



FOR IMMEDIATE RELEASE
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City of San Diego General Fund Revenues Expected to Reach Pre-Pandemic Levels by FY2023

**EMERGENCY RESERVES ARE PROJECTED TO REMAIN INTACT AND
TRANSIENT OCCUPANCY TAX TO FULLY RECOVER BY FY2024**

SAN DIEGO – The City of San Diego released its annual [Five-Year Financial Outlook](#) for fiscal years (FY) 2023 to 2027. The long-range fiscal planning report forecasts that the City's General Fund revenues will reach pre-pandemic levels by FY2023 and exceed them the following year. The report also projects Transient Occupancy Tax (TOT) revenue to surpass FY2019 levels by FY2024, and the City's General Fund reserves stand intact at \$205 million.

“We are making great strides toward rebounding from an unprecedented period in our history, but we still have a lot of work to do in addressing the City’s structural deficit,” said Mayor Todd Gloria. “The COVID-19 pandemic has caused challenges we could never have imagined, but thanks to my administration’s hard work and commitment to fiscal discipline—as well as federal funding—this Five-Year Financial Outlook shows not just a better future but a bright future ahead. We are focused on building a San Diego that works for all of us and will continue seeking out opportunities to help us accomplish our goals.”

The Five-Year Outlook forecasts the revenues and expenses needed to maintain the City's current service levels this year, anticipating a \$66.8 million revenue shortfall to the City's General Fund in FY2023, with a significant and steady recovery through FY2027, when a \$65.2 million surplus is projected. The outlook also identifies costs above baseline for FY2023–FY2027 within four main categories:

- New facilities such as libraries and fire stations.
- Homelessness strategies and solutions.
- Compliance requirements, including the state-mandated implementation of the Organic Waste Recycling Program (Senate Bill 1383), which will divert food and yard waste from the landfill, reduce greenhouse gas emissions and create compost and mulch.
- Service level improvements, including service needs identified by residents through the City's Get It Done application that currently are the most requested or have the greatest backlog. This will allow the City to prioritize spending in future budget cycles for identified services such as pothole

road repairs, streetlight and traffic signal repairs, tree maintenance and planting, and increased garbage collection at City parks and beaches.

The Five-Year Outlook attributes much of the projected recovery to the positive impacts of high vaccination rates countywide, with 81.2% of the population 12 years and older vaccinated, as reported by the [County of San Diego](#); the continued low transmission rate of COVID-19; the resumption of business and international travel; and the scheduling of large-group events increasing gradually since August this year. Also, President Biden's American Rescue Plan Act economic stimulus bill helped the City from having to tap into its emergency reserves.

“While the City was not able to contribute to its emergency and stability reserves in 2021 and 2022, it also didn’t need to draw from them, despite the catastrophic impact of the COVID-19 pandemic,” said Director of Finance/Comptroller Rolando Charvel. “Federal funds are helping us fill the gap for the next few years.”

Other highlights from the report include a 3.05% assumption for salary increases. Prior outlooks reflected no employee salary increases unless they had been previously negotiated. In addition, the report reflects additional reserve contributions made during the outlook period until reaching the 16.7% reserve target in FY2025 based on the City's Reserve Policy.

The Five-Year Financial Outlook is not a budget. Still, it does provide the City Council and the public information to facilitate an informed discussion during the development of the FY2023 budget regarding the allocation of limited resources to meet the service needs of San Diego residents. Mayor Gloria will use the Five-Year Financial Outlook to help develop a balanced budget to present to the City Council by April 15, 2022.

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