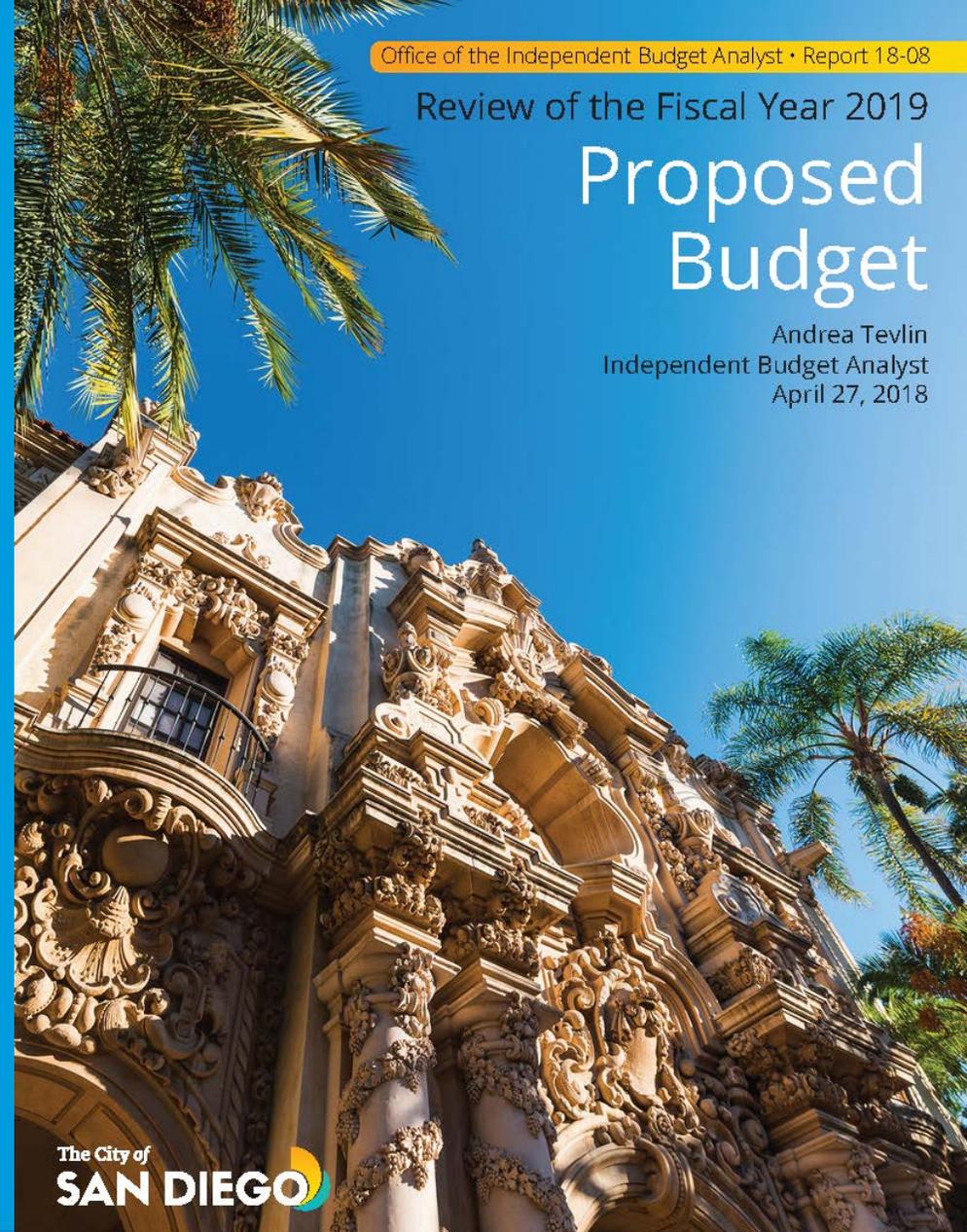


Proposed Budget

Andrea Tevlin
Independent Budget Analyst
April 27, 2018

Presentation to North Park Main Street: City Budget Overview

June 14, 2018



The City of
SAN DIEGO



Independent Budget Analyst





Office of the Independent Budget Analyst (IBA)

IBA provides clear, objective, unbiased analysis and advice to the City Council and the public regarding all legislative items bearing financial and policy impacts to the City of San Diego

- Provides support to the City Council and its Committees and information for the public
- Annually reviews and analyzes the Mayor's Proposed Budget and Five-Year Financial Forecast
- Analyzes and makes recommendations on financial reports and policy matters important to the City Council and the community



Mayor/Council Roles and Authorities in the Budget Process

As the City's CEO, the Mayor is responsible for:

- Proposing a balanced budget to Council by April 15
- Providing any known changes to the budget in the May Revision, for Council consideration
- Carrying out the City's goals, policies, programs, and services reflected in the budget following adoption by Council



Mayor/Council Roles and Authorities in the Budget Process *cont'd*

The Council:

- Is responsible for reviewing and approving the Proposed Budget on or before June 15
- Has the authority to change budgeted line items or services and programs proposed in the Mayor's budget, as long as the budget remains balanced
- Has final budget authority



Mayor/Council Roles and Authorities in the Budget Process *cont'd*

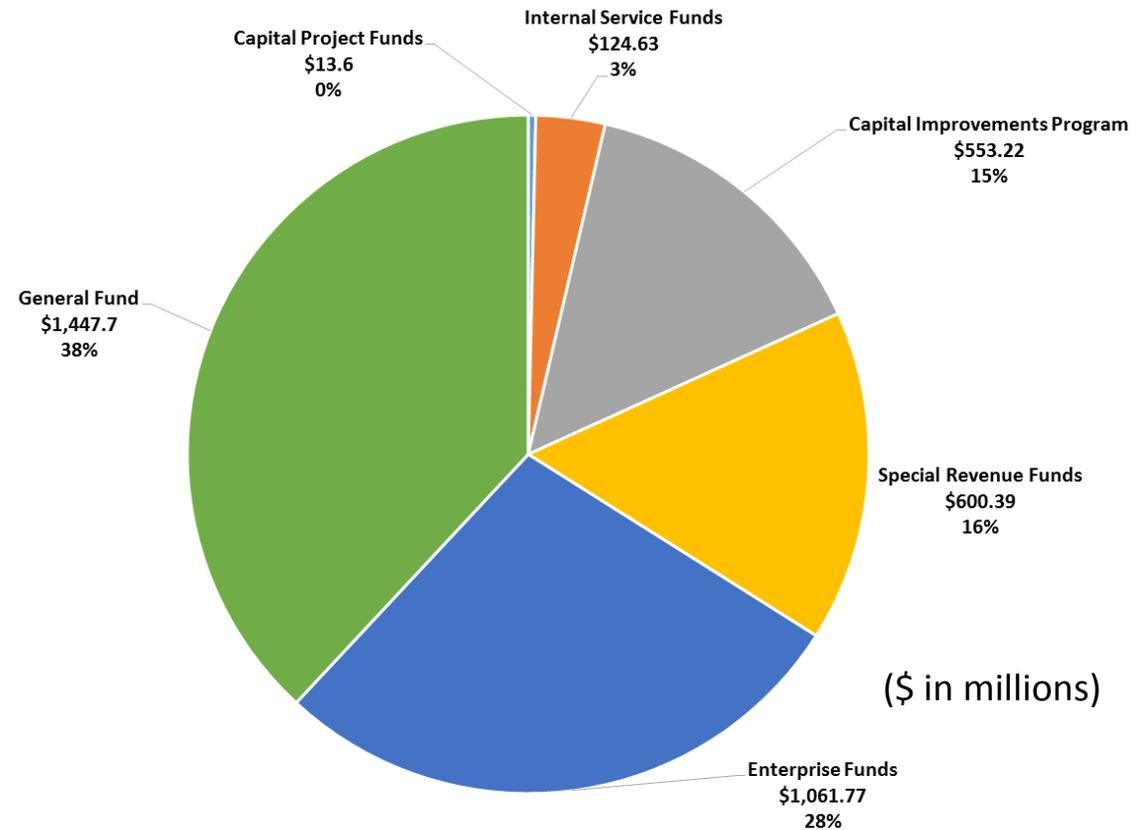
The Office of the IBA:

- Reviews and analyzes the Mayor's Proposed Budget for Council and the public
- Provides support to the City Council and its Committees throughout the process
- Develops final budget recommendations for City Council consideration

City Budget – General Overview

FY 2019 Proposed Budget Expenditures

- The City’s Proposed Budget for FY 2019 includes \$3.8 billion in total expenditures
 - 44% – \$1.7 billion – is expenditures in Enterprise Funds (ratepayers revenues; e.g. water and sewer) and Special Funds (dedicated revenue; e.g. utilities undergrounding)
 - 18% – \$678 million – is from our CIP and internal service funds.
 - 38% or \$1.4 billion – is from our General Fund
- Our General Fund is supported with tax revenue, and goes to provide general City services – police, roads, parks, libraries, etc

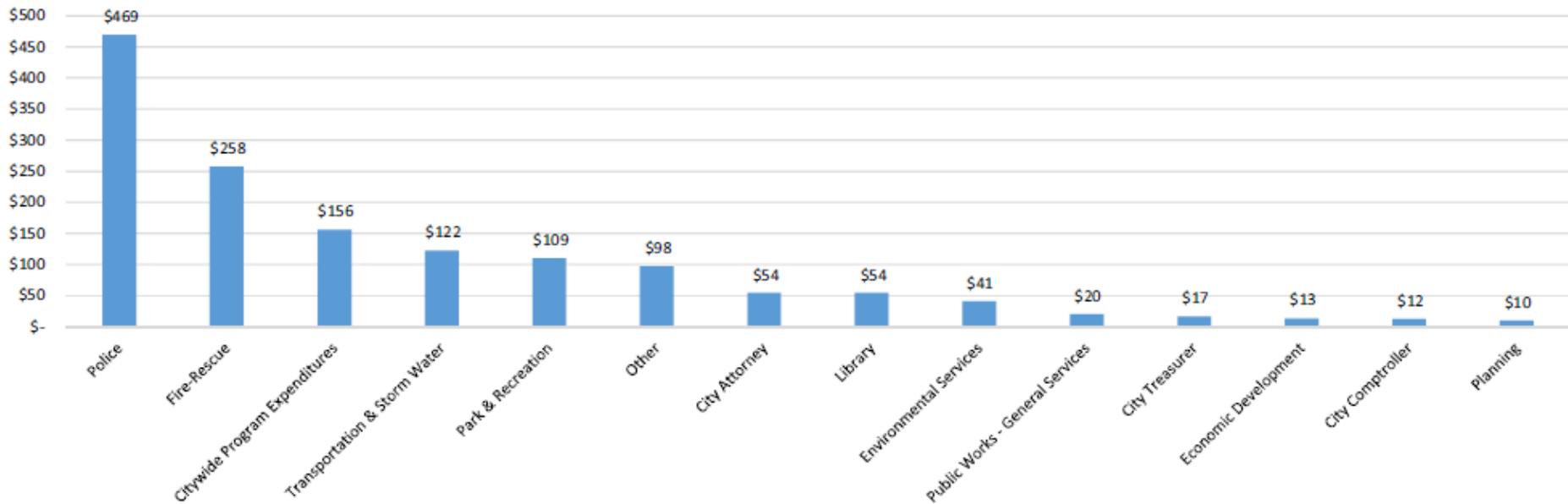




General Fund Overview

Funding by Department (FY 2018; \$ in millions)

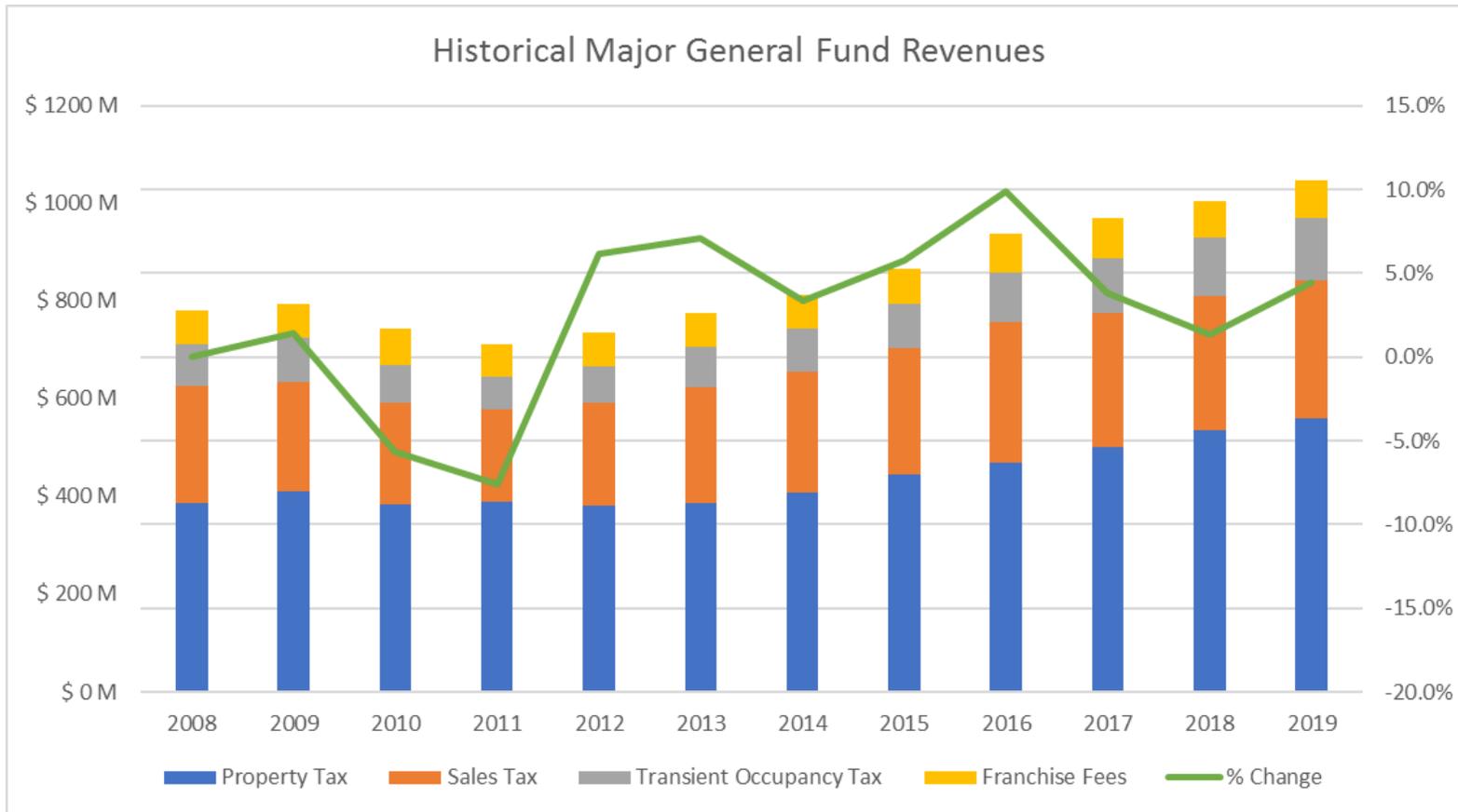
- Over half of all General Fund expenditures are in the Police and Fire-Rescue Departments



Note: The Other category includes: City Auditor, City Clerk, City Council, Communications, Debt Management, Department of Information Technology, Development Services, Ethics Commission, Financial Management, Human Resources, Infrastructure/Public Works, Internal Operations, Neighborhood Services, Office of Homeland Security, Office of the Assistant COO, Office of the Chief Financial Officer, Office of the Chief Operating Officer, Office of the IBA, Office of the Mayor, Performance & Analytics, Personnel, Public Utilities, Public Works - Contracting, Purchasing & Contracting, and Real Estate Assets.

General Fund Overview

Major Revenues – Historical Receipts



General Fund Expenditures Overview

The FY19 Proposed Budget includes \$1.45B in proposed General Fund expenditures

- Increase of \$13.9M, or 1% over the FY18 Adopted Budget
- Total FTE positions: 7,596.24 – net 68.81 additions
 - Additions (not including transfers) include 106.60 FTEs:
 - 19.22 – Parks & Rec; 17.00 – Environmental Services;
 - 15.00 – Police; 15.00 – Fire-Rescue; 12.00 – Transportation & Storm Water; 8.00 – City Attorney
 - Reduction of 27.85 non-hourly positions and 9.94 hourly positions



Council Priorities in the Proposed Budget

Programs for the Homeless

GENERAL FUND BUDGET PRIORITIES (FIVE OR MORE COUNCILMEMBER MENTIONS)	FUNDED IN FY 2019 BUDGET	NOTES
Programs for the Homeless		
Expansion of Homeless Outreach Services	N ¹	No increase from the General Fund (see footnote 1).
Increased Park Ranger and Library Security Services	P	Proposed Budget includes 1.00 Senior Park Ranger and \$88,000 in expenditures to manage and coordinate Park Ranger activities along the San Diego River. No funding provided for two other requests, a Downtown Park Ranger and increased Library security services of \$288,000.
Select Committee on Homelessness Funding	Y	Proposed Budget includes \$38,000 to fund existing contract through December 31, 2018.
Workforce Development Strategies for Homeless Individuals	N	Not included in Proposed Budget.
Public Restrooms Funding	Y	Includes \$898,000 to fund eight portable restrooms and security services at three locations downtown.
Continued Bridge Shelters Funding	Y	Proposed Budget includes \$2.8 million from the General Fund and \$10.0 million in Housing Commission local funds ²
Resources for a Homeless Navigation Center	Y	Proposed Budget includes \$300,000 from the General Fund, \$250,000 from the Low and Moderate Income Housing Asset Fund, and \$1.0 million in CDBG funding.
Additional Psychiatric Emergency Response Team (PERT) Staffing	N	No increase included in Proposed Budget.



Council Priorities in the Proposed Budget *cont'd*

Public Safety

Police		
Enhance Police Department Recruitment and Retention	Y	\$18.5 million increased salary-related expenditures for POA members included in Proposed Budget.
Fire-Rescue		
Additional Resources for the Fire-Rescue Department's Resource Access Program (RAP)	N	No additional RAP resources in Proposed Budget.
Increased Lifeguard Services Staffing	N	No additional Lifeguard positions in Proposed Budget.



Council Priorities in the Proposed Budget *cont'd*

Capital Projects Priorities

Capital Projects Priorities		
Park Capital Improvement Program (CIP) Projects	Y	Proposed Budget includes \$11.8 million for park CIP projects, also \$4.7 million is anticipated in Commercial Paper funding.
Pedestrian and Cycling Safety	Y	Proposed Budget includes \$18.6 million for projects that support Vision Zero and improve safety for all modes of transportation.
Sidewalk Repair and Installation	Y	Proposed Budget includes \$5.0 million for repair/reconstruction and \$1.2 million for installation.
Street Repair	Y	Proposed Budget includes \$75.9 million total for streets, of which \$46.9 million is for capital projects. ³
Streetlight Installation	Y	\$1.9 million budgeted in the CIP annual allocation.



Overview of the FY 2019 May Revise – General Fund

The May Revise increased General Fund expenditures to \$1.46 billion, a \$9.7 million or 0.7% increase over the Proposed Budget

Resources for May Revise Expenditures	
Use of Excess Equity	\$ 8,584,180
Department Revenue	1,259,818
User Fee Revenue	391,667
Major General Fund Revenue ¹	(527,772)
Total Resources	\$ 9,707,893

¹ Significant decreases include a \$1.8 million decrease in Property Tax revenue which is being allocated to the Otay Mesa Enhanced Infrastructure District and a \$1.9M decrease in Employee Offset Savings revenue (to align with fringe expenditures that support such revenue). The largest offsetting increases include an increase of \$2.6M in residual RPTTF distributions and an increase of \$465,000 in TOT revenue.

Significant May Revise Additions

- Fire Overtime - \$6.8M
- 5.00 FTE City Attorney Positions - \$790,000
- Animal Services Contract - \$451,000
- Police Captain for Recruitment & Onboarding - \$317,000
- Community Plan Updates - \$202,000
- Safe Parking Program - \$103,000
- Companion Unit Fee Waiver Pilot - \$300,000
- Lifeguard Academy - \$238,000

Recommended Budget Modifications - \$5.7M

IBA recommendations are based on multiple sources

- Our analyses of the FY 2019 Proposed Budget, FY 2019 May Revise, the FY 2018 Third Quarter Report
- Review of Councilmember budget priority memoranda submitted to our Office on May 21
 - **All majority-support items were included in IBA scenario**
- Feedback from the public, City staff, and City Council during the Budget Review Committee hearings



Recommended Budget Modifications *cont'd*

Ongoing Operating Expenditure Items	Amount
Tree Trimming	\$ 882,000
Library Programming	100,000
Council Administration - 1.00 FTE Council Representative I	66,000
Code Compliance Positions - 5.00 FTEs	400,000
Lifeguard Division - 1.00 FTE Clerical Assistant II	53,000
<i>Total Ongoing Operating Expenditures</i>	\$ 1,501,000
Ongoing Operating Resources	Amount
Ongoing Excess Equity	\$ 751,000
Ongoing Fire Vacancy Savings (portion)	750,000
<i>Total Ongoing Operating Resources</i>	\$ 1,501,000
Balance of Ongoing Operating Expenses/Resources	\$ -



Recommended Budget Modifications *cont'd*

One-time Operating Expenditure Items	Amount
Graffiti Abatement	\$ 300,000
Library Security	288,000
Brush Management	555,000
<i>Total One-Time Operating Expenditures</i>	\$ 1,143,000
One-time Operating Resources	Amount
One-Time RPTTF	\$ 855,000
Remaining Excess Equity	200,000
Ongoing Fire Vacancy Savings (portion)	88,000
<i>Total One-Time Operating Resources</i>	\$ 1,143,000
Balance of One-Time Operating Expenses/Resources	\$ -



Recommended Budget Modifications *cont'd*

Capital Expenditure Items	Amount
Streetlights	\$ 3,035,000
<i>Total Capital Expenditures</i>	\$ 3,035,000
Capital Resources	Amount
Remaining Land Sales	\$ 2,300,000
Infrastructure Fund	735,000
<i>Total Capital Resources</i>	\$ 3,035,000
Balance of Capital Expenses/Resources	\$ -

<i>Grand Total of All Expenditures</i>	\$ 5,679,000
<i>Grand Total of All Resources</i>	\$ 5,679,000
Final Balance of All Expenditures/Resources	\$ -



Final FY 2019 Adopted Budget

City Council unanimously approved the FY 2019 Budget on June 11, 2018

- Council approved Proposed Budget, May Revise, and all IBA recommended budget modifications
- Changed \$735,000 Infrastructure Fund expenditure from streetlights to:
 - \$500,000 for the Chicano Park Community Center CIP
 - \$235,000 Mira Mesa Epicenter facility improvements