

THE PUBLIC'S GUIDE TO THE BUDGET PROCESS & FY 2024 ADOPTED BUDGET

The City of

SAN DIEGO 

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Introduction

Introduction

Each year the City of San Diego (City) must forecast the revenues it will receive and the expenditures it will incur for the upcoming fiscal year as part of the budget process. The resulting official document is known as the Adopted Budget (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, 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 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) 2024 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 2024 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

The City's expenditures are at an all-time high in this year's Budget (the FY 2024 Adopted Budget). Though this year's Budget has enough revenues to carry out and, in some cases, expand City services, it may be more challenging to fund the needs of the City in the future without additional resources. Balancing the Budget in future years might require refraining from the addition of ongoing programs. These challenges are discussed in the FY 2024 Adopted Budget Highlights section.

Since this guide focuses on the FY 2024 operating budget, it excludes details regarding the FY 2024 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 is also 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:



Office of the Independent Budget Analyst

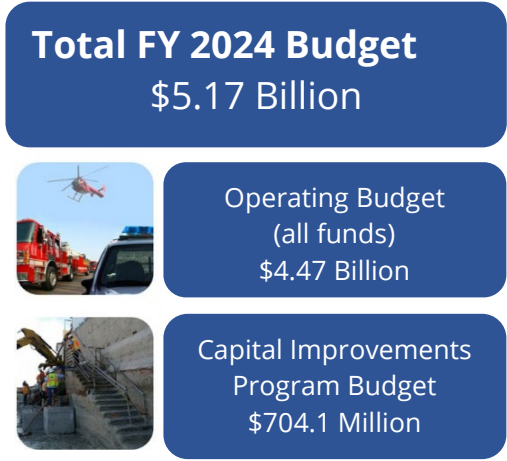
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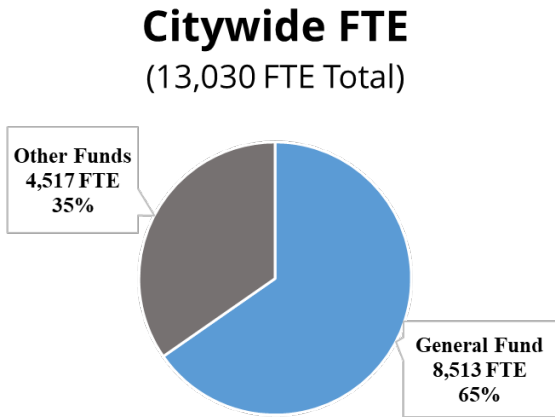
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FY 2024 Adopted Budget At a Glance

How large is the City's FY 2024 expenditures Budget?

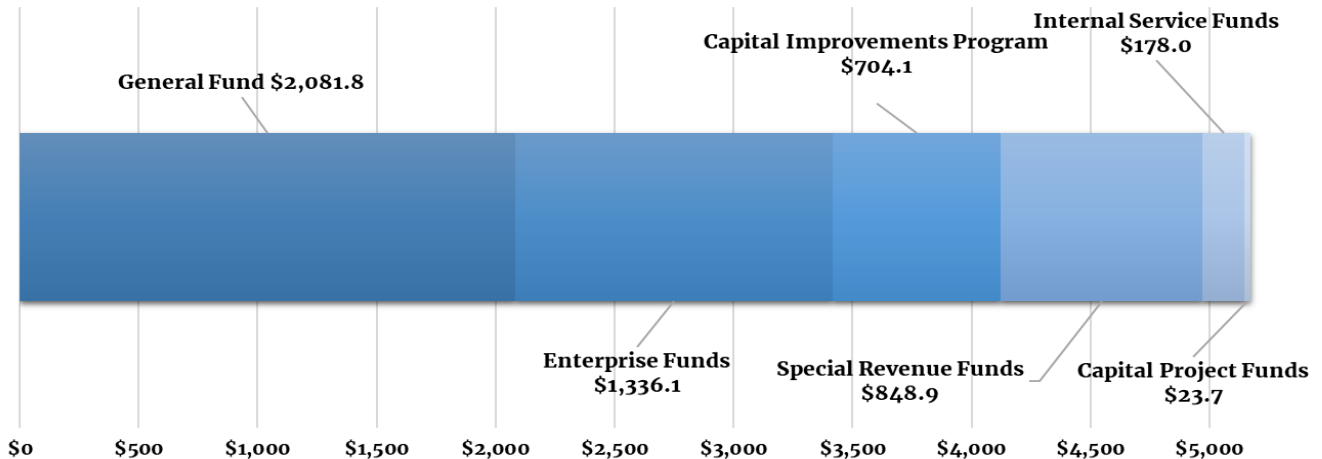


How many full-time equivalent (FTE) positions are included in the FY 2024 Budget?



How much is budgeted for operations and capital expenditures?

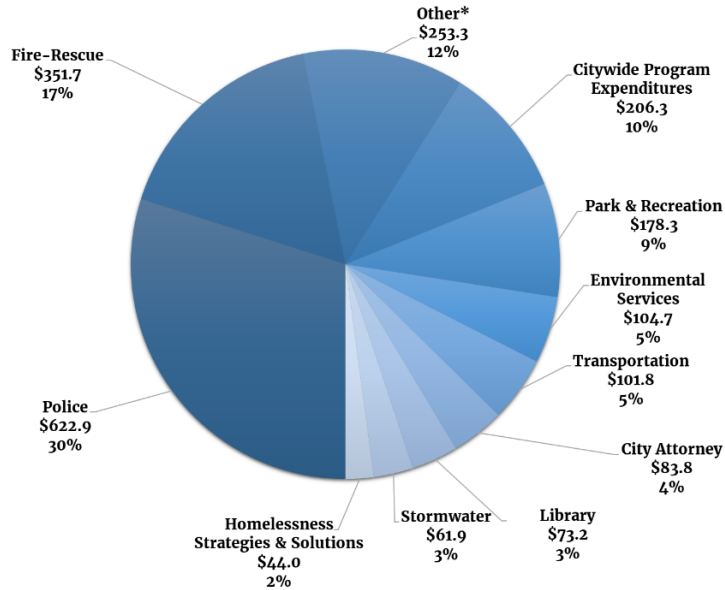
FY 2024 Expenditures by Fund Type/Program
(Total: \$5.17 Billion; \$ in millions)



FY 2024 Adopted Budget Highlights

How much is budgeted to carry out General Fund departmental programs and services?

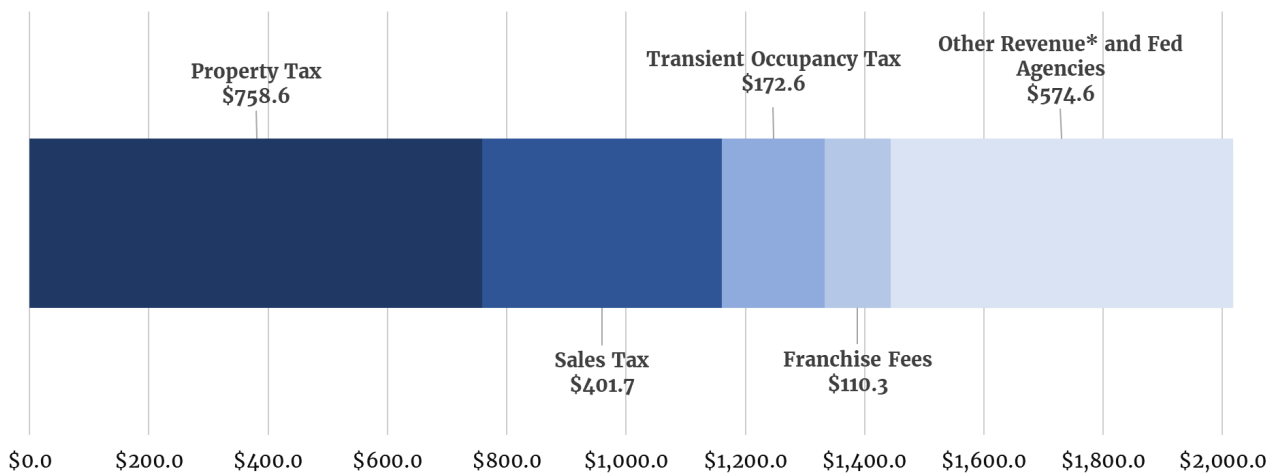
FY 2024 General Fund Expenditures by Department
(Total: \$2.08 Billion; \$ in millions)



* Other includes: City Auditor, City Clerk, City Council, City Planning, City Treasurer, Commission on Police Practices, Communications, Compliance, Department of Finance, Department of Information Technology, Development Services, Economic Development, Ethics Commission, General Services, Government Affairs, Human Resources, Office of Boards & Commission, Office of Emergency Services, Office of the Chief Operating Officer, Office of the Independent Budget Analyst, Office of the Mayor, Performance & Analytics, Personnel, Purchasing & Contracting, Public Utilities, Race & Equity, Real Estate & Airport Management, and Sustainability & Mobility.

What are the City's major General Fund resources?

FY 2024 General Fund Revenue
(Total: \$2.02 Billion; \$ in millions)



* Other Revenue includes Property Transfer Tax, charges for current services, transfers in, revenue from money & property, licenses & permits, fines, forfeitures & penalties, and revenue from other agencies.

FY 2024 Adopted Budget Highlights

Moving past the worst of the financial impacts from the COVID-19 pandemic, the FY 2024 Budget reflects the City's continued progress toward funding needed services for residents. Overall, this year's budgeted expenditures are at all-time highs. Revenues have decreased by 0.5%; however, this is largely due to decreases in financing revenues that support capital improvements for the City's Water Fund and adjustments to water sales estimates. Even though most other revenues have grown, it is important to look at each source of revenue to understand the various operational components and services of the City. The focus of this year's budget is investing in enhancements to services and infrastructure.

Challenges in Balancing the Budget

This year's budget process dealt with the continued impact that the world-wide COVID-19 pandemic has had on City revenues and operations. With the continued recovery from the pandemic, and assistance from the American Rescue Plan Act, the Mayor and Council adopted a balanced Budget for FY 2024 of \$5.17 billion, which is a 1.9% increase from the FY 2023 Adopted Budget.

The City of San Diego's FY 2024 Adopted Budget totals \$5.17 billion for expenditures. Of this amount, \$2.08 billion is for the City's General Fund, which provides essential City functions and services such as public safety (including police, fire, and lifeguard services), parks and recreation, libraries, City street maintenance, storm water management, and trash collection.

Enterprise funds, which support water delivery, wastewater collection, and development services activities among others, total \$1.34 billion, and \$704.1 million is budgeted in the Capital Improvements Program (CIP) for capital projects across the City. Another \$1.03 billion is budgeted across several Special Revenue and Internal Service funds for specific and dedicated uses.

One-time vs. Ongoing Funding

When forming the City's annual budget, it is considered best practice to fund ongoing expenses with ongoing resources. For instance, when adding new facilities or programs to the budget, the City must consider what ongoing operational costs are associated, and find an appropriate ongoing revenue source (e.g., an anticipated increase in property tax revenues) to fund it.

Through this best practice, the City can avoid using "temporary fixes" that fund ongoing programs with one-time resources, resulting in a more stable financial environment and a structurally balanced budget.

For more information about the City's best practices regarding budget formation, refer to the financial policy descriptions later in this report, and to [IBA Report 10-18](#).

Though the \$2.08 billion General Fund Budget for FY 2024 is balanced in accordance with our City Charter requirements, the City is using \$99.5 million in one-time resources to support ongoing expenditures, resulting in a structural budget deficit. Structural budget deficits occur when ongoing and sustainable revenue sources are not enough to support ongoing expenses. In future fiscal years beyond FY 2024, the City will need to ensure it keeps operating expenses in balance with its ongoing revenues to achieve structurally

FY 2024 Adopted Budget Highlights

balanced budgets. Continuing to use one-time funds for ongoing expenditures invites challenges in future fiscal years.

Moving beyond FY 2024, City revenues are expected to continue to experience moderate growth. However, there are important factors to consider about future economic conditions. Most importantly, due to persistent, high inflation and federal efforts to combat it, there is a heightened risk of a recession. A recession or economic slowdown would impact the City's finances, but with today's uncertainty and information available to-date, the exact impact is hard to predict.

In the Mayor's FY 2024-2028 Five-Year Financial Outlook (Outlook), which was released in November 2022, the FY 2024 General Fund Budget was projected to have a baseline deficit of \$50.5 million. Five-Year Outlook projections help the City start planning for ways to mitigate deficits or allocate surpluses, since the City has to adopt a balanced budget at a later stage in the budget process.

While the Outlook prepared in November 2022 projected a deficit for FY 2024, the FY 2024 Budget adopted in June 2023 was balanced, and even saw an increase in funding for many City programs and services from FY 2023. Federal funding through the American Rescue Plan Act (ARPA),¹ use of unassigned General Fund amounts in excess of Reserve requirements, and increased operating revenues helped to close the deficit the City was originally facing. Due to the availability of these additional funds, Departments were not asked to submit budget reduction requests for the Fiscal Year 2024 budget development process. A detailed overview and analysis of revenue projections, ARPA funding, and City departments and programs are provided in [the IBA's Review of the FY 2024 Proposed Budget](#).²

¹ For an overview of ARPA funds available to the City, please refer to the *American Rescue Plan Act Funding* section of this guide.

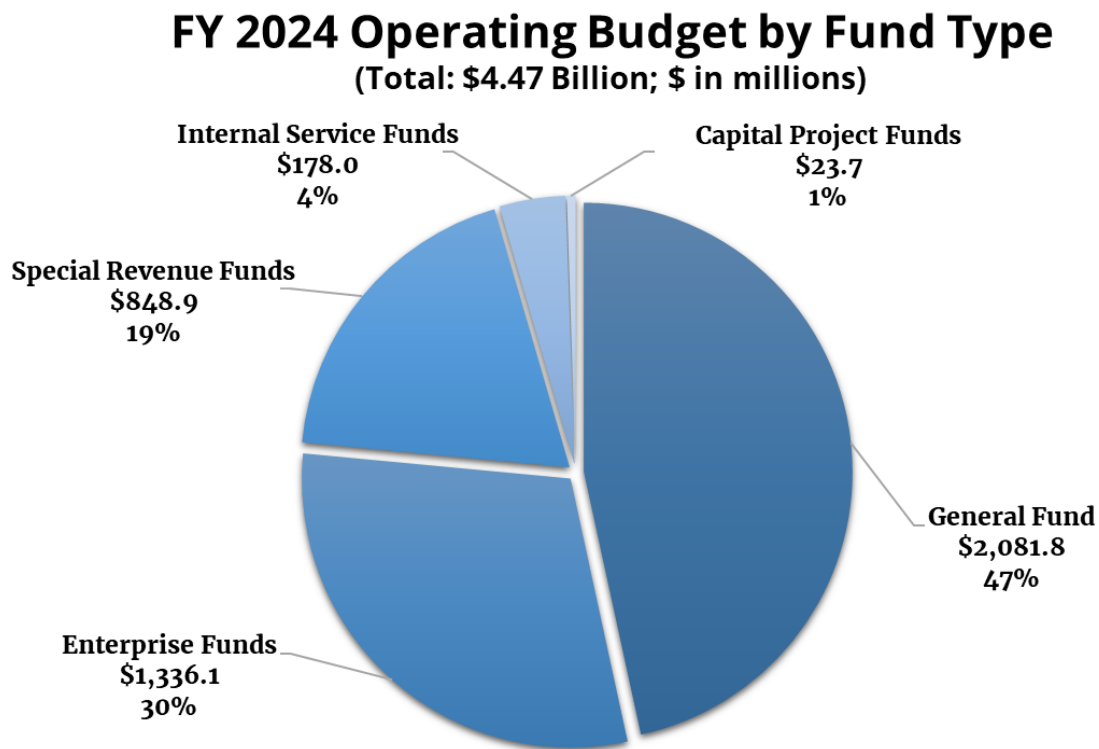
² Updated FY 2024 revenue projections and the IBA's final budget recommendations, which were used to inform the City Council's approval of the FY 2024 Budget, are included in [IBA Report 23-12 REV](#)

FY 2024 Adopted Budget Highlights

The City's Operating Budget

The \$4.47 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 \$4.47 billion operating budget, \$704.1 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, as capital infrastructure projects are large and costly, require multiple years to complete, and generally utilize financing sources outside of the City's main operating fund, the General Fund. In contrast, the operating budget focuses on revenues and expenditures needed to carry out City services & programs for a specific fiscal year. For more information regarding the CIP, please 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 as certain monies can only be used 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 streetlights, signals, and markings. The pie chart below depicts the portion of the operating budget that is comprised of each fund type.



NOTE: Percentages may not total 100 due to rounding.

FY 2024 Adopted Budget Highlights

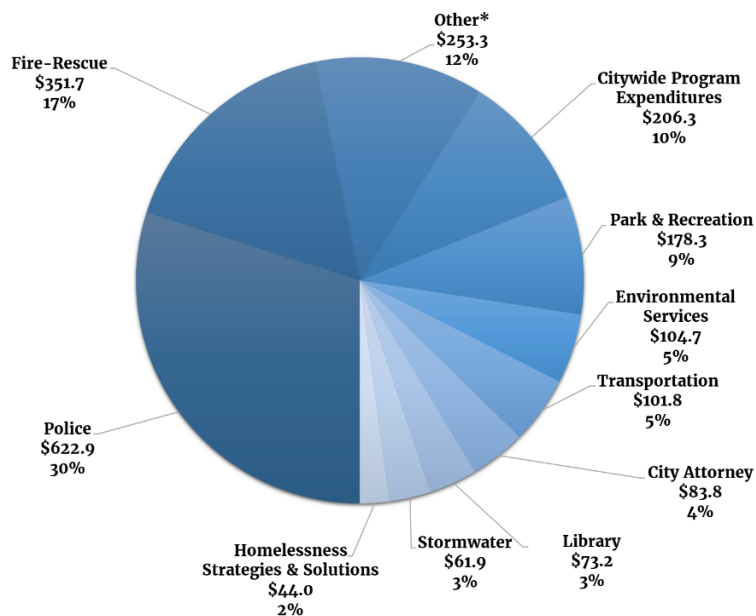
The General Fund

The General Fund is the most commonly discussed fund in the City’s Budget. It is the largest of the five types of funds that the City of San Diego maintains, representing approximately 46.6% of the operating expenditures budget for FY 2024. 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 revenues. Changes in General Fund revenues 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

The General Fund is the largest operating fund with \$2.08 billion in budgeted expenditures for FY 2024. This is a \$126.8 million or 6.5% increase from the FY 2023 Adopted Budget. The FY 2024 General Fund Budget includes costs associated with 8,513 budgeted FTE positions, an increase of approximately 177 FTE positions from the FY 2023 General Fund Budget. The money is expended through departments within the General Fund that provide core community services. The pie chart below illustrates the main General Fund expenditures by department for FY 2024. Approximately 46.8% of the City’s General Fund resources are dedicated to Police and Fire-Rescue services, vital functions of City government.

FY 2024 General Fund Expenditures by Department
(Total: \$2.08 Billion; \$ in millions)



* Other includes: City Auditor, City Clerk, City Council, City Planning, City Treasurer, Commission on Police Practices, Communications, Compliance, Department of Finance, Department of Information Technology, Development Services, Economic Development, Ethics Commission, General Services, Government Affairs, Human Resources, Office of Boards & Commission, Office of Emergency Services, Office of the Chief Operating Officer, Office of the Independent Budget Analyst, Office of the Mayor, Performance & Analytics, Personnel, Purchasing & Contracting, Public Utilities, Race & Equity, Real Estate & Airport Management, and Sustainability & Mobility.

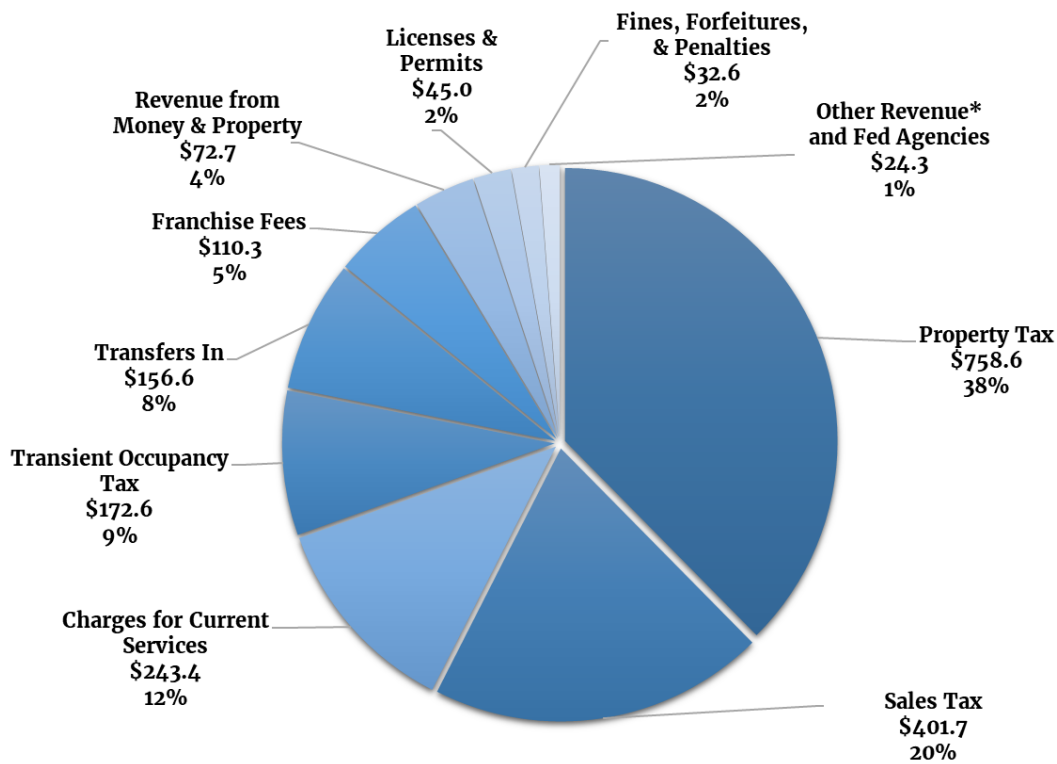
FY 2024 Adopted Budget Highlights

General Fund Revenue

The FY 2024 Adopted Budget for the General Fund includes approximately \$2.02 billion in revenues, a \$69.0 million or 3.5% increase from the previous fiscal year. The City has four major single sources of General Fund revenue: property taxes, sales taxes, transient occupancy taxes (TOT), and franchise fees. These sources account for approximately 71.5% of the Fiscal Year 2024 Adopted Budget General Fund revenues and are projected to increase by \$126.0 million, or 9.6%, from the Fiscal Year 2023 Adopted Budget.

FY 2024 General Fund Revenue

(Total: \$2.02 Billion; \$ in millions)



* Other Revenue includes Property Transfer Tax and revenue from Other Agencies.
NOTE: Percentages may not total 100 due to rounding.

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. The four major General Fund revenues 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 67-92 in Volume 1](#) of the FY 2024 Adopted Budget for a detailed description of these revenue sources.

FY 2024 Adopted Budget Highlights

American Rescue Plan Act Funding

Federal American Rescue Plan Act (ARPA) funds have been a significant addition to General Fund revenue over the last several years (included in the transfers in category). ARPA was signed into law on March 11, 2021 and allocated \$299.7 million in Coronavirus State and Local Fiscal Recovery Funds to the City. ARPA funds are available to provide government services by replacing revenue lost because of the COVID-19 pandemic.

Of the \$299.7 million allocation, the City spent \$100.0 million in FY 2022 and \$147.6 million in FY 2023. The City plans to use the remaining \$52.1 million to help support the public services included in the FY 2024 Adopted Budget, aligning with the City's Five-Year Financial Outlook for FY 2024-2028, which projected the remaining ARPA funds will be used in FY 2024 to mitigate projected revenue shortfalls. By law, this remaining \$52.1 million must be used by December 31, 2024.

General Fund Tax Dollars at Work

The diagram below depicts how a dollar of your taxes is split among categories of General Fund services in FY 2024.



FY 2024 Adopted Budget Highlights

Other Funds

In addition to the General Fund, the City of San Diego's FY 2024 Adopted Budget includes four other fund types and the CIP. It is necessary to have separate funds due to specific restrictions on how certain revenues may be used. The following descriptions summarize the *operating expenditures* 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 2024 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 not subsidized by the General Fund. Examples include Water, Sewer, Development Services, Refuse Disposal, Recycling, Golf Course, and Airport Funds. For FY 2024, Enterprise Funds are budgeted at \$1.34 billion, an increase of \$70.8 million or 5.6% over the FY 2023 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; the Transient Occupancy Tax Fund, which includes Special Promotional Programs that are used to promote tourism in the City of San Diego; and the 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 2024 Adopted Budget includes \$848.9 million for these Special Revenue Funds, which is an increase of \$23.5 million or 2.8% from the FY 2023 Adopted Budget. This net increase is largely due to increases in the Transient Occupancy Tax Fund for General Fund support, including reimbursements for eligible expenditures such as safety and maintenance of visitor related facilities, and additional funding for arts and culture.

Internal Service Funds

Internal Service Funds support the City's operations internally on a cost-reimbursable basis. The Fiscal Year 2024 Adopted Budget for Internal Service Funds totals \$178.0 million, an increase of \$10.9 million, or 6.5%, from the Fiscal Year 2023 Adopted Budget. The increase is largely due to increased costs for fuel and other costs to support the City's vehicle fleet.

Capital Project Funds

Capital Project Funds are primarily used for the acquisition or construction of major capital facilities. These funds typically make up a small portion of the overall CIP, which can be supported by all fund types. The Fiscal Year 2024 Adopted Budget for Capital Project Funds is \$23.7 million, which is a decrease of \$3.9 million, or 14.2%, from the Fiscal Year 2023 Adopted Budget. This decrease is primarily due to a reduction in eligible transportation improvements as a result of lower than anticipated revenue in the TransNet Extension Funds, which are reimbursed by revenues from the San Diego Association of Governments (SANDAG).

For more information on funding for capital projects, refer to the IBA's [Guide to Infrastructure](#).

FY 2024 Adopted Budget Highlights

Highlights of Services Included in the FY 2024 Budget

In FY 2024, the Adopted Budget includes a number of public services, some of which are highlighted in the following sections. Due to increased General Fund operating revenues and the availability of one-time funding such as ARPA and unassigned General Fund amounts in excess of Reserve requirements, Departments were not asked to submit budget reduction requests for Fiscal Year 2024; therefore, residents should not experience decreases to overall service levels.

Public Safety

Ensuring public safety is a primary function of the City's General Fund, with around half of the General Fund Budget being utilized by the Police and Fire-Rescue Departments. A persistent resource issue for Public Safety over the past few fiscal years has been allocating funds for overtime for both Fire-Rescue and Police. Both Departments will continue to need funds for overtime when service-level needs are above the capacity of current staff.

The FY 2024 Budget for the Police Department includes an overall net increase in funding from the General Fund of \$38.2 million. Salary and benefit adjustments led the Police Department to have a significant net increase in budgeted expenditures. Other noteworthy additions to the Department's budget include the increase of funding for overtime expenses and supporting the deployment of Smart Streetlights.



The Fire-Rescue Department received \$40.8 million in additional funding from the General Fund, primarily for salary and benefit adjustments, overtime adjustments, and additional personnel to support the Department's Community Risk Reduction Division. Other notable items include additional resources for Lifeguard Services to add staffing and provide various non-personnel expenditures.

Funding for Homelessness Programs and Services

The City provides funding for Homelessness 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 comes from a variety of funding sources. In total, \$204.4 million is allocated in FY 2024 for Homelessness Programs and Services across



multiple entities and funding sources, as detailed in [IBA Report 23-21](#). Of this amount, the FY 2024 Adopted Budget includes \$53.5 million in General Funds to continue existing programs including operating 12 shelters, Safe Parking sites, the Coordinated Outreach program, and a homelessness response center, as well as fund new programs, such as new Safe Sleeping and Safe Parking sites.

Beyond City General Funds, the City also has access to

FY 2024 Adopted Budget Highlights

resources from the State of California. Homeless Housing, Assistance and Prevention (HHAP) funding comes from the State and, according to the FY 2024 Adopted Budget, \$32.1 million in HHAP funds are planned. Of the HHAP funds, \$24.4 million will be allocated to support shelter beds, \$1.9 million will be allocated for the Coordinated Street Outreach program, \$1.7 million will be allocated for three Safe Parking lots, and the remaining funding will be allocated across other programs. We note that HHAP funds are only available on a one-time basis, meaning that as we used these funds to continue and expand homelessness services, the City will need to find other funds in the future to maintain these services. We anticipate the City requiring roughly \$8.0 million to mitigate a funding gap in FY 2025 due to the loss of HHAP funds.



Parks, Recreation Centers, and Libraries

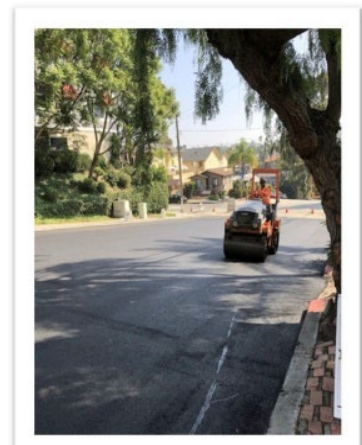
The City operates and maintains over 40,000 acres of park assets, 60 recreation centers, 15 pools and 11 skate parks. A list of recreation centers and details about hours and services at each location can be found on [Parks & Recreation's website](#). For FY 2024, the Parks and Recreation Department added funding to operate and maintain 14 new parks and Joint Use Facilities, which include Riviera Del Sol Neighborhood Park, Memorial Senior Center, Mountain View Teen Center, Allied Gardens Dog

Park, and Cathy Hopper Friendship Senior Center. Additional funding was also included to support costs increases for animal services, provide improvements at five Joint Use Facilities, and add four Supervising Park Rangers.

The Library Department added funding in the FY 2024 Budget to operate the new Pacific Highlands Ranch Library which is anticipated to open in Fall 2024. Other significant budget additions include increased funding for security services, janitorial services, new library materials, and parking services. A list of all the branches and their respective hours can be found on the [Library's website](#).

Infrastructure Funding

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



Some significant investments in infrastructure for FY 2024 are for transportation assets. The Transportation Department added 3 FTEs and \$1.1 million for

FY 2024 Adopted Budget Highlights

an Urban Forestry Program that would implement a tree planting and cutting program in underserved communities to meet the requirements of the Air Pollution Control District Settlement. The Transportation Department also added 4 FTEs and \$898,000 to support sidewalk maintenance and repair.

Additionally, the Stormwater Department added 3 FTEs and \$243,000 to support the capital projects ramp up for the Water Infrastructure Finance and Innovation Act loan. Though this might be a minor expense in the FY 2024 Adopted Budget, these positions will enable the Stormwater Department to initiate and advance CIP projects, setting up much larger spending items in the years to come.

Additional information on infrastructure funding in the FY 2024 Budget can be found in the IBA's [Guide to Infrastructure](#).

State Senate Bill 1383 – Organics Collection

In September 2016, Governor Brown signed into law State Senate Bill 1383 (SB 1383), establishing methane emissions reduction targets in a statewide effort to reduce emissions of Short-lived Climate Pollutants. SB 1383 establishes targets of a 50% reduction in the level of the statewide disposal of organic waste from 2020, with a 75% reduction by 2025. The Fiscal Year 2024 Adopted Budget includes a total of \$24.0 million across various funds to support implementation of SB 1383. Certain services the City must implement due to SB 1383 include: expanding organics collection citywide, adopting of an enforcement mechanism, and establishing an edible food recovery program.

Climate Action Plan

The City originally adopted the Climate Action Plan (CAP) in December 2015. The CAP is an organized plan with defined strategies, goals, actions, and targets, with a primary goal of greenhouse gas reduction of 50% by 2035 from measured 2010 baseline amounts.

On August 2, 2022, the City Council adopted the new 2022 CAP, setting a new goal of reaching net zero for greenhouse gas emissions by 2035. The 2022 CAP contains new strategies, measures, and targets that have been updated from the original CAP. Subsequently, staff developed an Implementation Plan that included further information on funding needs, performance metrics, time frame, and implementation pathways. The City Council also adopted [Council Policy 900-22](#) to prioritize the implementation of CAP actions.

In the FY 2024 Adopted Budget, \$213.4 million of direct funds are allocated for the six CAP Strategies. These strategies include: Decarbonization of the Built Environment; Clean & Renewable Energy; Mobility & Land Use; Circular Economy & Clean Communities; Resilient Infrastructure & Healthy Ecosystems; and Emerging Climate Actions.

Among these expenditures, the greatest CAP investment is \$117.2 million for Strategy 5 - Resilient Infrastructure & Healthy Ecosystems. The next largest investment is \$85.1 million for Strategy 3 - Mobility & Land Use. Beyond funds directly allocated, there are indirect expenditures that will help the City reach the net zero goal by 2035 and these funds total

FY 2024 Adopted Budget Highlights

\$329.7 million in the FY 2024 Adopted Budget.

New City Department

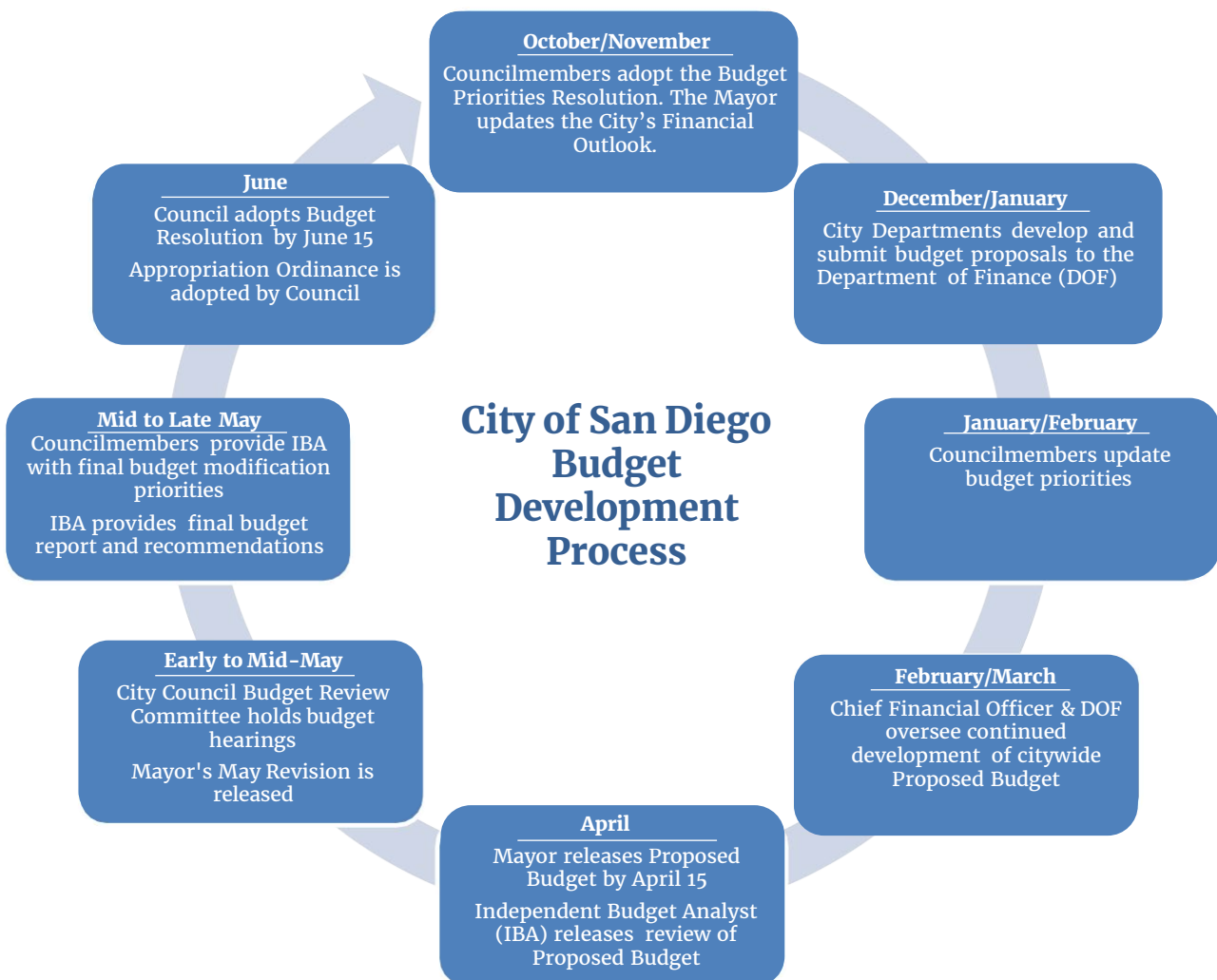
The FY 2024 Adopted Budget includes the creation of the Strategic Capital Projects Department. This Department is established with the transfer of 35 FTE positions and budget from the Engineering and Capital Projects Department; and it is focused on large, specialized, and complicated capital projects, such as the Pure Water Program and dam and reservoir projects. Per [City Charter Section 26](#), new departments included in the Adopted Budget must be approved via ordinance by City Council.

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 begins in October with Council’s adoption of a resolution identifying their budget priorities for the upcoming fiscal year, 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

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 is 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.

Mayor's Role

The Mayor is the Chief Executive Officer of the executive branch of the City's government. The Mayor and the Mayor's 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 and adopting the City's annual budget. Each Councilmember represents the residents that live in his or her district. The Council's responsibilities include:

- Adopting the Budget Priorities Resolution in October and updating it in February for the
-
-

Overview of the Budget Process

Mayor's consideration in the development of his or her Proposed Budget

- Reviewing the Mayor's Proposed Budget
- Holding public hearings to gather input from residents and understand City departments' 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 endeavors to provide transparency to the Council and the public in performing the following functions:

- Analyzes and issues a report on the Mayor's Five-Year Financial Outlook
- Reviews and analyzes quarterly budget monitoring reports produced by the Department of Finance and prepares reports for the Council and the public
- Prepares the City Council Budget Priority Resolution in October and January based on individual budget priorities of the Councilmembers and their communities which is released to the Mayor for his or her consideration.
- Analyzes and prepares reports on the Mayor's Proposed Budget and its May Revision for consideration by the City Council
- Develops final budget recommendations for City Council
- Provides analysis and recommendations year-round on legislative items that have financial and policy impacts to the City, supporting the City Council and its Committees
- Conducts an annual budget crash course for the public; attends and participates in City Council Town Halls on the Mayor's Proposed Budget; and meets with groups as requested to better explain the budget process and the Mayor's budget

Additionally, the Office of the IBA, working with various departments and offices,³ releases a timeline for the City's budget development and monitoring processes – see the [FY 2025 Budget Development and FY 2024 Budget Monitoring calendar](#). Based on timelines required by the City Charter, this calendar includes key dates related to the release and presentation of budget-related reports for both the operating and Capital Improvements Program (CIP) budgets.

³ This includes Department of Finance, Engineering & Capital Projects, Public Utilities, Human Resources, the Budget and Government Efficiency Committee Consultant, the Active Transportation and Infrastructure Committee Consultant, the Office of the City Attorney, and the Director of Legislative Affairs.

Overview of the Budget Process

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

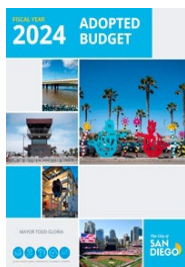
[Volume 1](#) provides an overview of the operating budget and CIP budget. Schedules are included that provide quick access to some of the general financial information for the City. It is an easy reference point for information about all components of the annual budget.

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. Volume 2 is broken down by department, and includes total budgeted revenues, expenditures, and FTE 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](#).

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 streetlights 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 remains balanced.

Overview of the Budget Process

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.

Ten committees are comprised of City Councilmembers 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 the City's financial operations.

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.

Audit Committee

The Audit Committee was created in January 2007 to oversee the City's finances. Members of the Audit Committee provide independent legislative oversight for the City's financial reporting processes and 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 conducts 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.

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



Overview of the Budget Process

defends civil lawsuits in which the City is a party; the Criminal Division prosecutes criminal misdemeanors and infractions committed within 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 efficiency, effectiveness, and equity 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.

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.

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 public services in the areas of financial reporting, auditing, management, and stewardship of City assets; and the City's 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 Annual Comprehensive Financial Report (ACFR) 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](#) (Panda) supports the improvement of City operations and customer service by working to enhance citizen and staff engagement, improve data accessibility and use, and modernize/streamline City processes. Panda 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.

Overview of the Budget Process

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 City's fiscal health. These can be found on the Department of Finance's website: 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.

City Reserve Policy

Appropriate reserves are 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](#) 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](#). They are also incorporated into the Statement of Budgetary Principles approved by Council each year for the upcoming fiscal year.

Important Resources

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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Locating Budget Documents

The Annual Budget

Annual budget documents, including the Proposed Budget and Adopted Budgets for 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: <https://www.sandiego.gov/city-clerk/officialdocs>

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 X (Twitter) [@SanDiegoIBA](https://twitter.com/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/>

Glossary

Glossary

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.

American Rescue Plan Act (ARPA)

The President signed the American Rescue Plan Act of 2021 (ARPA) into law on March 11, 2021. Similar to, but much larger than, the Coronavirus Aid, Relief, and Economic Security Act (CARES), ARPA is estimated to provide the City with \$299.7 million in Coronavirus State and Local Fiscal Recovery Funds.

Annual Comprehensive Financial Report (ACFR)

A report prepared by the Department of Finance that summarizes financial data for the previous fiscal year in a standardized format. The ACFR is organized by fund and contains two basic types of information: a balance sheet and an operating statement.

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)

The accumulation of operating surpluses and deficits over time.

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.

Glossary

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.

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 that has a designated beginning and ending period for recording financial transactions. The City of San Diego has specified July 1 through June 30 as its 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, which is funded through the City's general tax revenues and pays for basic City services, 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 Revenues or Expenditures

Non-recurring revenues or expenditures for one-time projects or services. After a one-time project or service is completed, expenditures are terminated and are not considered part of the budget for the following year.

Ongoing Revenues or Expenditures

Revenues or expenditures that are recurring and continue over more than one fiscal year.

Glossary

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.

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 set aside 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 FTE 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.