



## **Mayor's Message – Fiscal Year 2025 Proposed Budget**

Dear San Diegans:

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

The fiscal strategies laid out in the Fiscal Year 2025 Proposed Budget include both strategic reductions across various departments and targeted investments in critical areas. However, 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 \$24.5 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 Proposed Budget includes dedicated funding to expand the capacity of the city's shelter system. Specifically, it aims to increase the number of shelter beds available to people experiencing homelessness by at least 1,000 in 2025. This increase is offset by a one-time reduction of \$15.0 million in expenditures within the Homelessness Strategies & Solutions Department and assumes that the San Diego Housing Commission will utilize its resources on a one-time basis, to sustain this same level of investment in homelessness programs and services. This approach demonstrates a collaborative effort across city departments and commissions 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 Proposed Budget for our Development Services Department (DSD) 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 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 Proposed Budget, all City of San Diego departments were tasked with identifying potential budgetary reductions to address our structural budget 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.

Despite the broader call for budgetary restraint, we are also making strategic investments where they are most needed. Notably, the budget includes the addition of 12 new positions along with necessary non-personnel expenditures to operate the new Torrey Pines Fire Station. This enhancement ensures 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.

Reflecting our commitment to this goal, the Fiscal Year 2025 budget earmarks \$104.6 million for street resurfacing construction and design. This significant investment represents an increase from the 60 miles of major street resurfacing funded 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 significant impact the January 2024 storms had on our communities, highlighting the urgency and necessity of robust infrastructure to withstand such events. In response, we have identified funding needs for stormwater emergencies and other critical flood resilience and green infrastructure projects totaling \$85.1 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 on daily. That's why Councilmember Campillo and I have proposed a one-cent general sales tax measure to be included on the November 2024 ballot. This measure is a pragmatic step towards not only maintaining but significantly improving our core neighborhood services and reversing decades of underfunding in our infrastructure, which, if neglected, will only become more costly to repair in the future. This measure is about making a generational investment in the fabric of our city, ensuring that we can deliver enhanced services to every neighborhood and lay the foundation for a sustainable, thriving San Diego.

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 Proposed Budget reflects this strategic shift, with an allocation of \$11.9 million in Citywide DIF funds for parks projects, another \$11.9 million for mobility projects, and \$1.9 million earmarked for Fire-Rescue projects. Additionally, we're deploying \$26.8 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 \$14.1 million in improvements for Mission Bay Park and \$7.6 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.

As we embark on the journey outlined by the Fiscal Year 2025 Proposed Budget, I am filled with optimism for San Diego's future. This budget is a blueprint 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, from increasing shelter beds for people experiencing homelessness to streamlining housing development and ensuring our streets and infrastructure are robust and reliable, is unwavering. The investments we make today in public safety, infrastructure, and our youth promise to 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,

A handwritten signature in black ink, reading "Todd Gloria". The signature is written in a cursive, flowing style.

Todd Gloria

Mayor

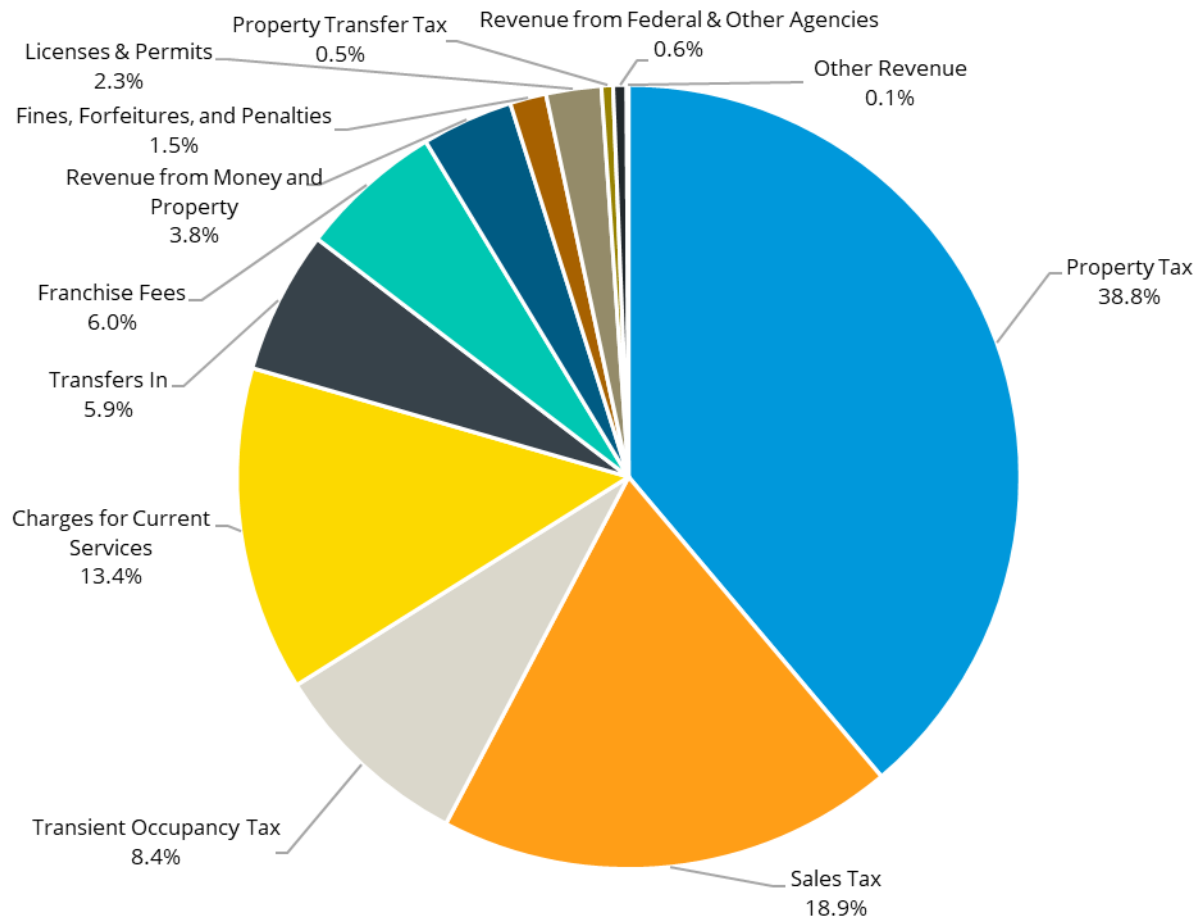
## **City of San Diego Budget**

The City of San Diego's Fiscal Year 2025 Proposed Budget is \$5.65 billion and is comprised of five operating fund types, and the Capital Improvements Program (CIP). The Fiscal Year 2025 Proposed Budget represents an increase of \$473.0 million, or 9.1 percent, compared to the Fiscal Year 2024 Adopted Budget. Increases in the General Fund are primarily associated with increased funding for wages and benefits, homelessness programs, and new facilities. The increases in the Special Revenue Funds are primarily associated with the EMS Alliance Model, and salary and fringe benefits across various funds. The increase in the Enterprise Funds is associated with salary and fringe benefits, cost increases to chemicals to treat water and wastewater, and debt payments. The Capital Improvements Program includes an increase in Water and Wastewater project-related appropriations.

## **General Fund Revenues**

The Fiscal Year 2025 Proposed General Fund revenue budget is \$2.08 Billion, which represents an increase of \$61.2 million, or 3.0 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 72.0 percent of the Fiscal Year 2025 Proposed Budget General Fund revenues and are projected to increase by \$54.6 million, or 3.8 percent, from the Fiscal Year 2024 Adopted Budget. The increases in major General Fund revenues are primarily in property tax revenue of \$48.8 million and franchise fee revenue of \$13.4 million. Fiscal Year 2025 Proposed Budget revenues are based on projections included in the Fiscal Year 2024 Mid-Year Budget Monitoring Report (Mid-Year 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 \$6.6 million, or 1.1 percent. The increase in other revenues is associated with \$13.5 million in transfers to the General Fund from the Concourse and Parking Garages Operating Fund, Community Equity Fund, Energy Independence Fund, Civil Penalties Fund, and Central Stores Fund; a \$12.7 million increase in reimbursements from the Environmental Growth Funds to support eligible expenditures; \$4.5 million in reimbursements for Employ and Empower 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 2024 Proposed Budget for General Fund expenditures is \$2.15 billion, which represents an increase of \$65.8 million, or 3.2 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 critical expenditure additions primarily: maintain various services, supports interns through the Employ and Empower program which is offset with revenue, and minimally adds enhancements and services to address the needs of residents most notably stormwater. In addition to these adds, there are a number of reductions that had to be taken to balance the budget.

The Fiscal Year 2025 Proposed Budget includes funding to maintain current 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**

<b><i>Acquisition and Disposition Support</i></b>	Funding of position to support Acquisitions and Dispositions for Department of Real Estate and Airport Management.
<b><i>Contract Specialists</i></b>	Funding of positions to support job order contracts.
<b><i>Financial Support for the EMS Alliance Model</i></b>	Funding of positions to support accounting and reporting for the new EMS Alliance Model.
<b><i>Procurement and Contracting Support</i></b>	Funding of positions to support the procurement of goods and services.
<b><i>Project Labor Agreement Program Support</i></b>	Funding of positions and one-time non-personnel expenditures to support the Project Labor Agreement Program for the Capital Improvement Program.

## **City Facilities**

<b><i>Citywide Facility Job Order Contracting</i></b>	Funding of positions to support Citywide facilities job order contracting processes.
<b><i>Public Utilities Facility Maintenance</i></b>	Funding of positions to support repair and maintenance activities of Public Utilities Department facilities.

## **Climate Action Plan**

<b><i>Zero Emissions Vehicle Strategy</i></b>	Funding of a position to support the Zero Emissions Vehicles Strategy of the Climate Action Plan.
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## **Equity and Diversity**

<b><i>Employ and Empower Intern Program Support</i></b>	Funding of positions citywide to support the Employ and Empower Intern Program.
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## **Homelessness and Housing**

<b><i>1,000 Shelter Beds</i></b>	Funding of non-personnel expenditures to expand the number of shelter beds and the safe parking program.
<b><i>Continued Shelter Operations</i></b>	Funding of non-personnel expenditures to support operations at interim shelters and support lease expenses and ancillary costs.
<b><i>Day Center Site Cost Increases</i></b>	Funding of one-time non-personnel expenditures to support site improvements and operating cost increases at the Day Center.
<b><i>Family Shelter Bed Capacity Expansion</i></b>	Funding of non-personnel expenditures to support expansion of bed capacity at Salvation Army Family interim shelter site.
<b><i>Living Wage and Cost-of-Living Increases</i></b>	Funding of non-personnel expenditures to provide cost-of-living adjustments to front-line staff of service operators.
<b><i>Portable Restrooms Support</i></b>	Funding of non-personnel expenditures to support portable restrooms and security.
<b><i>Safe Sleeping Program Support</i></b>	Funding of non-personnel expenditures to support the Safe Sleeping Program.

## Independent Departments

<b><i>City Attorney Civil Advisory Support</i></b>	Funding of positions and one-time non-personnel expenditures to support the Capital Improvements Program.
<b><i>Independent Legal Counsel</i></b>	Funding of non-personnel expenditures for independent legal counsel for the Office of the City Auditor.
<b><i>Medical Examinations</i></b>	Funding of non-personnel expenditures to support increase in medical examinations for City staff.
<b><i>Your Safe Place Support</i></b>	Funding of positions and one-time non-personnel expenditures to support Your Safe Place, a Family Justice Center.

## Livable Neighborhoods

<b><i>Balboa Park Botanical Building</i></b>	Funding to support the increased operating hours at the Balboa Park Botanical Building.
<b><i>Chilled Water Increase</i></b>	Funding of non-personnel expenditures to align budget with contract for Chilled Water services at the Central Library.
<b><i>Human Resources Support</i></b>	Funding to support the Employ and Empower Program positions in the Parks & Recreation Department.
<b><i>Janitorial Services</i></b>	Funding of non-personnel expenditures to support contractual increases in janitorial services at branch libraries.
<b><i>Land Acquisition</i></b>	Funding of positions and non-personnel expenditures to support land acquisition program development.
<b><i>Landscape Services</i></b>	Funding of non-personnel expenditures to support contractual increases in landscape services at branch libraries.
<b><i>New Parks and Recreation Facilities</i></b>	Funding of positions and non-personnel expenditures to support new parks, open spaces, joint-use facilities, and recreational facilities.
<b><i>Parking Services</i></b>	Funding of non-personnel expenditures to support parking services at Central and Mission Hills Library.
<b><i>Security Services</i></b>	Funding of a position and reduction of non-personnel expenditures to support security services at branch libraries.

## Public Safety

<b><i>Alternative Energy Sources Support</i></b>	Grant-funded addition of position to coordinate emergencies and training related to alternative energy sources.
<b><i>False Alarm System Replacement</i></b>	Funding of non-personnel expenditures to replace the false alarm system.
<b><i>Membership Dues</i></b>	Funding of non-personnel expenditures for Unified Disaster Council membership dues.
<b><i>Personal Protective Equipment Cleaning</i></b>	Funding of non-personnel expenditures for mandated advanced cleaning and repair of personal protective equipment.
<b><i>Rental of Police Firearms Training Facility</i></b>	Funding of non-personnel expenditures for the rental of a firearms training facility.
<b><i>Special Events Support</i></b>	Funding of position to process permits and inspections for special events.



<b>Torrey Pines Fire Station Support</b>	Funding of positions and non-personnel expenditures to support operations at the new Torrey Pines Fire Station.
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## Stormwater

<b>Time Schedule Order and Compliance Monitoring</b>	Funding of non-personnel expenditures to support compliance monitoring and comply with the Time Schedule Order.
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## Transportation

<b>Central Asphalt Team</b>	Funding of positions and non-personnel expenditures to support a new Central Asphalt team.
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<b>Ready, Set, Grow San Diego Grant Support</b>	Funding of positions and non-personnel expenditures to support the Ready, Set, Grow tree planting grant.
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<b>Street Preservation Ordinance</b>	Funding of positions and non-personnel expenditures to support the Street Preservation Ordinance.
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<b>Urban Forestry Services</b>	Funding of non-personnel expenditures to support tree planting and maintenance to comply with the Air Pollution Control District settlement agreement.
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## Operational Efficiencies and Budget Reductions

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

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

<b>Citywide Reductions</b>	Reductions associated to executive approval to fill vacancies process, consultants, cost of living adjustments, preservation of benefits, use of Infrastructure Fund, and the waiving of contributions to reserves and the Climate Equity Fund.
<b>Boards and Commissions</b>	Reduction of positions and non-personnel expenditures that support the department.
<b>City Attorney</b>	Reductions associated to operational efficiencies.
<b>City Auditor</b>	Reduction of personnel expenditures.
<b>City Clerk</b>	Reduction of personnel expenditures.
<b>City Planning</b>	Reductions associated to operational efficiencies.
<b>City Treasurer</b>	Reductions associated to external contracts, supplies, administrative support, and department reorganization.
<b>Commission on Police Practices</b>	Reduction of professional services.
<b>Communications</b>	Reduction of Graphic Designer and use of PEG Fund.
<b>Compliance</b>	Reduction of personnel expenditures.
<b>Council Admin and Council Districts</b>	Miscellaneous reductions of personnel and non-personnel expenditures.
<b>Department of Finance</b>	Reductions in positions, training, and supplies.
<b>Department of Information Technology</b>	Reduction to digital literacy services.
<b>Development Services</b>	Reduction of a Zoning Investigator 2 and non-personnel expenditures.
<b>Economic Development</b>	Reduction of eviction notice registry and external contracts.

<b><i>Environmental Services</i></b>	Reduction of organics waste containers and implementation of a discount on refuse disposal fees.
<b><i>Ethics Commission</i></b>	Reduction of non-personnel expenditures.
<b><i>Fire-Rescue</i></b>	Reductions associated to dispatch operations, helicopter staffing, recruitment, wellness support, and a fire academy.
<b><i>General Services</i></b>	Reductions associated to supplies and services for facilities maintenance.
<b><i>Homelessness Strategies &amp; Solutions</i></b>	Proposed use of San Diego Housing Commission funds.
<b><i>Human Resources</i></b>	Reduction of citywide employee training and recruitment.
<b><i>Library</i></b>	Reductions associated to matching library donations, programming, security services, training, supplies, personnel expenditures, and computer replacements.
<b><i>Office of Emergency Services</i></b>	Reductions associated to discretionary non-personnel expenditures.
<b><i>Office of the Chief Operating Officer</i></b>	Reduction of the Office of Immigrant Affairs, and support for the Office of Child and Youth Success and special projects.
<b><i>Office of the IBA</i></b>	Reductions associated to operational efficiencies.
<b><i>Parks and Recreation Department</i></b>	Reductions associated to after school programs, Back to Work SD, brush management, park maintenance, and swimming pool programming.
<b><i>Performance and Analytics</i></b>	Reductions associated to hiring and performance dashboard/open budget tool.
<b><i>Personnel</i></b>	Reductions associated to operational efficiencies.
<b><i>Police</i></b>	Reductions in positions and non-personnel expenditures associated to front counters, juvenile services, Police Investigative Services Officers, police academies, shared mobility enforcement, No Shots Fired, and extension of shift overtime.
<b><i>Public Utilities</i></b>	Reductions associated to recreational programming.
<b><i>Purchasing &amp; Contracting</i></b>	Reduction of consulting services.
<b><i>Race and Equity</i></b>	Reductions associated to community grants and the Cannabis Social Equity Program.
<b><i>Real Estate &amp; Airport Management</i></b>	Reduction of various technical and service contracts.
<b><i>Stormwater</i></b>	Reduction associated to various as-needed services and consultants.
<b><i>Sustainability &amp; Mobility</i></b>	Reductions associated to contracts for the Climate Action Plan, Bicycle Master Plan, Complete Streets Design Manual, and zero emission vehicle initiatives.
<b><i>Transportation</i></b>	Reductions associated to traffic signal cabinets and tree planting.

### **Balanced Budget and Conclusion**

The Fiscal Year 2025 Proposed Budget continues to focus on the City's goals and maintain the City's core city services including: public safety, homelessness programs and services, and infrastructure maintenance. This balanced budget includes funding to maintain current services, utilizing one-time and ongoing resources. Based on current projections, balancing the General Fund budget in future years, and obtaining a structurally balanced budget may require additional ongoing reductions, minimizing additions, and refraining from the addition of new programs unless additional dedicated ongoing funding sources are attained. Additional details are included throughout this Volume.