

THE PUBLIC'S GUIDE TO THE
BUDGET PROCESS
AND THE
FY 2025
ADOPTED BUDGET

The City of
SAN DIEGO

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Introduction

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

The Budget is a management and planning tool. Because the City is limited by the amount of resources available, the Budget aids officials in determining which objectives have the highest priority, meet the greatest needs, and produce the greatest positive impact in the community. The annual Budget document serves as a plan for how the monies that come into the City will be spent to operate and maintain the City.

This guide, created by the Office of the Independent Budget Analyst (IBA), is designed to help interested residents gain a better understanding of the City of San Diego's Fiscal Year (FY) 2025 Adopted Budget, and the process by which the annual operating budget is developed each year. This guide provides residents with the following:

- An overview of the FY 2025 Adopted Budget
- A description of the annual budget process
- Information about how you can become more involved in the City's budget process
- Assistance in how to access and interpret budget documents

The City's expenditures are at an all-time high in this year's Budget (the FY 2025 Adopted Budget). Though this year's Budget has enough revenues to carry out City services, it will be more challenging to fund the needs of the City in the future without additional resources. Without new revenues, balancing the Budget in future years is likely to require refraining from adding new programs and/or cutting existing programs. These challenges are discussed in the FY 2025 Adopted Budget Highlights section.

Since this guide focuses on the FY 2025 operating budget, it excludes details regarding the FY 2025 Capital Improvements Program (CIP) budget. Capital infrastructure projects funded by the CIP budget are generally large and expensive, take multiple years to complete, and are supported by financing sources outside the City's General Fund (the main funding source for core City functions and services included in the operating budget). The IBA's [Public's Guide to Infrastructure and the FY 2025 Adopted CIP Budget](#) provides an in-depth explanation of the CIP and its annual budget process. It may be used in conjunction with this guide to learn more about how the City formulates and funds major components of the annual budget. This guide to the budget is also available on the IBA's website: www.sandiego.gov/iba

For additional information regarding the City's annual budget and other important topics, contact our office at:



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FY 2025 Adopted Budget

FY 2025 Adopted Budget

FY 2025 Adopted Budget at a Glance

Total FY 2025 Expenditures Budget:
\$5.82 Billion

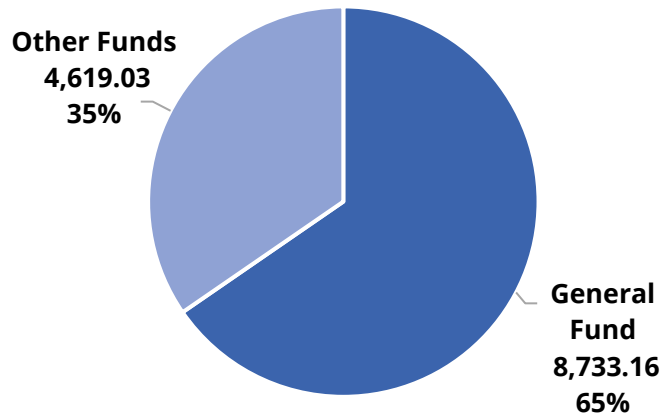


Operating Budget
(all funds)
\$4.87 Billion



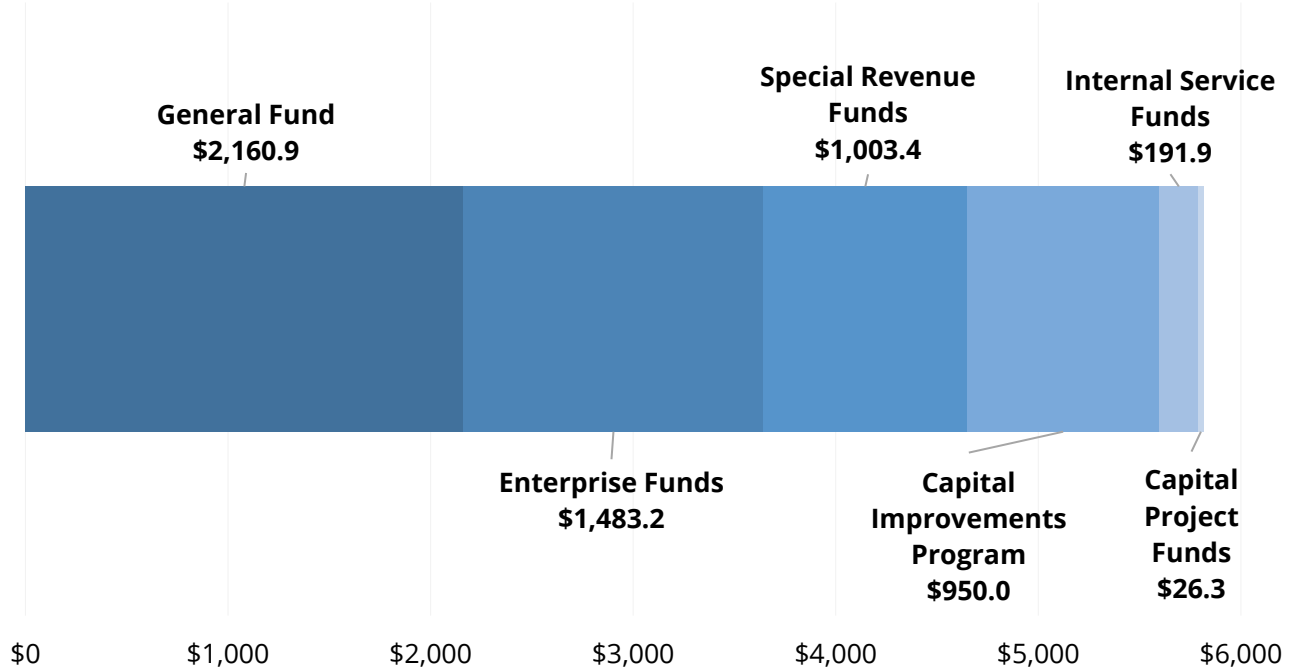
Capital Improvements Program Budget
\$950.0 Million

Total FY 2025 Full-Time Equivalent (FTE) Positions:
13,352.19 FTEs



FY 2025 Expenditures: by Fund Type/Program

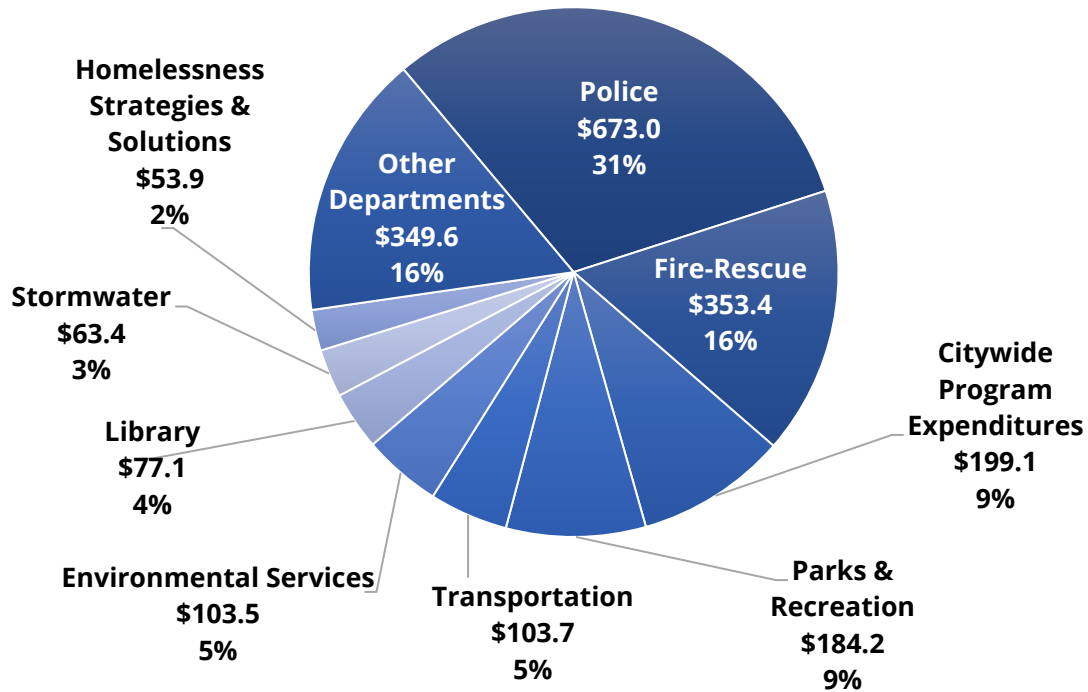
(Total: \$5.82 Billion; \$ in millions)



FY 2025 Adopted Budget

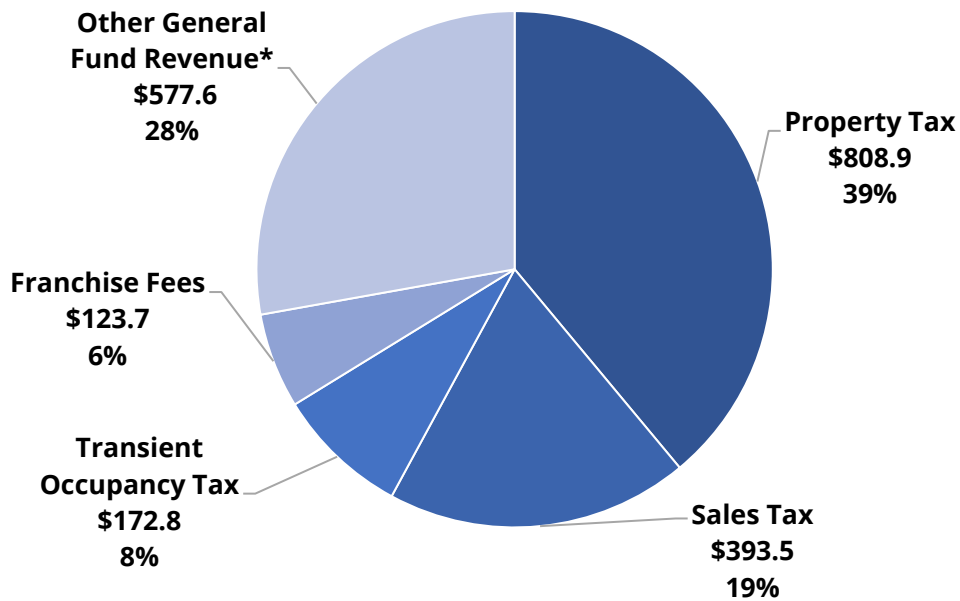
FY 2025 General Fund Expenditures: by Department

(Total: \$2.16 Billion; \$ in millions)



FY 2025 General Fund Revenue: by Source

(Total: \$2.08 Billion; \$ in millions)



*Other General Fund Revenues include: licenses & permits; fines, forfeitures, and penalties; revenue from money and property; revenue from federal agencies & other agencies; charges for current services; transfers in; and property transfer taxes.

FY 2025 Adopted Budget

FY 2025 Adopted Budget Highlights

This year's Budget aims to maintain City services, investing in key priorities including homelessness and housing, infrastructure, and public safety. Overall, this year's budgeted expenditures are at all-time highs. Revenues have increased by 8.7% overall; however, it is important to look at each source of revenue to understand the various operational components and services of the City.

The City of San Diego's FY 2025 Adopted Budget totals \$5.82 billion for expenditures. Of this amount, \$2.16 billion is for the City's General Fund, which provides essential City functions and services such as public safety (including police, fire, and lifeguard services), parks and recreation, libraries, City street maintenance, storm water management, and trash collection. Enterprise funds, which support water delivery, wastewater collection, and development services activities among others, total \$1.48 billion; and \$950.0 million is budgeted in the Capital Improvements Program (CIP) for capital projects across the City. Another \$1.20 billion is budgeted across several Special Revenue and Internal Service funds for specific and dedicated uses.

Challenges Balancing the General Fund Budget

The City's budgets over the last three years were largely balanced through the use of \$299.7 million in one-time federal support from the American Rescue Plan Act (ARPA). ARPA funding was exhausted in FY 2024.

The FY 2025 Budget was balanced with other one-time resources and scaling back funding for various programs and operations.

Without new ongoing revenue, the City may require deeper cuts in FY 2026 and beyond.

Though the \$2.16 billion General Fund Budget for FY 2025 is balanced in accordance with our City Charter requirements, the City is using \$203.7 million in one-time resources to support

One-time vs. Ongoing Funding

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

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

For more information about best practices regarding budget formation, refer to the financial policy descriptions later in this report, and to the FY 2025 Statement of Budgetary Principles, section C.1., which includes principles to ensure a fiscally responsible budget process (the final Council and Mayor-approved Principles are attached to [IBA Report 24-23](#)).

ongoing expenditures, resulting in a structural budget deficit. Structural budget deficits occur when ongoing and sustainable revenue sources are not enough to support ongoing expenses. In future fiscal years beyond FY 2025, the City will need to ensure it keeps operating expenses in balance with its ongoing revenues to achieve structurally balanced budgets. Continuing to use one-time funds for ongoing expenditures invites challenges in future fiscal years.

In the Mayor's FY 2025-2029 Five-Year Financial Outlook (Outlook), which was released in November 2023, the FY 2025 General Fund Budget was projected to have a baseline deficit of

FY 2025 Adopted Budget

\$136.8 million. The Outlook's projections help the City start planning for ways to mitigate deficits or allocate surpluses, since the City ultimately has to adopt a balanced budget every year. While the Outlook prepared in November 2023 projected a deficit for FY 2025, the FY 2025 Budget adopted in June 2024 was balanced, as mentioned earlier, through the use of one-time resources and scaling back funding for various programs and operations.¹

Moving beyond FY 2025, although the *updated* Outlook² shows that General Fund revenues are expected to continue to experience moderate growth overall, projected deficits remain high: over \$250.0 million for FY 2026 and over \$225.0 million for the following two fiscal years. Additionally, there are important factors to consider about future economic conditions, such as risks based on consumer responses to prolonged inflation and heightened interest rates, both of which have seen some recent moderation.

Another uncertainty stems from the upcoming General Election: Measure E on the November 2024 ballot, if passed, would provide a 1% sales tax rate increase for the City. New revenue that would be generated through that increase is expected to be approximately \$400 million a year, which could alleviate projected deficits and help with unfunded needs, such as infrastructure. The Mayor will be releasing the FY 2026–2030 Five-Year Financial Outlook on December 4, 2024, which will allow time to factor the results of the November election into the forecast.

¹ A detailed overview of major budget issues, as well as analysis of revenue projections and City departments and programs are provided in the [IBA's Review of the FY 2025 Proposed Budget](#); updated FY 2025 revenue projections and the IBA's final budget recommendations, which were used to inform the City Council's approval of the FY 2025 Budget, are included in [IBA Report 24-14](#); and the final FY 2025 Budget can be found at the following link: <https://www.sandiego.gov/finance/annual>.

² The updated Outlook is presented in the Volume 1, [Citywide Budget Overview](#) section of the FY 2025 Budget.

FY 2025 Adopted Budget

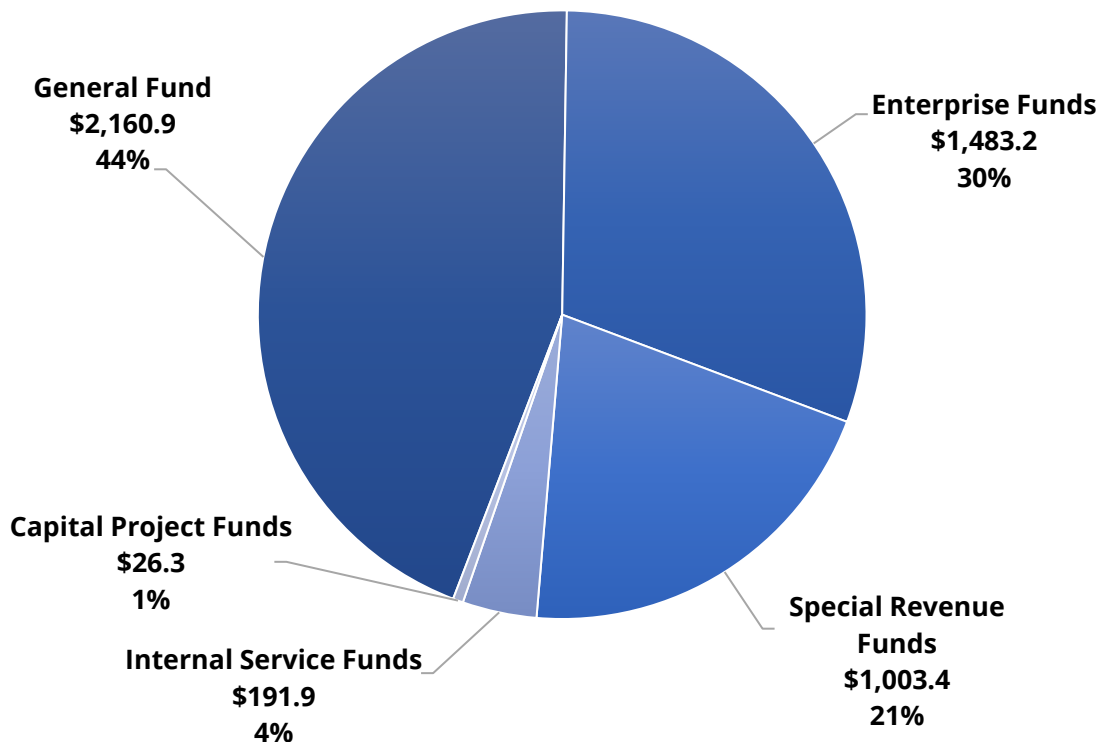
The City's Operating Budget

The \$4.87 billion operating budget provides a plan for how the monies coming into the City (revenues) will be spent in order to operate and maintain City functions and services, such as the Police and Fire-Rescue Departments, roads and storm drains, and parks and libraries. In addition to the \$4.87 billion operating budget, \$950.0 million is set aside for the Capital Improvements Program (CIP) budget, which allocates available revenue to the rehabilitation, improvement, or new construction of public infrastructure such as streets, libraries, parks, and water pipes. It is common for cities to separate the operating budget and the CIP budget, as capital infrastructure projects are often large and costly, require multiple years to complete, and generally use financing sources outside of the City's General Fund. In contrast, the operating budget focuses on revenues and expenditures needed to carry out City services and programs for a specific fiscal year. For more information regarding the CIP, please refer to the IBA's [Public's Guide to Infrastructure and the FY 2025 Adopted CIP Budget](#).

The operating budget consists of five types of funds, including the General Fund. It is necessary to have multiple fund types as certain monies can only be used for specific purposes. For example, revenue generated by the Gas Tax is deposited in a Special Revenue Fund and is used only for street and road-related expenditures, such as resurfacing of streets, installation of streetlights and signals, and repainting of pavement markings. The pie chart below depicts the portion of the operating budget that is comprised of each fund type.

FY 2025 Operating Budget: by Fund Type

(Total: \$4.87 Billion; \$ in million)



FY 2025 Adopted Budget

The General Fund

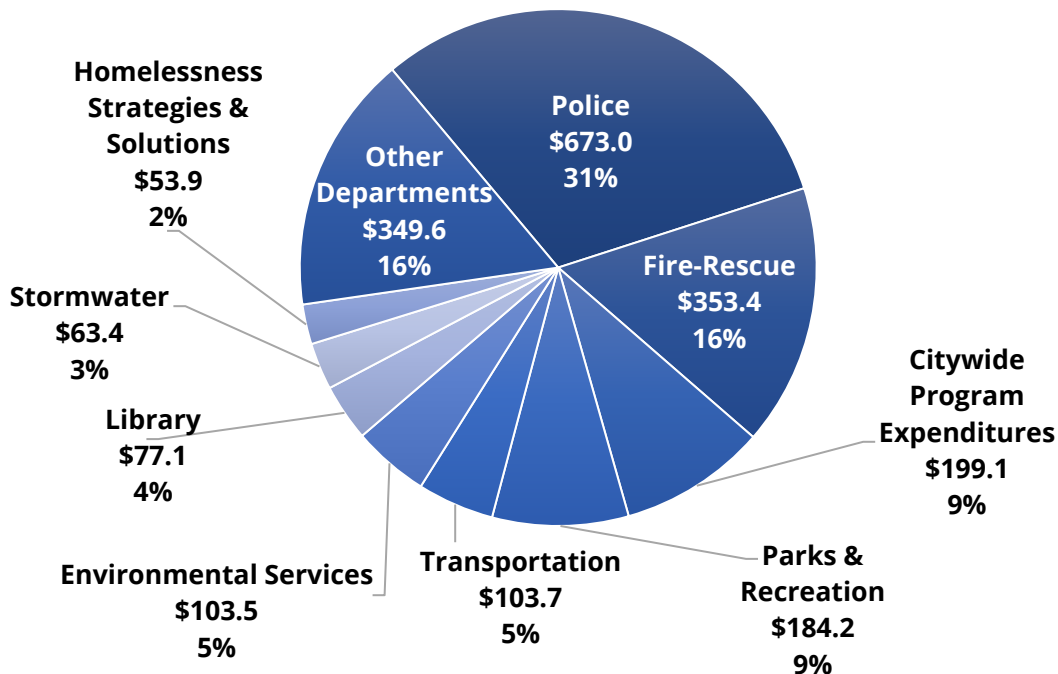
The General Fund is the most commonly discussed fund in the City’s Budget. It is the largest of the five types of funds that the City of San Diego maintains, representing approximately 44.4% of all operating expenditures budgeted for FY 2025. The General Fund is usually at the forefront of budget discussions because it is the City’s main operating fund and is funded through the City’s general tax revenues. Changes in General Fund revenues play a large part in the City’s ability to pay for and maintain core community services such as public safety, roads and storm drains, parks and recreation, library services, and trash collection, which use the vast majority of the City’s tax revenue. Each year the Mayor, City Council, and City staff must forecast the coming year’s General Fund expenditures and incorporate those estimates into the Budget, taking into account available funds that are projected to be collected from tax revenue.

General Fund Expenditures

The General Fund is the largest operating fund with \$2.16 billion in budgeted expenditures for FY 2025. This is a \$79.1 million, or 3.8%, increase from the FY 2024 Adopted Budget. The FY 2025 General Fund Budget includes costs associated with 8,733 budgeted full-time equivalent (FTE) positions, an increase of approximately 220 FTE positions from the FY 2024 General Fund Budget. The money is expended through departments within the General Fund that provide core community services. The pie chart below illustrates General Fund expenditures by department for FY 2025. Approximately 47.5% of the City’s General Fund resources are dedicated to Police and Fire-Rescue services, vital functions of City government. See [Volume 2](#) of the FY 2025 Adopted Budget for a detailed look at each department’s budget.

FY 2025 General Fund Expenditures: by Department

(Total: \$2.16 Billion; \$ in millions)



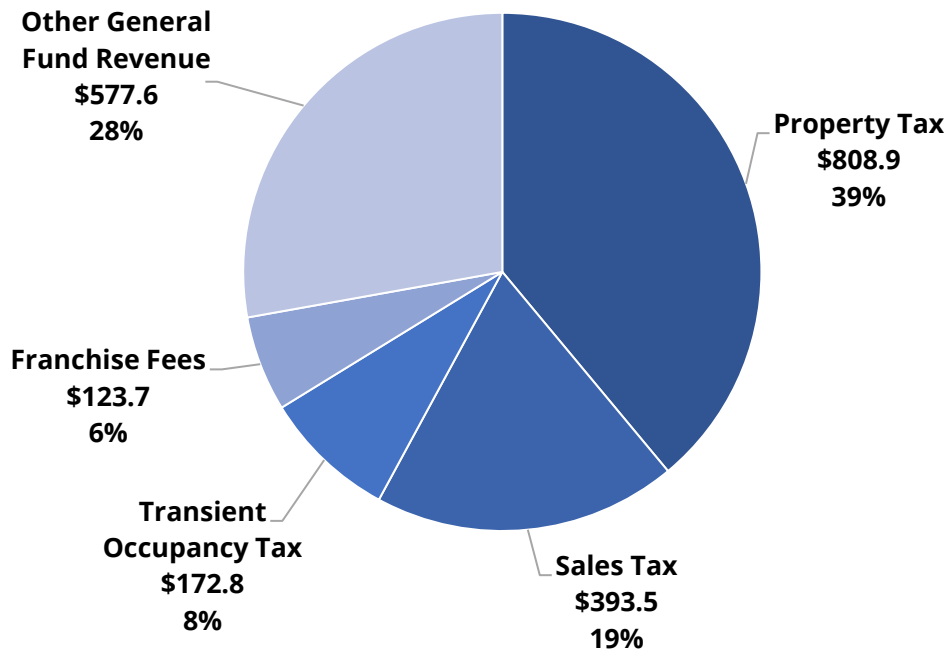
FY 2025 Adopted Budget

General Fund Revenue

The FY 2025 Adopted Budget for the General Fund includes approximately \$2.08 billion in revenues, a \$58.7 million, or 2.9%, increase from the previous fiscal year. The City has four major single sources of General Fund revenue: property taxes, sales taxes, transient occupancy taxes (TOT), and franchise fees. These sources account for approximately 72.2% of the Fiscal Year 2025 Adopted Budget General Fund revenues and are projected to increase by \$55.6 million, or 3.9%, from the Fiscal Year 2024 Adopted Budget.

FY 2025 General Fund Revenue by Source

(Total: \$2.08 Billion; \$ in millions)



Core City services funded through the General Fund's budget are supported by a variety of revenue sources. The four major General Fund revenues are dependent on the economic environment and can fluctuate from year-to-year. Other General Fund revenue sources are impacted by the economic environment as well, but not to the same degree. Other sources of revenue for the General Fund include reimbursements and supporting revenue from other funds; revenue from money and property, including rents and concessions revenue; fines, forfeitures, and penalties; licenses and permits; and other smaller revenues such as property transfer tax. See the [Volume 1, General Fund Revenues section](#) of the FY 2025 Adopted Budget for a detailed description of General Fund revenue sources.

FY 2025 Adopted Budget

General Fund Dollars at Work

The diagram below depicts how a dollar of your taxes is split among categories of General Fund services in FY 2025.



^a Non-Mayoral departments include: City Attorney, City Council, Personnel Department, City Clerk, City Auditor, Commission on Police Practices, Ethics Commission, and the Independent Budget Analyst.

^b Public Works departments include: Stormwater, Environmental Services, Transportation, and Public Utilities.

^c Administrative and other departments include: City Treasurer, Real Estate and Airport Management Divisions of the Economic Development Department, Purchasing & Contracting, Communications, Finance, Chief Operating Officer, Information Technology, Human Resources, Performance & Analytics, Compliance, Race & Equity, Government Affairs, Office of Boards and Commissions, General Services, and the Mayor.

^d Departments relating to Smart and Sustainable Communities include: Economic Development (not including the Real Estate Division and Airport Management Division), Development Services, City Planning, and Sustainability & Mobility.

FY 2025 Adopted Budget

Other Funds

In addition to the General Fund, the City of San Diego's FY 2025 Adopted Budget includes four other fund types and the CIP. It is necessary to have separate funds due to specific restrictions on how certain revenues may be used. The following descriptions summarize the *operating expenditures* budgets of the other four types of funds, what they may be used for, and how they acquire revenue. For additional information regarding these funds, please refer to [Volume 1 of the FY 2025 Adopted Budget](#), including the Citywide Budget Overview section and the Financial Summary and Schedules section.

Enterprise Funds

These funds apply to specific services that are funded directly through user fees. Enterprise Funds are intended to be fully self-supporting and not subsidized by the General Fund. Examples include Water, Sewer, Development Services, Refuse Disposal, Recycling, Golf Course, and Airport Funds. For FY 2025, Enterprise Funds are budgeted at \$1.48 billion, an increase of \$147.1 million, or 11.0%, over the FY 2024 Adopted Budget. The net increase is largely related to the City's Water and Sewer Funds, including increased costs for water purchases, compensation increases, and treatment chemicals, among other increases.

Special Revenue Funds

Special Revenue Funds account for revenue that is received for a specifically identified purpose. Examples include the Gas Tax Fund that is used for the repair of streets and the maintenance of street lighting, traffic signals, traffic signs, and markings; and the Transient Occupancy Tax Fund, which includes Special Promotional Programs that are used to promote tourism in the City of San Diego. The FY 2025 Adopted Budget includes \$1.00 billion for these Special Revenue Funds, which is an increase of \$154.6 million, or 18.2%, from the FY 2024 Adopted Budget. This net increase is largely due to the transition to the Emergency Medical Services (EMS) Alliance Model for ambulance transportation services.

Internal Service Funds

Internal Service Funds support the City's operations internally on a cost-reimbursable basis. The Fiscal Year 2025 Adopted Budget for Internal Service Funds totals \$191.9 million, an increase of \$14.0 million, or 7.9%, from the Fiscal Year 2024 Adopted Budget. The increase is largely due to the acquisition and maintenance of vehicles to support the City's vehicle fleet, as well as Central Stores inventory purchases.

Capital Project Funds

Capital Project Funds are primarily used for the acquisition or construction of major capital facilities. These funds typically make up a small portion of the overall CIP, which can be supported by all fund types. The Fiscal Year 2025 Adopted Budget for Capital Project Funds is \$26.3 million, which is an increase of \$2.6 million, or 11.2%, from the Fiscal Year 2024 Adopted Budget. This increase is primarily due to an increase in reimbursement for eligible transportation-related operations costs supported by anticipated revenue in the TransNet Extensions Funds, which are reimbursed by revenues from the San Diego Association of Governments (SANDAG).

FY 2025 Adopted Budget

Highlights of Services Included in the FY 2025 Budget

The FY 2025 Adopted Budget funds a number of public services, some of which are highlighted in the following sections. Many of the City's core services are supported by the General Fund. As discussed earlier, the General Fund portion of the FY 2025 Budget was balanced by using unspent fund balance from prior years and other one-time resources, as well as scaling back funding for various programs and operations, with the goal of maintaining existing service levels. That said, there were also some increases to City services in the FY 2025 Budget; several of these are referenced below.

Public Safety

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

The FY 2025 Budget for the Police Department includes an overall net increase in funding from the General Fund of \$50.1 million. Salary and benefit adjustments led the Police Department to have a significant net increase in budgeted expenditures. Another noteworthy adjustment to the Department's budget is the provision of ongoing funding for expenses associated with the continued rental of a private firing range to serve as the Police Firearm Training Facility.



The Fire-Rescue Department received \$1.6 million in additional funding from the General Fund. This net increase is largely due to salary and benefit adjustments and costs related to staffing of the new Torrey Pines Fire Station. Other notable items include increased funding for the San Pasqual Fast Response Squad, wellness services, helicopter maintenance, and fire facilities maintenance.

Funding for Homelessness Programs and Services

The City provides funding for homelessness programs and services in several ways. Funding is provided in the City's annual adopted budget, the San Diego Housing Commission's (SDHC) annual adopted budget, and through approval of individual funding requests outside of the budget process. Homelessness programs include emergency shelters, federal housing vouchers, permanent supportive housing, rental assistance, homelessness prevention programs, Safe Parking sites, Safe Sleeping sites, and outreach programs, among others. In total, \$315.9 million is allocated in FY 2025 for homelessness programs and services across multiple entities and funding sources, as detailed in [IBA Report 24-24 REV.](#)



Funding for these programs comes from a variety of sources. Of the total \$315.9 million homelessness allocation for FY 2025, \$58.6 million is budgeted in the General Fund, and the

FY 2025 Adopted Budget

remaining amounts are supported by non-general funds, including federal, State, and County sources, as well as other funding from the SDHC. It is important to note that some non-general fund resources are only available on a one-time basis. For example, FY 2025 one-time resources include the State Homeless Housing, Assistance and Prevention (HHAP) grant, which is budgeted at \$24.4 million. Additionally, the FY 2025 Budget uses \$8.0 million from the City's Affordable Housing Fund to cover reduced General Fund support for homelessness programs. As the City uses one-time funds to continue and expand homelessness services, the City will need to find other funds in the future to maintain these services.

Funding for homelessness has grown year-over-year, reflecting how addressing homelessness continues to be a major priority for the City. The \$315.9 million in planned expenditures for FY 2025 is \$111.5 million higher than the prior year. This notable increase is largely due to \$85.1 million in one-time capital and acquisition costs associated with two permanent supportive housing projects for those experiencing homelessness, which is funded by the State Homekey grant program with City and County matches. Without these one-time costs, homelessness spending in FY 2025 increased by \$26.3 million, or 12.9%, over FY 2024, which is mainly attributable to new federal, State, and County grants and other funds awarded to the City to support housing vouchers for those experiencing homelessness, targeted interventions to individuals living in encampments, a new Safe Parking site, and the City's domestic violence shelter.

Parks, Recreation Centers, and Libraries

The City operates and maintains over 40,000 acres of park assets, 60 recreation centers, 15 pools, and 13 skate parks. A list of recreation centers and details about hours and services at each location can be found on [Parks & Recreation's website](#). For FY 2025, the Parks and Recreation Department added funding to operate and maintain eight new parks and Joint Use Facilities, which include Canon Street Pocket Park, Naval Training Center (NTC) Esplanade, and the Balboa Park Botanical Building. Additional funding was also included to operate and maintain new open space areas and add 3.00 FTE Park Rangers to support the expanded River Park area.



The Library Department added funding in the FY 2025 Budget for janitorial and landscaping services, as well as for 3.00 FTE Youth Service Librarians to support libraries in (or adjacent to) Promise Zone communities. A list of all the branches and their respective hours can be found on the [Library's website](#).

Infrastructure Funding

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

FY 2025 Adopted Budget



Some significant investments in infrastructure for FY 2025 are for transportation assets, in particular for paving activities. In addition to \$140.7 million for road resurfacing projects, the Transportation Department added 12.00 FTEs and \$1.0 million for a team to support the City's Street Resurfacing Program, as well as 10.00 FTEs and \$895,000 for a *Mill and Pave* Team to support road maintenance and repair.

Additional information on infrastructure funding in the FY 2025 Budget can be found in the IBA's [Public's Guide to Infrastructure and the FY 2025 Adopted CIP Budget](#).

Impacts of the January 2024 Winter Storm

The significant storm event in January 2024 caused damage across the San Diego region, and was particularly catastrophic in certain neighborhoods in the southeastern areas of the City. In response, Council adopted the FY 2025 Budget with \$3.1 million in expenditures to be appropriated to the San Diego Housing Commission for the purpose of providing direct housing and rental assistance for flood impacted City residents transitioning back to permanent housing.



Climate Action Plan

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

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



In the FY 2025 Adopted Budget, \$256.4 million of direct funds are allocated for the six CAP Strategies. These strategies include: Decarbonization of the Built Environment; Clean & Renewable Energy; Mobility & Land Use; Circular Economy & Clean Communities; Resilient Infrastructure & Healthy Ecosystems; and Emerging Climate Actions.

Among these expenditures, the greatest CAP investment is \$164.1 million for Strategy 5 – Resilient Infrastructure & Healthy Ecosystems. The next largest investment is \$72.0 million for Strategy 3 – Mobility & Land Use. Beyond funds directly allocated, there are indirect expenditures that will help the City reach the net zero goal by 2035 and these funds total \$574.4 million in the FY 2025 Adopted Budget.

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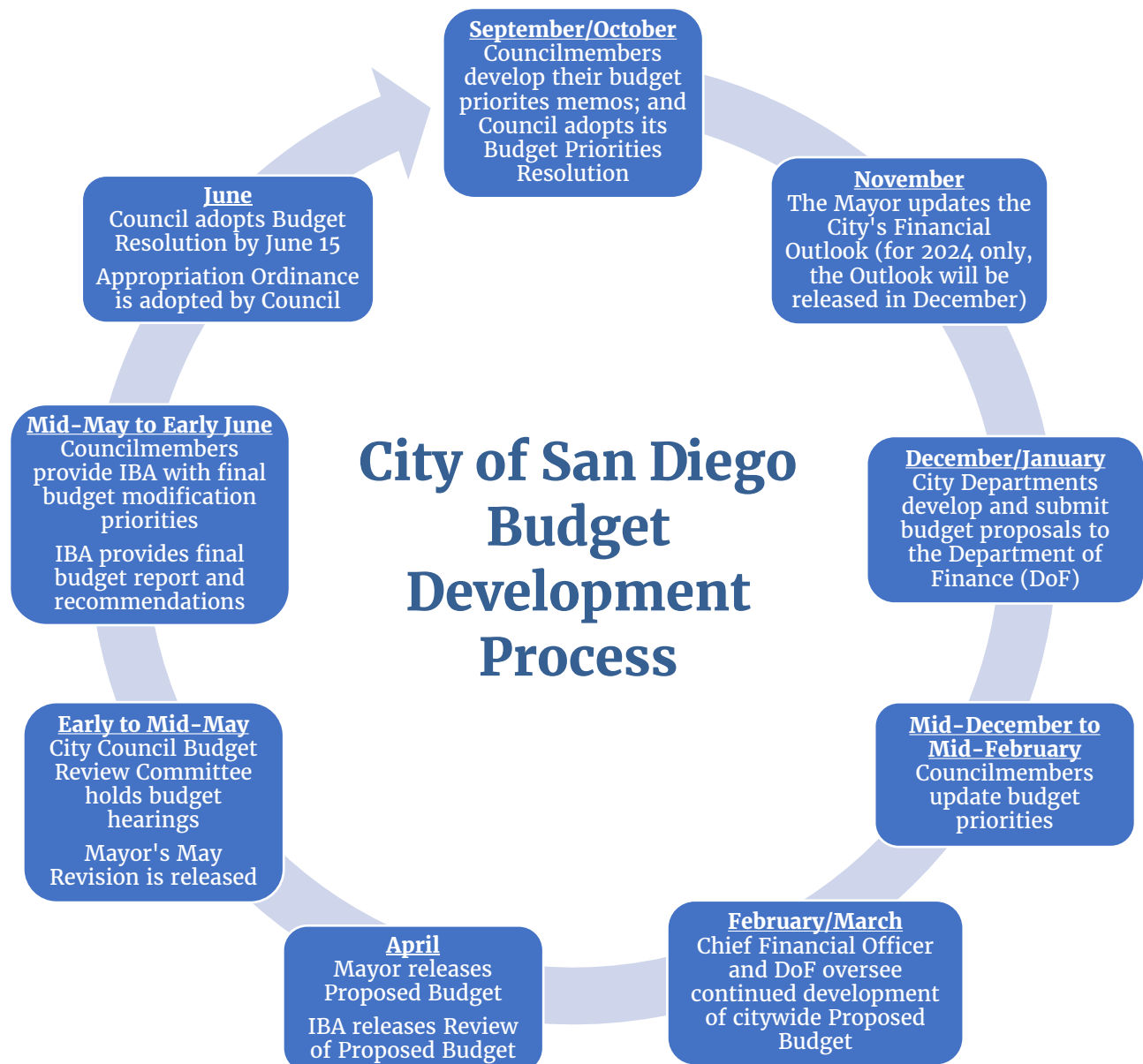
The Budget Process

The Budget Process

Creation of the Budget

The City of San Diego's fiscal year runs from July 1 through June 30. As shown in the chart below, the budget process begins in September/October with Council's development and adoption of a resolution identifying their budget priorities for the upcoming fiscal year, and concludes in June with Council's adoption of the Budget Resolution and the Appropriation Ordinance.

The Mayor, City Council, City staff, Office of the IBA, and residents of San Diego all play a significant role in the formation of the budget.



The Budget Process

Roles in the Budget Process

Public's Role

In order for the Mayor and City Council to discern which programs and issues are of the highest priority to residents, it is important for members of the public to play an active role in the budget process. Residents are encouraged to provide their input through multiple forums including:

- Contacting the Office of the Mayor and relevant City staff as the Proposed Budget is being developed
- Contacting your City Councilmember to weigh in on important issues in your community
- Attending and participating in City Council meetings, Budget & Government Efficiency Committee meetings, and annual Budget Review Committee hearings to provide input to the City Council as budget discussions are being held

In order to fully understand what is important to the residents of San Diego, the Mayor, City Council, and City staff need input from residents like yourself. Writing, calling, or emailing any of these officials is the first step in solving problems that are important to you. Additionally, becoming involved by attending public meetings is an opportunity to provide input, make suggestions, and become more knowledgeable about City affairs.

Please refer to the *City Council* and *Other Important Resources* sections of this guide to find out how to contact your City Councilmember, the Mayor's office, and other key City staff.

Mayor's Role

The Mayor is the Chief Executive Officer of the executive branch of the City's government. The Mayor and the Mayor's staff are responsible for:

- Developing the City's Five-Year Financial Outlook, which outlines the Mayor's fiscal priorities for the next five years and presents a forecast for anticipated revenues and expenditures
- Creating the Proposed Budget by working with the Chief Financial Officer (CFO), Chief Operating Officer (COO), and other City staff
- Providing the City Council with a May Revision to the Proposed Budget for its consideration
- Implementing the Adopted Budget
- Monitoring the Adopted Budget throughout the year and proposing modifications as necessary to ensure that it is balanced
- Managing the City's day-to-day operations

City Council's Role

The City Council serves as the legislative branch of the City's government, and is responsible for setting policy and adopting the City's annual budget. Each Councilmember represents the residents that live in his or her district. The Council's responsibilities include:

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

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

- Reviewing the Mayor's Proposed Budget
- Holding public hearings to gather input from residents and understand City departments' priorities and needs
- Considering and recommending changes to the Proposed Budget after public budget hearings
- Adopting the annual budget after consideration of public input, research, and policy priorities
- Accepting or rejecting proposed budget modifications throughout the year
- Providing policy direction for the governance of City operations through legislative actions

IBA's Role

The Office of the IBA assists the City Council throughout the budget process by providing research, objective analysis, and recommendations for the budget. The IBA endeavors to provide transparency to the Council and the public in performing the following functions:

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

Additionally, the Office of the IBA, working with various departments and offices,³ releases a timeline for the City's budget development and monitoring processes – see the [FY 2026 Budget Development and FY 2025 Budget Monitoring calendar](#). Based on timelines required by the City Charter, this calendar includes key dates related to the release and presentation of budget-related reports for both the operating and Capital Improvements Program (CIP) budgets.

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

The Budget Process

Key Components of the Budget Documents



Volume I: Budget Overview and Schedules

Volume II: Department Detail

Volume III: Capital Improvements Program

Annual budget documents (including the Proposed and Adopted Budgets) are produced by the Department of Finance with direction from the Mayor. There are three main parts to the City of San Diego's annual budget. These parts include:

Volume 1: Budget Overview and Schedules

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

Volume 2: Department Detail for the City's Operating Budget

The Operating Budget contains estimates of the total value of resources required for the City to provide services to its residents, and estimates of how much revenue the City will collect. [Volume 2](#) is broken down by department, and includes total budgeted revenues, expenditures, and FTE positions for the fiscal year, noting any change from the prior fiscal year. A guide to reading the Operating Budget can be found at the beginning of Volume 2.

Volume 3: The Capital Improvements Program (CIP) Budget

A capital improvement is a project that refurbishes or improves City infrastructure, for example, the replacement of streetlights or the development of a new City park. The Capital Improvements Program (CIP) budget is the long-range plan for all individual capital improvement projects and funding sources. Further explanation of the CIP Budget, its process, funding sources, and other details can be found in the IBA's [Public's Guide to Infrastructure and the FY 2025 Adopted CIP Budget](#). Additionally, the beginning of [Volume 3](#) includes an introduction to facilitate comprehension of this component of the annual budget.

The Budget Process

Monitoring the Budget and City Operations

In order to maintain a high level of transparency and accountability in government, the City of San Diego has multiple ways to ensure that taxpayer dollars are being used to achieve the best results from the resources available. A brief description of contributions from several City offices and departments are highlighted below, beginning with the City Council.

City Council

As the legislative branch of City government, the City Council is responsible for setting policy direction; enacting, reviewing, and modifying legislation as appropriate; and adopting the annual budget. The Council provides a check and balance to the City's executive branch, which is run by the Mayor.

Ten committees are comprised of City Councilmembers to help the Council analyze specific legislative matters in a focused and efficient manner. These committees are briefly described below.

Active Transportation and Infrastructure Committee

The Active Transportation & Infrastructure Committee began meeting in 2013 and is focused on the condition of the City's capital assets – such as streets, sidewalks, parks, and libraries – and identifies resources for addressing different capital needs. It reviews the Five-Year Capital Infrastructure Planning Outlook (CIP Outlook), and oversees asset management, additional streamlining opportunities, infrastructure financing strategies, contracts and related items for capital projects, among other related topics.

Audit Committee

The Audit Committee was established in the San Diego City Charter in 2008 as an oversight body. The Committee provides independent and legislative oversight for the City's financial reporting processes and internal controls, as well as the efficiency and effectiveness of City programs and operations through results of performance audits.

Budget & Government Efficiency Committee

The Budget and Government Efficiency Committee was created to oversee legislative issues that directly impact the annual budget. Committee responsibilities include the annual budget, financial reports, purchasing and contracting, and equal opportunity contracting, among other issues.

Budget Review Committee

The Budget Review Committee, which is composed of all members of the City Council, is responsible for reviewing the annual budget, and conducts the public budget hearings held each May. These Committee meetings allow members of the City Council to receive feedback from the public relating to budget priorities, and provide an opportunity for the Council to study, analyze, and evaluate the budget.

Council Committees

Active Transportation and Infrastructure

Audit

Budget and Government Efficiency

Budget Review

Community and Neighborhood Services

Economic Development & Intergovernmental Relations

Environment

Land Use and Housing

Public Safety

Rules

The Budget Process

Community and Neighborhood Services Committee

The Community and Neighborhood Services Committee's area of responsibility includes neighborhood parks, recreation programs, libraries, and youth and family services.

Economic Development and Intergovernmental Relations Committee

The Economic Development and Intergovernmental Committee oversees issues relating to Citywide economic development programs and strategy, intergovernmental relations, interagency agreements, arts & culture, and business improvement districts within the City.

Environment Committee

The Environment Committee focuses on monitoring policies related to water management, wildlife management, stormwater management, clean energy, solid waste disposal, recycling, air quality, shoreline preservation, sustainability, and hazardous waste. The Committee's areas of responsibility also include the City's Climate Action Plan and Climate Resiliency Plan.

Land Use and Housing Committee

The Land Use and Housing Committee focuses on reviewing issues related to homelessness services, affordable housing, land development, community plans, and real estate & airport management.

Public Safety Committee

The Public Safety Committee is responsible for reviewing matters related to the City's police, firefighters, and lifeguards. Additionally, the Committee also reviews matters related to homeland security, emergency medical services, gang prevention, and the Commission on Police Practices.

Rules Committee

The Rules Committee's area of responsibility includes matters involving the rules of Council, the City Charter, the City's Municipal Code, open government, elections, ballot measures, and boards and commissions.

City Attorney

The elected [City Attorney](#) serves the residents of San Diego as both the Chief Legal Advisor and misdemeanor prosecutor. The City Attorney's Office provides advice to City Departments; prosecutes or defends civil lawsuits in which the City is a party; prosecutes criminal misdemeanors and infractions committed within City limits; and prosecutes cases that the community has identified as important to quality of life. The City Attorney's Office also works to provide support and services to victims of domestic violence, family violence, elder abuse, sexual assault, or sex trafficking via [Your Safe Place, a Family Justice Center](#).

City Auditor

The independent [City Auditor](#) provides audit services to promote accountability to the public and to improve the efficiency, effectiveness, and equity of City government. The Office of the City Auditor also runs the City's [Fraud, Waste, and Abuse Hotline](#) and conducts related investigations for Hotline reports. Through performance audits and investigations, the Office of the City Auditor provides essential information to assist the City Council and City management in their decision-making processes.

The Budget Process

Office of the IBA

The [Office of the IBA](#) assists the City Council by providing analysis, reports, and recommendations on issues that affect the budget. Reports on numerous fiscal and policy matters are presented at City Council meetings, and during budget hearings and Committee meetings.

Office of the Mayor

The [Mayor](#) serves as the City's Chief Executive Officer. Through the Chief Operating Officer, the Mayor oversees the City's daily operations, and implements programs and initiatives to carry out the City's policy objectives. The Mayor is also responsible for proposing the City's annual budget by April 15th of each year – revising it as appropriate after input from the public and City Council through the May budget hearings – and producing the final Adopted Budget that is approved by the City Council in June.

Chief Financial Officer (CFO)

The CFO supports the Mayor and provides the City with public services in the areas of financial reporting, auditing, management, and stewardship of City assets; and the City's financial departments are organized under the CFO. The CFO is responsible for maintaining the financial records of the City, the development of the City's financial statements, preparing annual budgets, developing debt financing proposals, managing the City's investments, revenue collection and tracking, and long-range financial planning.

Department of Finance

The [Department of Finance](#) (DoF) is a department under the Mayor that serves as an internal fiscal consultant to other City departments. DoF prepares the Proposed and Adopted Budgets in accordance with the City Charter each year. During the fiscal year, DoF monitors the City's expenditures and revenue receipts, oversees budget transfers and adjustments, and reviews requests for City Council and Mayoral actions for both the operating budget and the Capital Improvements Program. The DoF also prepares the City's Annual Comprehensive Financial Report (ACFR) at the end of each fiscal year and updates the City's Five-Year Financial Outlook.

Performance & Analytics

The [Performance & Analytics Department](#) (PandA) is a department under the Mayor that supports the improvement of City operations and customer service by working to enhance citizen and staff engagement, improve data accessibility and use, and modernize/streamline City processes. PandA directly supports the annual budget by working to include departmental narratives and Key Performance Indicators in Volume 2 of the Proposed and Adopted Budgets.

The Budget Process

Financial Policies that Guide the Budget Process

The City of San Diego has adopted several financial policies that serve as a guide to the Mayor and City Council in making policy decisions that affect the City's fiscal health. These can be found on the Department of Finance's website: www.sandiego.gov/finance/about.

City Budget Policy

The City's Budget Policy ([Council Policy 000-02](#)) assists the City in achieving its current and future goals in a fiscally responsible and sustainable manner. These policies establish guidelines for developing and monitoring the City's annual operating and capital budgets.

City Reserve Policy

Appropriate reserves are a key attribute of a financially stable organization. The City's Reserve Policy ([Council Policy 100-20](#)) recommends that the City establish and maintain appropriate reserves for its major funds. Adequate reserve levels allow the City to weather significant economic downturns more effectively, manage the consequences of outside agency actions that may result in revenue reductions, and address unexpected emergencies, such as natural disasters, catastrophic events caused by human activity, or excessive liabilities or legal judgments against the organization.

User Fee Policy

The City charges a range of fees for services provided to residents and businesses, such as fees for recreational services, use of City property, inspections and permits, and other services. The User Fee Policy ([Council Policy 100-05](#)) outlines the method for establishing fees and the extent to which they recover the cost of the service provided.

City Debt Policy

The City's CFO executes debt instruments, administers debt proceeds, manages ongoing disclosure and debt compliance, and makes debt service payments, acting with prudence and diligence and with attention to prevailing economic conditions. Debt is an equitable means of financing projects and represents an important means of meeting fiscal responsibilities. The [Debt Policy](#) primarily addresses debt instruments and securities issued by the City in public or private bond markets.

Statement of Budgetary Principles

The Statement of Budgetary Principles (Principles) is an annual agreement between the City Council and the Mayor that helps establish a framework for administration of the budget by the Mayor; ensures a fiscally responsible budget process; and facilitates better communication on fiscal matters between the Council and the Mayor. On July 29, 2024 the City Council approved the FY 2025 Principles; the Mayor gave his final approval on August 5, 2024.

The final Council and Mayor-approved Principles are attached to [IBA Report 24-23](#). Section C.1. includes principles to ensure a fiscally responsible budget process – important guidelines to adhere to when making decisions about the annual budget.



City Council

City Council

City Council Offices

City Council offices are located on the 10th floor of the City Administration Building at: 202 C Street, San Diego, CA 92101. For more information about the City Council and Councilmembers, or to find your Council District, please visit <https://www.sandiego.gov/citycouncil>.



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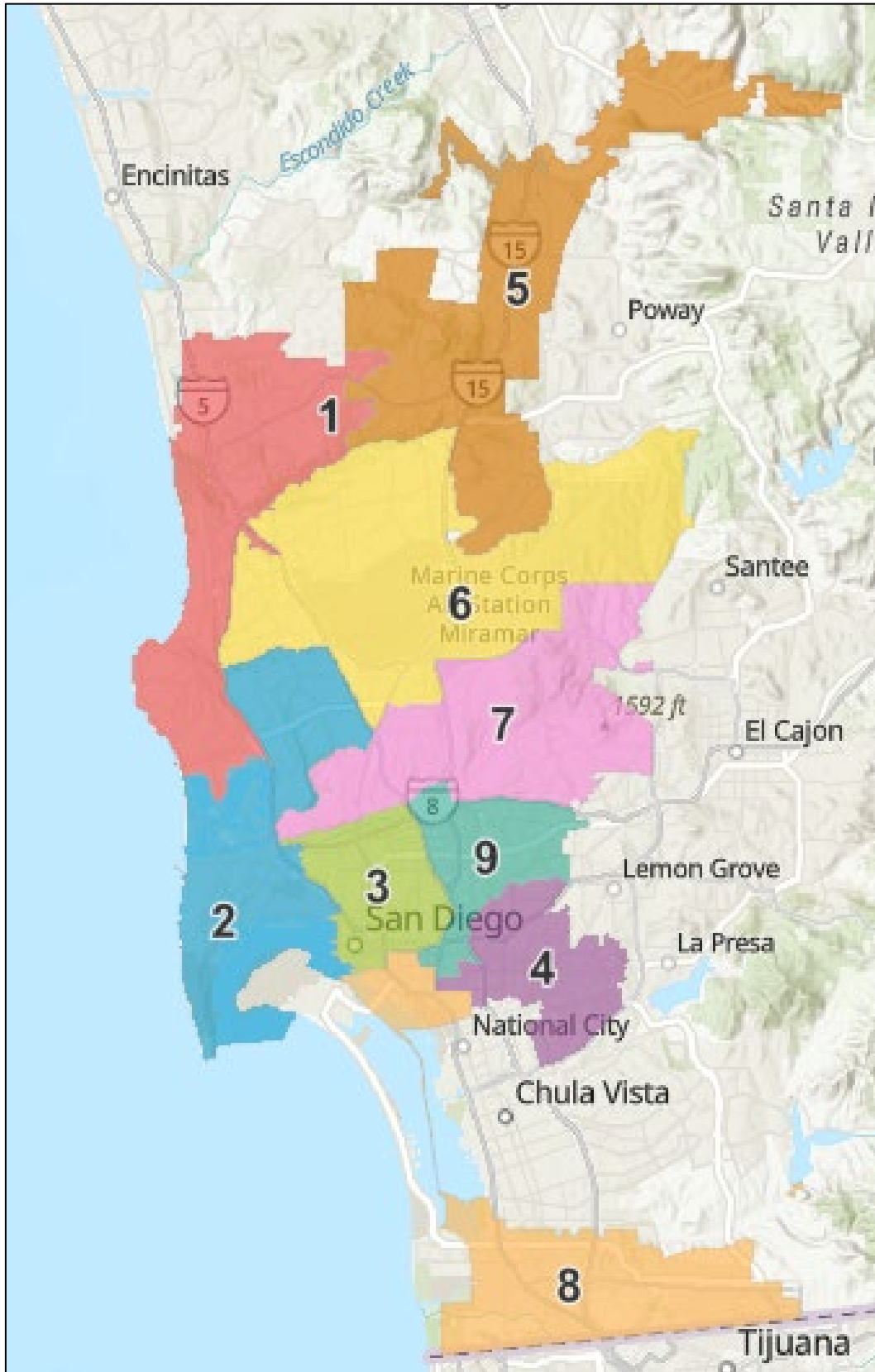
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Sean Elo-Rivera**
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City Council

City Council Districts





Other Important Resources

Other Important Resources

Contact Information and Addresses



City Administration Building
202 C Street, San Diego, CA 92101

City Administration Building Floor Directory

1. Lobby & City Information Center
2. City Clerk
3. Office of the IBA /
Legislative Staff
4. Cultural Affairs /
City Treasurer's Office /
Communications
5. City Planning
6. Department of Finance
7. Department of Finance
8. Compliance Department /
Department of Race and Equity /
Homelessness Strategies and
Solutions (HSSD) /
Office of Child and Youth
Services (OCYS) /
Performance and Analytics
9. Office of the Chief Operating
Officer
10. City Council Offices
11. Office of the Mayor
12. Council Chambers /
Committee Room
13. Media



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Other Important Resources

Budget Documents and Other Information

The Annual Budget

Annual budget documents, including the Proposed Budget and Adopted Budgets for current and prior fiscal years, can be found on the Department of Finance's website: www.sandiego.gov/finance. You can also find budget monitoring reports and the City's Five-Year Financial Outlook on this website.

City Council & Committee Meeting Agendas

City Council and Committee meeting agendas and related materials, including those for the Audit, Budget & Government Efficiency, Budget Review, and Active Transportation & Infrastructure Committees, can be found on the City Clerk's website: <https://www.sandiego.gov/city-clerk/officialdocs>

IBA Reports and Presentations

IBA reports and presentations on the budget and other fiscal and policy matters can be found at: www.sandiego.gov/iba. For updates when new reports are released, follow the IBA on X (Twitter) [@SanDiegoIBA](https://twitter.com/SanDiegoIBA), or sign up for email updates on our website.



Frequently Asked Questions (FAQs)

Frequently Asked Questions (FAQs)

When does the City of San Diego's fiscal year begin and end?

The City's fiscal year (FY) begins July 1 and ends on June 30.

What is the size of the City's budget?

For FY 2025, the City's total budget is \$5.82 billion, with \$4.87 billion for the operating budget and \$950.0 million for the Capital Improvements Program (CIP) budget.

Where do the City's revenues come from?

Core services, such as public safety and neighborhood services, are largely supported by major revenue sources including property tax, sales tax, transient occupancy (hotel) tax, and franchise fees. Other sources of revenue for the General Fund include reimbursements and supporting revenue from other funds; revenue from money and property, including rents and concessions revenue; fines, forfeitures, and penalties; licenses and permits; and other smaller revenues such as property transfer tax. See the [Volume 1, General Fund Revenues section](#) of the FY 2025 Adopted Budget for a detailed description of General Fund revenue sources.

What does the City spend its money on?

A large part of the City's total budget is for the General Fund. Departments supported by the General Fund provide core community services, such as public safety (police, fire, and lifeguards); neighborhood services (parks and recreation centers and libraries); and public works services (street maintenance, storm water management, and trash collection). City support functions, such as financial, legal, and human resources services, are also included in the General Fund. Enterprise Funds are also a large part of the City's budget; they are intended to be fully self-supporting and not subsidized by the General Fund. Enterprise Fund examples include the Water and Sewer Funds. See [Volume 2](#) of the FY 2025 Adopted Budget for a detailed look at each department's budget.

How can I contribute input in the development of the City Budget?

The City Charter requires that the City Council hold public hearings before they vote to modify or adopt the Mayor's budget by the June 15th deadline. These hearings would be a good time to provide input regarding the budget. A timeline for the City's budget development and monitoring processes is included in the [FY 2026 Budget Development and FY 2025 Budget Monitoring calendar](#). Based on timelines required by the City Charter, this calendar includes key dates related to the release and presentation of budget-related reports for both the operating and Capital Improvements Program (CIP) budgets.

Additionally, members of the public may provide input on the priorities all year long through contacting the Mayor's Office, contacting their respective Councilmember's Office, and making comments at Council and Committee meetings.

Does the budget have to be balanced?

The City is required by law to balance its budget each year. The budget is monitored throughout the year to determine whether the City is spending more or less than its revenues. The City makes adjustments to its spending as needed in order to ensure at year-end there are sufficient resources to cover expenditures and the budget remains balanced.



Glossary

Glossary

Adopted Budget

The Mayor and City Council's approved plan for the City's financial operations, which includes an estimate of expenditures and revenues for a given fiscal year.

American Rescue Plan Act (ARPA)

The President signed the American Rescue Plan Act of 2021 (ARPA) into law on March 11, 2021. Similar to, but much larger than, the Coronavirus Aid, Relief, and Economic Security Act (CARES), ARPA provided the City with \$299.7 million in Coronavirus State and Local Fiscal Recovery Funds from FY 2022 to FY 2024.

Annual Comprehensive Financial Report (ACFR)

The ACFR summarizes financial data for the previous fiscal year in a standardized format. This report includes the City's financial statements, which are prepared by the Department of Finance in accordance with governmental accounting principles, and which are audited by the City's external audit firm. The ACFR also includes overviews and analyses of the City's finances and a statistical section that includes financial, revenue, and operating trends; debt information; and demographic and economic information.

Appropriation

A legal authorization to make expenditures and to incur obligations for specific purposes.

Appropriation Ordinance

The official enactment by the City Council to establish legal authority for City officials to obligate and expend resources.

Balance (Fund Balance)

The accumulation of operating surpluses and deficits over time.

Balanced Budget

The amount of budgeted expenditures is equal to or less than the amount of budgeted revenues plus available fund balance.

Bond

A funding tool representing a written promise to pay a specific sum (face value or principal amount) in the future (maturity date), plus interest. In California, municipal government bonds are only used to finance capital improvements.

Budget

Proposed plan of expenditures and revenue over a specified period of time, such as a fiscal year or accounting period.

Budget Priorities Resolution

A Resolution in which the City Council has adopted a set of priorities for the upcoming annual budget. Each Councilmember annually submits priorities in a memo to the IBA; priorities from those memos that are supported by a majority of Councilmember's are compiled and presented in a report by the Office of the IBA; and upon review of the IBA's report, the Council approves its Budget Priorities Resolution, which is submitted to the Mayor for consideration in developing the Proposed Budget. This process is initially completed in the fall, with an update to the Resolution approved in February.

Capital Improvement Project

A capital improvement is generally a large construction project such as the development of park land, the construction of an overpass, the installation of a traffic signal, the acquisition

Glossary

of land, or the construction or remodeling of a City building.

Capital Improvements Program (CIP)

The long-range plan for all individual capital improvement projects and funding sources. CIP projects are unique construction projects that aim to install new, replace old, or rehabilitate existing infrastructure. Information regarding the City of San Diego's CIP can be found in Volume 3 of the City's Annual Budget document.

Expenditure

The actual outlay of monies from the City treasury.

Expenses

Charges incurred for operations, maintenance, interest, or other charges.

Fiscal Year (FY)

A 12-month timeframe that has a designated beginning and ending period for recording financial transactions. The City of San Diego has specified July 1 through June 30 as its fiscal year.

Five-Year Financial Outlook

The Five-Year Financial Outlook includes revenue and expenditure forecasts which are based on various assumptions. It serves as a long-range planning tool which identifies priorities, economic trends, risks and opportunities, and guides the City in the development of future budgets.

Franchise Fees

Fees resulting from agreements with private utility companies in exchange for use of the City's rights-of-way.

Fund

A fiscal and accounting entity with a self-balancing set of accounts to record revenue and expenditures.

General Fund

The City's main operating fund, which is funded through the City's general tax revenues and pays for basic City services, such as public safety, parks, and library services.

Grant

A contribution by a government or other organization to support a particular function.

Infrastructure

The basic structures and underlying facilities needed for the functioning of a community and its economy, such as public facilities, streets, roads, bridges, tunnels, parks, storm drains, and water and sewer systems.

One-Time Revenues or Expenditures

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

Ongoing Revenues or Expenditures

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

Operating Budget

Authorized expenditures for ongoing municipal services such as public safety, street

Glossary

maintenance, parks, and libraries. The detail of the City of San Diego's operating budget can be found in Volume 2 of the City's annual budget document.

Proposed Budget

The Mayor's recommendation for the City's financial operations, which includes an estimate of proposed expenditures and revenues for a given fiscal year.

Reserve

An account used to indicate that a portion of a fund's balance is set aside for a specific purpose (for example, to cover an unexpected revenue shortfall) and is, therefore, not available for general appropriation.

Revenue

Funds received from various sources and treated as income to finance expenditures.

Schedules

Schedules provide a summary of revenues, expenditures, and FTE positions for the operating budgets of the City's departments and budgeted funds, and reflect the funding sources and spending areas of the Capital Improvements Program.

Structural Budget Deficit

Occurs when ongoing and sustainable revenue sources are not enough to support ongoing expenses.

Transient Occupancy Tax (TOT)

A tax that is imposed on occupants of hotel and motel rooms in the City of San Diego.

User Fee

A charge for services provided by the City to residents and businesses, such as fees for recreational services, use of City property, inspections and permits, and other services.