



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: May 19, 2015 REPORT NO: 15-051

ATTENTION: Budget Review Committee Meeting of the City Council
Agenda of May 21, 2015

SUBJECT: Fiscal Year 2015 Year-End Budget Monitoring Report

REFERENCE: Fiscal Year 2015 First Quarter Budget Monitoring Report, # 14-068
Fiscal Year 2015 Mid-Year Budget Monitoring Report, # 15-017

REQUESTED ACTION:

Accept the Fiscal Year 2015 Year-End Budget Monitoring Report and approve the requested actions as outlined in this report.

STAFF RECOMMENDATION:

Approve the requested actions.

SUMMARY:

The Year-End Report presents year-end projections of revenues and expenditures for funds with budgeted personnel expenditures.

Per City Council Budget Policy (Policy No. 000-02), Quarterly Reports are presented to the Budget and Government Efficiency Committee and the City Council each fiscal year. The purpose of the Fiscal Year 2015 Year-End Budget Monitoring Report is to compare year-end projections to the current fiscal year's budget. This report is an integral part of the budget process which provides transparency to the City's budget and finances and critical data for informed decision-making.

Authorities to adjust appropriations are requested to allow for budget transfers and de-appropriations between General Fund departments and to address unanticipated events that may occur prior to year-end. Adjustments are also requested to capital improvement projects to reduce appropriations from expired grants, completed projects, and projects with revised timelines. A list of each project and the amount requested to de-appropriate is also included in the report. Finally, authorities are included that are typically requested at year-end to maintain compliance with the City Charter and Municipal Code.

FISCAL CONSIDERATIONS:

See attached Report: Fiscal Year 2015 Year-End Budget Monitoring Report, # 15-051

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

This item will be heard at Budget and Government Efficiency Committee on May 21, 2015 and at City Council on June 8, 2015. This item does not require two Council hearings and will be amending the budget via resolution.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

N/A

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

N/A

Attachment: Fiscal Year 2015 Year-End Budget Monitoring Report, # 15-051

Fiscal Year 2015 Year-End Budget Monitoring Report



**City of San Diego
Financial Management Department
May 2015**

signature on file

Scott Chadwick
Chief Operating Officer

signature on file

Mary Lewis
Chief Financial Officer

signature on file

Tracy McCraner
Financial Management Director

signature on file

Vanessa Montenegro
Interim Budget Coordinator

INTRODUCTION

Per City Council Budget Policy (Policy No. 000-02), Quarterly Reports are presented to the Budget and Government Efficiency Committee and the City Council each fiscal year. The purpose of the FY 2015 Year-End Budget Monitoring Report (Year-End Report) is to compare year-end projections to the current fiscal year's budget. This report is an integral part of the budget process which provides transparency of the City's budget and finances and critical data for informed decision-making.

Financial Management produces this report, in collaboration with City departments, to forecast year-end projections and address significant variances between budget and projected revenues and/or expenditures. The Year-End Report is developed using nine months of actual (unaudited) activity in budgeted operating departments with budgeted personnel expenditures, combined with departmental projections of anticipated spending trends for the remaining three periods of the fiscal year. Statistical data and economic analyses are gathered from economic consultants, professional organizations and other resources to project year-end revenue estimates. This report provides the detail and analysis of the year-end projections and recommends actions necessary to maintain budgetary control and balance through the remainder of the fiscal year.

The data included in this report is the most up-to-date information available at the time of publication. However, the data and projections included in this report may be subject to change due to unforeseen events. Financial Management is dedicated to continuously monitor budgeted revenues and expenditures for the remainder of the fiscal year.



The following discussions, analysis, and recommendations can be found in this report:

- A high-level summary of projected revenues and expenditures, including the impact of this projected activity on Excess Equity and reserve targets
- Detail on the major General Fund revenues and assumptions utilized
- Discussion on significant variances projected for departments and funds (significant is defined as greater than \$500,000)
- Updates to the Mayor's priority budget initiatives from the FY 2015 Mid-Year Budget Monitoring Report (Mid-Year Report), issued February 26, 2015
- Appropriation adjustments and authorities recommending budget adjustments necessary to maintain budgetary control and balance for all budgeted funds
- Revisions to CIP projects are requested to reduce appropriations from expired grants, completed projects, and projects with revised timelines

GENERAL FUND

OVERVIEW

The FY 2015 Year-End Budget Monitoring Report projects the General Fund to be within 1.0% of the Current Budget at fiscal year-end. A detailed summary of the variances from the budget is included in this report.

The General Fund projects a \$14.4 million budgetary surplus by fiscal year-end as reflected in Table 1: Summary of FY 2015 General Fund Projections. The \$14.4 million projected budgetary surplus in the General Fund is the result of increased projected revenues of \$6.0 million and decreased projected expenditures of \$8.4 million. This represents a \$14.4 million improvement from the Current Budget. The Current Budget includes any budgetary changes approved by Council from the Adopted Budget. The Current Budget projects an appropriation of \$13.9 million in Excess Equity primarily for a transfer to the Public Liability Fund reserves and \$3.9 million in Use of Budgetary Surplus to maintain the Public Liability Reserve target at 40.0% and meet the annual allocation for the Long-term disability Fund Reserve. The City Council approved the Mayor's recommended use of the projected budgetary surplus as presented in the Mid-Year Report, #15-017. As a result, the Current Budget reflects a \$3.9 million increase from the FY 2015 Adopted Budget.

Excess Equity is defined as an unrestricted fund balance that is not assigned to General Fund Reserves and is available for appropriation for one-time uses, such as reserves or infrastructure projects. The \$13.9 million use of Excess Equity included in the FY 2015 Adopted Budget, included \$12.8 million to pre-fund the Public Liability Reserve, \$1.7 million for Community Projects, Programs, and Services, and a slight decrease in fringe benefit expenditures of \$600,000. The \$3.9 million in Use of Budgetary Surplus as part of the Mid-Year Adjustment Resolution included \$2.8 million to pre-fund the Public Liability Reserve to its FY 2016 40.0% targeted level and \$1.1 million to pre-fund the Long-Term Disability Reserve.

Summary of FY 2015 General Fund Projections					
<i>Table 1</i>	<i>in millions</i>				
Revenue/Expenditures	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Resources					
Revenue	\$ 1,188.6	\$ 1,201.3	\$ 1,207.3	\$ 6.0	0.5%
Excess Equity	13.9	13.9	13.9	-	0.0%
Total Resources	1,202.4	1,215.2	1,221.2	6.0	0.5%
Expenditures	1,202.4	1,219.1	1,210.6	8.4	0.7%
<i>Sub-Total</i>	\$ -	\$ (3.9)	\$ 10.5	\$ 14.4	0.0%
FY 2015 Mid-Year Use of Budgetary Surplus ¹	-	3.9	-	-	
Net Projected Activity	\$ -	\$ -	\$ 10.5	\$ 14.4	

¹Approved Mid-Year Adjustment Resolution (R-309524)

The calculation of Excess Equity takes into account the net projected increase in revenues and decreased expenditures within the fiscal year. The excess revenue projection is the result of increased receipts of \$6.0 million realized in the City’s major General Fund revenues. This is primarily due to an increase of \$3.1 million in SDG&E franchise fee revenue and \$2.6 million for transient occupancy tax revenue. The decreased expenditures projection is primarily due to a continued decrease in energy and utilities related to fuel costs and various delays in contracts in the Park and Recreation and Transportation and Storm Water departments. The decrease in expenditures is also related to decreases in personnel expenditures in public safety departments which are projected under budget each by \$1.7 million. The decreased expenditures in personnel costs and contracts are offset by increases in transfers out primarily due to the \$3.4 million transfer to the Public Liability Reserve for unanticipated public liability claims. These transfers fund the current fiscal year’s reserve target and pre-fund the FY 2016 reserve target as discussed in greater detail in this report.

Changes Since the Mid-Year Report

The General Fund year-end projection represents a net of revenues in excess of expenditures of \$10.5 million. The net projected activity of \$10.5 million is the difference between the increased total resources of \$1,221.2 million and the decreased projected expenditures of \$1,210.6 million from the Current Budget.

The current net year-end projection has improved \$5.5 million compared to the projections in the Mid-Year Report as reflected in Table 2: Quarterly Comparison of FY 2015 General Fund Projections. This is primarily due to an improved revenue projection of \$4.5 million from the Mid-Year Report. The majority of this increase is attributed to increases in the major General Fund Revenues of \$3.0 million in additional SDG&E franchise fee revenue and \$1.9 million in transient occupancy tax revenue offset with decreases of \$720,000 in revenue for services to other funds. Other factors include departmental revenue increases of \$900,000 in the Real Estate Assets Department and \$600,000 in the Fire-Rescue Department since the Mid-Year Report. These departmental revenues are offset with decreases of \$690,000 in the Public Works – General Services Department and \$670,000 in the Economic Development Department.

Quarterly Comparison of FY 2015 General Fund Projections				
<i>Table 2</i>				<i>in millions</i>
Revenue/Expenditures	Mid-Year Report	Year-End Report	Variance	Change %
Resources				
Projected Revenue	\$ 1,202.8	\$ 1,207.3	\$ 4.5	0.4%
Total Projected Excess Equity	13.9	13.9	-	0.0%
Total Resources	1,216.7	1,221.2	4.5	0.4%
Projected Expenditures	1,211.7	1,210.6	1.1	0.1%
Net Year-End Projection	\$ 4.9	\$ 10.5	\$ 5.5	

In addition to the improved revenue projections, there are decreases in expenditure projections of \$1.1 million. The primary factors are projected decreases of \$1.9 million in the Park and Recreation Department primarily as a result of water conservation efforts and contract delays within the Department; \$960,000 in the Fire-Rescue Department primarily due to savings in

personnel costs and additional savings in diesel fuel; \$930,000 in the Environmental Services Department for delays in a roof replacement, software upgrades, and fuel savings; and \$460,000 in the Police Department primarily due to savings in personnel costs.

Details of the changes from the prior quarter summarized by department are included in the General Fund Summaries by Department section, later in this report.

MAJOR GENERAL FUND REVENUES

As reflected in Table 3: FY 2015 Major General Fund Revenue Projections, the City’s major revenues are projected to exceed Current Budget by \$5.6 million. The primary contributor to the positive variance is franchise fee revenue, which is projected to exceed budget due to an increase in San Diego Gas & Electric (SDG&E) revenue resulting from increased energy rates and consumption. Also contributing to the positive variance in major General Fund revenues are transient occupancy tax (TOT) and sales tax revenue increases. The over budget projection in these categories are slightly offset by under budget projections in property tax and property transfer tax revenues.

FY 2015 Major General Fund Revenue Projections					
<i>Table 3</i>					<i>in millions</i>
Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Property Tax	\$ 445.4	\$ 446.6	\$ 446.4	\$ (0.3)	-0.1%
Sales Tax	257.1	258.1	259.0	0.9	0.3%
Transient Occupancy Tax ¹	92.3	93.7	96.4	2.6	2.8%
Franchise Fees ²	70.7	76.1	79.1	3.1	4.0%
Property Transfer Tax	9.2	9.2	8.1	(1.0)	-11.4%
Miscellaneous Revenue	62.2	62.2	62.5	0.3	0.5%
Total	\$ 936.9	\$ 945.9	\$ 951.5	\$ 5.6	0.6%

¹ Total City FY 2015 current revenue budget for transient occupancy tax is \$177.7 million and the projection is \$184.0 million. The balance is budgeted in the Transient Occupancy Tax Fund.

² Total City FY 2015 current revenue budget for franchise fees is \$142.5 million and the projection is \$158.3 million. The balance is budgeted in the Environmental Growth and Underground Surcharge Funds.

The Current Budget increased by \$9.0 million from the FY 2015 Adopted Budget primarily due to higher expected revenues presented in the Mid-Year Report and approved by City Council via the Mid-Year Adjustment Resolution (R-309524). The Current Budget includes increases for the following General Fund major revenues:

- \$5.4 million increase in franchise fees revenue
- \$1.4 million increase for TOT revenue
- \$1.2 million increase for property tax revenue
- \$1.0 million increase for sales tax revenue

The projections for major General Fund revenues are based on the most recent economic information and revenue distributions to the City. When the budget for the major General Fund revenues was developed it incorporated a continued, modest improvement in the local, state, and national economies. The over budget projections indicate that the positive signs shown by the local economic indicators during the development of the budget have generally continued throughout the fiscal year as reflected in Table 4: Local Unemployment Economic Indicators and Table 5: Local Real Estate Market Indicators.

Local Unemployment Economic Indicators

Table 4

Economic Indicator	March 2014	March 2015	Change %
City of San Diego Unemployment	6.9%	4.8%	-2.1%
City of San Diego Number of Unemployed	49,700	33,600	-32.4%

Source: California Employment Development Department

The unemployment rate in the City of San Diego for March 2015 has dropped by 2.1% when compared to March 2014. Additionally, the total number of unemployed has decreased by 32.4%. Both indicators are positive signs that the local employment market continues to improve.

Local Real Estate Market Indicators

Table 5

Economic Indicator	January- March 2014	January- March 2015	Change %
San Diego County Median Home Price	\$420,000	\$448,500	6.8%
San Diego County Home Sales	7,987	8,020	0.4%
San Diego County Foreclosures	623	441	-29.2%
San Diego County Notices of Default	1,514	1,433	-5.4%

Source: San Diego County Assessor/Auditor/Recorder's Office

When compared to March 2014, the median home price for March 2015 has increased by 6.8%. Meanwhile, the total volume of home sales for January through March 2015 has increased by 0.4% compared to January through March 2014. While numbers for homes being sold have slowed, there continues to be significant decreases in both foreclosures and notices of default, as the local real estate market continues to improve.

USD Index of Leading Economic Indicators

Table 6

Economic Indicator	March 2014	March 2015	Change %
USD Index of Leading Economic Indicators	128.6	137.7	7.1%

Source: University of San Diego (USD) Index of Leading Economic Indicators

In addition to local employment and real estate indicators showing improvement, the most recent update to the University of San Diego's (USD) Index of Leading Economic Indicators reflects positive changes. This index provides a broader picture of the local economy, as it summarizes data across several areas, including building permits, unemployment, stock prices, consumer confidence, help wanted advertising, and the national economy.

The local economic indicators and over budget projection in the General Fund major revenues support the position that the economy is continuing to modestly improve. Although it is expected that improvement in the local economy will continue through the last quarter of FY 2015, economic indicators will be closely monitored for potential impacts to the General Fund’s major revenues.

Property Tax

FY 2015 Property Tax Revenue Projections					
<i>Table 7</i>					<i>in millions</i>
Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Property Tax Growth Rate	5.1%	5.1%	5.1%	0.0%	N/A
Property Tax Projection	\$ 445.4	\$ 446.6	\$ 446.4	\$ (0.3)	-0.1%

Property tax revenue is projected slightly under budget at fiscal year-end compared to the Current Budget. This projected decrease is due to a decline in the tax sharing and residual distributions from the Redevelopment Property Tax Trust Fund (RPTTF).

The year-end projection for the 1.0% base property tax varies from the Current Budget by \$400,000 due to higher than anticipated assessed valuation growth in FY 2015. The FY 2015 Adopted Budget incorporated a growth rate of 5.1% based on preliminary assessed valuation estimates from the San Diego County Assessor/Recorder/Clerk. However, the City’s final assessed valuation exceeded the preliminary estimates used in developing the FY 2015 Adopted Budget resulting in the year-end projection for the 1.0% base property tax exceeding the Current Budget.

The Current Budget for the Motor Vehicle License Fee (MVLFF) backfill payment reflects an increase of \$1.2 million from the FY 2015 Adopted Budget as approved in the FY 2015 Mid-Year Adjustment Resolution (R-309524). The year-end projection for the MVLFF backfill payment varies from the Current Budget by \$200,000 as a result of the actual payment exceeding expectations.

The FY 2015 year-end property tax projection includes a tax sharing pass-through payment of \$3.9 million from the former Redevelopment Agency (RDA), based on projections for the upcoming Recognized Obligation Payments Schedule (ROPS). The \$3.9 million payment reflects a \$300,000 decrease from the Current Budget. In addition to tax sharing pass-through payments, the City will receive residual property tax payments. The residual property tax payment is the City’s proportionate share of funds remaining in the RPTTF after ROPS requirements have been met. The anticipated residual property tax payment is currently projected to be \$12.4 million, \$500,000 lower than the Current Budget. The \$800,000 below budget projection for the combined tax sharing and residual distribution payments is primarily the net result of a decrease in the City’s proportionate share of the RPTTF residual balance from 21.2% to 17.5%. The decrease in the City’s proportionate share of the RPTTF residual balance is due to the San Diego County Auditor-Controller implementing a court decision in a lawsuit between

Los Angeles Unified School District and the County of Los Angeles that occurred since the development of the budget.

The year-end projection reflects a \$200,000 decrease from the projection in the Mid-Year Report due to an \$800,000 increase in the 1.0% base property tax, which is offset by decreases of \$300,000 in the RPTTF tax sharing distribution payment and a \$700,000 decrease in the residual tax sharing payment. The tax sharing distribution is lower than the projection in the Mid-Year Report as a result of the City receiving updated RPTTF distribution estimates from the California Department of Finance (DOF) and the County Auditor-Controller. Combined, these components in the property tax projection results in an under budget projection of \$300,000, as displayed in Table 8: FY 2015 Property Tax Revenue Projections Details.

FY 2015 Property Tax Revenue Projection Details					
<i>Table 8</i>					<i>in millions</i>
Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
1.0% Property Tax	\$ 314.3	\$ 314.3	\$ 314.7	\$ 0.4	0.1%
MVLF Backfill	114.0	115.2	115.3	0.2	0.1%
RPTTF Tax Sharing Pass-through Payments	4.2	4.2	3.9	(0.3)	-6.9%
RPTTF Residual Property Tax	12.9	12.9	12.4	(0.5)	-4.1%
Total	\$ 445.4	\$ 446.6	\$ 446.4	\$ (0.3)	-0.1%

Sales Tax

FY 2015 Sales Tax Revenue Projections					
<i>Table 9</i>					<i>in millions</i>
Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Sales Tax Growth Rate	4.5%	4.5%	4.5%	0.0%	N/A
Sales Tax Projection	\$ 257.1	\$ 258.1	\$ 259.0	\$ 0.9	0.3%

Sales tax revenue is projected to exceed budget at fiscal year-end by \$900,000, or 0.3%, primarily due to continued stable growth in consumer spending in almost all industry groups.

Major local economic drivers of the City’s sales tax receipts include the unemployment rate, consumer confidence, and consumer spending. As of March 2015, the San Diego unemployment rate was 4.8%, as reported by the California Employment Development Department. The unemployment rates for both the State of California and the nation are 6.5% and 5.6%, respectively, as shown in Graph 1: Unemployment Rates. The local unemployment rate remains below State and national levels and is indicative of strong consumer confidence which is anticipated to lead to continued growth in the City’s sales tax receipts.



Source: State of California, Employment Development Department

The City of San Diego continues to experience a steady but moderate increase in sales tax revenue when compared to FY 2014, with gains reported in nearly all economic sectors, except for transportation, which includes fuel, as displayed in Table 10: Quarterly Sales Tax Revenue. A notable decrease in gas prices was experienced across the nation during the first half of the fiscal year due to expanded North American oil production and gains in fuel efficiency. Sales tax data from HdL Companies, the City’s sales tax consultant, reports that the impact of the lower gas prices on the City’s sales tax revenue may be partially offset by purchases of taxable items in other economic categories, such as general consumer goods and vehicle sales.

Quarterly Sales Tax Revenue				
<i>Table 10</i>	<i>in millions</i>			
Economic Category	4th Quarter CY 2013	4th Quarter CY 2014	Variance %	
General Retail	\$ 17.3	\$ 17.6	1.9%	
Food Products	13.1	13.9	6.4%	
Transportation	13.7	12.9	-5.7%	
Business to Business	8.9	10.0	12.5%	
Construction	3.8	4.2	11.7%	
Total	\$ 56.7	\$ 58.7	3.4%	

Source: HdL Companies

The year-end projection reflects a \$100,000 decrease from the projection in the Mid-Year Report primarily due to the drop in fuel cost. However, the City of San Diego is projected to end FY 2015 minimally over budget by \$900,000. Sales tax data from HdL Companies, indicate that holiday sales were 3.6% higher than last year’s holiday quarter and that expected gains in taxable

sales from apparel stores, restaurants, liquor stores, automobile sales, and construction materials will help maintain this trend throughout the remainder of the fiscal year.

Transient Occupancy Tax (TOT)

FY 2015 Transient Occupancy Tax (TOT) Revenue Projections					
<i>Table 11</i>	<i>in millions</i>				
Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
TOT Growth Rate	5.5%	6.0%	6.0%	0.0%	N/A
TOT Projection	\$ 92.3	\$ 93.7	\$ 96.4	\$ 2.6	2.8%

General Fund TOT revenue is projected to exceed budget at fiscal year-end by \$2.6 million, or 2.8%, primarily due to gains in occupancy and room rates, and an increase in overnight visitors to San Diego during calendar year 2014 and 2015. As a result of the increase in overnight visitors, the growth rate of 5.5% included in the FY 2015 Adopted Budget has been increased to 6.0% for the remainder of the fiscal year to reflect trends in actual receipts through the third quarter of the fiscal year. San Diego hotels continue to maintain and outpace premium occupancy rates and prices compared to both California and the U.S. through October 2014, based on the most up-to-date available information.

Major economic drivers of TOT include hotel occupancy rates, daily room rates, business travel, and conventions. Sustained positive tourism growth has occurred since the economic turnaround began in FY 2010 and this trend is expected to continue through fiscal year-end, according to the December 2014 Quarterly Travel Forecast from the San Diego Tourism Authority (SDTA) and Tourism Economics, Inc. Table 12: San Diego County Visitor Industry provides a summary of the projected growth in economic indicators that impact the City’s transient occupancy tax receipts.

San Diego County Visitor Industry				
<i>Table 12</i>	CY 2012	CY 2013	CY 2014	CY 2015 ²
Visitors				
Total Visits (millions)	32.3	33.1	33.8	34.6
Overnight Visits (millions)	16.1	16.4	17.0	17.2
Hotel Sector				
Average Occupancy	70.5%	71.6%	74.7%	76.3%
Average Daily Rate	\$ 131.22	\$ 134.94	\$ 142.61	\$ 150.52
Revenue PAR ¹	\$ 92.56	\$ 96.61	\$ 106.46	\$ 114.78
Room Demand (growth)	2.9%	2.4%	5.7%	3.2%

Source: San Diego Tourism Authority and Tourism Economics

¹ Revenue Per Available Room (Average Occupancy multiplied by Average Daily Rate)

² Forecast - Tourism Economics, December 2014

The year-end projection for TOT reflects a \$1.9 million increase from the projection in the Mid-Year Report as a result of the City’s actual TOT receipts between December and March exceeding projections. The increased receipts during the third quarter of FY 2015 may be partially attributed to the SDTA seasonal advertising campaign that began in January 2014.

Franchise Fees

FY 2015 Franchise Fee Revenue Projections					
<i>Table 13</i>					<i>in millions</i>
Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
SDG&E Growth Rate	2.0%	2.0%	2.0%	0.0%	N/A
Cables Growth Rate	3.5%	3.5%	4.4%	0.9%	N/A
Franchise Fee Projection	\$ 70.7	\$ 76.1	\$ 79.1	\$ 3.1	4.0%

Franchise fee revenue is generated from agreements with private utility companies and refuse haulers in exchange for the use of the City’s rights-of-way. Currently, the City has franchise agreements with SDG&E, Cox Communications, Time Warner Cable, AT&T, and refuse haulers. Approximately 83.6% of franchise fee revenue is comprised of receipts from SDG&E and the cable companies. The revenue received from the agreements with SDG&E and the cable companies is based on a percentage of gross sales while the revenue received from refuse haulers is based on tonnage.

Franchise fee revenue is projected to exceed the Current Budget at fiscal year-end by \$3.1 million, or 4.0%. The over budget revenue projection for franchise fees is primarily attributed to an increase in revenue from SDG&E and cable franchise fees. Revenue from SDG&E is projected to be over budget by \$2.1 million as a result of the implementation of several rate increases approved by the California Public Utilities Commission (CPUC) after the adoption of the FY 2015 budget and increases in energy consumption. Cable franchise fees increased \$550,000 due to an increase in receipts from all cable providers. Additionally, refuse hauler revenue franchise fee payments are projected to be over budget due to an increase in tonnage.

The current projection reflects a \$5.0 million increase from the projection in the Mid-Year Report due to a \$5.4 million increase in SDG&E franchise fee revenue. At the time of the Mid-Year Report, the SDG&E franchise fee revenue was based on an estimated February clean-up payment that was received from SDG&E. The actual clean-up payment received was higher than the estimate used in the Mid-Year Report, thus increasing the year-end projected revenue. This increase from the mid-year in SDG&E revenue is offset by a \$220,000 decrease in cable franchise fee revenue, a \$170,000 decrease in refuse hauler franchise fee revenue, and a \$10,000 decrease in miscellaneous franchise fee revenue over the revenues projected in the Mid-Year Report.

Property Transfer Tax

FY 2015 Property Transfer Tax Projections					
<i>Table 14</i>					<i>in millions</i>
Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Property Transfer Tax Growth Rate	11.0%	11.0%	0.0%	-11.0%	N/A
Property Transfer Tax Projection	\$ 9.2	\$ 9.2	\$ 8.1	\$ (1.0)	-11.4%

Property transfer tax is levied on the sale of residential and commercial real estate property and is highly reflective of the activity in the housing market, which makes property transfer tax revenues generally more volatile to market changes than the 1.0% property tax levy. The County of San Diego collects \$1.10 per \$1,000 of the sale price when any real property is sold. The City is credited \$0.55 per \$1,000 against the County's charge, giving both the County and City each \$0.55 per \$1,000 of the sale price. The funds are collected by the County upon a sale of real property within the City limits and transferred to the City on a monthly basis.

Property transfer tax revenue is projected under budget by fiscal year-end as compared to the Current Budget. The decreased year-end projection is due to actual receipts coming in under budgeted amounts during the first three quarters of the fiscal year. The decrease in property transfer tax is consistent with the slowing in growth of the median home price and home sales as displayed in Table 15: Local Real Estate Market Indicators. As a result, the 11.0% growth rate included in the budget was decreased to 0.0% in the Mid-Year Report and will remain at this rate for the remainder of the fiscal year.

Local Real Estate Market Indicators			
<i>Table 15</i>			
Economic Indicator	January-March 2014	January-March 2015	Variance %
San Diego County Median Home Price	\$420,000	\$448,500	6.8%
San Diego Home Sales	7,987	8,020	0.4%
San Diego County Foreclosures	623	441	-29.2%
San Diego County Notices of Default	1,514	1,433	-5.4%

Source: San Diego County Assessor/Auditor/Recorder's Office

Other Major Revenue

FY 2015 Other Major Revenue Projections					
<i>Table 16</i>					<i>in millions</i>
Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Other Major Revenue Projections	\$ 62.2	\$ 63.6	\$ 62.4	\$ (1.2)	-1.9%

The Other Major Revenue category includes General Governmental Services Billing (GGSB), which is a reimbursement from other City funds that utilize General Fund services, the one-cent TOT transfer into the General Fund, interest earnings attributable to the General Fund from the City investment pool, and Refuse Collector Business Tax. The Other Major Revenue is projected over budget primarily due to disaster recovery reimbursements from previous fiscal years, rent reimbursements and parking revenue to the General Fund as a result of the lease purchase of Civic Center Plaza, and increased Supplemental Pension Savings Plan (SPSP) forfeitures. These over budget revenues are offset by under budget interest earnings attributable to the General Fund and reimbursements from the Convention Center Expansion Phase III Project that will not be received.

EXPENDITURES

General Fund expenditures are projected under budget by \$8.4 million at fiscal year-end. The current projection includes an under budget projection in personnel expenditures of \$5.5 million which reflects a variance of less than 1.0% of the total \$493.4 million in salary, wages and fringe benefits and an under budget projection in non-personnel expenditures of \$2.9 million.

Personnel Expenditures

The current projection for personnel expenditures is under budget by \$5.5 million consisting of \$3.8 million in salaries and wage expenditures and \$1.6 million in fringe benefits, as displayed in Table 17: FY 2015 General Fund Personnel Expenditure Projections.

FY 2015 General Fund Personnel Expenditure Projections					
<i>Table 17</i>		<i>in millions</i>			
Expenditure Category	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Salaries and Wages	\$ 493.4	\$ 504.9	\$ 501.1	\$ 3.8	0.8%
Fringe Benefits	339.9	347.2	345.5	1.6	0.5%
Total	\$ 833.3	\$ 852.0	\$ 846.6	\$ 5.5	0.6%

Salaries and Wage Expenditures

The salaries and wage expenditure category is comprised of five distinct types of wages: salaries, hourly wages, overtime, pay-in-lieu of annual leave, and termination pay. Salary expenditures include compensation for benefited and non-benefited employees. The expenditures in overtime include the total compensation at time and a half for both salaried and hourly employees. Pay-in-lieu of annual leave and termination pay represent compensation in-lieu of taking leave. Termination pay distinguishes the expense occurred upon the employees' separation from the City.

Salaries and wage expenditures are projected under budget by \$3.8 million primarily due to the following factors:

- \$13.9 million decrease in salary expenditures due to vacancies; primarily in the public safety departments of \$9.2 million; Transportation and Storm Water Department of \$1.2 million; Communications Department of \$1.0 million and other departments of \$2.6 million
- \$6.1 million increase in overtime primarily in public safety departments of \$4.6 million and the Transportation and Storm Water Department of \$890,000
- \$1.6 million increase in pay-in-lieu of annual leave
- \$1.5 million increase in termination pay primarily in the Police Department
- \$860,000 increase in hourly wages primarily in public safety departments of \$630,000 and the Park and Recreation Department of \$590,000, offset with savings from the Library Department of \$360,000

The Mid-Year Report projected salaries and wages over budget by \$8.3 million. After accounting for appropriation increases of \$8.3 million as approved in the Mid-Year Adjustment Resolution (R-309524), salaries and wages are currently projected under budget by \$3.8 million or 0.8% of the total City salaries and wages budget.

Overall, the current salaries and wages projection remains consistent with the Mid-Year Report, with the exception of salary expenditures. The year-end salary expenditure projection has decreased from the mid-year projection by \$5.0 million, \$3.8 million of which is public safety. The salary expenditure savings is the result of vacancies due to natural attrition throughout the City, including promotions, retirements and other terminations.

For a summary of the department’s salaries and wages projection, refer to the General Fund Summaries by Departments section later in this report.

Fringe Benefits

The fringe benefits category is projected under budget by \$1.7 million due to increases of \$5.1 million in fixed fringe benefits which is offset by a decrease of \$600,000 in variable fringe benefits and a \$6.2 million mid-year appropriation as displayed in Table 18: FY 2016 General Fund Fringe Benefits Projections.

FY 2015 General Fund Fringe Benefits Projections					
<i>Table 18</i>		<i>in millions</i>			
Fringe Benefits Expenditure Category	Adopted Budget	Current Budget¹	Year-End Projection	Variance	Variance %
Fixed	\$ 249.7	\$ 250.8	\$ 255.9	\$ (5.1)	-2.0%
Variable	90.2	90.2	89.6	0.6	0.7%
Other ¹	-	6.2	-	6.2	
Total	\$ 339.9	\$ 347.2	\$ 345.5	\$ 1.7	0.5%

¹ Approved Mid-Year Adjustment Resolution (R-309524)

Fixed fringe benefit expenditures, such as the pension payment and long-term disability reserve contributions are adjusted across funds to meet the targeted amounts by fiscal year-end. Variances from the fixed targets are primarily due to an increase required to meet the reserve targets in the Workers’ Compensation Fund of \$2.4 million and the Long-Term Disability Fund of \$1.4 million, as well as an increase in allocation of \$1.2 million in the Actuarially Determined Contribution (ADC) to the San Diego City Employees’ Retirement System (SDCERS). The reserve targets for the Workers’ Compensation and Long-Term Disability Funds increased due to an updated actuarial valuation resulting in an increase to the reserve targets per the City’s Reserve Policy. The allocation of the ADC expense to the General Fund increased due to a shift in ADC eligible employees from non general funds to the General Fund from what was assumed in the FY 2015 Adopted Budget. These increases are consistent with the projections as outlined in the Mid-Year Report.

Under budget variable fringe benefit expenditures are primarily the result of the Flexible Benefits Program plan for benefited City employees. Variable fringe benefit expenditures are

driven by actual filled positions and changes in employee benefit selections from what was assumed in the FY 2015 budget.

The budget for fringe benefits increased by \$7.3 million from the mid-year due to City Council approved increases from the Mid-Year Adjustment Resolution (R-309524). The majority of this increase, \$6.2 million, was to support the Police and Fire-Rescue Departments over budget fringe expenditures as projected in mid-year and \$1.1 million to support pre-funding of the Long-Term Disability Reserve.

Non-Personnel Expenditures

The General Fund non-personnel expenditures are projected to be \$2.9 million, or less than 1.0%, under budget at fiscal year-end, as displayed in Table 19: FY 2015 General Fund Non-Personnel Expenditure Projections. This is primarily due to lower than anticipated expenditures in energy and utilities and contracts.

The following section discusses the variances for non-personnel expenditures by category, highlighting the significant variances within each group.

FY 2015 General Fund Non-Personnel Expenditure Projections					
<i>Table 19</i>		<i>in millions</i>			
Expenditure Category	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Supplies	\$ 27.0	\$ 26.4	\$ 27.8	\$ (1.5)	-5.7%
Contracts	173.7	170.9	168.4	2.6	1.5%
Information Technology	25.9	27.5	27.2	0.3	1.1%
Energy and Utilities	40.5	40.5	37.0	3.5	8.6%
Transfers Out	89.2	90.7	93.1	(2.4)	-2.6%
Other	5.4	5.4	5.2	0.2	3.7%
Debt	4.1	4.1	3.5	0.5	12.2%
Capital Expenditures	3.4	1.5	1.8	(0.3)	-20.0%
Total	\$ 369.1	\$ 367.0	\$ 364.1	\$ 2.9	0.8%

Supplies

The supplies category is projected to be over budget by \$1.5 million, or 5.7% of Current Budget, by fiscal year-end primarily due to the following factors:

- \$1.1 million increase in the Transportation and Storm Water Department primarily for the replacement of aging electrical equipment and increased costs for pump station materials
- \$230,000 increase in the Park and Recreation Department for increased expenditures for irrigation supplies, pool chemicals, machine parts, and janitorial supplies. This is a result of the prolonged warm weather and increased use of park facilities
- \$130,000 increase in the Fire-Rescue Department related to supplies and materials for unanticipated boat engine repairs, and facility repairs

- \$110,000 increase in the Library Department for general office supplies, additional cleaning supplies for extended hours of service, and equipment and building repair supplies

Contracts

The contracts category is projected under budget by \$2.6 million, or 1.5% of Current Budget, by fiscal year-end primarily due to the following factors:

- \$880,000 decrease due to delays in various contracts within the Park and Recreation Department including: dumpster service, tennis and basketball resurfacing, tree trimming, landscape maintenance, and other various contractual expenses
- \$790,000 decrease in the Transportation and Storm Water Department related to costs to support special studies that could not be performed due to lack of rain
- \$580,000 decrease in the Office of the City Auditor primarily associated with the costs savings related to the independent, external auditor contractual expense
- \$570,000 decrease in reimbursements to Civic San Diego due to lower than anticipated Successor Agency activity
- \$480,000 decrease in the Environmental Services Department due to projected savings in refuse disposal fees and in engineering services
- \$360,000 decrease in the Citywide Program Expenditures Department related to savings in rent due to timing of signing the new lease at Civic Center Plaza

The under budget projections noted above are partially offset by over budget projections as described below:

- \$1.7 million increase in the Transportation and Storm Water Department for low-flow diversion usage and capacity fees paid to the Public Utilities Department
- \$620,000 increase in unanticipated maintenance costs associated with the City's 9-1-1 call manager system and photocopy service expenses within the Police Department

Information Technology

The information technology category is projected under budget by \$270,000, or 1.1% of Current Budget, due to a variety of minor fluctuations in activity. Most significant is an under budget projection of \$220,000 decrease in the Environmental Services Department for unexpected delays in replacing software, and \$70,000 in the Fire-Rescue Department for data center costs, which are trending lower.

Energy and Utilities

The energy and utilities category is projected under budget by \$3.5 million, or 8.6% of Current Budget, by fiscal year-end primarily from savings in fuel costs city-wide. Also contributing to the under budget is savings in water expenditures as a result of recent water conservation efforts. This decrease is partially offset by increased electricity rates approved by the California Public Utilities Commission (CPUC) after the adoption of the FY 2015 budget.

Transfers Out

The transfers out category is projected over budget by \$2.4 million, or 2.6% of Current Budget by fiscal year-end primarily due to the \$3.4 million transfer to the Public Liability Reserve for unanticipated public liability claims. This additional funding is required to fund the current fiscal

year's reserve target and pre-fund the FY 2016 reserve target. This increase is partially offset with a savings in the Park and Recreation Department's transfer for the Maintenance Assessment District general benefit contribution.

Other

The other category is projected slightly under budget by \$200,000, or 3.7% of Current Budget primarily in the Citywide Program Expenditures Department due to reduced payments for Preservation of Benefits projected for this payment.

Debt

The debt category is projected under budget by \$540,000, or 12.2% of Current Budget, by fiscal year-end due to the following factors:

- \$280,000 decrease in the Library and Park and Recreation departments.
- \$230,000 decrease in the Fire-Rescue Department due to interest savings related to the refinancing of a helicopter

Capital Expenditures

The capital expenditures category is projected over budget by \$320,000, or 20.0% of Current Budget, by fiscal year-end primarily due to unbudgeted expenditures for the Downtown Portland Loos restroom project in the Public Works – General Services Department.

GENERAL FUND RESERVES

The following section details the projected reserves and Excess Equity for the General Fund in accordance with the City’s Reserve Policy (Council Policy 100-20). It also takes into account the projected activity for this fiscal year.

The City’s General Fund reserves are made up of two separate reserves: the Emergency Reserve and the Stability Reserve. The target included in the City’s General Fund Reserves is 14.0% of the most recent three year average of annual audited operating revenues, based on the current three year average of FY 2012 through FY 2014. The Emergency Reserve target is set at 8.0% and the Stability Reserve is set at 6.0%.

The audited FY 2014 ending fund balance was \$182.5 million, which was 17.1% of the three year average of FY 2011 through FY 2013 audited General Fund operating revenues. The FY 2015 projected ending fund balance is \$179.1 million, which results in excess equity of \$20.8 million, or 1.8%, after taking into account the following:

- \$3.4 million net projected use of fund balance appropriation
- \$157.4 million, or 14.0% required reserve target
- \$1.0 million required in FY 2016 to support the Community Projects, Programs and Services

Table 20: FY 2015 General Fund Reserve Estimates illustrates this information.

FY 2015 General Fund Reserve Estimates		
<i>Table 20</i>	<i>in millions</i>	
Description	Amount	Revenue %
FY 2014 Audited Ending Fund Balance	\$ 182.5	17.1% ¹
Projected Use of Fund Balance Appropriation	\$ 3.4	
FY 2015 Projected Ending Fund Balance	\$ 179.1	15.1% ²
Emergency Reserve	89.9	8.0% ²
Stability Reserve	67.5	6.0% ²
FY 2015 Required Reserve Level	\$ 157.4	14.0% ²
Projected FY 2016 Community Projects, Programs, and Services	1.0	
FY 2015 Projected Ending Excess Equity	\$ 20.8	1.8% ²

¹ Based on FY 2011 through FY 2013 audited operating revenues in accordance with the City's Reserve Policy (CP 100-20).

² Based on FY 2012 through FY 2014 audited operating revenues in accordance with the City's Reserve Policy (CP 100-20).

This excess equity projection of \$20.8 million is a \$9.5 million projected increase from the Mid-Year Report due to an increase in projected revenue and a decrease in projected expenditures as discussed earlier in this report. The use of the FY 2015 projected ending excess equity will be presented in the May Revision to the Fiscal Year 2016 Proposed Budget Report, per the guidelines outlined in the City's Reserve Policy.

GENERAL FUND SUMMARIES BY DEPARTMENT

City Auditor

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ -	\$ -	\$ -	\$ -	0.0%
Personnel Expenditures	2.7	2.8	2.8	(0.0)	-1.0%
Non-Personnel Expenditures	0.8	0.8	0.3	0.6	69.9%
Expenditures	\$ 3.6	\$ 3.6	\$ 3.1	\$ 0.6	15.3%

Revenue:

This Department does not budget or anticipate to receive revenue.

Expenditures:

Similar to the Mid-Year Report, the Office of the City Auditor projects personnel expenditures at budget by fiscal year-end.

The Department projects non-personnel expenditures under budget by \$590,000 at fiscal year-end. The under budget projection is primarily due to lower than anticipated expenditures associated with the independent, external auditor contract for the preparation of the City’s FY2013, FY2014 and FY2015 Comprehensive Annual Financial Reports (CAFR). The current projection has decreased from the Mid-Year Report due to actual expenses being lower than expected in the Mid-Year Report.

Citywide Program Expenditures

Expenditures	<i>in millions</i>				
	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Assessments to Public Property	\$ 0.6	\$ 0.6	\$ 0.6	\$ -	0.0%
Business Cooperation Program	0.4	0.4	0.4	-	0.0%
Citywide Elections	1.8	0.2	0.1	0.1	50.0%
Corporate Master Leases Rent	7.2	7.2	6.8	0.4	5.6%
Deferred Capital Debt Service	14.5	12.5	12.0	0.6	4.8%
Employee Personal Property Claims	0.0	0.0	-	-	0.0%
Engineering & Capital Projects	2.2	1.1	1.1	-	0.0%
Insurance	2.2	2.2	2.2	-	0.0%
Leverage of Employee Pick-up Savings	8.0	8.0	8.0	-	0.0%
Memberships	0.7	0.7	0.7	-	0.0%
Preservation of Benefits	1.7	1.7	1.5	0.2	11.8%
Property Tax Administration	3.8	3.8	4.0	(0.2)	-5.2%
Public Liability Claims Transfer - Claims Fund	14.5	14.5	14.5	-	0.0%
Public Liability Claims Transfer - Reserves	12.8	15.6	19.0	(3.4)	-21.8%
Public Use Leases	1.6	1.6	1.6	-	0.0%
Special Consulting Services	3.0	3.0	3.0	-	0.0%
Supplemental Cost of Living Adjustment (COLA)	1.6	1.6	1.6	-	0.0%
Transfer to Park Improvement Funds	10.0	10.0	9.2	0.9	9.0%
Transfer to Capital Improvements Program	-	0.3	0.5	(0.3)	-100.0%
Transportation Subsidy	0.5	0.5	0.5	-	0.0%
Total	\$ 87.1	\$ 85.5	\$ 87.3	\$ (1.7)	-2.0%

Revenue:

This Department does not budget or receive revenue.

Expenditures:

Citywide Program Expenditures are projected over budget by \$1.7 million primarily due to recent public liability claims. The following details the primary causes of the over budget projection:

- \$3.4 million increase in the transfer to the Public Liability Reserve to fund the FY 2015 and pre-fund the FY 2016 reserve target. Since the release of the Mid-Year Report, increased public liability claims costs have resulted in additional funding needed to meet the reserve target. The City’s Reserve Policy (Council Policy 100-20) stipulates the required reserve target for FY 2016 for the Public Liability Fund is 40.0% of the value of outstanding public liability claims
- \$870,000 decrease in the transfer of Mission Bay rent and concession revenue to Park Improvement Funds primarily due to Sea World revenues
- \$550,000 decrease in the debt service payments for the General Fund infrastructure bonds due to delays in securing the bonds which have shifted the debt service into next fiscal year
- \$360,000 decrease in rent costs due to the renegotiated lease for Civic Center Plaza (CCP)
- \$250,000 increase in the transfer to Storm Drain (ACA00001) CIP – Drainage Projects in the Capital Improvements Program (CIP) project

- \$220,000 increase in property tax administration fees paid to the County
- \$200,000 decrease in Preservation of Benefits payments due to adjusted payment information received by SDCERS
- \$80,000 decrease in citywide election costs after accounting for the mid-year appropriation decrease of \$1.6 million

The current projection is an increase of \$5.2 million from the Mid-Year Report primarily due to transfer of \$6.2 million to the Public Liability Reserve. This increased transfer is composed of \$2.8 million that was recommended in the Mid-Year Report to pre-fund the FY 2016 reserve target and approved by City Council, and an additional \$3.4 million to pre-fund reserve target. Partially offsetting this increase are savings of \$670,000 from rent costs due to the renegotiated lease for CCP and savings of \$500,000 from special consulting services primarily from the Kinder Morgan legal counsel that will not be expended until next fiscal year.

Communications

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ 1.6	\$ 1.6	\$ 0.4	\$ (1.1)	-72.5%
Personnel Expenditures	3.2	3.2	1.4	1.8	55.1%
Non-Personnel Expenditures	0.2	0.2	0.1	0.1	36.1%
Expenditures	\$ 3.4	\$ 3.4	\$ 1.6	\$ 1.9	53.9%

Revenue:

The Communications Department projects revenue under budget by \$1.1 million at fiscal year-end due to a delay in the implementation of the department restructure as reported in the Mid-Year Report. The restructure of the City’s public communications function centralizes the Public Information Officers (PIO) into one department. As of April 2015, 24 positions have been filled in the department. The current revenue projection increased by \$260,000 from the Mid-Year Report primarily due to additional positions transferred into the department with partial implementation of the meet and confer agreement.

Expenditures:

The Communications Department projects personnel expenditures under budget by \$1.8 million at fiscal year-end primarily due to savings in salary expenditures as a result of vacancies in the department. The current projection increased by \$600,000 from the Mid-Year Report primarily due to positions transferred in the second half of the fiscal year as a result of the partial implementation of the meet and confer agreement. As of April 2015, 24 positions have been filled in the department. Although this projection is a savings to the Communications Department, the personnel expenditures were incurred in other City Departments prior to the position transfers.

Non-personnel expenditures are projected slightly under budget due to the delay in implementing the department restructure and the delayed start of the meet and confer agreement in the first half of the fiscal year.

Economic Development

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	<i>in millions</i>	
				Variance	Variance %
Revenue	\$ 8.6	\$ 8.1	\$ 7.0	\$ (1.1)	-13.4%
Personnel Expenditures	5.6	5.6	5.0	0.6	9.9%
Non-Personnel Expenditures	8.5	8.2	7.6	0.6	6.9%
Expenditures	\$ 14.1	\$ 13.8	\$ 12.7	\$ 1.1	8.1%

Revenue:

The Economic Development Department projects revenue under budget by \$1.1 million by fiscal year-end due to the following factors:

- \$940,000 decrease primarily attributed to vacant reimbursable positions from funding no longer received from the Enterprise Zone Program (EZ Program). The projection for this revenue decreased by \$430,000 from the Mid-Year Report due to positions no longer reimbursable through the EZ Program. The EZ Program was established by the state of California in 1984 to stimulate business investments in depressed areas of the state and to create job opportunities; however, as of December 2014, the program ended and funding is no longer available.
- \$140,000 net decrease primarily due to less than anticipated revenue reimbursements reserved for Successor Agency activities performed by Civic San Diego (CivicSD). This is offset with reimbursements for work performed for other agencies. The current revenue projection decreased by \$230,000 from the Mid-Year Report primarily due to updated revenue projections from CivicSD.

Expenditures:

Personnel expenditures for the Economic Development department are projected under budget by \$550,000 at fiscal year-end primarily due to the following factors:

- \$490,000 decrease in salaries and fringe benefit expenditures due to vacancies which are anticipated to be filled by fiscal-year end
- \$100,000 decrease in hourly wages
- \$40,000 increase in pay-in-lieu of annual leave

Non-personnel expenditures are projected under budget by \$570,000 at fiscal year-end. This under budget expenditure is due to lower than anticipated reimbursable expenses incurred by CivicSD.

Environmental Services

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	<i>in millions</i>	
				Variance	Variance %
Revenue	\$ 1.2	\$ 1.2	\$ 1.5	\$ 0.3	22.3%
Personnel Expenditures	13.3	13.3	13.6	(0.3)	-2.4%
Non-Personnel Expenditures	21.9	22.0	20.6	1.4	6.2%
Expenditures	\$ 35.2	\$ 35.3	\$ 34.2	\$ 1.0	3.0%

Revenue:

The Environmental Services Department projects revenue to exceed budget by \$270,000 at fiscal year-end primarily due to the department receiving rent from the Fleet Services Department for use of the Environmental Services Operations Station (ESOS). In addition, an increase of revenue was received from the Oil Payment Program grant, and refuse container fund for services rendered. This is a slight increase from the mid-year projection.

Expenditures:

Similar to the mid-year projection, personnel expenditures in the Environmental Services Department are projected to exceed budget by \$320,000 at fiscal year-end. The over budget is primarily due to increases in allocation of the Actuarially Determined Contribution (ADC) expense, Workers' Compensation and Long-Term Disability fringe related costs and an increase of pay-in-lieu of annual leave.

Non-personnel expenditures are projected under budget by \$1.4 million at fiscal year-end primarily due to the following factors:

- \$640,000 decrease primarily in fuel costs
- \$480,000 decrease in Refuse Disposal Fees due to the decline in tonnage disposed at the landfill
- \$220,000 decrease in information technology expenditures resulting from unexpected delays of replacing software

Fire-Rescue

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	<i>in millions</i>	
				Variance	Variance %
Revenue	\$ 27.0	\$ 30.0	\$ 30.7	\$ 0.6	2.1%
Personnel Expenditures	185.1	194.7	194.1	0.6	0.3%
Non-Personnel Expenditures	33.4	33.6	32.9	0.7	2.1%
Expenditures	\$ 218.5	\$ 228.3	\$ 227.0	\$ 1.3	0.6%

Revenue:

The Fire-Rescue Department projects revenue to exceed budget by a net \$640,000 at fiscal year-end for the following factors:

- \$1.3 million increase in reimbursement revenue from the Fire/Emergency Medical Services Transport Program Fund due to paramedic rotation activity

- \$500,000 increase in revenue for Fire-Rescue services to the Port Authority
- \$480,000 increase in Urban Area Security Initiative (UASI) grant reimbursements for costs incurred in prior years. This is an increase of \$180,000 from the Mid-Year Report due to approval for additional reimbursements for prior years response planning and training activities
- \$300,000 increase in Urban Search and Rescue (USAR) Task Force activity reimbursements from grant funds. This is an increase of \$110,000 from the Mid-Year Report due to higher than anticipated reimbursement revenue for staff time for section administration and management, training, and equipment for firefighting personnel in the USAR Task Force
- \$300,000 increase in reimbursement revenue incidents from the California Office of Emergency Services for strike team deployments to the Lodge, French and King fire incidents
- \$260,000 increase in reimbursement revenue from Cleveland National Forest for fire suppression services rendered by the Department.
- \$1.8 million decrease in the transfer of fund balance from the Fire/Emergency Medical Services Transport Program Fund
- \$600,000 decrease primarily due to alarm permit fees erroneously posting to the Fire-Rescue Department, which have since been corrected

Expenditures:

The Fire-Rescue Department projects personnel expenditures under budget by a net \$570,000 primarily due to the following factors:

- \$2.2 million decrease in salary expenditures due to the number of vacancies within the department, which has improved from the Mid-Year Report and under filling of positions. This is a decrease from the Mid-Year Report due to an over projection by Department staff of personnel expenditures in the mid-year projections
- \$170,000 decrease in termination pay
- \$910,000 increase primarily due to increases in allocation of the Actuarially Determined Contribution (ADC) expense, Workers' Compensation and Long-Term Disability fringe benefit related costs
- \$550,000 increase in overtime for the backfilling of positions to maintain constant staffing. This is an increase from the Mid-Year Report as a result of the use of annual leave exceeding previous projections
- \$350,000 increase in hourly wages

Non-personnel expenditures are projected under budget by \$700,000 primarily due to the following factors:

- \$860,000 decrease in diesel fuel and water expenditures
- \$230,000 decrease in expenditures as a result of the refinancing of a helicopter
- \$180,000 net increase due to anticipated savings for the semi-annual lease payments for fire apparatus vehicles resulting from the expiration of the lease term and return of vehicles, offset with an increase in unbudgeted costs to support the City's 9-1-1 call manager system and other safety network improvements

- \$130,000 increase for supplies and materials for unanticipated boat engine repairs and other facility repairs

Office of the City Attorney

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ 3.3	\$ 3.3	\$ 3.9	\$ 0.7	20.0%
Personnel Expenditures	42.7	42.8	42.6	0.2	0.5%
Non-Personnel Expenditures	3.2	3.3	3.3	(0.0)	0.0%
Expenditures	\$ 45.9	\$ 46.1	\$ 45.9	\$ 0.2	0.5%

Revenue:

The Office of the City Attorney projects revenue to exceed budget by \$650,000 at fiscal year-end primarily due to higher activity in Service Level Agreements (SLA) with customer departments and an increase in revenue due to reimbursements for hours billed related to court settlements. This is a slight improvement from the mid-year projection.

Expenditures:

The Office of the City Attorney projects personnel expenditures under budget by a net \$220,000 at fiscal year-end primarily due to the following factors:

- \$670,000 decrease in salary and fringe benefit expenditures due to vacant positions
- \$320,000 increase in pay-in-lieu of annual leave
- \$90,000 increase in termination pay
- \$30,000 increase in overtime

The personnel expenditures have slightly decreased since the mid-year projection due to positions being filled later than anticipated.

Non-personnel expenditures are projected to be at budget at fiscal year-end.

Office of the City Treasurer

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ 18.3	\$ 18.3	\$ 18.9	\$ 0.6	3.4%
Personnel Expenditures	9.8	10.0	9.9	0.1	1.0%
Non-Personnel Expenditures	5.6	5.6	5.3	0.3	6.2%
Expenditures	\$ 15.5	\$ 15.6	\$ 15.2	\$ 0.4	2.9%

Revenue:

Similar to the Mid-Year Report, the Office of the City Treasurer projects revenue to exceed budget by \$600,000 at fiscal year-end primarily for the following factors:

- \$150,000 increase due to collections of delinquent parking citations through the Department of Motor Vehicles (DMV) referral fee program, which is a decrease from the

Mid-Year Report due to less than anticipated Franchise Fee Tax Board (FTB) offset collections

- \$140,000 increase in business tax revenue as a result of more businesses registering with the City due to the Department’s improved compliance efforts
- \$120,000 increase in reimbursements for services performed for the Transient Occupancy Tax Fund and Tourism Marketing District

Expenditures:

The Office of the City Treasurer projects personnel expenditures under budget by \$100,000 at fiscal year-end. The under budget is primarily due to savings in fringe benefits and overtime, which is partially offset by an over budget pay-in-lieu of annual leave. The current projection is an increase in savings from the Mid-Year Report due to delays in filling vacancies that were anticipated during the mid-year projection.

The Office of the City Treasurer projects non-personnel expenditures under budget by \$350,000 at fiscal year-end, which is a decrease from the Mid-Year Report. The current savings in expenditures are due to the following factors:

- \$270,000 decrease due to efficiency savings from the new banking contract
- \$90,000 decrease primarily as a result of savings in information technology expenses due to credit reversals received for expenses booked in FY 2014.

Police Department

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	<i>in millions</i>
					Variance %
Revenue	\$ 44.6	\$ 45.7	\$ 45.7	\$ 0.1	0.1%
Personnel Expenditures	352.8	361.3	360.2	1.2	0.3%
Non-Personnel Expenditures	66.7	65.6	65.7	(0.1)	-0.2%
Expenditures	\$ 419.5	\$ 426.9	\$ 425.8	\$ 1.1	0.2%

Revenue:

Revenue for the Police Department is projected at budget by fiscal year-end. The Department received an appropriation increase of \$1.1 million from the Mid-Year Adjustment Resolution (R-309524) during the mid-year projection for revenue associated with Assembly Bill 109 Public Safety Realignment.

Expenditures:

The Police Department projects personnel expenditures under budget by \$1.2 million by fiscal year-end for the following factors:

- \$7.0 million decrease in salary and wage expenditures due to numerous vacancies throughout the department. This is a decrease of \$1.5 million from the Mid-Year Report due to a higher attrition rate than assumed in the mid-year projection from 10 to 14 personnel departures per month and the use of many vacant positions for Out-of-Class Assignment (OCA) opportunities.

- \$4.0 million increase in overtime, which is similar to the mid-year projection due to shift extensions to increase the focus on training and support for new officers and work performed related to Assembly Bill 109, which are cost reimbursable activities
- \$1.1 million increase in termination pay, which is a \$240,000 increase from the mid-year projections
- \$450,000 increase in fringe benefits primarily due to increases in allocation of the Actuarially Determined Contribution (ADC) expense, Workers’ Compensation and Long-Term Disability fringe related costs
- \$290,000 increase in hourly wages due to a new initiative to add provisional sworn staff to support the Homeless Outreach Team (HOT) program, command front counters, and for the Domestic Violence Unit

Non-personnel expenditures are projected slightly over budget by a net \$100,000 due to an increase in unanticipated maintenance costs associated with the City’s 9-1-1 call manager system, Computer Aided Dispatch (CAD) maintenance, body camera bandwidth subscriptions, photocopy services and other miscellaneous items. The over budget projections are partially mitigated with savings in fuel costs.

Planning

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ 3.8	\$ 3.8	\$ 3.8	\$ (0.1)	-1.7%
Personnel Expenditures	7.5	7.5	6.6	1.0	12.7%
Non-Personnel Expenditures	1.8	1.8	1.5	0.3	17.8%
Expenditures	\$ 9.3	\$ 9.3	\$ 8.1	\$ 1.3	13.7%

Revenue:

The Planning Department projects revenue slightly under budget by fiscal year-end. This is an improvement from the Mid-Year Report as a result of an increase in General Plan Maintenance Fee revenue resulting from an increase in permit applications.

Expenditures:

Personnel expenditures are projected under budget for the Planning Department by \$950,000 at fiscal year-end due to seven vacant positions, six of which are projected to be filled by year-end. The current year-end projection has decreased from the Mid-Year Report primarily due to longer than anticipated time to fill vacancies.

Non-personnel expenditures are projected under budget by \$320,000 at fiscal year-end primarily due to the following factors:

- Program delays related to stakeholder involvement
- Availability of staff in specialized disciplines
- Longer than anticipated contracting process time frames for several contracts supporting a variety of community plan updates and amendments.

The current projection has increased by \$190,000 in non-personnel expenditures from the Mid-Year Report due to increases in billable work for the Uptown, North Park, Golden Hill, Southeastern San Diego, and Encanto community plan updates have factored into the increase. Additionally, new unanticipated needs for traffic engineering and modeling services are also contributing to the increase.

Public Works - General Services

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ 3.9	\$ 3.9	\$ 3.1	\$ (0.7)	-19.0%
Personnel Expenditures	11.2	11.3	10.9	0.4	3.6%
Non-Personnel Expenditures	6.5	6.5	7.0	(0.5)	-7.9%
Expenditures	\$ 17.7	\$ 17.8	\$ 17.9	\$ (0.1)	-0.6%

Revenue:

The Public Works - General Services Department projects revenue under budget by \$740,000 at fiscal year-end primarily to reflect the reallocation of TOT revenue to the Park and Recreation Department and a decline in reimbursable work and capital improvement projects.

Expenditures:

Personnel expenditures are projected under budget by \$400,000 at fiscal year-end primarily due to the following factors:

- \$430,000 decrease in fringe benefits due to vacancies.
- \$250,000 decrease in salary expenditures due to 12 vacancies, ten of which are projected to be hired by fiscal year-end. This projection is a decrease of \$140,000 from the mid-year projections
- \$100,000 increase in overtime due to unanticipated emergency tasks that cannot be completed during normal business hours
- \$100,000 increase in pay-in-lieu of annual leave
- \$50,000 increase in hourly wages

Non-personnel expenditures are over budget by \$510,000 at fiscal year-end due to the following factors:

- \$310,000 increase due to unbudgeted expenditures for the Downtown Portland Loos restroom.
- \$130,000 increase to address the ongoing repairs for various City facilities due to deferred maintenance.
- \$60,000 increase for unbudgeted usage expenses for vehicles kept past the scheduled replacement date.

Purchasing and Contracting

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ 1.6	\$ 1.6	\$ 1.3	\$ (0.3)	-21.4%
Personnel Expenditures	5.3	5.3	4.8	0.5	9.9%
Non-Personnel Expenditures	1.0	1.0	0.9	0.0	4.0%
Expenditures	\$ 6.3	\$ 6.3	\$ 5.7	\$ 0.6	9.0%

Revenue:

The Purchasing and Contracting Department projects revenue under budget by \$340,000 at fiscal year-end primarily due to vacant reimbursable positions that bill non general fund departments.

Expenditures:

The Department projects personnel expenditures under budget by \$530,000 at fiscal year-end primarily due to a decrease in salary and fringe benefit expenditures resulting from seven vacancies in the department, which are anticipated to be filled by the end of this fiscal year. This under budget in salary expenditures is partially offset with \$110,000 over budget in overtime expenditures.

Non-personnel expenditures are projected at budget at fiscal year-end.

Transportation and Storm Water

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ 48.2	\$ 48.2	\$ 49.7	\$ 1.5	3.0%
Personnel Expenditures	43.1	42.2	42.2	0.0	0.1%
Non-Personnel Expenditures	61.0	61.1	62.9	(1.8)	-2.9%
Expenditures	\$ 104.1	\$ 103.3	\$ 105.1	\$ (1.7)	-1.7%

Revenue:

The Transportation and Storm Water Department projects revenue to exceed budget by \$1.5 million at fiscal year-end, which is a slight increase over the mid-year projections. The increase in revenues is primarily due to the following factors:

- \$1.6 million increase in revenue from reimbursable work related to minor construction projects such as sidewalk and accessible curb ramp installation, street lighting, traffic control improvements, and parking lot maintenance. This is an increase of \$460,000 over the mid-year projection
- \$190,000 increase in revenue received from insurance settlements to compensate the Department for the repair of damaged assets
- \$160,000 increase in reimbursements from other jurisdictions related to several maintenance expenses for watersheds that lie within the boundary of the City and another jurisdiction

The increase in projected revenue is offset by a \$440,000 under budget in projected parking citation revenue due to unanticipated vacancies in parking enforcement.

Expenditures:

The Transportation and Storm Water Department projects personnel expenditures to be at budget by fiscal year-end.

The Department projects non-personnel expenditures to exceed budget by \$1.8 million by fiscal year-end primarily due to low flow diversion usage fees for wastewater discharge at pump stations as discussed in the Mid-Year Report. Additional expenditures include increases for aging electrical equipment and pump station materials in the Storm Water Division. These increases are partially offset with \$790,000 savings in water quality special studies that could not be performed due to lack of rain. The Department will receive a bottom-line re-appropriation at fiscal year-end from savings in other departments, which is an authority requested in this report.

NON-GENERAL FUND SUMMARIES BY DEPARTMENT

Airports Fund

<i>in millions</i>					
Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ 4.8	\$ 4.8	\$ 4.8	\$ (0.0)	0.0%
Personnel Expenditures	1.7	1.7	1.5	0.2	12.8%
Non-Personnel Expenditures	3.5	3.5	2.0	1.5	43.3%
Expenditures	5.2	5.2	3.5	1.7	33.3%
Net Year-End Projection	\$ (0.4)	\$ (0.4)	\$ 1.3	\$ 1.7	

Revenue:

Similar to the mid-year projection, the revenue in the Airports Fund is projected at budget by fiscal year-end.

Expenditures:

The Airports Fund projects personnel expenditures under budget by \$220,000 at fiscal year-end due to the following factors:

- \$200,000 decrease in salary expenditures as a result of six vacant positions, one of which will remain vacant for the remainder of the fiscal year
- \$110,000 decrease in fringe benefits due to vacancies
- \$60,000 increase in hourly wages
- \$50,000 increase in termination pay

Non-personnel expenditures are projected under budget by \$1.5 million at fiscal year-end primarily due to delays in project completions. This is a decrease from the mid-year projection. Many of the preventive maintenance projects that were delayed are now being initiated and a dedicated focus on updating the plans is underway.

Development Services Fund

<i>in millions</i>					
Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ 48.4	\$ 48.4	\$ 51.6	\$ 3.2	6.7%
Personnel Expenditures	37.8	37.8	39.1	(1.3)	-3.5%
Non-Personnel Expenditures	12.0	12.0	11.7	0.4	3.2%
Expenditures	49.8	49.8	50.7	(0.9)	-1.9%
Net Year-End Projection	\$ (1.4)	\$ (1.4)	\$ 0.9	\$ 2.3	

Revenue:

The Development Services Fund projects revenue \$3.2 million over budget at fiscal year-end primarily due to the following factors:

- \$6.9 million increase in additional plan reviews and building permits as a result of the improving economy. The current projection has increased by \$3.9 million since the Mid-Year Report due to a revised forecast based on actual activity
- \$3.2 million decrease in reimbursable revenue for services to City Departments. Due to the increased demand for plan reviews and building permits, staff is focusing their efforts on over the counter customer service requests. The projection is lower than anticipated by \$500,000 from the Mid-Year Report
- \$650,000 decrease due to a Governmental Accounting Standards Board (GASB) change in accounting treatment for bond proceeds, as was mentioned in the Mid-Year Report. GASB no longer allows bond proceeds to be recorded as revenue and requires a balance sheet only entry
- \$280,000 increase due to the sale of periodicals such as environmental impact reports and property plans

Expenditures:

Personnel expenditures in the Development Services Fund are projected to exceed budget by \$1.3 million by fiscal year-end primarily due to the following factors:

- \$580,000 increase in overtime due to the new hours of operations for service counter customer service requests. The hours of operation were changed in September 2014. The current projection has increased by \$200,000 since the Mid-Year Report
- \$340,000 increase in hourly wages due to the new hours of operation as previously mentioned
- \$330,000 decrease in salary expenditures due to vacancies. This is a decrease of \$490,000 from the Mid-Year Report due to delays in filling current vacancies
- \$310,000 increase in pay-in-lieu of annual leave
- \$220,000 increase in fringe benefits, which is an increase of \$150,000 from the Mid-Year Report

The Development Services Fund projects non-personnel expenditures under budget by \$380,000 by fiscal year-end primarily due to a decrease of \$300,000 in information technology expenditures related to a decrease in the number of consultant hours needed for a project tracking system, and a \$100,000 decrease in contracts related to micrographic expenses.

Engineering and Capital Projects Fund

	<i>in millions</i>				
Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ 64.4	\$ 64.4	\$ 61.4	\$ (2.9)	-4.6%
Personnel Expenditures	55.8	55.8	56.0	(0.2)	-0.4%
Non-Personnel Expenditures	8.6	8.6	7.4	1.2	14.0%
Expenditures	64.4	64.4	63.3	1.0	1.6%
Net Year-End Projection	\$ -	\$ -	\$ (1.9)	\$ (1.9)	

Revenue:

Revenue in the Engineering and Capital Projects Fund is projected under budget by \$2.9 million due to vacant reimbursable positions. As discussed in the Mid-Year Report, these positions typically take several months to fill as promotions create new vacancies. Additionally, when the hiring occurred, employees were promoted from positions with high reimbursable rates to lower reimbursable rates.

The current projection has decreased by \$2.5 million from the mid-year because previous revenue estimates assumed vacancies would be filled at a faster rate.

Expenditures:

Personnel expenditures are projected over budget by a net \$180,000 primarily due to the following factors:

- \$590,000 decrease in salary expenditures due to vacancies
- \$460,000 decrease in hourly wages
- \$730,000 increase in pay-in-lieu of annual leave
- \$410,000 increase in overtime
- \$130,000 increase in fringe related expenditures

Non-personnel expenditures are under budget by \$1.2 million primarily due to savings in contracts related to engineering equipment, building maintenance, and other various contract services. These contractual expenditures will be delayed until the Fund recovers enough revenue to support the costs.

The current projection has decreased by \$430,000 from the mid-year primarily due to a delay in moving costs of \$1.1 million to next fiscal year that would have consolidated office space, higher than anticipated personnel expenditures of \$950,000 due to overly aggressive attrition estimates from the mid-year and savings in supplies and contracts expenditures of \$290,000.

Fire/Emergency Medical Services Transport Program Fund

	<i>in millions</i>				
Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ 11.6	\$ 11.6	\$ 11.6	\$ 0.1	0.9%
Personnel Expenditures	4.9	4.9	5.8	(1.0)	-19.7%
Non-Personnel Expenditures	7.8	7.8	6.1	1.7	21.7%
Expenditures	12.7	12.7	12.0	0.7	5.9%
Net Year-End Projection	\$ (1.2)	\$ (1.2)	\$ (0.3)	\$ 0.8	

Revenue:

The Fire/Emergency Medical Services Transport Program Fund has no significant revenue variances.

Expenditures:

Personnel expenditures in the Fund are projected over budget by \$1.0 million primarily due to increases in allocation of the Actuarially Determined Contribution (ADC) expense, Workers' Compensation and Long-Term Disability fringe related cost allocations.

Non-personnel expenditures are projected under budget by \$1.7 million primarily due to a decrease in the transfer of accrued fund balance to the General Fund. As stated in the Mid-Year Report, the reduction in the transfer is due to FY 2014 year-end fund balance being lower than assumed in the FY 2015 budget. The reduction in the transfer of the fund balance also ensures that the Fire/EMS Transportation Program Fund has sufficient fund balance to address any contingencies that may arise in future fiscal years.

Fleet Services Operating Fund

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	<i>in millions</i>	
					Variance	Variance %
Revenue	\$ 50.2	\$ 50.2	\$ 46.1	\$ (4.1)		-8.2%
Personnel Expenditures	17.5	17.5	18.8	(1.3)		-7.6%
Non-Personnel Expenditures	33.3	33.3	28.8	4.6		13.7%
Expenditures	50.8	50.8	47.6	3.2		6.3%
Net Year-End Projection	\$ (0.6)	\$ (0.6)	\$ (1.5)	\$ (0.9)		

Revenue:

The Fleet Services Operating Fund revenue is projected under budget by \$4.1 million by fiscal year-end primarily due to the following factors:

- \$3.8 million decrease in fuel sales revenue due to savings in fuel costs. This is a decrease of \$1.4 million from the Mid-Year Report due to a decrease in fuel costs than was previously projected
- \$730,000 decrease in usage fee revenue to reflect the removal of previously leased Fire-Rescue apparatus, and the waiver of usage fees on 34 lifeguard vehicles in which auto repair services will be completed at a certified Toyota Dealership
- \$420,000 decrease in lease payments for Fire-Rescue apparatus vehicles resulting from the expiration of the lease term and return of the vehicles, as discussed in the Mid-Year Report

Expenditures:

Personnel expenditures are projected to exceed budget by \$1.3 million at fiscal year-end primarily due to the following factors:

- \$480,000 increase in overtime in order to meet customer needs and vehicle availability requirements. The current projection is a decrease of \$390,000 from the Mid-Year Report due to efficiencies within the department
- \$390,000 increase for the increases in allocation of the Actuarially Determined Contribution (ADC) expense, Workers' Compensation and Long-Term Disability fringe related costs

- \$270,000 increase in salary expenditures due to supplemental positions
- \$190,000 increase in pay-in-lieu of annual leave and termination pay

Non-personnel expenditures for the Fleet Operating Fund are projected under budget by \$4.6 million at fiscal year-end due to the following factors:

- \$3.4 million decrease in projected fuel costs. This is a decrease of \$1.2 million from the Mid-Year Report due to a lower cost per gallon than anticipated for both unleaded and diesel fuels
- \$1.7 million decrease due to savings for various maintenance service contracts and the return of the previously leased Fire-Rescue apparatus.
- \$690,000 increase in auto repair supply purchases, which is similar to the Mid-Year Report. As of April 2015, the single source supplies contract has not been fully implemented. This delay is due to the learning curve associated with specialty items which the new parts supplier is unfamiliar with

Golf Course Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ 17.5	\$ 17.5	\$ 20.2	\$ 2.7	15.3%
Personnel Expenditures	7.3	7.3	7.3	0.0	0.4%
Non-Personnel Expenditures	9.4	9.4	9.3	0.0	0.5%
Expenditures	16.7	16.7	16.6	0.1	0.5%
Net Year-End Projection	\$ 0.9	\$ 0.9	\$ 3.7	\$ 2.8	

Revenue:

Similar to the Mid-Year Report, the Golf Course Fund revenue is projected to exceed budget by \$2.7 million primarily due to the postponement of the renovation project at the Torrey Pines Golf Course North. This is a \$260,000 increase over the mid-year projection due to favorable course conditions.

Expenditures:

Personnel and non-personnel expenditures are projected at budget by fiscal-year end.

Information Technology Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ 8.7	\$ 8.7	\$ 8.7	\$ -	0.0%
Personnel Expenditures	4.9	5.4	4.8	0.6	10.8%
Non-Personnel Expenditures	5.6	5.1	4.2	0.9	17.7%
Expenditures	10.5	10.5	9.0	1.5	14.2%
Net Year-End Projection	\$ (1.8)	\$ (1.8)	\$ (0.3)	\$ 1.5	

Revenue:

The Information Technology Fund projects revenue at budget by fiscal year-end.

Expenditures:

Personnel expenditures in the Fund are projected under budget by \$590,000 due to five vacancies in the department anticipated to be filled by the end of the fiscal year. This is an increase over the mid-year projection due to extended vacancies resulting from candidates not possessing specialized skills sets.

Non-personnel expenditures are projected under budget by \$900,000 by fiscal year-end primarily due to the following factors:

- \$600,000 decrease in information technology expenditures due to lower costs for projects than originally anticipated, which is a decrease of \$600,000 from the mid-year projection
- \$260,000 decrease in contractual expenditures based on conservative spending within the Fund. This is a decrease of \$220,000 from the mid-year projection

Parking Meter Operations Fund

Rev/PE/NPE	<i>in millions</i>				
	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ 9.1	\$ 9.1	\$ 9.8	\$ 0.7	7.7%
Personnel Expenditures	1.5	1.5	1.1	0.3	22.4%
Non-Personnel Expenditures	7.6	7.6	7.8	(0.2)	-2.1%
Expenditures	9.1	9.1	8.9	0.2	1.8%
Net Year-End Projection	\$ -	\$ -	\$ 0.8	\$ 0.9	

Revenue:

The Parking Meter Operations Fund projects revenue over budget by \$660,000 at fiscal year-end primarily due to the following factors:

- \$1.0 million increase due to the installation of the new smart parking meters, which accept credit cards as forms of payment. This has resulted in an increase of \$770,000 from the mid-year projection
- \$270,000 decrease due to fewer customers using the prepaid parking cards as a result of the installation of the new smart parking meters
- \$120,000 decrease as a result of parking citation revenue budgeted in this Fund but received in the General Fund. Adjustments to both budgets will be made in the next fiscal year to accurately account for this change

Expenditures:

Similar to the mid-year projection, personnel expenditures in the Parking Meter Operations Fund are projected under budget by \$330,000 at fiscal year-end due to two vacancies, which are anticipated to remain vacant for the remainder of the fiscal year. In addition, the Department is projecting savings in overtime, partially offset with over budget in termination pay and pay-in-lieu of annual leave.

Non-personnel expenditures in the Fund are projected to exceed budget by \$160,000 at fiscal year-end, which is similar to the mid-year projection. The over budget projection is primarily due to unanticipated costs associated with the installation of the new smart parking meters.

Qualcomm Stadium Operations Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ 16.7	\$ 16.7	\$ 17.4	\$ 0.8	4.8%
Personnel Expenditures	3.6	3.6	3.4	0.2	6.0%
Non-Personnel Expenditures	14.4	14.4	14.4	0.0	0.0%
Expenditures	18.0	18.0	17.7	0.2	1.2%
Net Year-End Projection	\$ (1.3)	\$ (1.3)	\$ (0.3)	\$ 1.0	

Revenue:

The Qualcomm Stadium Operations Fund projects revenue over budget by \$800,000 at fiscal year-end due to a planned transfer from transient occupancy tax revenue to offset the revenue lost from the Monster Jam (January 2015) and Motocross (February 2015) events held at Petco Park.

Expenditures:

Personnel expenditures in the Fund are projected under budget by \$210,000 at fiscal year-end, which is similar to the mid-year projection.

Non-personnel expenditures are projected at budget by fiscal year-end, which is similar to the mid-year projection.

Recycling Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ 18.4	\$ 18.4	\$ 19.4	\$ 0.9	5.1%
Personnel Expenditures	10.0	10.0	9.4	0.5	5.5%
Non-Personnel Expenditures	12.6	12.6	10.2	2.4	18.9%
Expenditures	22.6	22.6	19.6	2.9	13.0%
Net Year-End Projection	\$ (4.1)	\$ (4.1)	\$ (0.3)	\$ 3.9	

Revenue:

Similar to the Mid-Year Report, the Recycling Fund is projected to exceed revenue by \$940,000 at fiscal year-end. The over budget is primarily due to an unanticipated reimbursement from the State of California’s Container Redemptions Value (CRV) program. The State’s CRV program was in a deficit during development of the FY 2015 budget; therefore, the revenue was not included. This revenue source will be monitored and addressed in future budgets as more information is available.

Expenditures:

Personnel expenditures in the Recycling Fund are projected under budget by \$550,000 at fiscal year-end. The under budget projection is primarily due to the following factors:

- \$410,000 decrease in salary expenditures due to six vacant positions within the Fund, three of which will remain vacant for the remainder of the fiscal year. This is an increase of \$320,000 from the Mid-Year Report
- \$160,000 decrease in fringe benefits due to vacancies
- \$120,000 increase in pay-in-lieu of annual leave
- \$70,000 decrease in hourly wages

Non-personnel expenditures are projected under budget by \$2.4 million at fiscal year-end primarily due to the following factors:

- \$830,000 decrease for the unbudgeted usage expenses for vehicles kept past the scheduled replacement date
- \$370,000 decrease primarily in lower fuel costs
- \$270,000 decrease of disposed hazardous waste material removal costs
- \$220,000 decrease in contractual expenses due to staff performing outreach and education program services while the contract with the vendor is renewed
- \$170,000 decrease in General Government Services Billing (GGSB) expenditures
- \$140,000 decrease due to delays in replacing software
- \$130,000 decrease due to less expenses than budgeted for the big belly solar trash/recycling compactor installed at Balboa Park and the San Diego Concourse

Refuse Disposal Fund

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	<i>in millions</i>
					Variance %
Revenue	\$ 28.2	\$ 29.1	\$ 29.2	\$ 0.1	0.3%
Personnel Expenditures	14.0	14.7	14.4	0.3	1.7%
Non-Personnel Expenditures	17.2	17.4	16.6	0.8	4.5%
Expenditures	31.1	32.0	31.0	1.0	3.2%
Net Year-End Projection	\$ (2.9)	\$ (2.9)	\$ (1.8)	\$ 1.1	

Revenue:

The Refuse Disposal Fund projects revenue over budget by \$100,000 at fiscal year-end. This is primarily due to the increase of sales of greenery supplies at the Miramar Greenery.

Expenditures:

The Refuse Disposal Fund projects personnel expenditures under budget by \$250,000 at fiscal year-end primarily due to the following factors:

- \$260,000 decrease in salary and fringe benefit expenditures as a result of vacant positions throughout the year
- \$24,000 decrease in pay-in-lieu of annual leave
- \$24,000 increase in overtime from backfilling staff on light duty or long-term disability.

The personnel expenditure projection has slightly decreased since the Mid-Year Report as a result of vacant positions that will remain vacant for the remainder of the fiscal year.

Non-personnel expenditures in the Fund are projected under budget by \$790,000 at fiscal year-end primarily due to the following factors:

- \$530,000 decrease in information technology expenditures due to delays in replacing software.
- \$110,000 decrease in General Government Services Billing (GGSB) expenditures.
- \$100,000 decrease primarily due to lower than budgeted fuel usage.

The current projection has decreased by \$1.0 million from the mid-year projection due to deferring the replacement of the software, delays in the roof replacement, which is now projected to be replaced in the next fiscal year, and additional savings in fuel.

Sewer Utility Funds

	<i>in millions</i>				
Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ 421.6	\$ 421.6	\$ 411.4	\$ (10.2)	-2.4%
Personnel Expenditures	86.1	86.1	85.9	0.2	0.3%
Non-Personnel Expenditures	259.6	259.8	237.8	22.1	8.5%
Expenditures	345.7	345.9	323.7	22.3	6.4%
Net Year-End Projection	\$ 76.0	\$ 75.7	\$ 87.8	\$ 12.1	

Revenue:

The Sewer Utility Funds revenue is projected under budget by \$10.2 million at fiscal year-end. This is primarily due to lower State Revolving Fund (SRF) loan reimbursements, and changes in project schedules for the Point Loma Grit Processing improvements, and various Metropolitan Biosolid Center projects. The under budget SRF revenue is partially offset by an increase of \$1.1 million in groundwater discharge permit fee revenue and capacity fee revenue for sewage system improvements. This projection reflects a decrease of \$2.2 million from the Mid-Year Report due to decrease reduction in anticipated SRF proceeds as a result of changes in project schedules and anticipated completion dates.

Expenditures:

Personnel expenditures in the Sewer Utility Funds are projected to be under budget by \$230,000 at fiscal year-end primarily due to fringe benefits and overtime. Expenditures are partially offset by savings in salaries and wages due to vacancies, and hourly wages. This is a decrease of \$1.6 million from the Mid-Year Report and is primarily due to an increase in salary savings.

Non-personnel expenditures in the Sewer Utility Funds are projected under budget by \$22.1 million at fiscal year-end primarily due to the following factors:

- \$15.8 million decrease in contracts due to a delay in facility projects, condition assessments, environmental projects, central support warehouse expenditures, and liability insurance claims

- \$3.5 million decrease in the contingency budget. This item is budgeted annually to support fluctuations in operations; however, at this time the contingency is not needed. This projection is similar to the Mid-Year Report
- \$3.5 million decrease due to bond debt payment schedule changes and SRF debt service payments. This projection represents a \$2.1 million decrease from the Mid-Year Report
- \$2.0 million decrease in supplies due to savings in building materials, non-capitalized pumps, machine parts, and reduced chemical purchases
- \$1.7 million increase due to unanticipated equipment and machinery expenditures at the Point Loma Wastewater Treatment Plant and various facilities. This projection represents a \$1.6 million increase from the Mid-Year Report
- \$1.3 million increase due to increased energy costs attributed to gas and electricity rates approved by the California Public Utilities Commission (CPUC) after the FY 2015 budget was adopted, as well as consumption increases due to severe weather. This projection represents a \$6.5 million decrease from the Mid-Year Report

The current non-personnel expenditure projection has decreased by \$10.1 million since the Mid-Year Report primarily due to expenditures occurring later than anticipated in various contractual services and less than anticipated energy and utilities expenditures based on year-to-date actual data. The Sewer Utility Funds are projected to end the fiscal year with revenue in excess of expenditures by \$87.8 million. Revenue in the Sewer Utility Funds supports both operating and Capital Improvements Program (CIP) expenditures; however, only operating expenditures are reflected in this report.

Transient Occupancy Tax Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ 84.1	\$ 84.1	\$ 87.7	\$ 3.6	4.3%
Personnel Expenditures	1.2	1.4	1.2	0.2	16.7%
Non-Personnel Expenditures	90.6	90.3	91.9	(1.6)	-1.7%
Expenditures	91.7	91.7	93.1	(1.3)	-1.5%
Net Year-End Projection	\$ (7.6)	\$ (7.6)	\$ (5.4)	\$ 2.3	

Revenue:

The Transient Occupancy Tax Fund is projected to exceed budget in revenue by \$3.6 million, or 4.3%. As discussed in the Major General Fund Revenues section, the growth rate of 5.5% included in the FY 2015 Adopted Budget was increased to 6.0% percent for the remainder of the fiscal due to sustained positive tourism growth in the City of San Diego. This positive tourism growth has also resulted in an increase from the Mid-Year Report.

Expenditures:

Personnel expenditures in the Transient Occupancy Tax (TOT) Fund are projected to end the fiscal year slightly under budget due to savings in salary expenditures as a result of vacancies.

Non-personnel expenditures are projected to exceed budget by \$1.6 million. The over budget projection consists of an increase of \$1.5 million in the transfer to the Qualcomm Fund, offset by

a reduction of \$850,000 from the Petco Park Fund. The transfer supports Qualcomm fund balance as a result of the loss of two special events in the current fiscal year. The two events which previously took place in Qualcomm Stadium, Monster Jam (January 2015) and Motocross (February 2015), were hosted in Petco Park instead. The remainder of the over budget projection is a result of an increase in the 1.0 cent TOT transfer to the General Fund.

Underground Surcharge Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ 50.6	\$ 50.6	\$ 62.2	\$ 11.6	22.9%
Personnel Expenditures	0.8	0.8	0.6	0.2	23.1%
Non-Personnel Expenditures	49.8	49.8	39.8	10.0	20.0%
Expenditures	50.6	50.6	40.4	10.1	20.1%
Net Year-End Projection	\$ -	\$ -	\$ 21.7	\$ 21.7	

Revenue:

The Underground Surcharge Fund is projecting revenue to exceed budget by \$11.6 million due to the increase in revenue received from the franchise agreement with SDG&E. Franchise fee revenue has increased primarily due to increased energy rates and consumption.

Expenditures:

The Underground Surcharge Fund is projecting personnel expenditures slightly under budget by fiscal year-end.

Non-personnel expenditures are projected under budget by \$10.0 million primarily due to delays in the Utilities Undergrounding Program (UUP) projects. This is a variance of \$10.0 million from the mid-year due to unavailability of information and the expectation that construction would begin on projects as originally projected. Delays in project completion are due to the following:

- \$7.6 million decrease as a result of projects being delayed due to the large volume of projects in design and construction and the limited resources at the participating utilities. Additionally, some projects have experienced construction delays due to environmental and archeological issues and coordination with other Capital Improvement Program projects.
- \$2.3 million decrease due to contract delays including the update of the Master Plan as a result of environmental monitoring contracts. The Master Plan prioritizes projects within each Council District in accordance with City Council Policy 600-08.

Water Utility Operating Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ 478.3	\$ 478.3	\$ 474.8	\$ (3.4)	-0.7%
Personnel Expenditures	68.2	68.2	69.4	(1.2)	-1.7%
Non-Personnel Expenditures	394.5	394.6	392.3	2.3	0.6%
Expenditures	462.7	462.8	461.7	1.1	0.2%
Net Year-End Projection	\$ 15.6	\$ 15.4	\$ 13.1	\$ (2.3)	

Revenue:

The Water Utility Operating Fund revenue is projected under budget by \$3.4 million by fiscal year-end. This is primarily attributed to a decrease in SRF reimbursements. This decrease is due to a delay in construction due to additional scope of work in the Harbor Drive and Lindberg Field projects. Additional decreases in revenue include \$2.3 million as a result of conservative projections for capacity fees, services to other departments, and wholesale of reclaimed water. The under budget revenue projection is partially offset by an \$870,000 increase in additional payments for agricultural leases, and \$680,000 increase in refunds due to overpayments to the County Water Authority.

The current revenue projection has decreased by \$7.6 million from the Mid-Year Report due to decreases in State Revolving Fund (SRF) reimbursements resulting from delays in the Harbor Drive and Lindbergh field pipeline projects. The under budget SRF revenue is partially offset by an increase of \$690,000 in agricultural land lease revenues.

Expenditures:

Personnel expenditures in the Water Utility Operating Fund are projected over budget by \$1.2 million at fiscal year-end primarily in fringe benefits, overtime, and pay-in-lieu of annual leave; which are partially offset by savings in salary expenditures due to vacancies, and savings in hourly wages.

Non-personnel expenditures are over budget by \$2.3 million at fiscal year-end due to the following factors:

- \$7.8 million increase resulting from water rate increases and additional water purchases from the County Water Authority, due to a reduction in the utilization of local water resources. This projection represents an \$8.4 million increase from the Mid-Year Report
- \$4.1 million decrease due to delays in the Sweetwater Authority contract, Pure Water contract, and EAM project. This projection represents a \$1.5 million decrease from the Mid-Year Report
- \$3.5 million decrease in the contingency budget. This item is budgeted annually to support fluctuations in operations; however, at this time the contingency is not needed. This projection is similar to the Mid-Year Report
- \$1.4 million decrease due to changes in the bond payment schedule, which is \$1.6 million less than projected in the Mid-Year Report
- \$760,000 decrease due to postponed equipment and vehicle purchases

- \$410,000 decrease in information technology costs due to delays in implementing the EAM project and savings for PC replacements, which occurred in FY 2014. This projection represents a \$770,000 increase from the Mid-Year Report

The fund is projected to end the fiscal year with revenue in excess of expenditure by \$13.1 million. Revenue in the Water fund supports both operating and CIP expenditures; however, only operating expenditures are reflected in this report.

Wireless Communications Technology Fund

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	<i>in millions</i>
					Variance %
Revenue	\$ 7.4	\$ 7.4	\$ 8.2	\$ 0.8	10.8%
Personnel Expenditures	4.9	4.9	4.6	0.3	5.5%
Non-Personnel Expenditures	3.5	3.5	3.9	(0.4)	-11.7%
Expenditures	8.4	8.4	8.6	(0.1)	-1.7%
Net Year-End Projection	\$ (1.0)	\$ (1.0)	\$ (0.3)	\$ 0.7	

Revenue:

The revenue in the Wireless Communications Technology Fund is projected to exceed budget by \$800,000, due to a reimbursement from Sprint Wireless as was discussed in the Mid-Year Report. This is a one-time reimbursement as result of a Federal mandate to reband the public safety communications systems to the City of San Diego.

Expenditures:

Personnel expenditures in the Fund are projected under budget by \$270,000 primarily due to two vacant positions that will remain vacant through the fiscal year.

Non-personnel expenditures are projected over budget by \$410,000 primarily due to the purchase of radio communications equipment used for the rebanding effort and an over budget in electrical services. These are partially offset with savings in contracts due to conservative spending within the Fund.

FY 2015 PRIORITY BUDGET INITIATIVES: UPDATES FROM THE MID-YEAR REPORT

The FY 2015 budget includes additional funding for new initiatives as a result of positive economic growth in the City's major revenue sources. The FY 2015 budget puts neighborhoods first by prioritizing funding to four priority initiatives: Infrastructure Investments, Public Safety, Neighborhood Services, and Open Data. Statuses of these initiatives were included in the Mid-Year Report. The following section includes updates for initiatives where the status may have changed since the Mid-Year Report.

INFRASTRUCTURE INVESTMENTS

Investing in the City's infrastructure is a top priority of the FY 2015 budget; this priority intends to improve the quality of life in neighborhoods throughout the City of San Diego. More than 50.0% of major revenue growth is dedicated to funding storm drain and facilities maintenance, street and sidewalk maintenance and repairs, streetlights, and park infrastructure. In addition, the budget includes funding for condition and needs assessments of streets, sidewalks, park assets, and City facilities.

Condition and Needs Assessments of Park Assets

- The Management intern was hired in January 2015, as anticipated.
- The Park Designer was hired in March 2015.
- These two positions are working with a consultant, which started in FY 2014. As scheduled, the condition and needs assessments are divided between two phases. The initial assessment of 30 parks was completed in January 2015. The next phase will include an assessment of approximately 40 parks which is anticipated to be completed in June 2015.

Condition and Needs Assessments of Sidewalks

- The assessments were scheduled to be completed by March 2015. The assessment is more than 90.0% complete and is anticipated to be complete by May 2015.

Condition and Needs Assessments of Streets

- The streets condition and needs assessments began in March 2015 as anticipated and be completed by early next fiscal year.

SAP Enterprise Asset Management Project (EAM)

- The capital improvement project (CIP) expense needed for City departments, which includes Transportation and Storm Water, Public Works, Department of Information Technology, and Environmental Services, to participate in the EAM project was included in the Five-Year Financial Outlook (FY 2016-2020).
- The remaining funds needed for the project are being requested as part of the FY 2016 budget process.
- A total allocation of \$370,000 in non-personnel expenditures was allocated of which \$75,000 is expected to be expended this fiscal year on the consultant services for a data migration strategy. The surplus is due to the delay in implementing the contract based on

revisions to the project scope to ensure development of a Citywide EAM solution. Unanticipated cost of \$125,000 for the build out of Civic Center Complex 8th floor for the project will partially off-set the projected savings.

Sidewalk and Street Light Improvements

- The Transportation and Storm Water Department expects to install approximately 40 of the 135 street lights by October 2015. The remaining 95 street lights are anticipated to be installed by June 2017. The installation of new street lights and poles is performed by the Engineering and Capital Projects Department, and can require the request for aerial easements and coordination with SDG&E. This process has taken up to eight months per street light in the past due to the dramatic increase in new street light requests in FY 2015. Additionally, when the power source is underground, full design is required in addition to coordination with SDG&E and this process can take up to 24 months. In an effort to expedite this process, the Transportation Engineering Operations Division will share the finalized FY 2016 list with the Engineering and Capital Projects Department and SDG&E by the end of July 2015 and strategize on how to bundle the projects.
- Three of the five new sidewalk installations funded with General Fund are completed. The remaining two sidewalks are expected to be constructed by early 2016. The Department has received CDBG Grant Fund in FY 2015 for additional sidewalk improvements. Due to the time constraints of CDBG Grant Fund, the CDBG Grant funded projects took priority, and the projected completion date for the remaining two General Fund funded sidewalk projects has been revised.
- There have been a total of 391 tree-damaged sidewalk locations that were repaired to-date during this fiscal year.

Street and Sidewalk Maintenance Managed Competition Alternative Proposal

- All of the 14 positions added to the budget have been hired and the reorganization was completed in September 2014.
- Since the Mid-Year Report, the department has completed an additional 500,000 square feet totaling 700,000 square feet of mill-and-pave repairs. The department is projecting to complete a total of 900,000 square feet by fiscal year-end.

PUBLIC SAFETY

Increasing the support for Public Safety is another top priority in the FY 2015 budget for the City of San Diego. The FY 2015 budget addresses this initiative by allocating more resources for the City's public safety needs for police, fire, and lifeguard services.

The FY 2015 budget includes funding for police officers' retention programs, police academies, sworn and civilian positions, and body worn cameras. The budget also includes increased funding for two additional fire academies to address expected retirements in FY 2015 and allocates funding to the Fast Response Program to help improve emergency response times.

In addition, the FY 2015 budget includes additional lifeguard positions to serve as emergency support for summer months and periods of increased activity in order to provide the highest quality safety services in the coastal and aquatic environment.

Police Academy Size Increase

- The FY 2015 budget was increased to support an increase in the Police Recruit academy size from 34 to 43 for each of the four academies anticipated this fiscal year. This increase allows for a total of 36 additional recruits this fiscal year in an effort to mitigate the impact from retirees leaving the force.
- The first academy of the fiscal year began in August 2014 with 46 recruits. The 101st Academy graduated on February 6, 2015 with 39 graduate recruits.
- The second academy began in October 2014 with 39 recruits. The 102nd Academy graduated on April 16, 2015 with 33 recruits.
- The third academy began in February 2015 with 48 recruits. Currently, the 103rd Academy has 47 recruits and they are anticipated to graduate on August 6, 2015.
- The last academy is anticipated to begin on May 4, 2015 with 35 recruits.

Police Body Worn Cameras

- Approximately 600 cameras have been purchased to date through FY 2014 and FY 2015 funding. These purchases are on track with the Department's goal to equip every patrol officer with a body worn camera by FY 2016. The FY 2016 Proposed Budget includes funding to purchase 400 additional cameras for patrol officers for a total of approximately 1,000 cameras.
- The cameras are to be replaced every 2.5 years and annual maintenance costs are estimated to be \$50,000 in FY 2015 and \$85,000 in FY 2016 through FY 2018.
- A policy for video retention and accessibility guidelines regarding the new body worn cameras has been implemented.
- Training for officers equipped with body worn cameras occurs as cameras are deployed. Approximately 600 officers have been trained upon receiving cameras.

Police Department Civilian Positions

- All 17 civilian positions added in the FY 2015 budget were hired; however, two are currently vacant due to a promotion and resignation.
- Eight of the 17 civilian positions added in FY 2015 were Police Investigative Service Officers (PISO) to support the Neighborhood Parking Protection Ordinance.

Police Officers Retention Program

- \$3.2 million included in the FY 2015 budget to support the continuation of the Police retention program was approved to support the restoration of Holiday Premium Pay.
- The City of San Diego and the San Diego Police Officers Association reached an agreement on a compensation package that will strengthen recruiting and retention of San Diego police officers. The Memorandum of Understanding (MOU) with the aforementioned compensation package was approved by City Council in March 2015.

Fire Recruit Academies

- Additional funding added to the FY 2015 budget for public safety will support the Fire-Rescue Department to hold two additional Fire Recruit Academies this fiscal year.
- The Fire Recruit Academy lasts 16-weeks and can train up to 36 recruits per academy.

- The 76th Academy began July of this fiscal year and graduated 28 recruits at the end of October.
- The 77th Academy began in November and graduated 30 recruits at the end of February.
- The 78th Academy began in March with a graduation planned for the beginning of July Fiscal Year 2016.

Fire-Rescue Fast Response Squad Program

- A six-month review of the year-long pilot program operations indicates the Fast Response Squad is performing well on all incident types. The program has decreased the response time by an average of 2 minutes and 14 seconds.
- Funding to support two Fast Response Squads were approved in the FY 2016 Proposed Budget.

Skyline Temporary Fire Station

- The Skyline temporary fire station is now scheduled to open in June 2015 instead of the original January 2015 date. The six month delay is due to an unforeseen existing hydraulic tank discovered during demolition. Due to contamination concerns, a containment procedure was recommended by the Environmental Services Department and will be implemented as recommended.
- The fire station is still anticipated to be staffed with current Fire-Rescue personnel and supported with overtime budget.

NEIGHBORHOOD SERVICES – Revitalizing Communities

Libraries, park and recreation facilities, after-school programs and community planning are key to creating healthy and vibrant neighborhoods. The FY 2015 budget includes funding to expand library hours, support after school programs at libraries, and support community plan updates. The budget also increases homeless services, by including funding for programs and services focusing on permanent solutions to ending homelessness.

Brush Management Program

- The FY 2015 budget includes \$1.0 million to support increased brush management contractual costs from \$2,051 per acre to \$6,012 per acre.
- A vendor was awarded the contract in FY 2014. This contract was awarded in 2013 with renewal options through 2018; however, the vendor declined the option to renew their contract for FY 2015. The Park and Recreation Department in cooperation with the Purchasing and Contracting Department quickly rebid this contract and received City Council approval of a new vendor in December 2014.
- A new vendor began work January 2015. The Brush Management program has completed approximately 232 of the 452-acre goal as of April 13, 2015, which is an increase of 121 acres since the Mid-Year Report.
- To ensure the goal is met by June 2015, the new contract calls for an increased pace of 10 acres per week through the end of the fiscal year.
- This accelerated thinning rate continues to be an attempt to mitigate the impact of the delay in implementing this service agreement and reach the department's acreage goal overall.

Community Plan Updates (CPU) CEQA Processing

- Four of the five positions added to the FY 2015 budget to support California Environmental Quality Act (CEQA) processing for CPUs and public projects, have been hired. The remaining position is anticipated to be hired by June 2015. Interviews will be scheduled for May 2015.
- CEQA staff is currently working on CPU environmental impact reports (EIRs) for: Southeastern and Encanto; Uptown, North Park, and Golden Hill; and Navajo (Grantville). Staff is also responsible for EIRs for the Climate Action Plan, Morena Station Area Specific Plan, Del Mar Mesa Natural Resources Management Plan, and other long-range planning projects.

Do Your Homework @ the Library After School Program

- This program provides one-on-one assistance to children at targeted K-8 schools for school-assigned homework. It placed education trained learning coordinators in 18 San Diego libraries where curriculum-aligned resources, technology and community partnerships work in tandem to support students.
- In the first five months of operation the impact of the program has already exceeded expectations with more than 10,000 student sessions, 2,510 unique students served, 626 new/first-time library users, and 164 volunteer homework coaches, who have contributed \$37,000 to the City of San Diego in volunteer hours.

Homeless Outreach Team Enhancement and Triage Beds

- \$190,000 was transferred to the San Diego Housing Commission (SDHC) to link the Police Department's Homeless Outreach Team with local housing and service providers to enhance the street outreach and engagement services currently provided to the homeless, and offer 25 additional beds to be used by the Police Department's Homeless Outreach Team for emergency homeless care.
- The funding will be expended in compliance with the existing MOU between the City and SDHC.
- The program is currently operating as of July 2014 for a three month term using SDHC funds. The remaining nine months are supported by funding from the City.

Neighborhood Parking Protection Ordinance (NPPO)

- All of the required signs have been installed and the online permitting system is in use.
- Full enforcement of the NPPO began in August 2014.
- Through March 2015, 5,188 permits, 1,309 warnings, and 1,924 violations have been issued.

Restoration of Library Materials

- A librarian was hired to supervise the collection and materials procurement process. Specialized software is being utilized to analyze the usage of the collection which allows the library to concentrate spending on recommendations made by the system. The librarian is also making site visits to gather anecdotal information about the community needs.
- Financial Management has identified \$4.3 million in special funds restricted for books and materials for the Central Library and all branches. A portion of these funds are

comprised of General Fund contributions going back several years, but collected and sitting unused in these restricted accounts. The Library Director has developed a plan to improve and expedite the use of these General Fund contributions and restricted donations for the purchase of books and materials for the Library System going forward.

Tree Trimming

- The Transportation and Storm Water Department is currently overseeing one contract to provide right-of-way tree trimming services. A second tree trimming contract expired earlier this fiscal year.
- The Department's goal for tree trimming is 15,000 trees by fiscal year end. Approximately, 11,600 palm trees and 1,800 broadleaf trees in the right-of-way have been trimmed via contract thus far in FY 2015. This is an increase of approximately 3,700 additional trees trimming since the Mid-Year Report. It is expected that an additional 3,000 trees will be trimmed by year-end.

Year-round Interim Housing for Homeless Adults

- \$250,000 will be transferred to the SDHC as a result of the Housing Authority's transition on May 8, 2015 from a temporary winter shelter (tent) program to a year-round interim housing program for homeless adults.

Zoning Investigator Position to Support Residential Rental Properties

- The Zoning Investigator 2 position was hired September 2014 and has assumed city-wide enforcement responsibilities for nuisance residential rental properties.
- Since July 2014, 101 cases have been opened for violations related to nuisance residential rental properties.

TRANSPARENCY AND OPEN DATA

Another priority of the FY 2015 budget is to increase transparency using technology and provide information and updates to residents. The goal is for the public to have access to online resources to easily search and track City projects, public contracts, budgets, capital assets, long-term planning, and financial information.

Open Data Officer Position

- The Open Data Policy was approved by the City Council in December 2014 via Resolution No. R-309441. The Open Data Policy will create a process for making City data available online.
- The Open Data Officer position was filled in November 2014.
- During the first six months of the open data initiative, the Chief Data Officer has developed guidelines for data inventory, has identified information coordinators in all participating departments to assist with implementation, has begun identifying data sources and data sets for the inventory, and has provided support for other transparency initiatives.

OTHER PRIORITY INITIATIVES

The FY 2015 budget includes other significant adjustments related to the prevailing wage and living wage programs, and the Public Liability Fund reserve.

APPROPRIATION ADJUSTMENTS

The following appropriation adjustments and authorities are requested to bring the General Fund and other funds into balance at year-end. Also included are revisions to CIP projects which are requested to reduce appropriations from expired grants and where funding is no longer needed. Finally, authorities are included that are typically requested at year-end to maintain compliance with the City Charter and Municipal Code.

REQUESTED AUTHORITIES

Authorities are requested to allow for budget transfers and de-appropriations between General Fund departments and other non-general funds as described below.

General Fund

Additional authorities are requested to allow for budget transfers and de-appropriations between General Fund departments and to address unanticipated events that may occur prior to year-end.

Salary and Non-Personnel Budget Transfers

Authority is requested to transfer salary appropriations in one General Fund department for fringe and/or non-personnel appropriations in another General Fund department with no net increase to either departments' total budget. This will allow departments to remain balanced, within the Charter Section 73 requirement that salary appropriations may not be used for any other purposes.

Bottom Line Re-Appropriations

Authority is requested to transfer excess appropriations from one General Fund department to offset a deficit in another General Fund department during fiscal year closing. This will result in a change to the bottom-line department budgets; however, there will be no net change to the bottom-line General Fund budget. The bottom-line appropriation transfer authority is to be used at fiscal year close, if necessary, after salary appropriation budget transfers have been applied.

City-wide

Increase Appropriations from Available Sources

Authority is requested to adjust appropriations as needed for unforeseen events in order to close FY 2015 with departments and funds in balance.

Capital Improvements Program (CIP)

Revisions to CIP projects are requested to reduce appropriations from expired grants, completed projects, and projects with revised timelines.

CIP Grant De-appropriations

Authority is requested to reduce the Fiscal Year 2015 CIP budget by \$168,405.70 from S00733, Cherokee Traffic Calming, Grant 1000169-2007, as the grant associated with this project has expired and construction bids came in lower than anticipated. This project is technically complete.

Authority is requested to reduce the Fiscal Year 2015 CIP budget by \$141,737.55 from S00914, Sorrento Valley Rd & I5 Interchange, Grant 1000178-2007, as the grant associated with this project has expired. Additionally, this funding was not needed at the close of the final phase of the project. This project is technically complete.

Authority is requested to reduce the Fiscal Year 2015 CIP budget by \$538,707.45 from S13018, Avenida De La Playa Infrastructure, Grant 1000179-2007, as the grant associated with this project has expired and all grant eligible parts of the project have been completed. Additionally, construction bids came in lower than anticipated.

Authority is requested to reduce the Fiscal Year 2015 CIP budget by \$85,279.30 from S00731, SR15 Bikeway Study, as follows: \$74,478.61 from Grant 1000312-2001, and \$10,800.69 from Grant 1000317-2010, as the grants associated with this project has expired and construction bids came in lower than anticipated. This project is technically complete.

Authority is requested to reduce the Fiscal Year 2015 CIP budget by \$14,558.13 from S00607, La Jolla Ecological Reserve ASBS, Grant 1000345-2012, as the grant associated with this project has expired and there were no major issues experienced during construction. This project is technically complete.

Authority is requested to reduce the Fiscal Year 2015 CIP budget by \$916.42 from Annual Allocation AIL00005, Traffic Signals - Modify & Modernize, Grant 1000409-2013, as sub-project B13211, Microwave Bicycle Detection, has been completed.

Authority is requested to reduce the Fiscal Year 2015 CIP budget by \$111,200.00 from Annual Allocation AAA00002, Brown Field, Grant 1000340-2011, as sub-project B00652, Perimeter Security Fencing Ph2, has been completed.

Environmental Services CIP De-appropriations

Authority is requested to reduce the Fiscal Year 2015 CIP budget by a total of \$25,881.92 from Annual Allocation AFA00002, Underground Tank Program as follows: \$2,427.33 from Fund 400002, Capital Outlay, \$5,615.33 from 700015, Water Contributions to CIP, \$7,968.90 from 700044, Balboa Park Golf Course CIP, and \$9,870.36 from 700045, Torrey Pines Golf Course CIP. Also, transfer \$17,113.83 to Annual Allocation AID00005, Resurfacing of City Streets in Fund 400265, CIP Contributions from the General Fund. The various Underground Storage Tank sub-projects associated with these funds have been completed.

Authority is requested to reduce the Fiscal Year 2015 CIP budget by \$948,216.88 from Annual Allocation ABT00004, CA Energy Commission, Fund 400202, Energy Upgrades CEC Loan Fund, as the various energy efficiency sub-projects funded by these loans have been completed. Authority is also requested to close Annual Allocation ABT00004 as all sub-projects have been completed.

Authority is requested to reduce the Fiscal Year 2015 CIP budget by \$12,344.81 from Annual Allocation ABT00003, Citywide Energy Improvements, Fund 400700, Energy Upgrades CEC Loan #3 Fund, as the Street Lighting Conversion sub-project funded by this loan was completed.

Authority is requested to reduce the Fiscal Year 2015 CIP budget by \$14,601.88 from Annual Allocation ABT00003, Citywide Energy Improvements, Fund 400854, Energy Upgrades CEC Loan #4 Fund, as the Street Lighting Conversion sub-project funded by this loan was completed.

Public Utilities CIP De-appropriations

On June 10, 2014, City Council adopted the Fiscal Year 2015 Budget, which included a CIP budget of \$100.2 million for the Water Utility CIP Fund (700010). Changes in project schedules, execution, and bids coming in lower than anticipated have resulted in excess budgeted funds in Water CIP projects. The Public Utilities Department has worked closely with Public Works-Engineering to identify a number of projects where funding can be de-appropriated. As a result, authority is requested to reduce the Fiscal Year 2015 CIP budget by \$25.3 million in Water CIP projects as detailed below. De-appropriating and returning funds to their original source will make them available for other projects that are ready to move forward.

Project #	Project Title	Requested Change
ABK00001	Dams and Reservoirs	\$ (400,000.00)
ABL00001	Standpipe and Reservoir Rehabilitations	(3,109,085.00)
ABM00001	Groundwater Asset Development Program	(450,000.00)
AHC00001	Reclaimed Water Extension	(50,000.00)
AKB00002	Freeway Relocation	(1,000,000.00)
AKB00003	Water Main replacement	(11,913,925.00)
AKB00004	Seismic Upgrades	(400,000.00)
S00041	Morena Reservoir Outlet Tower Upgrade	(3,000,000.00)
S10013	Barrett Flume Cover	(539,403.76)
S11025	Chollas Building	(2,000,000.00)
S12010	30th Street Pipeline Replacement	(200,000.00)
S12011	69th & Mohawk Pump Station	(2,000,000.00)
S12016	Otay 1st/2nd PPL West of Highland Avenue	(250,000.00)
TOTAL		\$ (25,312,413.76)

Enterprise Asset Management (EAM) (S14000)

Authority is requested to reduce the Fiscal Year 2015 CIP budget by \$3,000,000.00 from S14000, EAM ERP Implementation, Fund 700010, Water Utility - CIP due to the project’s revised timeline for the system integrator’s hiring and project deployment. The EAM project currently has approximately \$11.2 million in continuing appropriations that are not anticipated to be needed until December 2015. The Public Utilities Department is requesting this de-appropriation as part of an effort to improve CIP cash flow and will appropriate the funds needed for December 2015 with a separate council action later in Fiscal Year 2016.

State Route 56 Freeway Expansion (RD14000)

Authority is requested to reduce the Fiscal Year 2015 CIP budget by \$2,000,000.00 from RD14000, State Route 56 Freeway Expansion, Fund 400091, Black Mountain Ranch FBA, as the FBA funding source is no longer needed since the developer (Standard Pacific) agreed to add this funding to their developer fair share contribution for the project.

CONCLUSION

The General Fund is projected to be within 1.0% of Current Budget at fiscal year-end. General Fund revenues continue to project modestly over budget and expenditures have projected to be under budget by fiscal year-end. Financial Management will continuously monitor budgeted revenues and expenditures as the fiscal year progresses.

ATTACHMENTS

- I. General Fund Projected Revenues
- II. General Fund Projected Expenditures
- III. Non-General Fund Projections
- IV. Non-General Fund Reserves

General Fund Projected Revenues

Department	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
General Fund Major Revenues					
Charges for Current Services	\$ 26,021,312	\$ 26,021,312	\$ 25,154,729	\$ (866,583)	-3.3%
Franchise Fees ¹	70,662,949	76,062,949	79,134,429	3,071,480	4.0%
Interest and Dividends	1,414,251	1,414,251	335,998	(1,078,253)	-76.2%
Motor Vehicle License Fees	-	-	942,257	942,257	100.0%
Fines, Forfeitures, and Penalties	-	-	1,989	1,989	100.0%
Other Revenue	60,000	60,000	693,468	633,468	1055.8%
Property Tax	445,428,691	446,628,691	446,350,469	(278,222)	-0.1%
Property Transfer Tax	9,176,035	9,176,035	8,127,730	(1,048,305)	-11.4%
Refuse Collector Business Tax	700,000	700,000	750,000	50,000	7.1%
Revenue from Federal and Other Agencies	-	-	1,094	1,094	100.0%
Revenue from Money and Property	572,552	572,552	572,552	-	0.0%
Sales Tax	257,106,087	258,106,087	258,995,040	888,953	0.3%
Transfers In	33,420,683	33,420,683	34,035,115	614,432	1.8%
Transient Occupancy Tax ²	92,332,290	93,732,290	96,381,004	2,648,714	2.8%
<i>Subtotal Major General Fund Revenues</i>	<u>\$ 936,894,850</u>	<u>\$ 945,894,850</u>	<u>\$ 951,475,875</u>	<u>\$ 5,581,025</u>	<u>0.6%</u>
City Auditor	\$ -	\$ -	\$ 157	\$ 157	100.0%
City Clerk	42,404	42,404	89,775	47,371	111.7%
City Comptroller	2,468,547	2,468,547	2,380,616	(87,931)	-3.6%
Citywide Program Expenditures	-	-	-	-	0.0%
Communications	1,565,333	1,565,333	430,769	(1,134,564)	-72.5%
Council Administration	-	-	462	462	100.0%
Council District 1	-	-	-	-	0.0%
Council District 1 - Community Projects, Programs and Services	-	-	-	-	0.0%
Council District 2	-	-	-	-	0.0%
Council District 2 - Community Projects, Programs, and Services	-	-	-	-	0.0%
Council District 3	-	-	-	-	0.0%
Council District 3 - Community Projects, Programs, and Services	-	-	-	-	0.0%
Council District 4	-	-	-	-	0.0%
Council District 4 - Community Projects, Programs, and Services	-	-	-	-	0.0%
Council District 5	-	-	-	-	0.0%
Council District 5 - Community Projects, Programs, and Services	-	-	-	-	0.0%
Council District 6	-	-	-	-	0.0%
Council District 6 - Community Projects, Programs, and Services	-	-	-	-	0.0%
Council District 7	-	-	-	-	0.0%
Council District 7 - Community Projects, Programs, and Services	-	-	-	-	0.0%
Council District 8	-	-	-	-	0.0%
Council District 8 - Community Projects, Programs, and Services	-	-	-	-	0.0%

Department	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Council District 9	\$ -	\$ -	\$ -	\$ -	0.0%
Council District 9 - Community Projects, Programs, and Services	-	-	-	-	0.0%
Debt Management	683,645	683,645	1,076,752	393,107	57.5%
Department of Information Technology	-	-	-	-	0.0%
Development Services	629,824	629,824	776,336	146,512	23.3%
Economic Development	8,566,363	8,086,363	7,001,534	(1,084,829)	-13.4%
Environmental Services	1,194,714	1,194,714	1,461,421	266,707	22.3%
Ethics Commission	-	-	83,950	83,950	100.0%
Financial Management	5,000	5,000	238	(4,762)	-95.2%
Fire-Rescue	27,034,577	30,034,577	30,679,182	644,605	2.1%
Human Resources	-	-	281	281	100.0%
Internal Operations	-	-	-	-	0.0%
Library	4,125,753	4,125,753	4,125,752	(1)	0.0%
Infrastructure/Public Works	123,135	123,135	23,311	(99,824)	-81.1%
Neighborhood Services	-	-	3,067	3,067	100.0%
Office of Homeland Security	930,957	1,050,957	1,069,770	18,813	1.8%
Office of the Assistant Chief Operating Officer	450,000	450,000	236,898	(213,102)	-47.4%
Office of the Chief Financial Officer	-	-	-	-	0.0%
Office of the Chief Operating Officer	-	-	-	-	0.0%
Office of the City Attorney	3,256,169	3,256,169	3,907,460	651,291	20.0%
Office of the City Treasurer	18,296,151	18,296,151	18,922,621	626,470	3.4%
Office of the Independent Budget Analyst	-	-	-	-	0.0%
Office of the Mayor	308,400	308,400	318,899	10,499	3.4%
Park and Recreation	32,708,616	32,708,616	32,835,179	126,563	0.4%
Performance and Analytics	-	-	-	-	0.0%
Personnel	6,000	6,000	8,037	2,037	34.0%
Planning	3,831,968	3,831,968	3,766,575	(65,393)	-1.7%
Police	44,570,440	45,670,440	45,728,219	57,779	0.1%
Public Utilities Reservoir Recreation	940,000	940,000	830,000	(110,000)	-11.7%
Public Works - Contracting	1,053,393	1,053,393	1,080,442	27,049	2.6%
Public Works - General Services	3,881,596	3,881,596	3,142,784	(738,812)	-19.0%
Purchasing and Contracting	1,607,856	1,607,856	1,263,589	(344,267)	-21.4%
Real Estate Assets	45,129,495	45,129,495	44,838,460	(291,035)	-0.6%
Transportation and Storm Water	48,245,274	48,245,274	49,699,515	1,454,241	3.0%
Total General Fund Revenues	\$ 1,188,550,460	\$ 1,201,290,460	\$ 1,207,257,925	\$ 5,967,465	0.5%

The current budget presented in this table is as of March 2015 (accounting period 9) unless otherwise noted.

¹ Total City FY 2015 current revenue budget for franchise fees is \$142.5 million and the projection is \$158.3 million. The balance is budgeted in the Environmental Growth and Underground Surcharge Funds.

² Total City FY 2015 current revenue budget for transient occupancy tax is \$177.7 million and the projection is \$184.0 million. The balance is budgeted in the Transient Occupancy Tax Fund.

General Fund Projected Expenditures						
Department	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %	
City Auditor	\$ 3,575,202	\$ 3,642,256	\$ 3,084,584	\$ 557,672	15.3%	
City Clerk	5,341,256	5,347,879	5,348,563	(684)	0.0%	
City Comptroller	10,735,280	10,919,616	11,100,666	(181,050)	-1.7%	
Citywide Program Expenditures	87,094,071	85,459,071	87,305,201	(1,846,130)	-2.2%	
Communications	3,444,543	3,446,106	1,588,649	1,857,457	53.9%	
Council Administration	2,122,912	2,125,610	1,862,807	262,803	12.4%	
Council District 1	992,681	993,923	915,270	78,653	7.9%	
Council District 1 - Community Projects, Programs and Services	122,527	76,663	76,663	-	0.0%	
Council District 2	1,194,251	1,195,822	1,140,127	55,695	4.7%	
Council District 2 - Community Projects, Programs and Services	249,704	173,154	173,154	-	0.0%	
Council District 3	1,264,259	1,265,861	1,189,010	76,851	6.1%	
Council District 3 - Community Projects, Programs and Services	233,180	200,235	200,235	-	0.0%	
Council District 4	1,032,409	1,033,771	970,190	63,581	6.2%	
Council District 4 - Community Projects, Programs and Services	3,680	2,880	2,881	(1)	0.0%	
Council District 5	1,034,295	1,035,708	833,432	202,276	19.5%	
Council District 5 - Community Projects, Programs and Services	360,026	256,813	256,813	-	0.0%	
Council District 6	1,056,158	1,057,600	860,646	196,954	18.6%	
Council District 6 - Community Projects, Programs and Services	170,309	76,932	76,932	-	0.0%	
Council District 7	1,112,712	1,119,289	1,028,564	90,725	8.1%	
Council District 7 - Community Projects, Programs and Services	105,737	65,986	65,986	-	0.0%	
Council District 8	1,109,450	1,134,027	1,066,636	67,391	5.9%	
Council District 8 - Community Projects, Programs and Services	183,687	173,644	173,644	-	0.0%	
Council District 9	1,063,375	1,064,713	955,993	108,720	10.2%	
Council District 9 - Community Projects, Programs and Services	242,152	187,912	187,912	-	0.0%	
Debt Management	2,448,214	2,525,112	2,591,802	(66,690)	-2.6%	
Department of Information Technology	500,000	500,000	500,000	-	0.0%	
Development Services	7,011,989	7,021,236	6,758,747	262,489	3.7%	
Economic Development	14,088,718	13,776,849	12,656,752	1,120,097	8.1%	
Environmental Services	35,164,939	35,284,874	34,241,486	1,043,388	3.0%	
Ethics Commission	991,862	1,025,037	958,287	66,750	6.5%	
Financial Management	4,109,395	4,239,264	4,023,806	215,458	5.1%	
Fire-Rescue	218,533,401	228,281,088	227,016,445	1,264,643	0.6%	
Human Resources	3,129,024	3,133,300	3,161,061	(27,761)	-0.9%	
Internal Operations	388,217	388,217	398,701	(10,484)	-2.7%	
Library	45,498,448	45,730,395	45,712,370	18,025	0.0%	
Infrastructure/Public Works	1,543,754	1,664,238	1,257,293	406,945	24.5%	
Neighborhood Services	970,898	972,272	801,396	170,876	17.6%	
Office of Homeland Security	2,018,755	2,199,513	2,166,547	32,966	1.5%	
Office of the Assistant Chief Operating Officer	1,116,966	1,121,613	1,059,827	61,786	5.5%	

General Fund Projected Expenditures					
Department	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Office of the Chief Financial Officer	\$ 566,161	\$ 566,891	\$ 561,346	\$ 5,545	1.0%
Office of the Chief Operating Officer	924,312	974,695	935,723	38,972	4.0%
Office of the City Attorney	45,902,055	46,093,026	45,871,144	221,882	0.5%
Office of the City Treasurer	15,455,696	15,631,411	15,185,165	446,246	2.9%
Office of the Independent Budget Analyst	1,733,699	1,816,464	1,804,079	12,385	0.7%
Office of the Mayor	4,265,207	4,283,226	4,162,117	121,109	2.8%
Park and Recreation	97,970,148	98,274,692	98,341,639	(66,947)	-0.1%
Performance and Analytics	1,437,206	1,439,068	1,306,654	132,414	9.2%
Personnel	7,106,828	7,117,091	7,257,583	(140,492)	-2.0%
Planning	9,325,617	9,336,527	8,059,708	1,276,819	13.7%
Police	419,459,222	426,889,226	425,832,931	1,056,295	0.2%
Public Utilities Reservoir Recreation	2,005,200	2,365,200	2,320,842	44,358	1.9%
Public Works - Contracting	2,111,792	2,135,671	1,963,570	172,101	8.1%
Public Works - General Services	17,745,338	17,799,167	17,909,353	(110,186)	-0.6%
Purchasing and Contracting	6,291,735	6,300,097	5,735,149	564,948	9.0%
Real Estate Assets	4,669,197	4,774,718	4,566,623	208,095	4.4%
Transportation and Storm Water	104,094,587	103,346,788	105,063,258	(1,716,470)	-1.7%
Total General Fund Expenditures	\$ 1,202,422,436	\$ 1,219,062,436	\$ 1,210,645,961	\$ 8,416,475	0.7%

The current budget presented in this table is as of March 2015 (accounting period 9) unless otherwise noted.

Non-General Fund Projections						
Fund	Revenue/ Expenditure	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Airports Fund	Revenue	\$ 4,778,882	\$ 4,778,882	\$ 4,752,437	\$ (26,445)	-0.6%
	Expenditures	5,227,795	5,227,795	3,486,284	1,741,511	33.3%
Central Stores Fund	Revenue	13,341,277	13,341,277	13,343,738	2,461	0.0%
	Expenditures	13,341,277	13,341,277	13,323,759	17,518	0.1%
Concourse and Parking Garages Operating Fund	Revenue	2,713,422	2,953,422	2,947,857	(5,565)	-0.2%
	Expenditures	2,709,263	2,949,263	2,948,175	1,088	0.0%
Department of Information Technology Fund	Revenue	8,673,318	8,673,318	8,680,808	7,490	0.1%
	Expenditures	10,488,568	10,488,568	9,000,761	1,487,807	14.2%
Development Services Fund	Revenue	48,391,352	48,391,352	51,638,623	3,247,271	6.7%
	Expenditures	49,801,190	49,801,190	50,742,167	(940,977)	-1.9%
Energy Conservation Program Fund	Revenue	2,253,884	2,253,884	2,570,478	316,594	14.0%
	Expenditures	2,645,182	2,845,182	2,696,041	149,141	5.2%
Engineering and Capital Projects Fund	Revenue	64,367,237	64,367,237	61,436,472	(2,930,765)	-4.6%
	Expenditures	64,367,237	64,367,237	63,340,706	1,026,531	1.6%
Facilities Financing Fund	Revenue	2,275,110	2,275,110	1,783,745	(491,365)	-21.6%
	Expenditures	2,275,110	2,275,110	1,783,891	491,219	21.6%
Fire/EMS Transportation Program Fund	Revenue	11,552,358	11,552,358	11,634,996	82,638	0.7%
	Expenditures	12,702,437	12,702,437	11,956,026	746,411	5.9%
Fleet Services Operating Fund	Revenue	50,229,234	50,229,234	46,120,888	(4,108,346)	-8.2%
	Expenditures	50,837,774	50,837,774	47,612,002	3,225,772	6.3%
GIS Fund	Revenue	1,801,061	1,801,061	1,727,505	(73,556)	-4.1%
	Expenditures	1,905,499	1,905,499	1,804,601	100,898	5.3%
Golf Course Fund	Revenue	17,540,747	17,540,747	20,231,526	2,690,779	15.3%
	Expenditures	16,653,723	16,653,723	16,575,623	78,100	0.5%
Junior Lifeguard Program Fund	Revenue	595,779	595,779	597,779	2,000	0.3%
	Expenditures	595,779	595,779	580,093	15,686	2.6%
Local Enforcement Agency Fund	Revenue	786,417	786,417	704,796	(81,621)	-10.4%
	Expenditures	754,953	754,953	736,941	18,012	2.4%
Los Peñasquitos Canyon Preserve Fund	Revenue	186,000	186,000	188,676	2,676	1.4%
	Expenditures	221,661	221,661	225,660	(3,999)	-1.8%
Parking Meter Operations Fund	Revenue	9,111,535	9,111,535	9,774,054	662,519	7.3%
	Expenditures	9,111,535	9,111,535	8,944,289	167,246	1.8%

Non-General Fund Projections						
Fund	Revenue/ Expenditure	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Petco Park Fund	Revenue	\$ 15,723,720	\$ 15,723,720	\$ 15,511,278	\$ (212,442)	-1.4%
	Expenditures	17,542,842	17,542,842	17,345,816	197,026	1.1%
Publishing Services Fund	Revenue	3,221,261	3,221,261	3,395,726	174,465	5.4%
	Expenditures	3,221,261	3,221,261	3,216,448	4,813	0.1%
Qualcomm Stadium Operations Fund	Revenue	16,652,809	16,652,809	17,408,945	756,136	4.5%
	Expenditures	17,963,564	17,963,564	17,746,694	216,870	1.2%
Recycling Fund	Revenue	18,427,651	18,427,651	19,368,945	941,294	5.1%
	Expenditures	22,561,192	22,561,192	19,637,581	2,923,611	13.0%
Refuse Disposal Fund	Revenue	28,236,434	29,136,434	29,236,934	100,500	0.3%
	Expenditures	31,135,093	32,035,093	30,996,479	1,038,614	3.2%
Risk Management Administration Fund	Revenue	9,314,487	9,314,487	9,228,726	(85,761)	-0.9%
	Expenditures	10,265,929	10,265,929	9,981,526	284,403	2.8%
SAP Support Fund	Revenue	19,918,068	19,918,068	19,927,157	9,089	0.0%
	Expenditures	20,728,100	20,728,100	20,236,117	491,983	2.4%
Sewer Utility Funds ¹	Revenue	421,631,100	421,631,100	411,431,121	(10,199,979)	-2.4%
	Expenditures	345,671,783	345,948,291	323,667,158	22,281,133	6.4%
Transient Occupancy Tax Fund						
Commission for Arts and Culture Department	Revenue	\$ -	\$ -	\$ 173	\$ 173	100.0%
Special Events Department	Revenue	150,000	150,000	59,661	(90,339)	-60.2%
Special Promotional Programs	Revenue	83,938,446	83,938,446	87,619,094	3,680,648	4.4%
<i>Total Transient Occupancy Tax Fund Revenue</i>		<u>\$ 84,088,446</u>	<u>\$ 84,088,446</u>	<u>\$ 87,678,927</u>	<u>\$ 3,590,481</u>	
Commission for Arts and Culture Department	Expenditures	\$ 1,054,761	\$ 1,054,761	\$ 924,998	\$ 129,763	12.3%
Special Events Department	Expenditures	1,044,801	1,044,801	927,048	117,753	11.3%
Special Promotional Programs	Expenditures	89,638,019	89,638,019	91,223,973	(1,585,954)	-1.8%
<i>Total Transient Occupancy Tax Fund Expenditures</i>		<u>\$ 91,737,581</u>	<u>\$ 91,737,581</u>	<u>\$ 93,076,018</u>	<u>\$ (1,338,437)</u>	
Underground Surcharge Fund	Revenue	\$ 50,592,739	\$ 50,592,739	\$ 62,160,697	\$ 11,567,958	22.9%
	Expenditures	50,592,739	50,592,739	40,448,162	10,144,577	20.1%
Water Utility Operating Fund ¹	Revenue	478,268,700	478,268,700	474,828,996	(3,439,704)	-0.7%
	Expenditures	462,671,644	462,847,758	461,700,630	1,147,128	0.2%
Wireless Communications Technology Fund	Revenue	7,436,710	7,436,710	8,241,138	804,428	10.8%
	Expenditures	8,412,052	8,412,052	8,556,097	(144,045)	-1.7%

The current budget presented in this table is as of March 2015 (accounting period 9) unless otherwise noted. Capital Improvements Program expenditure budgets are excluded.

¹ Revenues in the Sewer Utility and Water Utility Operating Funds support both Operating and Capital Improvements Program (CIP) activity; however, only operating expenditures are reflected in this report.

Non-General Fund Reserves

in millions

Description	Fund Name	Reserve Type	FY 2015 Target	Status
Development Services	Development Services Fund	Operating Reserve	\$ 2.6	On Target
Golf Course	Golf Course Fund	Operating Reserve	2.1	On Target
Risk Management ¹	Long-Term Disability Fund	Liability Reserve	16.7	On Target
	Public Liability Fund	Liability Reserve	35.1	On Target
	Workers' Compensation Fund	Liability Reserve	48.5	On Target
Environmental Services	Recycling Enterprise Fund	Operating Reserve	2.4	On Target
	Refuse Disposal Fund	Operating Reserve	4.6	On Target
Public Utilities	Sewer Utility Funds	Emergency Operating Reserve	44.4	On Target
		Emergency Capital Reserve	5.0	On Target
		Rate Stabilization Fund Reserve	25.2	On Target
	Water Utility Funds	Emergency Operating Reserve	31.7	On Target
		Emergency Capital Reserve	5.0	On Target
		Rate Stabilization Fund Reserve	21.7	On Target
		Secondary Purchase Reserve	13.6	On Target

¹The FY 2015 reserve targets for the Risk Management Funds are based on updated actuarial valuations recently received for FY 2014.