or construction of new public infrastructure such as streets, libraries, parks, and water pipes. It is common for cities to separate the operating budget and the CIP budget because capital infrastructure projects are generally large and expensive, take multiple years to complete, and often utilize special financing sources outside of the City’s main operating fund, the General Fund. In contrast, the operating budget focuses on revenues and expenditures for a particular fiscal year. For more information regarding the CIP, refer to the IBA’s Guide to Infrastructure.

The operating budget consists of five types of funds, including the General Fund. It is necessary to have multiple fund types because certain monies can only be utilized for specific purposes. For example, revenue generated by the Gas Tax is deposited in a Special Revenue Fund and is used to repair streets, and maintain street lights, signals, and markings. The
pie chart above depicts the portion of the operating budget that is comprised of each fund type.

**The General Fund**

The General Fund is the most commonly discussed fund in the municipal budget. It is the largest of the five types of funds that the City of San Diego maintains, representing approximately 44% of the operating budget for FY 2020. The General Fund is usually at the forefront of budget discussions because it is the City’s main operating fund and is funded through the City’s general tax revenue. Fiscal impacts to the General Fund play a large part in the City’s ability to pay for and maintain core community services such as public safety, roads and storm drains, parks and recreation, library services, and trash collection, which use most of the City’s tax revenue. Each year the Mayor, City Council and City staff must forecast the coming year’s General Fund expenditures, and incorporate those estimates into the budget, taking into account available funds that are projected to be collected from tax revenue.

![General Fund Expenditures Diagram](image)


**General Fund Expenditures**

The General Fund is the largest operating fund with $1.59 billion in budgeted expenditures for FY 2020. This is a $130.8 million or 9.0% increase from the FY 2019 Adopted Budget. The money is expended through departments within the General Fund that provide core community services. The pie chart above illustrates the main General Fund expenditures by department for FY 2020.
As shown in the pie chart on the previous page, approximately 52% of the City’s General Fund resources are dedicated to Police and Fire-Rescue services, a vital function of City government.

The FY 2020 General Fund budget includes costs associated with 7,727.86 budgeted full-time equivalent (FTE) positions, an increase of 113.74 FTE positions from the FY 2019 General Fund budget.

**FY 2020 General Fund Revenue**

*(Total: $1.55 Billion; $ in millions)*

- Property Tax: $601.9 million (39%)
- Sales Tax: $297.9 million (19%)
- Transient Occupancy Tax: $136.9 million (9%)
- Franchise Fees: $82.0 million (5%)
- Transfers In: $104.1 million (7%)
- Charges for Current Services: $176.4 million (11%)
- Licenses & Permits: $34.7 million (2%)
- Fines, Forfeitures, & Penalties: $31.1 million (2%)
- Other Revenue*: $22.8 million (2%)
- Revenue from Money & Property: $61.4 million (4%)

*The other revenue category is composed of a number of ongoing and one-time revenue sources including property transfer tax, revenue from other agencies, and interest earnings.

**General Fund Revenue**

Core City services funded through the General Fund’s budget are supported by a variety of revenue sources as shown in the pie chart above. Four major General Fund revenues—property tax, sales tax, transient occupancy tax (TOT), and franchise fees—account for almost three-quarters of the General Fund’s revenue. These revenue sources are dependent on the economic environment and can fluctuate from year-to-year. Other General Fund revenue sources are impacted by the economic environment as well, but not to the same degree. Other sources of revenue for the General Fund include charges for current services; transfers in (from other funds); revenue from money and property; fines, forfeitures, and penalties; licenses and permits; and other smaller revenues such as property transfer tax. See *pages 69–93 in Volume 1* of the FY 2020 Adopted Budget for a detailed description of these revenue sources.

The FY 2020 Adopted Budget for the General Fund includes approximately $1.55 billion in
revenues, a $112.7 million or 7.8% increase from the previous fiscal year. This increase reflects a positive, but slowing, economic forecast for the San Diego region. The forecast includes positive factors like an increase in the county’s median home price, low unemployment levels, and high levels of consumer confidence, as well as potential risks that may include future increases in interest rates, potential impacts of federal economic and trade policies, and the sustainability of the current period of economic expansion.

General Fund Tax Dollars at Work
The diagram above depicts General Fund services provided by the City of San Diego and how they are funded by your tax dollar for FY 2020.

Highlights of Services Included in the FY 2020 Budget
In FY 2020, the Adopted Budget includes a number of public services, some of which are highlighted in the following sections. While some City programs and services were maintained or expanded in FY 2020, the budget was balanced by including $13.8 million of ongoing expenditure reductions from a number of City departments including but not limited to Fire–Rescue, Library, Environmental Services, Police, and Transportation & Storm Water Departments. Should additional reductions be necessary to balance the budget during FY 2020, residents may experience accompanying operational or public service impacts.

Parks, Recreation Centers, and Libraries
The City operates and maintains over 42,000 acres of parks, 57 recreation and visitor centers, 13 pools and 7 skate parks. A list of recreation centers and details about hours and services at each location can be found on Park & Recreation’s website.

For FY 2020, the Parks and Recreation department
added funding to operate and maintain five new parks which includes, Innovation (MacDowell) Middle School Joint Use (JU) Facility, Audubon Elementary JU Facility, East Fortuna Staging Area Field Station, Longfellow Elementary JU Facility, and North Park Mini Park. Additional funding was added to increase the frequency of brush abatement in open space areas. Two Park Rangers were also added to support activities in the Chollas Lake areas and Downtown.

The Library Department’s FY 2020 budget includes funding to operate the new Mission Hills/Hillcrest Library and the San Ysidro Library which replaced smaller facilities that previously served the communities. A list of all the branches and their respective hours can be found on the Library’s website.

In addition, funding was included for technology improvements and programming for libraries throughout the system.

Public Safety

Ensuring public safety is a primary function of the City’s General Fund, with half of the General Fund budget being utilized by the Police and Fire-Rescue Departments. The FY 2020 budget includes an allocation to support Police recruitment and retention efforts, including the addition of various sworn and civilian positions to support several units in the department such as Domestic Violence, Sex Crimes, Backgrounds, Collision Investigation, and the Homeless Outreach Team. The budget also supports a Dockless Mobility Enforcement program to enforce mobility violations and improve safety in the public right of way, and for all roadway users.

The Fire-Rescue Department added 37 Firefighter positions in order to establish a Relief Pool to provide staffing coverage for sworn personnel on leave. The FY 2020 budget also provides funding for two additional fire academies to maintain staffing levels and support the Relief Pool. Other notable additions to the FY 2020 budget includes funding to expand the Emergency Command and Data Center which handles all medical, fire, and rescue dispatch 24 hours a day, 7 days a week, and the addition of one Fire Battalion Chief to manage the San Diego Urban All Hazard Incident Management Team.

Community Needs and Neighborhood Services

The FY 2020 budget includes $6.5 million to increase the frequency of litter removal and waste abatement under the Clean SD program. In addition to litter removal and waste abatements, the program includes sidewalk sanitizing, street sweeping, and riverbed clean-ups.

The City provides a wide variety of services to maintain a healthy and safe neighborhood environment. A few other notable increases or additions in the FY 2020 Adopted Budget are:
FY 2020 Adopted Budget Highlights

- $1.3 million in the Transportation and Storm Water Department and $626,000 in the Parks and Recreation Department to support brush management and abatement in open space areas citywide.

- Addition of 1 Horticulturalist in the Transportation and Storm Water Department to oversee tree maintenance and support the City’s Climate Action Plan goal of planting 2,000 trees.

**Infrastructure Funding**

Infrastructure includes the basic physical structures, systems, and facilities needed to provide critical services to the community such as sidewalks, streets, parks, fire stations, police facilities, and water and wastewater systems. Funding for the City's infrastructure supports a variety of needs, including new infrastructure projects, repairing or maintaining existing infrastructure, condition assessments to determine the state of the City's current assets, and employees to manage and implement these infrastructure projects.

The FY 2020 General Fund budget includes an estimated $24.1 million that will be transferred to the Infrastructure Fund, in accordance with Proposition H which was approved by voters in June 2016. It is anticipated that these funds will be used to support General Fund infrastructure projects including but not limited to streets, sidewalks, bridges, road repairs, bridges and buildings, as well as the City Heights pool reconstruction project.

Additional information on infrastructure funding in the FY 2020 budget can be found in the IBA's [Guide to Infrastructure](#).

**Funding for Homeless Programs and Services**

The City provides funding for Homeless Programs and Services in several ways. Funding is provided in the City's annual adopted budget, the San Diego Housing Commission's annual adopted budget, and through approval of individual funding requests outside of the budget process. Funding for these programs also come from a variety of funding sources. In total, about $130 million was provided in FY 2020 for Homeless Programs and Services, some of which will be spent over multiple years.

Of the total amount appropriated for Homeless Programs and Services, the City's FY 2020 Adopted Budget includes $9.8 mil-
FY 2020 Adopted Budget Highlights

$3.1 million towards the City's Bridge Shelter Program which provides beds for up to 931 people per day, providing a safe and sanitary shelter along with assistance in obtaining more permanent housing

$3.0 million in continuing funding for the Police Department’s Homeless Outreach Team (HOT)

$2.2 million in ongoing funding for homeless shelters and services which include year-round interim housing at St. Vincent de Paul Village (350 beds), Connections Housing/People Assisting the Homeless (PATH) interim beds (134 beds plus 16 additional units for people with special health needs), the Serial Inebriate Program (SIP), and the transitional storage center at 252 16th Street.

Other Funds
In addition to the General Fund, the City of San Diego’s FY 2020 Adopted Budget includes four other fund types and the CIP. It is necessary to have separate funds due to specific restrictions on how certain funds may be used. The following descriptions summarize the operating budgets of the other four types of funds, what they may be used for, and how they acquire revenue. For additional information regarding these funds, please refer to Volume 1 of the FY 2020 Adopted Budget.

Enterprise Funds
These funds apply to specific services that are funded directly through user fees. Enterprise Funds are intended to be fully self-supporting and are not subsidized by the General Fund. Examples include Water, Sewer, Development Services, Refuse Disposal, Recycling, Golf Course, and Airport Funds. For FY 2020, Enterprise Funds are budgeted at $1.12 billion, an increase of $57.2 million or 5.4% over the FY 2019 Adopted Budget.

Special Revenue Funds
Special Revenue Funds account for revenue that is received for a specifically identified purpose. Examples include the Gas Tax Fund that is used for the repair of streets and the maintenance of street lighting, traffic signals, traffic signs, and markings; TOT Funds for Special Promotional Programs that are used to promote tourism in the City of San Diego; and the newly created Infrastructure Fund which can be used for the acquisition of real property, and the construction, reconstruction, rehabilitation, and repair and maintenance of General Fund infrastructure. The FY 2020 Adopted Budget includes $755.9 million for these Special Revenue Funds, which is an increase of $138.9 million or 22.5% over the FY 2019 Adopted Budget.

Internal Service Funds
Internal Service Funds were created to finance and account for services provided by one City
department or division to another such as fleet maintenance. Services provided by Internal Service Fund departments are paid by fees or fund transfers. The FY 2020 Adopted Budget for these funds total $151.6 million, an increase of $26.6 million or 21.3% from the FY 2019 Adopted Budget.

**Capital Project Funds**
Capital Project Funds support the acquisition or construction of capital facilities. These funds typically make up a small portion of the Capital Improvement Program funding. For FY 2020, the Adopted Budget expenditures for Capital Project Funds is $17.6 million which is a $4.0 million increase from the FY 2019 Adopted Budget and includes the Capital Outlay Fund and TransNet Extension Funds. For more information about Capital Project Funds and how they fund the CIP, refer to the IBA's *Guide to Infrastructure*. 
Overview of the Budget Process

How is the Budget Created?

The City of San Diego’s fiscal year runs from July 1 through June 30. As shown in the chart below, the budget process typically begins in November with the release of the Five-Year Financial Outlook, and concludes in June with Council’s adoption of the Budget Resolution and the Appropriation Ordinance.

The Mayor, City Council, City staff, Office of the IBA, and residents of San Diego all play a significant role in the formation of the budget.
Overview of the Budget Process

**Mayor’s Role**
The Mayor is the Chief Executive Officer of the executive branch of the City’s government. The Mayor and his or her staff are responsible for:

- Developing the City’s Five-Year Financial Outlook, which outlines the Mayor’s fiscal priorities for the next five years and presents a forecast for anticipated revenues and expenditures
- Creating the Proposed Budget by working with the Chief Financial Officer (CFO), Chief Operating Officer (COO), and other City staff
- Providing the City Council with a May Revision to the Proposed Budget for its consideration
- Implementing the Adopted Budget
- Monitoring the Adopted Budget throughout the year and proposing modifications as necessary to ensure that it is balanced
- Managing the City’s day-to-day operations

**City Council’s Role**
The City Council serves as the legislative branch of the City’s government, and is responsible for setting policy. Each Councilmember represents the residents that live in his or her district. The Council’s responsibilities include:

- Reviewing the Mayor’s Proposed Budget
- Holding public hearings to gather input from residents and understand City department priorities and needs
- Considering and recommending changes to the Proposed Budget after public budget hearings
- Adopting the annual budget after consideration of public input, research, and policy priorities
- Accepting or rejecting proposed budget modifications throughout the year
- Providing policy direction for the governance of City operations through legislative actions

**IBA’s Role**
The Office of the IBA assists the City Council throughout the budget process by providing research, objective analysis, and recommendations for the budget. The IBA performs the following functions:

- Analyzes and issues a report on the Mayor’s Five-Year Financial Outlook
- Prepares preliminary and final reports on the Mayor’s Proposed Budget for consideration by the City Council
Overview of the Budget Process

- Provides analysis and recommendations year-round on legislative items that have financial and policy impacts to the City of San Diego
- Reviews and makes recommendations on quarterly budget monitoring reports produced by the Department of Finance

Public’s Role
In order for the Mayor and City Council to discern which programs and issues are of the highest priority to residents, it is important for members of the public to play an active role in the budget process. Residents are encouraged to provide their input through multiple forums including:

- Contacting the Office of the Mayor and relevant City staff as the Proposed Budget is being developed
- Contacting your City Councilmember to weigh in on important issues in your community
- Attending and participating in City Council meetings, Budget & Government Efficiency Committee meetings, and annual Budget Review Committee hearings to provide input to the City Council as budget discussions are being held

In order to fully understand what is important to the residents of San Diego, the Mayor, City Council, and City staff need input from residents like yourself. Writing, calling, or emailing any of these officials is the first step in solving problems that are important to you. Additionally, becoming involved by attending public meetings provides an opportunity to provide input, make suggestions, and become more knowledgeable about City affairs.

Please refer to the Important Resources section of this guide to find out how to contact the Mayor’s office, your City Councilmember, and other key City staff.

What are the Key Components of the Budget Documents?
Annual budget documents (including the Proposed and Adopted Budgets) are produced by the Department of Finance with direction from the Mayor. There are three main parts to the City of San Diego’s annual budget. These parts include:

**Volume 1: Budget Overview and Schedules**
*Volume 1* provides an overview of the operating budget and CIP budget. Schedules are included that provide quick access to some of the general financial information for the City. It is an easy reference point for information about all components of the annual budget.

**Volume 2: Department Detail for the City’s Operating Budget**
The Operating Budget contains estimates of the total value of resources required for the City to provide services to its residents, and estimates of how much revenue the City will collect. This volume is broken down by department, and includes total budgeted revenues, expenditures, and positions for the fiscal year, noting any change from the prior fiscal year. A guide to reading the Operating Budget can be found at the beginning of *Volume 2.*
Overview of the Budget Process

Volume 3: The Capital Improvements Program (CIP) Budget
A capital improvement is a project that refurbishes or improves City infrastructure, for example, the replacement of street lights or the development of a new City park. The Capital Improvements Program (CIP) budget is the long range plan for all individual capital improvements projects and funding sources. Further explanation of the CIP Budget, its process, funding sources, and other details can be found in the IBA’s Guide to Infrastructure. Additionally, the beginning of Volume 3 includes an introduction to facilitate comprehension of this component of the annual budget.

Volume I: Budget Overview and Schedules
Volume II: Department Detail
Volume III: Capital Improvements Program

Does the Annual Budget Have to be Balanced?
The City is required by law to balance its budget each year. The budget is monitored throughout the year to determine whether the city is spending more or less than its revenues. The City then makes adjustments to its spending in order to ensure that at the end of the year there are sufficient resources to cover the expenditures and the budget is in balance.

Who Monitors the Budget?
In order to maintain a high level of transparency and accountability in government, the City of San Diego has multiple methods to ensure that taxpayer dollars are being used to achieve the best results from the resources available.

City Council
As the Legislative Branch of City government, the City Council is responsible for setting policy direction; enacting, reviewing, and modifying legislation as appropriate; and adopting the annual budget. The Council provides a check and balance to the City’s Executive Branch, which is run by the Mayor.

Nine committees are comprised of City Councillmembers to help the Council analyze specific legislative matters in a focused and efficient manner. Four of the Council Committees are specifically charged with overseeing major components of City financial operations.

Audit Committee
The Audit Committee was created in January 2007 to oversee the City’s finances. Members of the Audit Com-
Overview of the Budget Process

mittee provide independent legislative oversight for the City’s accounting, financial reporting processes, internal controls, as well as the results of program audits.

**Budget & Government Efficiency Committee**
The Budget and Government Efficiency Committee was created to oversee legislative issues that directly impact the annual budget. Committee responsibilities include the annual budget, financial reports, purchasing and contracting, and equal opportunity contracting, among other issues.

**Budget Review Committee**
The Budget Review Committee, which is composed of all members of the City Council, is responsible for reviewing the annual budget, and includes the public budget hearings held each May. These Committee meetings allow members of the City Council to receive feedback from the public relating to budget priorities, and provide an opportunity for the Council to study, analyze, and evaluate the budget.

**Active Transportation and Infrastructure Committee**
The Active Transportation & Infrastructure Committee began meeting in 2013 and is focused on the condition of the City’s capital assets—such as streets, sidewalks, parks and libraries—and identifies resources for addressing different capital needs. It is charged with reviewing the Five-Year Capital Infrastructure Planning Outlook (CIP Outlook), and oversees asset management, additional streamlining opportunities, infrastructure financing strategies, among other related topics.

**City Attorney**
The City Attorney serves the residents of San Diego as both the Chief Legal Advisor and misdemeanor prosecutor. The office is divided into divisions, including: the Advisory Division provides advice to City Departments; the Civil Litigation Division prosecutes or defends civil lawsuits in which the City is a party; the Criminal Division prosecutes criminal misdemeanors and infractions committed within the City limits; and the Community Justice Division prosecutes cases that the community has identified as important to quality of life.

**City Auditor**
The City Auditor is charged with providing audit services to promote accountability to the public and to improve the economy, efficiency, and effectiveness of City government. Through performance audits, financial audits, and special investigations, this office provides essential information to assist the City Council in its decision-making process.

**City Clerk**
The City Clerk is responsible for maintaining the integrity of the legislative process and ensuring an informed citizenry by providing administrative and technical support to the City Council. Agendas for City Council and Committee meetings are available through the City Clerk’s office.

**Office of the IBA**
The Office of the IBA assists the City Council by providing analysis, reports, and recommendations on issues that affect the budget. Reports on numerous fiscal and policy matters are presented at City Council meetings, and during budget hearings and Committee meetings.
Overview of the Budget Process

**Office of the Mayor**
The Mayor serves as the City’s Chief Executive Officer. Through the Chief Operating Officer, the Mayor oversees the City’s daily operations, and implements programs and initiatives to carry out the City’s policy objectives. The Mayor is also responsible for proposing the City’s Annual Budget by April 15th of each year, revising it as appropriate after input from the public and City Council through the May budget hearings, and producing the final Adopted Budget that is approved by the City Council in June.

**Chief Financial Officer (CFO)**
The CFO provides the City with quality public services in the areas of financial reporting, auditing, management, and stewardship of City assets. All financial departments are organized under the CFO. The CFO is responsible for maintaining the financial records of the City, the development of the City’s financial statements, external audit functions, preparing annual budgets, developing debt financing proposals, managing the City's investments, revenue collection and tracking, and long-range financial planning.

**Department of Finance**
The Department of Finance (DOF) provides services to the Mayor and serves as an internal fiscal consultant to other City Departments. DOF prepares the Proposed and Adopted Budgets in accordance with the City Charter each year. During the fiscal year, DOF monitors the City’s expenditures and revenue receipts, oversees budget transfers and adjustments, and reviews requests for City Council and Mayoral actions for both the operating budget and the Capital Improvements Program. The DOF also prepares the City’s Comprehensive Annual Financial Report (CAFR) at the end of each fiscal year and updates the City's Five-Year Financial Outlook for future years.

**Performance & Analytics**
The Performance & Analytics Department (P&A) supports the improvement of City operations and customer service through its Citywide Engagement, Data and Analytics, Operational Excellence, Performance Management, and 311 Customer Experience programs. P&A directly supports the annual budget in a number of ways, such as working with DOF to develop the [online budget visualization tool](#) that displays budget information from 2011 and later, and its performance management team coordinates the inclusion of department narratives and Key Performance Indicators in Volume 2 of the Proposed and Adopted Budgets.

**What Financial Policies Guide the Budget Process?**
The City of San Diego has adopted several financial policies that serve as a guide to the Mayor and City Council in making policy decisions that affect the fiscal health of the City. They can be found on the Department of Finance’s website at:

[www.sandiego.gov/finance/about](http://www.sandiego.gov/finance/about)

**City Budget Policy**
The City’s Budget Policy ([Council Policy 000-02](#)) assists the City in achieving its current and future goals in a fiscally responsible and sustainable manner. These policies establish guidelines for developing and monitoring the City’s annual operating and capital budgets.
Overview of the Budget Process

City Reserve Policy
Appropriate reserves is a key attribute of a financially stable organization. The City’s reserve policy (Council Policy 100-20) recommends that the City establish and maintain appropriate reserves for its major funds. Adequate reserve levels allow the City to weather significant economic downturns more effectively, manage the consequences of outside agency actions that may result in revenue reductions, and address unexpected emergencies, such as natural disasters, catastrophic events caused by human activity, or excessive liabilities or legal judgments against the organization.

User Fee Policy
The City charges a range of fees for services provided to residents and businesses. These fees are imposed as a result of a public need, such as recreational services, rental uses, and other types of services. The User Fee Policy (Council Policy 100-05) outlines the method for establishing fees and the extent to which they recover the cost of the service provided.

City Debt Policy
The City’s CFO executes debt instruments, administers debt proceeds, manages ongoing disclosure and debt compliance, and makes debt service payments, acting with prudence and diligence and with attention to prevailing economic conditions. Debt is an equitable means of financing projects and represents an important means of meeting fiscal responsibilities. The Debt Policy (2017 Update via Resolution R-311057) primarily addresses debt instruments and securities issued by the City in public or private bond markets.

Structural Budget Deficit Elimination Guiding Principles
These principles, adopted by the City Council in February 2010, guided the development of a comprehensive plan to eliminate the City’s structural budget deficit. The Mayor’s Office worked with the Office of the IBA, the Budget & Finance Committee (now the Budget & Government Efficiency Committee) and the full City Council in the development and implementation of this plan. Although the City is in a better financial position than it was at the time of adoption, these principles for fiscal responsibility continue to be an important structure when formulating and making decisions about the annual budget. These principles can be found in IBA Report 10-18 or by referring to Resolution R-305615.
Important Resources

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Important Resources

City Council Offices

City Council offices are located on the 10th floor of the City Administration Building at: 202 C Street, San Diego, CA 92101. For more information about the City Council, or to find your Council District, please visit https://www.sandiego.gov/citycouncil.

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Important Resources

Locating Budget Documents

The Annual Budget
Annual budget documents, including the Proposed and Adopted budgets of current and prior fiscal years, can be found on the Department of Finance's website: www.sandiego.gov/finance. You can also find budget monitoring reports and the City’s Five-Year Financial Outlook on this website.

City Council & Committee Meeting Agendas
City Council and Committee meeting agendas and related materials, including those for the Audit, Budget & Government Efficiency, Budget Review, and Active Transportation & Infrastructure Committees, can be found on the City Clerk’s website: www.sandiego.gov/city-clerk/councilcomm.

IBA Reports and Presentations
IBA reports and presentations on the budget and other fiscal and policy matters can be found at: www.sandiego.gov/iba. For updates when new reports are released, follow the IBA on Twitter @SanDiegoIBA, or sign up for email updates on our website.

Interactive Online Budget Visualization Tool
In April 2016, the City released an online budget visualization tool so residents can see how tax dollars are budgeted. You can access the City’s budget data from 2011 and later on the Open Data website at: https://data.sandiego.gov/
Adopted Budget
The Mayor and City Council’s approved plan for the City’s financial operations, which includes an estimate of expenditures and revenues for a given fiscal year.

Appropriation
A legal authorization to make expenditures and to incur obligations for specific purposes.

Appropriation Ordinance
The official enactment by the City Council to establish legal authority for City officials to obligate and expend resources.

Balance (Fund Balance)
Revenues and assets in excess of the expenditure and reserve obligations of a fund at year end.

Balanced Budget
The amount of budgeted expenditures is equal to or less than the amount of budgeted revenues plus available fund balance.

Bond
A funding tool representing a written promise to pay a specific sum (face value or principal amount) in the future (maturity date), plus interest. In California, municipal government bonds are only used to finance capital improvements.

Budget
Proposed plan of expenditure and revenue over a specified period of time such as a fiscal year or accounting period.

Budget Priorities Resolution
A resolution in which the City Council has adopted a set of priorities for the annual budget. Priorities of each Councilmember are compiled by the Office of the IBA and transmitted to the Mayor for consideration when forming the proposed budget.

Capital Improvement Project
A capital improvement is generally a large construction project such as the development of park land, the construction of an overpass, the installation of a traffic signal, the acquisition of land, or the construction or remodeling of a City building.

Capital Improvements Program (CIP)
The long-range plan for all individual capital improvement projects and funding sources. CIP projects are unique construction projects that aim to install new, replace old, or rehabilitate existing infrastructure. Information regarding the City of San Diego’s CIP can be found in Volume 3 of the City’s Annual Budget document.

Comprehensive Annual Financial Report (CAFR)
A report prepared by the City Comptroller’s Office that summarizes financial data for the previous fiscal year in a standardized format. The CAFR is organized by fund and contains
two basic types of information: a balance sheet and an operating statement.

**Expenditure**
The actual outlay of monies from the City treasury.

**Expenses**
Charges incurred for operations, maintenance, interest, or other charges.

**Fiscal Year (FY)**
A 12-month timeframe designating the beginning and ending period for recording financial transactions. The City of San Diego has specified July 1 through June 30 as the fiscal year.

**Five-Year Financial Outlook**
The Five-Year Financial Outlook includes revenue and expenditure forecasts which are based on various assumptions. It serves as a long-range planning tool which identifies priorities, economic trends, risks and opportunities, and guides the City in the development of future budgets.

**Franchise Fees**
Fees resulting from agreements with private utility companies in exchange for use of the City’s rights-of-way.

**Fund**
A fiscal and accounting entity with a self-balancing set of accounts to record revenue and expenditures.

**General Fund**
The City’s main operating fund that pays for basic City services that use most of the City’s tax revenue, such as public safety, parks, and library services.

**Grant**
A contribution by a government or other organization to support a particular function.

**Infrastructure**
The basic structures and underlying facilities needed for the functioning of a community and its economy, such as public facilities, streets, roads, bridges, tunnels, parks, storm drains, and water and sewer systems.

**One-Time Expenditures and/or Revenues**
Expenditures and/or revenues for one-time projects or services. After the project or service is completed, expenditures and/or revenues are terminated and are not considered part of the budget for the following year.

**Ongoing Expenditures and/or Revenues**
Expenditures and/or revenues that are recurring and continue over more than one fiscal year.

**Operating Budget**
Authorized expenditures for ongoing municipal services such as public safety, street maintenance, parks, and libraries. The detail of the City of San Diego’s operating budget can be found in Volume 2 of the City’s annual budget document.
Glossary

**Proposed Budget**
The Mayor’s recommendation for the City’s financial operations, which includes an estimate of proposed expenditures and revenues for a given fiscal year.

**Reserve**
An account used to indicate that a portion of a fund’s balance is legally restricted for a specific purpose and is, therefore, not available for general appropriation.

**Revenue**
Funds received from various sources and treated as income to finance expenditures.

**Schedules**
Schedules provide a summary of revenues, expenditures, and positions for the operating budgets of all departments and budgeted funds, and reflect the funding sources and spending areas of the Capital Improvements Program.

**Transient Occupancy Tax (TOT)**
A tax that is imposed on occupants of hotel and motel rooms in the City of San Diego.

**User Fee**
A charge for services provided by the City to residents and businesses.