



Mayor's Message – Fiscal Year 2025 Adopted Budget

Dear San Diegans:

I am proud to present the City of San Diego's Fiscal Year 2025 Adopted Budget. This budget protects the considerable progress made over the last three fiscal years while continuing to invest in my administration's top priorities including homelessness, housing, infrastructure, and public safety.

The fiscal strategies laid out in the Fiscal Year 2025 Adopted Budget include both strategic reductions across various departments and targeted investments in critical areas. These measures, while significant, are part of a longer-term process to rectify the city's structural budget deficit. Addressing this issue is a complex and nuanced challenge, one that cannot be resolved overnight. It requires a multifaceted approach that combines immediate cost-saving measures with strategic planning for revenue generation and efficient service delivery over the coming years. It involves not only reevaluating current expenditure patterns but also exploring new and enhanced sources of revenue, alongside the judicious use of one-time solutions to bridge gaps without compromising essential city services.

This budget continues to prioritize funding for our most vulnerable residents. Funding for homelessness in the City of San Diego is set to increase by \$43.3 million. This significant investment underscores the city's commitment to addressing homelessness with both urgency and compassion. In line with the City's Comprehensive Shelter Strategy, the Fiscal Year 2025 Adopted Budget includes dedicated funding to expand the capacity of the city's shelter system in alignment with calls from the City Council to expand shelter options. Specifically, the budget aims to increase the number of shelter beds available to people experiencing homelessness by at least 1,000 with on-site security, meals, housing navigation and case management services. The budget also includes funding to double the size of the City's Safe Parking program by transforming the H Barracks into a Safe Parking site. Once completed, these two projects will triple the opportunities for people experiencing homelessness. This approach demonstrates a collaborative effort across the City to effectively leverage resources in the ongoing battle against homelessness, ensuring a comprehensive and sustainable strategy moving forward.

In my commitment to push forward initiatives that accelerate housing development and enhance affordability across San Diego, I've ensured the Fiscal Year 2025 Adopted Budget funds our "Complete Communities Now" program, a key component of my strategy to make our housing project review process more efficient.

By setting a new standard that requires housing projects under the Complete Communities framework to be reviewed within 30 days, we're placing the Development Services Department (DSD) at the heart of a major transformation in how we handle housing development. By integrating these enhancements into DSD's budget, we're sending a clear message about our dedication to making housing more affordable and accessible, and speeding up the creation of new homes across the City.

In navigating the fiscal landscape for the Fiscal Year 2025 Adopted Budget, all City of San Diego departments were tasked with identifying potential budgetary reductions to address our structural deficit. However, it was crucial for my administration that reductions impacting our critical public safety services, specifically within the Fire-Rescue and Police Departments, be kept to a minimum. This careful approach underscores our commitment to maintaining the safety and security of our community. Cost-cutting measures in the Police Department have been thoughtfully implemented to ensure efficiency without compromising the quality of service. Among these measures is the rightsizing of the police academies to up to 30 Police Recruits per academy, with four academies held annually. Additionally, we are implementing a policy to have two Police Officers per vehicle to reduce fuel costs and an overall reduction in extension of shift overtime. These adjustments reflect a balanced approach to budgetary management, ensuring the Police Department remains agile and responsive while also being fiscally responsible.

We are also making strategic investments in the Fire-Rescue Department. Notably, the budget includes the addition of 12 new positions along with necessary non-personnel expenditures to support the operational needs of the new Torrey Pines Fire Station, which is slated to open next year; and a Fire-Rescue fast response team in the San Pasqual Valley to address fire incidents quicker. These enhancements ensure that our Fire-Rescue Department is better equipped to respond to emergencies, reinforcing our dedication to public safety.

As Mayor of San Diego, I stand before you at a pivotal moment where the need to expand and rejuvenate our city's infrastructure, public spaces, and facilities has never been more pressing. Our commitment to improving the quality of services for our growing community is unwavering, yet we face the challenge of modernizing and enhancing these services amidst a backdrop of historical underinvestment and deferred maintenance. These are not just assets from the past; they are the backbone of our future.

I'm thrilled to share that our Transportation Department has developed a groundbreaking Pavement Management Plan (PMP), marking a first in the City's efforts to optimize our street maintenance and investment strategies. This plan is a pivotal step in our ongoing commitment to providing a reliable and efficient transportation network for our community. Based on the most recent pavement condition assessment conducted in 2023, the PMP leverages comprehensive, data-driven insights to strategically address our city-wide street conditions and identify necessary investments to maintain our street network effectively. This innovative approach allows us to proactively pinpoint funding needs, ensuring that our streets—vital arteries of our community—are kept in good condition.

The Fiscal Year 2025 Adopted Budget earmarks \$104.6 million for street resurfacing design and construction. This significant investment represents an increase from the 60 miles of major street resurfacing goal in Fiscal Year 2024, to 75 miles in Fiscal Year 2025, while also funding the design work necessary to improve 105 miles in Fiscal Year 2026.

As your Mayor, I want to address the urgency of investing in our stormwater infrastructure to ensure we are keeping residents safe. The budget includes \$3.0 million, which the San Diego Housing Commission will use to help victims of the January 2024 floods get back on their feet. Additionally, we have identified funding needs for stormwater emergencies and other critical flood resilience and green infrastructure projects totaling \$87.9 million. This is a substantial figure, but it's critical to ensure the resilience and safety of our city's infrastructure against future challenges. Importantly, this funding need comes in addition to our proactive investments under the Water Infrastructure Finance and Innovation Act (WIFIA). Through WIFIA, the City has the opportunity to utilize the Environmental Protection Agency's special loan program for water infrastructure projects, covering 49% of up to \$733.0 million in stormwater upgrades. These upgrades range from pipeline replacements and pump station repairs to comprehensive watershed restoration. The remainder of the project costs will be identified by the City through loans, grants, and other financing methods.

Our city needs significant investment to rebuild essential infrastructure like our stormwater systems and roads, while continuing to provide vital services that our residents depend upon daily. That's why San Diegans deserve to vote on increasing the City's revenue in November 2024. However, it's not simply about raising revenue; it's about unlocking the potential of our city and ensuring that every neighborhood thrives. By dedicating funds to improve essential neighborhood services, modernizing our aging infrastructure, and maintaining the safety of our families, we're laying the foundation for a more resilient and prosperous San Diego. By making the investments needed to upgrade infrastructure and address deferred maintenance, we can prevent more costly repairs in the future, saving taxpayers money over time.

As Mayor of San Diego, I'm proud to say that the dividends of our Build Better SD initiative are truly beginning to manifest. This innovative program, designed to streamline and enhance the efficiency of how we allocate Development Impact Fees (DIF), is proving to be a game-changer for our city's infrastructure development by addressing our infrastructure needs more holistically across San Diego, ensuring that funding is directed towards high-priority projects. The Fiscal Year 2025 Adopted Budget reflects this strategic shift, with an allocation of \$10.1 million in Citywide DIF funds for parks projects, another \$11.9 million for mobility projects, \$1.6 million earmarked for Fire-Rescue projects, and \$290,000 for a library project. Additionally, we're deploying \$21.1 million in legacy DIF funds to community-based projects that will make a tangible difference in the lives of our residents. Beyond these allocations, we're also investing \$13.7 million in improvements for Mission Bay Park and \$6.7 million for enhancements to our other regional parks.

Continuing with my dedication to the welfare and development of San Diego's younger generation, this budget continues to maximize the "Employ + Empower" youth workforce training program. Thanks to \$18.5 million in State funding for this program, we will continue to offer young individuals aged 16 to 30 the chance to engage in paid internships and job training opportunities right here with the City of San Diego. This budget includes funding for many opportunities within nearly every City department to boost youth employment and to usher in a new era of public servants who are as diverse and dynamic as our city itself. This is more than just a program; it's a pathway to empowerment for our city's youth, ensuring they have the tools, resources, and support they need to thrive and contribute to our community.

This budget is a plan for protecting our progress, addressing immediate needs while laying the groundwork for sustainable growth. We are tackling the structural budget deficit with a careful balance of reductions and investments, ensuring that our city remains vibrant and resilient. Our commitment to enhancing public services is unwavering, from increasing shelter beds for people experiencing homelessness to streamlining housing development and ensuring our streets and infrastructure are robust and reliable. The investments we make today in public safety, infrastructure, and our youth will yield dividends for generations to come. As your Mayor, I pledge to continue steering our city with a vision that embraces all San Diegans, fostering a community that is inclusive, dynamic, and thriving. Together, we are building a San Diego that not only addresses today's challenges but also secures a bright and prosperous future for all.

Sincerely,



Todd Gloria

Mayor

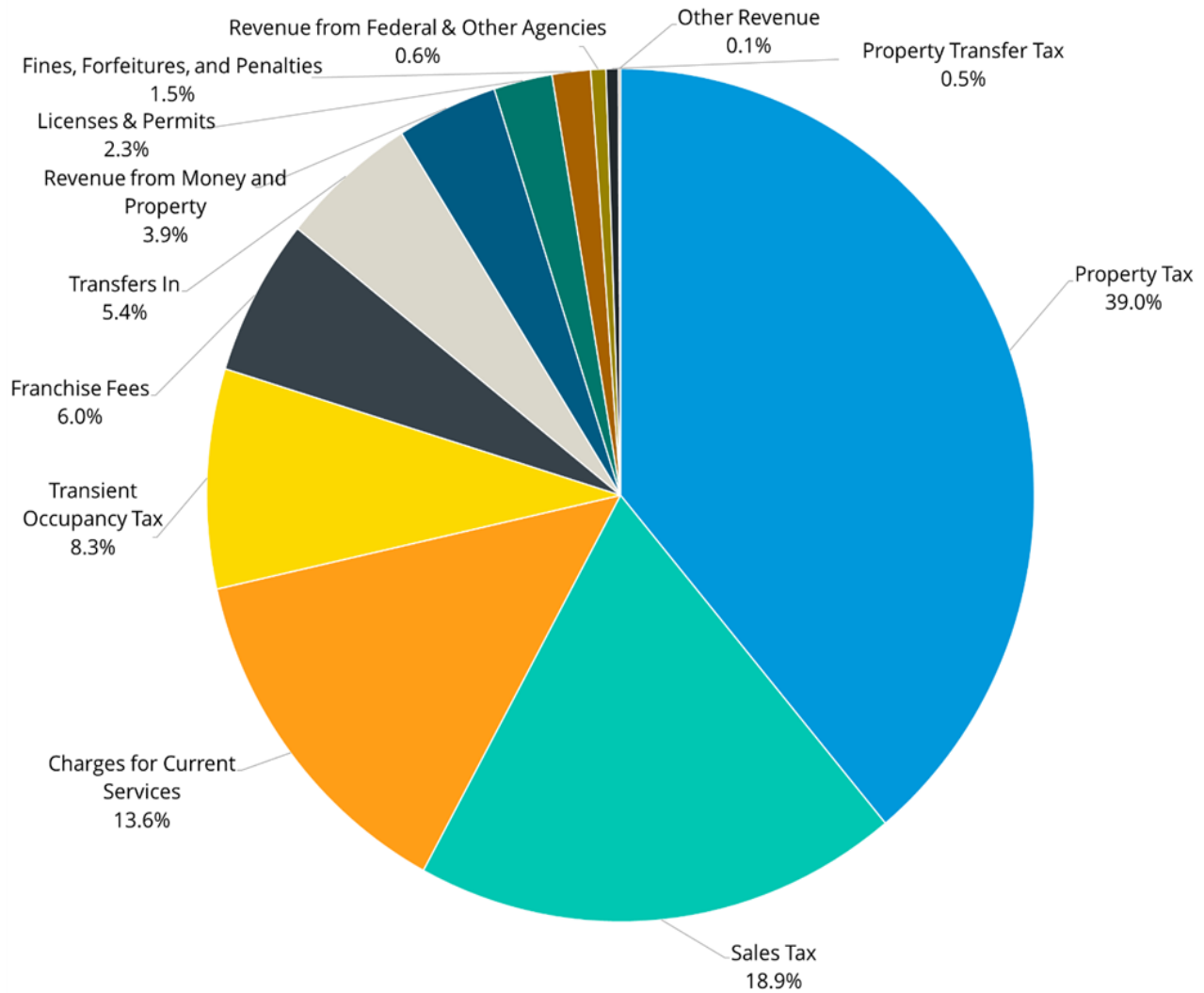
City of San Diego Budget

The City of San Diego's Fiscal Year 2025 Adopted Budget is \$5.82 billion and is comprised of five operating fund types, and the Capital Improvements Program (CIP). The Fiscal Year 2025 Adopted Budget represents an increase of \$643.2 million, or 12.4 percent, compared to the Fiscal Year 2024 Adopted Budget. This is primarily due to increases in the Special Revenue Funds, Capital Improvements Program, Enterprise Funds, and General Fund. Increases in the General Fund are primarily associated with increased funding for salaries and fringe benefits, homelessness programs, and new facilities. The increases in the Special Revenue Funds are primarily associated with the EMS Alliance Model, and salaries and fringe benefits across various funds. The increase in the Enterprise Funds is associated with salaries and fringe benefits, water purchases, cost increases for chemicals to treat water and wastewater, and debt payments. The increase in the Capital Improvements Program is primarily related to water and wastewater project-related appropriations.

General Fund Revenues

The Fiscal Year 2025 Adopted General Fund revenue budget is \$2.08 billion, which represents an increase of \$58.7 million, or 2.9 percent, from the Fiscal Year 2024 Adopted Budget. General Fund revenues are comprised of four major revenue sources, and a series of other revenue sources, which are primarily generated by departments. The City's four major General Fund revenue sources are property taxes, sales taxes, transient occupancy taxes (TOT), and franchise fees. These sources account for 72.2 percent of the Fiscal Year 2025 Adopted Budget General Fund revenues and are projected to increase by \$55.7 million, or 3.9 percent, from the Fiscal Year 2024 Adopted Budget. The increase in major General Fund revenues is primarily due to increases in property tax revenue of \$50.3 million. Fiscal Year 2025 Adopted Budget revenues are based on projections included in the Fiscal Year 2024 Third Quarter Budget Monitoring Report (Third Quarter Report), and the most recent economic data available at the time of development.

In addition to increases in the major General Fund revenues, other revenue sources reflect a net increase of \$3.0 million, or 0.5 percent. The increase in other revenues is associated with a \$12.7 million increase in reimbursements from the Environmental Growth Funds to support eligible expenditures; \$10.4 million in transfers to the General Fund from the Concourse and Parking Garages Operating Fund, Energy Independence Fund, and Civil Penalties Fund; \$4.5 million in reimbursements for Employ and Empower Program Interns; \$4.3 million from rents and concessions due to additional activity and rent revenue at Mission Bay hotels, Sea World, and City Pueblo Lands; and \$3.3 million in additional TransNet and Gas Tax revenues. These increases are offset by a decrease of \$52.1 million related to the use of one-time American Rescue Plan Act (ARPA) funds in Fiscal Year 2024.



General Fund Expenditures

The Fiscal Year 2025 Adopted Budget for General Fund expenditures is \$2.16 billion, representing an increase of \$79.1 million, or 3.8 percent, from the Fiscal Year 2024 Adopted Budget. These expenditures are primarily supported by major General Fund revenue sources that include property tax, sales tax, transient occupancy tax, and franchise fees.

The Fiscal Year 2025 Adopted Budget prioritizes funding to maintain core service levels. Expanded services include additional homelessness services and the operations of new facilities.

The list below highlights some of the General Fund critical expenditure additions.

Administrative Support

Acquisition and Disposition Support	Funding of position to support Acquisitions and Dispositions for the Real Estate Division of the Economic Development Department.
Contract Specialists	Funding of positions to support job order contracts.

Financial Support for the EMS Alliance Model	Funding of positions to support accounting and reporting for the new EMS Alliance Model.
Department Payroll Support	Funding of position to support payroll duties for the Sustainability and Mobility Department.
Procurement and Contracting Support	Funding of positions to support the procurement of goods and services.
Project Labor Agreement Program Support	Funding of positions and one-time non-personnel expenditures to support the Project Labor Agreement Program for the Capital Improvements Program.
Software Technical Support	Funding of position to support the Economic Development Department's IT and GIS needs.

City Facilities

Chollas Operations Yard Parking Expansion	Funding to expand employee parking at the Chollas Operations Yard.
Citywide Facility Job Order Contracting	Funding of positions to support Citywide facilities job order contracting processes.
Public Utilities Facility Maintenance	Funding of positions to support repair and maintenance activities of Public Utilities Department facilities.

Climate Action Plan

Zero Emissions Vehicle Strategy	Funding of a position to support the Zero Emissions Vehicle Strategy of the Climate Action Plan.
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Equity and Diversity

Employ and Empower Intern Program Support	Funding of positions citywide to support the Employ and Empower Internship Program.
Youth Care and Development Pilot Program	Funding of one-time non-personnel expenditures for a youth care and development pilot program.

Homelessness and Housing

1,000 Shelter Beds and Safe Parking Expansion	Funding of non-personnel expenditures to expand the number of shelter beds and the safe parking program.
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Continued Shelter Operations	Funding of non-personnel expenditures to support operations at interim shelters and support lease expenses and ancillary costs.
Day Center Site Cost Increases	Funding of one-time non-personnel expenditures to support site improvements and operating cost increases at the Day Center.
Eviction Prevention Program	Funding of one-time non-personnel expenditures to provide education and legal services for low-income renters facing eviction.
Family Shelter Bed Capacity Expansion	Funding of non-personnel expenditures to support the expansion of bed capacity at the Salvation Army Family interim shelter site.
Living Wage and Cost-of-Living Increases	Funding of non-personnel expenditures to provide cost-of-living adjustments to front-line staff of service operators.
Multi-Disciplinary Outreach Program	Funding of non-personnel expenditures for the San Diego Housing Commission's Multi-Disciplinary Outreach Program to provide services to the City's most vulnerable unsheltered individuals.
Safe Sleeping Program Support	Funding of non-personnel expenditures to support the Safe Sleeping Program.

Independent Departments

City Attorney Civil Advisory Support	Funding of positions and one-time non-personnel expenditures to provide legal support to the Capital Improvements Program.
Consumer Protection and Penalty Collection	Funding of positions to support consumer protection and penalty collection.
Gun Violence Restraining Order Support	Funding for a position to support the gun violence restraining order programs.
Independent Legal Counsel	Funding of non-personnel expenditures for independent legal counsel for the Office of the City Auditor.
Legislative Services Support	Funding for a position to support legislative proceedings.
Medical Examinations	Funding of non-personnel expenditures to support increases in medical examinations for City staff.
Your Safe Place Support	Funding of positions and one-time non-personnel expenditures to support Your Safe Place, a Family Justice Center.

Livable Neighborhoods

Balboa Park Botanical Building	Funding to support the increased operating hours at the Balboa Park Botanical Building.
Chilled Water Increase	Funding of non-personnel expenditures to support contract for Chilled Water services at the Central Library.
Debris Assistance Program	Funding of non-personnel expenditures to support the Debris Assistance Program as emergency response to the January 2024 event.
Janitorial Services	Funding of non-personnel expenditures to support contractual increases in janitorial services at branch libraries.
Jeremy Henwood Park	Funding of one-time transfer to the Capital Improvements Program for improvements at Jeremy Henwood Park.
Land Acquisition	Funding of positions and non-personnel expenditures to support land acquisition program development.
Landscape Services	Funding of non-personnel expenditures to support contractual increases in landscape services at branch libraries.
Library Materials	Funding of one-time non-personnel expenditures for library materials.
New Parks and Recreation Facilities	Funding of positions and non-personnel expenditures to support new parks, open spaces, joint-use facilities, and recreational facilities.
Parking Services	Funding of non-personnel expenditures to support parking services at the Central and Mission Hills libraries.
San Carlos Library	Funding of one-time non-personnel expenditures in the Capital Improvements Program to support the San Carlos Library designs.
Security Services	Funding for a position and reduction of non-personnel expenditures to support security services at branch libraries.
Small Business Enhancement Program	Funding of one-time non-personnel expenditures to support small businesses.
Youth Services Librarians	Funding of positions to support various youth services at libraries.
Public Safety	
Alternative Energy Sources Support	Addition of a grant-funded position to coordinate emergencies and training related to alternative energy sources.
False Alarm System Replacement	Funding of non-personnel expenditures to replace the false alarm system.

Membership Dues Funding of non-personnel expenditures for Unified Disaster Council membership dues.

Personal Protective Equipment Cleaning Funding of non-personnel expenditures for mandated advanced cleaning and repair of personal protective equipment.

Rental of Police Firearms Training Facility Funding of non-personnel expenditures for the rental of a firearms training facility.

San Pasqual Fire Mitigation Funding of positions and non-personnel expenditures for an additional Fast Response Squad in the San Pasqual Valley.

Special Events Support Funding for a position to process permits and inspections for special events.

Torrey Pines Fire Station Support Funding of positions and non-personnel expenditures to support operations at the new Torrey Pines Fire Station.

Stormwater

Time Schedule Order and Compliance Monitoring Funding of non-personnel expenditures to support compliance monitoring and to comply with the Time Schedule Order.

Transportation

Central Asphalt Team Funding of positions and non-personnel expenditures to support a new Central Asphalt team.

Pothole Repair Vehicle Funding of one-time non-personnel expenditures to purchase a pothole repair vehicle.

Ready, Set, Grow San Diego Grant Support Funding of positions and non-personnel expenditures to support the Ready, Set, Grow San Diego tree planting grant.

Street Resurfacing Program Funding of positions and non-personnel expenditures to support the Street Resurfacing Program.

Urban Forestry Services Funding of non-personnel expenditures to support tree planting and maintenance to comply with the Air Pollution Control District settlement agreement.

Operational Efficiencies and Budget Reductions

The Fiscal Year 2025 Adopted Budget includes expenditure reductions to achieve a balanced budget for Fiscal Year 2025.

The list below highlights some of the budget reductions by departments.

Citywide Reductions	Reductions associated with executive approval to fill vacancies process, consultants, cost of living adjustments, preservation of benefits, use of Infrastructure Fund to fund operations, and the waiving of contributions to reserves and the Climate Equity Fund.
Boards and Commissions	Reduction of positions and non-personnel expenditures that support the department.
City Attorney	Reductions associated with operational efficiencies.
City Auditor	Reduction of personnel expenditures.
City Clerk	Reduction of personnel expenditures.
City Planning	Reductions associated with operational efficiencies.
City Treasurer	Reductions associated with external contracts, supplies, administrative support, and department reorganization.
Commission on Police Practices	Reduction of professional services.
Communications	Reduction of Graphic Designer and use of PEG Fund.
Compliance	Reduction of personnel expenditures.
Council Administration and Council Districts	Miscellaneous reductions of personnel and non-personnel expenditures.
Department of Finance	Reductions in positions, training, and supplies.
Department of Information Technology	Reduction to PC replacement lease program.
Development Services	Reduction of a Zoning Investigator 2 and non-personnel expenditures.
Economic Development	Reduction of eviction notice registry, various technical and service contracts, and office space analysis.
Environmental Services	Reduction of organics waste containers, radio frequency identification readers, and implementation of a discount on refuse disposal fees.

Fire-Rescue	Reductions associated with dispatch operations, helicopter staffing, recruitment, wellness support, and a fire academy.
General Services	Reductions associated with supplies and services for facilities maintenance.
Homelessness Strategies & Solutions	Reduction associated with a one-time use of Affordable Housing Fund support.
Human Resources	Reduction of citywide employee training and recruitment.
Library	Reductions associated with security services, training, supplies, personnel expenditures, and computer replacements.
Office of Emergency Services	Reductions associated with discretionary non-personnel expenditures.
Office of the Chief Operating Officer	Reduction of the Office of Immigrant Affairs, and support for the Office of Child and Youth Success and special projects.
Office of the IBA	Reductions associated with operational efficiencies.
Parks and Recreation	Reductions associated with brush management, park maintenance, and water services.
Performance and Analytics	Reductions associated with hiring and performance dashboard/open budget tool.
Personnel	Reductions associated with operational efficiencies.
Police	Reductions in positions and non-personnel expenditures associated with Police Investigative Services Officers, police academies, shared mobility enforcement, and extension of shift overtime.
Public Utilities	Reductions associated with recreational programming at City lakes.
Purchasing & Contracting	Reduction of consulting services.
Race and Equity	Reductions associated with community grants and the Cannabis Social Equity Program.
Stormwater	Reduction associated with various as-needed services and consultants.
Sustainability & Mobility	Reductions associated with contracts for the Climate Action Plan, Bicycle Master Plan, Complete Streets Design Manual, and zero emission vehicle initiatives.
Transportation	Reductions associated with traffic signal cabinets and tree planting.

Balanced Budget and Conclusion

The Fiscal Year 2025 Adopted Budget protects the progress made in recent fiscal years, while continuing to invest in key City priorities, including public safety, homelessness, housing, and infrastructure. This balanced budget includes funding to maintain current services, utilizing a mix of one-time and ongoing resources. Absent new funding, however, the City may need to consider ongoing reductions and limiting new additions to achieve a structurally balanced General Fund budget in the near future. Additional details are included throughout this Volume.