

CITY OF SAN DIEGO  
**FY 2015-2019**

Five-Year Financial Outlook  
November 14, 2013



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## Executive Summary

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The City of San Diego (City) Fiscal Year (FY) 2015-2019 Five-Year Financial Outlook (Outlook) is the guiding document for long-range fiscal planning and will serve as the framework for the development of the FY 2015 Adopted Budget. This is the ninth Outlook the City has published since November 2006 and is expanded from previous editions to incorporate a greater range of information on items that will influence projected revenues and anticipated appropriation needs over the next five fiscal years. The incorporation of more information in the Outlook, particularly those affecting appropriation needs, is intended to provide transparency and inform the City Council and the public on the long term costs of programs in the context of the City's overall General Fund budget. In addition, this Outlook has been reformatted from prior years' Outlooks into the following sections:

- Baseline Budget
- Mandates
- Critical Operational Needs
- Reserves

More information regarding these sections is provided below. It is important to note that for the near future, appropriation needs will exceed projected revenue increases. However, per the City Charter, the Mayor will present a balanced budget in April for the City Council's consideration. Based on projected revenue, not all of the items presented in this Outlook will be funded. However, as discussed above, the purpose of this Outlook is to give the City Council and public information to facilitate an informed discussion regarding the City's needs during development of the FY 2015 Adopted Budget.

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## Forecast and Report Overview

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The City's General Fund is the primary focus of the FY 2015-2019 Five-Year Financial Outlook. The Outlook forecasts General Fund revenues and expenditures for five fiscal years beginning in FY 2015 and is broken into four distinct sections: Baseline Budget, Mandates, Critical Operational Needs, and Reserves. In preparation for this report, City departments submitted a total of \$750.0 million in needs over the next five fiscal years. After review by the Interim Mayor and the City's Executive Team, these items were prioritized into the sections discussed below. Due to the amount of needs, not all items have been included in these sections. For those items that were not included in the Baseline, Mandates, or Critical Operational Needs sections, a separate list of Discretionary Operational Needs has been included as Attachment 3: FY 2015-2019 Discretionary Operational Needs. It should be noted that all of the \$750.0 million in needs identified by City departments are important, but priority has been given to those items that maintain current services levels, reduce risks to the City, or have been previously discussed by the City Council.

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### Baseline Budget

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The Baseline Budget section of the Outlook primarily consists of the City's projections for the next five years for the General Fund's ongoing revenues and expenditures, as displayed in Attachment 1: FY 2015-2019 Five-Year Financial Outlook. Simply put, the Baseline Budget Section includes revenue and expense adjustments necessary to continue current service levels. The baseline budget has been adjusted by eliminating one-time revenues and expenditures that were included in the FY 2014 Adopted Budget. One-time revenues and expenditures that have been removed from the baseline budget are detailed in Attachment 2: FY 2014 Adopted Budget – One-time Revenues and Expenditures.

Based on the projections included in the Baseline Budget section of the Outlook, ongoing revenues are largely balanced with ongoing expenditures. This balance in revenues and expenses comes as a result of several years of difficult budgetary decisions following the start of the global recession in late 2007. After years of substantial reductions, the FY 2014 Adopted Budget provided a more positive financial portrait which allowed for several minor restorations in City services. While the City's revenues and expenditures are substantially balanced, a deficit of \$19.1 million is projected for FY 2015. However, it is important to put the \$19.1 million projected deficit in context through comparison of previous editions of the City's Outlook which have included baseline projected deficits as high as \$87.4 million.

Beyond the FY 2015 deficit, a surplus of ongoing revenues over ongoing expenditures is projected as displayed in the following table:

(\$ in millions)

Projected Surplus/(Deficit) (in millions)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Baseline Budget Surplus/(Deficit)	\$ (19.1)	\$ 13.1	\$ 47.2	\$ 73.0	\$ 104.0

## Mandates

The Mandates section categorizes a number of required revenue and expenditure adjustments as federal, State and/or City mandates. The amounts projected in the Mandates section are primarily a result of programs and projects previously approved by the Mayor and City Council, but also include items that are a result of legislation enacted by the federal and/or State governments.

Based on the information provided by departments, expenditures required to meet federal mandates are projected to be \$7.0 million in FY 2015, primarily related to the cost of compliance with new storm water permit requirements. In FY 2015, the impact of State mandates is a projected \$0.4 million reduction in revenues due to the dissolution of enterprise zones statewide and a \$0.1 million increase in code enforcement expenditures.

Department submissions for City mandates have the largest impact on future financial projections, as programs and projects previously approved by the Mayor and City Council are projected to reduce revenues by \$2.1 million while increasing expenditures by \$33.4 million in FY 2015. The FY 2015 reduction in revenue is primarily due to a \$5.5 million decrease in Transient Occupancy Tax (TOT) revenue being received in the General Fund as a result of the Penny for Arts Blueprint which is partially offset by an anticipated increase of \$2.8 million in citation revenues following the implementation of the Neighborhood Parking Protection Ordinance. Expenditure increases as a result of City mandates are projected to be \$33.4 million in FY 2015 and increase throughout the Outlook period reaching \$91.5 million in FY 2019. City mandated expenditures include Deferred Capital debt service and maintenance and repair/capital expenditures, operating expenses for three new fire stations and two branch library expansions, the Police Department's Five-Year Plan, and the cost of enforcement of the Neighborhood Parking Protection Ordinance.

In total, the projected adjustments included in the Mandates section are anticipated to result in a \$2.5 million decrease in revenues and a \$40.5 million increase in expenditures for FY 2015. The net impact of this decrease in revenues and increase in expenditures on

the projected FY 2015 deficit is an increase of \$43.0 million. The following table displays the impact of the Mandates section of the Outlook on the surplus/(deficit) projected for FY 2015 through FY 2019.

(\$ in millions)

Projected Surplus/(Deficit) (in millions)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>Baseline Budget Surplus/(Deficit)</b>	\$ (19.1)	\$ 13.1	\$ 47.2	\$ 73.0	\$ 104.0
Mandated Revenue Adjustments	\$ (2.5)	\$ (4.3)	\$ (6.4)	\$ (7.5)	\$ (9.3)
Mandated Expenditure Adjustments	\$ 40.5	\$ 64.6	\$ 81.8	\$ 99.0	\$ 104.9
<b>Net Impact of Mandates</b>	<b>\$ 43.0</b>	<b>\$ 68.9</b>	<b>\$ 88.1</b>	<b>\$ 106.4</b>	<b>\$ 114.1</b>
<b>Mandates Surplus/(Deficit)</b>	<b>\$ (62.1)</b>	<b>\$ (55.8)</b>	<b>\$ (41.0)</b>	<b>\$ (33.4)</b>	<b>\$ (10.1)</b>

## Critical Operational Needs

The Critical Operational Needs section incorporates a significant number of critical programs and projects identified by the City's General Fund departments that will provide enhancements to current service levels or upgrade existing equipment. Additionally, several of the items identified within this section have been historically underfunded or funded with grants. Programs and projects included within the Critical Operational Needs section are grouped by department and discussed in detail later in this report.

For FY 2015, department's Critical Operational Needs are projected to result in a minor increase in revenues and a \$15.8 million increase in expenditures. The net impact to the projected FY 2015 deficit is an increase of \$15.8 million. The revenue increase projected for FY 2015 is anticipated to remain constant for FY 2016 through FY 2018 and then decrease in FY 2019, while the impact of expenditures are projected to decrease through the Outlook period. The impact of departments' Critical Operational Needs on the surplus/(deficit) projected for FY 2015 through FY 2019 is displayed in the following table.

(\$ in millions)

Projected Surplus/(Deficit) (in millions)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>Baseline Budget Surplus/(Deficit)</b>	\$ (19.1)	\$ 13.1	\$ 47.2	\$ 73.0	\$ 104.0
Mandated Revenue Adjustments	\$ (2.5)	\$ (4.3)	\$ (6.4)	\$ (7.5)	\$ (9.3)
Mandated Expenditure Adjustments	\$ 40.5	\$ 64.6	\$ 81.8	\$ 99.0	\$ 104.9
<b>Net Impact of Mandates</b>	<b>\$ 43.0</b>	<b>\$ 68.9</b>	<b>\$ 88.1</b>	<b>\$ 106.4</b>	<b>\$ 114.1</b>
<b>Mandates Surplus/(Deficit)</b>	<b>\$ (62.1)</b>	<b>\$ (55.8)</b>	<b>\$ (41.0)</b>	<b>\$ (33.4)</b>	<b>\$ (10.1)</b>
Critical Operational Needs Revenue	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ (2.0)
Critical Operational Needs Expenditures	\$ 15.8	\$ 11.0	\$ 10.4	\$ 10.7	\$ 7.0
<b>Net Critical Operational Needs</b>	<b>\$ 15.8</b>	<b>\$ 11.0</b>	<b>\$ 10.4</b>	<b>\$ 10.7</b>	<b>\$ 9.0</b>
<b>Critical Operational Needs Surplus/(Deficit)</b>	<b>\$ (78.0)</b>	<b>\$ (66.8)</b>	<b>\$ (51.4)</b>	<b>\$ (44.1)</b>	<b>\$ (19.1)</b>

Department identified needs not included within the Critical Operational Needs section have been categorized as discretionary and are detailed in Attachment 3: FY 2015-2019 Discretionary Operational Needs. It should be noted that the items included in the Discretionary Operational Needs attachment are primarily programs and projects that would allow departments to increase service levels. While items categorized as Discretionary Operational Needs are not included within the Outlook projections, the estimated future financial impact of these programs and projects are included in an effort to provide a complete picture of department needs.

## Baseline Budget

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The Baseline Budget section of this report is divided into two main sections: General Fund Revenues and General Fund Expenditures. The General Fund Revenues section is then further divided by revenue category while the General Fund Expenditures section is divided by both personnel and non-personnel expenditure categories, as displayed in the Baseline Budget section of Attachment 1: FY 2015-2019 Five-Year Financial Outlook.

### General Fund Revenues

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The following section provides details of the City of San Diego's FY 2015-2019 Five-Year Financial Outlook revenue projection. This section provides details on each of the General Fund revenue categories displayed in Attachment 1: FY 2015-2019 Five-Year Financial Outlook. The details provided for each revenue category include a description of the revenue source, the economic indicators affecting the revenue source, the projected growth rates, and any potential risks that may cause actual revenue receipts to vary from the projection. It should be noted that in addition to growth rate percentages applied in each of the revenue categories, other adjustments have been included within most of the categories based on known and anticipated events and are detailed within each category. To assist in evaluating potential risks to revenue projections, each of the major General Fund revenue sources' sections includes a projection based on current and conservative assumptions. The conservative assumption projections quantify the impacts of potential risks to each of the major revenue sources.

In the FY 2014 Adopted Budget the City's four major revenues sources, property tax, sales tax, transient occupancy tax (TOT), and franchise fees, made up 67.5 percent of the budgeted General Fund revenue. All four major revenue sources are projected to increase through the Outlook period; however, the rate of increase is expected to flatten in the outer years as a result of an over correction from the economic downturn coming to an end and returning to more normal levels of growth. This overall expectation and projection for the City's revenues is consistent with information received from the City's sales tax consultant (MuniServices, LLC), the County Tax Collector and Appraiser, the San Diego Tourism Authority, and the UCLA Anderson Forecast. In addition to the major revenue projections, the Baseline Budget includes projections for the General Fund's other departmental revenue sources based on various economic assumptions, anticipated events, and historical trend analysis.

## Property Tax

Property Tax is the City's largest revenue source and the category includes several components. The primary component of the Property Tax category is the 1.0 percent levy on the assessed value of all real property within the City limits. The Property Tax category also includes the Motor Vehicle License Fee (MVLFF) backfill payment which is a result of MVLFF being reduced from 2.0 percent to 0.65 percent in 2005. This category also includes residual property tax payments as a result of the dissolution of Redevelopment Agencies (RDA) statewide. The FY 2015 projection for the Property Tax category is \$424.1 million, a \$16.1 million or 3.9 percent increase over the FY 2014 Adopted Budget of \$408.0 million. The following table shows the forecast for FY 2015 through FY 2019 for the Property Tax category.

(\$ in millions)

Property Tax	FY 2014 Adopted	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Growth Rate	2.2%	3.5%	3.5%	3.0%	3.0%	3.0%
Projection	\$ 408.0	\$ 424.1	\$ 439.2	\$ 452.7	\$ 466.5	\$ 480.7

The major factors influencing Property Tax revenue are the California Consumer Price Index (CCPI), home sales, home price, and foreclosures. It is the CCPI that drives assessed valuation under Proposition 13. Proposition 13 specifies that a property's value may increase at the rate of the California Consumer Price Index, but cannot exceed 2.0 percent per year unless the property is improved or sold to establish a new assessed value. The California Department of Finance forecasts 2013 CCPI growth of 0.9 percent; however current year-to-date growth is 1.7 percent thus supporting the positive growth rates in the forecast. The County of San Diego has seen positive growth in home prices, with a calendar 2013 year-to-date (YTD) increase of 16.8 percent in the median home price. This increase suggests positive Assessed Valuation (AV) growth in FY 2015. Along with growth in home prices, the County experienced positive growth in home sales of 12.6 percent in 2013 YTD, which also suggests positive AV growth for FY 2015 as more homes will be reassessed to the market value and increase the Property Tax base. In addition to positive home price and sales growth, there are also YTD declines of 56.3 percent in notices of default, and 50.9 percent in foreclosures; leading to fewer foreclosed properties on the market, thus decreasing the chance to bring down the City's AV and to lower the Property Tax base.

Other factors to consider include mortgage rates and Property Tax refunds. Currently, interest rates are slowly increasing and as the economy continues to improve, interest rates are anticipated to continue to rise. This will lead to higher mortgage rates and a slowing in

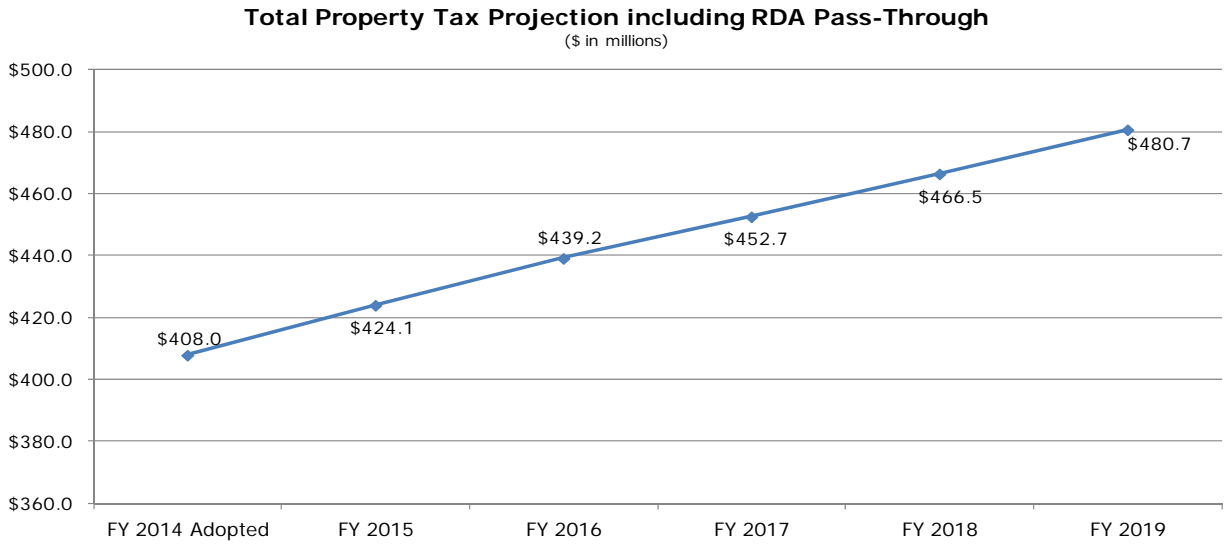


home sales and home price growth as the cost of purchasing a home rises. Additionally, as the economy continues to improve, fewer property owners are requesting reassessments, which leads to lower property tax refunds and an increase to the City’s overall property tax receipts.

The following table and graph provides details on the components of the FY 2014 Adopted Budget for Property Tax and the forecasted property tax revenue for FY 2015 through FY 2019. It should be noted that the base used in projecting Property Tax revenues for FY 2015 through FY 2019 has been modified from the FY 2014 Adopted Budget due to the actual increase in assessed valuation exceeding the budgeted amount. The FY 2014 Adopted Budget assumed growth in assessed value of 2.2 percent; however, the actual increase in assessed value for FY 2014 was 4.0 percent. Additionally, as a result of the dissolution of the Redevelopment Agencies (RDA), pass-through Property Tax payments to the City from the Redevelopment Property Tax Trust Fund (RPTTF) are included in the General Fund Property Tax revenue. Given the uncertainty surrounding the RDA dissolution, the City’s estimated pass-through payments are projected to be approximately \$3.0 million for FY 2015 through FY 2019, which is conservative compared to receipts in FY 2012 and FY 2013.

(\$ in millions)

Fiscal Year	FY 2014 Adopted	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Growth Rate	2.2%	3.5%	3.5%	3.0%	3.0%	3.0%
1% Property Tax	\$ 290.4	\$ 308.9	\$ 320.1	\$ 330.0	\$ 340.3	\$ 350.8
MVLF Backfill	\$ 106.4	\$ 112.2	\$ 116.2	\$ 119.6	\$ 123.2	\$ 126.9
Total Property Tax Projection	\$ 396.8	\$ 421.1	\$ 436.3	\$ 449.7	\$ 463.5	\$ 477.8
RDA Pass-Through	\$ 11.2	\$ 3.0	\$ 3.0	\$ 3.0	\$ 3.0	\$ 3.0
<b>Total Property Tax Projection including RDA Pass-Through</b>	<b>\$ 408.0</b>	<b>\$ 424.1</b>	<b>\$ 439.2</b>	<b>\$ 452.7</b>	<b>\$ 466.5</b>	<b>\$ 480.7</b>



**Risk to Property Tax Projection**

The factors described above combine to make up the projection; however should one or several of these factors not perform as projected, Property Tax revenues will vary from the current projection. To account for variances in these factors, a sensitivity analysis was conducted. This sensitivity analysis resulted in a Current Assumption scenario and a Conservative Assumption scenario.

The projections for Property Tax revenues displayed in Attachment 1: FY 2015-2019 Five-Year Financial Outlook reflect the Current Assumption scenario as these are the amounts the City anticipates to receive over the next five years. However, the table below displays both the Current Assumption scenario and the Conservative Assumption scenario and quantifies the potential risks to the City’s Property Tax revenues.

(\$ in millions)

Scenario	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Current Assumption	3.5% \$ 424.1	3.5% \$ 439.2	3.0% \$ 452.7	3.0% \$ 466.5	3.0% \$ 480.7
Conservative Assumption	2.5% \$ 420.0	2.5% \$ 430.8	2.0% \$ 439.7	2.0% \$ 448.7	2.0% \$ 458.0

The Conservative Assumption scenario is based on the economic assumption that the growth in the CCPI will be less than 2.0 percent in all five fiscal years. This will lead to less growth in the City’s assessed valuation. The Conservative Assumption scenario also assumes that mortgage rates will increase in the next five years. Increased mortgage rates raise the cost of home ownership, thereby slowing the number of home sales and median

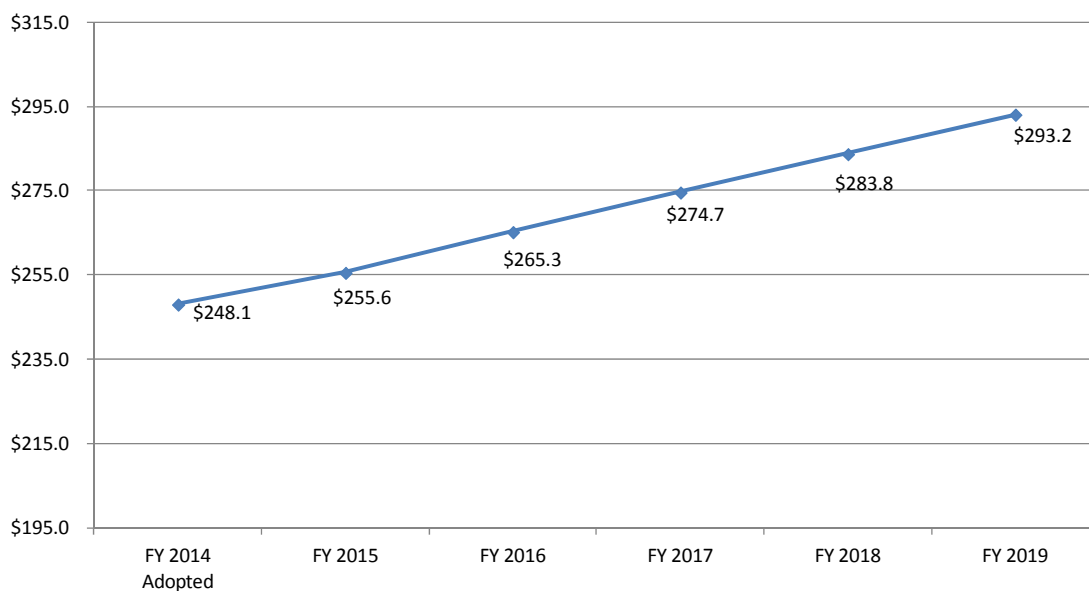
home price growth. This will inhibit the City’s assessed valuation growth. In addition, the Conservative Assumption scenario assumes that the higher than anticipated, positive assessed valuation growth in FY 2014 suggests that not as many homes will be reassessed in FY 2015. This will lead to lower annual assessed valuation growth rates for FY 2015 through FY 2019. Based on the Conservative Assumption scenario, the growth rates for Property Tax are projected to be 2.5 percent for FY 2015 and FY 2016, and 2.0 percent for FY 2017 through FY 2019.

## Sales Tax

The City’s second largest revenue source is Sales Tax. Sales Tax is collected at the point of sale and remitted to the State Board of Equalization, which allocates tax revenue owed to the City in monthly payments. The total citywide Sales Tax rate in San Diego is 8.0 percent, of which the City receives approximately 1.0 percent. The FY 2015 projection for the Sales Tax is \$255.6 million, a \$7.5 million or 3.0 percent increase over the FY 2014 Adopted Budget of \$248.1 million. The following table displays the forecast for FY 2015 through FY 2019 for Sales Tax.

(\$ in millions)

Sales Tax	FY 2014 Adopted	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Growth Rate	5.5%	4.5%	4.0%	3.5%	3.5%	3.5%
Projection	\$ 248.1	\$ 255.6	\$ 265.3	\$ 274.7	\$ 283.8	\$ 293.2



The major local economic drivers of the City's Sales Tax include the unemployment rate and consumer confidence. The Sales Tax projection for FY 2015 assumes that the unemployment rate will remain above average levels when compared to historical averages for the region. As of August 2013, the San Diego unemployment rate was 7.4 percent as reported by the California Employment Development Department. For comparison, the local unemployment rate in the years 2000 through 2008 in the region ranged between 4.0 and 5.0 percent. As the local unemployment rate improves and becomes closer to historical averages, consumer confidence is projected to increase, leading to continued improvements in the City's Sales Tax receipts.

The City of San Diego experienced a steady increase in Sales Tax revenue in FY 2013, with gains reported in all economic sectors. Sales Tax data from MuniServices, LLC (MuniServices), the City's Sales Tax consultant, indicate expected gains in taxable sales from department store retail, automobile sales, and service stations should help maintain this trend through FY 2014. Additionally, the most recently available UCLA Anderson Forecast projects average growth of 4.0 percent in statewide sales tax receipts for FY 2014.<sup>1</sup> The California State Board of Equalization projects an average growth rate of 7.0 percent in statewide Sales Tax receipts for FY 2014, which is higher than the UCLA Anderson Forecast.<sup>2</sup> These growth rates are statewide and do not directly correspond to the San Diego region Sales Tax growth rates included in the Outlook, however these projections provide support for the positive growth in consumer spending that is anticipated to occur within the City.

Included in the FY 2017 through FY 2019 projection are additional sales tax revenues related to the Convention Center Phase III expansion. A report prepared by AECOM (a professional technical and management support services consultant), which was released in November 2010, included an economic analysis of additional business capture derived from the proposed expansion of the San Diego Convention Center. According to this analysis, it was estimated that the expansion will generate \$121.0 million in hotel room sales, \$349.0 million in direct new spending to the region, and \$13.5 million in annual revenue to the City, of which \$0.8 million is from sales tax revenue and \$12.7 million is from Transient Occupancy Tax (TOT). The City is projected to receive these additional revenues beginning in FY 2017 upon completion of the expansion.

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<sup>1</sup> UCLA Anderson Forecast, June 2013

<sup>2</sup> State Board of Equalization, Projected Statewide Taxable Sales, February 2013

### Risks to Sales Tax

The number of factors described above combine to make up the Sales Tax projection; however should one or several of these factors not perform as projected, Sales Tax revenues will vary from the current projection. To account for variances in these factors, a sensitivity analysis was conducted. This sensitivity analysis resulted in a Current Assumption scenario and a Conservative Assumption scenario.

The projections for Sales Tax revenues displayed in Attachment 1: FY 2015-2019 Five-Year Financial Outlook reflect the Current Assumption scenario as these are the amounts the City anticipates to receive over the next five years. However, the table below displays both the Current Assumption scenario and the Conservative Assumption scenario to quantify the potential risks to the City's Sales Tax revenues.

(\$ in millions)

Scenario	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Current Assumption	4.5% \$ 255.6	4.0% \$ 265.3	3.5% \$ 274.7	3.5% \$ 283.8	3.5% \$ 293.2
Conservative Assumption	3.0% \$ 251.3	2.5% \$ 256.9	2.5% \$ 263.7	2.5% \$ 269.7	2.5% \$ 275.9

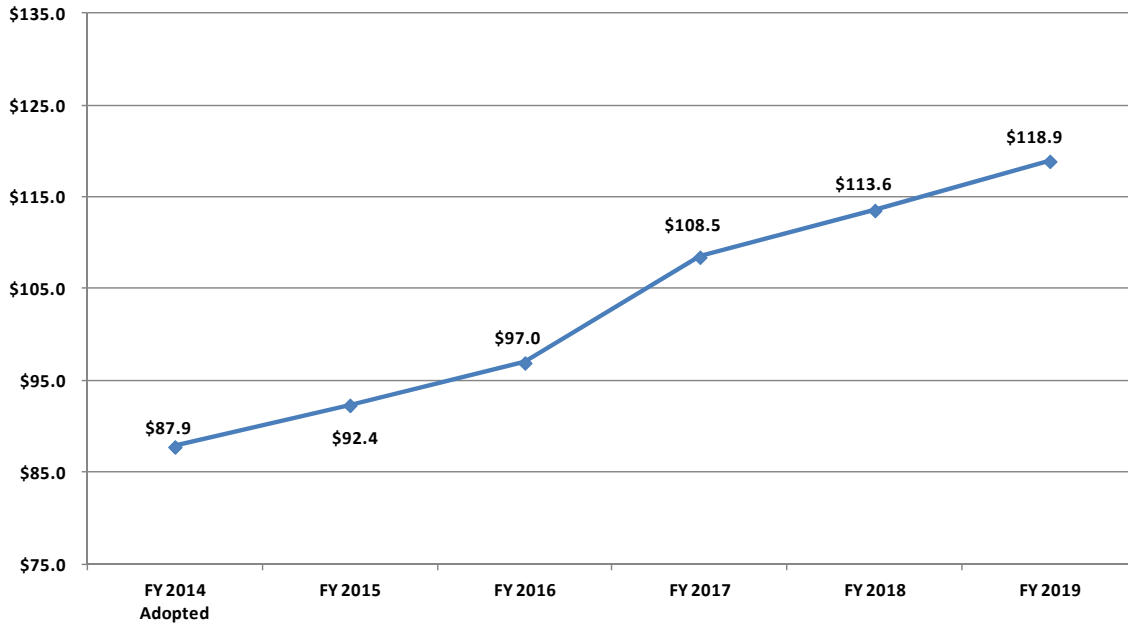
The Conservative Assumption scenario reflects that continued high unemployment and lower consumer confidence in the local and State economies will impact projected growth rates. The Conservative Assumption scenario also reflects the San Diego region will experience defense spending declines due to sequestration cuts that began in March 2013.

### Transient Occupancy Tax

Transient Occupancy Tax (TOT) is the City's third largest revenue source. TOT is levied at 10.5 cents per dollar of the daily room price of hotels, motels, and vacation rentals in which the transient's stay is less than one month. The use of TOT is guided by the City's Municipal Code which stipulates that 5.5 cents shall be applied toward general government purposes, 4.0 cents shall be applied toward promoting the City as a tourist destination, and the remaining 1.0 cent shall be allocated for any purpose approved by the City Council. The FY 2015 projection for the TOT is \$92.4 million, a \$4.5 million or 5.1 percent increase over the FY 2014 Adopted Budget of \$87.9 million. The following table shows the forecast for FY 2015 through FY 2019 for TOT.

(\$ in millions)

Transient Occupancy Tax	FY 2014 Adopted	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Growth Rate	6.0%	5.5%	5.0%	5.0%	5.0%	5.0%
Projection	\$ 87.9	\$ 92.4	\$ 97.0	\$ 108.5	\$ 113.6	\$ 118.9



Major economic drivers for TOT revenue include seasonal and non-seasonal tourism, business travel, and conventions. Sustained positive tourism growth has occurred since the economic turnaround began in FY 2010 and this trend is expected to continue through FY 2014, according to the July 2013 Quarterly Travel Forecast from the San Diego Tourism Authority (SDTA). Slow but steady growth in hotel room demand and occupancy is forecasted through FY 2015, and is then expected to level off in outlying years as displayed in the following table prepared by Tourism Economics, Inc.

Tourism Forecast	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017
Visitor Growth	1.3%	2.0%	2.2%	2.8%	2.9%
Overnight	1.0%	2.0%	1.9%	1.9%	1.6%
Room Demand	1.9%	2.6%	2.7%	2.6%	2.3%
Occupancy	71.4%	72.5%	72.8%	72.7%	73.8%
Average Daily Rate	\$ 134.23	\$ 140.90	\$ 146.28	\$ 150.36	\$ 155.43

Another large driver of TOT receipts in the City of San Diego is the Convention Center. There are approximately 74 conventions scheduled for calendar year 2013 with an estimated 550,000 attendees. Currently, there are approximately 90 conventions scheduled

for calendar year 2014 with an estimated 475,000 attendees. Although the estimated number of attendees is lower for calendar year 2014, it should be noted that the number of conventions and estimated attendees for calendar year 2014 are still subject to change should new bookings occur. Furthermore, it is anticipated that the San Diego Tourism Authority will resume marketing campaigns as soon as Tourism Marketing District (TMD) funds are released, which may lead to additional bookings of business related travel.

As noted in the Sales Tax section and based on an analysis prepared by AECOM, the Convention Center Phase III expansion project is anticipated to generate an additional \$12.7 million in TOT beginning in FY 2017 and this amount is included in projections through FY 2019.

### Risks to Transient Occupancy Tax

The number of factors described above combine to make up the TOT projection; however should one or several of these factors not perform as projected, TOT revenues will vary from the current projection. To account for variances in these factors, a sensitivity analysis was conducted. This sensitivity analysis resulted in a Current Assumption scenario and a Conservative Assumption scenario.

The projections for TOT revenues displayed in Attachment 1: FY 2015-2019 Five-Year Financial Outlook reflect the Current Assumption scenario as these are the amounts the City anticipates to receive over the next five years. However, the table below displays both the Current Assumption scenario and the Conservative Assumption scenario and quantifies the potential risks to the City's TOT revenues.

(\$ in millions)

Scenario	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Current Assumption	5.5% \$ 92.4	5.0% \$ 97.0	5.0% \$ 108.5	5.0% \$ 113.6	5.0% \$ 118.9
Conservative Assumption	4.5% \$ 91.5	4.0% \$ 95.2	4.0% \$ 105.6	4.0% \$ 109.6	4.0% \$ 113.7

The Conservative Assumption scenario reflects slower recovery in spending in both leisure and business travel in FY 2014, affecting growth in FY 2015 and beyond. This effect would be a result of lowered spending due to high unemployment rates, reduced incomes, and the negative impact of minimal marketing campaigns and business travel curtailing efforts of the San Diego Tourism Authority due to the delay in releasing Tourism Marketing District (TMD) funds. San Diego would experience a loss in market share to other California cities,

such as Los Angeles and San Francisco, thus lowering visitation and decreasing hotel performance and tourism related revenue. In the latter years, the impact to the City's revenues would be a consequence of the disapproval of the Convention Center expansion as larger conventions would outgrow the current San Diego Convention Center.

## Franchise Fees

The Franchise Fees revenue category includes payments from San Diego Gas and Electric (SDG&E) and cable television providers for the use of the City's rights-of-way. The City also collects refuse hauler fees based on the total amount of refuse hauled annually. The FY 2015 projection for the Franchise Fees category is \$70.3 million, a \$1.9 million or 2.8 percent increase over the FY 2014 Adopted Budget of \$68.4 million. The following table shows the forecast for FY 2015 through FY 2019 for the Franchise Fees category.

(\$ in millions)

Franchise Fees	FY 2014 Adopted	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
SDG&E Growth Rate	2.0%	2.0%	3.0%	2.5%	2.5%	2.5%
Cable Growth Rate	4.0%	3.5%	3.5%	3.5%	3.5%	3.5%
Projection	\$ 68.4	\$ 70.3	\$ 72.3	\$ 74.2	\$ 76.2	\$ 78.2

Natural gas and electricity prices are expected to increase during the Outlook period, according to the U.S. Energy Information Administration. Based on the forecasted trend in these prices, SDG&E Franchise Fee revenues are projected to increase at a rate of 2.0 percent in FY 2015, 3.0 percent in FY 2016, and 2.5 percent in FY 2017 through FY 2019. The growth rate of 3.5 percent in FY 2015 through FY 2019 for revenue from cable franchise fees is based on the increasing demand for internet and telephone services despite declining TV subscriptions.

### Risks to Franchise Fees Projection

Fluctuations in natural gas and/or electricity prices will affect the actual growth of SDG&E Franchise Fee revenue throughout the Outlook period. Similarly, fluctuations in the demand for TV subscriptions, internet, and/or telephone services will affect the actual growth of cable Franchise Fee revenue. To account for these fluctuations, a sensitivity analysis was conducted. This sensitivity analysis resulted in a Current Assumption scenario and a Conservative Assumption scenario.

The projections for Franchise Fee revenues displayed in Attachment 1: FY 2015-2019 Five-Year Financial Outlook reflect the Current Assumption scenario as these are the amounts the City anticipates to receive over the next five years. However, the table below displays



both the Current Assumption scenario and the Conservative Assumption scenario and quantifies the potential risks to the City's Franchise Fee revenues.

(\$ in millions)

Scenario	Franchise Fee	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Current Assumption	SDG&E	2.0%	3.0%	2.5%	2.5%	2.5%
	Cable	3.5%	3.5%	3.5%	3.5%	3.5%
	Projection	\$ 70.3	\$ 72.3	\$ 74.2	\$ 76.2	\$ 78.2
Conservative Assumption	SDG&E	1.0%	2.0%	1.5%	1.5%	1.5%
	Cable	2.5%	2.5%	2.5%	2.5%	2.5%
	Projection	\$ 69.8	\$ 71.2	\$ 72.4	\$ 73.8	\$ 75.2

The Conservative Assumption would be appropriate if natural gas and/or electricity prices and the demand for internet and/or telephone services decreases rather than increases as projected throughout the Outlook period.

## Property Transfer Tax

Property Transfer Tax is levied on the sale of real property. The County of San Diego collects \$1.10 per \$1,000 of the sale price when any real property is sold, of which the City receives half, or \$0.55 per \$1,000. The FY 2015 projection for Property Transfer Tax is \$8.8 million; which is a \$1.8 million or 25.7 percent increase over the FY 2014 Adopted Budget of \$7.0 million. The following table shows the forecast for FY 2015 through FY 2019 for the Property Transfer Tax category.

(\$ in millions)

Property Transfer Tax	FY 2014 Adopted	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Growth Rate	8.0%	11.0%	10.5%	10.0%	10.0%	9.0%
Projection	\$ 7.0	\$ 8.8	\$ 9.8	\$ 10.7	\$ 11.8	\$ 12.9

The volume of home sales and home prices influence Property Transfer Tax revenue and, unlike Property Tax revenue, Property Transfer Tax reflects current economic conditions without a lag time. In August 2013, the County experienced a 4.5 percent increase over the August 2012 home sales count. Calendar year-to-date, homes sales are 12.6 percent higher than the August 2012 year-to-date home sales count. In addition to home sales, home prices have increased since 2012 and as of August 2013, the annual median home price in the County increased 16.8 percent over the calendar year 2012 annual median home price. As the real estate market continues to strengthen, home sales and prices will continue to increase, thus supporting the positive growth rates for Property Transfer Tax within the forecast. Other factors to consider are notices of default and foreclosure counts, which have been declining by 56.3 percent and 50.9 percent year-to-date, respectively. As the economy

improves and foreclosures decrease, positive home price growth will continue, therefore supporting the forecasted growth in Property Transfer Tax.

### Risks to Property Transfer Tax Projection

The number of factors described above combine to make up the Property Transfer Tax projection; however should one or several of these factors not perform as projected, Property Transfer Tax revenues will vary from the current projection. To account for variances in these factors, a sensitivity analysis was conducted. This sensitivity analysis resulted in a Current Assumption scenario and a Conservative Assumption scenario.

The projections for Property Transfer Tax revenues displayed in Attachment 1: FY 2015-2019 Five-Year Financial Outlook reflect the Current Assumption scenario as these are the amounts the City anticipates to receive over the next five years. However, the table below displays both the Current Assumption scenario and the Conservative Assumption scenario and quantifies the potential risks to the City's Property Transfer Tax revenues.

(\$ in millions)

Scenario	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Current Assumption	11.0% \$ 8.8	10.5% \$ 9.8	10.0% \$ 10.7	10.0% \$ 11.8	9.0% \$ 12.9
Conservative Assumption	9.0% \$ 8.2	8.5% \$ 8.9	8.0% \$ 9.6	8.0% \$ 10.3	7.0% \$ 11.1

The Conservative Assumption scenario assumes high mortgage rates in the local real estate market resulting in higher costs of home ownership; thereby slowing the number of home sales and average home price growth and increasing foreclosure counts.

### Licenses and Permits

The Licenses and Permits revenue category is comprised of business licenses, rental unit taxes, parking meter revenue, and other permits, such as alarm permits and occupational licenses. The FY 2015 projection for Licenses and Permits is \$32.6 million, a \$0.8 million or 2.5 percent increase over the FY 2014 Adopted Budget of \$31.8 million. The following table displays the forecast for FY 2015 through FY 2019 for the Licenses and Permits category.

(\$ in millions)

Licenses and Permits	FY 2014 Adopted	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Growth Rate Projection	\$ 31.8	2.5% \$ 32.6	2.5% \$ 33.4	2.5% \$ 34.3	2.5% \$ 35.1	2.5% \$ 36.0

A conservative growth rate of 2.5 percent is applied from FY 2015 through FY 2019 based on historical average increases in the Licenses and Permits category budget over the past 10 years. It should be noted that per Council Policy 100-02, a comprehensive analysis of General Fund user fees will be conducted in FY 2015; this analysis may result in slight increases in projected user fee revenues in FY 2016.

**Fines and Forfeitures**

The Fines and Forfeitures category includes revenues from parking citations, vehicle code citations, collection referral revenues, and litigation awards. The FY 2015 projection for Fines and Forfeitures is \$28.7 million, a \$0.6 million or 2.0 percent decrease from the FY 2014 Adopted Budget of \$29.3 million. The following table displays the forecast for FY 2015 through FY 2019 for the Fines and Forfeitures category.

(\$ in millions)

Fines and Forfeitures	FY 2014 Adopted	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Growth Rate		0.5%	0.5%	0.5%	0.5%	0.5%
Projection	\$ 29.3	\$ 28.7	\$ 28.8	\$ 29.0	\$ 29.1	\$ 29.3

The decrease from the FY 2014 Adopted Budget to the FY 2015 projection is the result of a reduction of \$0.8 million in red light citation revenue. These funds are recognized as regular vehicle code citation revenue; however, for FY 2014 these funds were incorrectly budgeted in a separate account, thus the revenue was double-budgeted. It should be noted that these are not red light photo citation revenues, which were reduced in the FY 2014 Adopted Budget.

In addition to the correction to red light citation revenue, a conservative growth rate of 0.5 percent is applied from FY 2015 through FY 2019 based on historical average increases in the Fines and Forfeitures category budget over the past 10 years.

**Revenue from Money and Property**

The Revenue from Money and Property category primarily consists of rental revenue generated from City-owned properties including Mission Bay, Pueblo Lands, and the Midway area properties. This category also includes Interest Earnings, which are discussed in detail below. The FY 2015 projection for Revenue from Money and Property is \$50.9 million, a \$6.0 million increase from the FY 2014 Adopted Budget of \$44.9 million. The following table displays the forecast for FY 2015 through FY 2019 for the Revenue from Money and Property category.

(\$ in millions)

Revenue from Money and Property	FY 2014 Adopted	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Growth Rate		2.5%	2.5%	2.5%	2.5%	2.5%
Projection	\$ 44.9	\$ 50.9	\$ 55.2	\$ 56.2	\$ 57.3	\$ 58.4

A conservative growth rate of 2.5 percent is applied from FY 2015 through FY 2019 based on historical average increases in the Revenue from Money and Property category budget over the past 10 years.

Additional adjustments to the Revenue from Money and Property category include a reduction to the Mission Bay Lease revenues. As stated in the City Charter, \$23.0 million of Mission Bay rents and concession revenues are to be placed into the General Fund and may be used for any municipal purpose. Per Proposition C and City Charter Section 55.2, this threshold amount will remain at \$23.0 million 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 Improvements Fund. The San Diego Regional Park Improvement Fund is to receive 25.0 percent of revenues in excess of the threshold amount or \$2.5 million, whichever is greater, with 75.0 percent or the remaining amount allocated to the Mission Bay Improvements Fund.

## Interest Earnings

In accordance with the City Charter and the authority granted by the City Council, the City Treasurer is responsible for investing the City's cash assets, exclusive of City Trust Funds. With the exception of certain bond funds, all City funds are pooled and invested in the City Treasurer's Pooled Investment Fund (Fund) to manage the City's cash flow requirements. The Fund's investments must comply with the City Treasurer's Investment Policy and the State of California Government Code guidelines and restrictions. The maximum maturity of any investment may not exceed five years. Selection of an investment is based on safety, liquidity, risk, interest rate environment, and the cash flow requirements of the City. Deviations in returns from one fiscal year to the next can generally be attributed to changes in market interest rates or the actual average amount invested during the fiscal year. Past interest earnings performance is no guarantee or indicator of future results.

Interest rates have remained historically low since the financial crisis of 2008. The federal funds rate has remained at a target of 0.00 to 0.25 percent during the entire period even as economic activity has been expanding at a moderate pace. The Federal Open Market Committee (FOMC) has stated that the current "exceptionally low range for the federal

funds rate will be appropriate at least as long as the unemployment rate remains above 6.5 percent, inflation between one and two years ahead is projected to be no more than a half percentage point above the Committee’s 2.0 percent longer-run goal, and longer-term inflation expectations continue to be well anchored.” Based on the FOMC’s economic projection and most recent statement, interest rates are likely to remain at historic lows through at least the end of FY 2015. The result will be continued low interest earnings for FY 2015 with a gradual increase for subsequent fiscal years. It should be noted that interest rates are market driven and subject to a number of uncontrollable or unpredictable factors, resulting in outcomes different from the projections in the Outlook.

**Revenue from Federal and Other Agencies**

The Revenue from Federal and Other Agencies category includes federal and State grants, and reimbursements to the City from other agencies. The FY 2015 projection for Revenue from Federal and Other Agencies is \$4.1 million, a \$0.1 million or 2.4 percent decrease from the FY 2014 Adopted Budget of \$4.2 million. The following table displays the forecast for FY 2015 through FY 2019 for the Revenue from Federal and Other Agencies category.

(\$ in millions)

Federal and Other Agencies	FY 2014 Adopted	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Growth Rate Projection		0.0%	0.0%	0.0%	0.0%	0.0%
	\$ 4.2	\$ 4.1	\$ 4.1	\$ 4.1	\$ 4.1	\$ 4.1

No growth is projected in this revenue category; however \$0.1 million of one-time State grant revenue to provide funding for a Regional Maritime Emergency Preparedness Manager in the Fire-Rescue Department, included in the FY 2014 Adopted Budget, has been removed for the Outlook period.

**Charges for Services**

The revenue forecasted in the Charges for Services category is comprised of charges for services provided to the public and other City funds. This category includes TOT reimbursements to the General Fund, General Government Services Billings (GGSB), and other user fee revenues. The FY 2015 projection for the Charges for Services category is \$171.3 million, a \$5.8 million or 3.3 percent decrease from the FY 2014 Adopted Budget of \$177.1 million. The following table displays the forecast for FY 2015 through FY 2019 for the Charges for Services category.

(\$ in millions)

Charges for Services	FY 2014 Adopted	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Growth Rate		2.5%	2.5%	2.5%	2.5%	2.5%
Projection	\$ 177.1	\$ 171.3	\$ 178.0	\$ 187.9	\$ 195.6	\$ 203.6

A conservative growth rate of 2.5 percent has been applied from FY 2015 through FY 2019 based on historical average increases in the Charges for Services category budget over the past 10 years. The Outlook also includes the removal of one-time revenue, adjustments to TOT reimbursements to the General Fund, Abandoned Vehicle Abatement (AVA) revenue, Fire-Rescue Combustible Explosive and Dangerous Materials (CEDMAT) inspection revenue, Fire-Rescue Airport contract revenue, and Lifeguard contract revenue which are described in more detail below.

The one-time revenue being removed from the Charges for Services category projection is \$0.9 million from the Consumer and Environmental Protection Unit Fund in the Office of the City Attorney.

The Outlook includes a \$6.0 million reduction in General Fund reimbursements from the TOT four-cent revenue allocation for tourism related expenditures in FY 2015. This is a net reduction primarily attributed to the one-time use of \$5.3 million in TOT fund balance in FY 2014, the end of the Port Authority's \$4.5 million contribution to the Convention Center debt service payment, and a \$1.1 million increase in PETCO Park operating expenditures. These reductions are offset by projected increases in TOT revenue based on the 5.5 percent growth rate being applied for FY 2015.

The Outlook also includes an adjustment in AVA revenue, as the budget is being reduced from \$1.0 million to \$0.5 million in FY 2015 and eliminated in FY 2016 based on the program coming to an end. Fire-Rescue CEDMAT inspection revenue is reduced by \$0.5 million for FY 2015 through FY 2019 to reflect more accurate projections based on actual receipts. Revenue related to the Fire-Rescue airport contract is reduced by \$1.5 million for FY 2015 through FY 2019 as a result of the ongoing audit of Fire-Rescue Department services provided to the San Diego County Regional Airport Authority. The Outlook also reflects minor adjustments to revenue related to contracts with UCSD for lifeguard coverage at Scripps and Black's Beach.

Per City Council Policy 100-02, a comprehensive analysis of the General Fund's user fees will be conducted during FY 2015 which may result in slight increases in the projected user fee revenues for FY 2016.

## Other Revenue

The Other Revenue category includes library donations, ambulance fuel reimbursements, corporate partnerships, and other miscellaneous revenues. The FY 2015 projection for the Other Revenue category is \$9.0 million, which is the same as the FY 2014 Adopted Budget. The following table displays the forecast for FY 2015 through FY 2019 for the Other Revenue category.

(\$ in millions)

Other Revenue	FY 2014 Adopted	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Growth Rate		0.0%	0.0%	0.0%	0.0%	0.0%
Projection	\$ 9.0	\$ 9.0	\$ 9.0	\$ 9.0	\$ 9.0	\$ 9.0

No adjustments or growth is projected within the Other Revenue category for the FY 2015 through FY 2019 forecast period.

## Transfers In

The Transfers In category represents transfers to the General Fund from non-general funds and other agencies. The major components in this category are transfers from the Safety Sales Tax, Gas Tax and TransNet Funds, the one-cent TOT revenue transfer from the Transient Occupancy Tax Fund, and the tobacco securitized revenue. The FY 2015 projection for the Transfers In category is \$68.3 million, an \$18.8 million or 21.6 percent decrease from the FY 2014 Adopted Budget of \$87.1 million. The following table displays the forecast for FY 2015 through FY 2019 for the Transfers In category.

(\$ in millions)

Transfers In	FY 2014 Adopted	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Growth Rate		0.0%	0.0%	0.0%	0.0%	0.0%
Projection	\$ 87.1	\$ 68.3	\$ 70.0	\$ 72.8	\$ 74.4	\$ 76.1

No growth rate is applied to the Transfers In category, however the FY 2015 projection includes the removal of \$20.7 million in one-time revenues that were included in the FY 2014 Adopted Budget. The one-time revenues being removed from the projection include \$13.0 million from the SDG&E wildfire settlement, \$3.8 million in tobacco securitized revenue, and the \$3.0 million transfer from the Computer Aided Dispatch (CAD) capital improvement project.

Additional adjustments within the category include transfers from the Safety Sales Tax Fund, the Gas Tax Fund, and the TransNet Fund which are projected to increase at the same rates as Sales Tax as these revenues are components of the citywide sales tax rate.

Safety Sales Tax revenue is derived from a half-cent sales tax resulting from the enactment of Proposition 172 in 1994. Annually, a certain amount of Safety Sales Tax revenue is allocated to the Fire and Lifeguard Facilities Fund for the payment of debt obligations associated with Fire and Lifeguard facility improvements. The remaining revenue is distributed to the General Fund equally between the Police and Fire-Rescue Departments' budgets to support public safety needs.

### Potential Impacts to General Fund Revenue Projections

The FY 2015-2019 Five-Year Financial Outlook incorporates a wide range of items that will influence projected revenues over the next five fiscal years; however, there are two items that may impact revenue projections that are not included in the Outlook, as available information was not sufficient to create an accurate projection. The items not included are residual distributions from the Redevelopment Property Tax Trust Fund (RPTTF) and the end of the sales tax 'triple-flip' in FY 2017.

- As the result of Assembly Bill x1 26 (AB 26) enacted by the State Legislature in June 2011, there have been a number of financial impacts to the City's General Fund and these impacts are expected to continue in the coming years. The impacts to the General Fund have primarily come in the form of unanticipated distributions from the RPTTF, but also include the clawback of funds through the Non-Housing Due Diligence Report (DDR). While the General Fund revenue projections include \$3.0 million in each year of the Outlook to be received from tax sharing agreements, residual distributions from the RPTTF are not included because sufficient information to develop accurate projections for the next five years was not available at the time of the development of the Outlook. To date the City has received a total of \$10.9 million from three Recognized Obligation Payment Schedule (ROPS) residual distributions from the RPTTF, however at this time the amount the City will receive in future fiscal years is not known. It is anticipated that an amount from residual ROPS distributions will be included in the FY 2015 Adopted Budget which will help to mitigate the projected \$19.1 million Baseline deficit, but sufficient information to develop the projected amount of the residual distributions will not be available until the spring of calendar year 2014.



- The Sales Tax 'triple-flip', which was enacted by the State of California in FY 2005, requires local governments to shift one-quarter of one cent of the Bradley-Burns Sales and Use Tax to the State in exchange for an equivalent amount of property tax. The sales tax 'triple-flip' is scheduled to come to an end in Fiscal Year 2017. It is estimated that the end of the 'triple-flip' would result in a one-time sales tax allocation of approximately \$12.4 million during FY 2017. If the 'triple-flip' were to come to an end, it is anticipated the City would again receive the full 1.0 percent Bradley-Burns Sales Tax (currently 0.75 percent).

## General Fund Expenditures

General Fund expenditures are comprised of both personnel and non-personnel expenditures including debt service and other non-discretionary payments. This section provides details on each of the General Fund expenditure categories displayed in the Baseline section of Attachment 1: FY 2015-2019 Five-Year Financial Outlook.

Personnel expenses made up approximately 71.6 percent of the City's General Fund FY 2014 Adopted Budget. Personnel expenses are projected to increase during the Outlook period, primarily as a result of the inclusion of non-pensionable compensation increases resulting from the five year Employee Organization Agreements between the City and its' labor unions and projected Retirement Annual Retirement Contribution (ARC) payments.

Projections for ongoing non-personnel expenses are also included in the Baseline Budget and are based on anticipated events and historical trend analysis. Significant adjustments to non-personnel expenditure projections include reserve contributions to the Public Liability, Workers' Compensation, and Long Term Disability funds, adjustments to debt payments based on respective debt service schedules, and an increase in the transfer of Mission Bay lease revenues to the park improvements funds.

## Salaries and Wages

The Salaries and Wages category is the largest General Fund expenditure category and is comprised of regular salaries, special pays, overtime, step increases, and salary annual leave. The FY 2014 Adopted Budget for salaries and wages was \$515.9 million and included 7,267.50 full-time equivalents (FTEs). The following table shows the forecast for FY 2015 through FY 2019 for the Salaries and Wages category.

(\$ in millions)

Salaries and Wages	FY 2014 Adopted	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Projection	\$ 515.9	\$ 515.5	\$ 515.6	\$ 515.4	\$ 516.2	\$ 515.7

Adjustments within the Salaries and Wages category are limited as projected increases in salaries resulting from position additions are captured within the Mandates and Critical Operational Needs sections discussed later in this report. Additionally, projected increases in non-pensionable compensation resulting from the five-year employee organization agreements are discussed in the following section.

The adjustments that are included within the Salaries and Wages category are step increases and salary annual leave payouts. Step increases included in the Outlook are displayed in the table below and are equal to the amount budgeted for step increases in the FY 2014 Adopted Budget. The amount projected for step increases is anticipated to remain constant throughout the Outlook period.

(\$ in millions)

<b>Step Increases</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Projection	\$ 1.8	\$ 1.8	\$ 1.8	\$ 1.8	\$ 1.8

The Salaries and Wages category also includes an adjustment for salary annual leave payouts (or Deferred Retirement Option Plan (DROP) payouts) which are projected based on the DROP participants' exit date and projected annual leave balances. While a portion of future leave liability expense will be absorbed in departmental budgets, there exists a large number of employees with high leave balances expected to retire over the next several years. The number of DROP participants anticipated to retire and projected salary annual leave payout amounts for FY 2015 through FY 2018 are displayed in the table below.

(\$ in millions)

<b>Salary Annual Leave (DROP)</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019<sup>1</sup></b>
Projected Number of Retirees	146	144	138	165	-
Projection	\$ 3.7	\$ 3.8	\$ 3.6	\$ 4.5	\$ 3.9

1. FY 2019 Salary Annual Leave projection based on an average of FY 2015 through FY 2018 projected payouts as the number of DROP participants anticipated to retire in FY 2019 is not yet available.

An estimate for the number of DROP participants anticipated to retire in FY 2019 is not yet available as DROP is a five-year program. As a result, the \$3.9 million projection for FY 2019 is based on an average of salary annual leave payouts projected for FY 2015 through FY 2018.

## **Employee Organization Agreements**

During FY 2013, the City reached a five-year agreement for non-pensionable compensation increases with each of its' recognized employee organizations that began in FY 2014 and continue through FY 2018. The General Fund non-pensionable compensation increases projected for FY 2015 through FY 2019 are displayed in the table below.

(\$ in millions)

Five-Year Employee Organization Agreements	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 <sup>1</sup>
FY 2015 Compensation Increase	\$ 7.3	\$ 7.3	\$ 7.3	\$ 7.3	\$ 7.3
FY 2016 Compensation Increase	\$ -	\$ 9.5	\$ 9.5	\$ 9.5	\$ 9.5
FY 2017 Compensation Increase	\$ -	\$ -	\$ 1.7	\$ 1.7	\$ 1.7
FY 2018 Compensation Increase	\$ -	\$ -	\$ -	\$ 1.7	\$ 1.7
FY 2019 Compensation Increase	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 7.3</b>	<b>\$ 16.7</b>	<b>\$ 18.5</b>	<b>\$ 20.2</b>	<b>\$ 20.2</b>

1. The projection for non-pensionable compensation increases in FY 2018 remains unchanged for FY 2019 due to the uncertain outcome of future negotiations with the City's recognized employee organizations.

The five-year labor agreements contain clauses to re-open meet and confer for non-pensionable compensation increases for FY 2017 and FY 2018. As a result, no additional non-pensionable compensation increases are assumed for FY 2017 and beyond as the outcome of future negotiations with the City's recognized employee organizations are unknown.

The following table displays non-pensionable compensation increase percentages for each of the City's recognized employee organizations for FY 2015 through FY 2019.

Labor Group	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Teamsters Local 911	1.25%	1.75%	-	-	-
IAFF Local 145	1.25%	1.75%	-	-	-
POA	1.00%	2.00%	1.00%	1.00%	-
AFCME Local 127	1.75%	1.75%	-	-	-
MEA	1.75%	1.75%	-	-	-
DCAA	1.75%	1.75%	-	-	-

## Retirement Annual Required Contribution (ARC)

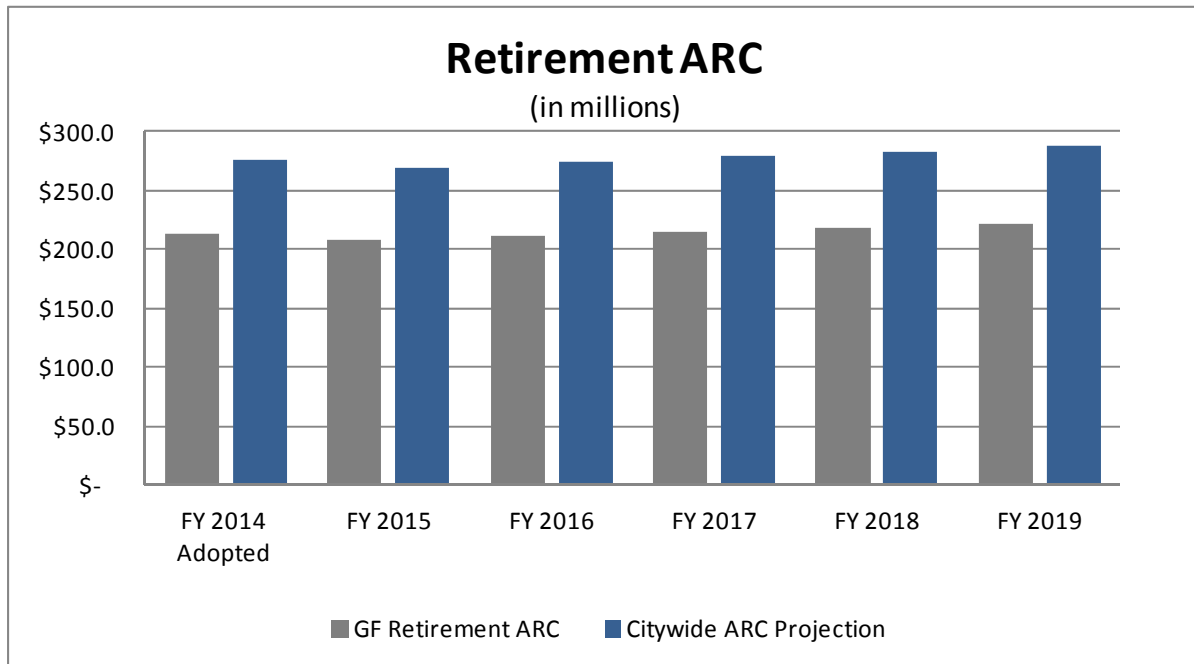
The Retirement Annual Required Contribution (ARC) is based on the San Diego City Employees Retirement System (SDCERS) Actuarial Report prepared by Cheiron as of June 30, 2012. The actuarial valuation information used to prepare the projected Retirement ARC payments is the latest available. Actual Retirement ARC payments will vary from the projection based on updated actuarial valuation information to be released early in calendar year 2014 which will reflect the pension system's asset value as of June 30, 2013.

The City's FY 2014 ARC Payment was \$275.4 million, with \$212.7 million allocated to the General Fund. On November 8, 2013, the SDCERS Board approved a reduction in the annual discount rate from 7.50 percent to 7.25 percent. Based on information provided to the SDCERS Board by Cheiron during the November 8, 2103 meeting, the estimated impacts to the June 30, 2012 actuarial valuation is a net \$12.0 million decrease to the City's ARC payment. This is the net result of a projected \$22.0 million decrease due to the employee

pay freeze as a result of the Employee Organization Agreements approved in Fiscal Year 2013, a projected \$14.0 million increase based on the reduced discount rate, and a \$4.0 million decrease due to inflation. For the purposes of this Five-year, the Financial Management Department has developed a Citywide FY 2015 ARC projection of \$269.3 million, of which \$208.0 million is the General Fund contribution. It should be noted that this projection has not been approved by the SDCERs Board of Administration and the final FY 2015 Retirement ARC payment will not be determined until an updated actuarial valuation report as of June 30, 2013 has been released which is anticipated to occur in January 2014. The following table displays both the Citywide Retirement ARC and the General Fund’s proportionate share for FY 2015 through FY 2019.

(\$ in millions)

Retirement ARC	FY 2014 Adopted	FY14 GF % of Total ARC	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
GF Retirement ARC Projection	\$ 212.7	77.2%	\$208.0	\$211.9	\$215.4	\$218.6	\$221.7
Citywide ARC Projection	\$ 275.4		\$ 269.3	\$ 274.4	\$ 278.9	\$ 283.0	\$ 287.1



### Flexible Benefits

Flexible Benefits is an Internal Revenue Service (IRS) qualified benefits program offered to all eligible employees. The program allows employees in one-half, three-quarter, or full-time status to choose benefit plans tailored to the employee’s individual needs. The City provides each eligible employee an individual credit amount on a biweekly basis for use in the

Flexible Benefits Plan Program. The credit each employee is entitled to differs based on, but not limited to, employee association, standard working hours, and selected coverage plans. Flexible Benefits include optional and required benefits, such as Medical, Dental, Vision, and Basic Life Insurance plans. For the FY 2014 Adopted Budget, \$53.1 million was budgeted in flexible benefits. The following table displays the projection for Flexible Benefits for FY 2015 through FY 2019.

(\$ in millions)

Flexible Benefits	FY 2014 Adopted	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Projection	\$ 53.1	\$ 53.1	\$ 53.1	\$ 53.1	\$ 53.1	\$ 53.1

Flexible Benefit costs are fixed by position, and total flexible benefit costs vary as the number of positions changes. As a result, the Flexible Benefits projection is held constant throughout the Outlook period as all position additions are reflected within the Mandates and Critical Operational Needs sections of this report.

Additionally, it is anticipated that the Patient Protection and Affordable Care Act (PPACA) will have an impact on the City’s cost of providing health benefits to eligible employees in future years. However, sufficient information was not available to create accurate projections for the entire Outlook period.

**Other Post Employment Benefits (OPEB)**

Other Post-Employment Benefits (OPEB) represent the cost of retiree healthcare. The Retiree Health or Other Post Employment Benefits (OPEB) Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2012 was approximately \$449.1 million and the annual required contribution was determined to be \$35.3 million. In FY 2012, the City entered into a 15-year memorandum of understanding with each of the labor organizations regarding reforms to the retiree healthcare benefit for health-eligible employees. The agreements, which cannot be changed until FY 2015 at the earliest, set the City’s OPEB contribution at \$57.8 million for FY 2013 through FY 2015, with annual increases of up to 2.5 percent after FY 2015. The FY 2014 Adopted Budget included \$57.8 million for retiree health care benefits and this amount is projected to increase by 2.5 percent annually beginning in FY 2016. The following table displays both the Citywide OPEB projection and the General Fund’s proportionate share for FY 2015 through FY 2019.

(\$ in millions)

Other Post Employment Benefits (OPEB)	FY 2014 Adopted	FY14 GF % of Total ARC	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Growth Rate			0.0%	2.5%	2.5%	2.5%	2.5%
<b>GF OPEB Projection</b>	<b>\$ 41.1</b>	<b>71.1%</b>	<b>\$ 41.1</b>	<b>\$ 42.1</b>	<b>\$ 43.2</b>	<b>\$ 44.3</b>	<b>\$ 45.4</b>
Citywide OPEB Projection	\$ 57.8		\$ 57.8	\$ 59.2	\$ 60.7	\$ 62.2	\$ 63.8

The General Fund portion is determined by the percentage of full-time equivalent (FTE) positions budgeted within the General Fund versus non-general funds. The General Fund's proportionate share of the OPEB payment is projected to remain consistent for FY 2015 through FY 2019.

## Workers' Compensation

State Workers' Compensation laws ensure that employees who are injured or disabled on the job are provided with monetary compensation. These laws are intended to reduce litigation and to provide benefits for workers (and dependents) who suffer work-related accidents or illnesses. State Workers' Compensation statutes establish this framework of laws for the City of San Diego.

The City's Workers' Compensation expenses are comprised of two components. The first component covers the cost of current medical expenses and claims, while the second component is a contribution to the Workers' Compensation Reserve Fund. The following table displays the projection for Workers' Compensation for FY 2015 through FY 2019.

(\$ in millions)

Workers' Compensation	FY 2014 Adopted	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Operating	\$ 19.9	\$ 20.7	\$ 21.6	\$ 22.4	\$ 23.3	\$ 24.3
Reserves	\$ 4.8	\$ 6.6	\$ 6.6	\$ 6.6	\$ 6.6	\$ 6.6
<b>Total</b>	<b>\$ 24.8</b>	<b>\$ 27.3</b>	<b>\$ 28.1</b>	<b>\$ 29.0</b>	<b>\$ 29.9</b>	<b>\$ 30.8</b>

Workers' Compensation projections for FY 2015 through FY 2019 are based on actual prior year experience. The component of Workers' Compensation expense for current medical expenses and claims is projected to increase by 4.0 percent annually due to increases in the cost of medical services. The General Fund contribution to the Workers' Compensation Reserve Fund is projected to be \$6.6 million (\$8.1 million Citywide) for the Outlook period to meet reserve targets required by the City Council Reserve Policy. Additional information on the Workers' Compensation Reserve Fund can be found in the Reserves section of this report.

### Supplemental Pension Savings Plan (SPSP)

In January 1982, the City established the Supplemental Pension Savings Plan (SPSP). SPSP accounts provide a way for eligible employees to add to savings for retirement income with contributions matched by the City, which is in addition to SDCERS benefits. This amount is deducted from employees' paychecks and placed into an SPSP account for the employee. Employees hired between July 1, 2009 and July 20, 2012 are not eligible for entry into SPSP but rather are placed in 401(a) and retiree medical trust plans. Those employees hired after July 20, 2012, other than sworn police officers, are placed in the SPSP-H Plan which is being used as an Interim Defined Contribution Retirement Plan for benefited employees. Eligible new hires who are non-safety employees will be required to contribute 9.2 percent of their compensation to the plan, which will be matched by a 9.2 percent employer contribution. For safety employees, the mandatory employee and matching employer contributions will be 11 percent of compensation. The following table displays the projection for SPSP for FY 2015 through FY 2019.

(\$ in millions)

Supplemental Pension Savings Plan (SPSP)	FY 2014 Adopted	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Projection	\$ 11.6	\$ 11.6	\$ 11.6	\$ 11.6	\$ 11.6	\$ 11.6

SPSP is a fringe benefit that is projected based on a percentage of employees' salaries. In the FY 2014 Adopted Budget, SPSP was approximately 2.3 percent of General Fund salaries. For the Outlook period, SPSP as a percentage of salaries is projected to remain consistent at 2.3 percent. A minor increase of \$41,000 from the FY 2014 Adopted Budget to the FY 2015 through 2019 projections is a result of anticipated salary step increases included within the Salaries and Wages category. Additionally, this projection is based on the number of employees that were enrolled in the SPSP-H Plan during the development of the FY 2014 Adopted Budget. As new employees are hired, the City's cost of SPSP-H may increase, however the impact of new hires on SPSP-H Plan expenses are currently unknown.

### Employee Offset Savings (EOS)

The labor negotiations in FY 2005 resulted in a reduction of the City's Retirement Offset Contribution. These agreements specified that the savings the City realizes as a result of this reduction must be used to address the City's pension Unfunded Actuarial Accrued Liability (UAAL). Each City department is charged based upon its respective payroll and these funds are transferred into the Employee Offset Savings (EOS) account. In FY 2006, the City issued approximately \$100.0 million in Tobacco Securitization Bonds and



transferred these funds to SDCERS as a contribution to the pension system above the ARC to address the UAAL. In order to backfill the Tobacco Settlement Revenues securitized in FY 2006 and to protect the programs previously supported with the Tobacco Settlement Revenues, a portion of the EOS funds is transferred each year to the General Fund. The following table displays the projection for Employee Offset Savings for FY 2015 through FY 2019.

(\$ in millions)

Employee Offset Savings (EOS)	FY 2014 Adopted	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Projection	\$ 9.5	\$ 9.5	\$ 9.5	\$ 9.5	\$ 9.5	\$ 9.5

EOS is a fringe benefit that is projected based on a percentage of employees' salaries. In the FY 2014 Adopted Budget, EOS was approximately 1.9 percent of General Fund salaries. For the Outlook period, EOS as a percentage of salaries is projected to remain consistent at 1.9 percent. A minor increase of \$34,000 from the FY 2014 Adopted Budget to the FY 2015 through 2019 projections is a result of anticipated salary step increases included within the Salaries and Wages category.

## Other Fringe Benefits

The Other Fringe Benefits category is comprised of Long-Term Disability, Medicare, Retiree Medical Trust, 401(a) contributions, Risk Management Administration, and Unemployment Insurance expenditures, among others. The following table displays the projection for Other Fringe Benefits for FY 2015 through FY 2019.

(\$ in millions)

Other Fringe Benefits	FY 2014 Adopted	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Projection	\$ 17.7	\$ 17.5	\$ 17.5	\$ 16.6	\$ 16.6	\$ 16.6

Other Fringe Benefits are projected based on a percentage of employees' salaries. In the FY 2014 Adopted Budget, Other Fringe Benefits were approximately 3.5 percent of General Fund salaries. For the Outlook period, Other Fringe Benefits as a percentage of salaries are projected to remain consistent at 3.5 percent. A minor increase of \$55,000 from the FY 2014 Adopted Budget to the FY 2015 through 2019 projections is a result of anticipated salary step increases included within the Salaries and Wages category.

Additionally, the General Fund contribution to the Long-Term Disability Reserve Fund is reduced from the FY 2014 Adopted Budget amount of \$1.4 million to \$1.2 million for FY 2015 and FY 2016 and further reduced to \$0 for FY 2017 through FY 2019 as a result of

funding requirements being met. Additional information on the Long-Term Disability Reserve Fund can be found in the Reserves section of this report.

## Supplies

The Supplies category includes costs for office supplies, books, tools, uniforms, safety supplies, and building and electrical materials. The following table displays the FY 2015 through FY 2019 projections for the Supplies category.

(\$ in millions)

Supplies	FY 2014 Adopted	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Growth Rate		3.0%	3.0%	3.0%	3.0%	3.0%
Projection	\$ 25.0	\$ 22.9	\$ 23.5	\$ 24.3	\$ 25.0	\$ 25.7

Adjustments within the Supplies category include the removal of one-time expenditures included in the FY 2014 Adopted Budget and an annual percentage increase based on a historical analysis.

The FY 2014 Adopted Budget included \$2.8 million in one-time expenditures for Service Authority for Freeway Emergencies (SAFE) reserve funds and the Police Department's purchase of equipment, among others. These expenditures have been removed from the FY 2015 through FY 2019 projections.

Additionally, a 3.0 percent increase has been applied for FY 2015 through FY 2019 based on historical average increases in the Supplies category budget over the past 10 years.

## Contracts

Contracts is a non-personnel expense category that includes the cost of legal fees, insurance, refuse disposal fees, fleet usage and assignment fees, rent expenses, and other contractual expenses. The following table displays the FY 2015 through FY 2019 projections for the Contracts category.

(\$ in millions)

Contracts	FY 2014 Adopted	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Growth Rate		3.0%	3.0%	3.0%	3.0%	3.0%
Projection	\$ 148.5	\$ 147.3	\$ 151.0	\$ 156.4	\$ 161.5	\$ 167.0

Adjustments within the Supplies category include the removal of one-time expenditures included in the FY 2014 Adopted Budget and an annual percentage increase based on a historical analysis.

The FY 2014 Adopted Budget included \$4.2 million in one-time expenditures within the Contracts category for the following:

- \$1.4 million for City Council Community Projects, Programs, and Services (CPPS)
- \$1.0 million for Facilities Condition Assessments
- \$0.7 million for Kinder-Morgan litigation
- \$0.5 million for Community Plan updates
- \$0.3 million for Balboa Park Traffic Management Plan
- \$0.2 million for Metropolitan Transit System (MTS) student bus passes

In addition to the removal of one-time expenditures included in the FY 2014 Adopted Budget, the following adjustments have been incorporated in the Outlook based on anticipated events:

- In FY 2016 and FY 2017, Citywide election expenses have been increased by \$0.6 million bringing the total projected election expense for these two fiscal years to \$2.4 million which provides sufficient funding for the elections scheduled to occur.
- Vehicle assignment fees have been adjusted based on analysis of vehicles to be replaced between FY 2015 and FY 2019, while vehicle usage fees have been adjusted based on the implementation of the Fleet Managed Competition.
- Vehicle usage fees have been adjusted for FY 2015 through FY 2019 to include the General Fund's proportionate share of eight additional supplemental positions in support of the Fleet Services maintenance operations.
- Property Tax Administration Fees are projected to increase at the same growth rates as included within the Property Tax revenue category.
- Rent expense for 525 B Street has been adjusted to reflect lease agreement per square foot increases, which results in a \$0.2 million increase in rent expense for FY 2015 and continued increases for the remainder of the Outlook period.
- In FY 2016, the General Fund payment of \$0.8 million for the Environmental Services Department's Operations Center has been removed as this inter-fund loan will be fully repaid.

In addition to the adjustments listed above, a 3.0 percent increase has been applied for FY 2015 through FY 2019 based on historical average increases in the Contracts category budget over the past 10 years.

## Information Technology

The Information Technology category includes the costs related to hardware and software maintenance, help desk support, and other information technology (IT) services. The following table displays the FY 2015 through FY 2019 projections for the Information Technology category.

(\$ in millions)

Information Technology	FY 2014 Adopted	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Growth Rate		0.0%	0.0%	0.0%	0.0%	0.0%
Projection	\$ 29.7	\$ 26.6	\$ 26.3	\$ 25.8	\$ 25.0	\$ 24.1

The FY 2014 Adopted Budget included \$2.1 million in one-time expenditures for the replacement of personal computers and \$0.3 million in one-time expenditures for the purchase of Police Department hand-held parking citation devices. Although no growth rate is applied to this category after one-time expenditures have been removed, the costs are projected to decrease beginning in FY 2015 and continuing throughout the Outlook period as a result of fixed contractual expenses for IT sourcing.

## Energy and Utilities

The Energy and Utilities category includes the General Fund's costs for electricity, fuel, and other utility and energy expenses. The following table displays the FY 2015 through FY 2019 projections for the Energy and Utilities category.

(\$ in millions)

Energy and Utilities	FY 2014 Adopted	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Growth Rate		5.0%	5.0%	5.0%	5.0%	5.0%
Projection	\$ 38.7	\$ 40.4	\$ 42.4	\$ 44.6	\$ 46.8	\$ 49.1

Adjustments within the Energy and Utilities category include projected water rate increases and an annual percentage increase based on a historical analysis.

Water rate increases to be presented for approval by the Public Utilities Department are anticipated to be 7.25 percent for calendar year 2014 and 7.5 percent for calendar year 2015. In addition, a 5.0 percent increase has been applied for FY 2015 through FY 2019

based on historical average increases in the Energy and Utilities category budget over the past 10 years.

## Other Expenditures

Expenses included in this category are debt service payments, transfers out to other funds, capital expenses, and other miscellaneous expenditures. The following table displays the FY 2015 through FY 2019 projections for the Other Expenditures category.

(\$ in millions)

Other Expenditures	FY 2014 Adopted	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Growth Rate		0.0%	0.0%	0.0%	0.0%	0.0%
Projection	\$ 95.2	\$ 107.3	\$ 99.5	\$ 103.5	\$ 105.3	\$ 105.8

The Outlook includes several adjustments within the Other Expenditures category including debt service payments and transfers to other non-general funds which are detailed below.

- Deferred capital debt service payments, including deferred capital bond payments, have been adjusted based on the respective debt service schedules.
- The last interest and principal payment of \$8.0 million for the McGuigan settlement will be made during FY 2015 and therefore has been removed from the Outlook beginning in FY 2016.
- Per Proposition C and City Charter Section 55.2, the Transfer Out group reflects an increase in FY 2015 of \$3.0 million of Mission Bay lease revenues to be transferred to the San Diego Regional Park Improvements Fund and the Mission Bay Improvements Fund.
- The transfer to the Public Liability Reserve Fund was increased from the FY 2014 Adopted Budget amount of \$0.1 million to \$3.9 million for the forecast period of FY 2015 through FY 2019.
- The estimated payment for Supplemental Cost of Living Adjustments (COLA) was increased from the FY 2014 Adopted Budget amount of \$1.4 million (\$1.8 million Citywide) to \$1.7 million (\$ million Citywide) in FY 2015 based on the SDCERS Supplemental COLA reserve being fully utilized during FY 2014. Beyond FY 2015, Supplemental COLA expenses are projected to decrease.

## Potential Impacts to General Fund Expenditure Projections

The FY 2015-2019 Five-Year Financial Outlook incorporates a wide range of items that will influence projected expenditures over the next five fiscal years; however, there are at least four items that may further impact expenditure projections that are not included in the Outlook, as available information was not sufficient to create accurate projections for the items listed below.

- The savings from Managed Competition included within the Outlook are only those that were included in the FY 2014 Adopted Budget, the Outlook does not include additional savings related to the Managed Competition process.
- Projected rent savings from the 525 B Street lease are included in the Outlook; however, no additional rent savings from leases anticipated to be renegotiated have been projected.
- There is a pending lawsuit surrounding services funded through Maintenance Assessment Districts (MADs). The lawsuit centers around general benefit City services being allocated to MAD funds and may result in an increase in General Fund expenditures, but any potential impacts remain unknown at this time.
- The Outlook does not include savings from the refinancing of the City's existing leases for the Equipment Vehicle Financing Program (EVFP). Given the historically low interest rates currently available, the refinancing of the City's existing leases under the EVFP is expected to result in lower lease payments in future years; however, sufficient information was not available to create accurate projections for the entire Outlook period.

## Mandates

Federal, State, and City Mandates include programs and projects that the City is obligated to implement during the FY 2015 through FY 2019 Outlook period. These mandated expenditures are primarily based on programs and projects previously approved by the Mayor and City Council, but also include mandated expenditures as a result of legislation enacted by the federal and/or State governments. In total, the implementation of federal, State, and City Mandates are projected to decrease revenue by approximately \$2.5 million in FY 2015, while increasing expenditures by \$40.5 million.

Revenue/Expense	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Federal Mandate	\$ -	\$ -	\$ -	\$ -	\$ -
State Mandate	\$ (372,274)	\$ (744,549)	\$ (744,549)	\$ (744,549)	\$ (744,549)
City Mandate	\$ (2,106,899)	\$ (3,519,194)	\$ (5,637,848)	\$ (6,733,799)	\$ (8,507,380)
<b>Total Mandated Revenue</b>	<b>\$ (2,479,173)</b>	<b>\$ (4,263,743)</b>	<b>\$ (6,382,397)</b>	<b>\$ (7,478,348)</b>	<b>\$ (9,251,929)</b>
Federal Mandate	\$ 7,045,372	\$ 10,801,561	\$ 6,995,359	\$ 11,047,749	\$ 13,247,986
State Mandate	\$ 74,449	\$ 74,449	\$ 74,449	\$ 74,449	\$ 74,449
City Mandate	\$ 33,416,486	\$ 53,720,713	\$ 74,689,813	\$ 87,832,799	\$ 91,529,852
<b>Total Mandated Expenditures</b>	<b>\$ 40,536,306</b>	<b>\$ 64,596,722</b>	<b>\$ 81,759,621</b>	<b>\$ 98,954,996</b>	<b>\$ 104,852,286</b>

The following section provides a detailed description of each of the projected mandated revenue and expenditure adjustments, including the City departments that are affected, and the impact on City services. It should be noted that personnel expenses projected for mandated programs and projects only include variable fringe costs as the full Retirement ARC is included in the Baseline Budget.

### Federal Mandates

#### Comprehensive Load Reduction Plan (CLRP) and Flood Risk Management

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>Transportation &amp; Storm Water Department</b>					
FTE	25.00	50.00	63.00	89.00	149.00
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 6,845,744	\$ 10,601,933	\$ 6,795,731	\$ 10,848,121	\$ 13,048,358
<b>Development Services Department</b>					
FTE	1.00	1.00	1.00	1.00	1.00
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 74,449	\$ 74,449	\$ 74,449	\$ 74,449	\$ 74,449
<b>Total</b>					
FTE	<b>26.00</b>	<b>51.00</b>	<b>64.00</b>	<b>90.00</b>	<b>150.00</b>
Revenue	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Expense	<b>\$ 6,920,193</b>	<b>\$ 10,676,382</b>	<b>\$ 6,870,180</b>	<b>\$ 10,922,570</b>	<b>\$ 13,122,807</b>

The City of San Diego has over 48,000 storm drain structures, 700 miles of drainage pipe, and 15 storm water pump stations. The Transportation & Storm Water Department, Storm Water Division, is responsible for the inspection, maintenance, and repair of these assets for

water quality, flood risk management and ensuring that this work is in compliance with all local, State, and federal environmental regulations. In addition, the Division manages maintenance efforts for 84 miles of drainage channels and ditches, regularly sweeps more than 2,700 miles of improved streets, and leads the City's efforts to protect and improve the water quality of rivers, creeks, bays, and the ocean.

On May 8, 2013, the Regional Water Quality Control Board (RWQCB) issued a new storm water permit in order to establish the conditions under which pollutants can be discharged from the City's storm drain system to local streams, coastal lagoons, and the ocean. The permit requires compliance with the federal Clean Water Act and storm water regulations. The City of San Diego is one of 21 entities in the San Diego region affected by the new storm water permit which took effect in July 2013, and requires all entities to come to compliance by calendar year 2018 per water quality regulations. This permit consolidated storm water regulations for Total Maximum Daily Load (TMDL) for metals and bacteria and Areas of Special Biological Significance (ASBS) requirements.

With a deadline of 2018 to comply with the new water quality regulations, the Storm Water Division will require significant increases in funding for both operating and capital expenses throughout the Outlook period. These operating increases amount to 25.00 FTEs and \$9.7 million in FY 2015 for Flood Risk Management and the Comprehensive Load Reduction Plan (CLRP). The amount of operating funding allocated to these programs continues to increase and requires a total of increase of 149.00 FTEs and \$17.0 million by FY 2019. In addition to these operating expenses, Capital Improvements Program (CIP) requirements to comply with the permit are significant each year with \$80.9 million needed in FY 2015 increasing to \$182.2 million by FY 2019. These expenditures are mostly unfunded through FY 2019 and there is not a current plan to fully fund these requirements. In FY 2014, \$5.0 million in bond funding was allocated to storm water CIP projects. Of the \$120.0 million infrastructure bond authorization being requested of the City Council, \$22.0 million has been allocated for storm drain infrastructure improvements. An additional \$2.9 million is transferred from the Storm Water Division's operations and maintenance budget each year, except in FY 2014, to support storm water CIP projects. To remain in compliance with the permit, an additional \$50.2 million is required in CIP storm water infrastructure funding in Fiscal Year 2015. These operating and capital funding needs are the minimum amounts necessary to meet and comply with the new storm water permit and associated regulations by 2018. The following table displays the total amounts to be allocated to the Storm Water Division for compliance with the new storm water permit over the next five years.



Storm Water Compliance Requirements	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>Operations &amp; Maintenance<sup>1</sup></b>	<b>\$ 35,100,865</b>	<b>\$ 44,805,747</b>	<b>\$ 48,832,440</b>	<b>\$ 45,302,152</b>	<b>\$ 49,635,974</b>	<b>\$ 52,123,272</b>
Difference From Fiscal Year 2014						
Deferred Capital Maintenance & Repair		\$ 2,859,138	\$ 3,129,642	\$ 3,405,556	\$ 3,686,988	\$ 3,974,049
Comprehensive Load Reduction Plan (CLRP)		\$ 6,754,894	\$ 7,470,584	\$ 6,541,221	\$ 7,434,184	\$ 7,268,420
Flood Risk Management		\$ 90,850	\$ 3,131,349	\$ 254,510	\$ 3,413,937	\$ 5,779,938
Total Difference From Fiscal Year 2014		\$ 9,704,882	\$ 13,731,575	\$ 10,201,287	\$ 14,535,109	\$ 17,022,407
<b>Capital Improvements Program (CIP)</b>	<b>\$ 26,960,000</b>	<b>\$ 80,901,958</b>	<b>\$ 94,815,311</b>	<b>\$ 120,899,939</b>	<b>\$ 162,770,345</b>	<b>\$ 182,159,545</b>
CIP Funding from Operations & Maintenance Budget		\$ 2,850,000	\$ 2,850,000	\$ 2,850,000	\$ 2,850,000	\$ 2,850,000
CIP Bond Funding (Authorized/Planned)	\$ 26,960,000	\$ 27,889,734	\$ 26,080,000	\$ 26,080,000	TBD	TBD
Additional Funding Needed		\$ 50,162,224	\$ 65,885,311	\$ 91,969,939	\$ 159,920,345	\$ 179,309,545
<b>Total Storm Water Compliance Requirements</b>	<b>\$ 62,060,865</b>	<b>\$ 125,707,705</b>	<b>\$ 143,647,751</b>	<b>\$ 166,202,091</b>	<b>\$ 212,406,319</b>	<b>\$ 234,282,817</b>

1. Amounts do not include fixed fringe benefits or Transfers to CIP for Fiscal Years 2015 through 2019.

Failure to begin funding requirements of the new storm water permit in Fiscal Year 2015 will prevent the Storm Water Division from implementing the required storm water quality related items and meeting the water quality regulations by 2018. If the City of San Diego fails to meet these regulations by 2018, the City may incur penalties which can amount to \$10,000 per day per violation from the State (Regional Water Quality Control Board), and federal EPA penalties of \$27,500 per day per violation. The City can also potentially be subject to third party lawsuits.

To assist the Storm Water Division in monitoring compliance with the new storm water permit requirements, 1.00 additional Code Compliance Officer has been included in the Outlook within the Development Services Department. This addition will allow the Code Enforcement Division to complete investigation and enforcement activities for the continually increasing number of cases of violations of the City's water pollution prevention regulations.

### Natural Resource Management Plans

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>Park &amp; Recreation Department</b>					
FTE	-	-	-	-	-
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 125,179	\$ 125,179	\$ 125,179	\$ 125,179	\$ 125,179

Natural Resource Management Plans recognize the presence of natural resources and provide guidelines and programs for the protection, enhancement, and management of those resources. The addition of non-personnel expenditures in the Park & Recreation Department will fund the following three required plans within the City of San Diego:

- Western Otay Valley Regional Park
- San Diego River
- Rose Canyon/Marian Bear Memorial Park

Funding these three plans will allow for the continued improvement and maintenance of the areas' natural resources.

## State Mandates

### Enterprise Zone Revenue Reduction

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>Economic Development Division</b>					
FTE	-	-	-	-	-
Revenue	\$ (372,274)	\$ (744,549)	\$ (744,549)	\$ (744,549)	\$ (744,549)
Expense	\$ -	\$ -	\$ -	\$ -	\$ -

An Enterprise Zone is a defined geographic area in which businesses can claim certain state income tax savings, created to stimulate business investments in areas that are economically disadvantaged and to spur job growth in areas of high unemployment. The provisions authorizing statewide Enterprise Zone Programs were repealed in July 2013 when the Governor approved State Bill 90 and Assembly Bill 93. Per the legislation, the dissolution of the Enterprise Zone Program becomes effective in January 2014. Once the Program is dissolved, the Economic Development Division will no longer receive revenue from fees charged to applicants of tax credit vouchers. Starting in FY 2015, the annual revenue generated from the vouchers will no longer be received; however, revenue from administrative fees may be received up until the end of FY 2015. FY 2016 will be the first year in which the City will cease to receive any revenue from the Enterprise Zone Program. The corresponding expenditures have not been reduced but will be evaluated during the budget development process for FY 2015 and FY 2016.

### Mobile Home Park Code Enforcement

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>Development Services Department</b>					
FTE	1.00	1.00	1.00	1.00	1.00
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 74,449	\$ 74,449	\$ 74,449	\$ 74,449	\$ 74,449

The California Health and Safety Code §15800-18518 and the Mobile Home Parks Act require the inspection of mobile home parks and mobile homes to ensure that the living conditions of occupants meet health and safety standards. Funding the addition of 1.00 Combination Inspector 2 position in the Development Services Department will contribute to the City meeting the statutory requirements of inspecting and monitoring mobile home park conditions.

## City Mandates

### Neighborhood Parking Protection Ordinance

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>Office of the City Treasurer</b>					
FTE	2.00	2.00	2.00	2.00	2.00
Revenue	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Expense	\$ 84,441	\$ 84,441	\$ 84,441	\$ 84,441	\$ 84,441
<b>Police Department</b>					
FTE	18.00	18.00	18.00	18.00	18.00
Revenue	\$ 2,676,667	\$ 2,676,667	\$ 2,676,667	\$ 2,676,667	\$ 2,676,667
Expense	\$ 1,324,195	\$ 1,217,795	\$ 1,217,795	\$ 1,217,795	\$ 1,217,795
<b>Transportation &amp; Storm Water Department</b>					
FTE	-	-	-	-	-
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 64,460	\$ -	\$ -	\$ -	\$ -
<b>Total</b>					
FTE	20.00	20.00	20.00	20.00	20.00
Revenue	\$ 2,826,667	\$ 2,826,667	\$ 2,826,667	\$ 2,826,667	\$ 2,826,667
Expense	\$ 1,473,097	\$ 1,302,237	\$ 1,302,237	\$ 1,302,237	\$ 1,302,237

The Neighborhood Parking Protection Ordinance amends the municipal code to prohibit the overnight parking of oversized, non-motorized, and recreational vehicles throughout the entire City of San Diego. Permits will be issued to residents or their guests to allow them to park oversized, non-motorized, and recreational vehicles on the street for up to 72 hours in order to prepare/unload the vehicles. In order to enforce the Ordinance, signs detailing the proposed regulations must be posted on every roadway entering the City and additional signs will be posted throughout the City to reinforce the messaging of the new regulation. The Parking Enforcement Unit's staffing hours of operation will be increased to 24 hours per day, seven days a week, to support the enforcement of the Ordinance. It should be noted that the Parking Enforcement Unit will not only be enforcing the Ordinance, but all other parking violations as well.

Additional funding is required to implement and enforce the Neighborhood Parking Protection Ordinance; at the same time, additional revenue is expected from permitting fees and citation fines. The expenditures, anticipated revenues, and positions needed for the enforcement of the Ordinance is presented in the table above for each of the three departments involved.

By restricting the parking of oversized, non-motorized, and recreational vehicles, the Neighborhood Parking Protection Ordinance will increase the availability of parking for City residents and visitors; preserve the character of City neighborhoods; and benefit the health, safety, and welfare of City residents.

### Penny for the Arts Blueprint – Reduction to TOT 4 Cent General Fund

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>General Fund Major Revenues</b>					
FTE	-	-	-	-	-
Revenue	\$ (5,529,630)	\$ (6,941,925)	\$ (9,060,579)	\$ (10,156,530)	\$ (11,930,111)
Expense	\$ -	\$ -	\$ -	\$ -	\$ -

The San Diego Commission for Arts and Culture is the City's officially designated local arts agency established in 1988 to serve in an advisory capacity to the Mayor and City Council on promoting and increasing support for the region's artistic and cultural assets, as well as showcasing San Diego as an international tourist destination. On October 22, 2012, the City Council passed Resolution 307760, approving the Penny for the Arts Five-Year Blueprint authorizing the Commission to implement the Blueprint as Transient Occupancy Tax (TOT) revenues increase. The four recommendations comprising the Penny for the Arts Five-Year Blueprint include the following:

- Restoring funding to the organizational support and creative communities San Diego programs
- Contributing annual allocations to the Public Art Fund
- Re-establishing the Arts and Culture Festival Revolving Fund
- Supporting Special Projects and Initiatives

The amounts of the reductions to the TOT 4 cent General Fund revenue included in the Outlook bring the total funding allocation for the Penny for the Arts Blueprint to the amounts originally approved by the City Council. The incremental increase from the FY 2014 Adopted Budget and Council-approved total allocations for the Penny for the Arts Blueprint are displayed in the following table.

Penny for the Arts	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Increase in Funding		\$ 5,529,630	\$ 6,941,925	\$ 9,060,579	\$ 10,156,530	\$ 11,930,111
Fully Funded Penny for the Arts Blueprint	\$ 8,292,170	\$ 13,821,800	\$ 15,366,589	\$ 17,927,687	\$ 19,023,638	\$ 20,797,219

### Property Value Protection Ordinance

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>Development Services Department</b>					
FTE	1.00	1.00	1.00	1.00	1.00
Revenue	\$ 55,182	\$ 55,182	\$ 55,182	\$ 55,182	\$ 55,182
Expense	\$ 67,804	\$ 67,804	\$ 67,804	\$ 67,804	\$ 67,804

The Property Value Protection Ordinance requires all lenders to register defaulted and foreclosed residential properties with the City of San Diego. The Ordinance also requires code enforcement officials to track, inspect, and monitor these properties so they do not fall into neglect and further lower property values. To increase compliance with the Ordinance,

the Development Services Department began an educational program informing lenders of the requirement to register defaulted and foreclosed residential properties. The addition of 1.00 Zoning Inspector 2 is needed to assist with the Property Value Protection Ordinance Program within the Department. The addition of revenue is anticipated through fines levied for non-compliance. Additional funding for the Program will increase the success of enforcing the Property Value Protection Ordinance.

**Brush Management Contractual Services**

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>Park &amp; Recreation Department</b>					
FTE	-	-	-	-	-
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 924,000	\$ 924,000	\$ 924,000	\$ 924,000	\$ 924,000

Brush Management decreases the risk of wildfire by thinning out vegetation that could become increasingly flammable over years of drought. A proactive Brush Management Program was developed and implemented in 2008 by the Fire-Rescue Department as a result of the 2007 Wildfires. Prior to 2008, the Department responded to citizen complaints only. The Park and Recreation Department manages and conducts brush management in the City’s open space lands. Brush Management contractual costs have increased from \$2,051 per acre to \$5,720 per acre since the expansion of the program in 2008. The contract covers 300 of the 452 acres required to be thinned annually. The remaining acreage is managed by City staff and budgeted non-profit contracts. The addition of expenditures will enable the Park and Recreation Department to continue to conduct brush management biannually as required by the City’s brush management policy.

**Deferred Capital**

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>Citywide Program Expenditures</b>					
FTE	-	-	-	-	-
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Capital - Debt Service	\$ 4,400,000	\$ 13,900,000	\$ 19,500,000	\$ 25,100,000	\$ 25,100,000
Deferred Capital - Maintenance & Repair/Capital	\$ 5,891,631	\$ 9,891,631	\$ 22,931,631	\$ 24,512,431	\$ 26,124,847
<b>Total Expense:</b>	<b>\$ 10,291,631</b>	<b>\$ 23,791,631</b>	<b>\$ 42,431,631</b>	<b>\$ 49,612,431</b>	<b>\$ 51,224,847</b>

The City of San Diego maintains a large network of infrastructure assets, such as streets, facilities, storm drains, water and wastewater pipelines, parks, bridges, airports, and golf courses. From 2007 to 2011, the City took action to assess the condition of certain General Fund infrastructure assets. Based upon a report of the condition of these assets released in March 2011, the City's deferred capital backlog for General Fund street, facility, and storm water infrastructure assets was estimated at \$898.0 million. Of this amount, \$478.0 million

was related to streets, \$185.0 million was attributed to facilities, and \$235.0 million was related to storm water infrastructure.

On March 20, 2012, the City Council approved a deferred capital funding plan, known as Enhanced Option B, which provides for bond funding totaling \$419.3 million over a five-year period from Fiscal Years 2013 through 2017, and increasing annual cash funding for maintenance and repair and capital expenditures (alternately operations and maintenance as listed in Enhanced Option B) from \$52.7 million in Fiscal Year 2013 to \$79.0 million by Fiscal Year 2017. To date, an estimated \$213.3 million in bond proceeds including earned interest have been applied to Capital Improvement Program (CIP) projects for planning, design, and construction for the repair, expansion, and/or replacement of General Fund streets, sidewalks, facilities, parks, and storm water infrastructure. This funding consists of the \$103.3 million issued in 2009, \$75.0 million issued in Fiscal Year 2012, and \$35.0 million issued in Fiscal Year 2013. The table below details the Council-approved Enhanced Option B funding plan approved in 2012.

Enhanced Option B (March 2012)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>Deferred Capital Component</b>						
Operations and Maintenance		\$ 52,700,000	\$ 50,000,000	\$ 62,000,000	\$ 66,000,000	\$ 79,040,000
Capital (Debt Service)		\$ 5,608,845	\$ 11,591,614	\$ 17,649,167	\$ 24,379,781	\$ 31,067,020
<b>Total Budget Appropriations</b>		<b>\$ 58,308,845</b>	<b>\$ 61,591,614</b>	<b>\$ 79,649,167</b>	<b>\$ 90,379,781</b>	<b>\$ 110,107,020</b>
New Bond Issuance (Net)	\$ 75,000,000	\$ 80,000,000	\$ 81,000,000	\$ 90,000,000	\$ 84,160,000	\$ 84,160,000
Use of Projected Fiscal Year 2012 Surplus		\$ 6,900,000				
<b>Total Capital/Maintenance Program</b>		<b>\$ 127,700,000</b>	<b>\$ 130,000,000</b>	<b>\$ 143,000,000</b>	<b>\$ 156,000,000</b>	<b>\$ 163,200,000</b>

The Enhanced Option B plan calls for additional bond funding of \$81.0 million in Fiscal Year 2014; however, based upon a current assessment of capital needs, the City Council will be requested to authorize the issuance of an estimated \$120.0 million in lease revenue bonds with the bond issuances anticipated to be executed over a two year period in Fiscal Years 2014 and 2015. This strategy is meant to closely match the cash requirements for the timely execution of the approved capital improvement projects that will both address the deferred capital backlog as well as provide for the expansion and replacement of current facilities and the design and construction of new facilities. As of October 2013, the City's Infrastructure Committee has approved the financing proposal and the CIP project list that will be implemented with the proposed \$120.0 million bond authorization.

The table below provides for the budgeted maintenance and repair, cash-funded capital expenditures, and debt service costs for infrastructure funding, as well as the bond issuance authorizations, in Fiscal Years 2009 through 2014. Fiscal Years 2015 through 2019 incorporate the Enhanced Option B proposal with a two percent inflation factor each year for

maintenance and repair and cash-funded capital expenditures for Fiscal Years 2018 and 2019.

FY 2015 - FY 2019 Outlook (Updated November 2013)	FY 2009-2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>Cash Funding</b>								
Maintenance and Repair <sup>1</sup>		\$ 45,800,000	\$ 52,608,369	\$ 62,000,000	\$ 66,000,000	\$ 79,040,000	\$ 80,620,800	\$ 82,233,216
Capital Expenditures <sup>1</sup>		\$ 8,300,000	\$ 3,500,000					
Bond Debt Service (Series 2009 - 2017) <sup>2</sup>		\$ 10,700,000	\$ 14,100,000	\$ 18,600,000	\$ 28,100,000	\$ 33,700,000	\$ 39,300,000	\$ 39,300,000
<b>Total Cash Funding</b>		<b>\$ 64,800,000</b>	<b>\$70,208,369</b>	<b>\$ 80,600,000</b>	<b>\$ 94,100,000</b>	<b>\$112,740,000</b>	<b>\$119,920,800</b>	<b>\$ 121,533,216</b>
Bond Issuance Authorization	\$ 178,298,000 <sup>3</sup>	\$ 35,000,000	\$ 120,000,000 <sup>4</sup>	\$ 90,000,000 <sup>5</sup>	\$ 84,160,000 <sup>5</sup>	\$ 84,160,000 <sup>5</sup>	TBD	TBD
<b>Total<sup>6</sup></b>		<b>\$129,100,000</b>	<b>\$91,108,369</b>	<b>\$ 182,000,000</b>	<b>\$156,000,000</b>	<b>\$163,200,000</b>	<b>\$164,780,800</b>	<b>TBD</b>

- Maintenance and Repair and Capital Expenditures cash funding are equivalent to the Operations and Maintenance category in Enhanced Option B. These two categories combined are classified as cash funding, from the General Fund or other funding sources such as TransNet, Prop 42 Replacement, and Street Damage Fees, to maintain an asset. The split between Maintenance and Repair and Capital Expenditures for Fiscal Years 2015 through 2019 will be determined during the development of each Fiscal Year's budget.
- Consists of actual debt service for issuances of \$103.3 million in 2009, \$75 million in 2012, and \$35 million in 2013 and estimated debt service for FY2014 - FY2017 issuances based on current interest rates which are subject to change. For planning purposes, all new bond issuances are assumed to occur in the 3rd quarter of a fiscal year resulting in the debt service impact commencing in the following fiscal year.
- Consists of bond funds of \$103.3 million in FY2009 and \$75.0 million in FY2012.
- \$120.0 million authorization in FY2014 issued in two stand-alone series to be cost effective: est. \$66.4 million in March/April of 2014 and est. \$53.6 million in March/April of 2015.
- Consistent with Enhanced Option B. Actual bond issuances to occur based on spend down trends from previous issuances.
- Total consists of the current Fiscal Year's Maintenance and Repair and Capital Expenditures cash funding, and the previous Fiscal Year's Bond Issuance Authorization since the bond proceeds are assumed to be received in the next Fiscal Year.

The following table displays the anticipated debt service payments for FY 2015 through FY 2019 for deferred capital bond issuances.

Bond Issuance	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Deferred Capital 1 - \$103.3 million	\$ 7,400,000	\$ 7,400,000	\$ 7,400,000	\$ 7,400,000	\$ 7,400,000
Deferred Capital 2 - \$75.0 million	\$ 4,600,000	\$ 4,600,000	\$ 4,600,000	\$ 4,600,000	\$ 4,600,000
Deferred Capital 2A - \$35.0 million	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000
Deferred Capital 3 - \$120.0 million	\$ 4,400,000	\$ 7,900,000	\$ 7,900,000	\$ 7,900,000	\$ 7,900,000
Deferred Capital 4 - \$90.0 million	\$ -	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000
Deferred Capital 5 - \$84.16 million	\$ -	\$ -	\$ 5,600,000	\$ 5,600,000	\$ 5,600,000
Deferred Capital 6 - \$84.16 million	\$ -	\$ -	\$ -	\$ 5,600,000	\$ 5,600,000
<b>Total</b>	<b>\$ 18,600,000</b>	<b>\$ 28,100,000</b>	<b>\$ 33,700,000</b>	<b>\$ 39,300,000</b>	<b>\$ 39,300,000</b>

The Transportation & Storm Water Department recently concluded an assessment of the City's storm drain pipes and determined that a portion of the storm water system can be rehabilitated rather than replaced. As a result of this assessment, the Department has revised the estimated maintenance backlog for storm water infrastructure from \$235.0 million to \$146.0 million. While that is positive news, the new permit compliance requirements impose significant new demands on the City's storm water system. Preliminary estimates calculated by the Transportation & Storm Water Department indicate an additional \$17.0 million is needed by Fiscal Year 2019. More information is detailed in the Federal Mandates – Comprehensive Load Reduction Plan (CLRP) and Flood Risk Management section of this document.

Separately in 2013, the City Council authorized condition assessments to be conducted for the City's General Fund facility, sidewalk, and park assets in the Fiscal Year 2014 Adopted Budget. The sidewalk and park assets condition assessments are anticipated to be substantially completed by the end of calendar year 2014; however, the facilities condition assessments are anticipated to continue through Fiscal Year 2019. A condition assessment of the City's streets is anticipated to be conducted in Fiscal Year 2015. When these assessments are completed, they will provide a more current estimated deferred capital backlog of the City's General Fund street, facility, sidewalk, and park assets. The deferred capital backlog and maintenance and repair funding requirements will need to be revised upon the completion of each assessment. It is anticipated that the deferred capital backlog will be significantly higher than the 2011 estimate of \$898.0 million because not all General Fund assets were assessed at the time. A comprehensive funding strategy will need to be discussed and developed which take into account key budget variables including General Fund affordability levels, an assessment of existing revenue capacity in meeting all the competing priorities, and new revenue options to support the infrastructure demands.

Finally, the City is in the process of developing the first Multi-Year Capital Plan, anticipated to be released and subsequently approved by the City Council along with the Fiscal Year 2015 Budget. The Plan will identify the City's long-term CIP requirements to address existing and new infrastructure needs, discuss service levels, cover current and future financial capacity, and include funding details for each capital project.

**Fire-Rescue Department – New Stations (Citygate)**

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>Fire-Rescue Department</b>					
FTE	12.00	24.00	24.00	24.00	36.00
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 3,621,637	\$ 3,483,274	\$ 3,483,274	\$ 3,483,274	\$ 5,224,911

Three new fire stations are anticipated to be added within the Fire-Rescue Department during the Outlook period. The Eastside Mission Valley Fire Station is anticipated to open in FY 2015, the Home Avenue Fire Station is anticipated to open in FY 2016, and the permanent Skyline Hills Fire Station is anticipated to open in FY 2019. These new fire stations have been identified for funding in the third Deferred Capital (DC3) bond issuance which will fund the capital cost of constructing the stations, while the increase for additional personnel and non-personnel operating expenditures are reflected in the table above. Each new fire station will require new personnel, the purchase of a new fire engine, and non-personnel expenditures such as firefighter safety tools and apparatus equipment. The new



fire stations will improve fire safety within the City of San Diego by reducing delays and service deficiencies in response to fire emergencies.

**Improvement of Government Operations Plan**

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>Office of the Chief Operating Officer</b>					
FTE	-	-	-	-	-
Revenue	\$ 540,882	\$ 540,882	\$ 540,882	\$ 540,882	\$ 540,882
Expense	\$ 1,158,962	\$ 1,158,962	\$ 1,158,962	\$ 1,158,962	\$ 1,158,962

Additional revenue and expenditures are projected related to the Improvement of Government Operations Plan as approved by City Council on October 28, 2013. Expenditure additions include funding for a management academy, efficiency study, and personnel expenses for the following positions:

- 3.00 Deputy Chief Operating Officers
- 3.00 Executive Secretaries
- 1.00 Planning Director
- 1.00 Assistant Planning Director

Partially offsetting the increased expenditures is a projected increase in General Government Services Billing (GGSB) revenue allocations to the General Fund which will increase as a result of the implementation of this plan. Additionally, this plan included the reduction of three positions that assisted in offsetting the projected additional expenditures.

**Library Department – Branch Libraries**

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>Library Department</b>					
FTE	-	-	2.00	3.62	3.62
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ -	\$ -	\$ 269,003	\$ 542,290	\$ 542,290

Two branch libraries will undergo expansion during the Outlook period, the Skyline Branch Library and the Mission Hills Branch Library. The Skyline Branch will be expanding from 4,400 square feet to 15,000 square feet in FY 2017 and the Mission Hills Branch will be expanding from 3,850 square feet to 15,000 square feet in FY 2018. These branch library expansions have been identified for funding in the third Deferred Capital (DC3) bond issuance which will fund the capital cost of expanding the branches, while the increase for additional personnel and non-personnel operating expenditures are reflected in the table above. Non-personnel expenditure additions include supplies; energy and utility costs; and contractual costs for landscaping, security, and janitorial services. The expansions will allow

each branch to better serve patrons as circulation and library usage is anticipated to increase after the expansions have been completed.

### Police Department Five-Year Plan

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>Police Department</b>					
FTE	60.00	120.00	179.00	238.00	238.00
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 14,255,451	\$ 20,686,901	\$ 22,404,999	\$ 28,093,897	\$ 28,093,897

The Police Department developed a Five-Year Plan (FY 2014 – FY 2018) as a framework to begin the process of rebuilding the Department in the areas most impacted by past budget reductions. The Department's Five-Year Plan was first presented to City Council during FY 2013 but was updated and approved by City Council on November 5, 2013. The approved plan includes both personnel and equipment which are needed to achieve greater efficiencies within the Department in the coming years.

The Police Department's Plan includes the addition of 142.00 sworn positions and 96.00 civilian positions during the FY 2015 through FY 2019 Outlook period. Non-personnel additions include vehicles and equipment for new recruits; the restoration of the Canine Unit and Air Support Unit (ABLE); the replacement of outdated equipment; and the replacement of the Computer Aided Dispatch (CAD) system, including annual maintenance costs. The following table details the sworn and civilian positions as well as equipment expenditures included within the Police Department's Five-Year Plan.

Staffing/Equipment <sup>1</sup>	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>Staffing</b>					
Sworn					
Number of New Positions	36.00	72.00	107.00	142.00	142.00
Total Number of Budgeted Positions	2,022.00	2,058.00	2,093.00	2,128.00	2,128.00
Cost of New Positions <sup>2</sup>	\$ 4,159,886	\$ 8,319,771	\$ 12,364,104	\$ 16,408,438	\$ 16,408,438
Civilian					
Number of New Positions	24.00	48.00	72.00	96.00	96.00
Total Number of Budgeted Positions	536.00	560.00	584.00	608.00	608.00
Cost of New Positions <sup>2</sup>	\$ 1,636,565	\$ 3,273,130	\$ 4,909,695	\$ 6,546,260	\$ 6,546,260
<b>Subtotal</b>					
Number of New Positions	60.00	120.00	179.00	238.00	238.00
Total Number of Budgeted Positions	2,558.00	2,618.00	2,677.00	2,736.00	2,736.00
Cost of New Positions <sup>2</sup>	\$ 5,796,451	\$ 11,592,901	\$ 17,273,799	\$ 22,954,697	\$ 22,954,697
<b>Equipment</b>					
New Recruit Equipment	\$ 135,000	\$ 135,000	\$ 128,200	\$ 128,200	\$ 128,200
New Police Vehicles	\$ 770,000	\$ 770,000	\$ 770,000	\$ 770,000	\$ 770,000
Restore Canine Unit	\$ 42,000	\$ 42,000	\$ 42,000	\$ 32,000	\$ 32,000
Restore ABLE Hours	\$ 355,000	\$ 360,000	\$ 365,000	\$ 370,000	\$ 370,000
Replace Outdated Equipment	\$ 6,407,000	\$ 1,837,000	\$ 1,876,000	\$ 1,789,000	\$ 1,789,000
Replace CAD System <sup>3</sup>	\$ -	\$ 5,200,000	\$ 1,200,000	\$ 1,300,000	\$ 1,300,000
Maintain Existing Facilities	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000
<b>Subtotal</b>	<b>\$ 8,459,000</b>	<b>\$ 9,094,000</b>	<b>\$ 5,131,200</b>	<b>\$ 5,139,200</b>	<b>\$ 5,139,200</b>
<b>Estimated Annual Budgetary Increase</b>	<b>\$ 14,255,451</b>	<b>\$ 20,686,901</b>	<b>\$ 22,404,999</b>	<b>\$ 28,093,897</b>	<b>\$ 28,093,897</b>

1. The numbers presented in this table are cumulative and therefore the amounts vary from those presented in the Police Department's Five-Year Plan.

2. Includes variable fringe costs as the entire Retirement ARC is included in the Baseline Budget.

3. The actual funding requirement for the new CAD system will be determined once the vendor has been selected and related charges to the City's IT infrastructure have been identified.

**Prevailing Wage Program**

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>Purchasing &amp; Contracting Department</b>					
FTE	9.00	9.00	9.00	9.00	9.00
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 608,904	\$ 608,904	\$ 608,904	\$ 608,904	\$ 608,904

The Prevailing Wage Program ensures that the City complies with federal labor wage laws for projects receiving federal funds and State prevailing wage laws for projects receiving State funds. Additionally, at the inception of the Program, the City was required to be in compliance with the State’s prevailing wage laws on all water and/or sewer fund projects whose estimated construction costs exceed \$10.0 million. San Diego Municipal Code §22.3019 expanded the Prevailing Wage Program in July 2013 to apply the State’s prevailing wage laws to all City projects that are “public works” within the meaning of the State prevailing wage law. The addition of expenditures and positions in the Purchasing & Contracting Department is to support the additional workload resulting from the expansion of the Program.

**Tipping and AB 939 Fee Increase**

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>Environmental Services Department</b>					
FTE	-	-	-	-	-
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 1,015,000	\$ 1,697,000	\$ 2,039,000	\$ 2,039,000	\$ 2,382,000

Disposal tipping fees support active and inactive landfill operations and are levied on landfill users, including the City of San Diego. Assembly Bill 939 (AB 939) fees are imposed in order to establish and implement an integrated waste management plan. These fees apply to all solid waste collected in the City that is disposed, regardless of the location of the disposal site, and to all solid waste disposed at the Miramar Landfill regardless of the origin of the solid waste. Increases to the rates of the tipping and AB 939 fees were approved by the City Council as a part of the Environmental Services Department’s Enterprise Funds FY 2014-2018 Five-Year Financial Outlook in November 2012. The City’s General Fund will be impacted by the fee increases as it is a customer of the Landfill when disposing trash collected under the People’s Ordinance and trash collected from City departments. The addition of expenditures in the Environmental Services Department is the result of increased waste disposal costs due to fee increases.

## Critical Operational Needs

The Critical Operational Needs section discusses critical programs and projects identified by City's General Fund departments. These critical programs and projects are items that are anticipated to occur during the Outlook period and will allow the City to maintain current service levels or provide minor enhancements to current service levels. In many instances, the items discussed in this section have been under funded historically or funded with grants and, as a result, this Outlook attempts to project sufficient funding for the full implementation of these programs and projects.

In total, the implementation of the General Fund departments' Critical Operational Needs is projected to increase revenue by approximately \$10,000 in FY 2015, while increasing expenditures by \$15.8 million, as displayed in the table below.

Revenue/Expense	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
City Attorney	\$ (264,000)	\$ (264,000)	\$ (264,000)	\$ (264,000)	\$ (264,000)
City Clerk	\$ 23,632	\$ 30,478	\$ 23,632	\$ 25,232	\$ 23,632
City Treasurer	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Library	\$ -	\$ -	\$ -	\$ -	\$ (2,000,000)
<b>Total Revenue</b>	<b>\$ 9,632</b>	<b>\$ 16,478</b>	<b>\$ 9,632</b>	<b>\$ 11,232</b>	<b>\$ (1,990,368)</b>
City Clerk	\$ 174,135	\$ 184,451	\$ 180,951	\$ 174,951	\$ 168,951
Department of Information Technology	\$ 233,890	\$ (315,306)	\$ (1,873,184)	\$ (2,393,605)	\$ (2,611,605)
Environmental Services Department	\$ 71,386	\$ 71,386	\$ 71,386	\$ 71,386	\$ 71,386
Fire-Rescue	\$ 4,692,488	\$ 3,160,988	\$ 3,592,048	\$ 3,018,848	\$ 1,696,351
Human Resources	\$ 40,000	\$ -	\$ -	\$ -	\$ -
Library	\$ 1,707,941	\$ 1,707,941	\$ 1,707,941	\$ 1,707,941	\$ 1,707,941
Lifeguard Services	\$ 1,943,468	\$ 1,615,112	\$ 2,022,911	\$ 3,322,911	\$ 1,977,077
Park and Recreation	\$ 1,328,322	\$ 719,810	\$ 719,810	\$ 719,810	\$ 712,744
Police	\$ 1,988,146	\$ 2,025,925	\$ 2,123,115	\$ 2,231,415	\$ 1,895,879
Public Works - General Services	\$ 1,891,310	\$ 1,861,310	\$ 1,861,310	\$ 1,861,310	\$ 1,361,310
Transportation and Storm Water	\$ 1,775,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
<b>Total Expenditures</b>	<b>\$ 15,846,086</b>	<b>\$ 11,046,616</b>	<b>\$ 10,421,287</b>	<b>\$ 10,729,966</b>	<b>\$ 6,995,033</b>

The remainder of this section provides detailed descriptions of each of the General Fund department's identified Critical Operational Needs and discusses the projected impact to City services. It should be noted that personnel expenses projected for critical programs and projects only include variable fringe costs as the entire Retirement ARC is included in the Baseline Budget.

### Office of the City Attorney

#### Public Utilities Department Service Level Agreement Revenue Reduction

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	-	-	-	-	-
Revenue	\$ (264,000)	\$ (264,000)	\$ (264,000)	\$ (264,000)	\$ (264,000)
Expense	\$ -	\$ -	\$ -	\$ -	\$ -

A reduction in revenue is projected as a result of a request by the Public Utilities Department to reduce the service level agreement currently in place with the City Attorney's Office.

## Office of the City Clerk

### Office of the City Clerk - Projects

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	1.00	2.00	2.00	2.00	2.00
Revenue	\$ 23,632	\$ 30,478	\$ 23,632	\$ 25,232	\$ 23,632
Expense	\$ 174,135	\$ 184,451	\$ 180,951	\$ 174,951	\$ 168,951

Addition of revenue, personnel and non-personnel expenditures related to projects the Office of the City Clerk is required to implement. The projects to be implemented include:

- New master record schedule
- Records Retention Management Program
- City Council chamber upgrades
- NetFile contract increase
- Passport Acceptance Facility Program
- Scanning operations
- Election support

## Office of the City Treasurer

### Collection Referral Fee Revenue Increase

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	-	-	-	-	-
Revenue	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Expense	\$ -	\$ -	\$ -	\$ -	\$ -

Additional revenue is projected from the implementation of the DMV/Collection Referral Fee project. The project allows the parking citation system to include Collection Referral Fees with registration liens due to the DMV.

## Department of Information Technology

### Capital Lease Reduction – Communication Equipment

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	-	-	-	-	-
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ (575,269)	\$ (1,358,368)	\$ (1,420,175)	\$ (1,429,580)	\$ (1,429,580)

Reduction in expenditures as a result of a reduction in debt service payments to the following capital leases that will be retired during FY 2014:

- Public Safety Communications Project – Motorola
- Public Safety Communications Project – Bank of America Capital Corporation

**Capital Lease Reduction – SAP**

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	-	-	-	-	-
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ (136,841)	\$ (498,938)	\$ (1,844,210)	\$ (2,657,225)	\$ (2,657,225)

Reduction in expenditures as a result of the IBM Capital Lease for the OneSD SAP software implementation being fully paid in FY 2017.

**Citywide Software Assets**

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	-	-	-	-	-
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000

Addition of expenditures related to investments in Citywide and departmental software assets (e.g. SIRE, Documentum, Geographic Information System (GIS)), including the remediation of unforeseen issues for software assets.

**Consultant for Request for Proposal for Information Technology Sourcing**

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	-	-	-	-	-
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ -	\$ -	\$ -	\$ 260,000	\$ -

Addition of expenditures related to consultation services that are needed for assistance in developing the Request for Proposal to renew the information technology sourcing contracts.

**Laptop Full Disk Encryption**

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	-	-	-	-	-
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 52,000	\$ 52,000	\$ 52,000	\$ 52,000	\$ 52,000

Addition of expenditures related to the purchase of encryption software required to prevent the loss of confidential data on new and existing laptops used by City staff. The software will

protect the City from significant financial liability and enable the City to meet its published policies on protecting confidential data.

**P25 Radio System Infrastructure**

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	-	-	-	-	-
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 613,200	\$ 949,200	\$ 1,058,400	\$ 1,100,400	\$ 1,142,400

Addition of expenditures related to funding the new Public Safety P25 Radio System lease. The current public safety radio system has reached the end of its useful life and is scheduled to be replaced. Expenditures include sales tax, maintenance contracts, and debt service payments for the new system.

**Replacement of E-mail Archiving Appliance**

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	-	-	-	-	-
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ -	\$ 260,000	\$ -	\$ -	\$ -

Addition of expenditures related to the replacement of the e-mail archiving system used by the Police Department, which will become obsolete by the manufacturer effective October 2015.

**Required Training for SAP/Security**

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	-	-	-	-	-
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 20,800	\$ 20,800	\$ 20,800	\$ 20,800	\$ 20,800

Addition of expenditures related to the provision of SAP training and information security services to the City, which are necessary to meet the minimum acceptable standards for information technology security.

**Environmental Services Department**

**General Fund Rent at Ridgehaven Facility**

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	-	-	-	-	-
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 71,386	\$ 71,386	\$ 71,386	\$ 71,386	\$ 71,386

Office space at the Ridgehaven Facility is shared between both General Fund and non-general fund departments. This addition of expenditures fully funds the General Fund's share of the rent expense at the Ridgehaven Facility.

## Fire-Rescue Department

### Chief Battalion Unit (Citygate)

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	3.00	3.00	3.00	3.00	3.00
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 363,721	\$ 363,721	\$ 363,721	\$ 363,721	\$ 363,721

Addition of FTE and expenditures related to funding a Field Battalion Chief Unit comprised of 3.00 Fire Battalion Chiefs, as recommended in the Citygate Report. A Battalion Chief manages a major unit of the Fire-Rescue Department, directing staff, equipment, and activities of that unit.

### Critical Fire/Rescue Department Equipment Needs

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	-	-	-	-	-
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 826,919	\$ 495,419	\$ 976,479	\$ 403,279	\$ 622,419

Addition of expenditures related to the purchase of the following equipment critical to the Fire-Rescue Department's operations:

- Trench shoring equipment
- Hydraulic rescue tools
- Personal protective equipment (PPE) and turnouts for firefighters

In addition to equipment, continuing education will be funded to meet Title Code of CA Regulations (8 CCR) and includes the following training:

- Confined space
- Swiftwater rescue
- Trench rescue
- Rope rescue
- Structure collapse
- Auto extrication



**Fire Academy**

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	-	-	-	-	-
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 655,283	\$ 655,283	\$ 655,283	\$ 655,283	\$ 655,283

Personnel and non-personnel expenditures related to the addition of one Fire Academy in each year of the Outlook. This addition increases the number of Fire Academies to two per year. The number of recruits in each academy is estimated to be 30.

**Wellness Contract**

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	-	-	-	-	-
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 54,928	\$ 54,928	\$ 54,928	\$ 54,928	\$ 54,928

Addition of expenditures related to ensuring appropriate funding for the Wellness Program contract. The Wellness Program provides participants a thorough and comprehensive medical and fitness exam on an annual basis.

**Exhaust Extraction System Service Repair Replacement**

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	-	-	-	-	-
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ -

Addition of expenditures related to the replacement of fire station exhaust extraction equipment as required by the memorandum of understanding between the City and the Firefighter's labor union (Local 145).

**Skyline Drive Temporary Fire Station**

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	12.00	12.00	12.00	12.00	-
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 2,741,637	\$ 1,541,637	\$ 1,541,637	\$ 1,541,637	\$ -

Addition of personnel and non-personnel expenditures related to a temporary fire station to be located at the intersection of Skyline Drive and Sychar Road. The FY 2015 costs include \$1.5 million for personnel, \$0.8 million for a new fire engine, and \$0.4 million for demolition and setup costs of the temporary station. This item includes personnel expenses of \$1.5 million annually for FY 2015 through FY 2018 as a permanent station is projected to open in FY 2019 and is included in the City Mandates section.

## Human Resources Department

### Sexual Harassment Prevention Training Expense

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	-	-	-	-	-
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 40,000	\$ -	\$ -	\$ -	\$ -

Addition of expenditures in FY 2015 for Human Resources’ training including 10,000 sexual harassment training licenses to ensure that City employees comply with the required training.

## Library Department

### Additional Central and Branch Library Hours

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	29.58	29.58	29.58	29.58	29.58
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 1,707,941	\$ 1,707,941	\$ 1,707,941	\$ 1,707,941	\$ 1,707,941

Addition of personnel expenses to increase Central and Branch Library hours. This item provides funding to increase Central Library hours by three bringing the total to 52 hours per week and Branch Library hours by four to reach a core library schedule of 48 hours per week.

### New Central Library Donation Reduction

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	-	-	-	-	-
Revenue	\$ -	\$ -	\$ -	\$ -	\$ (2,000,000)
Expense	\$ -	\$ -	\$ -	\$ -	\$ -

Reduction of revenue in FY 2019 as a result of the \$10.0 million in donations for the new Central Library being fully received in FY 2018. Donations received for the new Central Library were to be used towards the operations for the first five years beginning in FY 2014.

## Lifeguard Services Division

### Advanced Lifeguard Academy

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	-	-	-	-	-
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 276,462	\$ 276,462	\$ 276,462	\$ 276,462	\$ 276,462

Addition of personnel expenditures for an advanced lifeguard academy, which includes salaries for the attendees and the academy trainers. The number of academy is estimated at 15 annually.

**Lifeguard Division Five-Year Plan and Needs Assessment**

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	7.00	13.00	17.02	17.02	17.02
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 1,667,006	\$ 1,338,650	\$ 1,746,449	\$ 3,046,449	\$ 1,700,615

The Lifeguard Division Five-Year Plan and Needs Assessment includes staffing and equipment needs to strengthen emergency operations and improve training, special operations, and administrative functions. Non-personnel expenditures include the replacement of 34 lifeguard vehicles in FY 2018 in order to continue to provide emergency services throughout San Diego's coastline. This addition assumes the current corporate sponsorship contract with Toyota will not continue beyond FY 2018. Non-personnel expenditures also include the Lifeguard Vessel Replacement Plan in order to replace lifeguard fire, bay patrol, and surf rescue boats that have reached the end of its' service life.

**Park and Recreation Department**

**ActiveNet Online Registration**

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	1.00	1.00	1.00	1.00	1.00
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 72,941	\$ 72,941	\$ 72,941	\$ 72,941	\$ 72,941

Addition of 1.00 Information Systems Analyst II to expand the ActiveNet online registration system, manage the Department's web site, assist with Enterprise Asset Management (EAM) implementation for the Department's asset group, update the Department's Technology Plan, and several other IT projects. Currently, the ActiveNet online registration system allows the public to register online for Park and Recreation classes at two of the City's recreation centers. The planned expansion will allow the public to register for classes at all recreation centers.

**Memorial Girls Club Building**

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	-	-	-	-	-
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 600,000	\$ -	\$ -	\$ -	\$ -

Addition of contractual expenditures for the demolition and clean up of the Memorial Girls Club building and foundation, which has been deemed unsafe.

**New Fiscal Year 2015 Park and Recreation Facilities**

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	3.29	3.29	3.29	3.29	3.29
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 566,187	\$ 557,675	\$ 557,675	\$ 557,675	\$ 550,609

Addition of personnel and non-personnel expenses for new park facilities anticipated to open during FY 2015. The new facilities include Montgomery Academy, Civita Central Park, Cabrillo Heights Neigborhood Park, Canyonside Community Park, Cypress Canyon Community Park, Ed Cramer Park, Mira Mesa Community Park, Wedgeforth Elementary, Creekside Park, Morley Green, and Angier Elementary. This list of facilities was the most current at the time of the development of the Outlook, however this list is subject to change based on construction schedules. Operating costs associated with facilities anticipated to open after FY 2015 have been included within Attachment 3: FY 2015-2019 Discretionary Operational Needs as the anticipated opening dates are estimates.

**Playground Repair Staff**

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	2.00	2.00	2.00	2.00	2.00
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 89,195	\$ 89,195	\$ 89,195	\$ 89,195	\$ 89,195

Addition of 2.0 Utility Worker 2 positions to the Citywide Playground Maintenance Unit. The additional staff will ensure that preventative maintenance is completed; along with the inspection, assessment, repair, removal and replacement of playground equipment.

**Police Department**

**Animal Services Contract**

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	-	-	-	-	-
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 422,668	\$ 443,802	\$ 465,992	\$ 489,292	\$ 513,756

Addition of contractual expenditures for animal services provided by the County of San Diego, which is estimated to increase annually by approximately 5 percent.

**Police Department Air Support**

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	-	-	-	-	-
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 1,565,478	\$ 1,582,123	\$ 1,657,123	\$ 1,742,123	\$ 1,382,123

Addition of maintenance expenditures associated with Police Air Support. The increase in maintenance expenses are partially offset by a reduction in lease payments for Police helicopters. Historically, these expenses have been funded with seized asset and grant funds, which are not consistent.

**Public Works - General Services Department**

**Facilities Condition Assessment**

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	-	-	-	-	-
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 500,000

Addition of expenditures related to the completion of a condition assessment study on General Fund facilities owned and operated by the City. The study will assess the condition of over 700 General Fund facilities and continue to assess 20.0 percent of the buildings each year in five-year intervals.

**New Central Library Maintenance**

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	5.00	5.00	5.00	5.00	5.00
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 891,310	\$ 861,310	\$ 861,310	\$ 861,310	\$ 861,310

Addition of personnel and non-personnel expenditures related to maintenance and repair expenses for the new Central Library. These expenditures include a vehicle, fuel, contractual expenses, supplies, and salaries. The Department originally requested 13.50 FTEs to improve the maintenance of additional facilities; however the required minimum of 5.00 FTEs to maintain the New Central Library has been included in the Outlook. The positions include 2.00 Building Services Supervisors and 3.00 Building Services Technicians.

## Transportation and Storm Water Department

### Street Condition Assessment

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	-	-	-	-	-
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 560,000	\$ -	\$ -	\$ -	\$ -

Addition of contractual expenditures in FY 2015 to conduct a condition assessment of the City's streets.

### Street Condition Assessment Video Hosting

Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	-	-	-	-	-
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000

Addition of IT expenditures for the storage of video data from the FY 2011 street condition assessment for use in planning resurfacing projects.

### Indirect Cost Reimbursement to Caltrans Grants

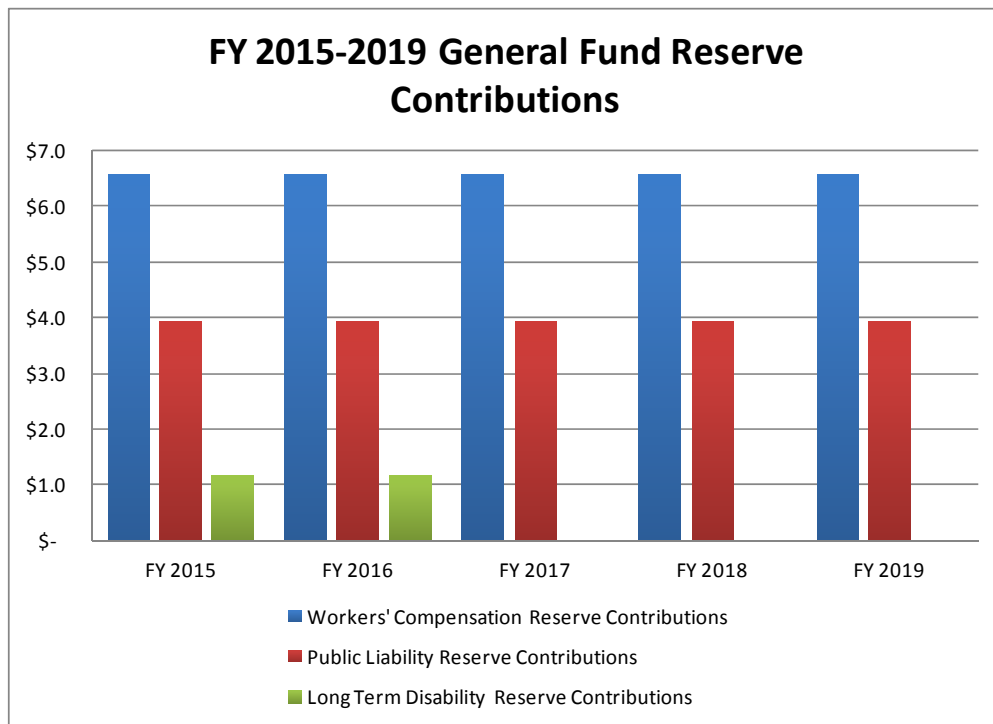
Rev/Exp/FTE	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE	-	-	-	-	-
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	\$ 1,200,000	\$ -	\$ -	\$ -	\$ -

Addition of non-personnel expenditures in FY 2015 to cover negative balances in Caltrans grant funds that resulted from the City's inability to provide Caltrans with indirect cost rate information from FY 2005 through FY 2009.

## Reserves

The City’s Reserve Policy was approved by the City Council in December 2011 to establish and grow reserves to support the City’s credit worthiness to bond rating agencies and the financial community. The Reserve Policy also ensures all major funds have reserve levels adequate to withstand the economic impact of unanticipated events such as natural disasters or reductions in revenues caused by other agencies, such as the State.

The following section primarily focuses on the reserves of the General Fund, but also discusses the General Fund’s contributions to the Public Liability Fund, Workers’ Compensation Fund, and Long Term Disability Fund, which are displayed in the following chart.



### General Fund Reserve

The City’s Reserve Policy requires that the General Fund reserves equal 8.0 percent of General Fund revenues by FY 2012 and beyond.

Based on FY 2013 unaudited actuals, the FY 2013 ending General Fund reserve balance is estimated at \$181.9 million or 15.4 percent of revenues. The FY 2014 First Quarter Budget Monitoring Report projects a net surplus of revenue over expenditures at year-end of \$18.0

million bringing the FY 2015 projected beginning reserve balance to \$199.9 million or 15.8 percent of revenues, well in excess of the 8.0 percent requirement of the Reserve Policy. The following table displays a 'status quo' scenario that includes no contributions or reductions to the General Fund reserve during the Outlook period.

<b>General Fund Reserves</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Beginning Reserve Balance</b>	<b>\$ 199.9</b>	<b>\$ 199.9</b>	<b>\$ 199.9</b>	<b>\$ 199.9</b>	<b>\$ 199.9</b>
Reserve Contribution	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Ending Reserve Balance</b>	<b>\$ 199.9</b>	<b>\$ 199.9</b>	<b>\$ 199.9</b>	<b>\$ 199.9</b>	<b>\$ 199.9</b>
<b>Ending Reserve Balance as a Percent of Revenues</b>	<b>16.4%</b>	<b>15.8%</b>	<b>15.2%</b>	<b>14.7%</b>	<b>14.3%</b>

The table begins with the projected FY 2015 beginning reserve balance of \$199.9 million and holds this amount constant throughout the Outlook, resulting in a reduction in the ending reserve balance as percentage of revenues. While this scenario is unlikely, it demonstrates the impact of no reserve contributions or reductions during the next five years. It should be noted that this scenario presented does not take into consideration the potential impacts related to the dissolution of the Redevelopment Agency. It is anticipated that a new reserve policy will be brought forward for City Council consideration during the next several months.

### Workers' Compensation Fund Reserve

The City works to build sufficient reserves to pay accrued and forecasted liabilities, based on annual valuation reports prepared by an independent actuary. The City's Workers' Compensation liabilities are estimated based on changes in claims and updated actuarial information. Per the City's Reserve Policy, the annual reserve contributions are reassessed every two years in order to ensure that the targeted goal is met in a manner that is balanced with other budget priorities. On November 1, 2013, an actuarial analysis of the Workers' Compensation program was received from Buck Consultants indicating that the City's outstanding liability for this program is \$204.7 million as of June 30, 2013. Based on this estimate, there was an average outstanding liability for FY 2011-2013 of \$172.2 million in Workers' Compensation for claims Citywide.

The City's Reserve Policy states that 50.0 percent of the average value of outstanding actuarial liability, or \$86.1 million, shall be placed in reserves by FY 2019. As of June 30, 2013, the balance on the Workers' Compensation Reserve is approximately \$39.8 million or 23.1 percent of the average outstanding liability for FY 2011-2013. The FY 2014 Adopted Budget included a \$4.8 million General Fund contribution (\$5.9 million Citywide) to the



Workers' Compensation Reserve. Including this amount in the Workers' Compensation Reserve, the reserve is projected to be \$45.7 million or 26.6 percent of the average of the outstanding liability in FY 2014. The FY 2015-2019 Outlook includes an annual General Fund contribution of \$6.6 million (\$8.1 million Citywide) to this reserve in order to meet the 50.0 percent of the average value outstanding actuarial liability by FY 2019. The following table displays the total annual reserve contribution forecasted in the FY 2015-2019 Outlook to meet the Workers' Compensation reserve goals. It is anticipated that a new reserve policy will be brought forward for City Council consideration during the next several months which will reflect the updated target contributions.

<b>Workers' Compensation Reserve Contributions</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Beginning Reserve Balance</b>	<b>\$ 39.8</b>	<b>\$ 45.7</b>	<b>\$ 53.8</b>	<b>\$ 61.9</b>	<b>\$ 69.9</b>	<b>\$ 78.0</b>
General Fund Contribution	\$ 4.8	\$ 6.6	\$ 6.6	\$ 6.6	\$ 6.6	\$ 6.6
<b>Citywide Contribution</b>	<b>\$ 5.9</b>	<b>\$ 8.1</b>	<b>\$ 8.1</b>	<b>\$ 8.1</b>	<b>\$ 8.1</b>	<b>\$ 8.1</b>
<b>Ending Reserve Balance</b>	<b>\$ 45.7</b>	<b>\$ 53.8</b>	<b>\$ 61.9</b>	<b>\$ 69.9</b>	<b>\$ 78.0</b>	<b>\$ 86.1</b>
<b>Ending Reserve Balance as a Percentage of Outstanding Liability</b>	<b>26.6%</b>	<b>31.3%</b>	<b>35.9%</b>	<b>40.6%</b>	<b>45.3%</b>	<b>50.0%</b>

## Public Liability Fund Reserve

The City continues with the Reserve Policy goal to build sufficient reserves to pay outstanding and forecasted obligations, similar to the Workers' Compensation Fund Reserve. The City's most recent assessment of the average outstanding public liability is currently estimated at \$103.6 million.

The City's Reserve Policy states that 50.0 percent of the average value of the outstanding actuarial liability, or \$51.8 million, shall be placed in reserves by FY 2019. The contribution to the Public liability Fund reserve is solely funded by the General Fund. As of June 30, 2013, the balance on the Public Liability Fund Reserve is approximately \$50.2 million or 48.4 percent of the average value of the outstanding actuarial liability. This amount, however, includes the \$27.0 million SDG&E settlement received in Fiscal Year 2012. Approximately \$16.3 million of the SDG&E settlement amount is budgeted to be transferred out of this reserve in Fiscal Year 2014, with \$12.9 million returned to the General Fund and \$3.4 million to the enterprise funds. The FY 2014 Adopted Budget includes a \$4.8 million contribution to the Public Liability Fund and on September 24, 2013 City Council approved the use of \$6.5 million for the Regional Water Quality Control Board Cleanup and Abatement Order, resulting in a projected balance of \$32.2 million, or 31.0 percent of the average outstanding liability, in FY 2014. The FY 2015-2019 Outlook includes an annual General Fund contribution of \$3.9 million to this reserve in order to meet the 50.0 percent of the average value of the outstanding liability by FY 2019. The following table displays the total

annual reserve contribution forecasted in the FY 2015-2019 Outlook to meet the Public Liability reserve goals. It is anticipated that a new reserve policy will be brought forward for City Council consideration during the next several months which will reflect the updated target contributions.

<b>Public Liability Reserve Contributions</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Beginning Reserve Balance</b>	\$ 50.2	\$ 32.2	\$ 36.1	\$ 40.0	\$ 43.9	\$ 47.9
General Fund Contribution/(Use)	\$ (18.0)	\$ 3.9	\$ 3.9	\$ 3.9	\$ 3.9	\$ 3.9
<b>Ending Reserve Balance</b>	\$ 32.2	\$ 36.1	\$ 40.0	\$ 43.9	\$ 47.9	\$ 51.8
<b>Ending Reserve Balance as a Percentage of Outstanding Liability</b>	31.0%	34.8%	38.6%	42.4%	46.2%	50.0%

## Long Term Disability Fund Reserve

The City's Reserve Policy has a Long Term Disability Fund (LTD) Reserve Policy target of \$12.0 million, based on the FY 2008 actuarial valuation, which was to be achieved by FY 2014. As of June 30, 2013, the balance in the Long Term Disability Reserve is approximately \$11.9 million. The FY 2014 Adopted Budget includes a \$1.4 million General Fund contribution (\$1.9 million Citywide) to the Long Term Disability Reserve. Including this amount in the Long Term Disability Reserve, the reserve is projected to be \$13.8 million in FY 2014. While the policy target of \$12.0 million is projected to be met in Fiscal Year 2014, revisions to the reserve policy are currently underway to reflect a new target based on the current value of approximately \$17.0 million in outstanding average liability as of June 30, 2013. As a result, contributions to the fund reserve continue through FY 2016 and then cease in FY 2017. The goal of this reserve is to transition to a fully insured long term disability program thus eventually eliminating the liability from the City's financial books.

<b>Long Term Disability Reserve Contributions</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Beginning Reserve Balance</b>	\$ 11.9	\$ 13.8	\$ 15.4	\$ 17.0	\$ 17.0	\$ 17.0
General Fund Contribution	\$ 1.4	\$ 1.2	\$ 1.2	\$ -	\$ -	\$ -
<b>Citywide Contribution</b>	\$ 1.9	\$ 1.6	\$ 1.6	\$ -	\$ -	\$ -
<b>Ending Reserve Balance</b>	\$ 13.8	\$ 15.4	\$ 17.0	\$ 17.0	\$ 17.0	\$ 17.0

## Conclusion

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The FY 2015-2019 Five-Year Financial Outlook has been expanded from previous years to incorporate a greater range of items that will influence projected revenues and expenditures over the next five fiscal years. This expansion of the Outlook is intended to ensure that the City Council and public have enough information to facilitate an informed discussion on City needs during development of the Fiscal Year 2015 Adopted Budget.

While this Outlook projects a deficit for FY 2015, it is important to reiterate that the deficit is significantly reduced from previous years. This reduced deficit comes as a result of several years of difficult budgetary decisions following the economic recession. Over the next five months, the Mayor and the City's Executive Team will be reviewing possible solutions to offset the deficit currently projected for FY 2015 and ensure the Mayor will present a balanced budget in April for the City Council's consideration.

**ATTACHMENT 1: FY 2015 - 2019 FIVE-YEAR FINANCIAL OUTLOOK**

(\$ in millions)

	GENERAL FUND REVENUES				
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
Property Taxes	\$ 424.1	\$ 439.2	\$ 452.7	\$ 466.5	\$ 480.7
Sales Taxes <sup>1</sup>	255.6	265.3	274.7	283.8	293.2
Transient Occupancy Taxes <sup>1</sup>	92.4	97.0	108.5	113.6	118.9
Franchise Fees	70.3	72.3	74.2	76.2	78.2
Property Transfer Tax	8.8	9.8	10.7	11.8	12.9
Licenses and Permits	32.6	33.4	34.3	35.1	36.0
Fines, Forfeitures and Penalties	28.7	28.8	29.0	29.1	29.3
Revenue from Money and Property	50.9	55.2	56.2	57.3	58.4
Revenue from Federal and Other Agencies	4.1	4.1	4.1	4.1	4.1
Charges for Services	171.3	178.0	187.9	195.6	203.6
Other Revenue	9.0	9.0	9.0	9.0	9.0
Transfers In	68.3	70.0	72.8	74.4	76.1
<b>BASELINE GENERAL FUND REVENUES</b>	<b>\$ 1,216.2</b>	<b>\$ 1,262.1</b>	<b>\$ 1,314.0</b>	<b>\$ 1,356.6</b>	<b>\$ 1,400.4</b>

	GENERAL FUND EXPENDITURES				
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
Salaries & Wages	\$ 515.5	\$ 515.6	\$ 515.4	\$ 516.2	\$ 515.7
Five-Year Employee Organization Agreements <sup>2</sup>	7.3	16.7	18.5	20.2	20.2
Retirement Annual Retirement Contribution (ARC) <sup>3</sup>	208.0	211.9	215.4	218.6	221.7
Flexible Benefits	53.1	53.1	53.1	53.1	53.1
Other Post Employment Benefits (OPEB)/Retiree Healthcare	41.1	42.1	43.2	44.3	45.4
Workers' Compensation	27.3	28.1	29.0	29.9	30.8
Supplemental Pension Savings Plan (SPSP)	11.6	11.6	11.6	11.6	11.6
Employee Offset Savings (EOS)	9.5	9.5	9.5	9.5	9.5
Other Fringe Benefits	17.5	17.5	16.6	16.6	16.6
<b>Personnel Expenditures</b>	<b>\$ 890.9</b>	<b>\$ 906.2</b>	<b>\$ 912.3</b>	<b>\$ 920.0</b>	<b>\$ 924.7</b>
Supplies	\$ 22.9	\$ 23.5	\$ 24.3	\$ 25.0	\$ 25.7
Contracts	147.3	151.0	156.4	161.5	167.0
Information Technology	26.6	26.3	25.8	25.0	24.1
Energy and Utilities	40.4	42.4	44.6	46.8	49.1
Other Expenditures	107.3	99.5	103.5	105.3	105.8
<b>Non-Personnel Expenditures</b>	<b>\$ 344.4</b>	<b>\$ 342.8</b>	<b>\$ 354.6</b>	<b>\$ 363.5</b>	<b>\$ 371.8</b>
<b>BASELINE GENERAL FUND EXPENDITURES</b>	<b>\$ 1,235.3</b>	<b>\$ 1,249.0</b>	<b>\$ 1,266.9</b>	<b>\$ 1,283.6</b>	<b>\$ 1,296.5</b>

	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
<b>SURPLUS / (DEFICIT)</b>	<b>\$ (19.1)</b>	<b>\$ 13.1</b>	<b>\$ 47.2</b>	<b>\$ 73.0</b>	<b>\$ 104.0</b>

	MANDATED REVENUE/EXPENDITURE ADJUSTMENTS				
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
<b>FEDERAL MANDATES</b>					
<b>Expenditure</b>					
Comprehensive Load Reduction Plan (CLRP)	\$ 6.8	\$ 7.5	\$ 6.5	\$ 7.4	\$ 7.3
Flood Risk Management	0.2	3.2	0.3	3.5	5.9
Natural Resource Management Plans	0.1	0.1	0.1	0.1	0.1
<b>Federal Mandates Expenditure Subtotal</b>	<b>\$ 7.0</b>	<b>\$ 10.8</b>	<b>\$ 7.0</b>	<b>\$ 11.0</b>	<b>\$ 13.2</b>
<b>STATE MANDATES</b>					
<b>Revenue</b>					
Enterprise Zone Dissolution Revenue Reduction	\$ (0.4)	\$ (0.7)	\$ (0.7)	\$ (0.7)	\$ (0.7)
<b>State Mandates Revenue Subtotal</b>	<b>\$ (0.4)</b>	<b>\$ (0.7)</b>	<b>\$ (0.7)</b>	<b>\$ (0.7)</b>	<b>\$ (0.7)</b>
<b>Expenditure</b>					
Mobile Home Park Code Enforcement	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
<b>State Mandates Expenditure Subtotal</b>	<b>\$ 0.1</b>	<b>\$ 0.1</b>	<b>\$ 0.1</b>	<b>\$ 0.1</b>	<b>\$ 0.1</b>
<b>CITY MANDATES</b>					
<b>Revenue</b>					
Improvement of Government Operations Plan	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5
Neighborhood Parking Protection Ordinance	2.8	2.8	2.8	2.8	2.8
Penny for the Arts Blueprint - Reduction to TOT 4 Cent General Fund Revenue	(5.5)	(6.9)	(9.1)	(10.2)	(11.9)
Property Value Protection Ordinance	0.1	0.1	0.1	0.1	0.1
<b>City Mandates Revenue Subtotal</b>	<b>\$ (2.1)</b>	<b>\$ (3.5)</b>	<b>\$ (5.6)</b>	<b>\$ (6.7)</b>	<b>\$ (8.5)</b>
<b>Expenditure</b>					
Brush Management Contractual Services	\$ 0.9	\$ 0.9	\$ 0.9	\$ 0.9	\$ 0.9
Deferred Capital - Debt Service <sup>4</sup>	4.4	13.9	19.5	25.1	25.1
Deferred Capital - Maintenance and Repair/Capital Expenditures	5.9	9.9	22.9	24.5	26.1
Fire-Rescue Department - New Stations (Citygate) <sup>5</sup>	3.6	3.5	3.5	3.5	5.2
Improvement of Government Operations Plan	1.2	1.2	1.2	1.2	1.2
Library Department - Branch Libraries <sup>6</sup>	-	-	0.3	0.5	0.5
Neighborhood Parking Protection Ordinance	1.5	1.3	1.3	1.3	1.3
Police Department Five-Year Plan	14.3	20.7	22.4	28.1	28.1
Prevailing Wage Program	0.6	0.6	0.6	0.6	0.6
Property Value Protection Ordinance	0.1	0.1	0.1	0.1	0.1
Tippling and AB939 Fee Increase	1.0	1.7	2.0	2.0	2.4
<b>City Mandates Expenditure Subtotal</b>	<b>\$ 33.4</b>	<b>\$ 53.7</b>	<b>\$ 74.7</b>	<b>\$ 87.8</b>	<b>\$ 91.5</b>
<b>MANDATED REVENUE ADJUSTMENTS TOTAL</b>	<b>\$ (2.5)</b>	<b>\$ (4.3)</b>	<b>\$ (6.4)</b>	<b>\$ (7.5)</b>	<b>\$ (9.3)</b>
<b>MANDATED EXPENDITURE ADJUSTMENTS TOTAL</b>	<b>\$ 40.5</b>	<b>\$ 64.6</b>	<b>\$ 81.8</b>	<b>\$ 99.0</b>	<b>\$ 104.9</b>
<b>NET IMPACT OF MANDATES (REVENUE &amp; EXPENDITURE)</b>	<b>\$ 43.0</b>	<b>\$ 68.9</b>	<b>\$ 88.1</b>	<b>\$ 106.4</b>	<b>\$ 114.1</b>
<b>SURPLUS / (DEFICIT)</b>	<b>\$ (62.1)</b>	<b>\$ (55.8)</b>	<b>\$ (41.0)</b>	<b>\$ (33.4)</b>	<b>\$ (10.1)</b>

	CRITICAL OPERATIONAL NEEDS				
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
<b>Revenue</b>					
City Attorney	\$ (0.3)	\$ (0.3)	\$ (0.3)	\$ (0.3)	\$ (0.3)
City Clerk <sup>7</sup>	0.0	0.0	0.0	0.0	0.0
City Treasurer	0.3	0.3	0.3	0.3	0.3
Library	-	-	-	-	(2.0)
<b>Critical Operational Needs Revenue Subtotal</b>	<b>\$ 0.0</b>	<b>\$ 0.0</b>	<b>\$ 0.0</b>	<b>\$ 0.0</b>	<b>\$ (2.0)</b>
<b>Expenditure</b>					
City Clerk	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2
Department of Information Technology	0.2	(0.3)	(1.9)	(2.4)	(2.6)
Environmental Services Department	0.1	0.1	0.1	0.1	0.1
Fire-Rescue	4.7	3.2	3.6	3.0	1.7
Human Resources <sup>8</sup>	0.0	-	-	-	-
Library	1.7	1.7	1.7	1.7	1.7
Lifeguard Services	1.9	1.6	2.0	3.3	2.0
Park and Recreation	1.3	0.7	0.7	0.7	0.7
Police	2.0	2.0	2.1	2.2	1.9
Public Works - General Services	1.9	1.9	1.9	1.9	1.4
Transportation and Storm Water	1.8	0.0	0.0	0.0	0.0
<b>Critical Operational Needs Expenditure Subtotal</b>	<b>\$ 15.8</b>	<b>\$ 11.0</b>	<b>\$ 10.4</b>	<b>\$ 10.7</b>	<b>\$ 7.0</b>
<b>CRITICAL OPERATIONAL NEEDS REVENUE ADJUSTMENTS TOTAL</b>	<b>\$ 0.0</b>	<b>\$ 0.0</b>	<b>\$ 0.0</b>	<b>\$ 0.0</b>	<b>\$ (2.0)</b>
<b>CRITICAL OPERATIONAL NEEDS EXPENDITURE ADJUSTMENTS TOTAL</b>	<b>\$ 15.8</b>	<b>\$ 11.0</b>	<b>\$ 10.4</b>	<b>\$ 10.7</b>	<b>\$ 7.0</b>
<b>NET IMPACT OF CRITICAL OPERATIONAL NEEDS (REVENUE &amp; EXPENDITURE)</b>	<b>\$ 15.8</b>	<b>\$ 11.0</b>	<b>\$ 10.4</b>	<b>\$ 10.7</b>	<b>\$ 9.0</b>
<b>SURPLUS / (DEFICIT)</b>	<b>\$ (78.0)</b>	<b>\$ (66.8)</b>	<b>\$ (51.4)</b>	<b>\$ (44.1)</b>	<b>\$ (19.1)</b>

- Includes additional revenues in FY 2017 through FY 2019 as a result of the Convention Center Expansion.
- Outlook includes non-pensionable compensation adjustments for FY 2015 through FY 2018 based on five-year employee organization agreements. The increase in non-pensionable compensation included in FY 2018 is projected to remain constant for FY 2019.
- Based on June 30, 2012 actuarial valuation and information provided during the City Council Pension Funding Policy training on October 21, 2013, the Citywide FY 2015 Annual Required Contribution (ARC) is projected to be \$269.3 million, of which \$208.0 million is the General Fund contribution.
- Deferred Capital - Debt service amounts for the following issuance schedule: FY14 DC3 - \$120M (Two Phase Issuance), FY15 DC4 - \$90M, FY16 DC5 - \$84.16M, FY17 DC6 - \$84.16M.
- Operating expenses related to Fire Stations included in Deferred Capital Bond Issuances. Funding for capital equipment, personnel and related non-personnel expenses for the Eastside Mission Valley Fire Station, Home Avenue Fire Station and Skyline Hills Fire Station as recommended in the Citygate Report.
- Operating expenses related to Branch Library expansions included in Deferred Capital Bond Issuances. Personnel, supplies, energy and utilities, and contracts necessary to serve patrons as a result of the expansion of the Skyline Branch Library and Mission Hills Branch Library.
- Critical Operational Needs revenue for City Clerk is anticipated to be received from the Passport Acceptance Facility and election filing fees.
- Critical Operational Needs for Human Resources is an addition of \$40,000 for an increase in Sexual Harassment Prevention Training licenses.

\* Numbers may not add to exact figures due to rounding.

**ATTACHMENT 2: FY 2014 ADOPTED BUDGET - ONE-TIME REVENUES AND EXPENDITURES**

**GENERAL FUND REVENUES**

<b>Rev from Other Agencies</b>	<b>\$ 116,029</b>
Regional Maritime Emergency Preparedness Grant	\$ 116,029
<b>Charges for Services</b>	<b>\$ 925,000</b>
City Attorney's Office - Consumer & Environmental Projection and Proposition 64	\$ 925,000
<b>Transfers In</b>	<b>\$ 20,688,850</b>
Major General Fund Revenues Adjustment - SDG&E Wildfire Settlement, Tobacco Securitized Revenue, & Computer Aided Dispatch (CAD) Capital Improvement Project	\$ 20,688,850
<b>REVENUES TOTAL</b>	<b>\$ 21,729,879</b>

**GENERAL FUND EXPENDITURES**

<b>Personnel Expenditures</b>	<b>\$ 698,497</b>
Public Safety Realignment Act (AB 109) Funds	\$ 714,005
Sidewalks Condition/Needs Assessments	\$ 420,492
Park and Recreation Conditions/Needs Assessment	\$ 12,865
Restoration of the Office of the City Attorney's Budget	\$ (508,228)
Additional One-Time Adjustments	\$ 59,363
<b>Fringe Benefits</b>	<b>\$ 167,275</b>
Sidewalks Condition/Needs Assessments	\$ 109,688
Additional One-Time Adjustments	\$ 57,587
<b>Supplies</b>	<b>\$ 2,819,950</b>
Police Equipment	\$ 1,210,000
Service Authority for Freeway Emergencies (SAFE) Funds	\$ 862,500
Police Department Property Room Relocation	\$ 300,000
Advanced Lifeguard Academy	\$ 225,000
Sidewalks Condition/Needs Assessments	\$ 150,000
Park and Recreation Conditions/Needs Assessment	\$ 1,031
Additional One-Time Adjustments (Tubman Chavez Community Center and Portable Pool Program)	\$ 71,419
<b>Contracts</b>	<b>\$ 4,223,569</b>
Community, Projects, Programs & Services for Council Districts 1 - 9	\$ 1,370,658
Facilities Conditions/Needs Assessment	\$ 1,000,000
Kinder Morgan Litigation	\$ 700,000
Community Plan Updates and Special Projects	\$ 500,000
Sidewalks Condition/Needs Assessments	\$ 319,820
Balboa Park Traffic Management Plan	\$ 300,000
Park and Recreation Conditions/Needs Assessment	\$ 250,013
MTS Student Bus Passes	\$ 200,000
Traffic Signal Communication Infrastructure Master Plan	\$ 200,000
Tree Trimming Services	\$ 100,000
City Treasurer's Office - Banking Request for Proposal	\$ (150,000)
Risk Management Administration Contribution	\$ (701,672)
Additional One-Time Adjustments (Children's Pool Permit Processing, Revised Revenue for Parking Meter Operations, and New Open Space and Park Acreage)	\$ 134,750
<b>Information Technology</b>	<b>\$ 2,384,000</b>
General Fund Personal Computer Replacement	\$ 2,100,000
Police Equipment	\$ 284,000
<b>Energy and Utilities</b>	<b>\$ 650,050</b>
Service Authority for Freeway Emergencies (SAFE) Funds	\$ 650,000
Additional One-Time Adjustments (Park and Recreation Portable Pool Program)	\$ 50
<b>Transfers Out</b>	<b>\$ (366,541)</b>
Service Authority for Freeway Emergencies (SAFE) Funds	\$ 2,383,459
General Fund Transfer for the installation of City-Owned Street Lights	\$ 100,000
Storm Water CIP Contribution	\$ (2,850,000)
<b>Appropriated Reserve</b>	<b>\$ 2,000,000</b>
Police Retention Program	\$ 2,000,000
<b>Capital Expenditures</b>	<b>\$ 1,230,000</b>
Lifeguard Cliff Rescue Vehicle	\$ 500,000
Regional Water Quality Control Board Permit	\$ 290,000
Service Authority for Freeway Emergencies (SAFE) Funds	\$ 245,000
New Open Space and Park Acreage	\$ 165,000
Additional One-Time Adjustments (Police Property Room Relocation, Treasury Lobby Security Systems)	\$ 30,000
<b>EXPENDITURES TOTAL</b>	<b>\$ 13,806,800</b>

**ATTACHMENT 3: FY 2015 - 2019 DISCRETIONARY OPERATIONAL NEEDS**

**City Auditor**

<b>Staff Auditor Addition</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of personnel and non-personnel expenses as a result of Jefferson Wells' recommendation to the Audit Committee that the City of San Diego should have at least 24.50 FTE audit positions to provide sufficient coverage for high-risk audits.	FTE	1.00	2.00	3.00	4.00	5.00
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 124,876	\$ 249,751	\$ 377,027	\$ 509,102	\$ 650,778

**City Treasurer**

<b>Collection System Request For Proposals</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Expenses related to the implementation of a new Delinquent Accounts System.	FTE	-	-	-	-	-
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ -	\$ -	\$ 60,000	\$ 25,000	\$ 25,000
<b>Payment Card Industry Compliance</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of non-personnel expenses to ensure that the City's acceptance and processing of credit card information complies with industry security standards.	FTE	-	-	-	-	-
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 75,000	\$ 25,000	\$ 25,000	\$ 30,000	\$ 30,000

**Citywide Expenditure**

<b>SAP Enterprise Asset Management (EAM) System</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Development of a new SAP EAM system and integration with existing GeoSAP. General Fund preliminary amounts. Majority of non personnel expenditures. Public Utilities Department is picking up a majority of the expense. Total capital expenditure of \$2,088,480 is not included in these estimates. It is expected that the capital costs will be funded through CIP funding.	FTE	-	-	-	-	-
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 539,800	\$ 256,600	\$ 206,600	\$ 206,600	\$ 206,600

**Department of Information Technology**

<b>Access Card Key system</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Expenses associated with having a standard access key card system for every City owned facility.	FTE	-	-	-	-	-
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 26,000	\$ -	\$ -	\$ -	\$ -
<b>City Website - Upgrade and Consolidation</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of expenditures for consulting services to develop a strategy for the consolidation of the multiple document management systems in the City to use one common data repository and one set of processes.	FTE	-	-	-	-	-
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 52,000	\$ -	\$ -	\$ -	\$ -
<b>Implement Service Knowledge Management System</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Requested funding will be used to create one centralized database to house information from various servers.	FTE	-	-	-	-	-
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 130,000	\$ 52,000	\$ -	\$ -	\$ -
<b>Open Data Policy</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of 1.00 FTE Program Manager (Chief Data Officer) to support the City Council's request to establish an Open Data Program.	FTE	1.00	1.00	1.00	1.00	1.00
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 76,672	\$ 76,672	\$ 76,672	\$ 76,672	\$ 76,672
<b>Public Key Infrastructure (PKI)</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of non-personnel expenses to fund consultant services related to the PKI software.	FTE	-	-	-	-	-
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ -	\$ 52,000	\$ -	\$ -	\$ -
<b>Public Records Act (PRA) Request - Program Manager</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of 1.00 FTE Program Manager (security subject matter expert) to complete email based PRA searches within the State-mandated timeframe.	FTE	1.00	1.00	1.00	1.00	1.00
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 79,867	\$ 79,867	\$ 79,867	\$ 79,867	\$ 79,867
<b>Purchase/Implementation of Secure Mobility</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of expenditures to define a strategy for the implementation of a Secure Mobility Infrastructure which will enable the use of Mobile Apps for City workers. Expenditures include consultation, purchase and implementation of infrastructure, and maintenance.	FTE	-	-	-	-	-
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 52,000	\$ 520,000	\$ 104,000	\$ 104,000	\$ 104,000
<b>Software upgrades</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Requesting funding to purchase software licenses and fund CGI support.	FTE	-	-	-	-	-
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ -	\$ -	\$ 198,000	\$ 198,000	\$ 198,000

**Development Services**

<b>Addition of 1.00 Historic Resources Associate Planner</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of 1.00 HR Associate Planner due to the increase in project reviews and the need for staff to work on historic nominations and Mills Act agreements, and inspections.	FTE	1.00	1.00	1.00	1.00	1.00
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 76,519	\$ 76,519	\$ 76,519	\$ 76,519	\$ 76,519
<b>Brown Act and Community Planning Groups Support</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of 1.00 Clerical Assistant 2 to ensure Brown Act compliance for Community Planning Groups.	FTE	1.00	1.00	1.00	1.00	1.00
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 40,508	\$ 40,508	\$ 40,508	\$ 40,508	\$ 40,508
<b>Grants Administrator</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of 1.00 FTE Supervising Management Analyst to serve as a Grants Administrator to manage the increased workload involved with applying for grants and managing over 26 active grants valued at more than \$14.8 million.	FTE	1.00	1.00	1.00	1.00	1.00
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 90,243	\$ 90,243	\$ 90,243	\$ 90,243	\$ 90,243
<b>Park Designer</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of 1.00 Park Designer due to greatly increased workload from the increased number of Project Tracking System project reviews from telecommunication companies, private developments, and the City's Public Works Department for CIP projects. There is revenue related to the addition of this position.	FTE	1.00	1.00	1.00	1.00	1.00
	Revenue	\$ 14,660	\$ 14,660	\$ 14,660	\$ 14,660	\$ 14,660
	Expense	\$ 90,064	\$ 90,064	\$ 90,064	\$ 90,064	\$ 90,064
<b>Support for Community Plan Updates &amp; Amendments</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of contractual expenditures to fund the completion of the Uptown, North Park, Golden Hill, and Otay Mesa Community Plan Updates and Grantville Community Plan Amendment; the continuation of the Mission Valley update; and initiation of the next plan updates.	FTE	4.00	6.00	6.00	6.00	6.00
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 2,786,243	\$ 2,950,883	\$ 2,950,883	\$ 2,950,883	\$ 2,950,883

**ATTACHMENT 3: FY 2015 - 2019 DISCRETIONARY OPERATIONAL NEEDS**

**Economic Development**

<b>Mentor-Protégé Program</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of contract expenditures to administer the Mentor-Protégé Program, a community-based effort involving leaders of major prime and subcontractor organizations, financial and bonding institutions, and several public agencies to overcome barriers that typically inhibit or restrict the success of emerging construction companies.	FTE	-	-	-	-	-
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
<b>Reimbursable Community Development Block Grant (CDBG) Positions</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of 1.00 FTE Administrative Aide 2, 1.00 FTE Community Development Specialist 3, and 1.00 FTE Community Development Specialist 4 and related reimbursable revenue to support the CDBG Program operations as a result of the increase in the number of projects funded, reporting requirements and administrative functions.	FTE	1.00	3.00	3.00	3.00	3.00
	Revenue	\$ 73,445	\$ 188,365	\$ 188,365	\$ 188,365	\$ 188,365
	Expense	\$ 90,243	\$ 231,448	\$ 231,448	\$ 231,448	\$ 231,448
<b>Small/Local Business Enhancement Program</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of revenue and personnel and non-personnel expenditures to adequately support the proposed enhancements to the Small/Local Business Enhancement Program services.	FTE	0.50	0.50	0.50	0.50	0.50
	Revenue	\$ 17,181	\$ 17,181	\$ 17,181	\$ 17,181	\$ 17,181
	Expense	\$ 202,625	\$ 202,625	\$ 202,625	\$ 202,625	\$ 202,625
<b>Year-Round Homeless Shelters</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
The FY 2014 Adopted Budget included \$1.9 million for homeless shelters. The same level of funding is projected for FY 2015 and will be used to fund a variety of homeless programs and services. The estimated cost of providing year round homeless shelters is \$3.5 million, the \$1.6 million in this item is the estimated additional General Fund cost of providing year round homeless shelters (includes Single Adult, Veterans and SDHC).	FTE	-	-	-	-	-
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000

**Engineering and Capital Projects**

<b>Engineering and Capital Projects Positions</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Positions required to address projected growth in CIP and Capital Bond required projects. Personnel expenses related to the position additions are anticipated to be reimbursed by capital project funding sources.	FTE	31.50	48.50	66.50	84.50	102.50
	Revenue	\$ 3,996,092	\$ 6,779,954	\$ 9,563,816	\$ 12,347,678	\$ 15,131,540
	Expense	\$ 3,447,574	\$ 4,992,449	\$ 6,611,764	\$ 8,231,080	\$ 9,850,395

**Environmental Services Department**

<b>Compressed Natural Gas (CNG) Fueling Station Operating Costs</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of expenditures to support the General Fund's share of debt service and operating expenses necessary to construct and operate a Compressed Natural Gas (CNG) fueling station for the City's refuse collection fleet.	FTE	-	-	-	-	-
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 140,202	\$ 573,990	\$ 356,547	\$ 255,463	\$ (36,931)
<b>Employee Parking Lot Drainage</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of capital expenditures to improve the employee parking lot drainage.	FTE	-	-	-	-	-
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 110,000	\$ -	\$ -	\$ -	\$ -
<b>Hazmat Inspector</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of 0.50 FTE Hazmat Inspector 2, related non-personnel, and reimbursable revenue to maintain current service levels and alleviate \$25,000 of unbudgeted overtime expenses incurred in FY 2013. This position is 45% cost recoverable from Non-General Funds.	FTE	0.50	0.50	0.50	0.50	0.50
	Revenue	\$ 13,628	\$ 13,628	\$ 13,628	\$ 13,628	\$ 13,628
	Expense	\$ 37,937	\$ 37,937	\$ 37,937	\$ 37,937	\$ 37,937
<b>Sanitation Driver Positions</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of 2.00 FTE Sanitation Driver 2 to maintain current service levels as a result of the impacts of added discretionary leave time off and increased use of Family Medical Leave Act.	FTE	2.00	2.00	2.00	2.00	2.00
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 120,477	\$ 120,477	\$ 120,477	\$ 120,477	\$ 120,477

**Fire-Rescue**

<b>Bomb Squad Cross Staffing</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Personnel expense associated with addition of staff to eliminate cross staffing of the bomb squad unit.	FTE	12.00	12.00	12.00	12.00	12.00
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 1,214,656	\$ 1,214,656	\$ 1,214,656	\$ 1,214,656	\$ 1,214,656
<b>Code Compliance Officers</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of 8.00 FTE Code Compliance Officers to permit bi-annual inspection of the 43,000 parcels that are subject to brush management regulation.	FTE	8.00	8.00	8.00	8.00	8.00
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 402,784	\$ 402,784	\$ 402,784	\$ 402,784	\$ 402,784
<b>College Avenue Fire Station</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Funding for capital expenditures (one engine), positions (including OT, termination pay, and paramedic special pay), and NPE for the College Avenue Fire Station. The capital cost of constructing this new fire station is currently unfunded, therefore the operating expenses have been classified as discretionary.	FTE	-	-	-	12.00	12.00
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ -	\$ -	\$ 780,000	\$ 1,741,637	\$ 1,741,637
<b>Fast Response Squad (FRS) Pilot Program</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Funding for a one-year Fast Response Squad (FRS) Pilot Program. Personnel (including OT) and non-personnel expenditures are requested.	FTE	-	-	-	-	-
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 889,535	\$ -	\$ -	\$ -	\$ -
<b>Fire Prevention Bureau Administrative Support</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of 3.00 FTEs who will perform clerical duties. Duties include but not limited to: managing numerous clerical functions such as data entry, inspection, maintenance and requisitioning of office supplies, records searches, records retention and management, payroll review, procurement, and accounts payable.	FTE	3.00	3.00	3.00	3.00	3.00
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 129,933	\$ 129,933	\$ 129,933	\$ 129,933	\$ 129,933
<b>Hazardous Waste Removal Expenditures</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of contract expenditures for hazardous waste removal based on the quantity of abandoned waste incidents.	FTE	-	-	-	-	-
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
<b>Hazmat Unit Cross Staffing</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Personnel expense associated with addition of staff to eliminate cross staffing of the hazmat unit.	FTE	12.00	12.00	12.00	12.00	12.00
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 1,214,656	\$ 1,214,656	\$ 1,214,656	\$ 1,214,656	\$ 1,214,656

**ATTACHMENT 3: FY 2015 - 2019 DISCRETIONARY OPERATIONAL NEEDS**

<b>Paradise Hills Fire Station</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Funding for capital expenditures (one aerial ladder truck and one engine), positions (including overtime, termination pay, and paramedic special pay), and non-personnel expenditures for the Paradise Hills Fire Station. The capital cost of constructing this new fire station is currently unfunded, therefore the operating expenses have been classified as discretionary.	FTE			24.00	24.00	24.00
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ -	\$ 1,880,000	\$ 3,483,275	\$ 3,483,275	\$ 3,483,275

**Independent Budget Analyst (IBA)**

<b>Fiscal &amp; Policy Analyst</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of 1.00 FTE Fiscal & Policy Analyst beginning in FY 2015 to accommodate increased requests for fiscal and policy analysis.	FTE	1.00	1.00	1.00	1.00	1.00
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 110,585	\$ 110,585	\$ 110,585	\$ 110,585	\$ 110,585
<b>Training Addition</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of \$5,000 in on-going funds for training opportunities for professional staff.	FTE	-	-	-	-	-
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000

**Library**

<b>San Ysidro Branch Library Expansion</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Project will expand the current library 4,089 sq. ft. approximately 17,000 sq. ft. which is anticipated to increase circulation and library usage. Costs include both personnel and non-personnel expenditures associated with the expansion. Estimated construction date to be determined.	FTE	-	-	-	-	2.05
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ -	\$ -	\$ -	\$ -	\$ 235,026

**Park and Recreation**

<b>Additional Open Space Acres Maintenance</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of 1.00 FTE and 1 vehicle each year for maintenance and operational support for additional open space acreage received in FY 2015 - FY 2019. This support covers maintenance and management of 200 new acres, new trails, and helps to meet the Federally Mandated MSCP requirements each year. Ranger personnel requested for approximately each 200 acres in an effort to approach the benchmark of one ranger for each 648 acres. Currently, the City has one ranger for every 1,193 acres.	FTE	1.00	2.00	3.00	4.00	5.00
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 104,583	\$ 172,447	\$ 240,310	\$ 308,174	\$ 376,037
<b>Assistant Recreation Center Directors - Increased Hours</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of Assistant Recreation Center Directors at 57 recreation centers citywide to improve internal controls, operating hours, safety, customer service, and programming. As a result of these additions, recreation center hours will increase from 45 to 50.	FTE	55.00	55.00	55.00	55.00	55.00
	Revenue	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000
	Expense	\$ 2,315,367	\$ 2,315,367	\$ 2,315,367	\$ 2,315,367	\$ 2,315,367
<b>Citywide Maintenance of New Facilities</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of full-time positions and supplies expenditures for the Citywide maintenance support of Park and Recreation facilities.	FTE	2.00	2.00	2.00	2.00	2.00
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 123,486	\$ 123,486	\$ 123,486	\$ 123,486	\$ 123,486
<b>Future Year Facilities - Park and Recreation</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of personnel and non-personnel expenses for new park facilities with estimated open dates that begin in FY 2016. As the open dates for these facilities are estimates, the operating costs of the facilities have been classified as discretionary. The new facilities include Salk Neighborhood Park, Franklin Ridge Pocket Park, Phyllis Place Park, Gonzales Canyon Neighborhood Park, Del Sur Neighborhood Park, Torrey Highlands Neighborhood Park, Carmel Valley Neighborhood Park, Del Mar Mesa Neighborhood Park, Riveria Del Sol Neighborhood Park, Pacific Breezes Community Park, Southcrest Trails Mini Park, and Olive Street Mini Park.	FTE		3.17	4.65	5.21	5.21
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ -	\$ 387,216	\$ 592,934	\$ 688,238	\$ 680,890
<b>Kumeyaay Campground Restoration</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of 1.50 FTE, supplies & services, and vehicle(s) for Kumeyaay Campground Restoration required to re-open the Campground for overnight weekend camping.	FTE	1.50	1.50	1.50	1.50	1.50
	Revenue	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000
	Expense	\$ 160,298	\$ 123,578	\$ 123,578	\$ 123,578	\$ 123,578
<b>Memorial Pool Expansion</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Additional pool guard staffing and related utility expenses for the Memorial Pool, which underwent an expansion in FY 2014, expanding the pool size by 50%.	FTE	3.00	3.00	3.00	3.00	3.00
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 130,484	\$ 130,484	\$ 130,484	\$ 130,484	\$ 130,484
<b>Plaza de Panama Enhancements</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of expenditures to manage vehicular traffic and increase pedestrian-only areas in the Plaza de Panama. These expenditures include the addition of approximately 60 planters (20 trees and 40 ornamental plant material); securitization of Plaza de Panama furniture; and an anticipated increase in trash that cannot be absorbed by current staff.	FTE	1.00	1.00	1.00	1.00	1.00
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 44,396	\$ 44,396	\$ 44,396	\$ 44,396	\$ 44,396
<b>San Ysidro/Larsen Field Lighting</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of utilities expenses for two large lighting systems for a multi-purpose sports field that will be installed.	FTE	-	-	-	-	-
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500
<b>Transfer Properties from Real Estate Assets Department</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of personnel expenditures to provide trash removal, brush abatement, and graffiti removal for properties to be transferred to the Park and Recreation Department.	FTE	0.30	0.30	0.30	0.30	0.30
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 12,766	\$ 12,766	\$ 12,766	\$ 12,766	\$ 12,766
<b>Vulcan Replacement</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of non-personnel expenses to replace a 25 year old barge located in Mission Bay that is used in the movement and maintenance of directional buoys and moorings within the bay.	FTE	-	-	-	-	-
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 500,000	\$ -	\$ -	\$ -	\$ -
<b>Year-round Turf Fertilization of Fields and Parks</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of expenditures for turf fertilization in order to maintain safe playable conditions for park users.	FTE	-	-	-	-	-
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000



**ATTACHMENT 3: FY 2015 - 2019 DISCRETIONARY OPERATIONAL NEEDS**

**Personnel**

<b>Background and Medical One Stop Shop</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of personnel and non-personnel expenditures to set up the Background and Medical one-stop shop. The positions would support the new section as it relates to processing potential employees for their fingerprints, medical examination scheduling, and pre-employment background paperwork and clearance in an efficient manner all at one location.	FTE	2.00	2.00	2.00	2.00	2.00
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 106,484	\$ 106,484	\$ 106,484	\$ 106,484	\$ 106,484
<b>Outstation Program</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Reinstating the Outstation Program in the Personnel Dept; the program would provide direct support to the high volume hiring departments for a faster and more efficient hiring process.	FTE	4.00	4.00	4.00	4.00	4.00
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 312,295	\$ 312,295	\$ 312,295	\$ 312,295	\$ 312,295
<b>Recruitment/Exam Management</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of personnel and non-personnel expenditures for the Recruitment and Exam Management section to administer and maintain the online application system, including maintaining security roles and tables, and training.	FTE	2.00	2.00	2.00	2.00	2.00
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 148,219	\$ 148,219	\$ 148,219	\$ 148,219	\$ 148,219

**Public Works - General Services**

<b>Facilities Maintenance Industry Standard</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of 163.00 FTE, increase to supplies and contracts, as well as an addition of 124 vehicles, and related expenses, is requested to meet the industry standards for Facilities Maintenance.	FTE	39.00	76.00	105.00	135.00	163.00
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 6,328,641	\$ 8,397,122	\$ 10,407,322	\$ 12,472,670	\$ 14,378,675

**Purchasing & Contracting**

<b>Small/Local Business Enhancement Program</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of revenue and personnel and non-personnel expenditures to adequately support the proposed enhancements to the Small/Local Business Enhancement Program services.	FTE	3.00	3.00	3.00	3.00	3.00
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 186,390	\$ 186,390	\$ 186,390	\$ 186,390	\$ 186,390

**Transportation and Storm Water**

<b>Pedestrian Bridge at Petco Park</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Contractual maintenance cost for the Harbor Drive (Petco Park) Pedestrian Bridge.	FTE	-	-	-	-	-
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 38,500	\$ 38,500	\$ 38,500	\$ 38,500	\$ 38,500
<b>Roadway Equipment - Asphalt Grinder and Pavers</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Additional construction equipment to increase efficiency in work units and decrease equipment rental expenses.	FTE	-	-	-	-	-
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 1,039,000	\$ -	\$ -	\$ -	\$ -

**Transportation Engineering Operations**

<b>Multi-Modal Program</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Addition of 2.00 Assistant Traffic Engineers to focus on bike initiatives and the bike sharing program.	FTE	2.00	2.00	2.00	2.00	2.00
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 155,900	\$ 155,900	\$ 155,900	\$ 155,900	\$ 155,900
<b>Traffic Collision Reporting System (TCRS)</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Acquisition and maintenance costs for a Traffic Collision Reporting System (TCRS) that can provide a single entry and workflow solution.	FTE	-	-	-	-	-
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 150,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
<b>Traffic Counts for Bicycle Initiatives</b>	<b>FTE/Rev/Exp</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Costs to collect vehicular, pedestrian, and bicycle counts for the purpose of evaluating impacts of numerous bicycle initiatives and innovative treatments that are currently implemented as part of the City's emphasis on providing multi-modal transportation alternatives to residents.	FTE	-	-	-	-	-
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000