

# IBA Crash Course: Understanding the FY 2025 Budget Process

March 2024



**Office of the Independent Budget Analyst**  
*Providing the City Council and the public with clear, objective, and unbiased information and analysis.*



# Why is the City's Budget Important?

*The Budget is a statement of  
– and plan to address –  
City Priorities.*



# The City's Budget has Two Parts

## Operating Budget

Outlines how funds will be spent on City services, including public safety and parks and recreation



## Capital (CIP) Budget

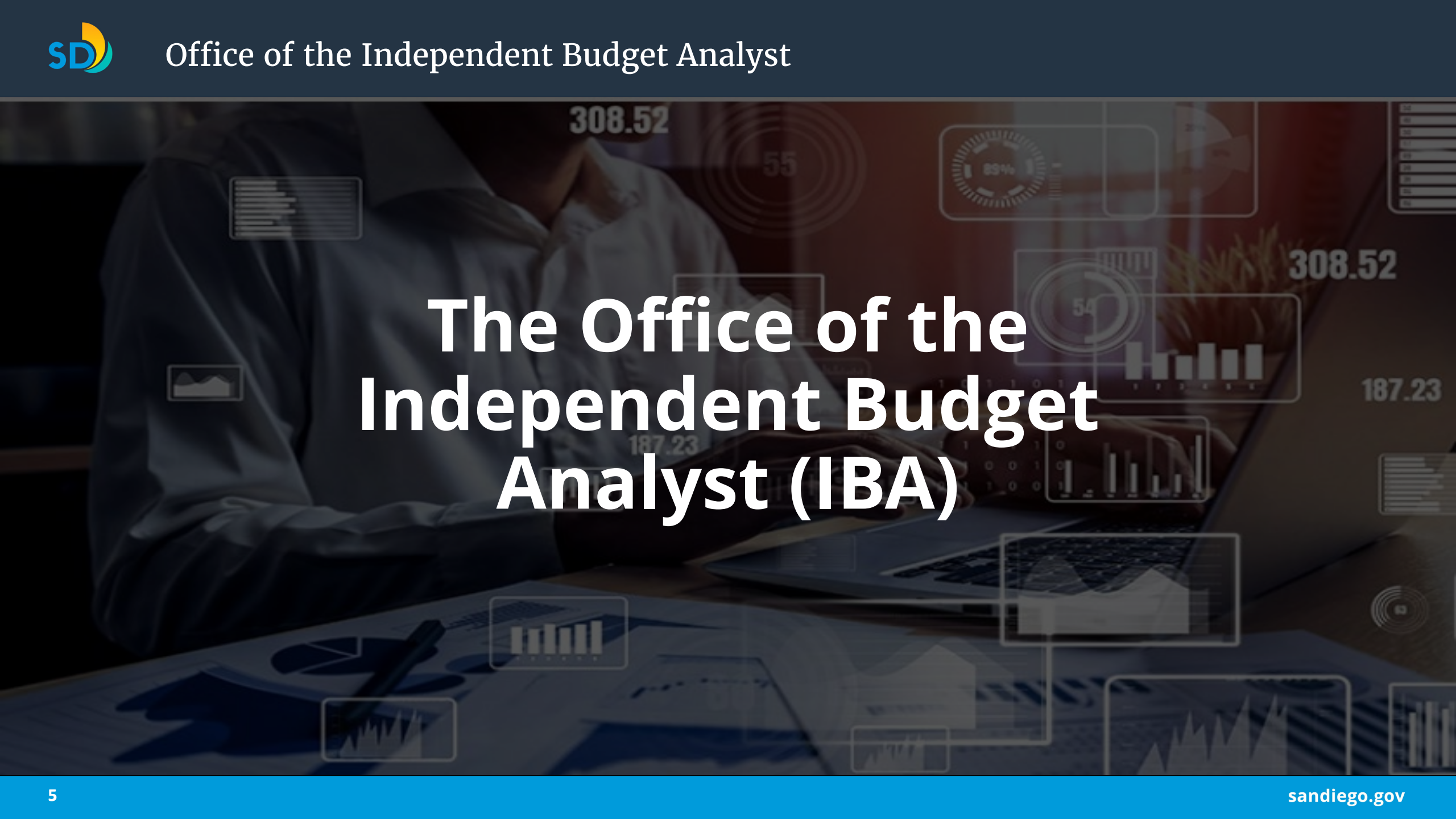
Allocates revenue for capital projects to improve *existing* infrastructure and build *new* public infrastructure

# Understanding the FY 2025 Budget Process

## Presentation Overview

- Creation of the Independent Budget Analyst
- Department of Race and Equity: Budget Equity
- Roles in the Budget Process
- Operating Budget Overview
- Capital Improvement Program Budget Overview
- Public Involvement and Resources



The background of the slide is a dark, semi-transparent image of a person in a white shirt sitting at a desk, working on a laptop. The image is overlaid with various data visualization elements, including bar charts, line graphs, and numerical values like '308.52' and '187.23'. The overall aesthetic is professional and data-driven.

# The Office of the Independent Budget Analyst (IBA)

# Why was the IBA Created?



**2003**

Financial problems led to a citizen initiative to change the structure of the City of San Diego's government.



**2004**

Voters approved a measure to try a Strong Mayor form of government for 5 years. This required an elected mayor to run the city instead of a city manager.

Measure also included the creation of the IBA.

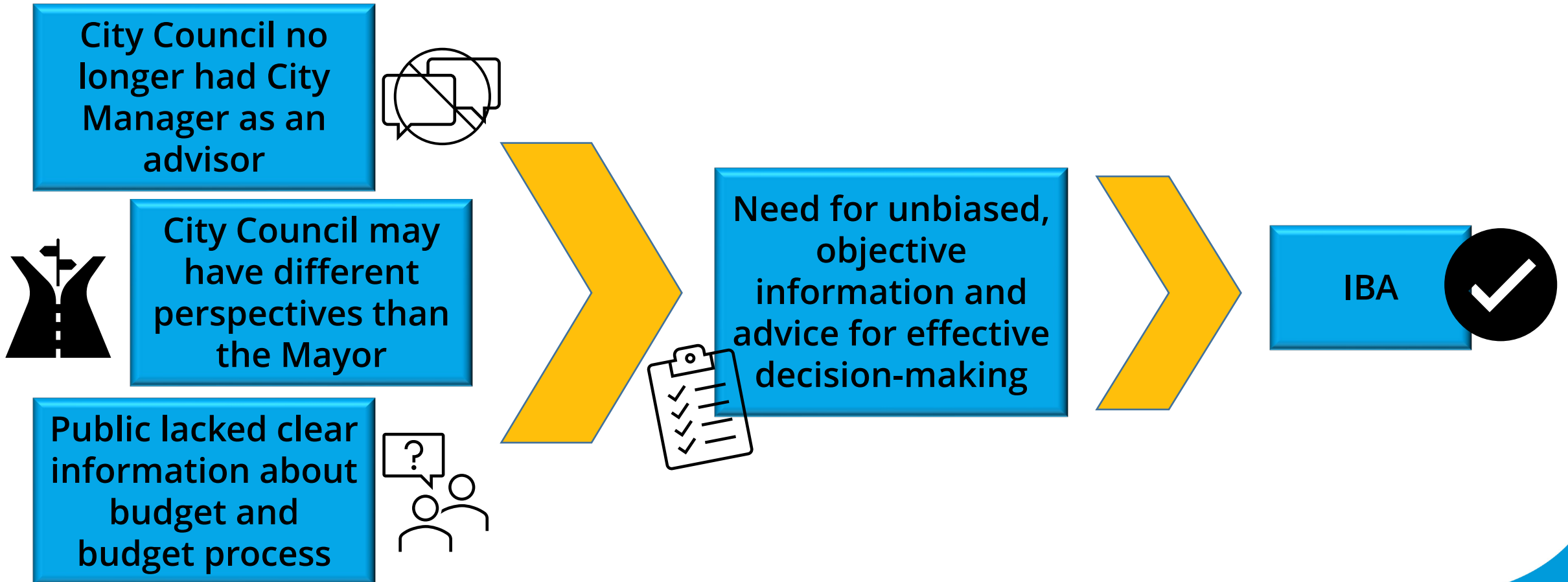


**2010**

Voters approved the Strong Mayor form of government to become permanent.

# Why was the IBA Created? *(con't)*

After new government structure, new needs followed



# What is the Independent Budget Analyst?

## IBA's Mission:

*To provide  
**clear, objective, and unbiased**  
analysis and advice to the City  
Council and the public on all  
legislative items bearing financial  
and policy impacts to the City*

INDEPENDENCE is key



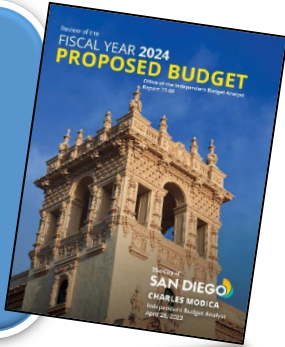
# Why our Office's role is important?

## Internal Role

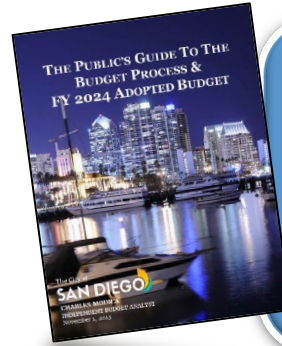


Reviews all items that come to City Council

Analyzes proposals to inform Councilmembers' decisions



## External Role

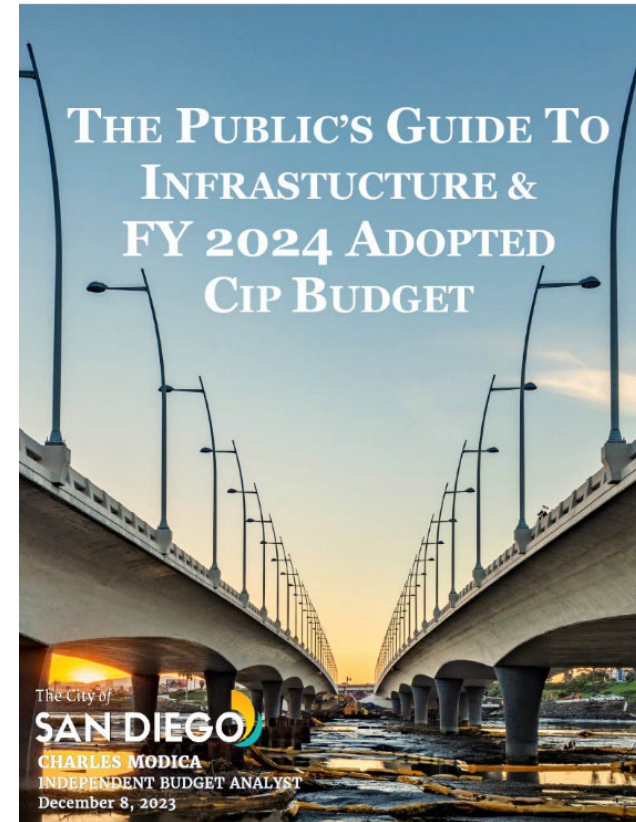
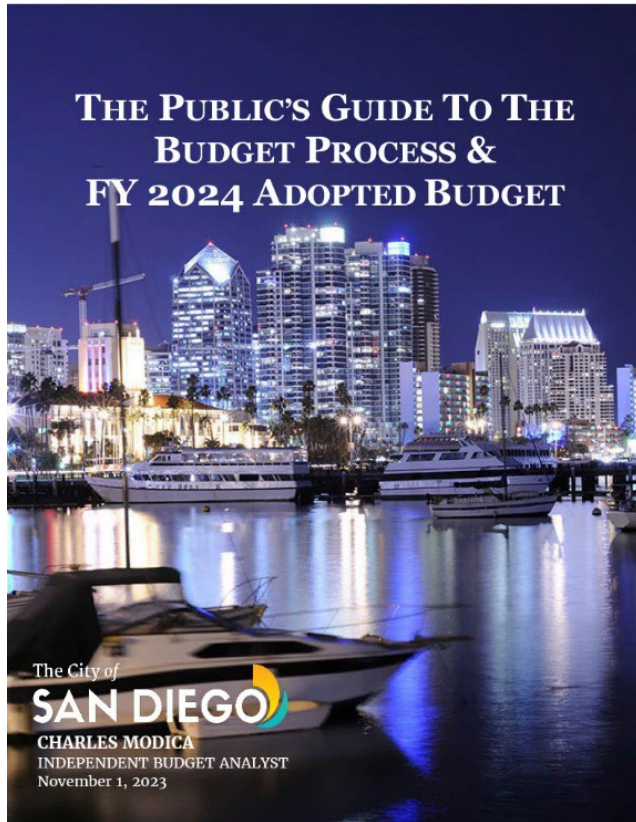


Translates City business into easily understandable language

Public Outreach on how to be involved in major decisions, like the budget



# Public Involvement in the Process is **Key** Clear Information is **Vital**





# BUDGET EQUITY

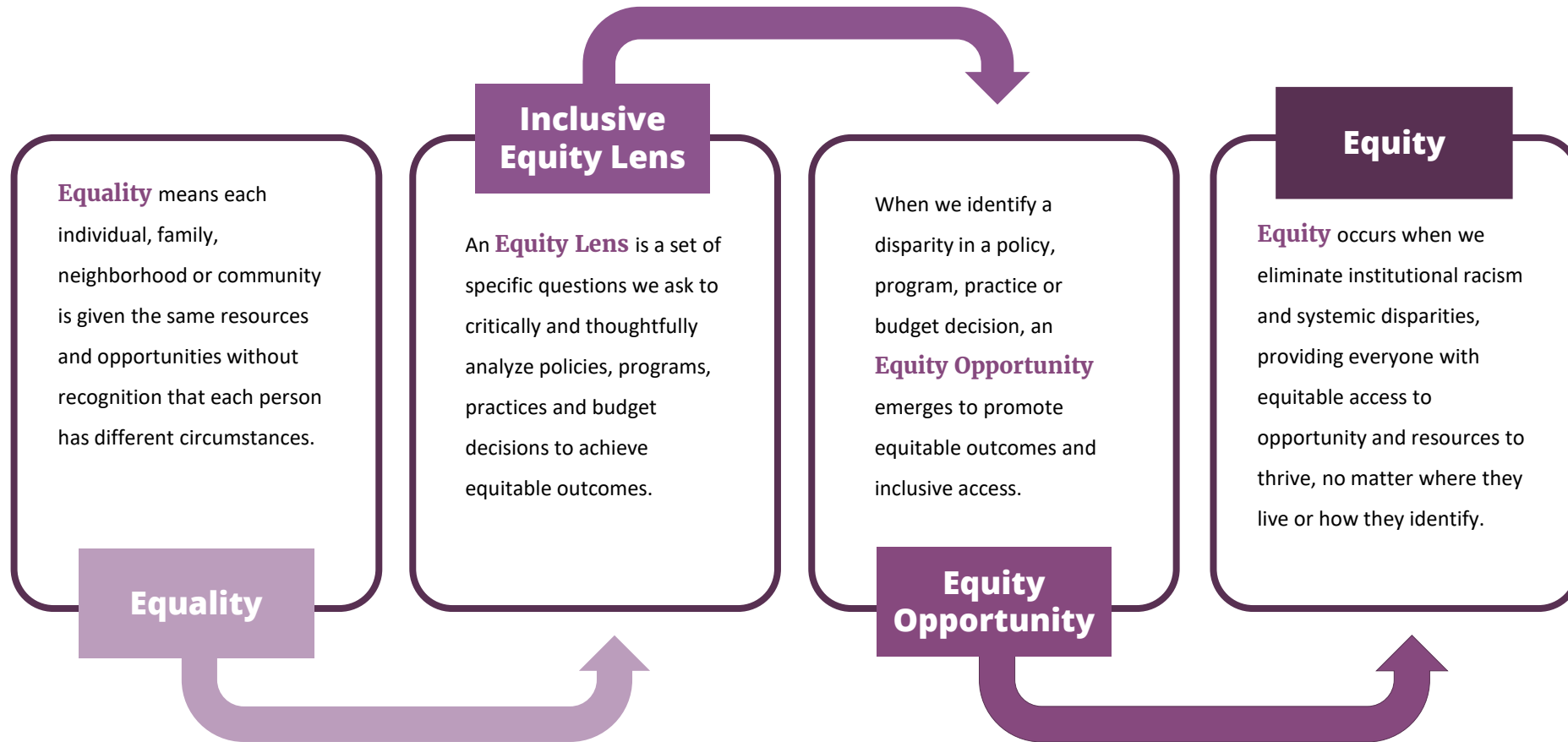
*Overview*

THE DEPARTMENT  
OF FINANCE



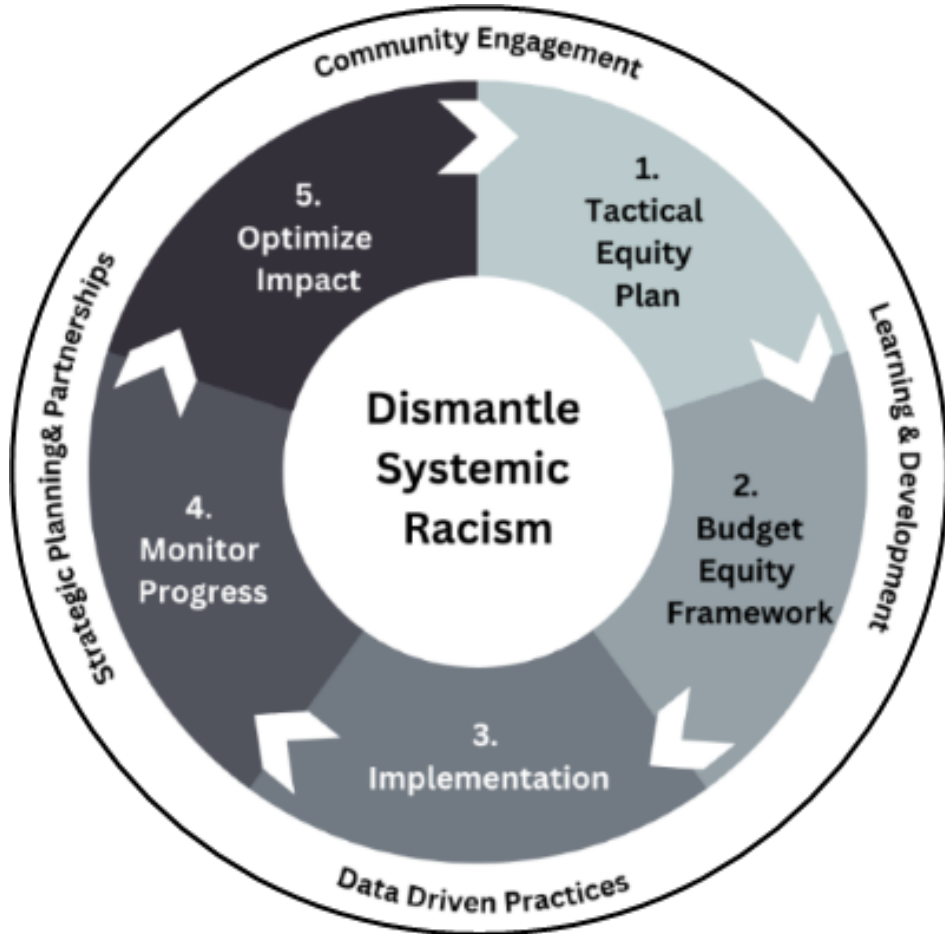
THE DEPARTMENT  
OF RACE & EQUITY

# *The Department of Race & Equity uses the below key terms to guide work*



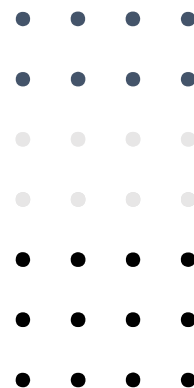


# OPERATIONALIZING EQUITY MODEL

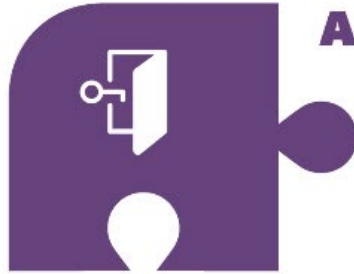


As noted in the City’s Equity Commitment, *“Equity is an achievable outcome when disparities are eliminated in systems.”*

The Operationalizing Equity model shown to the left embodies the approach of the Department of Race & Equity (DRE).



# EQUITY FACTORS



## Access

- Enhance access to City services or programs, and schools, (i.e. trash and recycling collection, parks and recreation, library, safety response, etc.)
- Interpretation and translation



## Neighborhood Demographics

- Communities of concern
- Structurally excluded communities



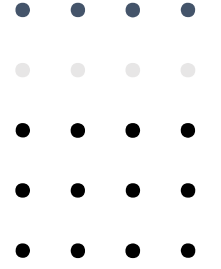
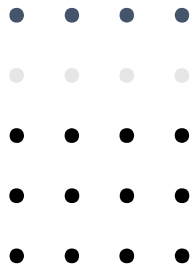
## Assets

- **Infrastructure:** streets, sidewalks, miles of levees, miles of pipes, miles of channels, miles of street sweeping annually, watersheds, pump stations, safety assets, drain structures, facilities, etc.



## Process

- Budget Equity
- Tactical Equity Plans
- Policy



# EQUITY LENS QUESTIONS:

*How does/will this program  
enhance access to  
City services or programs?*



*What are  
the operational impacts  
on policy, programs, or  
practices?*



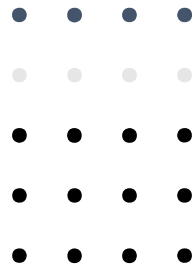
*How does this budget  
allocation directly  
benefit specific neighborhoods  
and City employees?*



*What are the  
potential unintended consequences  
and/or burdens to  
specific neighborhoods and  
City employees?*



# BUDGET EQUITY IMPACT STATEMENT (BEIS)



- The **Budget Equity Impact Statement (BEIS)** is a brief, public-facing summary of how your budget addresses identified disparities.
- A summation of responses to the Budget Equity Questionnaire.
- Included in:
  - Executive Budget Review Presentation (EBR)
  - Budget Review Committee Presentation
  - Budget Volume II Narratives
- The BEIS will also include Equity Highlights.

## Budget Equity Impact Statement

### Equity Highlights

Provide up to 3 examples from the current fiscal year.

- Promise Zone – Created a Community Navigators Pilot Project
- Cal Coast Credit Union Corporate Partnership – first-of-its-kind to provide financial assistance to Promise Zone partners

### Budget Equity Lens Summary

#### Ongoing Operations

Is there an opportunity to adjust the department's ongoing operations to address a disparity?  
[Yes, Unsure, No, N/A]

Yes

- Create an internal cross department partnership to support the SD Access 4 All program and increase public access to wi-fi hotspots.

#### Budget Adjustment(s)

Do the Budget Adjustments address a disparity?  
[Yes, Unsure, No, N/A]

Yes

- Focused Economic Development Strategy Implementation (\$250,000) addresses Tactical Equity Plan objective of maintain and build San Diego's competitive advantage by increasing workforce development, quality of life, and innovation. Low income residents/communities have historically not had opportunity to participate in San Diego's prosperity. Targeted resources and outreach to promote economic vibrancy, innovation, and opportunity in every neighborhood.
- Addition of Program Coordinator for CCRP (\$183,480) addresses disparity of current EDD staff. EDD does not have the expertise nor capacity to complete all associated tasks with its current staff to implement transformative legacy project to include housing, city services, businesses, arts and cultural space, and plenty of opportunity on city owned six blocks downtown.

The City of  
**SAN DIEGO**

@CITYOFSANDIEGO



# DEPARTMENT DELIVERABLES

| Deliverable                                                                  | Details                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Application of an Equity Lens into the Budget</b>                         | <ul style="list-style-type: none"><li>• Answers from the Budget Equity Questionnaire will be entered into Public Budget Formulation (PBF) and summarized in the Budget Equity Impact Statement</li></ul>                                                                                                                                                                                                   |
| <b>Budget Equity Impact Statement (BEIS)</b>                                 | <ul style="list-style-type: none"><li>• Includes Equity Highlights and Budget Equity Questionnaire responses about ongoing operations and budget adjustment requests</li><li>• Will be presented/published in:<ul style="list-style-type: none"><li>• Executive Budget Review (EBR) Presentations</li><li>• Budget Review Committee Presentations</li><li>• Volume II Budget Narrative</li></ul></li></ul> |
| <b>Equity Description (<i>Only applicable to designated departments</i>)</b> | <ul style="list-style-type: none"><li>• 1-2 paragraph description of what, if any, disparities the program will address</li><li>• Will be published in the Five-Year Outlook – Program Update Requests</li></ul>                                                                                                                                                                                           |

A pair of metal scales of justice, symbolizing balance and fairness, set against a dark blue background. The scales are slightly out of focus, with the text overlaid on them.

# Roles and Authorities in the Budget Process

# Budget Process Roles and Authorities

MAYOR



- Proposes a balanced budget
- Carries out the City budget and services

- Reviews, approves, and amends the Mayor's Proposed Budget
- Approves the Mayor's recommended budget changes during the fiscal year



COUNCIL

IBA



- Analyzes the Mayor's Proposed Budget and supports Council
- Develops final budget recommendations for Council consideration

# Budget Process Roles and Authorities *(con't)*

## Additional Powers and Roles:



Mayor can veto  
Council's Changes to the  
Budget



Council can override a  
Mayoral veto with six  
votes



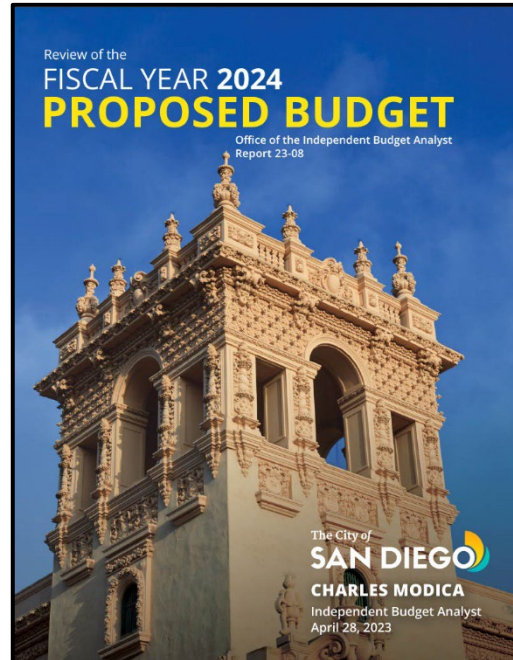
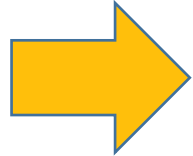
# Budget Process Roles and Authorities *(con't)*

## Additional Powers and Roles:



Mayor, Council, and IBA monitor expenditures, revenues, and City programs throughout the fiscal year

# IBA Review and Analysis of the Mayor's Proposed Budget



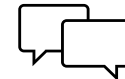
Projected revenues and expenditures



Impacts of cuts or reductions on service levels



Review of key issues



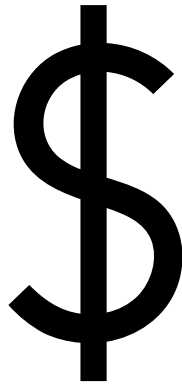
Evaluate consistency with sound fiscal practices

# Key standards for a sound budget

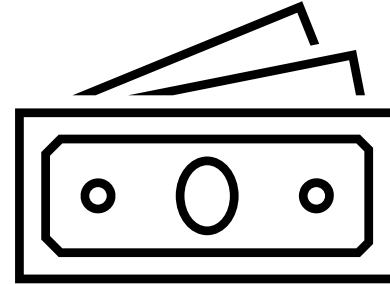
## Budgetary Principles



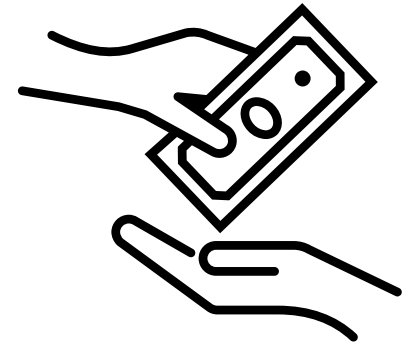
Balanced budget



**One-time** revenues should fund **one-time** expenditures



**Ongoing** expenditures should be funded by **ongoing** revenues



Fund annual pension payment

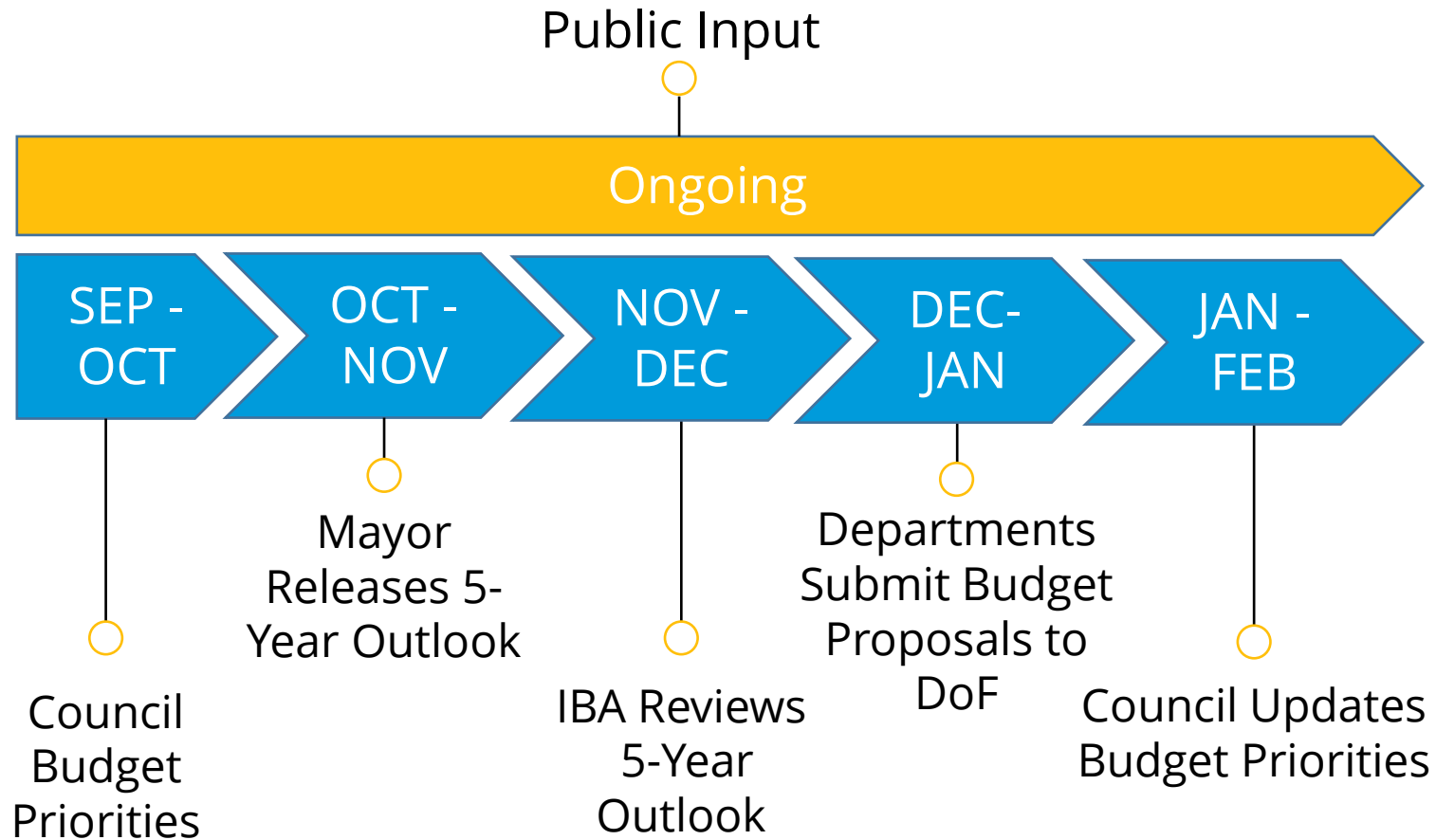


# Operating Budget Overview



# How is the Budget created?

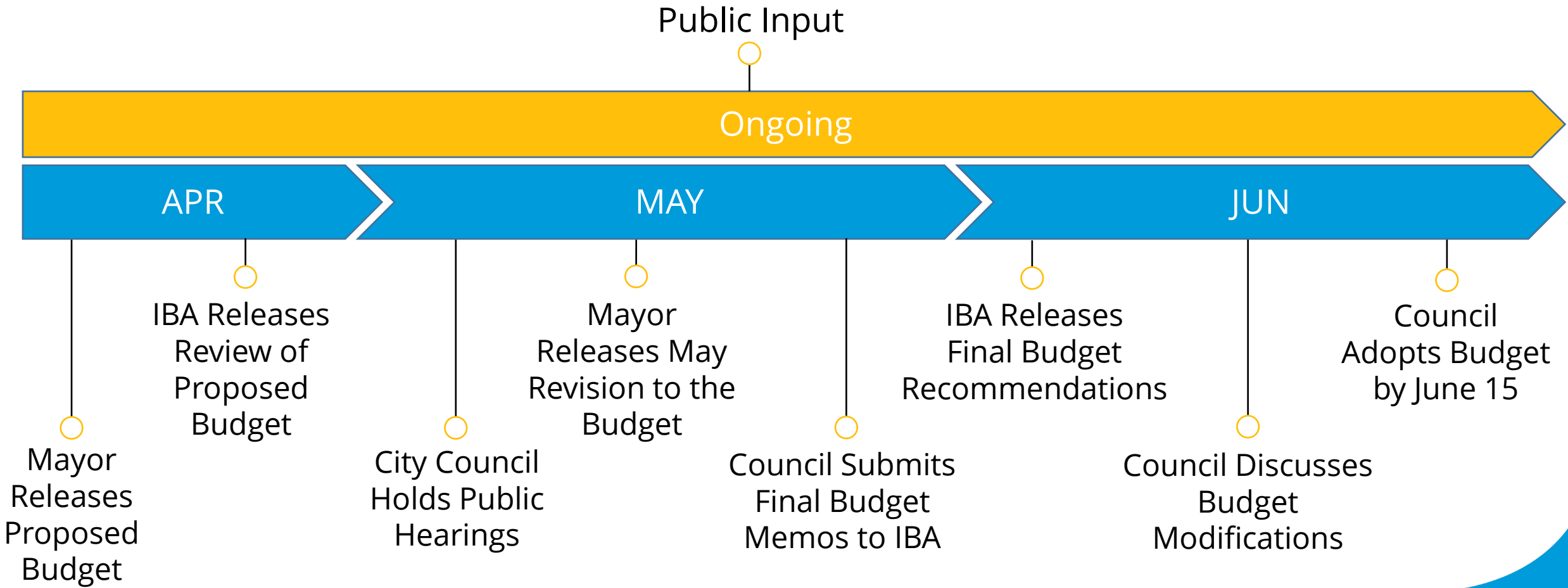
## Budget Development Process





# How is the Budget created?

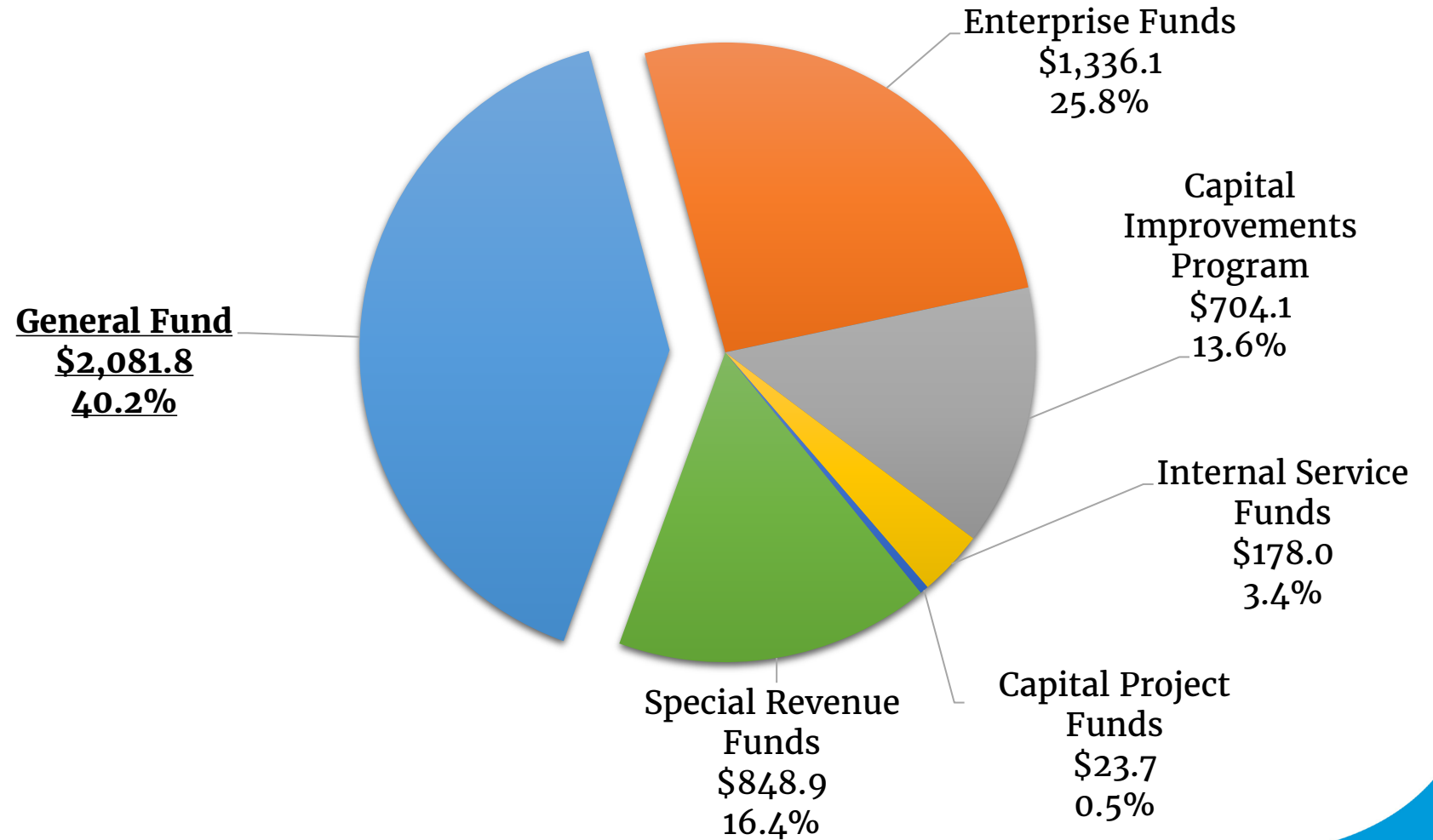
## Budget Adoption Process



# FY 2024 Budget Overview

While the City's total FY 2024 Budget is \$5.17 billion, the **General Fund** has the *most freedom to fund City services*

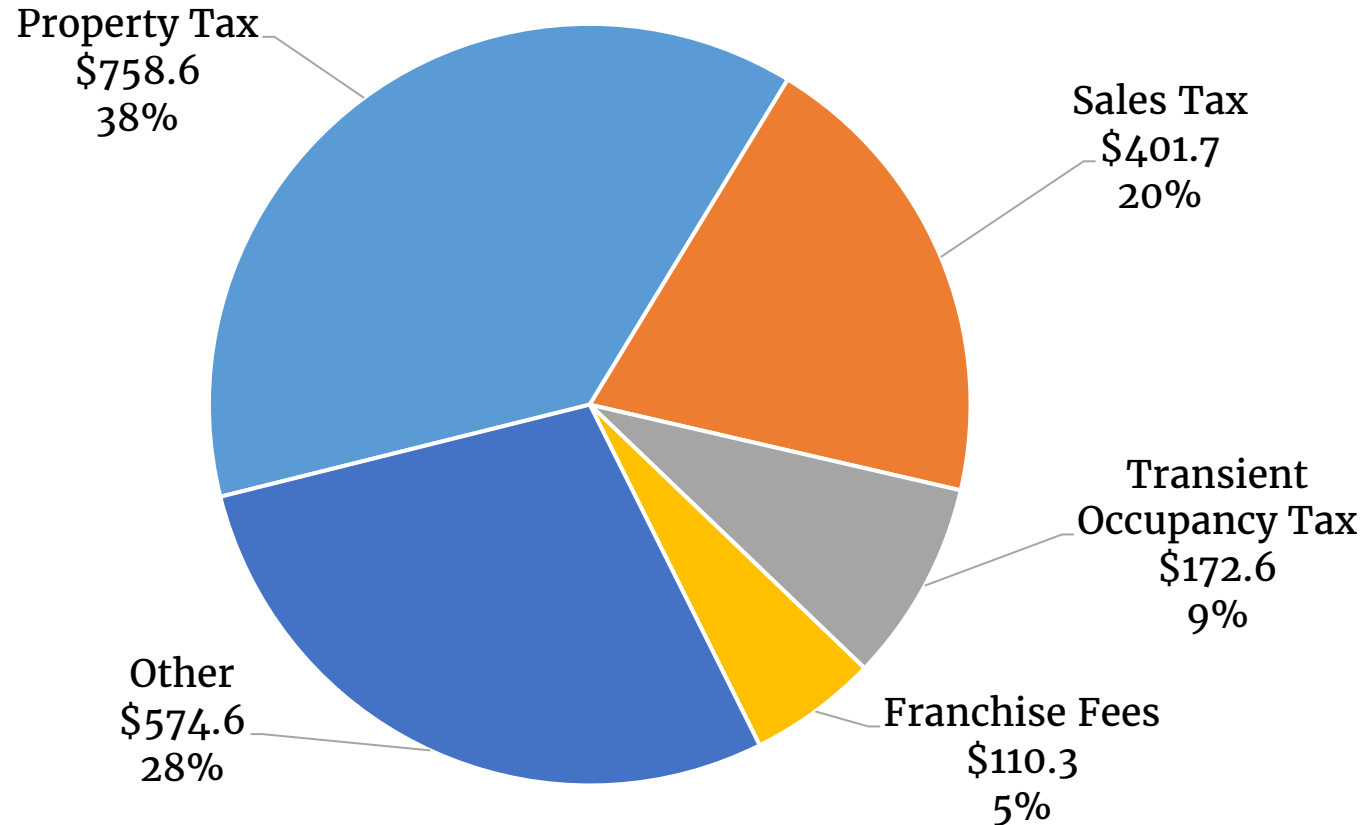
**FY 2024 Total City Expenditures by Fund Type/Program**  
 (Total: \$5.17 Billion; \$ in millions)



# FY 2024 General Fund Revenues

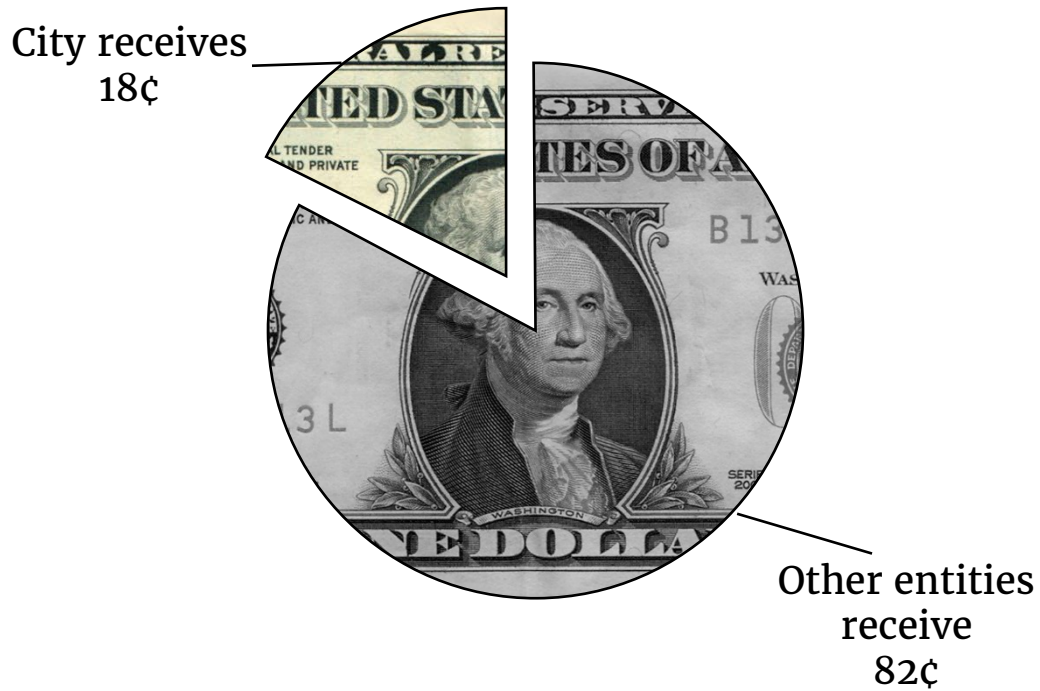
**Total: \$2 Billion**

*(\$ in millions)*

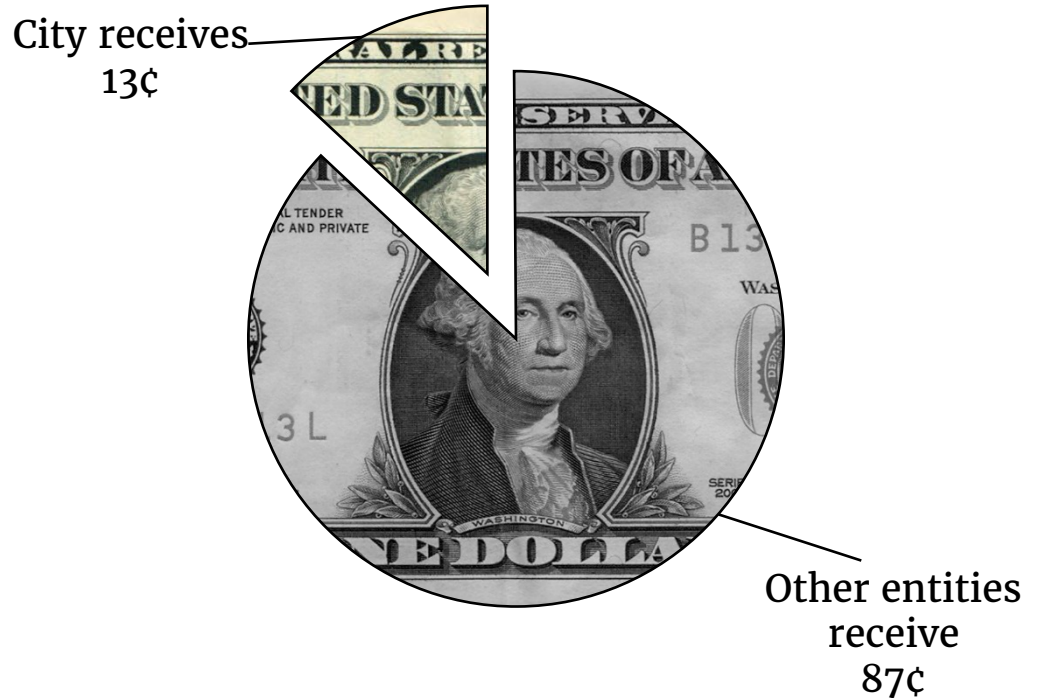


# How much the City Receives from Major Taxes

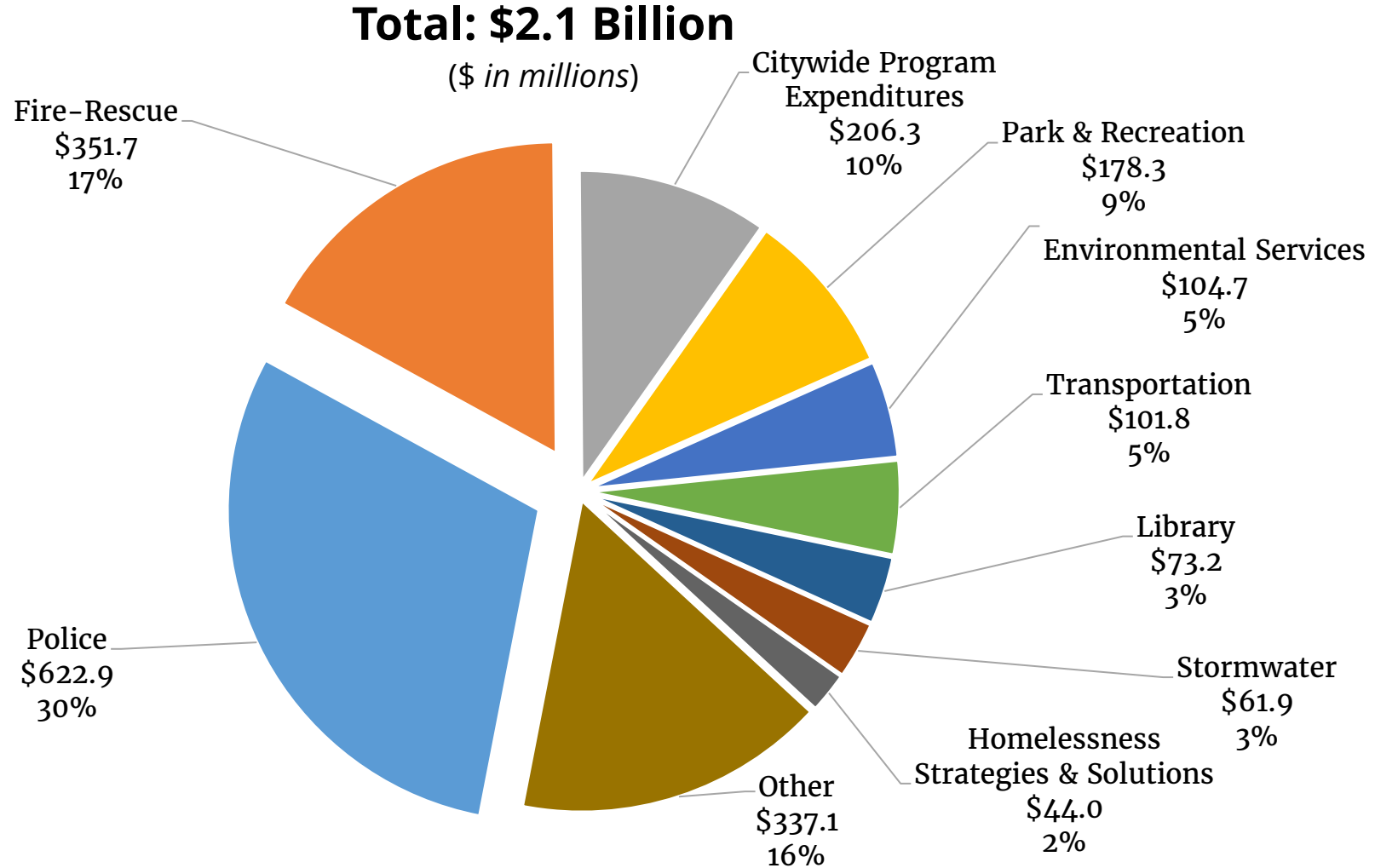
Property Tax Rate:  
1% of Assessed Value



Sales Tax Rate:  
7.75% on Taxable Sales



# FY 2024 General Fund Expenditures

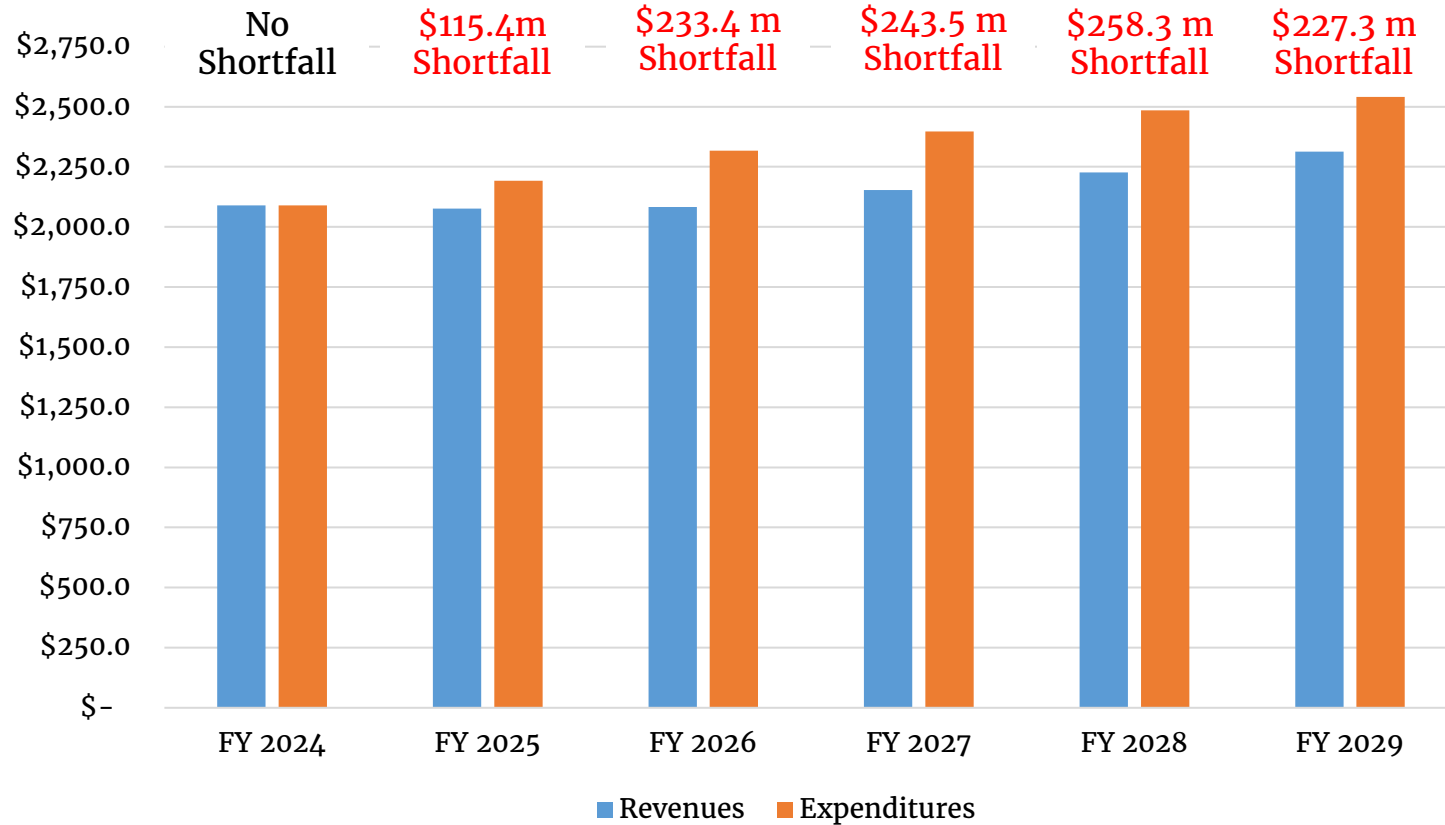




# Mayor's Five-Year Outlook FY 2025-2029

## General Fund Revenue and Expenditures

(\$ in millions)



# FY 2025 Operating Budget Priorities Receiving Majority Support

Homeless and Housing



Public Safety



Storm Response and Recovery



Other Operating Priorities



Environment and Climate Action



Neighborhood Services



Arts and Culture



# Capital Improvements Program (CIP) Budget Overview



# The City Owns and Maintains a Variety of Infrastructure



Roads



Bridges



Airports



Parks



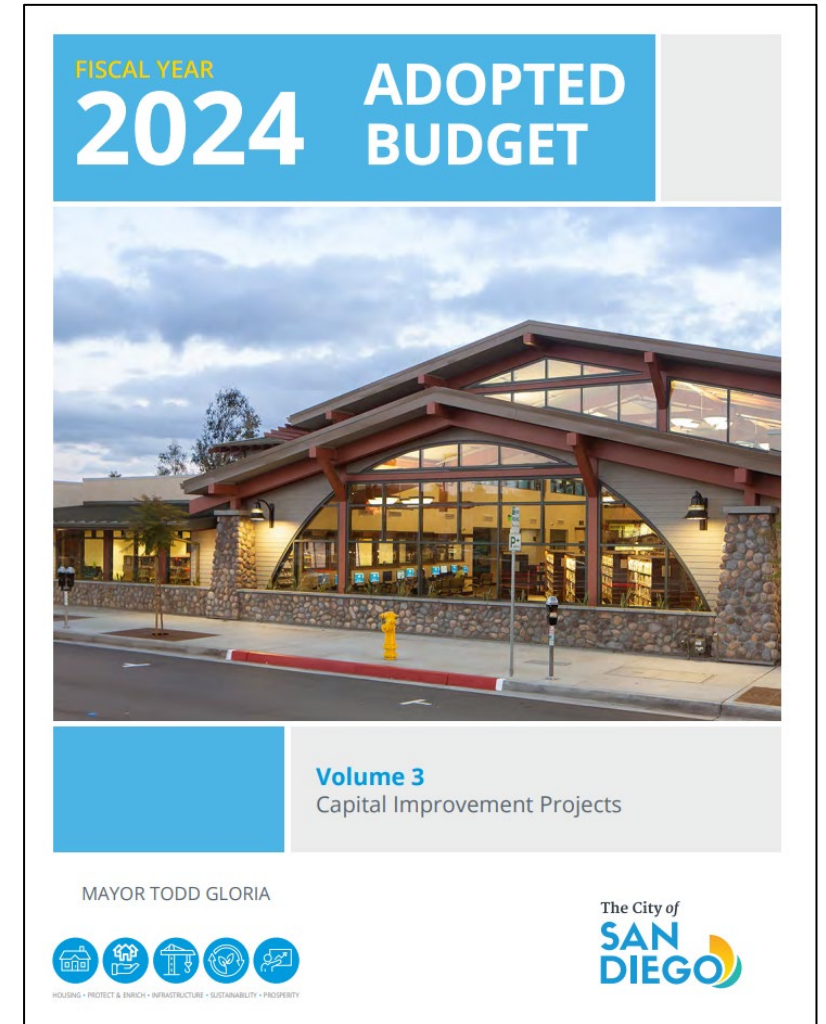
Facilities



Water Utilities

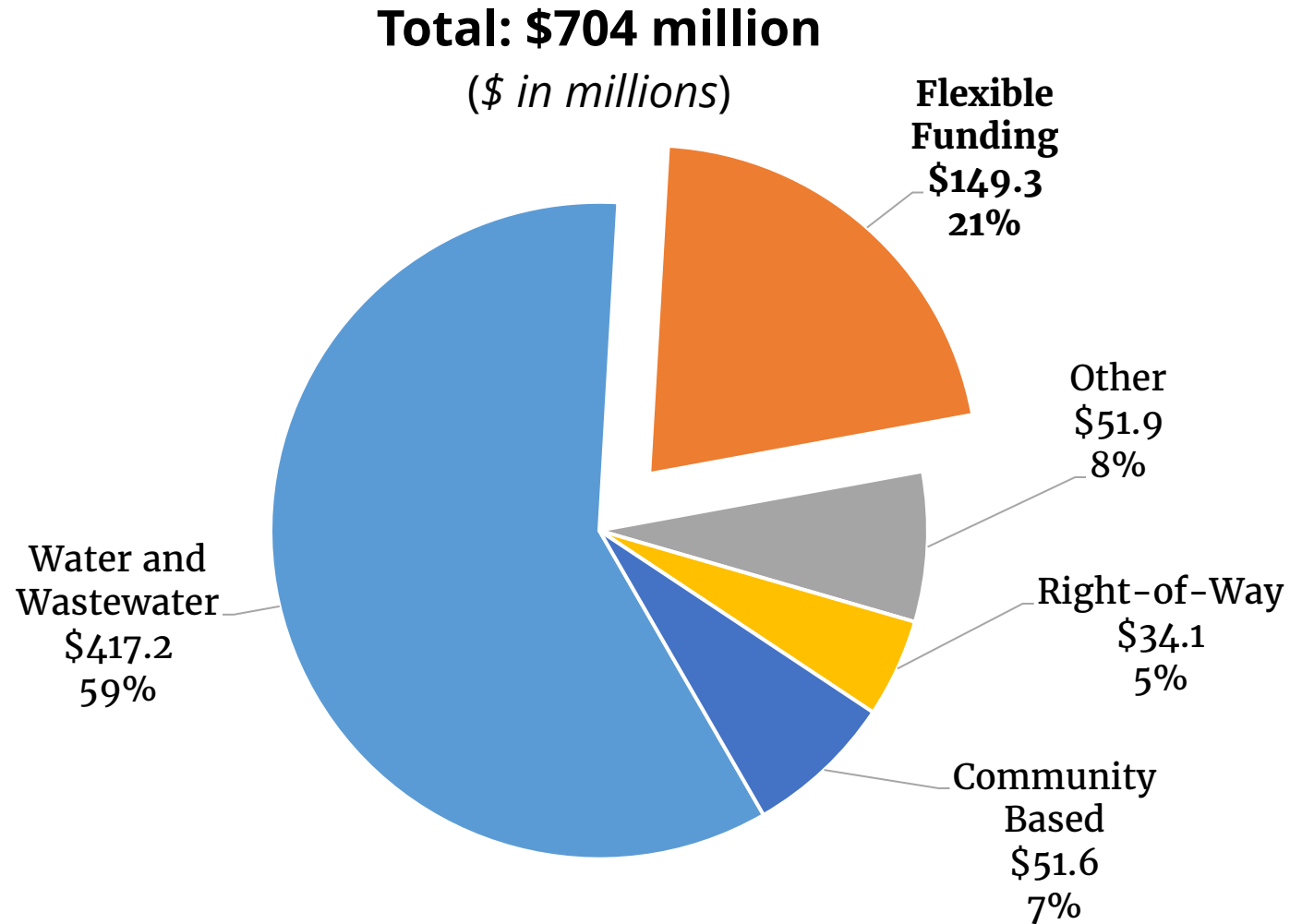
# About the CIP Budget

- Funding either improves existing infrastructure or creates new
- Rolling budget since projects take multiple years to implement
- Restrictions on funding sources is a big driver of what gets funded



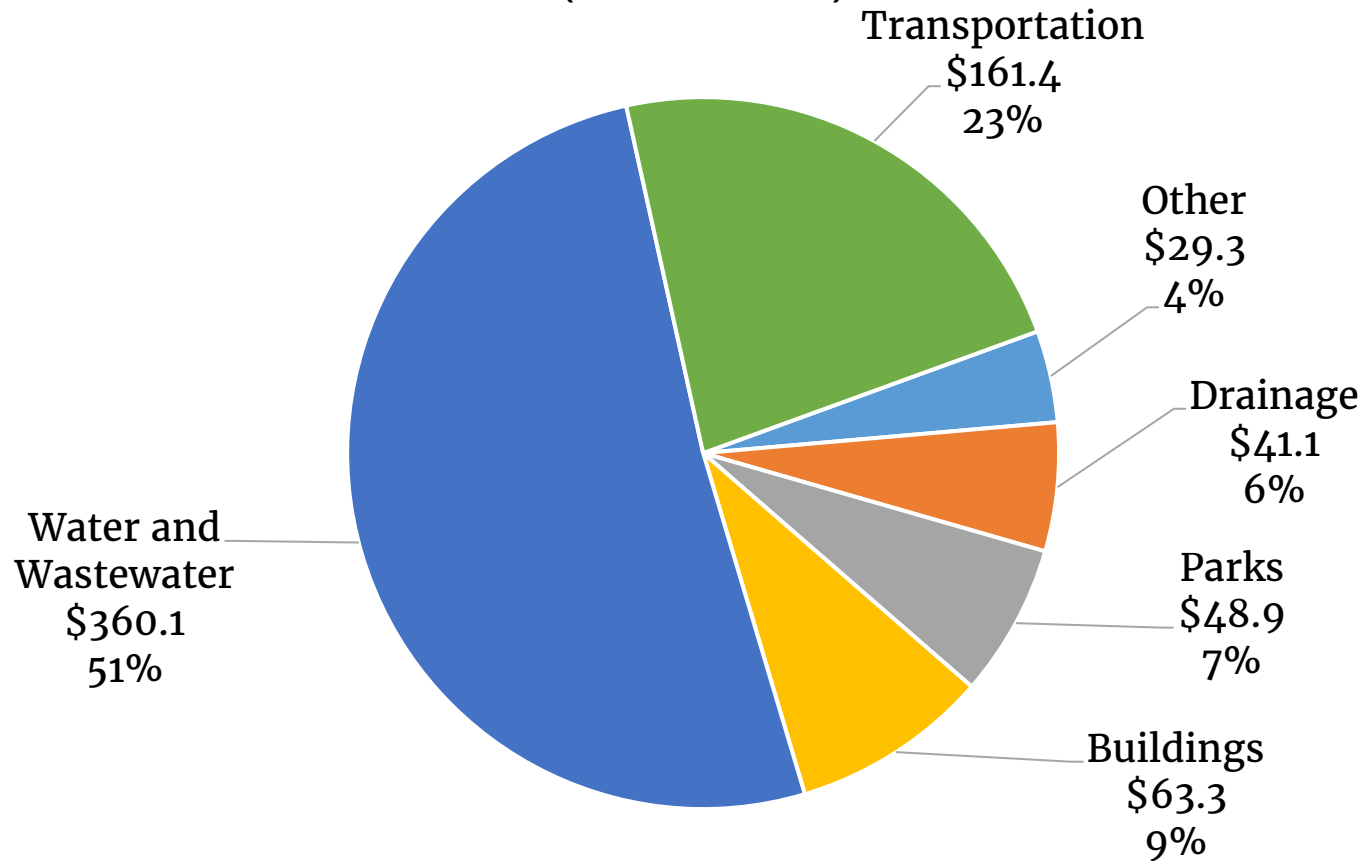


# FY 2024 CIP Budget by Funding Source



# FY 2024 CIP Budget by Asset Type

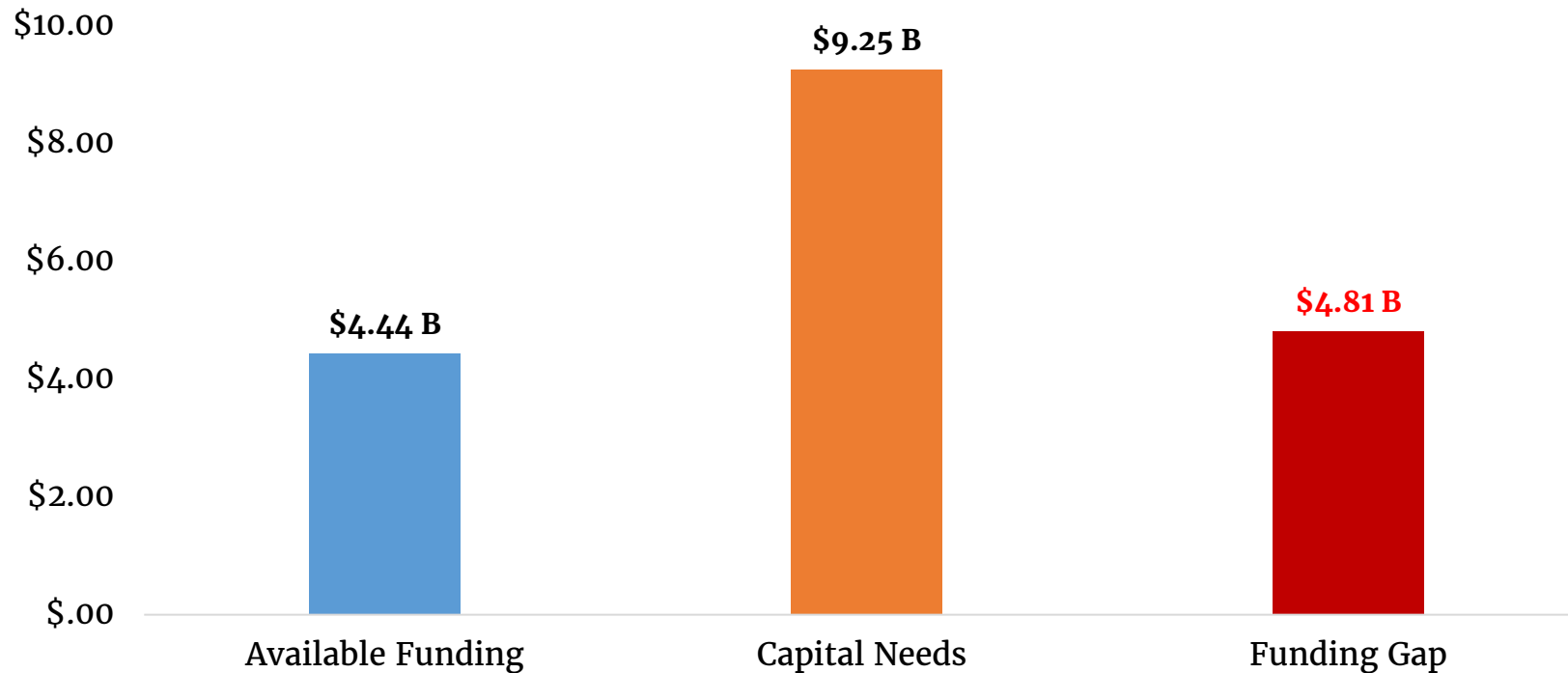
**Total: \$704 million**  
 (\$ in millions)



# FY 2025-2029 CIP Outlook

## City's Five-Year Capital Infrastructure Needs, Available Funding, and Gap

*(\$ in billions)*

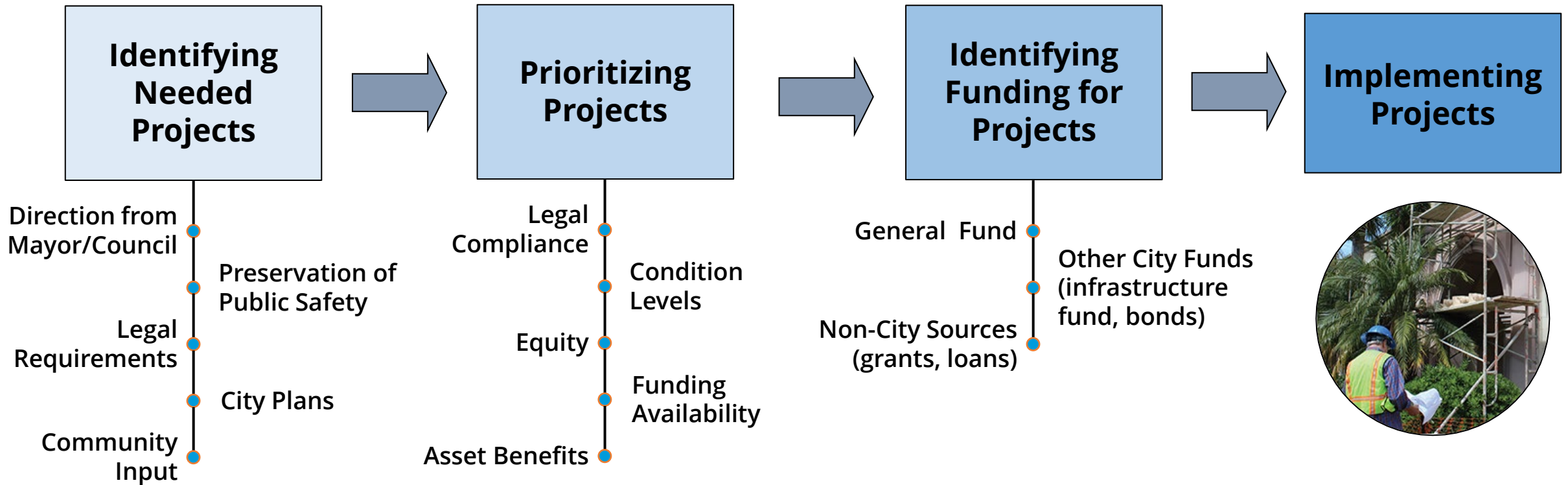


- Infrastructure is a major challenge for the City
- Capital needs **far exceed** funding

# Top Unfunded Needs

| <b>Funded and Unfunded Asset Needs</b><br><i>(\$ in millions)</i> |                 |                   |
|-------------------------------------------------------------------|-----------------|-------------------|
| Asset                                                             | Funded Needs    | Unfunded Needs    |
| <b>Stormwater</b>                                                 | <b>\$ 571.7</b> | <b>\$ 1,632.0</b> |
| Streets and Roads - Pavement                                      | 264.2           | 989.3             |
| Parks                                                             | 302.5           | 773.4             |
| Streetlights                                                      | 24.4            | 427.0             |
| Fire-Rescue                                                       | 75.3            | 282.1             |
| Police                                                            | 0.9             | 167.6             |
| Existing Facilities                                               | 5.9             | 140.3             |

# How do projects get into the CIP?





# FY 2025 CIP Priorities Receiving Majority Support

## Transportation and Mobility Safety



Stormwater



Streets

## Sidewalks



American with Disabilities Act

## Facilities



A photograph of a diverse group of people sitting in a conference room, viewed from behind. Many of them have their hands raised, suggesting an interactive session or a Q&A period. The room is brightly lit, and a presentation screen is visible in the background.

# Get Involved

# Opportunities for Public Input



## Contact the Mayor

- November – April: during budget development

## Contact Councilmembers

- September: as they develop their budget priorities
- November: during their review of the 5-Year Outlook
- December/January: as they update their budget priorities



## Get involved in community planning, recreation committees, and other groups

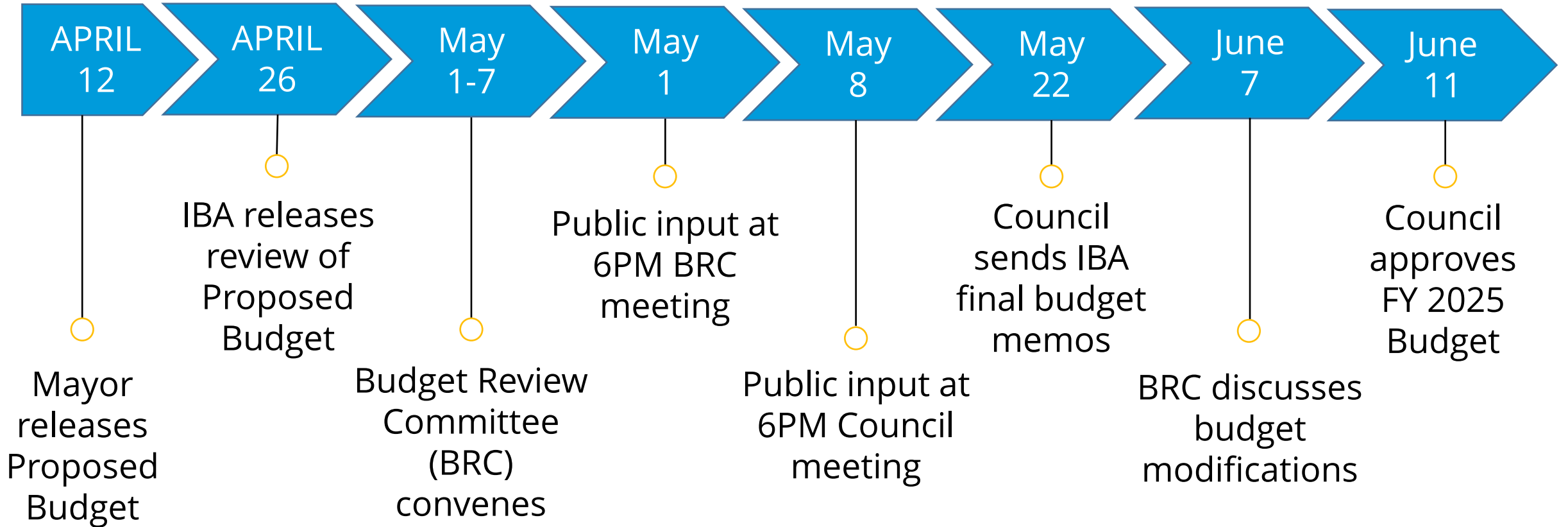
## Report needs through the *Get It Done App* or department staff



## Online City survey to provide input on infrastructure



# Upcoming Public Meetings



# Important Resources

## Office of the IBA

Website <https://www.sandiego.gov/iba>

- [IBA Reports](#)
- [Key Budget Dates](#)
- [Public's Guide to the Budget](#)
- [Public's Guide to Infrastructure](#)

X (Twitter)



**Office of the Independent Budget Analyst**  
@SanDiegoIBA

Phone number **619-236-6555**

## Department of Finance

Website <https://www.sandiego.gov/finance>

### Adopted Budget



### Other Financial Reports

| Financial Reports                                                                                             |   |
|---------------------------------------------------------------------------------------------------------------|---|
| Five-Year Financial Outlook                                                                                   | ▼ |
| Budget Monitoring Reports                                                                                     | ▼ |
| Annual Comprehensive Financial Report                                                                         | ▼ |
| Single Audit Reports                                                                                          | ▼ |
| State and Local Recovery Funds Performance Report                                                             | ▼ |
| Metropolitan Wastewater Utility Allocation of Billing Report                                                  | ▼ |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters | ▼ |
| Annual Internal Controls Reports                                                                              | ▼ |
| Charter 39 Financial Performance Reports                                                                      | ▼ |
| City Employee Compensation Reports                                                                            | ▼ |
| Discontinued Reports                                                                                          | ▼ |
| CFD (Mello Roos) Reports                                                                                      | ▼ |



**Thank you for  
participating!**

**We're happy to take  
questions!**

IBA Budget Crash Course Feedback



<https://rb.gy/a0s5h2>