

The City of
SAN DIEGO

**FISCAL YEAR 2018
MID-YEAR BUDGET MONITORING
REPORT**



Kevin L. Faulconer
Mayor

Scott Chadwick
Chief Operating Officer

Rolando Charvel
Chief Financial Officer

Tracy McCraner
Financial Management Director

Jose Mendoza
Interim Budget Coordinator

JANUARY 2018

INTRODUCTION

The Fiscal Year 2018 Mid-Year Budget Monitoring Report (Mid-Year Report) presents year-end projections of revenues and expenditures for funds with budgeted personnel expenditures. General Fund revenues and expenditures are projected to exceed budget by less than 1.0%, and the General Fund is projected to end the fiscal year with fund balance in excess of required reserves (excess equity) of \$12.3 million.

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 Mid-Year Report is to compare year-end projections to the current fiscal year's budget. This report is an integral part of the budget process; it provides transparency to the City's budget and finances and delivers critical data for informed decision-making.

Financial Management (FM) produces this report, in collaboration with all City departments, to forecast year-end results between budget and projected revenues and expenditures. The Mid-Year Report is developed using five months of actual (unaudited) activity in budgeted operating departments, combined with FM and departmental projections of anticipated spending and revenue trends for the remainder of the fiscal year. The major General Fund revenue projections are based on the most recent economic information available and actual revenue distributions to the City during the first six months of the fiscal year. This report is being issued a month earlier due to streamlining efforts implemented by FM in Fiscal Year 2017. Amendments to the Budget Policy allowing five or six periods of actual activity were approved by City Council Resolution #311415.

Statistical data, economic analysis, professional judgment and expertise from economic consultants, professional organizations and other resources support the year-end revenue and expenditure projection. The Mid-Year Report provides the detail and analysis of the year-end projections. In addition, attached are Fiscal Year 2018 Charter 39 Supporting Schedules prepared by the City Comptroller's Office as of November 30, 2017. The data included in this report is the most current data available at the time of publication; however, the data and projections are subject to change.

The following discussions, analysis, and recommendations are included in this report:

- A high-level summary of projected revenues and expenditures
- Details on the major General Fund revenues and assumptions
- Discussion of General Fund revenue variances by department
- Discussion of General Fund expenditure variances by category
- Update on General Fund Reserves
- Discussion on significant variances projected for non-General Funds
- Updates to the Risk Management Reserves

This report also includes requested authorities and appropriation adjustments necessary to maintain budgetary control over certain non-General Fund departments.

GENERAL FUND

OVERVIEW

The Mid-Year Report projects General Fund expenditures slightly greater than General Fund resources by fiscal year-end as reflected in Table 1: Summary of FY 2018 General Fund Projections. The Mid-Year report projects both revenue and expenditures to exceed budget; however, the over budget expenditure projection of \$12.6 million, or 0.9%, of the General Fund has slightly outpaced the over budget revenue projection of \$7.0 million, or 0.5% of the General Fund. The net projected activity of revenue and expenditures results in the anticipated use of \$5.6 million of the General Fund fund balance in excess of required reserves (excess equity). Revenue and expenditure projections vary from budget by less than one percent. As such, staff does not recommend a General Fund appropriation at this time.

The Fiscal Year 2018 projected ending excess equity is \$12.3 million, or 1.0%. This includes the budgeted use of excess equity for one-time expenditures, reserve contributions for fiscal years 2018 and 2019, and the FY 2018 Mid-Year Report projected activity. The Fiscal Year 2018 Year-End Budget Monitoring Report (Year-End Report) to be released in May 2018 will provide additional actual revenues, expenditures and trend data to better project year-end balances. Staff may recommend appropriation adjustments at that time to maintain a balanced budget in the General Fund.

Summary of FY 2018 General Fund Projections					
<i>Table 1</i>					
<i>in millions</i>					
Revenue/Expenditures	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Resources					
Revenue	\$ 1,407.7	\$ 1,407.7	\$ 1,414.8	\$ 7.0	0.5%
Budgeted Use of Excess Equity	8.7	8.7	8.7	-	0.0%
Total Resources	1,416.5	1,416.5	1,423.5	7.0	0.5%
Total Expenditures¹	1,416.5	1,416.5	1,429.1	(12.6)	-0.9%
Net Projected Activity	\$ -	\$ -	\$ (5.6)	\$ (5.6)	

¹The FY 2018 Adopted Budget and projected expenditures associated to the reserve contributions were removed from the table as the reserve contributions will not be recognized as an expenditure and will close to fund balance as part of the year-end financial accounting process. The budgeted expenditures total \$17.3 million and projected expenditures total \$17.8 million, the variance of \$500,000 is attributed to an increase in the actual operating revenues for Fiscal Year 2017 as reported in the CAFR.

Revenues are projected to exceed budget by \$7.0 million, primarily due to an increase in major General Fund revenues of \$5.9 million and an increase in departmental revenue of \$1.1 million.

The increase in major General Fund revenues is primarily associated with revised San Diego Gas & Electric (SDG&E) franchise fee projections based on an estimate of the annual clean up payment of \$3.3 million in additional revenue. The primary factor contributing to the \$1.1 million increase in departmental revenue is associated with reimbursable strike team deployments in the Fire-Rescue Department.

The over budget expenditure projection of \$12.6 million is primarily attributed to unbudgeted expenditures of \$6.6 million for Hepatitis A efforts and ongoing sanitation efforts, Bridge Shelters startup costs, and the Safe Parking Program. Also included are approximately \$3.6 million in expenditures to augment the Fire-Rescue Department's air operations during recent

extreme fire weather conditions; \$4.4 million in expenditures in the Transportation and Storm Water Department primarily for equipment rentals and overtime associated storm water and street maintenance needs; and \$1.6 million incurred primarily for increased water consumption in the Parks and Recreation Department. These over budget expenditures are offset with departmental savings of \$7.1 million primarily attributed to \$5.0 million in Citywide Program Expenditures related to the budget for a November 2017 special election and \$2.2 million savings in the Real Estate Assets Department primarily due to the anticipated Fiscal Year 2019 move-in date to the 101 Ash Street building. Additional detail associated with these variances is discussed in the General Fund Expenditures section of this report.

The City has strong controls and monitoring processes in place to maintain a balanced budget throughout the fiscal year. The analysis and projections presented in this report, combined with FM's continued monitoring of departmental projections for revenues and expenditures, are critical to maintaining a balanced budget. Additionally, on January 8, 2018, the Chief Operating Officer issued a memo requiring all Mayoral operating departments to obtain executive level approval before filling any vacancies. The additional review is intended to ensure all departmental hiring decisions align with the strategic initiatives outlined in the Fiscal Year 2018 budget and as amended by the recent emergency initiatives approved by the Mayor for Bridge Shelters, Safe Parking Program, Hepatitis A and ongoing sanitation efforts, and public safety programs.

GENERAL FUND REVENUE

General Fund revenues are projected to exceed budget by \$7.0 million at fiscal year-end. This is attributed to an over budget projection of \$5.9 million in major General Fund revenues and \$1.1 million in department revenue. Assumptions influencing the major General Fund revenues are detailed in this report, including any significant variances from the Fiscal Year 2018 Adopted Budget. The current forecast for key General Fund revenues align closely with the budget; however, there could be potential impacts from actions by the state and federal government that could negatively impact these projections. To provide an understanding of the risk to the projections forecasted in this report, each of the major General Fund revenue sources includes a sensitivity analysis of potential impacts should changes in the economy occur during the second half of the fiscal year.

FY 2018 General Fund Revenue Projections					
Table 2					in millions
Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Major General Fund Revenues	\$ 1,120.3	\$ 1,120.3	\$ 1,126.2	\$ 5.9	0.5%
Departmental Revenue	287.4	287.4	288.5	1.1	0.4%
Total	\$ 1,407.7	\$ 1,407.7	\$ 1,414.8	\$ 7.0	0.5%

MAJOR GENERAL FUND REVENUES

The City's major General Fund revenues are projected to exceed budget by \$5.9 million. Table 3: FY 2018 Major General Fund Revenue Projections summarizes the projections by major General Fund revenue category.

FY 2018 Major General Fund Revenue Projections					
Table 3					in millions
Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Property Tax	\$ 534.6	\$ 534.6	\$ 532.9	\$ (1.8)	-0.3%
Sales Tax	275.3	275.3	274.4	(0.9)	-0.3%
Transient Occupancy Tax ¹	121.1	121.1	123.3	2.2	1.8%
Franchise Fees ²	73.5	73.5	77.7	4.1	5.6%
Property Transfer Tax	10.1	10.1	10.4	0.4	3.6%
Miscellaneous Revenue	105.7	105.7	107.7	1.9	1.8%
Total	\$ 1,120.3	\$ 1,120.3	\$ 1,126.2	\$ 5.9	0.5%

¹Total City FY 2018 current revenue budget for transient occupancy tax is \$231.3 million and the projection is \$235.3 million. The balance is budgeted in the Transient Occupancy Tax Fund.

²Total City FY 2018 current revenue budget for franchise fees is \$147.7 million and the projection is \$149.8 million. The balance is budgeted in the Environmental Growth and Underground Surcharge Funds.

The major General Fund revenue projections are based on the most recent economic information available and actual revenue distributions to the City during the first six months of the fiscal year. The Fiscal Year 2018 budget for the major General Fund revenues reflected a continued, and modest improvement in the local, State, and national economies. The projections indicate that the positive signs shown by the local economic indicators during the

development of the budget have generally continued through the first half of the fiscal year as reflected in Table 4: Local Unemployment Economic Indicators and Table 5: Local Real Estate Market Indicators.

Local Unemployment Economic Indicators			
<i>Table 4</i>			<i>in millions</i>
Economic Indicator	November 2016	November 2017 ¹	Change %
City of San Diego Unemployment	4.1%	3.1%	-1.0%
City of San Diego Number of Unemployed	29,100	22,000	-24.4%

Source: California Employment Development Department

¹ Preliminary number provided as of November 2017 and is subject to change.

When compared to November 2016, the City of San Diego unemployment rate for November 2017 has decreased to 3.1%. Additionally, the total number of unemployed has decreased by 24.4% over the same period. Both indicators are positive signs that the local employment market continues to improve.

Local Real Estate Market Indicators			
<i>Table 5</i>			<i>in millions</i>
Economic Indicator	Calendar Year 2016 ¹	Calendar Year 2017 ¹	Change %
City of San Diego Average Median Home Price	\$506,159	\$538,864	6.5%
City of San Diego Home Sales	15,601	15,102	-3.2%
San Diego County Foreclosures	1,109	761	-31.4%
San Diego County Notices of Default	4,062	3,249	-20.0%

¹ Calendar year data through November

Source: CoreLogic and County of San Diego Assessor/Recorder/County Clerk

When compared to calendar year 2016, the average median home price through November 2017 has increased by 6.5%. Home sales for the same period experienced a decrease of 3.2%. This growth in home prices is consistent with the increase in property tax-related revenues the City received during the first half of the fiscal year. In addition, there continues to be significant decreases in both foreclosures and notices of default as the local real estate market continues to return to pre-recession levels.

Overall, the local economy shows improvements in the real estate market and the City anticipates the continuation of this growth for the remainder of the fiscal year. Nonetheless, the City will continue to closely monitor economic indicators for potential impacts to the major General Fund revenues.

Property Tax

The Fiscal Year 2018 Adopted Budget growth rate of 5.0% was based on preliminary assessed valuations from the County of San Diego of approximately 4.9% and prior year actual growth of 5.8%. The final assessed valuation growth from the County of San Diego indicated an actual growth of 6.4% in assessed valuation. This led to an increase of 1.0% in the projected growth for property tax for the Fiscal Year 2018 First Quarter Budget Monitoring Report. However, other components of property taxes are anticipated to be lower than anticipated. As a result,

Property tax is projected to be \$532.9 million, or 1.8 million below the Fiscal Year 2018 budgeted amount.

FY 2018 Property Tax Revenue Projections					
<i>Table 6</i>					<i>in millions</i>
Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Property Tax Growth Rate	5.00%	5.00%	6.0%	1.0%	N/A
Property Tax Projection	\$ 534.6	\$ 534.6	\$ 532.9	\$ (1.8)	-0.3%

The Fiscal Year 2018 Adopted Budget for tax sharing pass-through payments of \$8.3 million from the former Redevelopment Agencies (RDA) based on projections for the upcoming Recognized Obligation Payment Schedule (ROPS), included the distribution of an estimated \$1.7 million in one-time residual proceeds from the sale of former RDA properties. This amount will be recorded as Redevelopment Property Tax Trust Fund (RPTTF) Residual property tax instead of tax sharing pass-through, resulting in offsetting variances in each of these categories.

FY 2018 Property Tax Revenue Projection Details					
<i>Table 7</i>					<i>in millions</i>
Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
1.0% Property Tax	\$ 372.0	\$ 372.0	\$ 374.5	\$ 2.4	0.7%
MVLF Backfill	135.8	135.8	137.5	1.7	1.3%
RPTTF Tax Sharing Pass-through Payment	8.3	8.3	6.7	(1.6)	-18.9%
RPTTF Residual Property Tax	18.5	18.5	14.2	(4.4)	-23.5%
Total	\$ 534.6	\$ 534.6	\$ 532.9	\$ (1.8)	-0.3%

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 projected residual property tax payment is approximately \$14.2 million or \$4.4 million below the Fiscal Year 2018 budget amount. These projections are based on enforceable obligations included on the ROPS 12 submission to the Department of Finance as approved by the City Council on January 9, 2018 and was heard by the Oversight Board on January 22, 2018. Exclusive of the reclassification of RDA property sales between pass through and residual categories, total RPTTF distributions are expected to be \$5.9 million below budget based on updated RPTTF projections.

The increase in the ROPS 12 enforceable obligations is primarily attributed to a Community Development Block Grant (CDBG) loan repayment of \$14.8 million among other additions to ROPS 12 enforceable obligations. The entire amount of the loan repayment will be deposited in the City's CDBG Fund, which will be used to purchase the 1401 Imperial Avenue property for the purposes of the Housing Navigation Center. However, the result of the increased enforceable obligations amount is a reduction in total residual RPTTF available to be distributed amongst the taxing entities of the former RDA. The City receives approximately 18.0% of the residual RPTTF. Therefore, the projection for residual RTPPF distributions was reduced.

Sensitivity Analysis

The projections for property tax revenues displayed in Table 7: FY 2018 Property Tax Revenue Projection Details reflect the current estimates the City anticipates to receive this fiscal year. Local real estate economic indicators continue to show growth; however, projections in Fiscal Year 2018 could be impacted by the actual collection rate and the amount of refunds for the 1.0% base property tax although not expected to be of a material amount. In addition, Federal tax reforms related to deductions for mortgage interest and property taxes, as well as a potential increase in interest rates could lead to a slowdown of home sales.

The most significant variable influencing the current year-end projection for property tax revenue is the amount of the RPTTF residual payment. The RPTTF residual payment projection is based on ROPS 12 but is still dependent upon approval by the California Department of Finance (DOF). If any of the enforceable obligations included on the ROPS are denied by the DOF, the City would receive additional residual funds from the RPTTF and would be a positive impact to the General Fund.

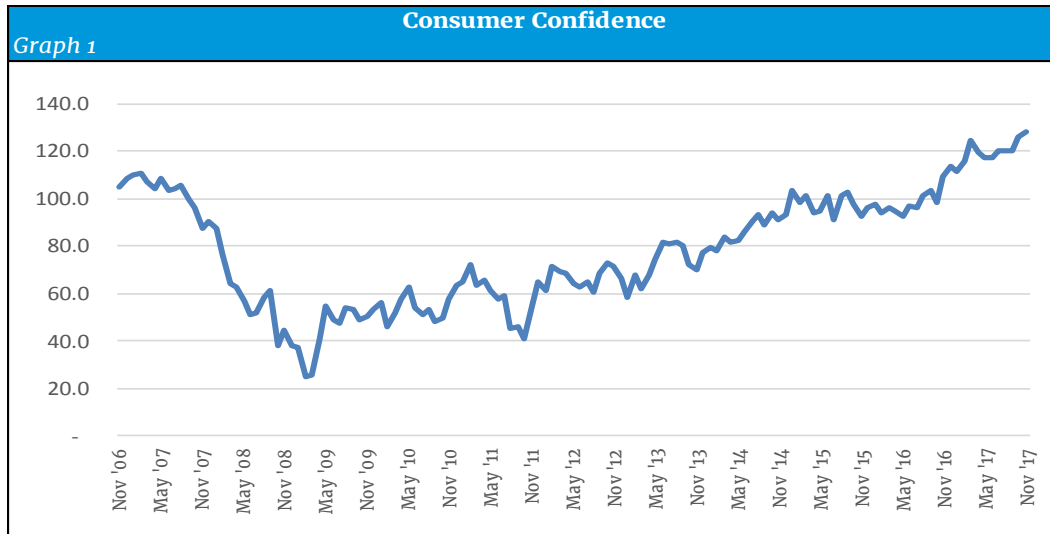
Sales Tax

FY 2018 Sales Tax Revenue Projections					
<i>Table 8</i>					<i>in millions</i>
Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Sales Tax Growth Rate	2.5%	2.5%	2.5%	0.0%	N/A
Sales Tax Projection	\$ 275.3	\$ 275.3	\$ 274.4	\$ (0.9)	-0.3%

Sales tax revenue is projected to be slightly under budget by fiscal year-end. The Fiscal Year 2018 Adopted Budget was based on year-end estimates for Fiscal Year 2017. As reported in the Fiscal Year 2017 Year-End Financial Performance Report, Fiscal Year 2017 actual sales tax revenues were lower than anticipated by \$2.6 million. As a result, the base for the Fiscal Year 2018 sales tax revenues projection is lower than assumed in the Fiscal Year 2018 Adopted Budget and thereby slightly reducing the projection for Fiscal Year 2018.

Major local economic drivers of the City’s sales tax receipts include the unemployment rate, consumer confidence, and consumer spending. As of November 2017, the San Diego unemployment rate was 3.1%, as preliminarily reported by the California Employment Development Department. The unemployment rate has decreased 1.0% from November 2016. Consumer confidence, a measurement of the consumer’s willingness to spend, had experienced significant growth since 2009, reaching an all-time high in November 2017 at 128.6%.





Source: Consumer Confidence Board

While the local economic indicators for sales tax are positive and stable, growth in sales tax will continue to be constrained by online sales. As consumers shift from in-store (brick and mortar) purchases to online sales, the City receives a smaller portion of sales tax revenues. Sales tax revenues from online retailers are distributed to the City through the county pool at a rate of approximately 0.5% as opposed to 1.0% for in-store point of sale City sales tax revenues. The trend towards online sales is evidenced by a steadily increase in the percentage of the City’s total sales tax revenue received from the county pool over the past several years.

As depicted in Table 9: Annual Sales Tax Revenue, receipts from general retail were less than the prior twelve-month period due to growing online sales as previously discussed. However, in contrast, the county pool, transportation, business-to-business and food products categories, particularly restaurants, have exhibited steady growth.

Annual Sales Tax Revenue			
Table 9	in millions		
Economic Category	Sales Period Ending June 2016 ¹	Sales Period Ending June 2017 ¹	Change %
General Retail	\$ 66.9	\$ 66.7	-0.3%
Food Products	59.4	62.6	5.4%
Transportation	45.8	46.8	2.1%
Construction	19.4	19.3	-0.5%
Business to Business	39.1	40.4	3.3%
Miscellaneous	3.3	3.4	1.7%
County Pool	33.2	37.1	11.9%
Total	\$ 267.0	\$ 276.2	3.4%

Source: Avenu Insights & Analytics (formerly MuniServices, LLC)

¹Quarterly sales tax data is available 4-5 months following the end of the quarterly sales period. September 2017 data is not yet available as of the date of the preparation of this report.

Based on stable and positive economic indicators, tempered by declining retail sales, the year-end projection maintains the budgeted growth rate of 2.5%. Sales tax revenue will continue to



be closely monitored and updated in the Year-End Report to account for any changes in spending trends or other economic indicators impacting sales tax receipts.

Sensitivity Analysis

The projections for sales tax revenues displayed in Table 8: FY 2018 Sales Tax Revenue Projections reflect the current estimates the City anticipates to receive this fiscal year. However, actual growth rates could be impacted by a variety of factors including reversal of the upward trend in fuel prices and uncertainty at the national level that may impact consumer confidence and/or business-to-business growth. If the growth rate were to be adjusted +/- 0.5% for each of the upcoming quarters, sales tax projections could change by approximately \$590,000. Any potential increase or decrease in local taxable sales performance will directly impact the City’s sales tax projection and will be reflected in the Fiscal Year 2018 Year-End Budget Monitoring Report and considered for the Fiscal Year 2019 Proposed Budget.

Transient Occupancy Tax (TOT)

FY 2018 Transient Occupancy Tax (TOT) Revenue Projections ¹					
<i>Table 10</i>					<i>in millions</i>
Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
TOT Growth Rate	5.7%	5.7%	5.7%	0.0%	N/A
TOT Projection	\$ 121.1	\$ 121.1	\$ 123.3	\$ 2.2	1.8%

¹ Total City FY 2018 current revenue budget for transient occupancy tax is \$231.3 million and the projection is \$235.3 million. The balance is budgeted in the Transient Occupancy Tax Fund.

General Fund Transient Occupancy Tax (TOT) revenue is projected to exceed budget by \$2.2 million due to better than expected year-end performance in Fiscal Year 2017 and sustained growth in the primary economic drivers of TOT - overnight visits, occupancy rates, and room rates during the first half of the fiscal year.

According to the December 2017 Travel Forecast from the San Diego Tourism Authority (SDTA) and Tourism Economics, Inc., the rate of tourism growth is estimated to steadily improve; however, at a slightly lower rate than previously anticipated. While TOT revenue growth through November has outpaced budget estimates, based on this updated forecast, the projected growth rate included in the Fiscal Year 2018 Adopted Budget of 5.7% remains appropriate for the remainder of the fiscal year. Table 11: San Diego County Visitor Industry, provides a summary of the projected growth in economic indicators that impact the City’s TOT receipts.



San Diego County Visitor Industry				
Table 11	in millions			
	CY 2016	CY 2017	CY 2018 ²	CY 2019 ²
Visitors				
Total Visits (millions)	34.9	34.1	35.3	35.9
Overnight Visits (millions)	17.4	17.6	18.0	18.3
Hotel Sector				
Average Occupancy	77.1%	77.6%	77.2%	76.7%
Average Daily Rate	\$ 154.92	\$ 160.89	\$ 166.14	\$ 172.16
Revenue PAR ¹	\$ 119.38	\$ 124.93	\$ 128.22	\$ 131.97
Room Demand (growth)	2.2%	1.8%	2.3%	1.6%

Source: San Diego Tourism Authority and Tourism Economics

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

² Forecast - Tourism Economics, Dec 2017

Table 12: FY 2018 Transient Occupancy Tax Sources summarizes the amount received from the sources of TOT.

FY 2018 Transient Occupancy Tax Sources				
Table 12	in millions			
Transient Occupancy Tax Source	Fiscal Year to Date Jul 2017- Nov 2017	% of TOT	Dec 2016 Through Nov 2017	% of TOT
Hotels	\$ 90.7	90.3%	\$ 203.8	90.5%
Short Term Vacation Rentals	9.2	9.1%	20.5	9.1%
RV Parks	0.6	0.6%	1.0	0.4%
Total Transient Occupancy Tax	\$ 100.5	100.0%	\$ 225.3	100.0%

TOT revenue projections will continue to be closely monitored and updated in the Year-End Report to account for any changes in spending trends and economic indicators related to the San Diego tourism economy.

Sensitivity Analysis

The projection for TOT revenues displayed in Table 10: FY 2018 Transient Tax (TOT) Revenue Projections reflect the current estimates the City anticipates to receive this fiscal year. While the tourism market is strong, other economic indicators are volatile and could indirectly affect tourism in a negative manner in the second half of the fiscal year. If the growth rate were to be adjusted +/- 0.5% for the remainder of the fiscal year, TOT projections could change by approximately \$590,000. Any potential increase or decrease in the travel industry will directly impact the City's TOT projection and will be reflected in the Fiscal Year 2018 Year-End Budget Monitoring Report and considered for the Fiscal Year 2019 Proposed Budget.

Franchise Fees

FY 2018 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
Cable Growth Rate	0.0%	0.0%	0.0%	0.0%	N/A
Franchise Fee Projection	\$ 73.5	\$ 73.5	\$ 77.7	\$ 4.1	5.6%

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 San Diego Gas & Electric (SDG&E), Cox Communications, Spectrum (formerly known as Time Warner), AT&T, and several refuse haulers. Approximately 82.4% of franchise fee revenue is comprised of revenue from SDG&E and 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.

The Fiscal Year 2018 franchise fee revenue is projected to be over budget at fiscal year-end by \$4.1 million primarily due to increased revenues from SDG&E and refuse haulers.

Revenue received from SDG&E is based on a percentage of gross sales and received in equal installments throughout the year; a clean-up payment is received after the end of the calendar year in February. A preliminary estimate from SDG&E was used in developing this projection, however the final clean-up payment has yet to be received.

Sensitivity Analysis

The projections for franchise fee revenues displayed in Table 13: FY 2018 Franchise Fee Revenue Projections reflect the current estimates the City anticipates to receive this fiscal year. However, fluctuations in franchise fees may be experienced due to price adjustments and consumption levels in purchases of electricity. Cable providers continue to have uncertainty in revenues due changes in consumer behavior with entertainment choices. A fluctuation of +/- 1.0% in Cable Franchise Fees could result in a change of approximately \$170,000.

Property Transfer Tax

FY 2018 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	3.0%	3.0%	3.0%	0.0%	N/A
Property Transfer Tax Projection	\$ 10.1	\$ 10.1	\$ 10.4	\$ 0.4	3.6%

Property transfer tax is a levy 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 County collects the funds and transfers the City's portion on a monthly basis.

For Fiscal Year 2018, property transfer tax revenue is projected to be over budget at year-end. The slight increase is due to actual receipts exceeding budgeted amounts during the first half of the fiscal year. While the number of home sales has slowed, the growth in property transfer tax revenue is consistent with the rise in median home prices as displayed in Table 15: Local Real Estate Market Indicators.

Local Real Estate Market Indicators			
<i>Table 15</i>			
Economic Indicator	Calendar Year 2016 ¹	Calendar Year 2017 ¹	Variance %
City of San Diego Average Median Home Price	\$506,159	\$538,864	6.5%
City of San Diego Home Sales	15,601	15,102	-3.2%
San Diego County Foreclosures	1,109	761	-31.4%
San Diego County Notices of Default	4,062	3,249	-20.0%

Source: CoreLogic and County of San Diego Assessor/Recorder/County Clerk

¹ Calendar year data through November

Sensitivity Analysis

The projections for property transfer tax revenue displayed in Table 14: FY 2018 Property Transfer Tax Projections reflect the current estimates the City anticipates to receive this fiscal year. Recent federal tax reforms and potential changes to mortgage interest rates could impact home sales. The volume of home sales and home prices can influence the amount of property transfer tax. If the growth rate for the remaining months is adjusted +/- 1.0%, the impact is approximately \$50,000.

Other Major Revenue

FY 2018 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	\$ 105.7	\$ 105.7	\$ 107.7	\$ 1.9	1.8%

The Other Major Revenue category includes General Governmental Services Billing (GGSB), which is a reimbursement from other City funds that use General Fund services, one-cent TOT transfer into the General Fund, interest earnings attributable to the General Fund from the City’s investment pool, refuse collector business tax, and other miscellaneous one-time revenues. Other Major Revenues are projected to be over budget by \$1.9 million primarily due to the ongoing evaluation and closure of special funds with limited activity. This is a best practice of minimizing the number of funds and maximizing the use of available resources.

DEPARTMENTAL REVENUE

General Fund departmental revenues are projected at \$288.5 million by fiscal year-end which represents an increase of \$1.1 million, or 0.4%, from the current budget. The following section discusses the significant factors contributing to the increase in projected departmental revenue.

Department	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Communications	\$ 1.0	\$ 1.0	\$ 0.4	\$ (0.6)	-56.9%
Fire-Rescue	35.0	35.0	37.0	2.0	5.6%
All Other General Fund Departments	251.5	251.5	251.1	(0.4)	-0.1%
Total	\$ 287.4	\$ 287.4	\$ 288.5	\$ 1.1	0.4%

Communications

The Communications Department projects revenue under budget by \$550,000 at fiscal year-end primarily attributed to a decrease in communication needs from non-general funds. To a lesser extent, communication for the first half of the fiscal year shifted to support the Hepatitis A efforts, bridge shelters, and the Fire-Rescue Department. The Communications Department will work to increase non-general fund reimbursable services to reduce this under budget projection by the Year-End Report.

Fire-Rescue

The Fire-Rescue Department projects revenue over budget by \$2.0 million at fiscal year-end primarily due to the following increases:

- \$940,000 in strike team deployment reimbursements from the California Office of Emergency Services.
- \$750,000 in false alarm penalties due to the implementation of the Crywolf Fire False Alarm System and one-time penalty payments from Fiscal Year 2017.
- \$150,000 in alarm permit fees and special events fees.
- \$180,000 in transfers-in from the Fire/EMS Transport Program Fund.

These increases in revenue will be used to partially offset increased expenditures in the Fire-Rescue Department which will be discussed later in this report.

City Treasurer - Cannabis Business Tax

On November 8, 2016, Proposition 64, a State voter initiative, was passed and provides for the legalization, regulation, and taxation of recreational adult cannabis use and its related businesses beginning January 1, 2018. Simultaneously, San Diego voters approved Measure N, establishing a local gross receipts tax on non-medical cannabis businesses operating within the City of San Diego.

For Fiscal Year 2018, the City's cannabis tax rate is 5.0% of gross receipts. The City has budgeted \$2.4 million in revenue and will start collecting the January gross receipts tax beginning February 1, 2018. In April 2018, the City will revise its Cannabis Business Tax projections based on actual tax receipts received. The Fiscal Year 2018 Year-End Budget Monitoring Report will also report on actual Cannabis Business Tax receipts.

Position Updates

NEW POSITIONS ADDED IN FISCAL YEAR 2018

The Fiscal Year 2018 Adopted Budget included 187.89 new, standard-hour positions to address critical operational needs and to expand services citywide. The following section provides an update on the creation and staffing of these budgeted positions.

Fiscal Year 2018 New Positions (As of December 4, 2017)					
Table 18	New FTE Positions added in FY18 Budget	New FTE Positions setup in OM	% setup in OM	New FTE Positions filled	% Percent Filled
General Fund					
Economic Development	7.00	7.00	100.0%	1.00	14.3%
Fire-Rescue	19.00	19.00	100.0%	5.33	28.1%
Parks and Recreation	6.31	6.10	96.7%	1.00	15.8%
Police	11.00	11.00	100.0%	10.00	90.9%
City Treasurer	10.00	10.00	100.0%	9.00	90.0%
Other	20.25	18.25	90.1%	13.25	65.4%
General Fund Total	73.56	71.35	97.0%	39.58	53.8%
Non-General Fund					
Public Works—Engineering and Capital Projects	72.00	70.00	97.2%	20.00	27.8%
Public Utilities	10.00	10.00	100.0%	0.00	0.0%
Environmental Services	10.50	10.00	95.2%	7.00	66.7%
Risk Management	10.00	9.00	90.0%	8.00	80.0%
Other	11.83	11.50	97.2%	3.50	29.6%
Non-General Fund Total	114.33	110.50	96.7%	38.50	33.7%
Total FTE Positions	187.89	181.85	96.8%	78.08	41.6%

The recruitment process involves several steps. The first step of this process is the creation of a position in the City's Organizational Management (OM) system. All other steps in the recruitment process are contingent upon the creation of the position in the OM system. Once completed, Departments can begin the hiring process and eventually fill the positions.

As of December 4, 2017, 96.8%, of the 187.89 new FTE have been created in the OM system. Of the 187.89 FTE, 78.08 FTE, or 41.6%, have been filled. The General Fund filled 53.8% of newly added positions and the non-General Funds have filled 33.7% of the newly added positions. The Public Works—Engineering and Capital Projects Department added 72.00 new positions in Fiscal Year 2018 and 20.00, or 27.8%, have been filled. The Department routinely holds interviews for several job classes at a more rapid rate; two more recruitment events are scheduled soon after this date to fill approximately 35.00 FTEs.

Fiscal Year 2018 Mid-Year Vacancies Status

Table 19: Fiscal Year 2016 – 2018: Mid-Year Vacancy Comparison displays the total number of vacant positions by department for the past three years as reported in the respective Mid-Year Report.

Fiscal Year 2016 – 2018: Mid-Year Vacancy Comparison (Vacant Budgeted Standard Hour FTE Positions)			
	Vacant FTE Positions as of 1/4/2016	Vacant FTE Positions as of 1/3/2017	Vacant FTE Positions as of 12/4/2017
General Fund			
City Attorney	27.00	18.00	18.50
Fire-Rescue	62.00	89.00	95.00
General Services	27.00	39.00	17.00
Library	36.00	35.50	26.50
Parks and Recreation	45.25	66.00	44.00
Police	224.00	241.50	257.50
Transportation & Storm Water	84.00	55.00	48.00
Other	106.99	114.10	109.61
General Fund Total	612.24	658.10	616.11
Non-General Fund			
Development Services	75.50	70.75	61.00
Environmental Services	22.51	27.90	29.89
Fleet Operations	30.00	31.00	22.00
Public Utilities	139.00	156.50	170.00
Public Works—Engineering and Capital Projects	117.00	71.50	106.00
Other	51.00	44.00	37.00
Non-General Fund Total	435.01	401.65	425.89
Total FTE Positions	1,047.25	1,059.75	1,042.00

It is important to note that since Fiscal Year 2015, the Mayor and City Council have added 941.30 FTEs to the City of San Diego workforce. This is an almost 9.0% growth rate in the citywide workforce, which is at its highest count, or 11,419.51 FTE, in the Fiscal Year 2018 Adopted Budget. The citywide vacancy rate has also decreased by 0.4% while the workforce has increased. The Fiscal Year 2018 vacancy rate is 9.1% compared to Fiscal Year 2016 which was 9.5%. As discussed in previous reports, vacancies are a normal component of business operations. A vacancy rate of 8–10% for San Diego is considered extremely low when compared to other large cities. The streamlining efforts and process improvements related to recruiting, interviewing and hiring employees implemented in recent fiscal year have worked and continue to work. Table 20: Reason FTE Positions Became Vacant provides a breakdown of the reason why 1,042.00 FTE positions are vacant as of December 4, 2017.

Reason FTE Positions Became Vacant (As of December 4, 2017)		
	FTE Positions	% of Vacant Positions
New/Never Been Filled	120.50	11.6%
Promotion	294.00	28.2%
Retirement	151.00	14.5%
Separation	174.50	16.7%
Transfer	302.00	29.0%
Total FTE Positions	1,042.00	100.0%

As shown in the table above, promotions and transfers accounted for approximately 596.00 FTE, or 57.2%, of the vacancies. The City continues to place an emphasis on promoting and transferring from within to develop its current workforce and to retain its experienced and quality workforce. This practice is valued by employees and management, and results in improved employee satisfaction with the organization. The remaining 446.00 vacancies are due to retirements, separations and newer/never filled positions, or a 42.8% of the vacancies.

GENERAL FUND EXPENDITURES

General Fund expenditures are projected to exceed budget by \$12.6 million at fiscal year-end. This is primarily attributed to unbudgeted expenditures associated with Hepatitis A and ongoing sanitation efforts, Bridge Shelters, and Safe Parking Program initiatives in the amount of \$6.6 million, as well as \$4.4 million in expenditures to augment the Fire-Rescue Department’s air operations during recent extreme fire weather conditions. This section will discuss General Fund expenditure variances by category and staff position updates.

PERSONNEL EXPENDITURES

Personnel expenditures are projected to exceed budget by \$3.4 million, or 0.3%, at fiscal year-end primarily due to an increase in fringe benefits, as displayed in Table 21: FY 2018 General Fund Personnel Expenditure Projections.

FY 2018 General Fund Personnel Expenditure Projections					
<i>Table 21</i>					<i>in millions</i>
Expenditure Category	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Salaries and Wages	\$ 547.1	\$ 547.1	\$ 548.5	\$ (1.4)	-0.3%
Fringe Benefits	438.4	438.4	440.4	(2.0)	-0.5%
Total	\$ 985.4	\$ 985.4	\$ 988.9	\$ (3.4)	-0.3%

Salaries and Wages

The salaries and wages expenditure category is comprised of five distinct types of wages: salaries, hourly wages, overtime, pay-in-lieu of annual leave, and termination pay. Salaries include compensation for benefited employees and special pays, while hourly wages include compensation for non-benefited employees. Expenditures in overtime include the total compensation at time and a half for both salaried and hourly employees. Pay-in-lieu of annual leave represent compensation in-lieu of use of annual leave. Termination pay expenditures occur upon an employee’s separation from the City and include the payout of any leave balances at the time of termination.

FY 2018 General Fund Salaries and Wages Projections					
<i>Table 22</i>					<i>in millions</i>
Salaries and Wages Expenditure Category	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Salaries	\$ 462.8	\$ 462.8	\$ 455.1	\$ 7.7	1.7%
Overtime	61.5	61.5	67.8	(6.2)	-10.1%
Hourly	13.0	13.0	13.3	(0.3)	-2.2%
Pay-in-Lieu of Annual Leave	7.3	7.3	9.3	(2.0)	-27.1%
Termination Pay	2.4	2.4	3.0	(0.7)	-27.2%
Total	\$ 547.1	\$ 547.1	\$ 548.5	\$ (1.4)	-0.3%

Salaries and wages are projected at \$548.5 million by fiscal year-end. This is an increase of \$1.4 million, or 0.3%, from the Fiscal Year 2018 current budget. Table 22: FY 2018 General Fund Salaries and Wages Expenditure Projections displays the variances by the five distinct categories of wages. The variance is primarily attributed to the salaries category which is projected to be under budget by \$7.7 million. This decrease is offset by projected over budget



expenditures in the other four wage types of \$9.2 million. Additional detail on variances by wage type and the major contributing departments are discussed below.

Salaries

Salaries are projected under budget by \$7.7 million, or 1.7%, at fiscal year-end primarily due to vacant positions in the following Departments:

- \$2.6 million in the Fire-Rescue Department.
- \$1.8 million in the Police Department.
- \$540,000 in the Parks and Recreation Department.
- \$440,000 in the Purchasing and Contracting Department.
- \$350,000 in the Environmental Services Department.
- \$280,000 in the Public Works—General Services Department.

Overtime

Overtime expenditures are projected to exceed budget by \$6.2 million at fiscal year-end primarily due to the following Departments:

- \$3.2 million increase in the Fire-Rescue Department primarily due to the following:
 - \$1.9 million increase associated with weather up-staffing as a result of the Fire Potential Index.
 - \$2.3 million increase in strike team and other reimbursable deployments including support for hurricanes in the Gulf States, Lilac Fire, and Northern California Wildfires. These are partially offset by over budget reimbursement revenue.
 - \$700,000 increase for lifeguard services due to the increased volume of beach incidents.

Offsetting these over budget projections are:

- \$1.2 million decrease associated with lower than anticipated backfill overtime related to compensation time taken.
- \$600,000 decrease associated due to successful full staffing in the firefighter positions.
- \$1.4 million increase in the Transportation and Storm Water Department primarily due to the following:
 - \$1.2 million associated with emergency work related to storm water and after hour calls for service in the right-of-way.
 - \$230,000 as a result of unanticipated cleaning during regular working hours associated to the Hepatitis A and ongoing sanitation efforts.
- \$780,000 in the Police Department primarily due to Hepatitis A efforts, including support for the Safe Campground at 20th and B, and the Quality of Life Team's homeless outreach.
- \$300,000 in the Environmental Services Department primarily due to covering for vacant Sanitation Drivers.
- \$230,000 in the Parks and Recreation Department associated with additional restroom cleanings and the Hepatitis A and ongoing sanitation efforts.

Pay-in-Lieu of Annual Leave

Pay-in-lieu of annual leave expenditures are projected to exceed budget by \$2.0 million at fiscal year-end primarily due to increased compensation in-lieu of use of annual leave citywide.

Termination Pay

Termination Pay is projected to exceed budget by \$650,000 at fiscal-year end primarily due to increased payout of leave balances in the Police Department associated upon separation from the City.

Hourly

Hourly wages are projected to exceed budget by \$280,000 at fiscal year-end primarily due to unbudgeted/supplemental positions in the Office of the City Attorney offset with one-time savings in non-personnel expenditures.

Fringe Benefits

Fringe benefits are projected at \$440.4 million by fiscal year-end. This is an increase of \$2.0 million, or 0.5%, from the Fiscal Year 2018 current budget. The variance of \$2.0 million is due to a decrease of \$900,000 in fixed fringe benefits, offset by an increase of \$2.9 million in variable fringe benefits.

FY 2018 General Fund Fringe Benefits Projections					
Table 23					in millions
Fringe Benefits Expenditure Category	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Fixed	\$ 307.3	\$ 307.3	\$ 306.4	\$ 0.9	0.3%
Variable	131.0	131.0	133.9	(2.9)	-2.2%
Total	\$ 438.4	\$ 438.4	\$ 440.4	\$ (2.0)	-0.5%

Fixed Fringe Benefits

Fixed fringe benefit expenditures include the following: the Actuarially Determined Contribution (ADC) to the San Diego City Employees' Retirement System (SDCERS), contributions for Workers' Compensation, Long-Term Disability (LTD), Other Post-Employment Benefits (OPEB), Unemployment Insurance, and Risk Management Administration (RMA).

The projected decrease in fixed fringe benefits of \$900,000 is primarily attributed to the Retirement ADC as a result of differences between budgeted positions and actual filled positions during the fiscal year.

Variable Fringe Benefits

Variable fringe benefits are projected over budget by \$2.9 million, or 2.2%, at fiscal year-end from current budget. This is primarily due to the following:

- \$1.2 million increase in flexible benefits expenditures. Flexible benefits are budgeted based on the health coverage selection of employees at the time the budget is developed. Variances from budget are attributable to changes in coverage selections during open enrollment, which occurs after the adoption of the budget.
- \$720,000 and \$1.3 million increase in Medicare and Supplemental Pension Savings Plan (SPSP) expenditures, respectively. These increases are a result of over budget overtime expenditures. SPSP expenditures correlate with over budget overtime expenditures for Prop B employees and the City's defined contribution plan (SPSP-H). The SPSP-H plan requires the City to include all pay, including overtime, in the City's match to the defined contribution plan.



NON-PERSONNEL EXPENDITURES

Non-personnel expenditures are projected at \$440.2 million by fiscal year-end. This represents an increase of \$9.2 million, or 2.1% of current budget. The following section discusses variances for non-personnel expenditures by category and highlights the significant variances within the General Fund departments.

Expenditure Category	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Supplies	\$ 34.7	\$ 34.5	\$ 35.3	\$ (0.9)	-2.6%
Contracts	244.6	247.3	254.2	(6.9)	-2.8%
Information Technology	31.8	31.9	31.5	0.3	0.9%
Energy and Utilities	43.4	43.4	44.2	(0.8)	-1.8%
Transfers Out ¹	63.9	61.3	63.8	(2.5)	-4.1%
Other	5.7	5.7	5.4	0.3	5.3%
Debt	5.4	5.4	4.6	0.9	16.5%
Capital Expenditures	1.6	1.6	1.2	0.3	19.1%
Total	\$ 431.0	\$ 431.0	\$ 440.2	\$ (9.2)	-2.1%

¹The FY 2018 Adopted Budget and projected expenditures associated to the reserve contributions were removed from the table as the reserve contributions will not be recognized as an expenditure and will close to fund balance as part of the year-end financial accounting process. The budgeted expenditures total \$17.3 million and projected expenditures total \$17.8 million, the variance of \$500,000 is attributed to an increase in the actual operating revenues for Fiscal Year 2017 as reported in the CAFR.

Supplies

The supplies category is projected to exceed budget by \$870,000, or 2.6% of current budget, at fiscal year-end primarily attributed to the following increases:

- \$1.1 million in the Police Department for supplies including ammunition, low asset supplies, medical supplies, official forms and documents, and uniforms.
- \$260,000 in the Parks and Recreation Department primarily for cleaning and janitorial supplies to maintain restrooms during busy summer months.

These increases are partially offset by the following decreases:

- \$250,000 in the Fire-Rescue Department associated with lower than anticipated costs for low value assets.
- \$160,000 in the Transportation and Storm Water Department associated with less than anticipated expenditures for electrical materials, safety supplies, sign materials, and other maintenance supplies.

Contracts

The contracts category is projected to exceed budget by \$6.9 million, or 2.8% of current budget, at fiscal year-end primarily due to the following factors:

- \$4.7 million in the Fire-Rescue Department primarily due to:
 - \$1.9 million for the lease of two Type II Air Tankers ("Super Scoopers") and related services.
 - \$930,000 for the provision of one Helitanker under CalFire's Call-When-Needed contract to augment the Department's helicopters during extreme fire weather conditions.
 - \$440,000 for use of a Mountain Aviation air tactical platform (aircraft) and crew members for day and night operations due to extreme fire weather conditions.



- \$260,000 for General Atomics manned intelligence/reconnaissance aircraft.
- \$3.8 million in the Transportation and Storm Water Department primarily due to an increase of \$1.9 million for equipment rental, \$1.0 million for emergency channel mitigation, \$430,000 for Hepatitis A and ongoing sanitation efforts, and \$320,000 for the enhancement of the Chollas Operations Yard security camera system.
- \$2.6 million in the Parks and Recreation Department primarily due to \$1.4 million for Hepatitis A and ongoing sanitation efforts, and the Transitional Camp Area at 20th and B, \$670,000 for site preparation at the Bridge Shelters, and \$530,000 primarily due to parking lot repairs, facility repairs, and indoor and outdoor court resurfacing.
- \$2.4 million in the Police Department primarily due to an increase of \$500,000 related to tow services that will be offset by revenue, \$350,000 for photocopy services, \$280,000 for travel and training, \$220,000 for Hepatitis A vaccinations, and \$180,000 for promotional exams.
- \$2.1 million in the Environmental Services Department primarily due to the Clean San Diego (Clean SD) initiative, and an unanticipated contract with Clean Harbors for sanitation services to support Hepatitis A and ongoing sanitation efforts.
- \$1.0 million in the Citywide Program Expenditures Department for the purchase of the strung structure (tent), and set up of the Bridge Shelter managed by Father Joe's Village.
- \$310,000 increase in the Economic Development Department for the Safe Parking Program contract with Jewish Family Services.
- \$140,000 in the Library Department for janitorial contractual services due to custodian vacancies and associated with Hepatitis A efforts.

These increased projections are partially offset by the following projected decreases:

- \$5.8 million in the Citywide Program Expenditures Department primarily due to savings from the proposed November, 2017 Special Election and special consulting services.
- \$2.1 million in the Real Estate Assets Department for tenant improvements due to a delayed move-in date at 101 Ash Street.
- \$470,000 in the City Attorney's Office primarily due to the funding it received to support Mayoral and City Council priorities, which will be used to mitigate salaries for supplemental and provisional positions supporting these priorities.
- \$420,000 in the City Treasurer primarily due to its use of vacancy savings to support unbudgeted positions for the Cannabis Business Tax Program, a delay in the implementation of the new Delinquent Accounts replacement system, and lower than anticipated banking service needs.
- \$280,000 in the Performance and Analytics Department primarily due to expenditures associated with the 311 CIP, Get It Done Expansion posting in the transfers category.

Information Technology

The information technology category is projected under budget by \$340,000, or 0.9% of current budget, at fiscal year-end primarily due to the following:

- \$420,000 decrease in the Police Department primarily due to \$270,000 related to computer maintenance and equipment, and \$110,000 associated to the parking handheld services contract now managed by the City Treasurer.
- \$330,000 decrease in the Environmental Services Department primarily due to savings associated with reduced purchase of software enhancements for legacy systems that that will be phased out and 311 Customer Relationship Management (CRM) software expenditures posting in the transfers out category.

- \$200,000 decrease in the Fire-Rescue Department primarily attributed to two vacant positions that support Tri-Tech, Fire-Rescue's computer aided dispatch system.

These under budget projections are offset by the following projected increases:

- \$550,000 in the Transportation and Storm Water Department primarily due to unbudgeted mobile devices, charging stations, and accessories for IAM San Diego.
- \$80,000 increase in the Public Works—General Services Department for unbudgeted project management and training expenses for IAM San Diego asset management.

Energy & Utilities

The energy & utilities category is projected to exceed budget by \$790,000, or 1.8% of current budget, at fiscal year-end primarily attributed to the following:

- \$1.6 million increase in the Parks and Recreation Department primarily associated with water consumption to address stressed turf conditions as a result of warmer weather patterns and less rain fall.

These increases are partially offset by the following decreases:

- \$880,000 in the Police Department associated with a decrease in fleet fuel and electrical services.

Transfers Out

The transfer out category is projected to exceed budget by \$2.5 million, or 4.1% of current budget, at fiscal year-end primarily attributed to the following:

- \$1.1 million increase in the Environmental Services Department primarily for the purchase of vehicles associated with the Clean San Diego initiative.
- \$770,000 increase in the Transportation and Storm Water Department to the Trench Cut Excavation Fee Fund associated with an unanticipated increase in street damage fees related to SDG&E trenching projects.
- \$510,000 increase in the Transportation and Storm Water Department associated with energy efficiency projects posting in Transfers Out category instead of the Debt category where they are budgeted.
- \$240,000 increase in the Parks and Recreation Department for the replacement of the playground structure at Doyle Community Park which will be partially offset by funds received from the Doyle Recreation Council.
- \$190,000 increase in the Performance and Analytics Department for the 311 CIP, Get It Done Expansion offset with savings in the contracts category.
- \$70,000 increase in the Parks and Recreation Department associated with energy efficiency projects posting in transfers out instead of the debt category.

These increases are partially offset by a \$420,000 decrease in the Citywide Program Expenditures Department associated with the revised timeline for the implementation of the Commercial Paper Program to later in Fiscal year 2018.

Other

The other category is projected under budget by \$300,000, or 5.3% of current budget, at fiscal year-end primarily due to following:

- \$90,000 decrease in the Police Department due to transportation allowance budget for parking expenditures posting in the contracts category.
- \$60,000 decrease in the Library Department for mileage reimbursements as a result of the elimination of floater staff.

Debt

The debt category is projected under budget by \$860,000, or 16.5% of current budget, at fiscal year-end due to the following:

- \$760,000 decrease in the Transportation and Storm Water Department due to a delay in debt payments for the IAM San Diego asset management project, which are not anticipated until Fiscal Year 2019.
- \$80,000 decrease in the Parks and Recreation Department for energy efficiency projects posting in the transfers out category.

Capital Expenditure

The capital expenditures category is projected under budget by \$340,000, or 19.1% of current budget, at fiscal year-end primarily attributed to the following:

- \$100,000 decrease in the Performance and Analytics Department attributed to the reclassification of expenditures for the 311 Get It Done Pilot Program and Customer Experience Program from capital expenditures category to the information technology category.
- \$90,000 decrease in the Parks and Recreation Department as a result of purchasing utility vehicles in place of compact vehicles.
- \$70,000 decrease in the Transportation and Storm Water Department associated with less than anticipated needs for various types of office equipment.

GENERAL FUND RESERVES

The City's Reserve Policy (Council Policy 100-20) documents the City's approach to establishing and maintaining strong reserves across City operations. The following section discusses the General Fund FY 2018 Projected Ending Fund Balance and reserve estimates.

FISCAL YEAR 2018 GENERAL FUND RESERVE PROJECTIONS

Table 25: FY 2018 General Fund Balances and Reserve Estimates displays the General Fund balance and reserve estimates calculation.

FY 2018 General Fund Balances and Reserve Estimates		
<i>Table 25</i>		<i>in millions</i>
Description	Amount	Revenue %
FY 2017 Budgetary Fund Balance	\$ 218.2	18.0%
FY 2018 Projected Activity		
Resources		
Revenue	1,414.8	
Use of Fund Balance (Excess Equity)	8.7	
Total Resources	1,423.5	
Total Expenditures¹	1,429.1	
Net Projected Activity	(5.6)	
FY 2018 Projected Ending Fund Balance	\$ 203.9	16.9%
Emergency Reserve	94.3	8.0%
Stability Reserve	79.5	6.75%
FY 2018 Reserve Contribution ²	7.5	0.25%
FY 2018 Required Reserve Contribution³	\$ 181.3	15.0%
FY 2019 Prefunded Budgeted Reserve Contribution	10.3	0.25%
FY 2018 Projected Ending Fund Balance (Excess Equity)	\$ 12.3	1.0%

¹ The FY 2018 Adopted Budget has total expenditures of \$1,433.8 million which includes the use of \$26.1 million of fund balance. This use of fund balance includes the budgeted FY 2018 Reserve Contribution of \$7.0 million to reach the target of 15.0% and prefunding of the FY 2019 Reserve Contribution of \$10.3 million to reach the target of 15.25%. The projected activity associated to these contributions is removed as the reserve contributions will not be recognized as an expenditure but will close to fund balance as part of the year-end financial accounting process.

² The FY 2018 Reserve Contribution includes \$500,000 above the \$7.0 million budgeted reserve contribution for a total contribution of \$7.5 million to reach the 15.0% policy target. This is attributed to an increase in FY 2017 operating revenues as reported in the CAFR being higher than projected during the FY 2018 Adopted Budget.

³ Based on FY 2015 through FY 2017 operating revenues as reported in the CAFR in accordance with the City's Reserve Policy (CP 100-20).

The Fiscal Year 2018 projected ending fund balance in excess of required reserves (excess equity) is \$12.3 million, or 1.0%, after taking into account the following:

- \$8.7 million Fiscal Year 2018 budgeted use of fund balance for eligible one-time uses.
- \$5.6 million in net projected expenditures over revenues for Fiscal Year 2018 activity.
- \$181.3 million, or 15.0%, required Fiscal Year 2018 reserve.
- \$10.3 million, or 0.25%, to prefund the Fiscal Year 2019 Reserve Contribution.

The following section details the projected reserves and excess equity for the General Fund in accordance with the City's Reserve Policy.

As reported in the CAFR the Fiscal Year 2017 ending fund balance is \$218.2 million, or 18.0%, of the three-year average of Fiscal Year 2015 through Fiscal Year 2017 General Fund operating revenues.

Aside from the \$8.7 million budgeted use of fund balance for police recruitment and retention and one-time funding for the Penny for the Arts program, the General Fund is projecting an additional \$5.6 million in use of fund balance in excess of required reserves by fiscal year-end. Staff is not recommending a budget adjustment at this time as more actual data is necessary before such adjustment is required. The Fiscal Year 2018 Year-End Budget Monitoring Report will provide nine months of actual data and will be a better indicator of actual year-end revenues and expenditures. At that time, if projections are still trending consistent with the Mid-Year Report, staff may recommend a one-time use of fund balance in excess of required reserves, or excess equity.

The current General Fund reserve of 15.0% is comprised of an 8.0% Emergency Reserve and a 7.0% Stability Reserve. The amendments to the Reserve Policy approved by the City Council in February 2017 include increasing the Stability Reserve by 1.7% over an eight-year period, or from 7.0% to 8.7% by Fiscal Year 2025, of a three-year average of General Fund operating revenues as reported in the CAFR. The Fiscal Year 2018 target is scheduled to increase from 6.75% to 7.0% to reach a total General Fund reserve level of 15.0% by fiscal year-end. In November 2017, the City Council approved adding language that will allow the Mayor and/or City Council to reevaluate the funding schedule for achieving the General Fund Reserve goal sooner, in the event of future budgetary surpluses.

The Fiscal Year 2018 Adopted Budget included \$7.0 million as a budgeted reserve contribution in anticipation of the Stability Reserve increase to 7.0%. The anticipated increase budgeted in Fiscal Year 2018 was calculated using the Fiscal Year 2015 and 2016 General Fund revenues as reported in the CAFR and the Fiscal Year 2017 Adopted Budget operating General Fund revenues. As reported in the CAFR actual General Fund revenues received were greater than Fiscal Year 2017 Adopted Budget causing the average of the most recent three-years to increase, which resulted in an increase from the budgeted reserve contribution of \$7.0 million to \$7.5 million. As displayed in Table 25: FY 2018 General Fund Balances and Reserve Estimates the \$7.5 million Stability Reserve increase is included as part of the Fiscal Year 2018 required reserve level. The total required reserve contribution for Fiscal Year 2018 is \$181.3 million.

The Fiscal Year 2018 projected activity excludes the Fiscal Year 2018 General Fund reserve contribution of \$7.5 million to reach the target of 15.0% and the prefunding of the Fiscal Year 2019 reserve contribution of \$10.3 million to reach the target of 15.25%. These amounts will close to fund balance as opposed to being recognized as an expenditure as part of the year-end financial accounting process.

Although the City's revenue and expenditures are projected to increase by fiscal year-end, the increased expenditure projections have outpaced the over budget revenue projections as of the issuance date of the Mid-Year report. Staff is not recommending an appropriation adjustment at this time. The Fiscal Year 2018 projected ending excess equity is \$12.3 million, or 1.0%, this includes the budgeted use of excess equity for one-time expenditures, reserve contributions, and the FY 2018 Mid-Year Report projected activity. The Year-End Report will provide additional actual revenues, expenditures and trend data to better project year-end balances.

Staff may recommend appropriation adjustments at that time to maintain balance in the General Fund.

Pension Payment Stabilization Reserve

The Pension Payment Stabilization Reserve (Pension Reserve) was established per the City's Reserve Policy to mitigate any unanticipated increases in the annual pension payment, also known as the Actuarially Determined Contribution (ADC). In November 2017, the City Council approved revisions to the City of San Diego Budget Policies and Reserve Policy to allow use of the Pension Reserve for any increase in the annual pension payment as calculated in the most recent Actuarial Valuation Report produced by the San Diego City Employees' Retirement System's (SDCERS) actuary.

The Fiscal Year 2018 Adopted Budget included full utilization of the Pension Payment Stabilization Reserve to minimize the impact from the significant increase in the City's ADC pension payment. Per the City's Reserve Policy, use of the reserve requires the Mayor to prepare a plan to replenish the balance to policy levels. The forecast for Reserve Contributions in the Fiscal Year 2019-2023 Five-Year Financial Outlook Report includes a plan to replenish the reserve on an incremental basis of 20.0%, or approximately \$3.5 million per year, to achieve the full reserve target by Fiscal Year 2023.

Non-General Funds

Development Services Fund

Rev/PE/NPE	<i>in millions</i>				
	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ 62.0	\$ 62.0	\$ 64.3	\$ 2.3	3.7%
Personnel Expenditures	49.2	49.2	50.8	(1.6)	-3.3%
Non-Personnel Expenditures	21.3	21.3	20.9	0.3	1.5%
Expenditures	70.5	70.5	71.8	(1.3)	-1.8%
Net Year-End Projection	\$ (8.5)	\$ (8.5)	\$ (7.5)	\$ 1.0	

Revenue:

The Development Services Fund projects revenue to exceed budget by \$2.3 million at fiscal year-end primarily due to the following:

- \$2.5 million increase in permit and issuance fees for non-residential and residential plan checks primarily due to the change in the fee structure towards additional flat fees and a stronger than anticipated development permit activity.
- \$260,000 increase due to the sales of reports and publications (i.e. copies for environmental impact reports and property plans) attributed to an increased demand from the building industry.
- \$580,000 decrease in work charged to other departments due the implementation of new flat fees.

Expenditure:

Personnel expenditures in the Development Services Fund are projected to exceed budget by \$1.6 million at fiscal year-end primarily due to the following:

- \$980,000 increase in overtime associated with the implementation of the Accela project.
- \$820,000 increase in fringe benefits.

Non-personnel expenditures for the Development Services Fund are projected over budget by \$320,000 at fiscal year-end primarily due to a savings of \$1.3 million in expenses associated with the delayed relocation to the 101 Ash Street building. This is partially offset by a projected increase of \$690,000 due to change orders for the Accela contract, \$150,000 for PCI compliance, and \$80,000 in transportation allowance and mileage reimbursements.

Engineering and Capital Projects Fund

Rev/PE/NPE	<i>in millions</i>				
	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ 95.3	\$ 95.3	\$ 87.4	\$ (7.9)	-8.3%
Personnel Expenditures	79.6	79.6	78.5	1.1	1.4%
Non-Personnel Expenditures	15.7	15.7	12.5	3.2	20.4%
Expenditures	95.3	95.3	91.0	4.3	4.5%
Net Year-End Projection	\$ 0.0	\$ 0.0	\$ (3.6)	\$ (3.6)	

Revenue:

The Engineering and Capital Projects Fund is projecting revenue under budget by \$7.9 million at fiscal year-end primarily due to vacant reimbursable positions partially offset with related savings in personnel expenditures.

Expenditures:

Personnel expenditures are projected to be under budget by \$1.1 million at fiscal year-end primarily due to the following:

- \$2.4 million decrease in salaries associated with vacant reimbursable positions. Filling the positions has taken longer than anticipated due to limited qualified candidates, and as a result of promoting from within and transfers as discussed in the position updates section.
- The decrease in personnel expenditures is partially offset by an increase of \$780,000 in overtime and \$820,000 in pay-in-lieu of annual leave.

Non-personnel expenditures are under budget by \$3.2 million at fiscal year-end primarily due to the following:

- \$1.1 million decrease in rent expenditures.
- \$500,000 decrease in supplies and computer accessories.
- \$900,000 decrease in training expenditures.
- \$380,000 decrease in consultant services for the SharePoint Application.
- \$150,000 decrease in the use of mileage reimbursements associated with vacant positions.

Fleet Operating Fund

	<i>in millions</i>				
Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ 53.3	\$ 53.3	\$ 55.0	\$ 1.7	3.1%
Personnel Expenditures	21.4	21.4	21.5	(0.1)	-0.5%
Non-Personnel Expenditures	36.4	36.4	40.7	(4.2)	-11.6%
Expenditures	57.8	57.8	62.2	(4.3)	-7.5%
Net Year-End Projection	\$ (4.5)	\$ (4.5)	\$ (7.2)	\$ (2.7)	

Revenue:

Revenue in the Fleet Operating Fund is projected to exceed budget by \$1.7 million at fiscal year-end primarily attributed to the following increases:

- \$1.5 million in revenue primarily to the change in how the Fire-Rescue Department receives renewable diesel fuel.
- \$850,000 increase in usage fee revenue due to an increase in City vehicles.
- \$120,000 increase in revenue received from interest proceeds on pooled investments.
- \$110,000 increase in rental pool revenue due to an increased number of vehicle rentals.

These over budget revenues are partially offset by a \$900,000 decrease in billable repair work for City vehicles.

Expenditures:

Personnel expenditures in the Fleet Operating Fund are projected to exceed budget by \$110,000 at fiscal year-end primarily attributed to following:

- \$560,000 in overtime associated with vacancies and meeting service level standards on an aging fleet that requires additional service.
- \$140,000 in pay-in-lieu of annual leave.

These over budget expenditures are offset with savings in the following:

- \$570,000 in salaries due to 24.00 vacant positions that are projected to be filled by fiscal year-end.

Non-personnel expenditures for the Fleet Operating Fund are projected over budget by \$4.2 million at fiscal year-end primarily due to the following:

- \$3.8 million in supplies primarily due to the department projecting to expend \$1.7 million on tires and \$2.3 million in auto parts.
- \$1.4 million in fuel purchases for the Fire-Rescue Department. This increase is offset with an increase in revenue and is associated with the Renewable Diesel fuel delivery system and is a net neutral impact to the General Fund.

The department plans to use fund balance to offset any over budget expenditures.

Golf Course Fund

<i>in millions</i>					
Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ 20.5	\$ 20.5	\$ 22.8	\$ 2.4	11.6%
Personnel Expenditures	8.0	8.0	7.8	0.2	2.5%
Non-Personnel Expenditures	10.2	10.2	10.0	0.2	1.6%
Expenditures	18.2	18.2	17.9	0.4	2.0%
Net Year-End Projection	\$ 2.2	\$ 2.2	\$ 5.0	\$ 2.7	

Revenue:

The Golf Course Fund projects revenue to exceed budget by \$2.4 million at fiscal year-end primarily attributed with increased use of the newly renovated Torrey Pines Golf Course and improved golf course conditions at Balboa Park and Mission Bay. In addition, greens fees will increase at the Torrey Pines Golf Course for non-residents effective January 1, 2018.

Expenditures:

Personnel expenditures in the Golf Course Fund are projected to be under budget by \$200,000 at fiscal year-end primarily due to a decrease in fringe benefits.

Non-personnel expenditures for the Golf Course Fund are projected under budget by \$160,000 at fiscal year-end primarily due to energy and utilities expenditures associated with water savings.

Recycling Fund

<i>in millions</i>					
Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ 22.2	\$ 22.2	\$ 24.0	\$ 1.7	7.8%
Personnel Expenditures	10.9	10.9	10.7	0.2	2.0%
Non-Personnel Expenditures	14.6	14.6	12.7	1.9	12.8%
Expenditures	25.5	25.5	23.4	2.1	8.2%
Net Year-End Projection	\$ (3.3)	\$ (3.3)	\$ 0.5	\$ 3.8	

Revenue:

The Recycling Fund projects revenue to exceed budget by \$1.7 million at fiscal year-end primarily due to the following factors:



- \$900,000 increase in franchise agreement fees. The fee now applies to all tonnage collected as opposed to only tonnage disposed at the landfill.
- \$450,000 increase in non-franchise fees associated with an increase in tonnage deposits from small businesses at the Miramar Landfill.
- \$100,000 increase in exempt tonnage that is brought to the Miramar Landfill but exempt from the AB 939 fees.
- \$580,000 increase in revenue as a result of businesses not meeting the 180-day refund requirement for unclaimed construction and demolition deposits.

These increases are partially offset by the following decreases:

- \$170,000 as a result of a decrease in demand for curbside recyclable commodities.
- \$170,000 in Household Hazardous Waste contribution from the Transportation and Storm Water Department.

Expenditures:

Personnel expenditures in the Recycling Fund are projected slightly under budget by \$210,000 primarily due to a decrease in fringe benefits.

Non-personnel expenditures for the Recycling Fund are projected under budget by \$1.9 million at fiscal year-end primarily due to the following:

- \$400,000 decrease in assignment fees as a result of keeping vehicles over their anticipated life span to meet daily requirement for curbside collection of recyclables from residents.
- \$370,000 decrease associated with lower than anticipated fuel expenses.
- \$300,000 decrease as a result of using the CalRecycle grant to purchase trash and recycling containers.
- \$220,000 decrease as a result of the 311 Customer Experience and Customer Relationship Management project replacing various information technology projects.
- \$220,000 decrease in waste removal disposal fees associated with a reduction in disposal costs at the Household Hazardous Waste Transfer Facility.
- \$190,000 decrease in postage costs as a result of operational efficiencies and postage costs posting to a grant.
- \$170,000 decrease in printing, advertisement, travel, and city services billed as a result of charging expenditures to the Oil Payment Program grant.

Refuse Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ 30.7	\$ 30.7	\$ 33.4	\$ 2.7	8.8%
Personnel Expenditures	14.5	14.5	14.8	(0.3)	-1.9%
Non-Personnel Expenditures	21.4	21.4	18.9	2.5	11.5%
Expenditures	35.9	35.9	33.7	2.2	6.1%
Net Year-End Projection	\$ (5.2)	\$ (5.2)	\$ (0.3)	\$ 4.9	

Revenue:

The Refuse Disposal Fund projects revenue over budget by \$2.7 million at fiscal year-end primarily due to the following factors:

- \$2.0 million increase as a result of non-franchised haulers, including small business and residents, disposing trash at the Miramar Landfill.
- \$300,000 increase associated with greens disposal fees.

- \$120,000 increase in sales of green commodities such as mulch, compost, and woodchips at the Miramar Greenery for drought resistant landscape.
- \$110,000 increase in late payment fees associated with landfill deferred payment accounts.

Expenditures:

Personnel expenditures in the Refuse Disposal Fund are projected over budget by \$270,000 at fiscal year-end. The over budget projection is primarily attributed to an increase in overtime associated with increased workloads as a result of 8.00 vacant positions. These positions are projected to be filled by fiscal year-end.

Non-personnel expenditures for the Refuse Disposal Fund are projected under budget by \$2.5 million at fiscal year-end primarily due to the following factors:

- \$1.5 million associated with an HVAC replacement project for the Ridgehaven facility transferring to the CIP budget.
- \$1.0 million associated with the annual transfer to the closure fund not occurring as the pledged revenue amount has been met.
- \$420,000 decrease associated with meeting the operating reserve target.
- \$360,000 decrease primarily due to lower than expected fuel expenses.
- \$110,000 decrease as a result of the 311 Customer Experience and Customer Relationship Management project replacing various information technology projects.
- \$70,000 decrease associated with savings and postponing information technology projects to next fiscal year.

These decreases are partially offset by the following increases:

- \$650,000 increase due to an unbudgeted transfer to subsidize recycling fee exempt tonnage.
- \$270,000 increase in unanticipated expenditures for the purchase of tarps, vaporizer and enviro cover rolls to meet regulatory mandates.
- \$100,000 increase associated with vehicle purchases to expand the litter collection program.

Sewer Utility Fund

	<i>in millions</i>				
Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ 391.8	\$ 391.8	\$ 414.8	\$ 23.0	5.9%
Personnel Expenditures	91.6	91.6	92.6	(1.0)	-1.1%
Non-Personnel Expenditures	260.6	260.7	255.9	4.8	1.8%
Expenditures	352.2	352.2	348.5	3.8	1.1%
Net Year-End Projection	\$ 39.6	\$ 39.5	\$ 66.3	\$ 26.8	

Revenue:

The Sewer Utility Funds revenue is projected to be over budget by \$23.0 million at fiscal year-end. The over budget revenue is due to the timing of the receipt of 16.8 million in State Revolving Fund (SRF) loan reimbursements that were expected to be received in FY 2017, but will now be received in FY 2018. Additionally, the final payment of \$3.0 million was received from the Transportation and Storm Water Department for low flow storm water diversion structures to pay off this liability from the General Fund; higher than anticipated reimbursements in the amount of \$860,000 for services provided to other City departments;

and \$800,000 is due to an increase in building permit activity from large scale multi-family and commercial projects.

Expenditures:

Personnel expenditures in the Sewer Utility Funds are projected to be slightly over budget by \$1.0 million primarily due to fringe benefits.

Non-personnel expenditures in the Sewer Utility Funds are projected under budget by \$4.8 million at fiscal year-end primarily due to the following factors:

- \$3.5 million decrease in the contingency reserves not needed in this fiscal year.
- \$1.2 million increase in supplies due to FY 2016 reconciliation payments made to the Metro Wastewater Joint Powers Authority.
- \$1.1 million decrease in contracts due to delays in various service contracts.
- \$1.1 million decrease due to delays in purchasing various capital equipment such as pumps, compressors, and other equipment.
- \$440,000 decrease due to delays in implementing various information technology projects.

Stadium Operations Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ 13.8	\$ 13.8	\$ 15.8	\$ 1.9	13.7%
Personnel Expenditures	3.6	3.6	3.4	0.2	6.8%
Non-Personnel Expenditures	20.2	20.2	19.6	0.6	3.2%
Expenditures	23.9	23.9	23.0	0.9	3.7%
Net Year-End Projection	\$ (10.0)	\$ (10.0)	\$ (7.2)	\$ 2.8	

Revenue:

The Stadium Operations Fund projects revenue over budget by \$1.9 million at fiscal year-end primarily due to booking additional events and an increase in concessions revenue.

Expenditures:

Personnel expenditures in the Stadium Operations Fund are projected under budget by \$210,000 at fiscal year-end primarily due to three positions projected to be vacant by fiscal year-end.

Non-personnel expenditures for the Stadium Operations Fund are projected under budget by \$640,000 at fiscal year-end primarily due to a decrease in supplies and building materials attributed to the projected closure of the Stadium in December 2018.

Underground Surcharge Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	\$ 60.6	\$ 60.6	\$ 61.3	\$ 0.8	1.3%
Personnel Expenditures	1.9	1.9	1.6	0.3	17.1%
Non-Personnel Expenditures	57.6	57.6	27.3	30.3	52.6%
Expenditures	59.5	59.5	28.9	30.6	51.4%
Net Year-End Projection	\$ 1.0	\$ 1.0	\$ 32.4	\$ 31.4	

Revenue:

The Underground Surcharge Fund projects revenue to exceed budget by \$780,000 at fiscal year-end primarily due to an increase in revenue received from interest proceeds.

Expenditures:

Personnel expenditures in the Underground Surcharge Fund are projected under budget by \$330,000 at fiscal year-end due to several vacancies.

Non-personnel expenditures are projected under budget by \$30.3 million at fiscal year-end due to the amount of time needed to complete the environmental and design phases of undergrounding projects. A large number of projects are currently being designed by SDG&E and these projects do not incur any expenses until they are under construction. In addition, limited resources at the participating utilities contribute to delays in project execution.

Transient Occupancy Tax Fund

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	<i>in millions</i>
					Variance %
Revenue	\$ 114.4	\$ 114.4	\$ 116.3	\$ 2.0	1.7%
Personnel Expenditures	1.7	1.7	1.5	0.1	8.7%
Non-Personnel Expenditures	114.6	114.6	115.0	(0.4)	-0.4%
Expenditures	116.2	116.2	116.5	(0.3)	-0.2%
Net Year-End Projection	\$ (1.9)	\$ (1.9)	\$ (0.2)	\$ 1.7	

Revenue:

The Transient Occupancy Tax (TOT) Fund is projecting revenue to exceed budget by \$2.0 million at fiscal year-end based on better than expected year-end performance in Fiscal Year 2017 and sustained growth in the primary economic drivers of TOT - overnight visits, occupancy rates, and room rates during the first half of the fiscal year.

Expenditures:

Personnel expenditures are projected to be under budget by \$0.1 million at fiscal year-end primarily due to two positions projected to be vacant through fiscal year-end in the Arts and Culture Department.

Non-personnel expenditures are over budget by \$0.4 million at fiscal year-end primarily due to an increase in the transfer of Discretionary 1-Cent TOT to the General Fund as a result of higher than anticipated TOT revenue.

Water Utility Operating Fund

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	<i>in millions</i>
					Variance %
Revenue	\$ 716.1	\$ 728.1	\$ 692.7	\$ (35.3)	-4.9%
Personnel Expenditures	81.4	81.4	81.3	0.1	0.1%
Non-Personnel Expenditures	439.7	439.7	387.2	52.5	11.9%
Expenditures	521.1	521.1	468.6	52.6	10.1%
Net Year-End Projection	\$ 194.9	\$ 206.9	\$ 224.2	\$ 17.2	



Revenue:

The Water Utility Operating Fund revenue is projected to be under budget by \$35.3 million at fiscal year-end. This is primarily attributed to a decrease of \$46.6 million in revenue from State Revolving Financing (SRF) loan proceeds due to the Water Fund CIP program being funded primarily through commercial paper financing. This is offset by \$11.0 million of unbudgeted reimbursements from the Commercial Paper Program and \$600,000 due to an increase in building permit activity from large scale multi-family and commercial projects.

Expenditures:

Non-personnel expenditures are under budget by \$52.5 million at fiscal year-end due to the following factors:

- \$47.2 million decrease is due to a decline in water purchases from the County Water Authority as a result of drafting more local water from City-owned reservoirs, coupled with continued water conservation.
- \$3.5 million decrease in the contingency reserves not needed in this fiscal year.
- \$1.1 million decrease due to delays in purchasing various capital equipment such as pumps, compressors, and other equipment.

Wireless Communications Technology Fund

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	in millions	
				Variance	Variance %
Revenue	\$ 8.9	\$ 8.9	\$ 9.0	\$ 0.1	0.6%
Personnel Expenditures	5.7	5.7	5.6	0.1	1.0%
Non-Personnel Expenditures	3.4	3.4	4.0	(0.6)	-17.6%
Expenditures	9.1	9.1	9.7	(0.5)	-5.9%
Net Year-End Projection	\$ (0.2)	\$ (0.2)	\$ (0.7)	\$ (0.5)	

Revenue:

The Wireless Communications Technology Fund projects revenue to be at budget.

Expenditures:

Personnel Expenditures are projected to be under budget by \$60,000 at fiscal year-end primarily due to vacant positions.

Non-personnel expenditures for the Wireless Communications Technology Fund are projected over budget by \$560,000 at fiscal year-end primarily due to additional contractual services and site preparation for the Otay Mountain Public Safety Radio Site project to be compliant with Public Safety Standards.

The Year-End Report will provide additional actual data, at which time the Department may request an appropriation adjustment.

RISK MANAGEMENT RESERVES

The Long-Term Disability, Public Liability, and Workers' Compensation Funds provide funding sources for certain claims made against the City. The City's Reserve Policy (CP 100-20) sets the required reserve level target for each fund as shown below in Table 26: FY 2018 Risk Management Reserves. All Risk Management reserves are based on the average value of the annual actuarial liability for the three most recent fiscal years. The reserve targets for the Long-Term Disability, Public Liability, and Workers' Compensation Funds are based on the Fiscal Year 2015, 2016 and 2017 actuarial valuations. Additional detail is included below.

FY 2018 Risk Management Reserves				
Table 26				in millions
Description	Fund Name	Reserve Type	FY 2018 Target	Year-End Projection
Risk Management	Long-Term Disability Fund	Liability Reserve	\$ 5.5	\$ 16.0
	Public Liability Fund	Liability Reserve	32.6	36.7
	Workers' Compensation Fund	Liability Reserve	30.0	41.2

LONG-TERM DISABILITY RESERVE

The Long-Term Disability (LTD) reserve provides non-industrially disabled City employees with income and flexible benefits coverage. The Fiscal Year 2018 reserve goal is \$5.5 million or 100.0% of the average actuarial liability for the three most recent fiscal years. The Long-Term Disability Fund Fiscal Year 2018 projected ending fund balance is \$16.0 million, or 293.0% of the goal. It should be noted that the Fiscal Year 2018 Adopted Budget includes the use of fund balance in excess of the reserve goal for LTD operating expenses which is projected to be \$2.4 million.

The City is developing a long-term death and disability benefit plan for employees hired on or after July 20, 2012. It is anticipated that the funding for the plan will come from both the LTD fund and from employee contributions. Going forward funding will come from both City contributions and employee contributions.

The remaining excess equity in the LTD Fund will be used for LTD operating expenses in future fiscal years. No additional contributions to the Long-Term Disability Fund are anticipated in the FY 2019-2023 Five Year Financial Outlook.

PUBLIC LIABILITY RESERVE

The Public Liability reserve is funded by the General Fund to support claims arising from real or alleged acts on the part of the City, including claims for bodily injury, property damage, and errors and omissions. For Fiscal Year 2018, the City's Reserve Policy requires that the Public Liability Fund Reserve equal 47.0% of the average value of the annual actuarial liability for the three most recent years, or \$32.6 million. The projected ending fund balance of the Public Liability Fund Reserve is approximately \$36.7 million or 53.0% of the three year average of the annual actuarial liability, which exceeds the Fiscal Year 2018 Public Liability Fund Reserve target. A portion of the remaining funds held in excess of the reserve target for Fiscal Year 2018 will be used to fund the policy goal increase of \$34.7 million, or 50.0% in Fiscal Year

2019. The excess reserve amount will be discussed as part of the Fiscal year 2019 budget process.

WORKERS' COMPENSATION RESERVE

The Workers' Compensation reserve provides funding for medical and disability costs for injuries and illnesses occurring in the workplace. On February 21, 2017, amendments to the Reserve Policy were approved by City Council to reduce the Workers' Compensation Reserve target from 25.0% to 12.0% of the three-year average of outstanding actuarial liabilities. As a result, the Workers' Compensation Reserve Fund Fiscal Year 2018 policy goal is 12.0% of the most recent three year average of the annual actuarial liability, or \$30.0 million. This amount is approximately one year of operating cash for the Workers' Compensation program.

It should be noted that the Fiscal Year 2018 Adopted Budget for the General Fund includes the use of \$14.7 million of the excess Workers' Compensation reserves for the following:

- \$7.0 million to fully fund the General Fund Reserve to the Fiscal Year 2018 policy target level of 15.0%.
- \$4.6 million reduction in workers' compensation operating expenses; however, \$0.9 million will be needed based on current projections.
- \$3.1 million to fully fund the Public Liability Fund Reserve to the Fiscal Year 2018 policy target level of 47.0%.

In Fiscal Year 2018 the Workers Compensation Reserve is projecting to transfer \$1.9 million of excess equity to non-General Funds; as a result, the projected ending fund balance of the Workers' Compensation Reserve is approximately \$41.2 million, or 16.0% of the three year average. The remaining excess Workers' Compensation reserves will be used to support the workers' compensation plan by offsetting workers' compensation expenses through Fiscal Year 2020 as discussed in the Five-Year Outlook.

PROGRAM UPDATES

1,000 Miles of Street Repair

One of the Mayor's top initiatives is to repair 1,000 miles of City streets in five years or less by Fiscal Year 2020. The City completed 596 miles of street repairs, or 59.6% of this goal, in Fiscal Years 2016 and 2017, and plans to repair approximately 349 miles, or cumulatively 94.5%, by the end of Fiscal Year 2018 through asphalt overlay, slurry seal, and concrete street repairs. The \$70.9 million in projected street repair expenditures for Fiscal Year 2018 are supported by several funding sources including TransNet, Gas Taxes (including Senate Bill 1: Road Maintenance and Rehabilitation Program), and debt financing.

Through November 2017, the City has initiated repair of 174 miles of City streets and has fully completed repair of 94 of those miles. The City is in the process of initiating approximately 175 more miles of road repair, all of which are expected to be completed by the end of Fiscal Year 2018. Since the inception of this initiative in Fiscal Year 2016, the City has completed a total of 690 miles, or 69.0%, of the 1,000-mile goal through November 2017. This puts street repair well ahead of the 200 miles per year needed to meet this initiative.

101 Ash Street Update

During the first quarter of Fiscal Year 2018, mechanical, electrical, plumbing and Americans with Disability Act (ADA) consultants have completed inspections of the 101 Ash building and submitted the findings. Based on these findings, the architectural consultant finalized the space plans and construction drawings. The construction drawings were submitted to the Development Services Department in September 2017. The plans have been approved and permits will be issued to the contractor ultimately chosen by the City.

It is anticipated that contract for construction will be awarded in March or April 2018 with tenant improvements commencing in April 2018. The first phase of tenant improvements will begin on the floors that will be occupied by departments relocating from the Executive Complex Building (1010 2nd Ave). The second phase will consist of the floors that will be occupied by the Development Services Department staff relocating from the City Operations Building (1222 First Ave.). Departments relocating from the Executive Complex are expected to move into 101 Ash during the first half of in Fiscal Year 2019.

Additional Fire Academy

An additional Fire Academy of 36 Fire Recruits is needed in Fiscal Year 2018 in order to maintain full staffing in emergency operations (fire suppression). Due to higher than anticipated attrition resulting from retirements and separations, an additional academy is required in order to fill the vacancies. The incremental cost of the additional Fire Academy is approximately \$970,000. The 85th Fire Academy will begin in February 2018 and graduate in June 2018.

Clean San Diego

Clean San Diego (Clean SD) will consist of a number of efforts the City has undertaken and will continue to enhance, including street sweeping, citywide litter removal, and waste abatement. The program will be administered by the Environmental Services Department. The Department is projecting to spend approximately \$2.0 million in Fiscal Year 2018 in unbudgeted expenditures to begin the program. The Clean San Diego program will include the following services: street sweeping, citywide litter removal, and waste abatement. Street

sweeping is projected to be carried out four times a week in the downtown area. Litter removal will consist of five on-call litter removal crews to address illegal dumping, lead community cleanups, and perform homeless camp abatements. This initiative is projected to continue beyond Fiscal Year 2018 and will be requested via the Fiscal Year 2019 budget process.

Climate Action Plan

With the goal of creating a clean energy future San Diego for generations to come, the City of San Diego's Climate Action Plan (CAP) calls for eliminating half of all greenhouse gas emissions in the City and aims for 100% of electricity used in the City to be from renewable sources by 2035. The CAP is a dynamic list of strategies that will enable the City to achieve the greenhouse gas emission reduction targets.

A suite of implementation activities anticipated to be developed, continued and/or adopted during calendar year 2018 include the following: residential and commercial energy ordinances; a monitoring plan for mode share; 100% renewable energy; urban forest improvements; and a climate adaptation and resilience plan.

In the first quarter of 2018, the City will begin coordinating with its energy consultant to complete business plans for achieving that goal, and evaluating a potential Community Choice Aggregation (CCA) program to achieve the CAP's 100% renewable energy goal. The City's goal is to compare and analyze the CCA and SDG&E business plans for renewable energy. Stakeholder input will be addressed throughout the business planning process.

Hepatitis A Response

On August 31, 2017, the County of San Diego (County) Chief Public Health Officer issued a directive to the City to provide a plan on how it would address a number of actions identified by the County to respond to the ongoing Hepatitis A efforts. The following day on September 1, 2017, the County Chief Public Health Officer declared the spread of Hepatitis A in San Diego County as a threat to public health and a local health emergency. This declaration was ratified by the County Board of Supervisors on September 6, 2017. In direct response, the City took immediate action to address the public health threat and fully complied with the County directive by providing additional vaccination, sanitation, and education related services. On October 9, 2017 the City opened a Transitional Camp Area at 20th and B to provide a clean and sanitary place for vulnerable individuals and families to stay during the Hepatitis A efforts.

On January 23, 2018 the County Board of Supervisors declared an end to the public health emergency. However, sanitation efforts will continue and are projected in the following section titled *Ongoing Sanitation Efforts*, and in Table 28: Fiscal Year 2018 Ongoing Sanitation Efforts Year-End Projections. Table 27: Fiscal Year 2018 Hepatitis A Year-End Projections, displays expenditures associated with the Hepatitis A emergency and are projected at \$5.2 million by fiscal year-end. The majority of the unbudgeted expenditures associated with the Hepatitis A efforts are projected to be incurred by the General Fund in the amount of \$3.2 million, while \$60,000 will be incurred in non-General Funds. Expenditures associated with the Hepatitis A response can be broken down into the following initiatives: administrative support, vaccinations, sanitation, education, and the Transitional Camp Area.

Expenditures associated with these initiatives are broken down into three categories to determine the fiscal impacts on the City's budget: regular working time, overtime, and non-personnel expenditures. Generally, regular working time by City personnel does not result in a fiscal impact to the City's budget; however, there are instances where the use of regular working time to address these initiatives pushed day to day operations outside the regular

working schedule resulting in additional overtime, as is discussed in the following sections. The fiscal impact of unbudgeted overtime and non-personnel expenditures associated with these initiatives are also considered because they fall outside of the City's regular operations.

Fiscal Year 2018 Hepatitis A Year-End Projections					
Table 27					
Fund Type	Regular Working Time	Overtime	Non-Personnel Expenditures	Grand Total	Unbudgeted Expenditures
General Fund					
Administrative Support	\$ 210,000	\$ -	\$ -	\$ 220,000	\$ -
Education	1,270,000	930,000	-	2,200,000	930,000
Sanitation	330,000	130,000	1,150,000	1,600,000	1,270,000
Transitional Camp Area	40,000	-	650,000	680,000	650,000
Vaccinations	20,000	10,000	320,000	340,000	330,000
Total General Fund	\$ 1,860,000	\$ 1,060,000	\$ 2,120,000	\$5,040,000	\$ 3,180,000
Non-General Funds					
Administrative Support	\$ -	\$ -	\$ -	\$ -	\$ -
Education	-	-	\$ -	-	-
Sanitation	50,000	-	\$ 10,000	60,000	10,000
Vaccinations	80,000	-	50,000	130,000	50,000
Total Non-General Funds	\$ 140,000	\$ -	\$ 60,000	\$ 190,000	\$ 60,000
Total Expenditures	\$ 2,000,000	\$ 1,060,000	\$ 2,170,000	\$ 5,240,000	\$ 3,240,000

Administrative Support

Administrative support involves working time from City staff to provide legal advice, plan and coordinate the Hepatitis A efforts, execute contracts, and conduct CEQA reviews. The majority of this administrative work has been conducted by departments during regular working time, so a minimal fiscal impact is projected.

Vaccinations

Vaccination expenditures are projected at \$470,000 by year-end, \$380,000 of which was unbudgeted in both General and non-General Funds. Projected expenditures are primarily related to employee vaccinations.

Sanitation

Hepatitis A related sanitation expenditures are projected to total \$1.7 million, of which \$1.3 million are unbudgeted expenses. They include the following projected expenditures:

- \$510,000 in the Environmental Services Department associated with the Clean Harbors contract for the sanitation cleaning of sidewalks.
- \$520,000 in the Transportation and Storm Water Department for sanitation including:
 - \$310,000 associated with street sweeping, inlet cleaning and inter-City coordination to prevent unsanitary conditions of which \$120,000 are unbudgeted expenses.
 - \$110,000 associated with the Ocean Blue contract for as-needed human waste removal and spot sanitation power washing.
 - \$100,000 in overtime primarily due to the delay of normally scheduled street sweeping and inlet cleaning as a result of the prioritization of Hepatitis A efforts.
- \$300,000 in the Parks and Recreation Department associated with the Allstate contract for security services at portable restrooms in the downtown area.

- \$250,000 in other sanitation related work primarily in the Environmental Services and Parks and Recreation Departments of which \$70,000 are unbudgeted expenses.
- \$80,000 for additional cleanings and supplies at the Central Library and libraries city-wide.

Education

Education related expenditures are projected at \$2.2 million by fiscal year-end, and are primarily attributable to education and outreach by the Police Department’s Quality of Life Team, the development of education-related materials by the Communications Department, and training time for City staff. Unbudgeted expenses of \$930,000 are primarily related to Quality of Life Team overtime.

Transitional Camp Area at 20th and B

Expenditures related to the Transitional Camp Area at 20th and B are projected at \$680,000 by fiscal year-end, \$650,000 of which is unbudgeted. This is primarily due to the contract with Alpha Project to provide services and manage the campground, which is projected to cost \$400,000. Additional non-personnel expenditures include site preparation; the provision of sink, portable showers and restroom services, and security for the camp and surrounding employee work site. The Transitional Camp Area closed in December 2017, and all 24 families served, including 57 children, have now moved into permanent housing.

Ongoing Sanitation Efforts

Fiscal Year 2018 Ongoing Sanitation Efforts Year-End Projections					
Table 28					
Fund Type	Regular Working Time	Overtime	Non-Personnel Expenditures	Grand Total	Unbudgeted Expenditures
General Fund					
Administrative Support	\$ 50,000	\$ -	\$ -	\$ 50,000	\$ -
Sanitation	<u>300,000</u>	<u>140,000</u>	<u>1,200,000</u>	<u>1,640,000</u>	<u>1,340,000</u>
Total General Fund	\$ 350,000	\$ 140,000	\$ 1,200,000	\$ 1,690,000	\$ 1,340,000
Non-General Funds					
Sanitation	\$ 60,000	\$ -	\$ -	\$ 60,000	\$ -
Total Non-General Funds	\$ 60,000	\$ -	\$ -	\$ 60,000	\$ -
Total Expenditures	\$ 400,000	\$ 140,000	\$ 1,200,000	\$ 1,750,000	\$ 1,340,000

Although the local health emergency has ended, the County has declared an end to the public health emergency, a number of new services that were added to respond to the Hepatitis A efforts are projected to continue. A total of \$1.8 million (\$1.3 million in unbudgeted expenditures) is projected to be spent on sanitation services after the Hepatitis A efforts have concluded. The services that are projected to continue include:

- Portable restrooms in the downtown area, and related security services.
- The continuation of Balboa Park restrooms open 24/7.
- Sanitation contracts for the cleaning of sidewalks.
- Increased street sweeping in various areas of downtown.

In Summary, unbudgeted expenditures associated to Hepatitis A and ongoing sanitation efforts in the General Fund total \$4.5 million.



Housing San Diego Initiative

Housing San Diego (Housing SD) includes several initiatives designed to address affordable housing issues as well as market-rate housing affordability. Earlier this fiscal year Planning and Development Services Departments completed several Housing SD strategies, including municipal code and policy updates for the following: Accessory Dwelling Units, CEQA Section 15183 Checklist/Guidelines, and the expedite program for Affordable, In-Fill Housing, and Sustainable Buildings. Three additional initiatives are underway and expected to be completed by the end of Fiscal Year 2018: 11th Code Update, Affordable Housing Density Bonus update, and Development Impact Fee (DIF) calculations. The department anticipates expending the entire \$250,000 budgeted allocation in Fiscal Year 2018.

Infrastructure Asset Management (IAM) Project

During the first half of Fiscal Year 2018, the project team continued integration testing of the IAM solution, which began in April 2017. To effectively roll out the system to departments and based on the current project status, such as the Geographic Information System (GIS) component, the IAM System is being deployed in two releases. For the first release, the System successfully went live on December 4, 2017 for the Department of Information Technology/Wireless Technology and Public Works/Facilities with a non-GIS solution. The second release is scheduled for March 2018 and will involve the remaining departments for which GIS is integral to their business process - Public Utilities, Public Works — Engineering and Capital Projects, and Transportation and Storm Water. As of the second quarter of Fiscal Year 2018, the project has expended \$4.9 million and encumbered \$12.7 million. The project is anticipated to fully expend its budget this fiscal year.

Litter and Graffiti Abatement Pilot Program

In May 2017, the Environmental Services Department launched a pilot program for littering and graffiti abatement to determine the effectiveness of proactively addressing areas of concern ahead of receiving requests for services. This 12-month pilot program targets nine specific areas within the City of San Diego. These areas are known hot spots and consist of Logan Heights, Paradise Hills, Ocean Beach, Point Loma, City Heights, Mission and Pacific Beaches, Webster and Mt. Hope, San Ysidro, and South Bay. The increased level of service is a proactive approach to address a high volume of abatements. The crews primarily consist of Urban Corps staff and City employees to a lesser degree. The crews are assigned to perform litter abatements four or five times per week. In addition to abatements, crews notify Street Division's Graffiti Section via the Get-It-Done application or Public Works Dispatch if graffiti is found in those areas.

The Fiscal Year 2018 Adopted Budget includes \$800,000 for this pilot program. As of the mid-year the department has expended \$460,000 and it is projected for the program to remain within budget. The program has helped remove and properly dispose of solid waste and hazardous materials from City streets. Abatement collections include over 622 tons of items within the identified hot spots; items including: tires, appliances, mattresses and box springs, shopping carts and miscellaneous bulky items. The Environmental Services Department will provide a comprehensive update on the pilot program to the Environment Committee in February 2018. The litter and graffiti abatement pilot program set the groundwork for the establishment of the Clean SD initiative discussed earlier in this section.

Police AB 953 Racial and Identity Profiling Act Implementation

The Police Department is working towards full compliance of AB 953 data collection by July 1, 2018. The regulations detailing the requirements were recently approved by the State on

November 15, 2017, and the department is evaluating software and hardware options to ensure they are able to fully meet the requirements.

Police Chief Recruitment Process

The Chief Operating Officer's office along with the Human Resources Department has engaged a professional recruiting firm to begin solicitation for qualified candidates for the Chief of Police. The City held six community workshops with over 300 participants in different areas of the City. The workshops solicited input from interested residents on what qualities and characteristics they would like to see in the next Chief. They also provided input on priorities which they would like to see the next Chief focus upon. An online survey has been available on the City's website which requests the same input previously solicited at the workshops. Over 1,200 surveys have been completed.

Candidate interviews were conducted in January 2018. The selection of the new Chief will be presented to the City Council for confirmation in February 2018.

Police Officer Recruitment and Retention Marketing Plan

The Police Department will issue a Request for Proposals in February 2018 to select a marketing firm for a national recruitment campaign. The Department will work closely with the selected firm to determine the best strategy to use the \$350,000 allocated for the project.

Pure Water

Pure Water San Diego is the City's phased, multi-year program to use proven water purification technology to produce a safe and sustainable high-quality water supply for San Diego. The Fiscal Year 2018 operating budget of \$12.3 million will support the expenditures needed for implementation of Phase I Pure Water projects. Fiscal year-to-date, approximately \$6.1 million has been expended for implementation of this project and is projected to be at budget by fiscal year end. In May 2017, the California Coastal Commission unanimously gave its approval for a modified permit for the Point Loma Wastewater Treatment Plant, which was subsequently approved by the U.S. Environmental Protection Agency.

Without the modified permit, converting the plant for secondary treatment capabilities would cost approximately \$2.0 billion. The City's commitment to reducing ocean discharges and implementing the Pure Water Program were factors in the Commission's decision to approve the modified permit. Going forward, the Department anticipates award of the construction management service contracts associated with water conveyance and the treatment plant valued at approximately \$120.0 million, advertisement of the first construction project for future award, and completion of the project specific environmental impact report. The first phase of the Pure Water program is expected to be completed by late 2021 and will provide 30 million gallons-per-day of the City's water supply needs.

Regional Water Quality Control Board Penalty and Supplemental Environmental Projects

On July 18, 2016, the Regional Water Quality Control Board issued an Administrative Civil Liability Claim against the City's construction storm water management program. The initial fine was \$4.6 million and was subsequently reduced to \$3.2 million. This reduction was due to the City's successful efforts to explain all improvements made to the program since 2014.

As part of the settlement agreement that was adopted on August 9, 2017, the City paid half of the assessed penalty in the amount of \$1.6 million on September 7, 2017 and will use the

remaining \$1.6 million towards four Supplemental Environmental Projects that will benefit local communities and have a significantly positive impact on water quality. The General Fund portion of this expense is \$60,000 with the remaining expense being allocated to the Development Services Fund and Engineering and Capital Projects Fund in the amount of \$2.3 million and \$840,000, respectively.

The City is currently in the process of initiating the Supplemental Environmental Projects. There are a total of four projects that will be phase-funded starting this fiscal year and continuing through Fiscal Year 2021. The four projects identified are Los Peñasquitos Lagoon Inlet Restoration, San Diego River Restoration and Arundo Removal, Bioassessment Tools and Priorities for Action, and the Chollas Creek Restoration Opportunities Assessment.

San Diego Riverbed Clean-Up

San Diego Riverbed Clean-up is another initiative that the City started in Fiscal Year 2018 to perform waste and debris removal from the riverbed. In future fiscal years this initiative will be part of the Clean SD initiative. The riverbed clean-up involves a collaborative effort between the City of San Diego, Alpha Project, and the San Diego River Park Foundation to conduct abatements twice a week.

Fiscal Year 2018 San Diego Riverbed Year-End Projections

Table 29

Fund Type	Regular Working Time	Overtime	Non-Personnel Expenditures	Grand Total	Unbudgeted Expenditures
General Fund	\$ 210,000	\$ 90,000	\$ 30,000	\$ 320,000	\$ 120,000
Non-General Funds	40,000	-	100,000	140,000	100,000
Total Expenditures	\$ 250,000	\$ 90,000	\$ 130,000	\$ 460,000	\$ 220,000

Total Fiscal Year 2018 projected expenditures for the San Diego riverbed include \$460,000 of which \$220,000 are unbudgeted expenditures. Expenditures in the General Fund in the amount of \$320,000 of which \$120,000 are unbudgeted include the contract with the SD Riverbed Park Foundation, administrative support, and support from the Police Department. The remaining \$140,000 in expenditures will be incurred by the Refuse Disposal Fund. Non-General Fund expenditures include the abatement team, administrative costs, vehicle rentals, and the contract with Alpha Project.

Bridge Shelters and Safe Parking Program

Table 30: Fiscal Year 2018 Bridge Shelters and Safe Parking Program Year-End Projections displays city-wide expenditures associated with new initiatives that are expected to have a fiscal impact this year, but were not anticipated in the FY 2018 Adopted Budget.

They include the Bridge Shelter start-up costs, Safe Parking Program, and related administrative support. City expenditures for these programs are projected at \$2.2 million by fiscal year-end. The majority of the unbudgeted expenditures associated with the shelters are projected to be incurred by the General Fund in the amount of \$2.1 million and \$2,000 by non-General Funds. Unbudgeted expenditures consist of overtime and non-personnel expenditures.



Fiscal Year 2018 Bridge Shelters and Safe Parking Year-End Projections

Fund Type	Regular Working Time	Overtime	Non-Personnel Expenditures	Grand Total	Unbudgeted Expenditures
General Fund					
Administrative Support	\$ 70,000	\$ -	\$ -	\$ 70,000	\$ -
Safe Parking Program	-	-	310,000	310,000	310,000
Bridge Shelters	30,000	30,000	1,750,000	\$ 1,810,000	1,780,000
Total General Fund	\$ 100,000	\$ 30,000	\$ 2,060,000	\$ 2,190,000	\$ 2,090,000
Non-General Funds					
Bridge Shelters	\$ 20,000	\$ -	\$ -	\$ 20,000	\$ -
Total Non-General Funds	\$ 20,000	\$ -	\$ -	\$ 20,000	\$ -
Total Expenditures	\$ 120,000	\$ 30,000	\$ 2,060,000	\$ 2,210,000	\$ 2,090,000

Administrative Support

Administrative support for the programs primarily involves legal advice, CEQA reviews, coordinating and executing the implementation of the shelters, and providing financial and logistical support. The majority of the \$70,000 in projected expenditures associated with administrative support were conducted during regular working time, with minimal fiscal impact to the City’s budget.

Safe Parking Program

The City is working with Jewish Family Services and Dreams for Change to expand the Safe Parking Program. The program provides individuals and families who are temporarily living in their cars with a safe and secure place to park at night. Participants are provided with case management, food assistance, access to bathrooms and showers, and assistance in finding permanent housing. Expenditures are projected at \$310,000 by fiscal year-end, which is largely unbudgeted and will be incurred by the General Fund in the Economic Development Department.

Bridge Shelters

The purpose of the Bridge Shelters is to allow individuals and families experiencing homelessness access to safe and sanitary shelter, and assistance in obtaining permanent supportive housing. The shelters provide beds for up to 700 people a day, and include meals, showers, restrooms, 24-hour security, alcohol and substance abuse counseling, job training, and mental health services. The City’s expenditures associated with the Bridge Shelters are projected to be \$1.8 million by fiscal year-end, which are largely unbudgeted expenditures impacting the General Fund.

The Bridge Shelters are located at three locations, and serve various populations including:

- A site operated by Father Joe’s Villages (Father Joe’s) at 14th and Commercial Streets that serves adult women and families.
- A lot in the 2700 block of Sports Arena Boulevard operated by Veteran’s Village of San Diego (VVSD) that serves adult veterans.
- A vacated street at 16th and Newton Avenue operated by Alpha Project that serves adults.

The San Diego Housing Commission is providing operational funding for this program. General Fund unbudgeted expenditures are primarily attributed to the following start-up costs related to the three Bridge Shelters:



- \$1.0 million for the Father Joe’s site in the Citywide Program Expenditures Department associated with the following:
 - \$280,000 for the purchase of the strung structure (tent).
 - \$710,000 associated with the set-up of the tent and the installation of electrical, fire, and HVAC units.
- \$670,000 in the Parks and Recreation Department associated with set up and site readiness costs at all three locations:
 - \$620,000 for equipment rentals, lighting fixtures, storage units, trailers, energy services, and hygiene equipment such as hand washing stations, laundry units, portable restrooms, and showers.
 - \$50,000 for security services.
- \$70,000 in the Transportation and Storm Water Department associated with asphalt paving supplies and overtime required for site preparation at all three locations.

Other Homeless Initiatives

The City’s homeless programs are funded through a variety of General Fund and non-General Fund sources, including Federal funds and local San Diego Housing Commission (Housing Commission) resources. The Fiscal Year 2018 Adopted Budget continues funding for year-round interim housing and programs for homeless individuals and veterans, as well as for the transitional storage center, which are administered through the San Diego Housing Commission (Housing Commission). The FY 2018 Adopted Budget also includes \$1.1 million in one-time funding for the Housing Commission's Homeless Prevention and Diversion Program. The goal of the program is to stabilize participants’ housing and prevent the cycle of emergency and interim shelter use by providing comprehensive, high-quality, and effective case management to promote client self-sufficiency. The transfer of general funds to the San Diego Housing Commission for the Homeless Prevention and Diversion Program was made in November 2017.

Since the adoption of the budget, the City has expanded its efforts related to homelessness to include:

- The creation of three Bridge Shelters that can serve up to 700 individuals per day with beds and supportive services, including housing navigators to help individuals and families find permanent homes.
- The Safe Parking Program with capacity for 120 cars that provides individuals and families temporarily living in their cars with a safe and secure place to park at night.

The City is also working to open a storage center in spring 2018 for homeless individuals to safely store belongings, and a Housing Navigation Center in 2018 to offer an access point to a variety of services under one roof. Although the storage center and Housing Navigation Center are projected to open this calendar year, they are not projected to impact the City’s budget this fiscal year.

Water Services Non-Discretionary

FY 2018 Water Services Projection					
Fund	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
General Fund	\$ 7.8	\$ 7.8	\$ 10.1	\$ (2.3)	-29.7%
Non-General Fund	13.7	13.7	12.9	0.8	5.7%
Total	\$ 21.4	\$ 21.4	\$ 23.0	\$ (1.5)	-7.1%

Table 31

in millions



The water services non-discretionary budget for Fiscal Year 2018 was developed in November 2016 using Fiscal Year 2016 actual consumption data. Actual Fiscal Year 2016 consumption data included water conservation requirements. In July 2016, water restrictions were lifted and subsequently, despite no use limitations, the volumetric water consumption on an aggregate basis for the Water Fund has remained flat. As a result, no significant increase in water consumption was projected during the development of the Fiscal Year 2018 Adopted Budget. However, following the development of the Fiscal Year 2018 non-discretionary budget, the Parks and Recreation Department began increasing water use in Fiscal Year 2017 to help address stressed vegetation and trees in various parks throughout the City. This has continued in Fiscal Year 2018 and, as a result, non-discretionary water expenditures in the Parks and Recreation Department are projected to exceed budget.

The Parks and Recreation Department continues to educate City staff with notifications regarding irrigation scheduling, rain pauses and full irrigation shutdowns. Additionally, the Parks and Recreation Department will consider implementing further reductions to watering days, full irrigation shutdowns of all passive areas from December through April, and decommissioning all ornamental areas. The Department will continue to monitor water usage and implement these measures as necessary.

Appropriation Adjustments

The following section discusses the appropriation adjustment recommended in the Mid-Year Report. This section includes requested authorities and appropriation adjustments for the Development Services Fund and Fleet Operating Fund. All adjustments are balanced by an increase in budgeted revenue.

Although the City’s General Fund revenue and expenditures are projected to increase by fiscal year-end, the increased expenditure projections have outpaced the revenue projections. The General Fund has fund balance above required reserves, or excess equity, carried forward from the financial close of Fiscal Year 2017. Staff is not recommending a General Fund budget adjustment at this time as more actual data is necessary before such adjustment will be required. The Fiscal Year 2018 Year-End Budget Monitoring Report will include nine months of actual activity and will provide a better indicator of actual year-end revenues and expenditures. At that time, if projections are still trending consistent with the Mid-Year Report, staff will be recommending a one-time use of fund balance in excess of required reserves.

RECOMMENDED APPROPRIATIONS

Authorities are requested to allow for a budget transfer and appropriations between non-General Funds as displayed in Table 32: FY 2018 Mid-Year Appropriation Adjustments. All adjustments are balanced by an increase in budgeted revenue, or fund balances available in non-General Funds.

FY 2018 Mid-Year Appropriation Adjustments			
Fund	Revenue Increase/(Decrease)	Expenditures	Net Impact
Non-General Fund			
Development Services Fund	\$ 1,310,000	\$ 1,310,000	\$ -
Fleet Operating Fund	1,400,000	1,400,000	-
Non-General Fund Total	\$ 2,710,000	\$ 2,710,000	\$ -

Non-General Fund Appropriation Adjustments

Development Services Fund

The Development Services Fund requires an increase in revenue and expenditures of \$1.3 million. The increase will support the over budget expenditures in personnel expenditures associated with the higher overtime expenses projected due to vacancies to ensure services are maintained and the implementation of the Accela project. This expenditure is offset by additional revenue associated with building plan checks and permits.

Fleet Operating Fund

The Fleet Operating Fund requires an increase in revenue and expenditures of \$1.4 million to account for the change in how the Fire-Rescue Department receives renewable diesel fuel. This increase is a pass through expense and has no impact to the General Fund. The change in fuel provision for the Fire-Rescue Department allows them to use renewable diesel in all fire apparatus in lieu of low sulfur diesel fuel thus reducing greenhouse gases in support of the City’s Climate Action Plan.



CONCLUSION

The Fiscal Year 2018 Mid-Year Budget Monitoring Report (Mid-Year Report) presents year-end projections of revenues and expenditures for funds with budgeted personnel expenditures. General Fund revenues and expenditures are projected to exceed budget by less than 1.0%, and the General Fund is projected to end the fiscal year with fund balance in excess of required reserves (excess equity) of \$12.3 million.

Financial Management and City departments will continue to monitor programs and initiatives as discussed in this adhering to conservative spending practices through the end of the fiscal year and provide an update in the upcoming Year-End Budget Monitoring Reports.

The Fiscal Year 2018 Year-End Budget Monitoring Report will provide additional actual revenues, expenditures and trend data to better project year-end balances. Staff may recommend appropriation adjustments at that time to maintain balance in the General Fund.

ATTACHMENTS

- I. General Fund Projected Revenues
- II. General Fund Projected Expenditures
- III. Non-General Fund Projections
- IV. Non-General Fund Reserves
- V. Fiscal Year 2017 Charter 39 Supporting Schedules, as of November 2017

General Fund Projected Revenues

Department	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
General Fund Major Revenues					
Charges for Current Services	\$ 24,409,711	\$ 24,409,711	\$ 24,209,006	\$ (200,705)	-0.8%
Franchise Fees ¹	73,506,223	73,506,223	77,650,875	4,144,652	5.6%
Interest and Dividends	671,348	671,348	671,348	-	0.0%
Motor Vehicle License Fees	250,000	250,000	97,643	(152,357)	-60.9%
Fines, Forfeitures, and Penalties	-	-	-	-	0.0%
Other Revenue	140,000	140,000	218,311	78,311	55.9%
Property Tax	534,621,331	534,621,331	532,870,167	(1,751,164)	-0.3%
Property Transfer Tax	10,068,772	10,068,772	10,429,138	360,366	3.6%
Refuse Collector Business Tax	1,100,000	1,100,000	1,182,000	82,000	7.5%
Revenue from Federal and Other Agencies	-	-	1,272	1,272	100.0%
Revenue from Money and Property	7,200,579	7,200,579	7,200,579	-	0.0%
Sales Tax	275,307,632	275,307,632	274,374,437	(933,195)	-0.3%
Transfers In	71,968,104	71,968,104	74,083,837	2,115,733	2.9%
Transient Occupancy Tax ²	121,054,914	121,054,914	123,261,053	2,206,139	1.8%
<i>Subtotal Major General Fund Revenues</i>	<u>\$ 1,120,298,614</u>	<u>\$ 1,120,298,614</u>	<u>\$ 1,126,249,666</u>	<u>\$ 5,951,052</u>	<u>0.5%</u>
City Auditor	\$ -	\$ -	\$ 661	\$ 661	100.0%
City Clerk	94,582	94,582	188,344	93,762	99.1%
City Comptroller	2,124,873	2,124,873	2,058,293	(66,580)	-3.1%
Citywide Program Expenditures	-	-	-	-	0.0%
Communications	967,604	967,604	417,384	(550,220)	-56.9%
Council Administration	-	-	823	823	100.0%
Council District 1	-	-	1,441	1,441	100.0%
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%
Council District 9	-	-	5,827	5,827	100.0%
Council District 9 - Community Projects, Programs, and Services	-	-	-	-	0.0%
Debt Management	736,019	736,019	811,700	75,681	10.3%
Department of Information Technology	-	-	239	239	100.0%
Development Services	596,269	596,269	580,479	(15,790)	-2.6%

General Fund Projected Revenues

Department	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Economic Development	\$ 5,595,573	\$ 5,595,573	\$ 5,603,757	\$ 8,184	0.1%
Environmental Services	1,479,446	1,479,446	1,271,699	(207,747)	-14.0%
Ethics Commission	-	-	17,120	17,120	100.0%
Financial Management	-	-	294	294	100.0%
Fire-Rescue	35,004,383	35,004,383	36,976,360	1,971,977	5.6%
Human Resources	249,901	249,901	188,088	(61,813)	-24.7%
Infrastructure/Public Works	73,457	73,457	73,387	(70)	-0.1%
Internal Operations	-	-	-	-	0.0%
Library	4,532,285	4,532,285	4,203,778	(328,507)	-7.2%
Neighborhood Services	-	-	73	73	100.0%
Office of Homeland Security	901,367	901,367	1,018,452	117,085	13.0%
Office of the Assistant Chief Operating Officer	391,021	391,021	389,642	(1,379)	-0.4%
Office of the Chief Financial Officer	-	-	-	-	0.0%
Office of the Chief Operating Officer	-	-	-	-	0.0%
Office of the City Attorney	3,910,296	3,910,296	3,699,052	(211,244)	-5.4%
Office of the City Treasurer	23,125,337	23,125,337	22,960,012	(165,325)	-0.7%
Office of the Independent Budget Analyst	-	-	-	-	0.0%
Office of the Mayor	328,245	328,245	328,246	1	0.0%
Parks and Recreation	44,267,244	44,267,244	44,424,997	157,753	0.4%
Performance and Analytics	-	-	25,283	25,283	100.0%
Personnel	1,000	1,000	6,501	5,501	550.1%
Planning	1,362,454	1,362,454	1,300,937	(61,517)	-4.5%
Police	46,403,911	46,403,911	46,694,421	290,510	0.6%
Public Utilities	1,409,000	1,409,000	1,409,000	-	0.0%
Public Works - Contracts	1,181,777	1,181,777	1,486,526	304,749	25.8%
Public Works - General Services	3,666,682	3,666,682	3,312,717	(353,965)	-9.7%
Purchasing and Contracting	1,458,716	1,458,716	1,416,024	(42,692)	-2.9%
Real Estate Assets	50,480,890	50,480,890	50,151,476	(329,414)	-0.7%
Transportation and Storm Water	57,107,359	57,107,359	57,491,551	384,192	0.7%
Total General Fund Revenues	\$ 1,407,748,305	\$ 1,407,748,305	\$ 1,414,764,250	\$ 7,015,945	0.5%

The current budget presented in this table is as of November 2017 (accounting period 5) unless otherwise noted.

1 Total City FY 2018 current revenue budget for franchise fees is \$147.7 million and the projection is \$149.8 million. The balance is budgeted in the Environmental Growth and Underground Surcharge Funds.

2 Total City FY 2018 current revenue budget for transient occupancy tax is \$231.3 million and the projection is \$235.3 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	\$ 3,989,063	\$ 3,989,063	\$ 4,047,152	\$ (58,089)	-1.5%
City Clerk	5,684,824	5,684,824	5,802,959	(118,135)	-2.1%
City Comptroller	12,275,241	12,275,241	12,424,312	(149,071)	-1.2%
Citywide Program Expenditures ¹	138,892,265	138,892,265	133,671,098	5,221,167	3.8%
Communications	3,941,971	3,941,971	4,081,791	(139,820)	-3.5%
Council Administration	2,628,315	2,628,315	2,499,076	129,239	4.9%
Council District 1	1,173,814	1,172,438	1,043,279	129,159	11.0%
Council District 1 - Community Projects, Programs and Services	25,000	25,000	25,000	-	0.0%
Council District 2	1,313,370	1,313,370	1,223,405	89,965	6.8%
Council District 2 - Community Projects, Programs and Services	104,638	102,638	102,638	-	0.0%
Council District 3	1,115,779	1,115,779	1,063,994	51,785	4.6%
Council District 3 - Community Projects, Programs and Services	25,000	24,668	24,668	-	0.0%
Council District 4	1,213,816	1,213,816	1,104,128	109,688	9.0%
Council District 4 - Community Projects, Programs and Services	101,509	95,309	95,309	-	0.0%
Council District 5	1,126,344	1,126,344	929,066	197,278	17.5%
Council District 5 - Community Projects, Programs and Services	82,173	82,173	82,173	-	0.0%
Council District 6	1,108,471	1,108,471	1,018,428	90,043	8.1%
Council District 6 - Community Projects, Programs and Services	46,820	43,111	43,111	-	0.0%
Council District 7	1,148,487	1,148,487	1,095,331	53,156	4.6%
Council District 7 - Community Projects, Programs and Services	76,101	68,942	68,942	-	0.0%
Council District 8	1,369,081	1,369,081	1,259,046	110,035	8.0%
Council District 8 - Community Projects, Programs and Services	54,113	54,113	54,113	-	0.0%
Council District 9	1,296,467	1,296,467	1,206,162	90,305	7.0%
Council District 9 - Community Projects, Programs and Services	248,548	248,548	248,548	-	0.0%
Debt Management	3,161,639	3,161,639	3,138,416	23,223	0.7%
Department of Information Technology	482,500	482,500	482,500	-	0.0%
Development Services	7,883,880	7,883,880	7,633,486	250,394	3.2%
Economic Development	13,383,702	13,394,702	13,336,328	58,374	0.4%
Environmental Services	40,719,189	40,719,189	43,575,402	(2,856,213)	-7.0%
Ethics Commission	1,229,147	1,229,147	1,224,975	4,172	0.3%
Financial Management	4,371,216	4,371,216	4,092,530	278,686	6.4%
Fire-Rescue	257,611,257	257,611,257	264,701,154	(7,089,897)	-2.8%
Human Resources	5,598,569	5,598,569	5,494,676	103,893	1.9%
Infrastructure/Public Works	991,637	991,637	947,422	44,215	4.5%
Internal Operations	460,738	460,738	485,890	(25,152)	-5.5%
Library	54,196,358	54,196,358	54,193,080	3,278	0.0%
Neighborhood Services	1,055,177	1,055,177	1,034,852	20,325	1.9%
Office of Homeland Security	2,604,719	2,604,719	2,776,588	(171,869)	-6.6%
Office of the Assistant Chief Operating Officer	2,046,623	2,041,623	1,751,285	290,338	14.2%
Office of the Chief Financial Officer	618,939	618,939	603,392	15,547	2.5%
Office of the Chief Operating Officer	1,451,737	1,445,737	1,735,897	(290,160)	-20.1%
Office of the City Attorney	54,278,909	54,278,909	55,303,110	(1,024,201)	-1.9%

General Fund Projected Expenditures

Department	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Office of the City Treasurer	\$ 16,594,023	\$ 16,594,023	\$ 16,195,622	\$ 398,401	2.4%
Office of the Independent Budget Analyst	2,152,935	2,152,935	2,062,466	90,469	4.2%
Office of the Mayor	4,601,867	4,601,867	4,370,626	231,241	5.0%
Parks and Recreation	109,496,092	109,506,998	114,212,331	(4,705,333)	-4.3%
Performance and Analytics	2,811,650	2,811,650	2,737,384	74,266	2.6%
Personnel	8,653,902	8,653,902	9,033,900	(379,998)	-4.4%
Planning	10,099,339	10,099,339	9,774,021	325,318	3.2%
Police	469,041,315	469,048,415	469,251,257	(202,842)	0.0%
Public Utilities	2,495,029	2,495,029	2,454,191	40,838	1.6%
Public Works - Contracting	2,339,773	2,339,773	2,276,856	62,917	2.7%
Public Works - General Services	20,032,795	20,032,795	20,038,825	(6,030)	0.0%
Purchasing and Contracting	6,730,516	6,730,516	6,140,153	590,363	8.8%
Real Estate Assets	7,996,671	7,996,671	5,834,292	2,162,379	27.0%
Transportation and Storm Water	122,234,231	122,237,001	128,950,037	(6,713,036)	-5.5%
Total General Fund Expenditures	\$ 1,416,467,283	\$ 1,416,467,283	\$ 1,429,056,673	\$ (12,589,390)	-0.9%

The current budget presented in this table is as of November 2017 (accounting period 5) unless otherwise noted.

¹The FY 2018 Adopted Budget and projected expenditures associated to the reserve contributions are removed as the reserve contributions will not be recognized as an expenditure and will close to fund balance as part of the year-end financial accounting process. The budgeted expenditures total \$17.3 million and projected expenditures total \$17.8 million, the variance of \$500,000 is attributed to an increase in the actual operating revenues for Fiscal Year 2017 as reported in the CAFR.

Non-General Fund Projections

Fund	Revenue/ Expenditures	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Airports Fund	Revenue	\$ 5,371,548	\$ 5,371,548	\$ 5,371,907	\$ 359	0.0%
	Expenditures	5,722,739	5,722,739	5,678,598	44,141	0.8%
Central Stores Fund	Revenue	9,943,246	9,943,246	9,670,172	(273,074)	-2.7%
	Expenditures	10,120,970	10,120,970	10,185,724	(64,754)	-0.6%
Concourse and Parking Garages Operating Fund	Revenue	4,181,430	4,181,430	4,041,771	(139,659)	-3.3%
	Expenditures	5,101,218	5,101,218	5,135,661	(34,443)	-0.7%
Department of Information Technology Fund	Revenue	11,202,127	11,202,127	11,427,945	225,818	2.0%
	Expenditures	12,080,430	12,080,430	11,850,012	230,418	1.9%
Development Services Fund	Revenue	61,982,205	61,982,205	64,276,338	2,294,133	3.7%
	Expenditures	70,459,837	70,459,837	71,762,256	(1,302,419)	-1.8%
Energy Conservation Program Fund	Revenue	3,235,275	3,235,275	3,343,342	108,067	3.3%
	Expenditures	3,879,906	3,879,906	3,743,618	136,288	3.5%
Engineering and Capital Projects Fund	Revenue	95,314,239	95,314,239	87,427,617	(7,886,622)	-8.3%
	Expenditures	95,307,769	95,307,769	91,023,757	4,284,012	4.5%
Facilities Financing Fund	Revenue	2,908,283	2,908,283	2,957,361	49,078	1.7%
	Expenditures	2,908,111	2,908,111	2,956,002	(47,891)	-1.6%
Fire/EMS Transportation Program Fund	Revenue	12,344,106	12,344,106	12,344,108	2	0.0%
	Expenditures	12,319,815	12,319,815	12,138,158	181,657	1.5%
Fleet Operating Fund	Revenue	53,307,543	53,307,543	54,958,911	1,651,368	3.1%
	Expenditures	57,840,115	57,840,115	62,157,023	(4,316,908)	-7.5%
GIS Fund	Revenue	2,283,550	2,283,550	2,280,998	(2,552)	-0.1%
	Expenditures	2,417,743	2,417,743	2,321,848	95,895	4.0%
Golf Course Fund	Revenue	20,470,347	20,470,347	22,840,319	2,369,972	11.6%
	Expenditures	18,229,824	18,229,824	17,870,901	358,923	2.0%
Junior Lifeguard Program Fund	Revenue	609,877	609,877	493,417	(116,460)	-19.1%
	Expenditures	609,858	609,858	580,270	29,588	4.9%
Local Enforcement Agency Fund	Revenue	786,417	786,417	762,252	(24,165)	-3.1%
	Expenditures	1,069,186	1,069,186	1,039,399	29,787	2.8%
Los Peñasquitos Canyon Preserve Fund	Revenue	186,000	186,000	186,000	-	0.0%
	Expenditures	262,146	262,146	267,312	(5,166)	-2.0%
OneSD Support Fund	Revenue	25,990,774	25,990,774	25,978,682	(12,092)	0.0%
	Expenditures	26,781,896	26,781,896	27,028,607	(246,711)	-0.9%
Parking Meter Operations Fund	Revenue	10,767,852	10,767,852	11,068,987	301,135	2.8%
	Expenditures	10,313,775	10,313,775	10,561,711	(247,936)	-2.4%

Non-General Fund Projections

Fund	Revenue/ Expenditures	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Petco Park Fund	Revenue	\$ 16,618,304	\$ 16,618,304	\$ 16,600,476	\$ (17,828)	-0.1%
	Expenditures	16,761,105	16,761,105	16,773,569	(12,464)	-0.1%
Publishing Services Fund	Revenue	3,660,657	3,660,657	3,585,131	(75,526)	-2.1%
	Expenditures	3,660,565	3,660,565	3,272,759	387,806	10.6%
Recycling Fund	Revenue	22,237,651	22,237,651	23,965,142	1,727,491	7.8%
	Expenditures	25,510,649	25,510,649	23,426,988	2,083,661	8.2%
Refuse Disposal Fund	Revenue	30,712,190	30,712,190	33,421,019	2,708,829	8.8%
	Expenditures	35,917,863	35,917,863	33,734,987	2,182,876	6.1%
Risk Management Administration Fund	Revenue	10,529,309	10,529,309	10,565,060	35,751	0.3%
	Expenditures	11,007,266	11,007,266	11,392,578	(385,312)	-3.5%
Sewer Utility Funds ¹	Revenue	391,779,388	391,779,388	414,753,553	22,974,165	5.9%
	Expenditures	352,184,224	352,243,002	348,461,017	3,781,985	1.1%
Stadium Operations Fund	Revenue	13,844,638	13,844,638	15,776,235	1,931,597	14.0%
	Expenditures	23,861,280	23,861,280	22,969,240	892,040	3.7%
Transient Occupancy Tax Fund						
Commission for Arts and Culture Department	Revenue	\$ -	\$ -	\$ 401	\$ 401	100.0%
Special Events Department	Revenue	75,000	75,000	77,235	2,235	3.0%
Special Promotional Programs	Revenue	114,299,588	114,299,588	116,269,445	1,969,857	1.7%
<i>Total Transient Occupancy Tax Fund Revenue</i>		<u>\$ 114,374,588</u>	<u>\$ 114,374,588</u>	<u>\$ 116,347,081</u>	<u>\$ 1,972,493</u>	
Commission for Arts and Culture Department	Expenditures	\$ 1,392,569	\$ 1,392,569	\$ 1,190,588	\$ 201,981	14.5%
Special Events Department	Expenditures	1,216,251	1,216,251	1,212,827	3,424	0.3%
Special Promotional Programs	Expenditures	113,633,454	113,633,454	114,114,926	(481,472)	-0.4%
<i>Total Transient Occupancy Tax Fund Expenditures</i>		<u>\$ 116,242,274</u>	<u>\$ 116,242,274</u>	<u>\$ 116,518,341</u>	<u>\$ (276,067)</u>	
Underground Surcharge Fund	Revenue	\$ 60,564,328	\$ 60,564,328	\$ 61,344,432	\$ 780,104	1.3%
	Expenditures	59,528,799	59,528,799	28,918,492	30,610,307	51.4%
Water Utility Operating Fund ¹	Revenue	728,070,035	728,070,035	692,722,979	(35,347,056)	-4.9%
	Expenditures	521,125,919	521,125,919	468,557,205	52,568,714	10.1%
Wireless Communications Technology Fund	Revenue	8,900,590	8,900,590	8,952,098	51,508	0.6%
	Expenditures	9,112,444	9,112,444	9,653,657	(541,213)	-5.9%

The current budget presented in this table is as of November 2017 (accounting period 5) 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 2018 Target	Status
Development Services	Development Services Fund	Operating Reserve	\$ 5.0	Not on Target ¹
Golf Course	Golf Course Fund	Operating Reserve	2.3	On Target
Environmental Services	Recycling Enterprise Fund	Operating Reserve	3.4	On Target
	Refuse Disposal Fund	Operating Reserve	4.6	On Target
Public Utilities	Sewer Utility Funds	Emergency Operating Reserve	46.0	On Target
		Emergency Capital Reserve ²	5.0	On Target
		Rate Stabilization Fund Reserve	17.7	On Target
	Water Utility Funds	Emergency Operating Reserve	38.1	On Target
		Emergency Capital Reserve	5.0	On Target
		Rate Stabilization Fund Reserve	25.1	On Target
		Secondary Purchase Reserve	15.2	On Target

¹ The Development Services Department is currently not projected to meet the FY18 reserve target due to a significant increase in personnel expenditures due to the City's higher retirement payment to SDCERS and unanticipated expenses for relocation to 101 Ash Street and the Regional Water Quality Control Board penalty.

² \$580,000 of emergency capital reserve utilized for Sewer Pump Station 1 Emergency Conveyor Replacement in November 2017, which is requested to be replenished in the year-end semi-annual CIP report

Financial Performance Report Fiscal Year 2018

As of November 30, 2017



**Finance Branch
Office of the City Comptroller**

Purpose, Scope and Content

Pursuant to Section 39 of the City Charter, this report is intended to serve as a summary of the financial activity of the City of San Diego for period 5 (as of November 30, 2017).

The report provides a variety of comparative financial metrics including current vs. prior fiscal year actual revenue and expenditure (“Actuals”) and current year Actuals vs. the Current Budget. These types of metrics, when analyzed in the aggregate, provide a basis to evaluate the current financial condition of the General Fund and other budgeted funds. Additionally, the intent of this report is to provide operating results as of November 30, 2017, and therefore, does not include forward looking statements or projections.

The information contained in this report should not be relied upon for making investment decisions or be considered a replacement for the City of San Diego’s Comprehensive Annual Financial Report (CAFR). The attached report contains **unaudited** information and was not prepared in accordance with Generally Accepted Accounting Principles (GAAP) for external financial reporting purposes. For additional information about the City’s financial reporting, please visit the internet at:

<http://www.sandiego.gov/comptroller/reports/index.shtml>.

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General Fund Summary
As of Period 5, Ended November 30, 2017 (42% Completed)
(Unaudited)

	FY18 Adopted Budget	FY18 Current Budget	FY18 Year-to-Date Actuals	FY18 % of Current Budget	FY17 Year-to-Date Actuals	Actuals FY18/FY17 Change	FY18/FY17 % Change
Revenue							
Property Taxes	\$ 534,621,331	\$ 534,621,331	\$ 32,257,944	6.0%	\$ 22,485,208	\$ 9,772,736	43.5%
Sales Taxes	275,307,632	275,307,632	69,882,560	25.4%	69,172,850	709,710	1.0%
Transient Occupancy Taxes	121,054,914	121,054,914	45,415,075	37.5%	42,366,595	3,048,480	7.2%
Property Transfer Taxes	10,068,772	10,068,772	2,873,425	28.5%	2,478,832	394,593	15.9%
Licenses & Permits	21,663,270	21,663,270	5,260,968	24.3%	7,877,687	(2,616,719)	-33.2%
Fines & Forfeitures	31,851,640	31,851,640	10,421,751	32.7%	10,572,390	(150,639)	-1.4%
Interest & Dividends	671,348	671,348	(258,511)	-38.5%	(318,374)	59,863	18.8%
Franchises & Other Local Taxes	75,087,223	75,087,223	16,028,658	21.3%	18,157,462	(2,128,804)	-11.7%
Rents & Concessions	57,771,342	57,771,342	18,563,234	32.1%	20,156,922	(1,593,688)	-7.9%
Revenues from Other Agencies	4,483,013	4,483,013	1,144,464	25.5%	1,958,688	(814,224)	-41.6%
Charges for Current Services	152,803,611	153,715,611	35,832,485	23.3%	31,075,426	4,757,059	15.3%
Other Revenue	4,575,137	4,575,137	1,215,789	26.6%	1,142,635	73,154	6.4%
Transfers	117,789,072	116,877,072	7,890,654	6.8%	12,351,601	(4,460,947)	-36.1%
Total General Fund Revenue¹	\$ 1,407,748,305	\$ 1,407,748,305	\$ 246,528,496	17.5%	\$ 239,477,922	\$ 7,050,574	2.9%
Expenditures							
Personnel Services	\$ 547,056,400	\$ 547,063,208	\$ 234,779,777	42.9%	\$ 228,978,038	\$ 5,801,739	2.5%
Total PE	547,056,400	547,063,208	234,779,777	42.9%	228,978,038	5,801,739	2.5%
Fringe Benefits	438,365,705	438,365,706	177,794,768	40.6%	155,214,213	22,580,555	14.5%
Supplies	34,716,269	34,456,534	17,516,030	50.8%	18,838,977	(1,322,947)	-7.0%
Contracts	244,578,538	247,327,544	103,566,188	41.9%	92,804,829	10,761,359	11.6%
Information Technology	31,827,661	31,880,353	7,866,807	24.7%	7,131,673	735,134	10.3%
Energy & Utilities	43,397,602	43,402,302	16,444,371	37.9%	14,760,837	1,683,534	11.4%
Capital Expenditure	1,552,513	1,569,076	142,713	9.1%	283,613	(140,900)	-49.7%
Debt	5,440,230	5,440,230	960,036	17.6%	645,726	314,310	48.7%
Other Expenditures	5,657,063	5,657,063	2,018,063	35.7%	2,032,147	(14,084)	-0.7%
Transfers	81,231,677	78,661,642	36,861,994	46.9%	27,996,999	8,864,995	31.7%
Total NPE	886,767,258	886,760,450	363,170,970	41.0%	319,709,014	43,461,956	13.6%
Total General Fund Expenditures¹	\$ 1,433,823,658	\$ 1,433,823,658	\$ 597,950,747	41.7%	\$ 548,687,052	\$ 49,263,695	9.0%
General Fund Encumbrances			100,282,904		97,408,853	2,874,051	
Net Impact	\$ (26,075,353)	\$ (26,075,353)	\$ (451,705,155)		\$ (406,617,983)	\$ (45,087,172)	

¹ Includes adjustments made in future periods

General Fund Revenue Status Report
As of Period 5, Ended November 30, 2017 (42% Completed)
(Unaudited)

	FY18 Year-to-Date Revenue	FY18 Current Budget	FY18 % of Current Budget	FY17 Year-to-Date Revenue	FY18/FY17 Change	FY18/FY17 % Change
Property Taxes	\$ 32,257,944	\$ 534,621,331	6.0%	22,485,208	\$ 9,772,736	43.5%
Sales Taxes	69,882,560	275,307,632	25.4%	69,172,850	709,710	1.0%
Transient Occupancy Taxes	45,415,075	121,054,914	37.5%	42,366,595	3,048,480	7.2%
Property Transfer Taxes	2,873,425	10,068,772	28.5%	2,478,832	394,593	15.9%
Licenses & Permits						
Business Taxes	2,754,282	7,501,297	36.7%	2,889,461	(135,179)	-4.7%
Rental Unit Taxes	522,237	7,459,502	7.0%	598,327	(76,090)	-12.7%
Alarm Permit Fees	207,279	425,000	48.8%	1,190,398	(983,119)	-82.6%
Application Fees ²	2,299	-	100.0%	1,162,504	(1,160,205)	-99.8%
Other Licenses & Permits	1,774,871	6,277,471	28.3%	2,036,997	(262,126)	-12.9%
Total Licenses & Permits	5,260,968	21,663,270	24.3%	7,877,687	(2,616,719)	-33.2%
Fines & Forfeitures						
Parking Citations	7,639,668	22,142,605	34.5%	7,457,400	182,268	2.4%
Municipal Court	1,503,481	5,527,700	27.2%	1,670,674	(167,193)	-10.0%
Other Fines & Forfeitures	1,278,602	4,181,335	30.6%	1,444,316	(165,714)	-11.5%
Total Fines & Forfeitures	10,421,751	31,851,640	32.7%	10,572,390	(150,639)	-1.4%
Interest & Dividends	(258,511)	671,348	-38.5%	(318,374)	59,863	18.8%
Franchises						
SDG&E	10,808,717	44,531,915	24.3%	11,606,282	(797,565)	0.0%
CATV	4,011,095	15,999,308	25.1%	4,164,164	(153,069)	-3.7%
Refuse Collection	258,930	11,200,000	2.3%	1,561,680	(1,302,750)	-83.4%
Other Franchises	949,916	3,356,000	28.3%	825,336	124,580	15.1%
Total Franchises	16,028,658	75,087,223	21.3%	18,157,462	(2,128,804)	-11.7%
Rents & Concessions						
Mission Bay	10,691,811	31,157,218	34.3%	12,861,951	(2,170,140)	-16.9%
Pueblo Lands	2,508,457	6,447,852	38.9%	2,027,455	481,002	23.7%
Other Rents and Concessions	5,362,966	20,166,272	26.6%	5,267,516	95,450	1.8%
Total Rents & Concessions	18,563,234	57,771,342	32.1%	20,156,922	(1,593,688)	-7.9%
Revenue from Other Agencies	1,144,464	4,483,013	25.5%	1,958,688	(814,224)	-41.6%
Charges for Current Services	35,832,485	153,715,611	23.3%	31,075,426	4,757,059	15.3%
Other Revenue	1,215,789	4,575,137	26.6%	1,142,635	73,154	6.4%
Transfers	7,890,654	116,877,072	6.8%	12,351,601	(4,460,947)	-36.1%
Total General Fund Revenue¹	<u>\$ 246,528,496</u>	<u>\$ 1,407,748,305</u>	<u>17.5%</u>	<u>\$ 239,477,922</u>	<u>\$ 7,050,574</u>	<u>2.9%</u>

¹ Includes adjustments made in future periods

² Application Fees post to the General Plan Maintenance Fund beginning in Fiscal Year 2018

General Fund Expenditure Status Report
As of Period 5, Ended November 30, 2017 (42% Completed)
(Unaudited)

	FY18 Year-to-Date Expenditure	FY18 Current Budget	%	FY17 Year-to-Date Expenditure	FY18/FY17 Change	FY18/FY17 % Change
			Consumed			
Mayor						
Office of the Mayor	\$ 1,798,559	\$ 4,601,867	39.1%	\$ 1,771,440	\$ 27,119	1.5%
Chief Operating Officer						
Office of Chief Operating Officer	618,186	1,445,737	42.8%	459,109	159,077	34.6%
Communications	1,572,990	3,941,971	39.9%	1,324,767	248,223	18.7%
Public Safety						
Fire-Rescue	108,261,055	257,611,257	42.0%	100,444,763	7,816,292	7.8%
Police	193,389,302	469,048,414	41.2%	182,914,152	10,475,150	5.7%
Office of Homeland Security	1,071,966	2,604,719	41.2%	866,793	205,173	23.7%
Office of the Chief Financial Officer						
City Comptroller	4,922,741	12,275,241	40.1%	4,477,724	445,017	9.9%
City Treasurer	5,551,062	16,594,023	33.5%	5,159,740	391,322	7.6%
Citywide Program Expenditures	82,904,054	156,248,640	53.1%	60,112,465	22,791,589	37.9%
Debt Management	1,239,528	3,161,639	39.2%	1,051,035	188,493	17.9%
Financial Management	1,632,674	4,371,216	37.4%	1,628,097	4,577	0.3%
Office of the Chief Financial Officer	263,209	618,939	42.5%	205,634	57,575	28.0%
Performance & Analytics	1,272,569	2,811,650	45.3%	821,844	450,725	54.8%
Office of the Assistant COO						
Office of the Assistant Chief Operating Officer	689,714	2,041,623	33.8%	679,709	10,005	1.5%
Infrastructure & Public Works						
Environmental Services	15,706,774	40,719,189	38.6%	15,504,295	202,479	1.3%
Public Utilities	1,344,818	2,495,029	53.9%	1,130,932	213,886	18.9%
Public Works	320,891	991,637	32.4%	260,537	60,354	23.2%
Public Works - Contracting	882,863	2,339,773	37.7%	749,813	133,050	17.7%
Public Works - General Services	7,892,434	20,032,795	39.4%	8,982,668	(1,090,234)	-12.1%
Transportation & Storm Water	4,6689,744	122,237,001	38.2%	48,498,341	(1,808,597)	-3.7%
Internal Operations						
Internal Operations	203,154	460,738	44.1%	183,800	19,354	10.5%
Department of Information Technology	3,977	482,500	0.8%	1,017	2,960	291.1%
Human Resources	2,210,770	5,598,569	39.5%	1,592,564	618,206	38.8%
Purchasing & Contracting	2,114,249	6,730,516	31.4%	2,090,542	23,707	1.1%
Real Estate Assets	2,342,400	7,996,671	29.3%	1,958,572	383,828	19.6%

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	FY18 Year-to-Date Expenditure	FY18 Current Budget	% Consumed	FY17 Year-to-Date Expenditure	FY18/FY17 Change	FY18/FY17 % Change
Neighborhood Services						
Neighborhood Services	393,537	1,055,177	37.3%	380,781	12,756	3.3%
Development Services	2,858,917	7,883,880	36.3%	2,981,453	(122,536)	-4.1%
Planning	3,365,120	10,099,339	33.3%	3,673,337	(308,217)	-8.4%
Economic Development	4,561,371	13,394,702	34.1%	4,124,933	436,438	10.6%
Library	21,440,604	54,196,358	39.6%	19,892,928	1,547,676	7.8%
Park & Recreation	45,172,020	109,506,998	41.3%	42,321,049	2,850,971	6.7%
Non-Mayoral						
City Attorney	21,786,812	54,278,909	40.1%	20,147,373	1,639,439	8.1%
City Auditor	1,554,885	3,989,063	39.0%	1,331,871	223,014	16.7%
City Clerk	2,203,416	5,684,824	38.8%	1,916,793	286,623	15.0%
Council Administration	956,390	2,628,315	36.4%	952,856	3,534	0.4%
City Council - District 1	406,829	1,197,438	34.0%	455,960	(49,131)	-10.8%
City Council - District 2	496,582	1,416,008	35.1%	432,686	63,896	14.8%
City Council - District 3	428,558	1,140,447	37.6%	440,545	(11,987)	-2.7%
City Council - District 4	427,367	1,309,125	32.6%	368,627	58,740	15.9%
City Council - District 5	380,255	1,208,517	31.5%	396,682	(16,427)	-4.1%
City Council - District 6	443,336	1,151,582	38.5%	401,913	41,423	10.3%
City Council - District 7	449,186	1,217,429	36.9%	412,068	37,118	9.0%
City Council - District 8	507,498	1,423,194	35.7%	416,772	90,726	21.8%
City Council - District 9	406,640	1,545,015	26.3%	378,980	27,660	7.3%
Ethics Commission	444,786	1,229,147	36.2%	374,969	69,817	18.6%
Office of the IBA	833,196	2,152,935	38.7%	748,669	84,527	11.3%
Personnel	3,533,759	8,653,902	40.8%	3,265,454	268,305	8.2%
Total General Fund Expenditures¹	\$ 597,950,747	\$ 1,433,823,658	41.7%	\$ 548,687,052	\$ 49,263,695	9.0%

¹ Includes adjustments made in future periods

Citywide Program Expenditure Status Report
As of Period 5, Ended November 30, 2017 (42% Completed)
(Unaudited)

	FY18 Year-to-Date Expenditure	FY18 Current Budget	%	%	FY17 Year-to-Date Expenditure	FY18/FY17 Change	FY18/FY17 % Change
Citywide Program Expenditures							
Animal Services	\$ 5,347,304	\$ 10,503,418	50.9%		4,798,017	\$ 549,287	11.4%
Assessments To Public Property	-	673,467	0.0%		-	-	0.0%
Citywide Elections	413,481	6,500,000	6.4%		4,421,446	(4,007,965)	-90.6%
Corporate Master Leases Rent	10,374,066	21,422,563	48.4%		5,514,619	4,859,447	88.1%
Deferred Capital Debt Service	10,222,813	17,513,391	58.4%		11,591,662	(1,368,849)	-11.8%
Engineering and Capital Projects	113,750	250,000	45.5%		45,320	68,430	151.0%
General Fund Reserve	-	17,356,375	0.0%		-	-	0.0%
Insurance	1,646,786	1,896,097	86.9%		1,564,447	82,339	5.3%
Memberships	284,571	735,000	38.7%		607,881	(323,310)	-53.2%
PL Claims Trans-Ins	12,400,000	12,400,000	100.0%		10,800,000	1,600,000	14.8%
Preservation of Benefits	126,510	1,500,000	8.4%		44,411	82,099	184.9%
Property Tax Administration	116,132	4,497,492	2.6%		79,934	36,198	45.3%
Public Liability Claims Xfer-Claims Fund	17,100,000	17,100,000	100.0%		14,400,000	2,700,000	18.8%
Public Liab Claims Xfer-Reserves	3,127,665	3,127,665	100.0%		2,800,000	327,665	11.7%
Public Use Leases	1,582,144	1,582,144	100.0%		1,582,144	-	0.0%
Special Consulting Services	699,842	3,045,000	23.0%		329,045	370,797	112.7%
Supplemental COLA Benefit	1,452,943	1,489,219	97.6%		1,464,039	(11,096)	-0.8%
Transfer to Capital Improvement Program	-	5,213,942	0.0%		-	-	0.0%
Transfer to Park Improvement Funds	-	11,157,218	0.0%		-	-	0.0%
Transportation Subsidy	69,500	459,102	15.1%		69,500	-	0.0%
Transfer to Infrastructure Fund	17,826,547	17,826,547	100.0%		-	17,826,547	100.0%
Total Citywide Program Expenditures¹	\$ 82,904,054	\$ 156,248,640	53.1%		\$ 60,112,465	\$ 22,791,589	37.9%

¹ Includes adjustments made in future periods

Council Districts Expenditure Status Report
As of Period 5, Ended November 30, 2017 (42% Completed)
(Unaudited)

	FY18	FY18	FY18	FY18	%	FY17	FY18/FY17	FY18/FY17
	Year-to-Date	Adopted	Current	Budget	Consumed	Year-to-Date	Change	% Change
	Expenditure	Budget	Budget	Change		Expenditure		
Council District 1	\$ 406,829	\$ 1,173,814	\$ 1,172,438	\$ (1,376)	34.7%	\$ 455,960	\$ (49,131)	-10.8%
District 1 CPPS	-	25,000	25,000	-	-	-	-	-
Total Council District 1	406,829	1,198,814	1,197,438	(1,376)	34.0%	455,960	(49,131)	-10.8%
Council District 2	498,959	1,313,370	1,313,370	-	38.0%	429,314	69,645	16.2%
District 2 CPPS	(2,377)	104,638	102,638	(2,000)	-2.3%	3,372	(5,749)	-170.5%
Total Council District 2	496,582	1,418,008	1,416,008	(2,000)	35.1%	432,686	63,896	14.8%
Council District 3	433,558	1,115,779	1,115,779	-	38.9%	440,678	(7,120)	-1.6%
District 3 CPPS	(5,000)	25,000	24,668	(332)	-20.0%	(132)	(4,868)	-3687.9%
Total Council District 3	428,558	1,140,779	1,140,447	(332)	37.6%	440,546	(11,988)	-2.7%
Council District 4	439,448	1,213,816	1,213,816	-	36.2%	368,627	70,821	19.2%
District 4 CPPS	(12,081)	101,509	95,309	(6,200)	-11.9%	-	(12,081)	-100.0%
Total Council District 4	427,367	1,315,325	1,309,125	(6,200)	32.6%	368,627	58,740	15.9%
Council District 5	385,404	1,126,344	1,126,344	-	34.2%	396,682	(11,278)	-2.8%
District 5 CPPS	(5,149)	82,173	82,173	-	-6.3%	-	(5,149)	-100.0%
Total Council District 5	380,255	1,208,517	1,208,517	-	31.5%	396,682	(16,427)	-4.1%
Council District 6	446,781	1,108,471	1,108,471	-	40.3%	398,412	48,369	12.1%
District 6 CPPS	(3,445)	46,820	43,111	(3,709)	-7.4%	3,501	(6,946)	-198.4%
Total Council District 6	443,336	1,155,291	1,151,582	(3,709)	38.5%	401,913	41,423	10.3%
Council District 7	458,362	1,148,487	1,148,487	-	39.9%	404,070	54,292	13.4%
District 7 CPPS	(9,176)	76,101	68,942	(7,159)	-12.1%	7,997	(17,173)	-214.7%
Total Council District 7	449,186	1,224,588	1,217,429	(7,159)	36.9%	412,067	37,119	9.0%
Council District 8	507,553	1,369,081	1,369,081	-	37.1%	428,572	78,981	18.4%
District 8 CPPS	(55)	54,113	54,113	-	-0.1%	(11,800)	11,745	99.5%
Total Council District 8	507,498	1,423,194	1,423,194	-	35.7%	416,772	90,726	21.8%
Council District 9	474,247	1,296,467	1,296,467	-	36.6%	380,140	94,107	24.8%
District 9 CPPS	(67,607)	248,548	248,548	-	-27.2%	(1,160)	(66,447)	-5728.2%
Total Council District 9	406,640	1,545,015	1,545,015	-	26.3%	378,980	27,660	7.3%
Total Council Districts	\$ 3,946,251	\$ 11,629,531	\$ 11,608,755	\$ (20,776)	33.9%	\$ 3,704,233	\$ 242,018	6.5%

Other Budgeted Funds Revenue Status Report
As of Period 5, Ended November 30, 2017 (42% Completed)
(Unaudited)

	FY18 Year-to-Date Revenue	FY18 Current Budget	FY18 % of Current Budget	FY17 Year-to-Date Revenue	FY18/FY17 Change	FY18/FY17 % Change
Airports Fund	\$ 1,688,831	\$ 5,371,548	31.4%	\$ 1,671,165	\$ 17,666	1.1%
Automated Refuse Container Fund	527,782	900,000	58.6%	489,743	38,039	7.8%
Central Stores Internal Service Fund	3,139,132	9,943,246	31.6%	2,924,553	214,579	7.3%
Concourse and Parking Garages Operating Fund	1,459,655	4,181,430	34.9%	1,471,200	(11,545)	-0.8%
Convention Center Complex Funds	9,613,460	13,003,993	73.9%	9,759,526	(146,067)	-1.5%
Development Services Fund	31,223,661	61,982,205	50.4%	30,432,703	790,958	2.6%
Energy Conservation Program Fund	3,127,342	3,235,275	96.7%	236,486	2,890,856	1222.4%
Engineering and Capital Projects	32,900,194	95,314,239	34.5%	31,728,053	1,172,141	3.7%
Environmental Growth Fund 1/3	1,221,438	4,956,991	24.6%	1,302,504	(81,066)	-6.2%
Environmental Growth Fund 2/3	2,407,578	9,920,981	24.3%	2,577,255	(169,677)	6.6%
Facilities Financing Fund	875,816	2,908,283	30.1%	955,529	(79,713)	-8.3%
Fire/Emergency Medical Services Fund	3,094,313	12,344,106	25.1%	6,108,979	(3,014,666)	-49.3%
Fire and Lifeguard Facilities Fund	(474)	1,383,570	0.0%	(532)	58	10.9%
Fleet Services Funds	44,912,422	85,190,239	52.7%	32,039,399	12,873,023	40.2%
Gas Tax Fund	12,711,498	30,727,282	41.4%	9,170,772	3,540,726	38.6%
General Plan Maintenance Fund ¹	1,028,125	2,650,000	38.8%	-	1,028,125	100.0%
GIS Fund	108,997	2,283,550	4.8%	28,108	80,889	287.8%
Golf Course Fund	9,150,934	20,470,347	44.7%	6,616,714	2,534,220	38.3%
Information Technology Fund	92,521	11,202,127	0.8%	77,453	15,068	19.5%
Infrastructure Fund	17,826,547	17,826,547	100.0%	-	17,826,547	100.0%
Junior Lifeguard Program Fund	27,161	609,877	4.5%	31,031	(3,870)	-12.5%
Los Penasquitos Canyon Preserve Fund	18,570	186,000	10.0%	16,691	1,879	11.3%
Maintenance Assessment District (MAD) Funds	1,207,903	23,989,750	5.0%	469,233	738,670	157.4%
Mission Bay/Balboa Park Improvement Fund	626,166	2,029,225	30.9%	917,739	(291,573)	-31.8%
Mission Bay Improvement Fund	130,999	7,252,192	1.8%	78,143	52,856	67.6%
New Convention Facility Fund	3,028,800	3,436,000	88.1%	3,031,350	(2,550)	-0.1%
OneSD Support Fund	386,323	25,990,774	1.5%	248,061	138,262	55.7%
Parking Meter Operations	4,782,987	10,767,852	44.4%	4,509,109	273,878	6.1%
PETCO Park Fund	5,408,862	16,618,304	32.5%	5,467,162	(58,300)	-1.1%
Prop 42 Replacement - Transportation Relief Fund	54,408	-	100.0%	2,051,020	(1,996,612)	-97.3%
Public Art Fund	1,127,558	795,426	141.8%	644,160	483,398	75.0%
Public Safety Needs & Debt Service Fund	2,394,941	9,203,815	26.0%	2,259,573	135,368	6.0%
Publishing Services Internal Fund	1,321,474	3,660,657	36.1%	1,327,064	(5,590)	-0.4%

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	FY18 Year-to-Date Revenue	FY18 Current Budget	FY18 % of Current Budget	FY17 Year-to-Date Revenue	FY18/FY17 Change	FY18/FY17 % Change
Recycling Fund	\$ 5,040,888	\$ 22,237,651	22.7%	\$ 5,990,795	\$ (949,907)	-15.9%
Refuse Disposal Fund	14,265,122	30,712,190	46.4%	12,817,846	1,447,276	11.3%
Regional Park Improvements Fund	56,421	3,905,026	1.4%	33,249	23,172	69.7%
Risk Management Fund	3,889,000	10,529,309	36.9%	4,583,132	(694,132)	-15.1%
Road Maintenance & Rehabilitation	-	8,025,413	0.0%	-	-	0.0%
Seized and Forfeited Assets Funds	196,876	1,200,000	16.4%	388,912	(192,036)	-49.4%
Solid Waste Local Enforcement Agency Fund	457,270	786,417	58.1%	456,859	411	0.1%
Stadium Operations Fund	9,022,116	13,844,638	65.2%	11,241,469	(2,219,353)	-19.7%
State COPS	1,296,535	2,140,000	60.6%	1,112,474	184,061	16.5%
Storm Drain Fund	2,074,274	5,700,000	36.4%	2,040,703	33,571	1.6%
Successor Agency Admin & Project Fund	261,437	2,654,407	9.8%	-	261,437	100.0%
Transient Occupancy Tax Fund	40,718,480	114,374,588	35.6%	38,132,659	2,585,821	6.8%
TransNet Extension Funds	10,342,537	32,473,000	31.8%	16,619,122	(6,276,585)	-37.8%
Trolley Extension Reserve Fund	254,360	1,058,250	24.0%	252,854	1,506	0.6%
Underground Surcharge Fund	14,979,685	60,564,328	24.7%	16,291,636	(1,311,951)	-8.1%
Wastewater Department Funds	157,126,367	391,779,388	40.1%	151,078,953	6,047,414	4.0%
Water Department Funds	243,325,118	728,070,035	33.4%	206,090,604	37,234,514	18.1%
Wireless Communication Technology Fund	154,767	8,900,590	1.7%	121,043	33,724	27.9%
Zoological Exhibits Maintenance Fund	1,030,849	13,187,804	7.8%	697,261	333,588	47.8%

¹ The General Plan Maintenance Fund receives all Application Fee revenue beginning Fiscal Year 2018

Other Budgeted Funds Expenditure Status Report
As of Period 5, Ended November 30, 2017 (42% Completed)
(Unaudited)

	FY18 Year-to-Date Expenditures	FY18 Current Budget	%	FY17 Year-to-Date Expenditures	FY18/FY17 Change	FY18/FY17 % Change
			Consumed			
Airports Fund	\$ 1,706,534	\$ 5,722,739	29.8%	\$ 1,460,351	\$ 246,183	16.9%
Automated Refuse Container Fund	348,639	1,100,000	31.7%	417,457	(68,818)	-16.5%
Central Stores Internal Service Fund	4,432,907	10,120,970	43.8%	3,550,215	882,692	24.9%
Concourse and Parking Garages Operating Fund	922,374	5,101,218	18.1%	815,554	106,820	13.1%
Convention Center Complex Funds	2,496,841	13,396,450	18.6%	2,620,346	(123,505)	-4.7%
Development Services Fund	25,817,661	70,459,837	36.6%	23,401,282	2,416,379	10.3%
Energy Conservation Program Fund	1,243,863	3,879,906	32.1%	1,187,599	56,264	4.7%
Engineering and Capital Projects	34,818,732	95,307,769	36.5%	29,201,167	5,617,565	19.2%
Environmental Growth Fund 1/3	1,416,075	4,406,822	32.1%	1,331,428	84,647	6.4%
Environmental Growth Fund 2/3	1,580	10,303,909	0.0%	-	1,580	100.0%
Facilities Financing Fund	998,384	2,908,111	34.3%	968,355	30,029	3.1%
Fire/Emergency Medical Services Fund	2,001,301	12,319,815	16.2%	3,167,264	(1,165,963)	-36.8%
Fire and Lifeguard Facilities Fund	693,565	1,388,181	50.0%	693,448	117	0.0%
Fleet Services Funds	37,298,803	176,615,570	21.1%	31,829,693	5,469,110	17.2%
Gas Tax Fund	6,710,083	30,727,282	21.8%	5,653,019	1,057,064	18.7%
General Plan Maintenance Fund	960,032	2,650,000	36.2%	-	960,032	100.0%
GIS Fund	1,502,350	2,417,743	62.1%	582,559	919,791	157.9%
Golf Course Fund	5,716,638	18,229,824	31.4%	5,905,630	(188,992)	-3.2%
Information Technology Fund	3,971,404	12,080,430	32.9%	3,940,308	31,096	0.8%
Infrastructure Fund	1,239,603	6,440,002	19.2%	-	1,239,603	100.0%
Junior Lifeguard Program Fund	349,853	609,858	57.4%	394,293	(44,440)	-11.3%
Los Penasquitos Canyon Preserve Fund	104,724	262,146	39.9%	96,971	7,753	8.0%
Maintenance Assessment District (MAD) Funds	8,000,864	40,575,734	19.7%	6,599,588	1,401,275	21.2%
Mission Bay/ Balboa Park Improvement Fund	1,225,016	2,125,166	57.6%	1,456,436	(231,420)	-15.9%
New Convention Facility Fund	2,863,335	3,436,000	83.3%	2,863,335	-	0.0%
OneSD Support Fund	7,209,390	26,781,896	26.9%	6,970,425	238,965	3.4%
Parking Meter Operations	1,334,647	10,313,775	12.9%	1,193,603	141,044	11.8%
PETCO Park Fund	12,641,794	16,761,105	75.4%	11,944,623	697,171	5.8%
Prop 42 Replacement - Transportation Relief Fund	2,437,310	4,588,287	53.1%	3,906,192	(1,468,882)	-37.6%
Public Art Fund	10,393	1,808,166	0.6%	9,080	1,313	14.5%
Public Safety Needs & Debt Service Fund	-	9,203,815	0.0%	-	-	0.0%
Publishing Services Internal Fund	1,349,714	3,660,565	36.9%	1,271,585	78,129	6.1%

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Attachment V
Schedule 4 (cont.)

	FY18 Year-to-Date Expenditures	FY18 Current Budget	%	FY17 Year-to-Date Expenditures	FY18/FY17 Change	FY18/FY17 % Change
			Consumed			
Recycling Fund	\$ 7,459,914	\$ 25,510,649	29.2%	\$ 7,855,354	\$ (395,440)	-5.0%
Refuse Disposal Fund	12,457,885	35,917,863	34.7%	9,540,265	2,917,620	30.6%
Risk Management Fund	4,234,254	11,007,266	38.5%	3,687,129	547,125	14.8%
Road Maintenance & Rehabilitation	-	8,025,413	0.0%	-	-	0.0%
Seized and Forfeited Assets Funds	214,808	1,739,562	12.3%	346,888	(132,080)	-38.1%
Solid Waste Local Enforcement Agency Fund	327,616	1,069,186	30.6%	279,503	48,113	17.2%
Stadium Operations Fund	6,487,020	23,861,280	27.2%	8,717,997	(2,230,977)	-25.6%
State COPS	1,650,222	2,140,000	77.1%	577,484	1,072,738	185.8%
Storm Drain Fund	1,608,848	5,700,000	28.2%	1,609,104	(256)	0.0%
Successor Agency Admin & Project Fund	261,437	2,654,407	9.8%	-	261,437	100.0%
Transient Occupancy Tax Fund	26,666,651	116,242,274	22.9%	27,805,691	(1,139,040)	-4.1%
TransNet Extension Funds	3,736,963	13,320,541	28.1%	3,943,084	(206,121)	-5.2%
Trolley Extension Reserve Fund	938,025	1,058,250	88.6%	923,680	14,345	1.6%
Underground Surcharge Fund	8,005,461	59,528,799	13.4%	4,227,121	3,778,340	89.4%
Wastewater Department Funds	92,164,034	352,243,002	26.2%	97,459,938	(5,295,904)	-5.4%
Water Department Funds	182,456,743	521,125,919	35.0%	177,295,972	5,160,771	2.9%
Wireless Communication Technology Fund	3,810,084	9,112,444	41.8%	3,320,717	489,367	14.7%
Zoological Exhibits Maintenance Fund	-	13,187,804	0.0%	-	-	0.0%