



CITY OF SAN DIEGO

FY: 2011 PROPOSED BUDGET

April 15, 2010

2011



Revised Fiscal Year 2011 Proposed Budget

- **October 2009** – General Fund shortfall for Fiscal Year 2011 identified as \$179 million
- **December 2009** – City Council adopts 18-month budget to close \$179 million shortfall with one-time and on-going solutions
- **April 2010** – Proposed budget solves additional \$28 million deficit caused by
 - Slow economic recovery
 - Revenue losses
 - Adjustment to ARC payment



Fiscal Year 2011 Budget Solutions

- **\$96.8 million** in one-time solutions adopted by City Council in December 2009:
- **\$82.3 million** in on-going solutions adopted by City Council in December 2009
- **\$28 million** proposed solutions



On-going Solutions Adopted in December 2009

- **On-going Revenue**

Parking Utilization Study	\$2.6 M
ADA/Deferred Maintenance Crew Transfer	\$1.1 M
Tenant Improvements/Deferred Maintenance Crew Transfer	\$1.4 M
Other	\$2.3 M



On-going Solutions Adopted in December 2009 (cont.)

- **On-going Reductions**

IT Savings	\$3.0 M
Arts and Culture	0.7 M
Convention Center TOT Support	0.5 M
486.16 General Fund FTE positions	30.8 M
Fire-Rescue overtime	11.5 M
Underutilized vehicles	2.4 M
Prolong vehicle lifespan	4.5 M
Storm Water contracts	2.5 M
Other department supplies and services	19.0 M

Total on-going solutions **\$82.3 M**

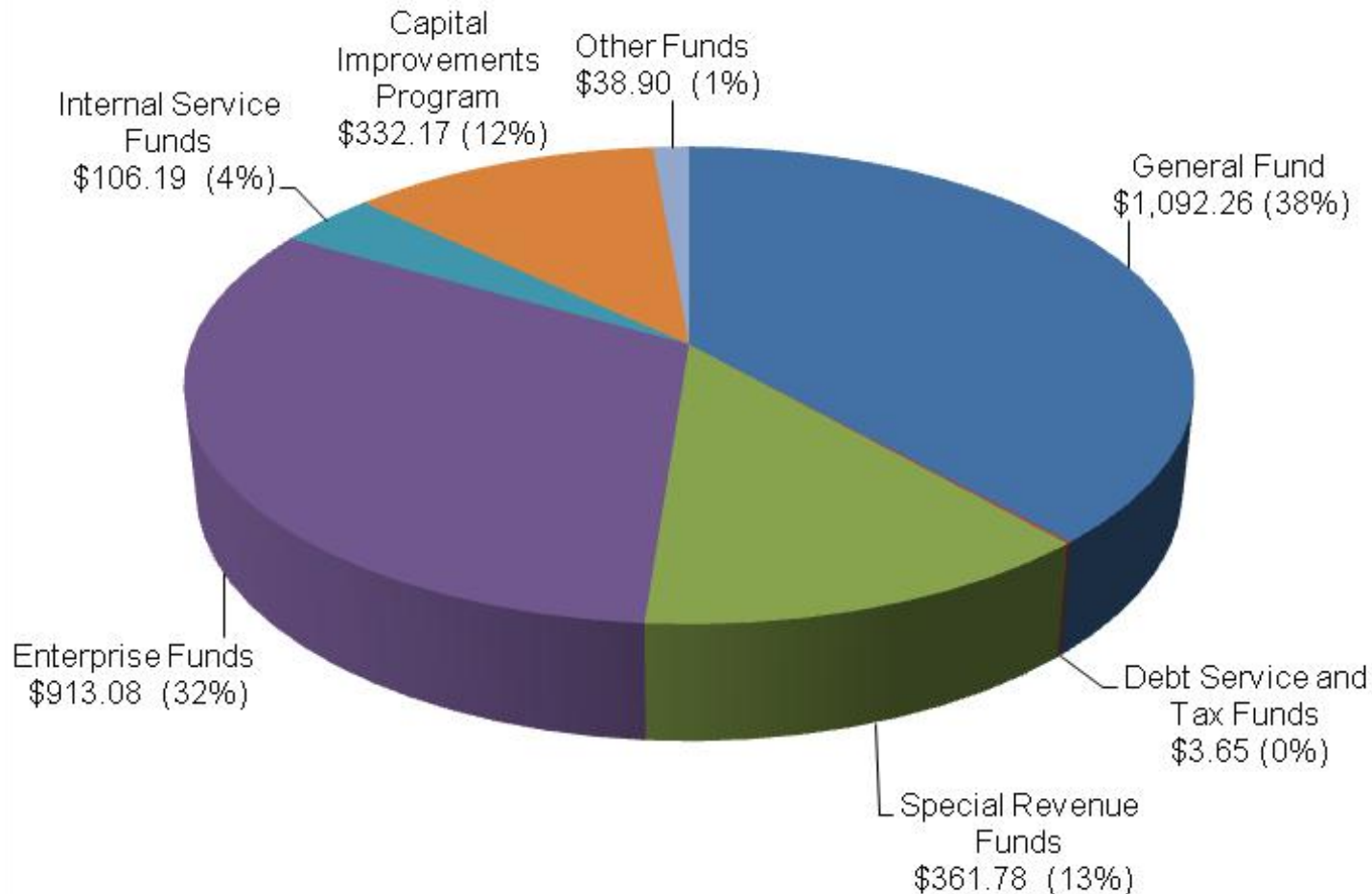


Closing the Projected Deficit in the FY 2011 Proposed General Fund Budget

Departmental Savings in Fleet Costs	\$ 11.0 million
Savings in Departmental Reductions in Services, Supplies and Equipment	\$ 7.5 million
Savings in Retiree Health Care Annual Costs	\$ 3.0 million
Restructuring of Settlement Agreement for Alleged Underfunding of Pension System (1996-2006)	\$ 6.7 million
Total	\$28.2 million



Citywide Proposed Budget - \$2.85 Billion (in millions)





Enterprise Fund Changes

Fund Type	FY 2010 Annual Budget	FY 2011 Proposed Budget	Change
Airport	\$ 3,100,398	\$ 3,343,910	7.9%
Development Services	\$ 44,009,130	\$ 41,129,382	-6.5%
Golf Course	\$ 13,685,717	\$ 14,271,295	4.3%
Recycling	\$ 21,695,273	\$ 19,215,850	-11.4%
Refuse Disposal	\$ 36,765,823	\$ 33,677,455	-8.4%
Public Utilities	\$ 743,812,243	\$ 801,437,478	7.7%
TOTAL	\$ 863,068,584	\$ 913,075,370	5.8%



Reductions to City Staff (rounded to nearest FTE)

Positions	FY 2010 Annual Budget	FY 2011 Proposed Budget	Change
Citywide	10,572	10,231	-3.2 %
General Fund	7,397	7,061	-4.5 %

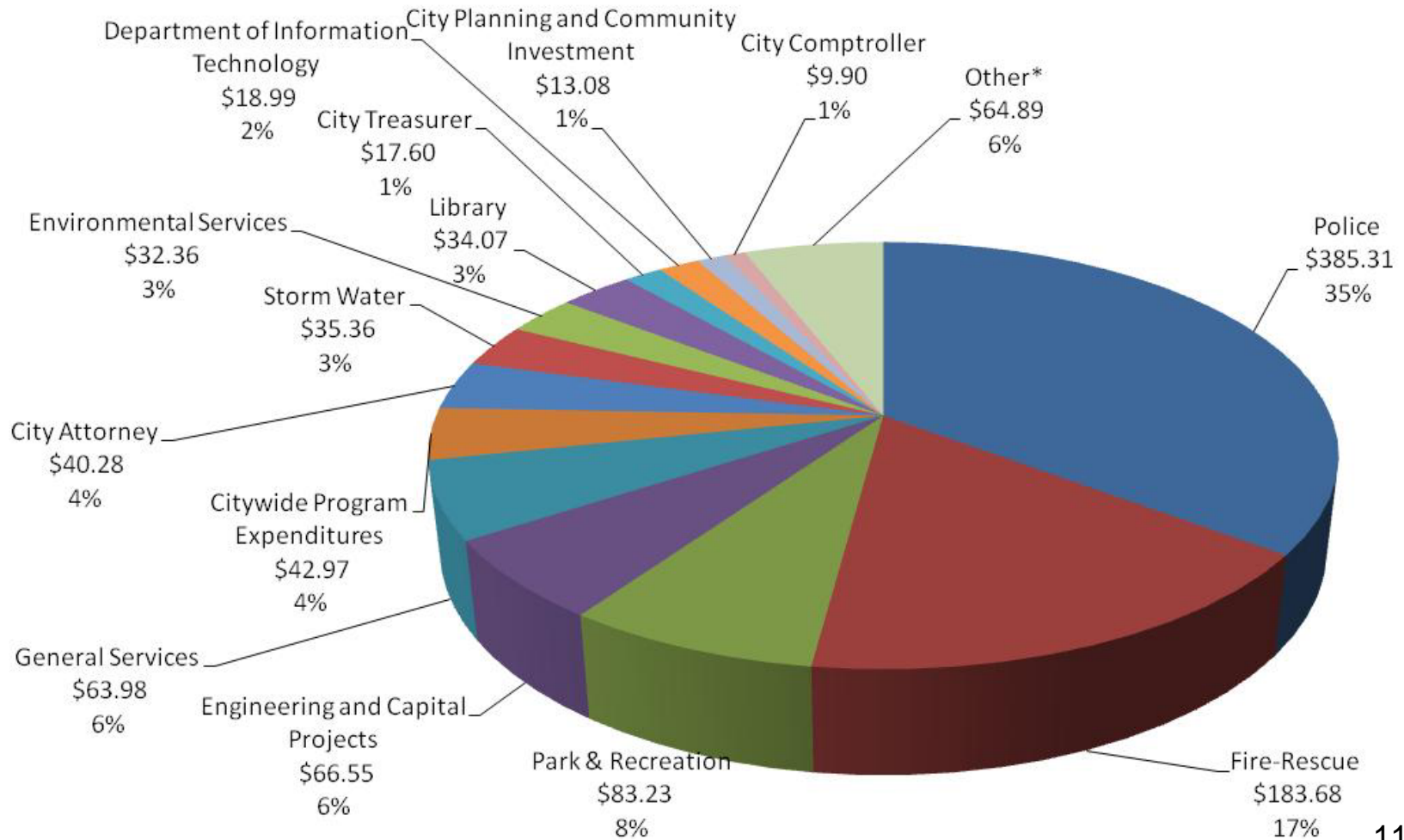


5-Year Reductions to City Staff (rounded to nearest FTE)

BUDGET YEAR (includes mid-year revisions)	POSITIONS CUT
2007	(38)
2008	(630)
2009	(58)
2010	(157)
2011	(531)
TOTAL	(1,414)

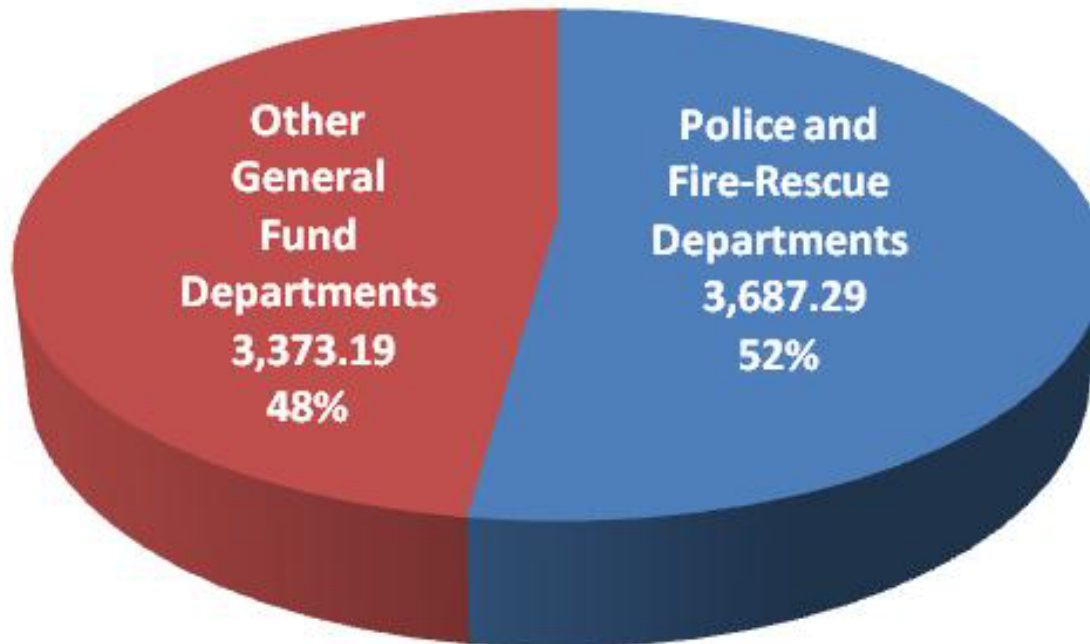


General Fund Expenditures - \$1.09 Billion (in millions)



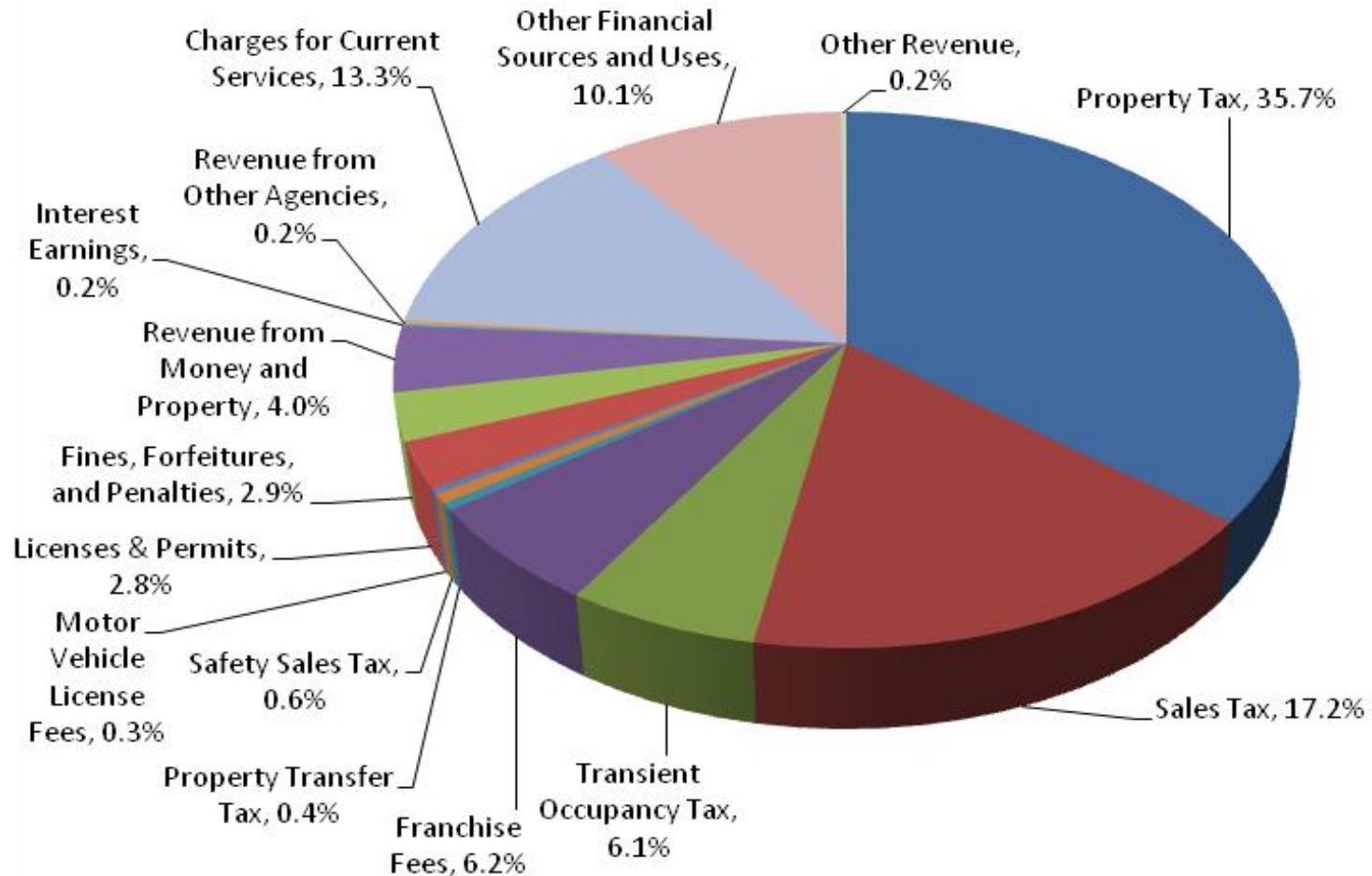


General Fund Budgeted Positions Fiscal Year 2011





General Fund Revenues - \$1.09 Billion (in millions)

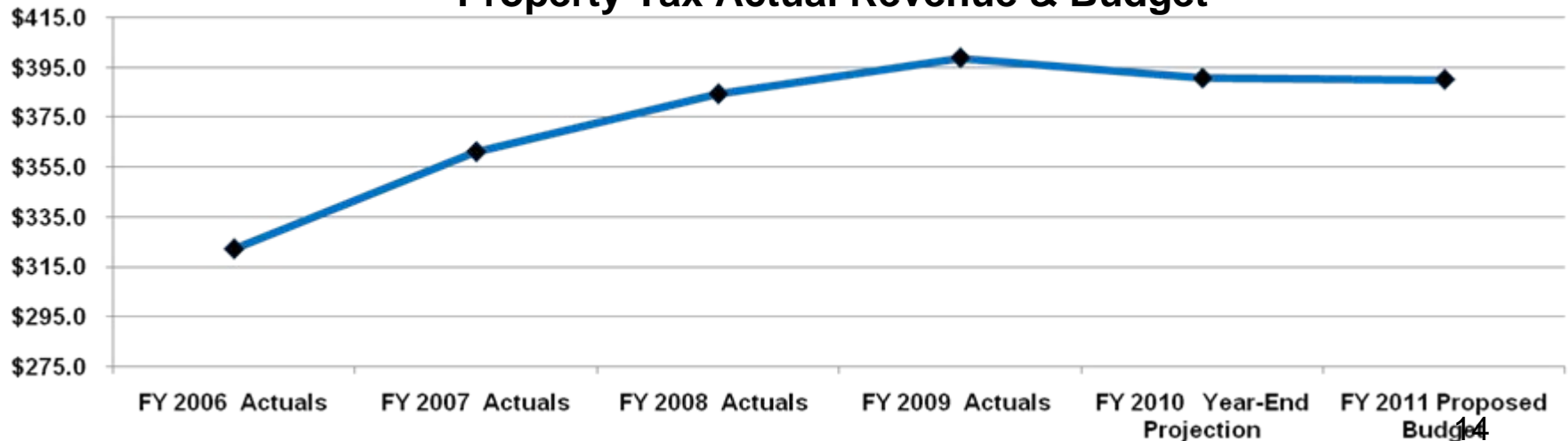




Property Tax Revenue

- Proposed Budget: \$390.1 million
- Budgeted growth rate: -0.1 percent
- Economic factors
 - County-wide median home price increasing
 - Home sales increasing

Property Tax Actual Revenue & Budget

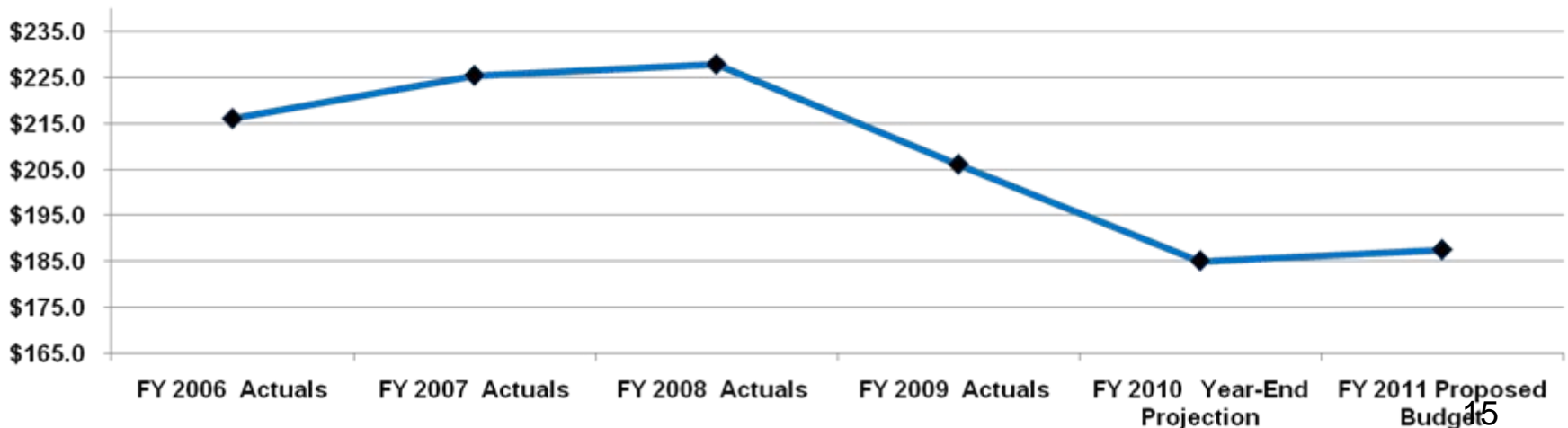




Sales Tax Revenue

- Proposed Budget: \$187.5 million
- Budgeted growth rate: 1.3 percent (0% growth in taxable sales)
- Economic Factors:
 - National consumer spending increasing
 - San Diego County leading economic indicators increasing

Sales Tax Actual Revenue & Budget

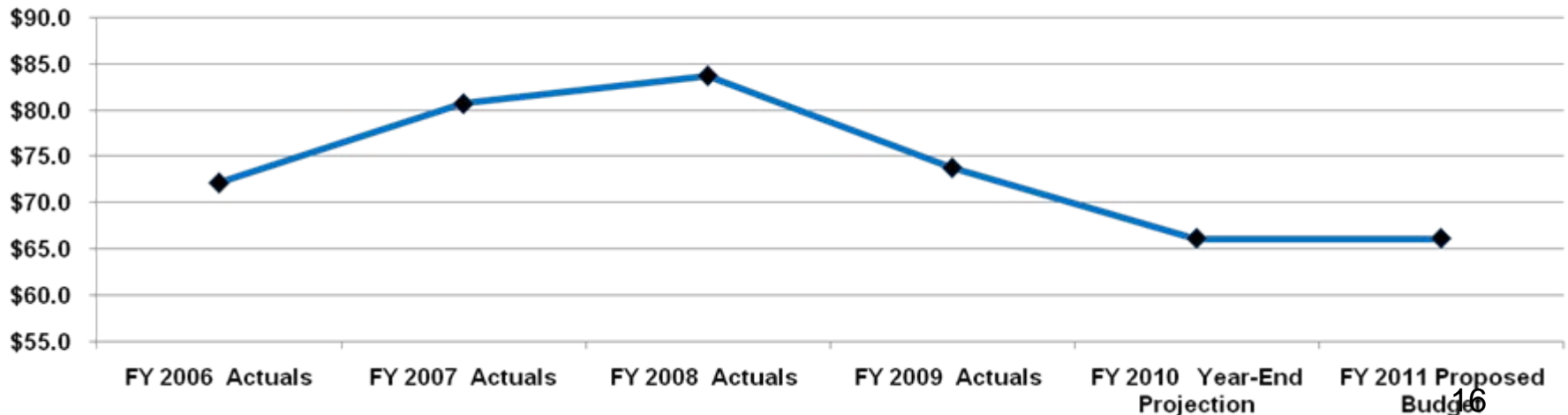




Transient Occupancy Tax Revenue

- Proposed Budget : \$66.1 million (General Fund 5.5 cent)
- Budgeted growth rate: 0.0 percent
- Economic Assumptions:
 - The average daily rate and hotel occupancy is projected to increase in Calendar Year 2011
 - Flat to moderate business and consumer discretionary spending on travel & leisure

Transient Occupancy Tax Actual Revenue & Budget

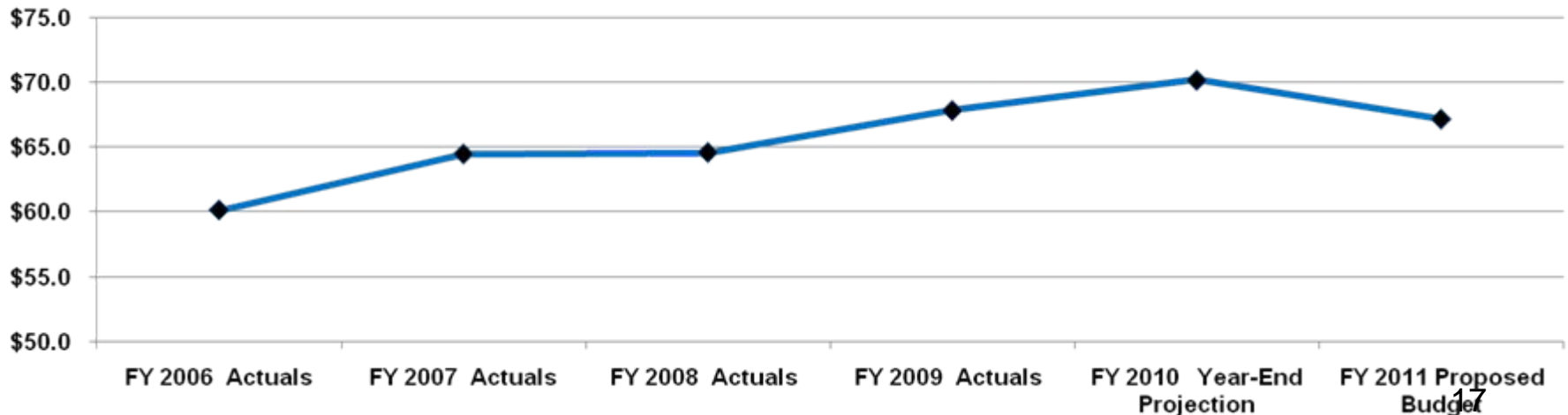




Franchise Fee Revenue

- Proposed Budget : \$67.2 million (General Fund)
- Budgeted growth rate: -4.3 percent
- Economic Assumptions:
 - Declining revenue for SDG&E
 - Modest increase in tonnage of refuse hauled

Franchise Fee Actual Revenue & Budget





Major General Fund Revenue Projections (in millions)

Major General Fund Revenues	FY 2006 Actuals	FY 2007 Actuals	FY 2008 Actuals	FY 2009 Actuals	FY 2010 Year-End Projection	FY 2011 Proposed Budget
Property Tax	322	361	384	399	391	390 *
Sales Tax	216	225	228	206	185	187
Transient Occupancy Tax	72	81	84	74	66	66
Franchises	60	64	65	68	70	67
Motor Vehicle License Fees	9	8	6	5	3	3
Property Transfer Tax	12	9	7	5	4	5
Safety Sales Tax	6	8	8	7	6	6
TOTAL	697	757	781	763	726	725

* FY 2010 Year-End Projection for property tax revenue includes \$24.6 million that was set-aside in a special reserve fund per Council approved FY 2011 deficit mitigation plan.



Major General Fund Revenue Percent Change

Major General Fund Revenues	FY 2008 Actual	FY 2009 Actuals	FY 2010 Year End Projection	FY 2011 Proposed Budget
Property Tax	6.4%	3.8%	-2.0%	-0.1%
Sales Tax	1.1%	-9.6%	-10.2%	1.3%
Transient Occupancy Tax	3.8%	-11.9%	-10.4%	0.0%
Franchises	0.2%	5.0%	3.5%	-4.3%
Motor Vehicle License Fees	-27.9%	-20.4%	-33.7%	2.0%
Property Transfer Tax	-24.7%	-34.5%	-3.0%	5.2%
Safety Sales Tax	-2.9%	-11.0%	-9.2%	0.9%
TOTAL	3.2%	-2.4%	-4.8%	-0.1%



Questions