

Department Review

Citywide Program Expenditures

The Citywide Program Expenditures budget is comprised of various programs and activities that provide benefits and services Citywide. Programs or activities that are generally not attributable to any one City department are allocated in this budget. The Citywide Program Expenditures budget includes only those expenditures that are funded by the General Fund.

Mayor's FY 2013 Proposed Adjustments

The FY 2013 Proposed Budget totals \$77.7 million, an increase of \$24.8 million from the FY 2012 budget of \$52.9 million.

Reserves

The contributions to the Public Liability Reserve and General Fund Reserve are typically budgeted in the Citywide Program Expenditures. As part of the Mayor's FY 2012 budget balancing solution, contributions to the Public Liability reserve were suspended.

A General Fund Reserve contribution is not budgeted for FY 2013, as the reserve target of 8% of General Fund revenues is currently satisfied.

However, a Public Liability Reserve contribution transfer of \$6.1 million is budgeted in FY 2013 Proposed Budget. Additionally, a \$15.1 million transfer to the Public Liability fund for FY 2013 public liability claims expenditures is included in for FY 2013, up \$600,000 from the FY 2012 Adopted Budget of \$14.5 million.

Citywide Election Costs

Costs for Citywide Elections in the FY 2013 Proposed Budget are decreased by \$1.1 million, from \$2.9 million to \$1.8 million. Costs are estimated to decrease for FY 2013 because typically, General Election costs are lower than those in Primary Elections; and there will be a General Election in FY 2013 and a Primary Election in FY 2012.

One reason General Election costs are typically lower than Primary Election costs is that there are often fewer races to be decided in the General election, because some results may have been determined in the Primary Election. For instance, in the November 2012 General Election, the City Attorney, and Districts 3, 5 and 9 will not have run-off races. Additionally, more jurisdictions historically participate in November elections, so more jurisdictions share in the County's costs, reducing costs for each individual jurisdiction.

Primary election races for Mayor, City Attorney, Council Districts 1, 3, 5, 7 and the new Council District 9 occur in June 2012, which is accounted for in the FY 2012 Budget. Possible run-offs to these elections occur in the November 2012 General Election, which will be accounted for in the FY 2013 budget.

Costs for Citywide Elections could increase or decrease from the budgeted amount depending on factors such as number of candidates for each Council District election and

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the number of items each jurisdiction in the County places on the ballot.

The amount included in Citywide Elections also includes estimated ballot proposition costs.

Transfer to Park Improvement Funds

The City Charter sets the minimum threshold amount of Mission Bay rents and concession revenues that are to be placed into the General Fund for any municipal purpose, without restriction, at \$23.0 million.

Pursuant to public action on a November 2008 ballot measure, this threshold will remain at the same level until FY 2015, at which time it will be reduced to \$20.0 million. The remainder of funds greater than the threshold amount will be allocated to the San Diego Regional Park Improvements Fund and the Mission Bay Park Improvements Fund each year.

The amount above the \$23 million threshold to be transferred to the Park Improvement Funds is budgeted in Citywide Program Expenditures. That amount has increased in the FY 2013 Proposed Budget by \$700,000 (from \$2.3 million to \$3.0 million). Note that revenue from Mission Bay Park rents and concessions is budgeted in the Real Estate Assets Department.

McGuigan Settlement

Another expenditure budgeted in this department is payment for the General Fund portion of the McGuigan Settlement financing.

Under this settlement, the City was obligated to pay \$173.0 million into SDCERS by June 2011 to address previous underfund-

ing, which occurred between 1996 and 2005. The McGuigan Settlement was modified, as approved by the City Council on March 9, 2010, allowing the City to prepay to SDCERS approximately \$38.3 million, the remaining settlement balance as of June 30, 2010. Under the terms of the modification and in order to direct a final payment to SDCERS, the City made a cash payment of approximately \$5.5 million and financed the balance, approximately \$32.8 million, through a third party financial institution.

The City's annual payments related to the financing are approximately \$9.1 million in FY 2012 through FY 2015. The General Fund's proportionate share of these payments totals approximately \$8.0 million annually, which is the amount budgeted in Citywide Program Expenditures.

Outside Legal

The City has retained an outside legal litigation counsel against energy company Kinder Morgan to recover damages for environmental contamination of City-owned and Public Utilities Enterprise Fund-owned lands located at Qualcomm Stadium, and water contamination of an aquifer in Mission Valley. The cost for outside counsel will be shared equally by the General Fund and the Public Utilities Enterprise Fund.

The \$1.5 million General Fund cost for this legal counsel was budgeted in FY 2012. However, litigation fees have been delayed, and the General Fund remaining cost related to this legal counsel is now budgeted at \$1.2 million in FY 2013. This amount is budgeted as an item in the Special Consulting Services account in the Citywide Program Expenditures, for which there is a ta-

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ble of expenditures on the next page.

Typically outside counsel costs where the City defends itself are paid by the Public Liability Fund. In this case the City has initiated the action, and costs are ineligible for the Public Liability Fund.

Public Use Leases

The budget for payment of public use lease expenditures related to Las Americas and the Imperial Marketplace has been transferred from Development Services to Citywide Program Expenditures in FY 2013. The amount in the FY 2013 Proposed Budget is \$1.5 million.

Deferred Capital Debt Service

The debt service payment for the \$100 million 2009 deferred capital financing issuance is \$6.9 million in FY 2013. This includes \$1.5 million in principal that will be paid from the Capital Outlay Fund and \$5.4 million in interest to be paid from the Citywide Program Expenditures Department. In FY 2012, the interest of \$4.1 million and \$1.3

million were included in the Transportation & Storm Water and General Services budgets, respectively.

Additionally, there is a \$5.1 million increase in the Citywide Program Expenditures budget to cover debt service for the anticipated \$75 million deferred capital program bond issuance in FY 2013.

Special Consulting Services

The Special Consulting Services budget increased by \$5.7 million for FY 2013. The chart below provides a breakdown of this category.

Note that \$6.0 million has been budgeted for IT transition costs related to acquiring new IT vendors. See the Information Technology Department Review for further information.

Also, the Kinder Morgan Litigation is discussed on the previous page, under the Outside Legal heading.

SPECIAL CONSULTING SERVICES			
	FY 2012	FY 2013	CHANGE
	ADOPTED	PROPOSED	
Actuary Services/DROP Study	\$ 340,000	\$ 320,000	\$ (20,000)
Disclosure Counsel	\$ 200,000	\$ 200,000	\$ -
Labor Related Contracts	\$ 360,000	\$ 380,000	\$ 20,000
Muni Services-Sales Tax Consultants	\$ 650,000	\$ 650,000	\$ -
Outside Legal Contracts	\$ 950,000	\$ 950,000	\$ -
Kinder Morgan Litigation	\$ 1,500,000	\$ 1,200,000	\$ (300,000)
Facility Assessment	\$ 200,000	\$ -	\$ (200,000)
Park and Recreation Fee Study	\$ -	\$ 200,000	\$ 200,000
New IT Svc Provider Transition Costs	\$ -	\$ 6,000,000	\$ 6,000,000
TOTAL	\$ 4,200,000	\$ 9,900,000	\$ 5,700,000