REQUEST FOR COUNCIL ACTION CITY OF SAN DIEGO		CERTIFICATE NUMBER (FOR COMPTROLLER'S USE ONLY) N/A
TO: CITY COUNCIL	FROM (ORIGINATING DEPARTMENT): Financial Management	DATE: 5/9/2016
SUBJECT: Fiscal Year 2016 Year-End Budget Monitoring Report and year-end budget adjustments 16-051		
PRIMARY CONTACT (NAME, PHONE): Vanessa Montengero,619-566-6371 MS8A	SECONDARY CONTACT (NAME, PHONE): Marissa Perez, 619-533-6385 MS8A	

COMPLETE FOR ACCOUNTING PURPOSES

FUND					
FUNCTIONAL AREA					
COST CENTER					
GENERAL LEDGER ACCT					
WBS OR INTERNAL ORDER					
CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00
FUND					
FUNCTIONAL AREA					
COST CENTER					
GENERAL LEDGER ACCT					
WBS OR INTERNAL ORDER					
CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00

COST SUMMARY (IF APPLICABLE): None

ROUTING AND APPROVALS

CONTRIBUTORS/REVIEWERS:		APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
Environmental Analysis		ORIG DEPT.	Vespi, Matthew	05/11/2016
Liaison Office		CFO		
Comptroller		DEPUTY CHIEF	Lewis, Mary	05/17/2016
		COO		
		CITY ATTORNEY		
		COUNCIL PRESIDENTS OFFICE		

PREPARATION OF: ☒ RESOLUTIONS ☐ ORDINANCE(S) ☐ AGREEMENT(S) ☐ DEED(S)

The actions will be inserted after the release of the report on May 17th.

STAFF RECOMMENDATIONS:
Accept the Fiscal Year 2016 Year-End Budget monitoring Report 16-051

SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION)

COUNCIL DISTRICT(S):	All
COMMUNITY AREA(S):	All
ENVIRONMENTAL IMPACT:	This activity is not a "project" as defined in Title 14, Section 15378 of the

	California Code of Regulations (CEQA Guidelines) and is, therefore, not subject to the California Environmental Quality Act pursuant to CEQA Guidelines section 15060(c)(3).
CITY CLERK INSTRUCTIONS:	Send signed and stamped copy of the report to Marissa Perez MS 8A

COUNCIL ACTION
EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO

DATE: 5/9/2016
ORIGINATING DEPARTMENT: Financial Management
SUBJECT: Fiscal Year 2016 Year-End Budget Monitoring Report and year-end budget adjustments 16-051
COUNCIL DISTRICT(S): All
CONTACT/PHONE NUMBER: Vanessa Montengero/619-566-6371 MS8A

DESCRIPTIVE SUMMARY OF ITEM:
The Budget Monitoring Report (Year-End Report) is a summary of year-end projections of revenues and expenditures for funds with budgeted personnel expenditures. In addition, approval is requested for the requested actions and recommendation for the use of budgetary surplus as outline in the Year-End Report, #16-051.
STAFF RECOMMENDATION:
Accept the Fiscal Year 2016 Year-End Budget monitoring Report 16-051
EXECUTIVE SUMMARY OF ITEM BACKGROUND: The Fiscal Year 2016 Year-End Budget Monitoring Report (Year-End Report) presents year-end projections of revenues and expenditures for funds with budgeted with budgeted personnel expenditures.
Per City Council Budget Policy (Policy No. 000-02), Quarterly Reports are presented to the Budget and Government Efficiency and the City Council each fiscal year. The purpose of the Year-End Report is to compare year-end projections to the current fiscal year's budget. This report is an integral part of the budget process; it provides transparency into the City's budget and finances and delivers critical data for informed decision-making. The report recommends increases in appropriations required for certain General Fund and non-general fund departments to support projected over budget expenditures. In addition, appropriation adjustments are requested for the use excess equity as well as authorities typically requested at year-end to maintain budgetary control through the end of the fiscal year to maintain compliance with the City Charter and Municipal Code. Please see attached report for additional information.

CITY STRATEGIC PLAN GOAL(S)/OBJECTIVE(S): Goal #1 Provide high quality public service
Objective #2 Improve external and internal coordination and communication

Goal #3: Create and sustain a resilient and economically prosperous City

FISCAL CONSIDERATIONS:See attached Report: Fiscal Year 2016 Year-End Budget Monitoring Report,

EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE): N/A

PREVIOUS COUNCIL and/or COMMITTEE ACTION (describe any changes made to the item from what was presented at committee):

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: N/A

KEY STAKEHOLDERS AND PROJECTED IMPACTS: N/A

Vespi, Matthew
Originating Department

Lewis, Mary
Deputy Chief/Chief Operating Officer

THE CITY OF SAN DIEGO

Report to the City Council

DATE ISSUED: May 17, 2016 REPORT NO: 16-051

ATTENTION: Budget Review Committee
Agenda of May 19, 2016

SUBJECT: Fiscal Year 2016 Year-End Budget Monitoring Report

REFERENCE: Fiscal Year 2016 Mid-Year Budget Monitoring Report, # 16-012
Fiscal Year 2016 First Quarter Budget Monitoring Report, # 15-094

REQUESTED ACTION:
Approve the requested actions and recommendations for appropriations and the use of excess equity as outlined in the Fiscal Year 2016 Year-End Budget Monitoring Report, # 16-051.

STAFF RECOMMENDATION:
Approve the requested actions.

EXECUTIVE SUMMARY OF ITEM BACKGROUND:
The Fiscal Year 2016 Year-End Budget Monitoring Report (Year-End Report) presents year-end projections of revenues and expenditures for funds with budgeted personnel expenditures.

Per City Council Budget Policy (Policy No. 000-02), Quarterly Reports are presented to the Budget and Government Efficiency Committee and the City Council each fiscal year. The purpose of the Year-End Report is to compare year-end projections to the current fiscal year's budget. This report is an integral part of the budget process; it provides transparency into the City's budget and finances and delivers critical data to the Mayor, Management, and City Council for informed decision making. This report recommends re-appropriations necessary to maintain budgetary control over certain General Fund and non-general fund departments, which are projected to exceed budget before the end of the fiscal year. In addition, recommendations for appropriation adjustments from excess General Fund balance, allocation of funds to Capital Improvement Projects (CIP), and typical year-end authorities to maintain budgetary control and compliance with the City Charter and Municipal Code are detailed within this report.

CITY STRATEGIC PLAN GOAL(S)/OBJECTIVE(S):
Goal # 1: Provide high quality public service
Objective # 2: Improve external and internal coordination and communication

Goal # 3: Create and sustain a resilient and economically prosperous City

FISCAL CONSIDERATIONS:
See attached Report: Fiscal Year 2016 Year-End Budget Monitoring Report, # 16-051

EQUAL OPPORTUNITY CONTRACTING INFORMATION (if applicable):

N/A

PREVIOUS COUNCIL and/or COMMITTEE ACTION:
N/A

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:
N/A

KEY STAKEHOLDERS AND PROJECTED IMPACTS:
N/A

signature on file	*signature on file*
Originating Department	Deputy Chief/Chief Operating Officer

Attachment: Fiscal Year 2016 Year-End Budget Monitoring Report, # 16-051

Fiscal Year 2016
Year-End
Budget Monitoring Report
May 2016

signature on file
Scott Chadwick
Chief Operating Officer

signature on file
Mary Lewis
Chief Financial Officer

signature on file
Tracy McCraner
Financial Management Director

signature on file
Vanessa Montenegro
Budget Coordinator

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INTRODUCTION

The Fiscal Year 2016 Year-End Budget Monitoring Report (Year-End Report) presents year-end projections of revenues and expenditures for funds with budgeted personnel expenditures.

Per City Council Budget Policy (Policy No. 000-02), Quarterly Reports are presented to the Budget and Government Efficiency Committee and the City Council each fiscal year. The purpose of the Year-End Report is to compare year-end projections to the current fiscal year's budget. This report is an integral part of the budget process; it provides transparency to the City's budget and finances and delivers critical data for informed decision-making. The report recommends re-appropriations required for certain General Fund and non-general fund departments to support projected over budget expenditures. In addition, appropriation adjustments are requested from excess equity, allocations of funds to Capital Improvement Projects (CIP), and all typical year-end authorities to maintain budgetary control and compliance with the City Charter and Municipal Code are discussed throughout this report.

Financial Management (FM) produces this report, in collaboration with all City departments, to forecast year-end results between budget and actual revenues and/or expenditures. The Year-End Report is compiled using nine months of actual activity in budgeted operating departments, combined with FM and departmental projections of anticipated spending and revenue trends for the remainder of the fiscal year. Statistical data, economic analysis, professional judgment and expertise from economic consultants, professional organizations and other resources support the projections of year-end revenue and expenditure estimates. This report provides the detail and analysis of the year-end projections and additional recommendations necessary to maintain budgetary control and balance throughout the fiscal year. In addition, attached are financial schedules prepared by the City Comptroller's Office comparing Fiscal Year 2016 unaudited actual revenue and expenditures against prior year actual revenue and expenditures and current year actuals versus the current budget as of March 31, 2016.

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

- A high-level summary of projected revenues and expenditures, including the impact of this projected activity on excess equity and reserve targets
- Details on the major General Fund revenues and assumptions
- Discussion of General Fund revenue variances by department and changes from the Mid-Year Budget Monitoring Report (Mid-Year Report), issued February 12, 2016
- Discussion of variances by expenditure category and changes from the Mid-Year Report
- Discussion on significant variances projected for non-general funds (significant variances are defined as greater than $500,000)
- Updates to the Risk Management Reserves
- Program updates from the Mid-Year Report
- Recommended use of projected General Fund excess equity and the allocation of funds to Capital Improvement Projects

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- Re-appropriation adjustments and authorities typically requested at year-end to maintain budgetary control

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GENERAL FUND

OVERVIEW

The General Fund projects a budgetary surplus of $3.7 million by fiscal year-end as reflected in Table 1: Summary of FY 2016 General Fund Projections. The $3.7 million budgetary surplus is a result of a net increase in revenue of $340,000 and a decrease in expenditures of $3.3 million.

Summary of FY 2016 Year-End General Fund Projections

Table 1 *in millions*

Revenue/Expenditures	Adopted Budget	Current Budget[1]	Year-End Projection	Variance	Variance %
Resources					
Revenue	$ 1,281.9	$ 1,285.2	$ 1,285.5	$ 0.3	0.0%
Budgeted Use of Excess Equity	6.2	6.2	6.2	-	0.0%
Total Resources	**1,288.1**	**1,291.4**	**1,291.7**	**0.3**	**0.0%**
Expenditures	**1,288.0**	**1,291.3**	**1,288.0**	**3.3**	**0.3%**
Net Projected Activity	**$ -**	**$ -**	**$ 3.7**	**$ 3.7**	

[1] Current Budget includes the increase of $3.3 million for revenue and expenditures as approved in the Mid-Year Adjustment Resolution (R-310286).

Revenues are projected to exceed budget primarily due to increased receipts realized in the City's major General Fund revenues of $4.8 million which are partially offset with an under collection of revenues of $4.5 million in departmental revenue. An increase in transient occupancy tax revenue is the primary contributor to the increase in General Fund revenue due to gains in occupancy and room rates and an increase in overnight visitors to San Diego during calendar year 2015.

The decreased expenditure projection of $3.3 million is primarily due to continued savings in energy and utilitiesmostly attributed to decreases in the cost per gallon in motor fuels and a savings in electrical services.

The year-end projections include nine months of actual activity and three months of projected activity; actual revenues and expenditures may vary from projections at fiscal year-end. The City has strong controls and monitoring processes in place to maintain a balanced budget. The analysis and projections presented in this report, combined with FM's continued monitoring of departmental projections of revenues and expenditures, are critical to maintaining financial discipline and a balanced budget.

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CHANGES SINCE THE MID-YEAR

The current net year-end projection has increased by $4.0 million from the Mid-Year Report as reflected in Table 2: Quarterly Comparison of FY 2016 General Fund Projections.

Quarterly Comparison of FY 2016 General Fund Projections

Table 2 *(Mid-Year vs. Year-End)* *in millions*

Revenue/Expenditures	Mid-Year Report	Year-End Report	Variance	Change %
Resources				
Projected Revenue	$ 1,285.6	$ 1,285.5	$ (0.1)	0.0%
Major General Fund Revenues	1,014.1	1,017.3	3.2	0.3%
Departmental Revenue	271.5	268.2	(3.3)	-1.2%
Total Projected Excess Equity	6.2	6.2	-	0.0%
Total Resources	**1,291.8**	**1,291.7**	**(0.1)**	**0.0%**
Personnel Expenditures	879.9	877.5	2.4	0.3%
Non-Personnel Expenditures	404.2	410.5	(6.3)	-1.6%
Projected Expenditures	**1,284.1**	**1,288.0**	**(3.9)**	**-0.3%**
Net Year-End Projection	**$ 7.7**	**$ 3.7**	**$ (4.0)**	

The increased projections from the Mid-Year Report are due to a net decrease in revenue of $100,000 as a result of an increase in major General Fund revenues of $3.2 million offset with decreased revenue of $3.3 million in General Fund departments. Departmental revenue decreased from the Mid-Year Report due to lower revenue reimbursements expected to be received this fiscal year for the Computer Aid Dispatch (CAD) project budgeted in the Police Department. The CAD project was budgeted in Fiscal Year 2016 with the anticipation that it would be financed and fully reimbursed by fiscal year-end. Due to the methodology in which the loan proceeds are received, reimbursements are received only once expended, the Department is no longer anticipating to spend or receive full reimbursements for the project in Fiscal Year 2016. This revenue decrease is offset with a corresponding decrease in the Police Department's CAD project expenditures.

Also contributing to the decrease in departmental revenue are reduced reimbursements within the Economic Development Department as a result of vacant reimbursable positions throughout the fiscal year as well as lower reimbursements related to Civic San Diego activity. This revenue is offset with a decrease in related Economic Development Department expenditures. The decrease in departmental revenue from the Mid-Year Report is offset with an increase in major General Fund revenue as discussed in detail in this report.

The Fiscal Year 2016 expenditures have increased from the Mid-Year Report by a net $3.9 million primarily due to an increase in non-personnel expenditures of $6.3 million offset with decreased personnel expenditures of $2.4 million as a result of departments not filling vacant positions as quickly as anticipated since the Mid-Year Report.

The expenditure projections include the following projected savings:

- $2.4 million associated with the CAD project in the Police Department
- $2.0 million lower than anticipated expenditures in the Economic Development Department for the Civic San Diego and San Diego Housing Commission contracts.

These expenditure savings are offset with an unanticipated transfer to the Trench Cut Fee/Excavation Fund from the Transportation and Storm Water Department of $1.3 million. This transfer is required to maintain compliance with the Street Preservation Ordinance and

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in accordance with the San Diego Gas and Electric (SDG&E) franchise fee agreement. In addition, the following expenditures have increased in the Citywide Program Expenditures Department since the Mid-Year Report:

- $5.8 million contribution to the Public Liability Reserve, as approved in the Mid-Year Adjustment Resolution (R-310286)
- $1.3 million unanticipated settlement payment for a back rent payment for the Civic Center Plaza building
- $1.0 million increase in election costs as a result of additional ballot measures on the June ballot
- $910,000 increase in operational expenditures associated with the Civic Center Plaza building

Economic Uncertainties

The adoption of the Fiscal Year 2016 budget reflected moderate improvement in local economic indicators; however, the level of improvement was slower than what the City had experienced in prior fiscal years. Overall, the current year-end projections for major General Fund revenues align with the moderate level of improvement anticipated when the budget was developed. The Mayor proposes to fund all reserves to policy levels, as included in this report.

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General Fund Revenues

General Fund revenues are projected to exceed budget by $340,000 at fiscal year-end. This is primarily attributed to excess revenues of $4.8 million in major General Fund revenues offset with an under budget projection of $4.5 million in departmental revenue. In the Mid-Year Report, potential impacts from a variety of economic factors were discussed. Overall, the General Fund revenue projections for year-end are consistent with the Mid-Year Report. In comparison with the Mid-Year Report, sales tax receipts have continued to be flat due to decreased oil prices, transient occupancy tax (TOT) receipts have remained strong, and updated impacts from Senate Bill 107 (SB 107) on residual payments from the Redevelopment Property Tax Trust Fund (RPTTF) have become known. The following provides details on assumptions influencing the major General Fund revenues, including any significant variances from the adopted budget and/or updates from the Mid-Year Report.

FY 2016 General Fund Revenue Projections

Table 3 *in millions*

Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Major General Fund Revenues	$ 1,009.2	$ 1,012.5	$ 1,017.3	$ 4.8	0.5%
Departmental Revenue	272.7	272.7	268.2	(4.5)	-1.6%
Total	**$ 1,281.9**	**$ 1,285.2**	**$ 1,285.5**	**$ 0.3**	**0.0%**

Major General Fund Revenues

The City's major General Fund revenues are projected to exceed budget by $4.8 million primarily the result of increased property tax, transient occupancy tax (TOT) and miscellaneous revenue, which are projected to exceed budget by $850,000, $4.7 million and $2.7 million, respectively. The over budget revenue projections are offset by a decrease in sales tax of $5.0 million. Table 4: FY 2016 Major General Fund Revenue Projections summarizes this information.

FY 2016 Major General Fund Revenue Projections

Table 4 *in millions*

Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Property Tax	$ 470.1	$ 470.1	$ 470.9	$ 0.8	0.2%
Sales Tax	285.8	285.8	280.8	(5.0)	-1.7%
Transient Occupancy Tax[1]	102.2	102.2	106.9	4.7	4.6%
Franchise Fees[2]	79.4	79.4	80.0	0.6	0.7%
Property Transfer Tax	8.4	8.4	9.3	0.9	11.0%
Miscellaneous Revenue	63.4	66.7	69.5	2.7	4.1%
Total	**$ 1,009.2**	**$ 1,012.5**	**$ 1,017.3**	**$ 4.8**	**0.5%**

[1] Total City FY 2016 current revenue budget for transient occupancy tax is $195.0 million and the projection is $204.1 million. The balance is budgeted in the Transient Occupancy Tax Fund.

[2] Total City FY 2016 current revenue budget for franchise fees is $160.1 million and the projection is $163.4 million. The balance is budgeted in the Environmental Growth and Underground Surcharge Funds.

The major General Fund revenue projections are supported by the most recent economic information available and actual revenue distributions to the City during the first nine months

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of the fiscal year. The Fiscal Year 2016 budget for the major General Fund revenues reflected a continued, 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 throughout the fiscal year as reflected in Table 5: Local Unemployment Economic Indicators and Table 6: Local Real Estate Market Indicators.

Local Unemployment Economic Indicators

Table 5

Economic Indicator	March 2015	March 2016	Change %
City of San Diego Unemployment	4.8%	4.5%	-0.3%
City of San Diego Number of Unemployed	33,700	31,500[1]	-6.5%

Source: California Employment Development Department

[1] Preliminary number provided as of March 2016 and is subject to change.

As shown in Table 5: Local Unemployment Economic Indicators, the unemployment rate in City of San Diego has decreased from 4.8% in March 2015 to 4.5% in March 2016. Additionally, the total number of unemployed residents has decreased by 6.5%. Both indicators are positive signs that the local employment market continues to improve.

Local Real Estate Market Indicators

Table 6

Economic Indicator	Calendar Year 2014	Calendar Year 2015	Change %
City of San Diego Median Home Price	$446,750	$475,000	6.3%
City of San Diego Home Sales	15,337	16,355	6.6%
San Diego County Foreclosures	2,036	1,853	-9.0%
San Diego County Notices of Default	5,855	5,142	-12.2%

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

In addition to the progress in unemployment, real estate market indicators also show improvements to the local economy. Median home prices for calendar year 2015 increased by 6.3% from calendar year 2014. Home sales experienced a growth of 6.6% when compared to calendar year 2014. In addition, there continues to be significant decreases in both foreclosures and notices of default.

Property Tax

FY 2016 Property Tax Revenue Projections

Table 7 *in millions*

Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Property Tax Growth Rate	5.0%	5.0%	5.0%	0.0%	N/A
Property Tax Projection	$ 470.1	$ 470.1	$ 470.9	$ 0.8	0.2%

Overall, property tax revenue is projected to be slightly over budget at fiscal year-end primarily due to an increase in assessed valuations. The projection for property tax revenue has experienced the most significant change since the Mid-Year Report due to additional assessed value growth, resolution on City Heights 33676 revenues, and distribution of residual funds from the Redevelopment Property Tax Trust Fund (RPTTF).

The Fiscal Year 2016 budget reflects a projected 5.0% property tax growth rate; however, the City has experienced an increase in assessed value of 6.2% for calendar year 2015; a slight revision (+0.1%) to information available during the Mid-Year Report. This is 1.2% higher than the 5.0% budgeted property tax growth rate leading to the slight increase in the 1.0% property tax base, the Motor Vehicle License Fee (MVLF) backfill payment, and the projected RPTTF tax sharing pass-through payments as displayed in Table 8: FY 2016 Property Tax Revenue Projection Details.

FY 2016 Property Tax Revenue Projection Details

Table 8 *in millions*

Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
1.0% Property Tax	$ 331.3	$ 331.3	$ 336.2	$ 4.9	1.5%
MVLF Backfill	121.1	121.1	122.3	1.2	1.0%
RPTTF Tax Sharing Pass-through Paymen	3.8	3.8	4.5	0.7	19.0%
RPTTF Residual Property Tax	13.9	13.9	8.0	(5.9)	-42.6%
Total	**$ 470.1**	**$ 470.1**	**$ 470.9**	**$ 0.8**	**0.2%**

Since the Mid-Year Report, two significant changes occurred to improve the property tax revenue projections:

- Resolution of City Heights 33676 revenues – On April 29, 2016, the City was notified that the San Diego County Auditor-Controller would resume making certain property tax revenue payments, authorized under Health & Safety Code section 33676. The receipt of this revenue had been temporarily suspended since 1998 to allow revenues to flow to the Redevelopment Agency to support the Agency's 1999 bond issuance for the City Heights Project area. The City will receive approximately $510,000 in the 1.0% property tax assessments for Fiscal Year 2016 and $1.1 million in Fiscal Year 2017. These are revenues received from the 1.0% levy on assessed value, not tax increment from the former City Heights project area.

- California Department of Finance (DOF) determination on enforceable obligations - The amount of revenue received via distribution of residual funds is based on the City's allocation of funds remaining in the RPTTF after the Recognized Obligation Payments Schedule (ROPS) requirements have been met. As discussed in the Mid-Year Report, the residual property tax payment was projected to be under budget due to the approval

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of State Bill 107 (SB 107) which allowed the City to resubmit previously denied enforceable obligations.

Since the Mid-Year Report, the DOF has made a determination, which reduced enforceable obligations by $18.4 million for the upcoming ROPS period impacting Fiscal Years 2016 and 2017. Of the $18.4 million, $10.5 million appropriately represents the adjustment to reflect the impact from the recent refunding of outstanding debt. The Successor Agency is appealing the denial of $3.6 million in project management costs. From a revenue perspective, if the City wins the appeal of the DOF's determination, the City's General Fund would receive less residual payments, as assumed in the year-end projections. This is a conservative approach than assuming the DOF determination stands; if that were to occur the City estimates an additional $310,000 in residual property tax revenue would be received in Fiscal Year 2016. The year-end projection reflects the increase in residual funds from RPTTF as a result of the reduction in enforceable obligations.

Sales Tax

FY 2016 Sales Tax Revenue Projections

Table 9 *in millions*

Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Sales Tax Growth Rate	4.0%	4.0%	4.0%	0.0%	N/A
Sales Tax Projection	$ 285.8	$ 285.8	$ 280.8	$ (5.0)	-1.7%

Sales tax revenue is projected to be under budget at fiscal year-end by $5.0 million, or 1.7%, primarily due to decreased revenue attributed to lower fuel prices. Offsetting the lower fuel prices are gains in new vehicle sales, as well as sales tax revenue from continued increases in spending for the hotel and restaurant business sectors.

Major local economic drivers of the City's sales tax receipts include the unemployment rate, consumer confidence, and consumer spending. As of March 2016, the San Diego unemployment rate was 4.5%. The unemployment rates for both the State of California and the nation are 5.1% and 4.8%, respectively, as shown in Graph 1: Unemployment Rates. While the local unemployment rate continues to improve, consumer confidence is leveling off, and growth in sales tax is expected to be more moderate.

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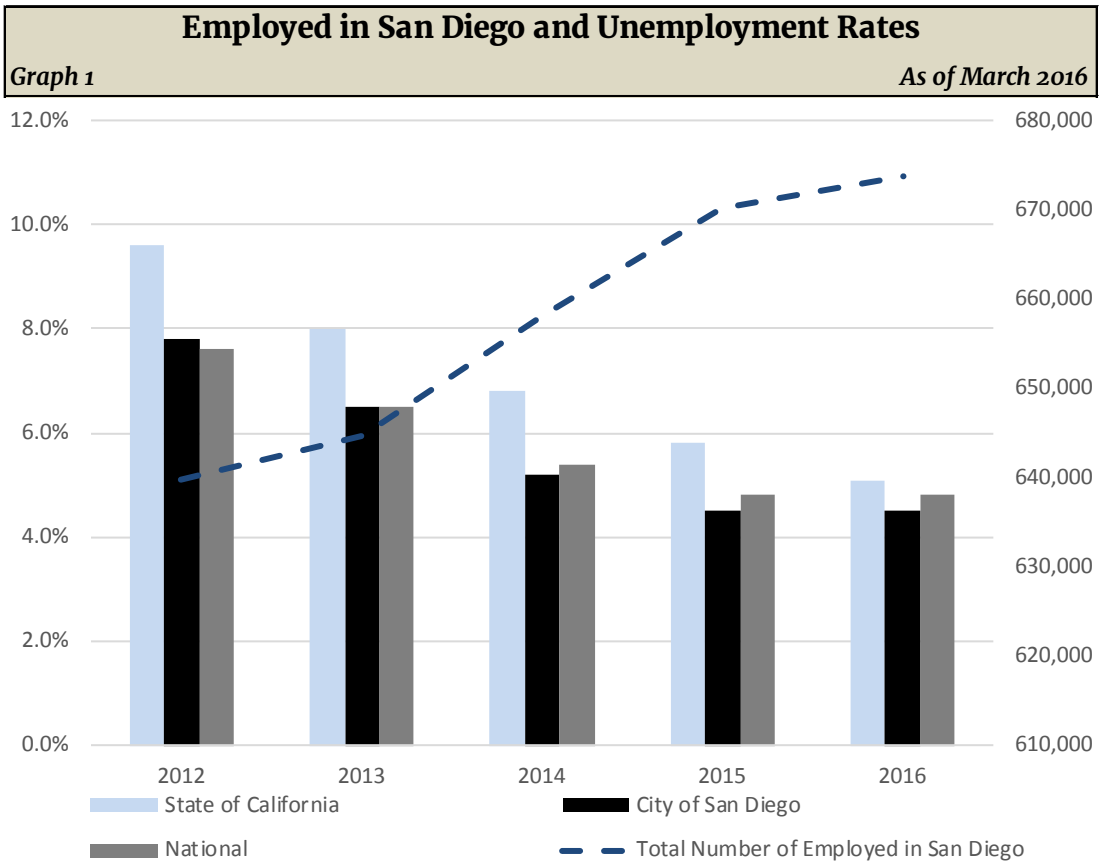

Source: State of California, Employment Development Department

The City continues to experience a moderate increase in sales tax revenue when compared to Fiscal Year 2015, with increases reported in all but one of the economic sectors as displayed in Table 10: Quarterly Sales Tax Revenue. The increased receipts are lower than the 4.0% growth rate expected in the Fiscal Year 2016 Adopted Budget primarily due to continued decreases in oil prices. Decreased global demand for crude oil brought on by over-production and gains in fuel efficiency is responsible for lower retail gas and jet fuel prices that continued to negatively affect sales tax in the fuel and service stations economic category for Calendar Year 2015. Strong gains in taxable sales from restaurants and hotels, automobile sales, food and drugs, and construction materials have helped to mitigate this trend to date. The continuation of these strong gains along with projected increases in fuel prices for Calendar Year 2016 are anticipated for the remainder of Fiscal Year 2016. Table 10: Quarterly Sales Tax Revenue compares quarterly sales tax revenue by economic category for Calendar Year 2015 against Calendar Year 2014 (this information excludes the impact from the "triple-flip").

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Quarterly Sales Tax Revenue

Table 10 *in millions*

Economic Category	CY 2014 Q1-Q4	CY 2015 Q1-Q4	Variance %
General Consumer Goods	$ 60.2	$ 60.8	1.0%
Restaurants and Hotels	41.3	44.5	7.8%
Business and Industry	37.3	37.9	1.7%
Autos and Transportation	31.6	33.7	6.6%
Fuel and Service Stations	24.1	19.5	-18.9%
Building and Construction	16.4	16.8	2.1%
Food and Drugs	12.5	12.9	3.5%
Total	**$ 223.5**	**$ 226.2**	**1.2%**

Source: HdL Companies

In March 2004, California voters approved Proposition 57, the California Economic Recovery Bond Act, which authorized the issuance of up to $15.0 billion in bonds to close the State's budget deficit. The bonds were paid via a quarter-percent reduction in local sales tax to the City that was recovered through a series of revenue swapping procedures, referred to as the "triple-flip". As of January 1, 2016, the triple-flip has ended and the City has reverted back to the full one-cent Bradley Burns Tax. The City will begin receiving these allocated payments directly from the State Board of Equalization in April 2016 for the first quarter of calendar year 2016 taxable sales. As a result of the City's accounting accrual policy, the City anticipates a one-time increase of $12.7 million in sales tax revenue recognized in this fiscal year.

Transient Occupancy Tax (TOT)

FY 2016 Transient Occupancy Tax (TOT) Revenue Projections

Table 11 *in millions*

Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
TOT Growth Rate	6.0%	6.0%	8.0%	2.0%	N/A
TOT Projection	$ 102.2	$ 102.2	$ 106.9	$ 4.7	4.6%

General Fund TOT revenue is projected to exceed budget at fiscal year-end by $4.7 million, or 4.6%, primarily due to gains in occupancy and room rates, and an increase in overnight visitors to San Diego during calendar year 2015. San Diego hotels continued to maintain and outpace premium occupancy rates and prices compared to both California and the U.S. through October 2015. As a result of the positive tourism trends, the monthly growth rate of 6.0% included in the Fiscal Year 2016 Adopted Budget was increased to 7.0% in the Mid-Year Report. Due to strong receipts since the Mid-Year Report, the monthly growth rate for the last few months of Fiscal Year 2016 has been further increased to 8.0%.

Major economic drivers of TOT include hotel occupancy rates, daily room rates, business travel, and conventions. Sustained tourism growth has occurred since the economic turnaround began in Fiscal Year 2010 and the overall trend is expected to continue through fiscal year-end, according to the December 2015 Quarterly Travel Forecast from the San Diego Tourism Authority (SDTA) and Tourism Economics, Inc. Table 12: San Diego County Visitor Industry provides a summary of the projected growth in economic indicators that impact the City's transient occupancy tax receipts.

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San Diego County Visitor Industry

Table 12

	CY 2013	CY 2014	CY 2015	CY 2016[2]
Visitors				
Total Visits (millions)	33.1	33.8	34.2	35.0
Overnight Visits (millions)	16.4	16.9	17.1	17.5
Hotel Sector				
Average Occupancy	71.6%	74.6%	76.6%	77.0%
Average Daily Rate	$ 134.94	$ 141.38	$ 149.70	$ 157.76
Revenue PAR[1]	$ 96.62	$ 105.48	$ 114.70	$ 121.40
Room Demand (growth)	2.4%	6.4%	3.8%	2.6%

Source: San Diego Tourism Authority and Tourism Economics

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

[2] Forecast - Tourism Economics, December 2015

Franchise Fees

FY 2016 Franchise Fee Revenue Projections

Table 13 *in millions*

Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
SDG&E Growth Rate	2.0%	2.0%	2.0%	0.0%	N/A
Cables Growth Rate	0.0%	0.0%	0.0%	0.0%	N/A
Franchise Fee Projection	$ 79.4	$ 79.4	$ 80.0	$ 0.6	0.7%

Similar to the Mid-Year Report, franchise fee revenue is projected to be over budget by $580,000 primarily due to revenue from refuse hauler franchise fees. Franchise fee revenue is generated from agreements with private utility companies and refuse haulers in exchange for the use of the City's rights-of-way. Currently, the City has franchise agreements with SDG&E, Cox Communications, Time Warner Cable, AT&T, and refuse haulers. Approximately 83.0% of franchise fee revenue is comprised of receipts from SDG&E and cable companies. 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 current year-end projection for franchise fee revenue from SDG&E is under budget primarily due to a reduction in consumption; however, offsetting the under budget SDG&E projection are franchise fees from refuse haulers, which are projected to end the fiscal year over budget.

Property Transfer Tax

FY 2016 Property Transfer Tax Projections

Table 14 *in millions*

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	$ 8.4	$ 8.4	$ 9.3	$ 0.9	11.0%

Tables may not foot due to rounding.

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.

Local Real Estate Market Indicators

Table 15

Economic Indicator	Calendar Year 2014	Calendar Year 2015	Variance %
San Diego County Median Home Price	$446,750	$475,000	6.3%
San Diego Home Sales	15,337	16,355	6.6%
San Diego County Foreclosures	2,036	1,853	-9.0%
San Diego County Notices of Default	5,855	5,142	-12.2%

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

The growth in property transfer tax revenue is consistent with the rise in home sales and median home prices as displayed in Table 15: Local Real Estate Market Indicators. For Fiscal Year 2016, property transfer tax revenue is projected to be over budget at year-end. The increase is due to actual receipts exceeding budgeted amounts during the first half of the fiscal year. Due to lower than anticipated receipts in recent months, the year-end projection is being reduced by $110,000 from the Mid-Year Report to $9.3 million.

Other Major Revenue

FY 2016 Other Major Revenue Projections

Table 16 *in millions*

Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Other Major Revenue Projections	$ 63.4	$ 66.7	$ 69.5	$ 2.7	4.1%

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 to support tourism related services, interest earnings attributable to the General Fund from the City's investment pool, and refuse collection business tax.

Since the Mid-Year Report, projections have increased due to additional funds anticipated as a result of the revenue sharing agreement with the Concourse and the Supplemental Pension Saving Plan (SPSP) forfeitures.

Economic Uncertainties

The adoption of the Fiscal Year 2016 budget reflected moderate improvement in local economic indicators; however, the level of improvement was slower than what the City had experienced in prior fiscal years. Overall, the current year-end projections for major General Fund revenues align with the moderate level of improvement anticipated when the budget was developed.

The Mid-Year Report provided a high-level discussion on the potential financial impact of changing economic indicators. In response to indications that the economy is softening compared to the recent recovery period, the Mayor remains focused on ensuring reserve targets are priority funded in the Fiscal Year 2017 Proposed Budget. The reserve level funding recommended later in this report also aligns with the Mayor's recommendation to include funding for the new pension reserve and increases to the General Fund reserve to 14.5% for Fiscal Year 2016, growing over five years to 16.7% as approved by the City Council in April 2016.

Financial Management will continue to monitor the condition of the national, state, and local economies and will update revenue projections in the Fiscal Year 2018-2022 Five-Year Financial Outlook in the fall.

DEPARTMENTAL REVENUE

General Fund departmental revenues are projected under budget by $4.5 million at fiscal year-end. This is a decrease of $3.3 million from the Mid-Year Report primarily due to a significant decrease of $2.2 million in the Economic Development Department attributed to less than anticipated revenue for reimbursable positions, as discussed below. The following section discusses the significant factors contributing to the decrease in projected departmental revenue.

FY 2016 Significant General Fund Revenue Variances by Department

Table 17 *in millions*

Department	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
City Comptroller	$ 2.8	$ 2.8	$ 2.0	$ (0.7)	-26.5%
Economic Development	7.5	7.5	4.7	(2.8)	-37.2%
Environmental Services	2.2	2.2	1.5	(0.7)	-31.4%
Fire-Rescue	26.8	26.8	29.5	2.7	10.2%
Police	51.6	51.6	50.8	(0.8)	-1.5%
Transportation and Storm Water	57.1	57.1	54.8	(2.2)	-3.9%
All Other General Fund Departments	124.7	124.7	124.7	0.0	0.0%
Total	**$ 272.7**	**$ 272.7**	**$ 268.2**	**$ (4.5)**	**-1.6%**

City Comptroller

The Office of the City Comptroller projects revenue under budget by $730,000 at fiscal year-end primarily due to lower than anticipated reimbursable work and due to the delayed implementation of the Infrastructure Asset Management (IAM) project.

Economic Development

The Economic Development Department projects revenue under budget by $2.8 million at fiscal year-end primarily attributed to the following:

- $1.6 million decrease associated with vacant reimbursable positions
- $1.2 million decrease due to lower than anticipated revenue reimbursements for Successor Agency activities performed by Civic San Diego

The current projection has worsened by $2.2 million from the Mid-Year Report primarily due to lower than anticipated revenue associated with both vacant reimbursable positions and expenditure reimbursements related to Civic San Diego.

Environmental Services

The Environmental Services Department projects revenue under budget by $700,000 at fiscal year-end primarily due to a $900,000 decrease for the Compressed Natural Gas (CNG) project as a result of cash funding the project this fiscal year instead of financing. This results in a reduction from the equipment vehicle-financing program proceeds.

The decrease is partially offset by the following increases:

- $120,000 due to payroll support provided to other funds and reimbursable personnel expenditures charged to the Automated Refuse Container Fund when performing work related to refuse container sales and grant reimbursable work.
- $50,000 in delivery fees for automated refuse containers as a result of increased sales

Tables may not foot due to rounding.

The current projection is similar to the Mid-Year Report.

Fire-Rescue

The Fire-Rescue Department projects revenue at a net increase of $2.7 million at fiscal year-end primarily due to the following:

- $1.6 million increase in Strike Team deployment reimbursements from the California Office of Emergency Services; this is partially offset by a $1.2 million decrease in the transfer of fund balance from the Fire/Emergency Medical Services Transport Program Fund
- $1.0 million increase in reimbursement revenue from the Fire/Emergency Medical Services Transport Program Fund due to paramedic rotation activity
- $550,000 increase in revenue for Fire-Rescue services to the Airport Authority from prior fiscal year
- $470,000 increase in Urban Area Security Initiative (UASI) grant reimbursements for operations training and grant reimbursable positions
- $340,000 increase in reimbursements for deployment services to the Cleveland National Forest

The current projection has increased by $420,000 from the Mid-Year Report primarily due to an increase in deployment reimbursements.

Police

The Police Department projects revenue to be under budget by $770,000 at fiscal year-end primarily due to a $2.6 million decrease due to the methodology in which loan proceeds are received for the Computer Aided Dispatch (CAD) project. Loan proceeds are received only once expended. The Department is no longer anticipating to expend or receive the full reimbursement for the project in Fiscal Year 2016. This decrease is offset with a correlated decrease in expenditures.

The decrease is partially offset with the following increases:

- $1.5 million associated with policing services for special events provided to Qualcomm Stadium and Petco Park
- $460,000 due to the fund balance transfer from the Police Decentralization Fund as a result of the Fund closure in Fiscal Year 2016

Since the Mid-Year Report, the revenue projections have decreased by $2.6 million primarily due to decreased revenue associated with the CAD project.

Transportation and Storm Water Department

The Transportation and Storm Water Department projects revenue under budget by $2.2 million at fiscal year-end primarily due to the following:

- $1.3 million decrease due to less than anticipated reimbursable work performed on capital improvement projects
- $510,000 decrease in reimbursable work associated with the delay of the IAM project
- $490,000 decrease in parking citation revenue

The current projection has slightly increased from the Mid-Year Report.

GENERAL FUND EXPENDITURES

General Fund expenditures are projected under budget by $3.4 million at fiscal year-end. This is attributed to an under budget projection in personnel expenditures of $1.3 million and an under budget projection in non-personnel expenditures of $2.1 million. The following section highlights the significant expenditure variances in the General Fund by expenditure category.

PERSONNEL EXPENDITURES

The current projection for personnel expenditures is under budget by $1.3 million due to an under budget projection in salaries and wages of $4.5 million and an over budget projection of $3.3 million in fringe benefits, as displayed on Table 18: FY 2016 General Fund Personnel Expenditure Projections.

FY 2016 General Fund Personnel Expenditure Projections

Table 18 *in millions*

Expenditure Category	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Salaries and Wages	$ 522.4	$ 522.4	$ 517.9	$ 4.5	0.9%
Fringe Benefits	356.3	356.3	359.6	(3.3)	-0.9%
Total	**$ 878.7**	**$ 878.7**	**$ 877.5**	**$ 1.3**	**0.1%**

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, while hourly wages include compensation for non-benefited employees. The expenditures in overtime include the total compensation at time and a half for both salaried and hourly employees. Pay-in-lieu of annual leave and termination pay represent compensation in–lieu of use of annual leave. Termination pay expenditures occur upon the employees' separation from the City.

FY 2016 General Fund Salaries and Wages Projections

Table 19 *in millions*

Salaries and Wages Expenditure Category	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Salaries	$ 450.7	$ 450.7	$ 433.0	$ 17.7	3.9%
Overtime	50.2	50.2	59.7	(9.5)	-18.9%
Hourly	13.9	13.9	14.5	(0.6)	-4.2%
Pay-in-Lieu of Annual Leave	5.1	5.1	7.0	(1.9)	-36.9%
Termination Pay	2.5	2.5	3.8	(1.3)	-51.7%
Total	**$ 522.4**	**$ 522.4**	**$ 517.9**	**$ 4.5**	**0.9%**

Salaries and wages expenditures are projected to be under budget by $4.5 million at fiscal year-end as displayed in Table 19: FY 2016 General Fund Salaries & Wages Projections. This is a decrease of $4.5 million from the Mid-Year Report. The Mid-Year Report had projected the salaries and wages expenditures at budget by fiscal year-end. A savings is projected as a result of additional savings in salaries from vacancies not filled as anticipated through the remainder of the fiscal year. The salaries category is projected to have a surplus of $17.7 million, or 3.9% of current budget, at fiscal year-end offset by projected increases in the other four personnel expenditure categories. The Salary savings is primarily attributed to $6.9 million in the Police

Tables may not foot due to rounding.

Department and $2.9 million in the Transportation & Storm Water Department due to vacancies.

The variances in the remaining personnel expenditure categories are primarily due to the following factors:

- Projected increase of $9.4 million in overtime expenditures are as follows:
  - $6.0 million increase in the Police Department to support the training of new officers, which is similar to the Mid-Year Report.
  - $1.9 million increase in the Transportation & Storm Water Department primarily due to emergency-related overtime.
  - $680,000 increase in the Fire-Rescue Department related to fire suppression overtime due to unbudgeted strike team/other deployments, which is similar to the Mid-Year Report.
- $520,000 and $130,000 increase in hourly expenditures in the Park & Recreation Department and the Office of the City Attorney, respectively.
- $440,000 and $370,000 increase in the Police and Fire-Rescue Departments, respectively, in termination pay.
- $350,000 increase in pay-in-lieu of annual leave expenditures in the Office of the City Attorney.

Fringe Benefits

The fringe benefits category is projected to exceed budget by $3.3 million due to increases in fixed fringe benefits as displayed in Table 20: FY 2016 General Fund Fringe Benefits Projections. Fixed fringe benefits expenditures, such as the Actuarially Determined Contribution (ADC) pension payment and retiree health contributions, are adjusted to meet the targeted amounts by fiscal year-end.

FY 2016 General Fund Fringe Benefits Projections

Table 20 *in millions*

Fringe Benefits Expenditure Category	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Fixed	$ 256.5	$ 256.5	$ 260.8	$ (4.3)	-1.7%
Variable	99.8	99.8	98.8	1.0	1.0%
Total	**$ 356.3**	**$ 356.3**	**$ 359.6**	**$ (3.3)**	**-0.9%**

Variances from the fixed target are primarily due to an increase in the Workers' Compensation operation costs and the Fiscal Year 2016 reserve contribution of $4.7 million ($5.1 million citywide, based on increased operating needs of $2.0 million and a reserve contribution of $3.1 million). The Workers' Compensation Fund reserve target has been updated to include the most recent actuarial valuation for Fiscal Year 2015. The Fiscal Year 2016 reserve target is the average value of the annual actuarial liability for the most recent three fiscal years, 2013 through 2015, in accordance with the City's Reserve Policy. The current reserve target has increased due to the 2015 actuarial valuation projecting increased liabilities primarily resulting from a combination of the change in amortization and increased claim costs.

The Workers' Compensation increase is partially offset by a decrease of $1.5 million in the General Fund allocation of the Actuarially Determined Contribution (ADC) to the San Diego City Employees Retirement System (SDCERS). The decrease in the General Fund allocation of the ADC is primarily due to a change in ADC-eligible employees from the General Fund to non-general funds from what was assumed in the Fiscal Year 2016 budget. The total ADC does not

change, only the cost allocation between General Fund and non-general funds based on actual benefitted employees.

Variances in variable fringe are projected to be under budget by $1.0 million. This is primarily due to the following:

- $2.5 million in lower flexible benefits expenditures than anticipated. Flexible benefits are budgeted based on the health coverage selections of employees at the time the budget is developed. Variances to actuals can be attributed to changes in coverage selections during open enrollment, which occurs subsequently to the development of the budget.
- $910,000 and $290,000 in over budget expenditures in Medicare and Supplemental Pension Savings Plan (SPSP) respectively. In general, Medicare and SPSP expenditures will exceed budget due to over budget overtime expenditures primarily in the Fire-Rescue Department. Over budget SPSP expenditures correlate to over budget overtime expenditures for post Prop B employees and the City's defined contribution plan (SPSP-H) requirement to include all pay, including overtime, in the City's match to the defined contribution plan.

NON-PERSONNEL EXPENDITURES

The General Fund non-personnel expenditures are projected under budget by $2.1 million at fiscal year-end, or 0.5% of current budget. This is primarily attributed to savings in energy and utilities, offset with increases in supplies and contracts. The following section discusses the variances for non-personnel expenditures by category, highlighting the significant variances within the General Fund departments.

FY 2016 General Fund Non-Personnel Expenditure Projections

Table 21 *in millions*

Expenditure Category	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Supplies	$ 28.7	$ 30.1	$ 31.7	$ (1.6)	-5.3%
Contracts	220.3	219.8	224.3	(4.5)	-2.0%
Information Technology	26.8	27.7	25.7	2.0	7.2%
Energy and Utilities	47.1	44.2	37.8	6.4	14.5%
Transfers Out	71.3	77.4	78.2	(0.8)	-1.0%
Other	5.6	5.6	5.1	0.4	7.2%
Debt	3.7	3.7	3.6	0.1	2.7%
Capital Expenditures	5.8	4.2	4.1	0.1	2.4%
Total	**$ 409.4**	**$ 412.6**	**$ 410.5**	**$ 2.1**	**0.5%**

Supplies

The supplies category is projected to exceed budget by $1.6 million, or 5.3% of current budget, at fiscal year-end primarily due to the following factors:

- $1.2 million increase in the Transportation and Storm Water Department primarily due to pump station supplies, including portable generators and pumps in response to the recent winter storms. This projection is similar to the mid-year projection.
- $460,000 increase in the Police Department primarily for additional uniform allowance expenses for new recruits, which is slightly higher than the mid-year projection.

Contracts

The contracts category is projected to exceed budget by $4.5 million, or 2.0% of current budget, at fiscal year-end primarily due to the following factors:

- $3.7 million increase in the Transportation and Storm Water Department primarily due to $3.1 million in as-needed emergency channel maintenance contracts/task orders and $500,000 in equipment rental for both Storm Water and Street Divisions. This projection represents an increase of $2.2 million primarily from the Mid-Year Report due to additional channel maintenance efforts.
- $3.2 million increase in the Citywide Program Expenditures Department due to the following:
    - $1.3 million increase in a settlement payment for a rent back payment for the Civic Center Plaza building
    - $1.0 million increase in election costs due to additional ballot measures
    - $910,000 increase related to higher than anticipated Civic Center Plaza operating expenses
- $930,000 increase in the Police Department primarily due to $250,000 to complete a feasibility study for the replacement of the Traffic Division facility located on Aero Drive, $350,000 for photocopy services and $150,000 for reimbursements of Peace Officers Standards and Training (POST) travel expenditures for Police Officers. This projection is similar to the Mid-Year Report.

Tables may not foot due to rounding.

The over budget projections noted above are partially offset by the following projected decreases as described below:

- $2.4 million in the Economic Development Department due to less than anticipated Civic San Diego activity. This projection represents a decrease of $1.4 million from the Mid-Year Report.
- $610,000 in the Real Estate Assets Department primarily due to delays in the relocation of several General Fund departments.
- $410,000 in the Office of the City Treasurer primarily due to cost reductions from streamlining the monthly bank analysis, reducing banking services costs and reduced printing expenses attributed to savings from fewer parking appeal hearings and delinquent account lawsuits filed and efficiencies attributed to the scanning of documents.

Information Technology

The information technology category is projected to be under budget by $2.0 million, or 7.2% of current budget, at fiscal year-end primarily due to the following factors:

- $700,000 decrease in the Purchasing and Contracting Department as a result of eliminating costs associated with rewriting computer applications. This projection is similar to the Mid-Year Report.
- $480,000 decrease in the Office of the City Treasurer primarily due to delays from the parking citation services and Centralized Payment Processing System projects that will not be implemented in Fiscal Year 2016. Both projects will be implemented once the Request for Proposal processes are completed.
- $360,000 decrease in the Police Department primarily due to the 9-1-1 Call Manager system maintenance project not being completed this fiscal year due to technical delays. This projection represents a decrease of $500,000 from the Mid-Year Report.

Energy and Utilities

The energy and utilities category is projected to be under budget by $6.4 million or 14.5% of current budget, at fiscal year-end due to a combination of electrical, water and fuel expenditure savings as follows:

- $2.9 million savings due to a continued lower cost per gallon in motor fuels. This projection is similar to the Mid-Year Report.
- $2.8 million savings in electrical services as a result of lower than anticipated rate increases in January 2016. This projection represents a decrease of $900,000 from the Mid-Year Report.
- $500,000 savings in water expenditures as a result of water conservation efforts primarily in the Park and Recreation Department.

During the Mid-Year Report, $2.5 million in appropriations was decreased from the Park and Recreation Department's water and sewer savings, which has caused a decreased projection from the current budget within the energy and utilities category.

Transfers Out

The transfers out category is projected over budget by $830,000, or 1.0% of current budget, at fiscal year-end primarily due to the following:

- $3.0 million in the Citywide Program Expenditures Department to the Public Liability Reserve Fund related to meet the reserve target of 40.0%.
- $1.3 million increase in the Transportation and Storm Water Department for a transfer to the Trench Cut Fees/Excavation Fund to support street resurfacing and repair work

and to ensure compliance with the Street Preservation Ordinance, in accordance with the SDG&E franchise Fee agreement.

These increases are offset by a projected savings in transfer out of $3.4 million in the Police Department related to the Computer Aided Dispatch (CAD) project.

Since the Mid-Year Report, the transfer out projections have increased by $7.2 million due to the following:

- $8.9 million in the Citywide Program Expenditures Department for the unbudgeted transfers to the Public Liability Operating Fund and the Public Liability Reserve Fund.
- $1.3 million in the Transportation and Storm Water Department for a transfer to the Trench Cut Fees/Excavation Fund to comply with the Street Preservation Ordinance.

These increases from the Mid-Year Report are offset by a decrease of $3.4 million in the Police Department related to decreased expenditures for the CAD project.

Other

The other category is projected to be under budget by $440,000, or 7.2% of current budget, at fiscal year-end primarily due to the following:

- $160,000 decrease in the Economic Development Department related to the Business Cooperation Program that credits back a portion of additional tax revenue received from businesses. The current projection represents an increase of $160,000 from the Mid-Year Report.
- $100,000 decrease in the Citywide Program Expenditures Department for lower than anticipated supplemental Cost of Living Adjustment (COLA).

Debt

The debt category is projected slightly under budget by $90,000, or 2.7% of current budget, at fiscal year-end due to a decrease of $60,000 in the Fire Rescue Department as a result of principal and interest savings related to the Marine III Lifeguard Vessel debt payments. In addition, the Economic Development Department is also projecting a decrease of $20,000 due to the end of scheduled payments associated with the Naval Training Center.

The increase from Mid-Year Report of $30,000 is primarily due to the decrease in the Economic Development Department associated with the end of contractual obligations for the Naval Training Center.

Capital Expenditures

The capital expenditures category is projected under budget by $120,000, or 2.4% of current budget, at fiscal year-end primarily due to the following:

- $270,000 decrease in the Public-Works General Services Department due to vehicle expenses posting to the contracts category, creating a savings in capital expenditures.
- $130,000 increase in the Police Department for the purchase of four unbudgeted vehicles used for the Homeless Outreach Team, Early Identification and Intervention System Unit and Criminal Intelligence Unit/Joint Terrorism Task Force.

GENERAL FUND RESERVES

Reserve Policy Overview

The City maintains reserves to effectively manage economic downturns, consequences of actions taken by outside agencies that may reduce City revenue, and address unexpected emergencies or unanticipated liabilities. The City's Reserve Policy (Council Policy 100-20) documents the City's approach to establishing and maintaining strong reserves across City operations. The City periodically reviews the Reserve Policy to determine if changes are necessary to ensure the policy continues to support the City's fiscal priorities. On April 12, 2016, amendments to the City's Reserve Policy were approved by the City Council to include increases to the General Fund Reserves and to establish a Pension Payment Stabilization Reserve (Pension Reserve).

The current General Fund reserve of 14.0% is comprised of an 8.0% Emergency Reserve and a 6.0% Stability Reserve. The amendments to the Reserve Policy approved on April 12, 2016 included increasing the Stability Reserve by 2.7% over a five-year period, or 6.0% to 8.7%, of a three-year average of audited General Fund operating revenues. The increase to the Stability Reserve is being phase-funded through Fiscal Year 2021 with the first phase being an increase from 6.0% to 6.5% in June 30, 2016.

In addition to the increase to the General Fund Stability Reserve, the Reserve Policy also established a Pension Payment Stabilization Reserve (Pension Reserve). The Pension Reserve will mitigate unanticipated increases in the annual pension payment, known as the Actuarially Determined Contribution (ADC). The Reserve Policy requires a Pension Reserve target equal to 8.0% of the average of the three most recent ADC payments as reported in the actuarial valuation reports produced by the San Diego City Employees' Retirement System's (SDCERS) actuary. The current Reserve Policy target is $16.0 million for the General Fund ($20.8 million citywide).

Fiscal Year 2016 General Fund Reserve Projections

The following section details the projected reserves and excess equity for the General Fund in accordance with the City's Reserve Policy. It also takes into account the projected activity for this fiscal year.

The audited Fiscal Year 2015 ending fund balance is $196.5 million, which is 17.3% of the three-year average of Fiscal Year 2013 through Fiscal Year 2015 audited General Fund operating revenues. The $196.5 million in ending Fiscal Year 2015 fund balance includes a $5.1 million reduction for the obligation to pay Public Utilities Department (PUD) low-flow diversion capacity charges due from the Transportation and Storm Water (TSW) Department. Generally Accepted Accounting Principles (GAAP) require full recognition of the amount owed to PUD, $5.1 million, as a use of fund balance reported in the Comprehensive Annual Financial Report (CAFR) at fiscal year ending June 30, 2015. This accounting standard is different than that for budgetary expenditures, which will be $1.0 million transferred each year for the next five years per mutual agreement between TSW and PUD. This difference between accounting and budgetary basis will be adjusted each year in the fund balance reconciliation.

The Fiscal Year 2016 projected ending fund balance is $195.0 million, which projects excess equity of $36.0 million, or 3.2%, after taking into account the following:

- $2.5 million net projected Fiscal Year 2016 activity
- $1.0 million adjustment for low flow diversion capacity charges to offset accounting accrual in Fiscal Year 2015

- $159.0 million, or 14.0%, required reserve target

Table 22: FY 2016 General Fund Reserve Estimates illustrates this information.

FY 2016 General Fund Reserve Estimates

Table 22 *in millions*

Description	Amount	Revenue %
FY 2015 Audited Ending Fund Balance[1]	**$ 196.5**	**17.3%**
FY 2016 Projected Activity		
Projected Revenue	1,285.5	
Projected Expenditures	1,288.0	
Projected Use of Fund Balance (Excess Equity)	$ 2.5	
Adjustment for Low-Flow Diversion Capacity Charges	1.0	
FY 2016 Projected Fund Balance	**$ 195.0**	**17.5%**
Emergency Reserve	90.9	8.0%
Stability Reserve	68.2	6.0%
FY 2016 Required Reserve Level[2]	**$ 159.0**	**14.0%**
FY 2016 Projected Fund Balance (Excess Equity)	**$ 36.0**	**3.2%**

[1]Based on accounting standards, the FY 2015 Audited Ending Fund Balance includes an accrual of $5.1 million for the low flow diversion capacity charges due from the Transportation and Storm Water Department to the Public Utilities Department.

[2]Based on FY 2013 through FY 2015 audited operating revenues in accordance with the City's Reserve Policy (CP 100-20).

The projected Fiscal Year 2016 General Fund fund balance of $195.0 million has decreased from the Mid-Year Report as a result of a $4.0 million net change in the Fiscal Year 2016 projected activity. Revenues decreased by $100,000 and expenditures increased by $3.9 million, as discussed earlier in this report. In addition, the $1.0 million carryover for the Community Projects, Programs and Services previously included in the excess equity calculation during the mid-year projection is now budgeted as part of the Fiscal Year 2017 Proposed Budget and will not be carried forward with the use of excess equity from Fiscal Year 2016.

Authority for the following reserve contributions and appropriations is requested as part of this report to be made from the projected excess equity of $36.0 million. The approval of these reserve contributions and appropriations will reduce the projected remaining excess equity for Fiscal Year 2016.

FY 2016 Projected Use of Excess Equity			
Table 23			*in millions*
FY 2016 Projected Fund Balance (Excess Equity)	**$**	**36.0**	**3.2%**
Pension Reserve Contribution	$	16.0	
Public Liability Reserve Contribution (40.0% target)		3.0	
Workers' Compensation Reserve Contribution (25.0% target)		2.5	
Replacement of Synthetic Turf (Pershing Middle School)		0.7	
Bay Terrace Community Park (Tooma Park Senior Center)		0.5	
Fire-Rescue Fire Station 6 Asbestos Abatement		0.1	
FY 2016 Recommended Appropriations of Fund Balance (Excess Equity)	**$**	**22.8**	
Stability Reserve Increase (6.5% target)	$	5.7	
Total of FY 2016 Proposed Use of Excess Equity	**$**	**5.7**	
Police Retention and Recruitment	$	4.0	
Rehabilitation of Historical Library at Balboa Park		1.5	
Total of FY 2017 May Revision Proposed Use of Excess Equity	**$**	**5.5**	
FY 2016 Projected Remaining Fund Balance (Excess Equity)	**$**	**2.0**	**0.2%**

As displayed in Table: 23 FY 2016 Projected Use of Excess Equity, the following appropriation increases are requested and require the use of projected excess equity in Fiscal Year 2016:

- $16.0 million General Fund contribution for the Pension Reserve based on the most recent three-year average of the ADC as reported in the Actuarial Valuation Reports
- $3.0 million contribution to the Public Liability Reserve to fund the Fiscal Year 2016 policy target of 40.0%
- $2.5 million to reach the Fiscal Year 2016 Workers' Compensation Reserve policy target
- $700,000 for the replacement of synthetic turf at Pershing Middle School
- $500,000 for the design costs associated with the Bay Terrace (Tooma Park) Community Park Senior Center
- $100,000 increase for the Fire-Rescue Department for asbestos abatement and roof replacement at Fire Station 6

The Fiscal Year 2016 recommended appropriations of fund balance equates to $22.8 million. The appropriations are also discussed in the Appropriation Adjustments section, later in this report.

Additionally, $5.7 million is also included in the proposed use of excess equity for the 0.5% increase from 6.0% to 6.5% for the Stability Reserve per the Reserve Policy approved and amended by City Council on April 12, 2016. This is not a budgeted use of excess equity. Based on the methodology in which the Stability Reserve is established, a reserved allocation for Fiscal Year 2017 is the only requirement.

Lastly, the Fiscal year 2017 May Revision includes the following proposed use of Fiscal Year 2016 projected excess equity (Fiscal Year 2016 assigned fund balance):

- $4.0 million for the Police Department to support Police retention and recruitment efforts that will be discussed in the May Revision
- $1.5 million for the rehabilitation of the historical library building at Balboa Park

If approved, these appropriations of excess equity will increase the Fiscal Year 2016 General Fund budget by $22.8 million. Furthermore, after taking into account, the $5.7 million reserved allocation for the Stability Reserve and $5.5 million use of projected excess equity for Fiscal Year 2017, the remaining excess equity is projected at $2.0 million.

Tables may not foot due to rounding.

NON-GENERAL FUND SUMMARIES BY DEPARTMENT

Central Stores Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	$ 13.3	$ 13.3	$ 10.6	$ (2.7)	-20.2%
Personnel Expenditures	1.6	1.6	1.5	0.1	3.7%
Non-Personnel Expenditures	11.7	11.7	9.0	2.7	23.3%
Expenditures	13.3	13.3	10.5	2.8	21.0%
Net Year-End Projection	**$ -**	**$ -**	**$ 0.1**	**$ 0.1**	

Revenue:
The Central Stores Fund projects revenue under budget by $2.7 million at fiscal year-end. This is primarily due to a decline in the demand for storeroom items by City departments. This projection represents a decrease of $2.0 million in revenues from the Mid-Year Report.

Expenditures:
Similar to the Mid-Year Report, personnel expenditures in the Fund are projected close to budget by fiscal year-end.

Non-personnel expenditures are projected under budget by $2.7 million as a result of a continued decrease in demand for storeroom items. The Fund is currently projected to maintain lower inventory levels in order to adjust to the level of anticipated demand. This projection represents a decrease of $1.7 million in expenditures from the Mid-Year Report.

Development Services Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	$ 52.1	$ 52.1	$ 54.1	$ 2.1	4.0%
Personnel Expenditures	42.3	42.3	42.5	(0.2)	-0.5%
Non-Personnel Expenditures	13.0	13.0	12.6	0.4	3.2%
Expenditures	55.3	55.3	55.1	0.2	0.4%
Net Year-End Projection	**$ (3.2)**	**$ (3.2)**	**$ (1.0)**	**$ 2.3**	

Revenue:
The Development Services Fund projects revenue to exceed budget by $2.1 million at fiscal year-end primarily due to the following factors:

- $1.6 million increase in revenue due to additional plan reviews and building permits as a result of the improving economy
- $410,000 increase in reimbursable revenue for services to City departments

Overall, the department projects a decrease of $1.4 million from the Mid-Year Report due to the rainy season and its impact on the construction industry.

Expenditures:
Personnel expenditures in the Development Services Fund are projected to exceed budget by

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$210,000 at fiscal year-end primarily due to the following factors:

- $1.1 million increase in overtime due the new hours of operation for service counter customer service requests in order to meet the demand for expedited projects
- $240,000 increase in pay-in-lieu of annual leave

These increases are offset by savings of $880,000 in salaries, $130,000 for hourly wages and $120,000 in special pay. The decrease of $810,000 from the Mid-Year Report is associated with vacant recent promotions within the department and employees leaving the department.

The Fund projects non-personnel expenditures under budget by $410,000 at fiscal year-end primarily due to a $600,000 decrease in contributions to reserves due to the fund meeting reserve targets. This decrease is partially offset with increased expenditures related to the department's project tracking system. The projections have decreased from the Mid-Year Report by $960,000 associated with savings for the reserve transfer and savings realized from microfilming services.

Engineering Capital Projects Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	$ 75.7	$ 75.7	$ 69.5	$ (6.3)	-8.3%
Personnel Expenditures	64.7	64.7	59.8	4.9	7.6%
Non-Personnel Expenditures	11.0	11.0	10.7	0.3	2.7%
Expenditures	75.7	75.7	70.6	5.2	6.8%
Net Year-End Projection	**$ -**	**$ -**	**$ (1.1)**	**$ (1.1)**	

Revenue:

Revenue in the Engineering and Capital Projects Fund is projected under budget by $6.3 million due to vacant reimbursable positions. As discussed in the Mid-Year Report, these positions typically take several months to fill as promotions create new vacancies. The current projection has decreased by $390,000 from the Mid-Year Report as a result of vacancies continuing longer than anticipated.

Expenditures:

Personnel expenditures in the Engineering Capital Projects Fund are projected under budget by $4.9 million at fiscal year-end primarily due to the following decreases:

- $5.6 million in salaries and fringe benefit expenditures due to current vacancies
- $530,000 in hourly wages

The decreases in personnel expenditures are offset by the following increases:

- $760,000 in pay-in-lieu of annual leave and termination pay
- $540,000 in overtime costs

Since the Mid-Year Report, the personnel expenditure projections has decreased by $590,000 due to filling vacancies at a slower rate than originally assumed, attrition, and promotions within the department.

Non-personnel expenditures are projected under budget by $310,000 primarily attributed to a delay in spending for relocation expenses for office space located at Chesapeake and 525 B Street for the new employees that are projected to be hired in the latter part of Fiscal Year 2016

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and 2017. The current projection has increased by $510,000 from the Mid-Year Report due to higher relocation expenditures.

The department is working with Financial Management and the Office of the City Comptroller to mitigate the projected overages.

Fleet Services Operating Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	$ 50.4	$ 50.4	$ 48.0	$ (2.4)	-4.7%
Personnel Expenditures	19.7	19.7	18.9	0.8	4.0%
Non-Personnel Expenditures	32.2	32.2	27.7	4.5	14.0%
Expenditures	51.9	51.9	46.6	5.3	10.2%
Net Year-End Projection	**$ (1.5)**	**$ (1.5)**	**$ 1.4**	**$ 2.9**	

Revenue:
Revenue in the Fleet Services Operating Fund is projected under budget by $2.4 million at fiscal year-end primarily attributed to a decrease in fuel costs. The under budget projection in fuel revenue will be offset by an increase in fleet usage fees, pool rental and reimbursements between funds. The current active inventory of vehicles has increased from the active inventory used to develop the Fiscal Year 2016 Adopted Budget.

Expenditures:
Personnel expenditures in the Fleet Services Operating Fund are projected under budget by $790,000 primarily due to the following:

- $1.6 million decrease in salaries and fringe benefits expenditures associated with 29.00 current vacant positions. This is a decrease of $300,000 in salary expenditures from the Mid-Year Report due to unanticipated delays in hiring .
- $570,000 increase in overtime related expenses due to vacancies, additional training for new hires, and critical work performed for vehicle maintenance to meet service level standards.
- $200,000 increase in pay-in-lieu of annual leave and termination pay

Non-personnel expenditures for the Fleet Services Operating Fund are projected under budget by $4.5 million at fiscal year-end due primarily due to the following:

- $4.8 million decrease in fuel cost as a result of the continued decrease in the cost per gallon for motor fuels. This is a decrease of $400,000 from the Mid-Year Report.
- $220,000 decrease due to cost savings efforts in information technology discretionary expenses

These saving are primarily offset by a $600,000 increase in equipment expenditures for the installation and replacement of several key equipment pieces and for the maintenance and repair of vehicles.

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Information Technology Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	$ 12.7	$ 12.7	$ 12.7	$ -	0.0%
Personnel Expenditures	5.8	5.8	6.1	(0.2)	-3.9%
Non-Personnel Expenditures	7.5	7.5	6.8	0.7	9.7%
Expenditures	13.4	13.4	12.9	0.5	3.7%
Net Year-End Projection	**$ (0.6)**	**$ (0.6)**	**$ (0.1)**	**$ 0.5**	

Revenue:
Revenue in the Information Technology Fund is projected at budget at fiscal year-end.

Expenditures:
Personnel expenditures in the Fund are projected over budget by $230,000 as a result of increased fringe benefit expenditures due to a reclassification of positions.
Non-personnel expenditures are projected under budget by $730,000 by fiscal year-end primarily due to the following factors:

- $490,000 decrease in information technology expenditures due to delays in the implementation of various projects such as Sire and E-signature replacement projects, and the security monitoring/website project update. The expenditures for these projects will continue into Fiscal Year 2017.
- $280,000 decrease due to continued savings in maintenance for the Rose Canyon Facility

The current projection has decreased by $310,000 from the Mid-Year Report primarily due to unanticipated changes in activity in the E-signature replacement and security monitoring website update projects.

Parking Meter Operations Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	$ 10.2	$ 10.2	$ 10.8	$ 0.6	5.9%
Personnel Expenditures	1.3	1.3	1.2	0.2	13.9%
Non-Personnel Expenditures	8.9	8.9	8.3	0.5	5.7%
Expenditures	10.2	10.2	9.5	0.7	6.8%
Net Year-End Projection	**$ -**	**$ -**	**$ 1.3**	**$ 1.3**	

Revenue:
Similar to the Mid-Year Report, the Parking Meter Operations Fund projects revenue over budget by $570,000 at fiscal year-end primarily due to a $920,000 revenue increase as a result of the installation of the new smart parking meters, which now accept credit cards as forms of payment. This increase is partially offset by a $350,000 decrease due to fewer customers using the prepaid parking cards as a result of the installation of the new smart parking meters.

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Expenditures:
Similar to the Mid-Year Report, personnel expenditures in the Parking Meter Operations Fund are projected under budget by $190,000 at fiscal year-end primarily due to two vacancies. The department anticipates filling one of these positions in Fiscal Year 2016. In addition, the Fund is projecting savings in overtime due to Departmental operational efficiencies.

Similar to the Mid-Year Report, non-personnel expenditures are projected under budget by $500,000 at fiscal year-end. The under budget projection is primarily due to a $410,000 savings in banking merchant card costs associated with smart parking meters and a $90,000 savings in parking meter repair parts due to the replacement of single head meters with new smart parking meters, which are covered under an extended warranty in Fiscal Year 2016.

Petco Park Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	$ 15.2	$ 15.2	$ 16.9	$ 1.7	11.2%
Personnel Expenditures	0.1	0.1	0.1	0.0	0.2%
Non-Personnel Expenditures	16.2	16.2	17.9	(1.7)	-10.6%
Expenditures	16.4	16.4	18.1	(1.7)	-10.5%
Net Year-End Projection	**$ (1.1)**	**$ (1.1)**	**$ (1.2)**	**$ (0.0)**	

Revenue:
The Petco Park Fund projects revenue to exceed budget by $1.7 million at fiscal year-end primarily due to higher than expected revenue from special events held at the ballpark. The current projection is an increase of $340,000 from Mid-Year Report due to the continued increases in receipts from special events.

Expenditures:
Similar to the Mid-Year Report, the Petco Park Fund projects personnel expenditures at budget by fiscal year-end.

The Petco Park Fund projects non-personnel expenditures to exceed budget by $1.7 million primarily due to debt service payments exceeding budget by $1.1 million as a result of delays in the refunding of the ballpark bond, which was completed in March 2016. In addition, $600,000 is projected to be over budget for a contractual obligation for special event traffic controller services provided by the Police Department, which is similar to the projection in the Mid-Year Report.

Qualcomm Stadium Operations Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	$ 18.0	$ 18.0	$ 18.9	$ 0.9	5.0%
Personnel Expenditures	3.6	3.6	3.4	0.2	5.1%
Non-Personnel Expenditures	15.8	15.8	17.3	(1.5)	-9.3%
Expenditures	19.3	19.3	20.6	(1.3)	-6.7%
Net Year-End Projection	**$ (1.4)**	**$ (1.4)**	**$ (1.7)**	**$ (0.4)**	

Tables may not foot due to rounding.

Revenue:
The Qualcomm Fund projects revenue over budget by $940,000 at fiscal year-end primarily due to the following factors:

- $1.1 million increase due to a correction for a rent credit from Fiscal Year 2015 that will post by fiscal year-end
- $780,000 increase as a result of the change in billing of policing services and higher than expected receipts from special events
- $1.0 million decrease in a transfer from Transient Occupancy tax revenue offset by a decreased expenditure projection

The current projection is an increase of $410,000 from the Mid-Year Report primarily due to higher than anticipated revenues related to special events held at the stadium.

Expenditures:
The Fund projects personnel expenditures to be slightly under budget by $180,000 at fiscal year-end primarily due to the following factors:

- $280,000 decrease in salary and fringe benefits expenditures due to vacant positions that are projected to be hired by fiscal year-end
- $70,000 increase in overtime expenditures due to vacancies
- $30,000 increase in pay-in-lieu of annual leave

Similar to the Mid-Year Report, the Fund projects non-personnel expenditures over budget by $1.5 million at fiscal year-end primarily due to the full reimbursement for policing services to the General Fund.

Recycling Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	$ 20.6	$ 20.6	$ 21.7	$ 1.1	5.3%
Personnel Expenditures	10.0	10.0	9.2	0.8	7.7%
Non-Personnel Expenditures	12.9	12.9	11.1	1.8	13.7%
Expenditures	22.9	22.9	20.3	2.5	11.1%
Net Year-End Projection	**$ (2.2)**	**$ (2.2)**	**$ 1.4**	**$ 3.6**	

Revenue:
The Recycling Fund projects revenue over budget by $1.1 million at fiscal year-end for the following factors:

- $1.0 million increase in revenue as a result of unclaimed construction and demolition deposits not claimed within the 180-day timeframe. This is an increase not anticipated in the Mid-Year Report.
- $570,000 increase as a result of unanticipated reimbursements from the State's Container Redemption Value (CRV) program, which is similar to the Mid-Year Report.

These increases are offset with a projected decrease of $560,000 due to a reduction in the value of recycling commodities collected from the curbside program. This projection represents a decrease of $210,000 from the Mid-Year Report as a result of lower market prices for recyclable commodities

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Expenditures:
Personnel expenditures in the Recycling Fund are projected under budget by $770,000 at fiscal year-end. The under budget projection is primarily due to vacancies throughout the fiscal year. It is anticipated that the majority of the vacancies will be filled by year-end. Also contributing to the under budget projections are savings in hourly and overtime expenditures, which are partially offset by an increase in pay-in-lieu of annual leave. This projection represents a decrease of $190,000 in expenditures from the Mid-Year Report due to additional vacancies within the Fund.

Non-personnel expenditures are projected under budget by $1.8 million at fiscal year-end primarily due to the following factors:

- $730,000 decrease of disposed hazardous waste material removal costs, due to non-City paint care programs providing used paint disposal alternatives to the public and the postponement of a recycling program. This projection represents a decrease of $440,000 in expenditures from the Mid-Year Report primarily due to a delay of purchasing public disposal containers.
- $610,000 decrease in expenditures due to lower than expected fuel costs and electric services. This projection represents a decrease of $270,000 in expenditures from the Mid-Year Report.
- $170,000 decrease due to delays in replacing software and in the implementation of the Infrastructure Asset Management (IAM) project. This projection is similar to the Mid-Year Report.

Refuse Disposal Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	$ 32.1	$ 30.6	$ 31.5	$ 0.9	2.9%
Personnel Expenditures	14.3	14.3	14.3	(0.0)	-0.2%
Non-Personnel Expenditures	18.0	18.0	16.3	1.7	9.6%
Expenditures	32.2	32.3	30.5	1.7	5.3%
Net Year-End Projection	**$ (0.1)**	**$ (1.6)**	**$ 1.0**	**$ 2.6**	

Revenue:
The Refuse Disposal Fund projects revenue over budget by $900,000 at fiscal year-end primarily due to the following factors:

- $820,000 increase tipping fee revenue due to higher than anticipated volume of customers, especially small businesses. This projection represents an increase of $770,000 in revenues from the Mid-Year Report.
- $100,000 increase due to higher than anticipated sale of woodchips, compost, and mulch. This projection represents an increase of $120,000 in revenues from the Mid-Year Report due to higher than an anticipated sales.

Expenditures:
Similar to the Mid-Year Report, personnel expenditures in the Refuse Disposal Fund are projected to be close to budget at fiscal year-end.

Non-personnel expenditures in the Fund are projected under budget by $1.7 million at fiscal year-end primarily due to the following factors:

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- $920,000 decrease in expenditures primarily attributed to meeting the Refuse Disposal reserve target earlier than anticipated as projected in the Mid-Year Report
- $460,000 decrease due to a new ordinance authorizing the Fund to pledge revenues in lieu of a cash transfer to the Closure/Post Closure Fund as projected in the Mid-Year Report
- $290,000 decrease associated with heavy equipment fuel savings. This projection represents an decrease of $270,000 primarily in fuel expenditures from the Mid-Year Report.
- $230,000 decrease due to delays in replacing software and postponement in the Infrastructure Asset Management (IAM) project, which is similar to the Mid-Year Report.
- $120,000 increase due to a project upgrading Ridgehaven's parking lot to ADA compliance

This projection represents an increase of $590,000 from the Mid-Year Report primarily due to $800,000 in expenditures for new consultant services for the landfill to meet new greenhouse gas regulations. These increases are partially offset with a continued decrease in fuel costs.

Sewer Utility Funds

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	$ 403.3	$ 403.3	$ 388.4	$ (15.0)	-3.7%
Personnel Expenditures	85.9	85.9	87.2	(1.3)	-1.5%
Non-Personnel Expenditures	282.0	280.9	237.3	43.6	15.5%
Expenditures	367.9	366.9	324.5	42.3	11.5%
Net Year-End Projection	**$ 35.4**	**$ 36.5**	**$ 63.9**	**$ 27.4**	

Revenue:
Revenue in the Sewer Utility Funds revenue is projected to be under budget by $15.0 million at fiscal year-end primarily due to:

- $13.0 million decrease in State Revolving Fund (SRF) reimbursements resulting from delays in qualifying expenditures for reimbursement
- $2.6 million decrease in sewer service charges as a result of water conservation

The under budget revenue is partially offset by an increases in revenue from rents and concessions and interest earned. This projection reflects a decrease of $12.7 million from the Mid-Year Report due to a decrease in anticipated SRF proceeds as a result of changes in project schedules and anticipated reimbursements.

Expenditures:
Personnel expenditures in the Sewer Utility Funds are projected to exceed budget by $1.3 million at fiscal year-end primarily due to fringe benefits and overtime expenditures, which are partially offset by savings in salaries, and wages due to vacancies. This is a decrease of $2.7 million from the Mid-Year Report due to less than anticipated hourly and overtime expense, and additional salary and fringe savings.

Non-personnel expenditures in the Sewer Utility Funds are projected under budget by $43.6 million at fiscal year-end primarily due to the following factors:

Tables may not foot due to rounding.

- $14.9 million decrease in contracts primarily due to a delay in facility projects and condition assessments that were postponed to Fiscal Year 2017 and less than anticipated expenditures in environmental projects, central support warehouse expenditures, and liability insurance claims. This projection is similar to the Mid-Year Report.
- $10.9 million decrease in electrical service cost due to credits received on current billings from SDG&E as a result of overcharging accounts in Fiscal Year 2015 in addition to lower than anticipated rate increases. This projection is a decrease of $7.5 million from the Mid-Year Report.
- $6.5 million decrease is primarily due to a reduction in debt service cost from the Fiscal Year 2016 the sewer bond refunding and interest-earning credits on debt service reserve funds. This projection is a decrease of $1.9 million from the Mid-Year Report.
- $5.7 million decrease in contractual services due to the Advanced Metering Infrastructure (AMI) project, which was originally budgeted in the operating budget, but has now been determined to be a Capital Improvement Project (CIP).
- $3.5 million decrease in the contingency projection. This item is budgeted annually to support fluctuations in operations; however, at this time the contingency is not needed. This projection is similar to the Mid-Year Report.
- $1.3 million decrease in supplies due to savings in building materials, equipment and tools, machine parts, and office supply materials. This projection is a decrease of $480,000 from the Mid-Year Report.
- $890,000 decrease due to delays in implementing various IT projects. This projection is a decrease of $490,000 from the Mid-Year Report.

The current non-personnel expenditure projection savings as compared to the Mid-Year Report have increased by $9.4 million primarily due to credits and overestimated impacts from SDG&E rate increases, delays in awarding miscellaneous contracts, and sewer bond refunding that was not projected in the Mid-Year Report. Revenue in the Sewer Utility Funds supports both operating and CIP expenditures; however, only operating expenditures are reflected in this report.

Underground Surcharge Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	$ 63.4	$ 63.4	$ 66.0	$ 2.7	4.3%
Personnel Expenditures	0.9	0.9	1.0	(0.1)	-5.5%
Non-Personnel Expenditures	57.5	57.5	21.4	36.0	62.7%
Expenditures	58.4	58.4	22.4	36.0	61.6%
Net Year-End Projection	**$ 5.0**	**$ 5.0**	**$ 43.6**	**$ 38.7**	

Revenue:
The Underground Surcharge Fund is projecting revenue to exceed budget by $2.7 million at fiscal year-end primarily due to the increase in revenue received from San Diego Gas and Electric (SDG&E). Since the Mid-Year Report, the revenue projections have increased by $1.4 million due to the usage of newly received receipts from SDG&E.

Tables may not foot due to rounding.

Expenditures:
Personnel Expenditures are projected to exceed budget by $50,000 at fiscal year-end due to an increase in fringe benefits within the department. The current projection has increased by $310,000 from the mid-year projections due to a timecard correction posted, moving expenses from contracts to personnel expenditures.

Non-personnel expenditures are projected under budget by $36.0 million at fiscal year-end due to the time it takes to complete the environmental and design phases of the 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 in construction. In addition, limited resources at the participating utilities contribute to delays in project execution. The current projection has decreased by $20.8 million from the Mid-Year Report, primarily due to $20.4 million associated with the delay of six undergrounding projects due to design, permitting process, and right of way easements.

Water Utility Operating Fund

in millions

Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	$ 501.8	$ 501.8	$ 461.9	$ (39.9)	-7.9%
Personnel Expenditures	74.4	74.4	73.4	0.9	1.3%
Non-Personnel Expenditures	432.1	431.4	395.6	35.8	8.3%
Expenditures	506.5	505.8	469.0	36.8	7.3%
Net Year-End Projection	**$ (4.7)**	**$ (4.0)**	**$ (7.1)**	**$ (3.1)**	

Revenue:
The Water Utility Operating Fund revenue is projected to be under budget by $39.9 million by fiscal year-end. This is primarily attributed to the following:

- $51.4 million decrease in water sales, which is attributed to the budget not reflecting updated water sales as a result of conservation impacts. The Fiscal Year 2016 year-end projection reflects the Council approved 9.8% rate increase effective January 1, 2016.

The under budget revenue projection is partially offset by the following increases:

- $2.5 million from interest and dividends due to revised estimates based on cash and cash equivalents balances
- $2.5 million in capacity fees from more than anticipated permit activity from large scale multifamily and commercial projects
- $2.0 million in reimbursements from other agencies
- $2.5 million in unanticipated grants receipts and higher than anticipated State Revolving Fund loan reimbursements

The current revenue projection has increased by $5.1 million from the Mid-Year Report due to an increase of $2.5 million in capacity fees related to increased permit activity from large-scale multifamily and commercial projects. The projection increased by an additional $2.5 million from interest and dividends due to revised estimates based on cash and equivalent balances in the City's shared investment allocated to the Water Fund.

Expenditures:
Personnel expenditures in the Water Utility Operating Fund are projected to be under budget by $950,000 at fiscal year-end primarily due to vacancies. This is a decrease of $1.6 million

Tables may not foot due to rounding.

from the Mid-Year Report due to less than anticipated hourly and overtime expense, and additional salary and fringe savings.

Non-personnel expenditures are under budget by $35.8 million at fiscal year-end due to the following factors:

- $17.0 million decrease is due to a decline in water purchases from continued water conservation. This projection represents a decrease of $5.9 million from the Mid-Year Report.
- $5.7 million decrease in contractual services due to the Advanced Metering Infrastructure (AMI) project, which was originally budgeted in the operating budget, but has now been determined as a CIP project.
- $4.4 million decrease due to interest earning credits and the application of reserve fund balances to debt service expenditures. This projection is similar to the Mid-Year Report.
- $3.5 million decrease in contingency projections. This item is budgeted annually to support fluctuations in operations; however, at this time the contingency is not needed. This projection is similar to the Mid-Year Report.
- $2.6 million decrease in electrical services due to overestimated SDG&E rate increase impacts. This projection represents a decrease from the Mid-Year Report.
- $1.7 million decrease in supplies due to purchasing less than anticipated chemicals. This projection represents a decrease of $700,000 from the Mid-Year Report.
- $900,000 decrease in city services billed due to less than anticipated services performed by other City departments. This represents a decrease of $900,000 from the Mid-Year Report.

Revenue in the Water Utility Operating Fund supports both operating and CIP expenditures; however, only operating expenditures are reflected in this report. The Fund is projected to end the fiscal year with expenditures in excess of revenue by $1.1 million, which will be mitigated by the use of reserves. This use of reserves will not negatively impact the reserve requirements within the Water Utility Operating Fund.

Any significant adjustments to revenue or expenditures throughout the five-year current rate period will be monitored and included in the review of Funds by an independent consultant.

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 24: FY 2016 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 have been updated to incorporate the Fiscal Year 2015 actuarial valuations.

FY 2016 Risk Management Reserves

Table 24 *in millions*

Description	Fund Name	Reserve Type	Year-End Projection	Target
Risk Management	Long-Term Disability Fund	Liability Reserve	$ 18.4	$ 14.9
	Public Liability Fund	Liability Reserve	36.7	36.7
	Workers' Compensation Fund	Liability Reserve	54.5	54.5

Long-Term Disability Reserve

The Long-Term Disability reserve provides non-industrially disabled City employees with income and flexible benefits coverage. The Fiscal Year 2016 reserve target is $14.9 million or 100.0% of the average actuarial liability for the three most recent fiscal years. This reserve target amount has decreased by $3.4 million from the Fiscal Year 2016 target included in the adopted budget as a result of incorporating the Fiscal Year 2015 actuarial valuation in the three-year average value of the annual actuarial liability. As of June 30, 2015, the balance in the Long-Term Disability reserve was $18.4 million, exceeding the Fiscal Year 2016 Long-Term Disability reserve target.

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 2016, the City's Reserve Policy requires that the Public Liability reserve equal 40.0% of the average value of the annual actuarial liability for the three most recent fiscal years, or $36.7 million. This reserve target has decreased by $1.2 million from the Fiscal Year 2016 target included in the adopted budget as a result of incorporating the actuarial valuation as of June 30, 2015 in the three-year average value of the annual actuarial liability.

As of June 30, 2015, the balance of the Public Liability Fund Reserve was $37.9 million exceeding the Fiscal Year 2016 Public Liability Fund Reserve target. After taking into account the pending claims and projected expenditures, which include the Council approved use of $15.0 million in reserves for the Aglio settlement and a $5.0 million settlement payment from the De La Fuente case. In addition, $5.8 million was contributed from the Use of General Fund budgetary surplus during the Fiscal Year 2016 Mid-Year Report, resulting in a current Public Liability reserve balance of $33.7 million. An additional $3.0 million contribution is requested from the current projected General Fund excess equity to meet the $36.7 million Fiscal Year 2016 reserve target.

Tables may not foot due to rounding.

Workers' Compensation Reserve

The Workers' Compensation reserve provides funding for medical and disability costs for injuries and illnesses occurring in the workplace. For Fiscal Year 2016, the City's Reserve Policy target is 25.0% of the most recent three-year average of the annual actuarial liability, or $54.5 million. This reserve amount has increased by $6.1 million from the Fiscal Year 2016 target included in the adopted budget as a result of incorporating the actuarial valuation as of June 30, 2015 in the three-year average of the annual actuarial liability. The current balance of the Workers' Compensation reserve is approximately $51.5 million. The current balance includes a contribution of $3.1 million included in the Fiscal Year 2016 Mid-Year Report. The remaining $3.0 million needed ($2.5 million General Fund contribution portion) to meet the Fiscal Year 2016 target is requested from the projected General Fund excess equity to meet the $54.5 million Fiscal Year 2016 reserve target.

FISCAL YEAR 2016 PROGRAM UPDATES

The Fiscal Year 2016 budget includes additional funding for new City programs as a result of positive economic growth in the City's major revenue sources. The status of the restorations and enhancements, as well as any updates from the Mid-Year Report, are discussed below.

1,000 Miles of Street Repair

One of the Mayor's top initiatives is to repair 1,000 miles or one-third of City streets from Fiscal Year 2016 through 2021. The Street Division within the Transportation and Storm Water Department began working towards this goal in Fiscal Year 2016. The City plans to repair approximately 300 of the 1,000 miles by the end of June 2016 through asphalt overlay, slurry seal, and concrete street repairs. The planned expenditures of approximately $74.0 million is composed of a number of funding sources including TransNet, Gas Tax, and lease revenue bonds, in addition to contributions from the General Fund.

Through the third quarter of Fiscal Year 2016, the City has initiated the repair of over 300 miles of City streets and has fully completed the repair of over 188 of the 300 miles. The City expects to complete more than 300 miles of City streets toward the 1000 mile goal by fiscal year-end.

Advanced Metering Infrastructure Project Update

The Advanced Metering Infrastructure (AMI) program uses radio-based technology to read water meters, resulting in the elimination of visual water meter reads. The Public Utilities Department completed final user acceptance testing of the initial implementation phase of the AMI Program in November 2015. The initial implementation phase of the program included the fitting of approximately 11,000 water meters with AMI transmitters, or 4.0% of the total population of approximately 275,000 water meters. Installation primarily occurred for larger water meters used in commercial, industrial and multi-family locations as these are often more challenging and costly to read by visual inspections.

In addition, approximately 1,000 water meters in Rancho Bernardo have been fitted with the AMI technology to evaluate any potential benefits for residential ratepayers. The customers that were selected reside within one pressure zone, facilitating a smoother evaluation of the program's technology.

The Department is moving forward in the procurement process for a full citywide implementation of the AMI system. The full implementation phase is anticipated to begin in mid-calendar year 2016 and is estimated to be completed by the end of calendar year 2017.

Do Your Homework @ the Library After-School Program Summer Expansion

The Do Your Homework @ the Library Program places learning coordinators with education training at 18 City libraries where curriculum-aligned resources, technology and community partnerships work collaboratively to support students. Additional funding was included in the Fiscal Year 2016 Adopted Budget to extend the after school program at the 18 City libraries into the summer.

From July 2015 to March 2016, fully staffed homework center locations offered 24,452 sessions to 4,192 unique users for a total 29,911 service hours. There were 18 fully staffed homework center locations during the school year (September 14, 2015 to March 30, 2016). During the summer of 2015, the ten fully staffed homework center locations remained open to provide

academic support to students in year-round schools. Furthermore, the centers offer support to the program staff and teachers with planning activities for the Summer Learning Camps for the benefit of grade-level groups between Kindergarten and High School. The theme of each camp was different, focusing on select common core standards at grade-level. Students and their families participated in each camp for two hours a day, for four consecutive days.

Starting in June 2016, Kindergarten Readiness Boot Camp will be offered to strategically chosen preschool children (ages 4-5 years) to prepare the children and their parents for the start of school in the fall.

Energy Cost Analysis

Expenditures in electrical services are projected to be under budget for Fiscal Year 2016 by approximately $14.1 million citywide. This projection represents a decrease in savings of $800,000 from the Mid-Year Report. During the development of the Fiscal Year 2016 budget, significant region-wide increases were expected to continue according to a statement made by San Diego Gas & Electric (SDG&E). However, SDG&E's projected January 2016 rate increases, which were incorporated into the Fiscal Year 2016 Adopted Budget, have been delayed and SDG&E's rates have decreased for the second half of Fiscal Year 2016. Other factors contributing to the under budget projections include continued reductions in consumption due to citywide conservation and operational efficiencies and an anticipated credit from SDG&E due to billing discrepancies that occurred during Fiscal Years 2014 and 2015. SDG&E has made significant progress in Fiscal Year 2016 to resolve overcharges and continue to engage with the Environmental Services Department and other affected departments in accomplishing a final resolution to the issue.

Expanded Hours at Libraries

The Fiscal Year 2016 Adopted Budget includes the addition of 22.53 FTE positions and total expenditures of $2.3 million for three additional service hours per week on Saturdays at 23 branch libraries and two additional service hours on both Fridays and Saturdays (for a total of four hours) at the Central Library. Positions added to the Fiscal Year 2016 budget are in various stages of the hiring process and are anticipated to be filled by early June 2016. As a result of the recent completion of the mandatory meet and confer process with the San Diego Municipal Employees Association, the implementation date of the expanded service hours was January 3, 2016.

Facility Condition Needs/Assessments

The Public Works - General Services Department has expended $620,000 fiscal year-to-date and anticipates to fully expend the $1.1 million budgeted in Fiscal Year 2016 to support the condition needs/assessments of City facilities by fiscal year-end. The Department projects that approximately 720 facility condition assessments will be completed by fiscal year-end. The condition and needs assessments provide detailed deferred capital and maintenance backlog information which will be incorporated into future budget requests.

San Diego Film Office

The Fiscal Year 2016 Adopted Budget includes the addition of a Filming Program Manager and $100,000 in non-personnel expenditures to support an effort to attract filming to the San Diego region. Responses to the Request for Information (RFI) seeking Statements of Ideas are currently being reviewed to determine the next steps in the development of a viable program to support filming in the San Diego region. As a result of the responses received to this RFI and additional industry research, the Department plans to issue one or more Request for

Proposal to pursue specific service concepts designed to supplement existing filming program services.

Fleet Vehicle Maintenance Mechanics

The Fleet Services Operating Fund had 17.00 Fleet Technician series positions vacant at the Mid-Year Budget Monitoring Report. The Division has filled 8.00 Fleet Technician positions and plans to fill the remaining 9.00 Fleet Technician positions by fiscal year-end.

Fuel Cost Analysis

The Fleet Services Operating Fund is projecting a citywide $4.6 million savings in fuel expenditures by fiscal year-end. The projected savings is primarily due to lower costs in motor fuels than anticipated during the development of the Fiscal Year 2016 Adopted Budget. The year-end fuel expenditure projection assumes an inflation rate of 4.0% during the fiscal year to allow for price fluctuations in the cost per gallon for the remainder of the fiscal year. This is an increase of $300,000 in savings from the Fiscal Year 2016 Mid-Year Budget Monitoring Report as a result of a continued decrease in the cost per gallon for motor fuels. The Fleet Services Division will continue to monitor the fuel expenditures throughout the fiscal year.

Market Street Sidewalks

The Market Street Sidewalk Improvements Phase 1A (from Euclid St. to 54th St.) completed construction of the sidewalk in February 2016 and installation of new streetlights will be completed in June 2016. The scope of work for Phase 1B (from 54th St. to Pitta St. and previously referred to as Phase 2) has been revised and is currently in design. The proposed construction start date is now August 2016. The scope of work for the updated Phase 2 (north side of Market St. from Euclid St. to Pitta St.) is currently being developed with preliminary engineering anticipated to be completed by July 2016.

Petco Park Fund – Debt Service

The Fiscal Year 2016 budget includes an estimated reduction in debt service payments of $1.1 million due to the planned Ballpark Refunding Bonds Series 2015, authorized by City Council on March 2, 2015. After significant delay due to litigation, which has been substantially resolved, the City priced the Ballpark Refunding Bonds on April 7, 2016 and expects to close the transaction on May 19, 2016. The Fiscal Year 2016 debt service payments on the existing bonds came due and were paid during the delay period caused by the litigation, resulting in no savings being realized in Fiscal Year 2016 and the creation of an over budget expense of $1.1 million. Starting in Fiscal Year 2017, annual debt service will be approximately $9.3 million providing annual savings of $2.0 million as a result of the refunding. This report includes a recommendation for an increase in expenditures and revenue of $1.1 million in appropriations to the Petco Park Fund. This increase will support the over budget Fiscal Year 2016 debt payments for the ballpark bonds.

Police Body Worn Cameras

A total of $2.1 million in Citizens Option for Public Safety (COPS) funding was included in the Fiscal Year 2016 Adopted Budget for the purchase of additional body worn cameras. Fiscal year-to-date, all of the funding has been expended to outfit an additional 544 uniformed patrol officers. The Department will have a total of 1,100 body worn cameras deployed by June 2016.

Pure Water San Diego Program

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 2016 operating budget included the addition of $15.0 million in total expenditures to support the implementation of the Pure Water San Diego Program. Fiscal year-to-date, approximately $15.0 million has been expended or encumbered for the implementation of this project. In January 2015, the Public Utilities Department hired an external consultant for as-needed engineering consultation services to assist with the implementation of the Pure Water San Diego Program. Several task orders related to the pre-design of the North City Pure Water Facilities have been issued to date and the pre-design is expected to be completed by July 2016.

Water Conservation

On April 1, 2015, Governor Brown issued Executive Order B-29-15, mandating substantial water reductions across the State of California in order to achieve a 25.0% reduction in water use statewide. As a result, the City was required to meet a reduction goal of 16.0% this fiscal year when compared to water usage in calendar year 2013. The City has exceeded the State mandated water reduction goal of 16.0% since the effective date of the executive order. Specifically, the City has achieved a cumulative reduction in overall water usage of 16.7% from June 2015 to February 2016:

- On March 10, 2016, the State Water Resource Control Board staff certified the supply of potable water from the Carlsbad Desalination Plant as drought-resilient, which allowed each of the San Diego County Water Authority's member agencies to reduce their conservation standard by an amount up to 8.0%, but not beyond an 8.0% minimum conservation standard, with a retroactive application date of March 1, 2016; thereby reducing the City's drought standard to 8.0% at that time.

The Public Utilities Department continues to provide water conservation programs and services to allow its customers to make informed decisions about water usage. Specifically, the City completes an average of 106 residential surveys a month to help customers identify ways to conserve water at home.

Winter Storms Related Expenditures

At fiscal year-end, the City anticipates to incur additional expenditures beyond what was budgeted in Fiscal Year 2016 due to the following:

- $12.7 million increase in emergency capital improvement projects reallocated from existing projects. This projection represents an increase of $5.7 million from the Mid-Year Report. In order to ensure that there are no delays in project execution, the Semi-Annual CIP Budget Monitoring Report, May 2016 includes recommendations for the City Council to add $5.7 million to partially backfill the reallocated funding. This will be sufficient funding to ensure that all projects remain on schedule through the rest of calendar year 2016. Financial Management, Public Works, and the Transportation and Storm Water Department will continue to monitor storm drain capital projects and will come forward with further recommendations to reallocate funding as needed to ensure that projects remain on schedule.
- $4.4 million increase in non-personnel expenditures for pump station maintenance materials and supplies, as well as emergency channel maintenance and pipe repair contracts in the Transportation and Storm Water Department. This projection represents an increase of $3.2 million from the Mid-Year Report and an appropriation adjustment is recommended in this report.

- $433,000 increase in winter storm related overtime in the Transportation and Storm Water Department. This projection represents an increase of $233,000 from the Mid-Year Report.
- $60,000 increase in winter storms related overtime for the Fire-Rescue Department primarily incurred by the Lifeguard Division's River Rescue Team for work related to flooding and other water hazards.

APPROPRIATION ADJUSTMENTS

The following section discusses the appropriation adjustments recommended in the Year-End Report. The requested budget adjustments include re-appropriations required for certain General Fund and non-general fund departments to support projected over budget expenditures. All adjustments are balanced by an increase in budgeted revenue or a decrease in budgeted expenditures based on departmental projected savings. In addition, appropriations are requested for the use of excess equity as well as authorities typically requested at year-end to maintain budgetary control through the end of the fiscal year and compliance with the City Charter and Municipal Code.

1. RECOMMENDED RE-APPROPRIATIONS

Authorities are requested to allow for budget transfers and re-appropriations between General Fund departments and other non-general funds as displayed in Table 25: FY 2016 Year-End Re-Appropriation Adjustments. All adjustments are balanced by an increase in budgeted revenue, decrease in budgeted expenditures or fund balances available in non-general funds.

FY 2016 Year-End Re-Appropriation Adjustments

Table 25

Fund/Department	Revenue Increase/(Decrease)	Expenditures Increase/(Decrease)	Net Impact
General Fund			
Fire-Rescue	$ -	$ 4,800,000	$ (4,800,000)
Transportation and Storm Water	-	3,000,000	(3,000,000)
Office of the City Attorney	-	1,000,000	(1,000,000)
Police	-	(4,400,000)	4,400,000
Economic Development	-	(2,300,000)	2,300,000
Park and Recreation	-	(1,200,000)	1,200,000
Library	-	(900,000)	900,000
General Fund Total	$ -	$ -	$ -
Non-General Fund			
Petco Park Fund	1,100,000	1,100,000	-
Non-General Fund Total	$ 1,100,000	$ 1,100,000	$ -

General Fund Appropriation Adjustments

Fire-Rescue

The Fire-Rescue Department requires a $4.8 million increase in expenditure appropriations to support the projected over budget fringe benefit expenditures.

Transportation and Storm Water

The Transportation and Storm Water Department requires a $3.0 million increase in expenditure appropriations to support over budget expenditures in contracts related to as-needed emergency channel maintenance repairs.

Office of the City Attorney

The Office of the City Attorney requires a $1.0 million increase in personnel expenditure appropriations to support the projected over budget expenditures of salaries and fringe benefits.

Tables may not foot due to rounding.

Police
The Police Department projects expenditure savings and $4.4 million, which will be utilized to offset over budget projections above. These expenditure savings are primarily related to the change to financing the funding for the Computer Aided Dispatch (CAD) project instead of cash funding, as well as fuel and personnel expenditure savings. The Police Department's personnel expenditure savings will be offset with the increased personnel expenditures projected in the City Attorney's Office.

Economic Development
The Economic Development Department is projected to have $2.3 million in expenditure savings due to the projected savings in contracts associated with Civic San Diego and the San Diego Housing Commission. These savings will be utilized to offset over budget projections above.

Park and Recreation
The Park and Recreation Department is projected to have a $1.2 million in savings in energy appropriations primarily due to projected savings in electrical, water and sewer expenditures due to decreased electrical services expenditures and mandatory water restrictions. These savings will be utilized to offset over budget projections discussed above.

Library
The Library Department projects a $900,000 savings in electrical services expenditures, which will be used to offset other departmental over budget projections above.

Non-General Fund Appropriation Adjustments

Petco Park Fund
The Petco Park Fund requires an increase in revenue and expenditures of $1.1 million. This increase will support the over budget expenditures for debt payments, appropriated debt service savings was not realized due to the delay of the ballpark bond refunding. The increase in revenue is due to higher than expected revenue received from special events.

Pension Stabilization Reserve Contributions
Authorization to appropriate fund balance for the Pension Payment Stabilization Reserve non-general fund contribution from the non-general funds listed in Table 26: Pension Payment Stabilization Reserve – Non-General Fund Allocations, below.

FY 2016 Pension Payment Stabilization Reserve - Non-General Fund Allocations
Table 26

Fund Name	Revenue Increase/(Decrease)	Expenditures Increase/(Decrease)	Net Fund Impact
Water Utility Operating Fund	$ -	$ 1,487,358	$ 1,487,358
Metropolitan Sewer Utility Fund	-	903,776	903,776
Development Services Fund	-	875,949	875,949
Municipal Sewer Revenue Fund	-	789,685	789,685
Refuse Disposal Fund	-	290,830	290,830
Recycling Fund	-	202,967	202,967
Golf Course Fund	-	182,015	182,015
Airports Fund	-	37,590	37,590
Non-General Fund Total	**$ -**	**$ 4,770,170**	**$ 4,770,170**

Tables may not foot due to rounding.

2. RECOMMENDED USE OF PROJECTED GENERAL FUND EXCESS EQUITY

This section discusses the recommended use of General Fund projected excess equity. The Mayor is recommending the use of $34.0 million, of the projected $36.0 million in excess equity. Of this $34.0 million, City Council approval is requested to appropriate $22.8 million for use in this fiscal year as displayed in Table 27: FY 2016 Year-End Recommended Use of Excess Equity. After taking into account, the $5.7 million reserved allocation for the Stability Reserve and $5.5 million use of projected excess equity for Fiscal Year 2017, the remaining excess equity is projected at $2.0 million. The requested adjustments would increase the City's budget by $22.8 million in Fiscal Year 2016.

FY 2016 Year-End Recommended Use of General Fund Fund Balance (Excess Equity)

Table 27 *in millions*

General Fund Reserve	Revenue Increase/(Decrease)	Expenditures Increase/(Decrease)	Net Impact
Pension Reserve Contribution	$ -	$ 16,000,000	$ 16,000,000
Public Liability Reserve Contribution	-	3,000,000	3,000,000
Workers' Compensation Reserve Contribution	-	2,500,000	2,500,000
Replacement of Synthetic Turf (Pershing Middle School)	-	700,000	700,000
Bay Terrace Community Park (Tooma Park Senior Center)	-	500,000	500,000
Fire-Rescue Fire Station 6 Asbestos Abatement	-	100,000	100,000
FY 2016 Projected Use of Fund Balance (Excess Equity)		**$ 22,800,000**	**$ 22,800,000**

Pension Reserve Contribution: $16,000,000

The Pension Payment Stabilization Reserve (Pension Reserve) was approved by City Council on April 12, 2016. The approved and amended City's Reserve Policy (CP 100-20) requires a $16.0 million General Fund Pension Reserve contribution, $20.8 million citywide. This contribution is based on the most recent three-year average of the ADC as reported in the Actuarial Valuation Reports produced by the San Diego City Employees' Retirement System's (SDCERS) actuary by June 30, 2016. The remaining $4.8 million required contribution will be contributed from non-general fund available fund balances as detailed above.

Public Liability Reserve Contribution: $3,000,000

The Public Liability Reserve requires a contribution of $3.0 million to fully fund the Public Liability Reserve target for Fiscal Year 2016. This contribution is required to meet the $36.7 million Fiscal Year 2016 reserve target, or 40.0%.

Workers' Compensation Reserve Contribution: $2,500,000

The Workers' Compensation Reserve requires a General Fund contribution of $2.5 million to reach the Fiscal Year 2016 Workers' Compensation Reserve target. This contribution is required to meet the $54.5 million Fiscal Year 2016 reserve target, or 25.0%. The remaining $500,000 required contribution will be offset by available fund balance in non-general funds.

Citywide Program Expenditures Department: $700,000

The Citywide Program Expenditures Department requires a $700,000 increase in expenditure appropriations to fund a transfer from the General Fund, Fund 100000, to Fund 400265, General Fund Contributions to the CIP for the purpose of funding CIP S17007 Pershing Middle School Joint Use Synthetic Turf Replacement. The worn turf at this joint use facility needs to be replaced in accordance with the Joint Use Agreement between the City and the San Diego Unified School District. Additionally, City Council is requested to authorize the CFO to add project CIP S17007 Pershing Middle School Joint Use Synthetic Turf Replacement to the Capital Improvements Program and increase the budget to $700,000.

Tables may not foot due to rounding.

Park and Recreation Department: $500,000
The Park and Recreation Department requires a $500,000 increase in appropriations to fund a transfer from the General Fund, Fund 100000, to transfer to Fund 400265, General Fund Contributions to the CIP for the purpose of funding CIP S16060 Bay Terrace (Tooma Park) Community Center. The additional appropriations will cover estimated design costs for the new facility. Additionally, City Council is requested to authorize the CFO to add project CIP S16060 Bay Terraces Community Center to the Capital Improvements Program and increase the budget by $500,000 in Fund 400356, General Fund Contributions to the CIP.

Fire-Rescue Department: $100,000
The Fire-Rescue Department requires a $100,000 increase in expenditure appropriations from the General Fund, Fund 100000, to transfer to Fund 400265, General Fund Contributions to the CIP for the purpose of funding CIP ABT00001 City Facilities Improvements. This appropriation is recommended for an asbestos abatement procedure and roof replacement located at Fire Station 6. Fire Station 6 serves Otay Mesa and its surrounding areas. Additionally, City Council is requested to authorize the CFO to increase the budget for ABT00001 City Facilities Improvements by $100,000 in Fund 400265, General Fund Contributions to the CIP.

3. BUDGET CONTROL AUTHORITIES

Additional authorities are requested which are typically requested at year-end to maintain budgetary control through the end of the fiscal year and compliance with the City Charter and Municipal Code.

General Fund

Additional authorities are requested to allow for budget transfers and de-appropriations between General Fund departments to address unanticipated events that may occur prior to year-end. These authorities are typically requested at year-end to maintain budgetary control through the end of the fiscal year and to maintain compliance with the City Charter and Municipal Code.

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

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

Citywide

Increase Appropriations from Available Sources
Authority is requested to adjust appropriations as needed for unforeseen events in order to close Fiscal Year 2016 with departments and funds in balance.

CONCLUSION

The General Fund is projected to be within 0.3% of the current budget at fiscal year-end. General Fund revenues are projected slightly over budget and expenditures are projected under budget. The Mayor has recommended the use of $34.0 million of the total $36.0 million General Fund projected fund balance (excess equity). Of this $34.0 million, City Council approval is requested to appropriate $22.8 million for use in this fiscal year. The requested adjustments would increase the City's budget by $22.8 million in Fiscal Year 2016. If approved these recommendations would bring all the reserves to their Fiscal Year 2016 year-end policy targets as stated in the City's Reserve Policy.

The Mayor's recommended use of General Fund projected excess equity includes Fiscal Year 2016 reserve contributions, replacement of synthetic turf at Pershing Middle School, design costs for a Senior Center at Tooma Park, and an increase in the Fire department for asbestos abatement and roof replacement at Fire Station 6. The report also includes authorities requested for establishing CIP projects for the Pershing synthetic turf replacement and the Tooma Park Senior Center. In addition, the recommended use of the Fiscal Year 2016 projected fund balance (excess equity) includes a $5.7 million reserved allocation for an increase to the Stability Reserve to 6.5%, based on the methodology in which the Stability Reserve is established, an appropriation adjustment is not required. Lastly, the projected use of fund balance (excess equity) includes a total of $5.5 million proposed use of excess equity in the Fiscal Year 2017 May Revision (Fiscal Year 2016 assigned fund balance) to support Police Department retention and recruitment activities and for the rehabilitation of a historical library building at Balboa Park during Fiscal Year 2017. These expenditures are included in the May Revision to the Fiscal Year 2017 Proposed Budget. After considering the recommended uses of excess equity, the projected ending fund balance (excess equity) for Fiscal Year 2016 is $2.0 million.

Tables may not foot due to rounding.

ATTACHMENTS

I. General Fund Projected Revenues
II. General Fund Projected Expenditures
III. Non-General Fund Projections
IV. Non-General Fund Reserves
V. Fiscal Year 2016 Charter 39 Supporting Schedules, as of March 31, 2016

Tables may not foot due to rounding.

General Fund Projected Revenues

Department	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
General Fund Major Revenues					
Charges for Current Services	$ 25,083,204	$ 25,083,204	$ 24,889,185	$ (194,019)	-0.8%
Franchise Fees[1]	79,388,945	79,388,945	79,965,997	577,052	0.7%
Interest and Dividends	462,262	462,262	588,851	126,589	27.4%
Motor Vehicle License Fees	-	-	1,068,324	1,068,324	100.0%
Fines, Forfeitures, and Penalties	-	-	-	-	0.0%
Other Revenue	60,000	3,360,000	3,315,733	(44,267)	-1.3%
Property Tax	470,068,579	470,068,579	470,914,839	846,260	0.2%
Property Transfer Tax	8,371,562	8,371,562	9,291,756	920,194	11.0%
Refuse Collector Business Tax	750,000	750,000	1,050,000	300,000	40.0%
Revenue from Federal and Other Agencies	-	-	2,545	2,545	100.0%
Revenue from Money and Property	589,729	589,729	3,742,897	3,153,168	534.7%
Sales Tax	285,770,943	285,770,943	280,790,912	(4,980,031)	-1.7%
Transfers In	36,492,418	36,492,418	34,798,848	(1,693,570)	-4.6%
Transient Occupancy Tax[2]	102,163,864	102,163,864	106,910,230	4,746,366	4.6%
Subtotal Major General Fund Revenues	*$ 1,009,201,506*	*$ 1,012,501,506*	*$ 1,017,330,118*	*$ 4,828,612*	*0.5%*
City Auditor	$ -	$ -	$ 4,907	$ 4,907	100.0%
City Clerk	69,575	69,575	163,150	93,575	134.5%
City Comptroller	2,772,259	2,772,259	2,038,811	(733,448)	-26.5%
Citywide Program Expenditures	-	-	-	-	0.0%
Communications	1,565,333	1,565,333	1,146,295	(419,038)	-26.8%
Council Administration	-	-	832	832	100.0%
Council District 1	-	-	-	-	0.0%
Council District 1 - Community Projects, Programs and Services	-	-	-	-	0.0%
Council District 2	-	-	-	-	0.0%
Council District 2 - Community Projects, Programs, and Services	-	-	-	-	0.0%
Council District 3	-	-	-	-	0.0%
Council District 3 - Community Projects, Programs, and Services	-	-	-	-	0.0%
Council District 4	-	-	-	-	0.0%
Council District 4 - Community Projects, Programs, and Services	-	-	-	-	0.0%
Council District 5	-	-	(1,366)	(1,366)	100.0%
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	-	-	-	-	0.0%
Council District 9 - Community Projects, Programs, and Services	-	-	-	-	0.0%
Debt Management	711,645	711,645	908,436	196,791	27.7%

General Fund Projected Revenues

Department	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Department of Information Technology	$ -	$ -	$ -	$ -	0.0%
Development Services	596,269	596,269	807,736	211,467	35.5%
Economic Development	7,470,912	7,470,912	4,695,241	(2,775,671)	-37.2%
Environmental Services	2,241,946	2,241,946	1,538,566	(703,380)	-31.4%
Ethics Commission	-	-	8,050	8,050	100.0%
Financial Management	-	-	777	777	100.0%
Fire-Rescue	26,792,214	26,792,214	29,521,872	2,729,658	10.2%
Human Resources	-	-	5,283	5,283	100.0%
Internal Operations	-	-	-	-	0.0%
Library	4,175,753	4,175,753	4,471,232	295,479	7.1%
Infrastructure/Public Works	209,997	209,997	210,149	152	0.1%
Neighborhood Services	-	-	76	76	100.0%
Office of Homeland Security	1,280,029	1,280,029	1,152,895	(127,134)	-9.9%
Office of the Assistant Chief Operating Officer	370,000	370,000	347,542	(22,458)	-6.1%
Office of the Chief Financial Officer	-	-	-	-	0.0%
Office of the Chief Operating Officer	-	-	-	-	0.0%
Office of the City Attorney	4,056,165	4,056,165	4,265,723	209,558	5.2%
Office of the City Treasurer	19,297,104	19,297,104	19,264,745	(32,359)	-0.2%
Office of the Independent Budget Analyst	-	-	-	-	0.0%
Office of the Mayor	328,245	328,245	331,405	3,160	1.0%
Park and Recreation	35,504,155	35,510,775	35,331,552	(179,223)	-0.5%
Performance and Analytics	-	-	607	607	100.0%
Personnel	1,000	1,000	4,838	3,838	383.8%
Planning	3,841,766	3,841,766	3,938,412	96,646	2.5%
Police	51,618,318	51,618,318	50,845,997	(772,321)	-1.5%
Public Utilities Reservoir Recreation	940,000	940,000	931,999	(8,001)	-0.9%
Public Works - Contracting	1,117,530	1,117,530	1,020,680	(96,850)	-8.7%
Public Works - General Services	3,673,786	3,673,786	3,319,272	(354,514)	-9.6%
Purchasing and Contracting	1,550,772	1,550,772	1,236,779	(313,993)	-20.2%
Real Estate Assets	45,437,930	45,437,930	45,866,984	429,054	0.9%
Transportation and Storm Water	57,053,300	57,053,300	54,810,072	(2,243,228)	-3.9%
Total General Fund Revenues	**$ 1,281,877,509**	**$ 1,285,184,129**	**$ 1,285,519,666**	**$ 335,537**	**0.0%**

The current budget presented in this table is as of March 2016 (accounting period 9) unless otherwise noted.

[1] Total City FY 2016 current revenue budget for franchise fees is $160.1 million and the projection is $163.4 million. The balance is budgeted in the Environmental Growth and Underground Surcharge Funds.

[2] Total City FY 2016 current revenue budget for transient occupancy tax is $195.0 million and the projection is $204.1 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	$ 3,717,660	$ 3,717,660	$ 3,436,517	$ 281,143	7.6%
City Clerk	5,396,136	5,397,361	5,304,476	92,885	1.7%
City Comptroller	11,111,938	11,111,938	11,344,117	(232,179)	-2.1%
Animal Services	8,956,214	8,956,214	9,021,597	(65,383)	-0.7%
Assessments to Public Property	732,096	732,096	639,322	92,774	12.7%
Citywide Elections	4,173,583	4,173,583	5,218,826	(1,045,243)	-25.0%
Corporate Master Leases Rent	10,440,662	10,440,662	12,615,609	(2,174,947)	-20.8%
Deferred Capital Debt Service	20,970,026	20,973,772	20,970,026	3,746	0.0%
Engineering & Capital Projects	250,000	250,000	129,521	120,479	
Insurance	2,382,769	2,382,769	2,382,770	(1)	0.0%
Memberships	735,000	735,000	735,000	-	0.0%
Preservation of Benefits	1,500,000	1,500,000	1,500,000	-	0.0%
Property Tax Administration	4,209,630	4,209,630	4,400,615	(190,985)	-4.5%
Public Liability Claims Transfer - Claims Fund	18,600,000	18,600,000	21,700,000	(3,100,000)	-16.7%
Public Liability Claims Transfer - Reserves	-	5,800,000	5,800,000	-	0.0%
Public Use Leases	1,582,144	1,582,144	1,582,144	-	0.0%
Special Consulting Services	3,385,000	2,981,255	2,863,484	117,771	4.0%
Supplemental Cost of Living Adjustment (COLA)	1,710,782	1,710,782	1,599,656	111,126	6.5%
Transfer to Capital Improvements Program	865,000	1,265,000	1,265,000	-	0.0%
Transfer to Park Improvement Funds	8,657,723	8,657,723	8,657,723	-	0.0%
Transportation Subsidy	459,179	459,179	459,162	17	0.0%
Citywide Program Expenditures	89,609,808	95,409,808	101,540,455	(6,130,647)	-6.4%
Communications	3,563,052	3,563,052	3,342,717	220,335	6.2%
Council Administration	2,059,166	2,059,166	2,157,746	(98,580)	-4.8%
Council District 1	1,065,841	1,065,841	976,074	89,767	8.4%
Council District 1 - Community Projects, Programs and Services	78,653	74,824	74,824	-	0.0%
Council District 2	1,096,968	1,096,802	1,000,149	96,653	8.8%
Council District 2 - Community Projects, Programs and Services	90,149	62,098	62,098	-	0.0%
Council District 3	1,226,435	1,226,435	1,114,871	111,564	9.1%
Council District 3 - Community Projects, Programs and Services	76,851	51,345	51,345	-	0.0%
Council District 4	1,065,776	1,065,776	842,286	223,490	21.0%
Council District 4 - Community Projects, Programs and Services	63,581	33,958	33,958	-	0.0%
Council District 5	1,065,628	1,065,628	941,073	124,555	11.7%
Council District 5 - Community Projects, Programs and Services	202,276	198,176	198,176	-	0.0%
Council District 6	1,065,761	1,065,761	916,754	149,007	14.0%
Council District 6 - Community Projects, Programs and Services	196,954	145,182	145,183	(1)	0.0%
Council District 7	1,131,197	1,131,197	981,391	149,806	13.2%
Council District 7 - Community Projects, Programs and Services	90,725	70,725	70,725	-	0.0%
Council District 8	1,117,617	1,117,617	1,021,659	95,958	8.6%

General Fund Projected Expenditures

Department	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Council District 8 - Community Projects, Programs and Services	$ 67,391	$ 65,318	$ 65,317	$ 1	0.0%
Council District 9	1,065,774	1,065,774	972,039	93,735	8.8%
Council District 9 - Community Projects, Programs and Services	108,720	94,099	94,099	-	0.0%
Debt Management	2,758,828	2,758,828	2,637,579	121,249	4.4%
Department of Information Technology	500,000	500,000	457,116	42,884	8.6%
Development Services	6,991,059	6,991,059	6,374,302	616,757	8.8%
Economic Development	13,823,681	13,823,681	10,805,244	3,018,437	21.8%
Environmental Services	36,627,831	36,634,631	36,029,874	604,757	1.7%
Ethics Commission	1,047,777	1,047,777	1,110,674	(62,897)	-6.0%
Financial Management	4,394,566	4,394,566	4,018,232	376,334	8.6%
Fire-Rescue	229,258,665	229,277,249	234,060,261	(4,783,012)	-2.1%
Human Resources	3,268,272	3,268,272	3,285,930	(17,658)	-0.5%
Internal Operations	396,361	396,361	408,188	(11,827)	-3.0%
Library	49,315,373	49,340,258	47,276,240	2,064,018	4.2%
Infrastructure/Public Works	1,105,896	1,105,896	877,261	228,635	20.7%
Neighborhood Services	857,024	857,024	895,611	(38,587)	-4.5%
Office of Homeland Security	2,333,408	2,333,408	2,189,258	144,150	6.2%
Office of the Assistant Chief Operating Officer	1,805,479	1,805,645	1,703,767	101,878	5.6%
Office of the Chief Financial Officer	580,839	580,839	544,757	36,082	6.2%
Office of the Chief Operating Officer	1,043,163	1,043,163	1,042,809	354	0.0%
Office of the City Attorney	46,709,688	46,709,688	47,817,269	(1,107,581)	-2.4%
Office of the City Treasurer	16,259,232	16,259,232	15,233,857	1,025,375	6.3%
Office of the Independent Budget Analyst	1,833,176	1,833,176	1,817,563	15,613	0.9%
Office of the Mayor	4,305,649	4,305,649	4,262,378	43,271	1.0%
Park and Recreation	105,599,710	103,165,659	101,915,224	1,250,435	1.2%
Performance and Analytics	1,968,094	1,968,094	1,806,381	161,713	8.2%
Personnel	7,434,136	7,434,136	7,822,892	(388,756)	-5.2%
Planning	10,323,118	10,323,118	9,896,900	426,218	4.1%
Police	435,501,139	435,559,891	430,270,266	5,289,625	1.2%
Public Utilities Reservoir Recreation	2,549,736	2,549,736	2,593,936	(44,200)	-1.7%
Public Works - Contracting	2,158,822	2,158,822	1,993,261	165,561	7.7%
Public Works - General Services	26,507,783	26,507,783	25,855,381	652,402	2.5%
Purchasing and Contracting	7,612,535	7,612,535	6,369,493	1,243,042	16.3%
Real Estate Assets	6,181,599	6,181,599	5,352,949	828,650	13.4%
Transportation and Storm Water	130,652,333	130,662,333	134,588,104	(3,925,771)	-3.0%
Total General Fund Expenditures	**$ 1,288,039,029**	**$ 1,291,345,649**	**$ 1,288,001,006**	**$ 3,344,643**	**0.3%**

The current budget presented in this table is as of March 2016 (accounting period 9) unless otherwise noted.

Non-General Fund Projections

Fund	Revenue/ Expenditu	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Airports Fund	Revenue	$ 4,881,882	$ 4,881,882	$ 4,957,960	$ 76,078	1.6%
	Expenditures	5,301,907	5,301,907	5,432,164	(130,257)	-2.5%
Central Stores Fund	Revenue	13,307,156	13,307,156	10,616,396	(2,690,760)	-20.2%
	Expenditures	13,307,156	13,307,156	10,516,103	2,791,053	21.0%
Concourse and Parking Garages Operating Fund	Revenue	3,774,659	3,774,659	4,157,491	382,832	10.1%
	Expenditures	4,439,017	4,439,017	4,087,383	351,634	7.9%
Department of Information Technology Fund	Revenue	12,723,508	12,723,508	12,715,751	(7,757)	-0.1%
	Expenditures	13,363,897	13,363,897	12,863,105	500,792	3.7%
Development Services Fund	Revenue	52,063,381	52,063,381	54,146,004	2,082,623	4.0%
	Expenditures	55,309,067	55,309,067	55,107,176	201,891	0.4%
Energy Conservation Program Fund	Revenue	2,252,875	2,252,875	2,188,241	(64,634)	-2.9%
	Expenditures	2,622,983	2,622,983	2,369,636	253,347	9.7%
Engineering and Capital Projects Fund	Revenue	75,734,886	75,734,886	69,479,446	(6,255,440)	-8.3%
	Expenditures	75,734,886	75,734,886	70,560,785	5,174,101	6.8%
Facilities Financing Fund	Revenue	2,185,240	2,185,240	2,173,628	(11,612)	-0.5%
	Expenditures	2,185,240	2,185,240	2,174,385	10,855	0.5%
Fire/EMS Transportation Program Fund	Revenue	11,552,358	11,572,242	12,004,423	432,181	3.7%
	Expenditures	11,821,063	11,840,947	12,101,908	(260,961)	-2.2%
Fleet Services Operating Fund	Revenue	50,428,181	50,428,181	48,040,754	(2,387,427)	-4.7%
	Expenditures	51,908,246	51,908,246	46,602,645	5,305,601	10.2%
GIS Fund	Revenue	1,743,644	1,743,644	1,600,906	(142,738)	-8.2%
	Expenditures	2,062,574	2,062,574	1,737,404	325,170	15.8%
Golf Course Fund	Revenue	18,260,747	18,260,747	18,473,400	212,653	1.2%
	Expenditures	16,802,439	16,802,439	16,381,118	421,321	2.5%
Junior Lifeguard Program Fund	Revenue	595,591	595,591	611,003	15,412	2.6%
	Expenditures	595,591	595,591	595,010	581	0.1%
Local Enforcement Agency Fund	Revenue	786,417	786,417	681,219	(105,198)	-13.4%
	Expenditures	766,313	766,313	670,362	95,951	12.5%
Los Peñasquitos Canyon Preserve Fund	Revenue	186,000	186,000	186,000	-	0.0%
	Expenditures	226,846	226,846	225,438	1,408	0.6%
OneSD Support Fund	Revenue	26,525,692	26,525,692	26,605,727	80,035	0.3%
	Expenditures	25,441,074	25,441,074	25,299,218	141,856	0.6%

Non-General Fund Projections

Fund	Revenue/ Expenditu	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Parking Meter Operations Fund	Revenue	$ 10,197,852	$ 10,197,852	$ 10,765,858	$ 568,006	5.6%
	Expenditures	10,197,852	10,197,852	9,508,087	689,765	6.8%
Petco Park Fund	Revenue	15,207,773	15,207,773	16,913,283	1,705,510	11.2%
	Expenditures	16,353,469	16,353,469	18,063,730	(1,710,261)	-10.5%
Publishing Services Fund	Revenue	3,221,261	3,221,261	3,435,329	214,068	6.6%
	Expenditures	3,666,496	3,666,496	3,300,400	366,096	10.0%
Qualcomm Stadium Operations Fund	Revenue	17,957,446	17,957,446	18,895,285	937,839	5.2%
	Expenditures	19,347,918	19,347,918	20,635,970	(1,288,052)	-6.7%
Recycling Fund	Revenue	20,637,651	20,637,651	21,729,911	1,092,260	5.3%
	Expenditures	22,874,778	22,874,778	20,338,984	2,535,794	11.1%
Refuse Disposal Fund	Revenue	32,132,449	30,638,650	31,539,526	900,876	2.9%
	Expenditures	32,247,312	32,253,513	30,549,448	1,704,065	5.3%
Risk Management Administration Fund	Revenue	10,558,878	10,558,878	10,144,740	(414,138)	-3.9%
	Expenditures	10,558,878	10,558,878	10,168,018	390,860	3.7%
Sewer Utility Funds[1]	Revenue	403,337,222	403,337,222	388,382,499	(14,954,723)	-3.7%
	Expenditures	367,949,239	366,869,239	324,521,035	42,348,204	11.5%
Transient Occupancy Tax Fund						
Commission for Arts and Culture Department	Revenue	$ -	$ -	$ 584	$ 584	100.0%
Special Events Department	Revenue	75,000	75,000	73,956	(1,044)	-1.4%
Special Promotional Programs	Revenue	92,876,240	92,876,240	97,191,703	4,315,463	4.6%
Total Transient Occupancy Tax Fund Revenue		*$ 92,951,240*	*$ 92,951,240*	*$ 97,266,243*	*$ 4,315,003*	
Commission for Arts and Culture Department	xpenditures	$ 1,056,549	$ 1,056,549	$ 890,251	$ 166,298	15.7%
Special Events Department	xpenditures	1,523,928	1,523,928	1,130,022	393,906	25.8%
Special Promotional Programs	xpenditures	95,008,476	94,863,476	95,471,452	(607,976)	-0.6%
Total Transient Occupancy Tax Fund Expenditures		*$ 97,588,953*	*$ 97,443,953*	*$ 97,491,725*	*$ (47,772)*	
Underground Surcharge Fund	Revenue	$ 63,388,541	$ 63,388,541	$ 66,040,991	$ 2,652,450	4.2%
	Expenditures	58,388,541	58,388,541	22,408,034	35,980,507	61.6%
Water Utility Operating Fund[1]	Revenue	501,763,491	501,763,491	461,908,501	(39,854,990)	-7.9%
	Expenditures	506,486,810	505,811,690	469,022,454	36,789,236	7.3%
Wireless Communications Technology Fund	Revenue	6,622,249	6,622,249	6,652,555	30,306	0.5%
	Expenditures	8,149,464	8,149,464	8,263,725	(114,261)	-1.4%

The current budget presented in this table is as of March 2016 (accounting period 9) unless otherwise noted. Capital Improvements Program expenditure budgets are excluded.

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

Non-General Fund Reserves

in millions

Description	Fund Name	Reserve Type	FY 2016 Target	Status
Development Services	Development Services Fund	Operating Reserve	$ 3.2	On Target
Golf Course	Golf Course Fund	Operating Reserve	2.3	On Target
Environmental Services	Recycling Enterprise Fund	Operating Reserve	3.1	On Target
	Refuse Disposal Fund	Operating Reserve	4.6	On Target
Public Utilities	Sewer Utility Funds	Emergency Operating Reserve	48.3	On Target
		Emergency Capital Reserve	5.0	On Target
		Rate Stabilization Fund Reserve	18.2	On Target
	Water Utility Funds	Emergency Operating Reserve	40.1	On Target
		Emergency Capital Reserve	5.0	On Target
		Rate Stabilization Fund Reserve[1]	22.8	On Target
		Secondary Purchase Reserve	13.6	On Target

[1]Water Cost of Service Study approved by City Council on November 17, 2015 anticipated an ending Fiscal Year 2016 balance of $6.5 million due to use of rate stabilization funds with contributions to reserve in Fiscal Year 2018, 2019, and 2020 to replenish back to Policy dictated levels at the end of Fiscal Year 2020.

Financial Performance Report Fiscal Year 2016

As of March 31, 2016

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 9 (as of March 31, 2016).

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 March 31, 2016, 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 9, Ended March 31, 2016 (75% of Year Completed)
(Unaudited)

	FY16 Adopted Budget	FY16 Current Budget	FY16 Year-to-Date Actuals	FY16 % of Current Budget	FY15 Year-to-Date Actuals	Actuals FY16/FY15 Change	FY16/FY15 % Change
Revenue							
Property Taxes	$ 470,068,579	$ 470,068,579	$ 268,783,187	57.2%	$ 262,504,874	$ 6,278,313	2.4%
Sales Taxes	285,770,943	285,770,943	130,076,647	45.5%	148,253,107	(18,176,460)	-12.3%
Transient Occupancy Taxes	102,163,864	102,163,864	69,407,893	67.9%	62,603,637	6,804,256	10.9%
Property Transfer Taxes	8,371,562	8,371,562	5,701,424	68.1%	4,612,572	1,088,852	23.6%
Licenses & Permits	24,095,425	24,095,425	19,222,949	79.8%	19,589,951	(367,002)	-1.9%
Fines & Forfeitures	29,684,478	29,684,478	19,551,367	65.9%	19,762,226	(210,859)	-1.1%
Interest & Dividends	462,262	462,262	283,152	61.3%	135,473	147,679	109.0%
Franchises & Other Local Taxes	80,769,945	80,769,945	42,479,968	52.6%	43,555,399	(1,075,431)	-2.5%
Rents & Concessions	45,775,617	45,775,617	36,314,056	79.3%	34,633,395	1,680,661	4.9%
Revenues from Other Agencies	6,873,792	6,873,792	5,721,468	83.2%	8,705,067	(2,983,599)	-34.3%
Charges for Current Services	129,568,466	126,942,634	77,950,648	61.4%	77,093,642	857,006	1.1%
Other Revenue	4,640,002	7,940,002	5,899,311	74.3%	3,399,693	2,499,618	73.5%
Transfers	93,632,574	96,265,026	28,689,930	29.8%	25,333,146	3,356,784	13.3%
Total General Fund Revenue[1]	**$ 1,281,877,509**	**$ 1,285,184,129**	**$ 710,082,000**	**55.3%**	**$ 710,182,182**	**$ (100,182)**	**0.0%**
Expenditures							
Personnel Services	$ 522,410,987	$ 522,443,227	$ 386,828,045	74.0%	$ 373,903,187	$ 12,924,858	3.5%
Total PE	522,410,987	522,443,227	386,828,045	74.0%	373,903,187	12,924,858	3.5%
Fringe Benefits	356,276,518	356,276,518	261,633,129	73.4%	255,571,927	6,061,202	2.4%
Supplies	28,678,923	30,088,039	22,249,837	73.9%	20,465,688	1,784,149	8.7%
Contracts	220,344,656	219,828,657	151,068,317	68.7%	120,048,120	31,020,197	25.8%
Information Technology	26,840,832	27,713,114	12,818,561	46.3%	16,182,856	(3,364,295)	-20.8%
Energy & Utilities	47,096,343	44,220,023	26,295,447	59.5%	30,362,905	(4,067,458)	-13.4%
Capital Expenditure	5,817,232	4,185,035	986,159	23.6%	717,267	268,892	37.5%
Debt	3,676,997	3,676,997	2,978,453	81.0%	2,476,487	501,966	20.3%
Other Expenditures	5,596,188	5,551,193	2,725,074	49.1%	4,053,700	(1,328,626)	-32.8%
Transfers	71,300,353	77,362,846	63,297,187	81.8%	51,978,330	11,318,857	21.8%
Total NPE	765,628,042	768,902,422	544,052,164	70.8%	501,857,280	42,194,884	8.4%
Total General Fund Expenditures[1]	**$ 1,288,039,029**	**$ 1,291,345,649**	**$ 930,880,209**	**72.1%**	**$ 875,760,467**	**$ 55,119,742**	**6.3%**
General Fund Encumbrances			66,936,842		49,689,559	17,247,283	
Net Impact	**$ (6,161,520)**	**$ (6,161,520)**	**$ (287,735,051)**		**$ (215,267,844)**	**$ (72,467,207)**	

[1] Includes adjustments made in future periods due to Fiscal Year 2015 departmental restructures

Schedule 1

General Fund Revenue Status Report
As of Period 9, Ended March 31, 2016 (75% Completed)
(Unaudited)

	FY16 Year-to-Date Revenue	FY16 Current Budget	FY16 % of Current Budget	FY15 Year-to-Date Revenue	FY16/FY15 Change	FY16/FY15 % Change
Property Taxes	$ 268,783,187	$ 470,068,579	57.2%	$ 262,504,874	$ 6,278,313	2.4%
Sales Taxes	130,076,647	285,770,943	45.5%	148,253,107	(18,176,460)	-12.3%
Transient Occupancy Taxes	69,407,893	102,163,864	67.9%	62,603,637	6,804,256	10.9%
Property Transfer Taxes	5,701,424	8,371,562	68.1%	4,612,572	1,088,852	23.6%
Licenses & Permits						
Business Taxes	5,595,904	7,577,368	73.9%	5,731,126	(135,222)	-2.4%
Rental Unit Taxes	6,367,777	7,271,794	87.6%	6,446,655	(78,878)	-1.2%
Alarm Permit Fees	1,978,522	2,876,016	68.8%	2,127,110	(148,588)	-7.0%
Application Fees	1,917,023	2,310,000	83.0%	1,982,539	(65,516)	-3.3%
Other Licenses & Permits	3,363,723	4,060,247	82.8%	3,302,521	61,202	1.9%
Total Licenses & Permits	19,222,949	24,095,425	79.8%	19,589,951	(367,002)	-1.9%
Fines & Forfeitures						
Parking Citations	13,794,210	19,899,278	69.3%	13,342,042	452,168	3.4%
Municipal Court	3,347,996	6,157,700	54.4%	3,659,715	(311,719)	-8.5%
Other Fines & Forfeitures	2,409,161	3,627,500	66.4%	2,760,469	(351,308)	-12.7%
Total Fines & Forfeitures	19,551,367	29,684,478	65.9%	19,762,226	(210,859)	-1.1%
Interest & Dividends	283,152	462,262	61.3%	135,473	147,679	109.0%
Franchises						
SDG&E	24,290,934	48,453,842	50.1%	25,252,208	(961,274)	-3.8%
CATV	9,172,962	18,640,103	49.2%	9,469,907	(296,945)	-3.1%
Refuse Collection	5,384,393	9,600,000	56.1%	5,196,032	188,361	3.6%
Other Franchises	3,631,679	4,076,000	89.1%	3,637,252	(5,573)	-0.2%
Total Franchises	42,479,968	80,769,945	52.6%	43,555,399	(1,075,431)	-2.5%
Rents & Concessions						
Mission Bay	19,600,419	28,657,723	68.4%	19,439,841	160,578	0.8%
Pueblo Lands	4,156,675	5,530,383	75.2%	4,240,633	(83,958)	-2.0%
Other Rents and Concessions	12,556,962	11,587,511	108.4%	10,952,921	1,604,041	14.6%
Total Rents & Concessions	36,314,056	45,775,617	79.3%	34,633,395	1,680,661	4.9%
Revenue from Other Agencies	5,721,468	6,873,792	83.2%	8,705,067	(2,983,599)	-34.3%
Charges for Current Services	77,950,648	126,942,634	61.4%	77,093,642	857,006	1.1%
Other Revenue	5,899,311	7,940,002	74.3%	3,399,693	2,499,618	73.5%
Transfers	28,689,930	96,265,026	29.8%	25,333,146	3,356,784	13.3%
Total General Fund Revenue[1]	$ 710,082,000	$ 1,285,184,129	55.3%	$ 710,182,182	$ (100,182)	0.0%

[1] Includes adjustments made in future periods due to Fiscal Year 2015 departmental restructures

General Fund Expenditure Status Report
As of Period 9, Ended March 31, 2016 (75% Completed)
(Unaudited)

	FY16 Year-to-Date Expenditure	FY16 Current Budget	% Consumed	FY15 Year-to-Date Expenditure	FY16/FY15 Change	FY16/FY15 % Change
Mayor						
Office of the Mayor	**$ 3,157,751**	$ 4,305,649	73.3%	$ 3,032,233	$ 125,518	4.1%
Performance & Analytics	**1,286,903**	1,968,094	65.4%	907,526	379,377	41.8%
Chief Operating Officer						
Office of Chief Operating Officer	**756,963**	1,043,163	72.6%	690,633	66,330	9.6%
Communications	**2,520,730**	3,563,052	70.7%	808,032	1,712,698	212.0%
Public Safety						
Fire-Rescue	**172,283,924**	229,277,249	75.1%	167,451,436	4,832,488	2.9%
Police	**321,230,850**	435,559,891	73.8%	312,458,234	8,772,616	2.8%
Office of Homeland Security	**1,594,987**	2,333,408	68.4%	1,559,068	35,919	2.3%
Office of the Chief Financial Officer						
City Comptroller	**8,351,217**	11,111,938	75.2%	8,161,151	190,066	2.3%
City Treasurer	**10,526,290**	16,259,232	64.7%	10,431,489	94,801	0.9%
Citywide Program Expenditures	**66,918,958**	95,409,808	70.1%	61,858,921	5,060,037	8.2%
Debt Management	**1,852,579**	2,758,828	67.2%	1,871,924	(19,345)	-1.0%
Financial Management	**2,889,772**	4,394,566	65.8%	2,956,217	(66,445)	-2.2%
Office of the Chief Financial Officer	**372,239**	580,839	64.1%	372,477	(238)	-0.1%
Office of the Assistant COO						
Office of the Assistant Chief Operating Officer	**1,269,562**	1,805,645	70.3%	784,131	485,431	61.9%
Infrastructure & Public Works						
Environmental Services	**25,469,055**	36,634,631	69.5%	24,391,935	1,077,120	4.4%
Public Utilities	**1,587,693**	2,549,736	62.3%	1,650,382	(62,689)	-3.8%
Public Works	**507,875**	1,105,896	45.9%	852,956	(345,081)	-40.5%
Public Works - Contracting	**1,402,984**	2,158,822	65.0%	1,441,279	(38,295)	-2.7%
Public Works - General Services	**19,813,405**	26,507,783	74.7%	12,972,496	6,840,909	52.7%
Transportation & Storm Water	**92,074,389**	130,662,333	70.5%	70,317,290	21,757,099	30.9%
Internal Operations						
Internal Operations	**297,488**	396,361	75.1%	296,941	547	0.2%
Department of Information Technology	**18,642**	500,000	3.7%	47,861	(29,219)	-61.0%
Human Resources	**2,344,895**	3,268,272	71.7%	2,315,503	29,392	1.3%
Purchasing & Contracting	**3,985,652**	7,612,535	52.4%	3,881,507	104,145	2.7%
Real Estate Assets	**3,522,649**	6,181,599	57.0%	3,080,111	442,538	14.4%

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Schedule 2 (cont.)

	FY16 Year-to-Date Expenditure	FY16 Current Budget	% Consumed	FY15 Year-to-Date Expenditure	FY16/FY15 Change	FY16/FY15 % Change
Neighborhood Services						
Neighborhood Services	**671,069**	857,024	78.3%	586,428	84,641	14.4%
Development Services	**4,593,182**	6,991,059	65.7%	4,867,451	(274,269)	-5.6%
Planning	**6,756,374**	10,323,118	65.4%	5,557,573	1,198,801	21.6%
Economic Development	**7,285,250**	13,823,681	52.7%	8,469,868	(1,184,618)	-14.0%
Library	**34,908,077**	49,340,258	70.7%	34,135,620	772,457	2.3%
Park & Recreation	**73,245,917**	103,165,659	71.0%	71,755,375	1,490,542	2.1%
Non-Mayoral						
City Attorney	**35,009,610**	46,709,688	75.0%	34,026,979	982,631	2.9%
City Auditor	**2,427,708**	3,717,660	65.3%	2,243,138	184,570	8.2%
City Clerk	**3,818,413**	5,397,361	70.7%	3,847,412	(28,999)	-0.8%
Council Administration	**1,575,280**	2,059,166	76.5%	1,342,690	232,590	17.3%
City Council - District 1	**750,922**	1,140,665	65.8%	675,067	75,855	11.2%
City Council - District 2	**734,264**	1,158,900	63.4%	953,872	(219,608)	-23.0%
City Council - District 3	**858,828**	1,277,780	67.2%	881,405	(22,577)	-2.6%
City Council - District 4	**638,015**	1,099,734	58.0%	742,628	(104,613)	-14.1%
City Council - District 5	**718,561**	1,263,804	56.9%	768,521	(49,960)	-6.5%
City Council - District 6	**698,546**	1,210,943	57.7%	642,386	56,160	8.7%
City Council - District 7	**753,595**	1,201,922	62.7%	790,847	(37,252)	-4.7%
City Council - District 8	**760,532**	1,182,935	64.3%	794,894	(34,362)	-4.3%
City Council - District 9	**756,610**	1,159,873	65.2%	741,065	15,545	2.1%
Ethics Commission	**822,729**	1,047,777	78.5%	682,903	139,826	20.5%
Office of the IBA	**1,350,940**	1,833,176	73.7%	1,322,661	28,279	2.1%
Personnel	**5,708,335**	7,434,136	76.8%	5,339,951	368,384	6.9%
Total General Fund Expenditures[1]	**$ 930,880,209**	**$ 1,291,345,649**	**72.1%**	**$ 875,760,467**	**$ 55,119,742**	**6.3%**

[1] Includes adjustments made in future periods due to Fiscal Year 2015 departmental restructures

Schedule 2a

Citywide Program Expenditure Status Report
As of Period 9, Ended March 31, 2016 (75% Completed)
(Unaudited)

	FY16 Year-to-Date Expenditure	FY16 Current Budget	% Consumed	FY15 Year-to-Date Expenditure	FY16/FY15 Change	FY16/FY15 % Change
Citywide Program Expenditures						
Animal Services	$ 6,782,544	$ 8,956,214	75.7%	-	$ 6,782,544	100.0%
Assessments To Public Property	155,348	732,096	21.2%	577,336	(421,988)	-73.1%
Business Cooperation Program	-	-	0.0%	13,108	(13,108)	-100.0%
Citywide Elections	18,826	4,173,583	0.5%	124,481	(105,655)	-84.9%
Corporate Master Leases Rent	8,671,620	10,440,662	83.1%	5,424,649	3,246,971	59.9%
Deferred Capital Debt Service	15,248,736	20,973,772	72.7%	11,992,062	3,256,674	27.2%
Engineering and Capital Projects	79,521	250,000	31.8%	387,136	(307,615)	-79.5%
Insurance	1,492,804	2,382,768	62.6%	1,631,509	(138,705)	-8.5%
McGuigan Settlement	-	-	0.0%	8,007,669	(8,007,669)	-100.0%
Memberships	687,472	735,000	93.5%	721,418	(33,946)	-4.7%
Preservation of Benefits	54,044	1,500,000	3.6%	1,000,000	(945,956)	-94.6%
Property Tax Administration	232,472	4,209,630	5.5%	226,019	6,453	2.9%
Public Liability Claims Xfer-Claims Fund	21,700,000	18,600,000	116.7%	14,506,208	7,193,792	49.6%
Public Liab Claims Xfer-Reserves	5,800,000	5,800,000	0.0%	12,800,000	(7,000,000)	-54.7%
Public Use Leases	1,582,144	1,582,144	100.0%	1,582,144	-	0.0%
Special Consulting Services	1,340,271	2,981,255	45.0%	906,874	433,397	47.8%
Supplemental COLA Benefit	1,599,656	1,710,782	93.5%	1,569,308	30,348	1.9%
Transfer to Capital Improvement Program	1,265,000	1,265,000	100.0%	250,000	1,015,000	406.0%
Transfer to Park Improvement Funds	-	8,657,723	0.0%	-	-	0.0%
Transportation Subsidy	208,500	459,179	45.4%	139,000	69,500	50.0%
Total Citywide Program Expenditures	$ 66,918,958	$ 95,409,808	70.1%	$ 61,858,921	$ 5,060,037	8.2%

Schedule 2b

Council Districts Expenditure Status Report
As of Period 9, Ended March 31, 2016 (75% Completed)
(Unaudited)

	FY16 Year-to-Date Expenditure	Adopted Budget	FY16 Current Budget	FY16 Budget Change	% Consumed	FY15 Year-to-Date Expenditure	FY16/FY15 Change	FY16/FY15 % Change
Council District 1	$ 734,779	$ 1,065,841	$ 1,065,841	$ -	68.9%	$ 675,043	$ 59,736	8.8%
District 1 CPPS	16,143	78,653	74,824	(3,829)	20.5%	24	16,119	67162.5%
Total Council District 1	750,922	1,144,494	1,140,665	(3,829)	65.8%	675,067	75,855	11.2%
Council District 2	742,591	1,096,968	1,096,802	(166)	67.7%	878,340	(135,749)	-15.5%
District 2 CPPS	(8,327)	90,149	62,098	(28,051)	-9.2%	75,532	(83,859)	-111.0%
Total Council District 2	734,264	1,187,117	1,158,900	(28,217)	63.4%	953,872	(219,608)	-23.0%
Council District 3	862,277	1,226,435	1,226,435	-	70.3%	876,735	(14,458)	-1.6%
District 3 CPPS	(3,449)	76,851	51,345	(25,506)	-4.5%	4,670	(8,119)	-173.9%
Total Council District 3	858,828	1,303,286	1,277,780	(25,506)	67.2%	881,405	(22,577)	-2.6%
Council District 4	636,654	1,065,776	1,065,776	-	59.7%	744,773	(108,119)	-14.5%
District 4 CPPS	1,361	63,581	33,958	(29,623)	2.1%	(2,145)	3,506	-163.4%
Total Council District 4	638,015	1,129,357	1,099,734	(29,623)	58.0%	742,628	(104,613)	-14.1%
Council District 5	712,359	1,065,628	1,065,628	-	66.8%	639,363	72,996	11.4%
District 5 CPPS	6,202	202,276	198,176	(4,100)	3.1%	129,158	(122,956)	-95.2%
Total Council District 5	718,561	1,267,904	1,263,804	(4,100)	56.9%	768,521	(49,960)	-6.5%
Council District 6	692,586	1,065,761	1,065,761	-	65.0%	647,642	44,944	6.9%
District 6 CPPS	5,960	196,954	145,182	(51,772)	3.0%	(5,256)	11,216	-213.4%
Total Council District 6	698,546	1,262,715	1,210,943	(51,772)	57.7%	642,386	56,160	8.7%
Council District 7	753,595	1,131,197	1,131,197	-	66.6%	793,347	(39,752)	-5.0%
District 7 CPPS	-	90,725	70,725	(20,000)	-	(2,500)	2,500	-100.0%
Total Council District 7	753,595	1,221,922	1,201,922	(20,000)	62.7%	790,847	(37,252)	-4.7%
Council District 8	766,120	1,117,617	1,117,617	-	68.5%	796,107	(29,987)	-3.8%
District 8 CPPS	(5,588)	67,391	65,318	(2,073)	-8.3%	(1,213)	(4,375)	360.7%
Total Council District 8	760,532	1,185,008	1,182,935	(2,073)	64.3%	794,894	(34,362)	-4.3%
Council District 9	735,084	1,065,774	1,065,774	-	69.0%	704,277	30,807	4.4%
District 9 CPPS	21,526	108,720	94,099	(14,621)	19.8%	36,788	(15,262)	-41.5%
Total Council District 9	756,610	1,174,494	1,159,873	(14,621)	65.2%	741,065	15,545	2.1%
Total Council Districts	$ 6,669,873	$ 10,876,297	$ 10,696,556	$ (179,741)	61.3%	$ 6,990,685	$ (320,812)	-4.6%

Schedule 3

Other Budgeted Funds Revenue Status Report
As of Period 9, Ended March 31, 2016 (75% Completed)
(Unaudited)

	FY16 Year-to-Date Revenue	FY16 Current Budget	FY16 % of Current Budget	FY15 Year-to-Date Revenue	FY16/FY15 Change	FY16/FY15 % Change
Airports Fund	$ 3,417,505	$ 4,881,882	70.0%	$ 3,340,317	$ 77,188	2.3%
Automated Refuse Container Fund	768,886	1,000,000	76.9%	601,091	167,795	27.9%
Central Stores Internal Service Fund	7,025,093	13,307,156	52.8%	7,914,244	(889,151)	-11.2%
Concourse and Parking Garages Operating Fund	3,306,230	3,774,659	87.6%	2,431,137	875,093	36.0%
Convention Center Complex Funds	13,230,794	13,207,993	100.2%	13,782,679	(551,885)	-4.0%
Development Services Fund	44,652,266	52,063,381	85.8%	40,584,426	4,067,840	10.0%
Energy Conservation Program Fund	2,060,462	2,252,875	91.5%	2,371,757	(311,295)	-13.1%
Engineering and Capital Projects	50,325,347	75,734,886	66.4%	44,954,669	5,370,678	11.9%
Environmental Growth Fund 1/3	2,716,934	5,392,760	50.4%	2,819,365	(102,431)	-3.6%
Environmental Growth Fund 2/3	5,421,476	10,792,521	50.2%	5,628,172	(206,696)	-3.7%
Facilities Financing Fund	1,578,781	2,185,240	72.2%	1,239,378	339,403	27.4%
Fire/Emergency Medical Services Fund	9,285,105	11,572,242	80.2%	8,540,442	744,663	8.7%
Fire and Lifeguard Facilities Fund	1,381,634	1,380,370	100.1%	1,381,213	421	0.0%
Fleet Services Funds	55,850,740	73,492,639	76.0%	53,364,234	2,486,506	4.7%
Gas Tax Fund	14,394,608	22,804,978	63.1%	16,012,553	(1,617,945)	-10.1%
GIS Fund	1,550,415	1,743,644	88.9%	1,677,219	(126,804)	-7.6%
Golf Course Fund	13,814,074	18,260,747	75.6%	14,462,897	(648,823)	-4.5%
Information Technology Fund	12,718,581	12,723,508	100.0%	8,682,830	4,035,751	46.5%
Junior Lifeguard Program Fund	587,232	595,591	98.6%	504,831	82,401	16.3%
Los Penasquitos Canyon Preserve Fund	144,250	186,000	77.6%	29,244	115,006	393.3%
Maintenance Assessment District (MAD) Funds	16,879,385	23,092,894	73.1%	17,771,478	(892,093)	-5.0%
Mission Bay/Balboa Park Improvement Fund	1,419,855	2,125,000	66.8%	1,309,607	110,248	8.4%
Mission Bay Improvement Fund	75,235	6,157,723	1.2%	38,631	36,604	94.8%
New Convention Facility Fund	3,402,611	3,405,000	99.9%	3,399,910	2,701	0.1%
OneSD Support Fund	26,615,555	26,525,692	100.3%	19,932,319	6,683,236	33.5%
Parking Meter Operations	8,023,239	10,197,852	78.7%	7,146,557	876,682	12.3%
PETCO Park Fund	16,063,014	15,207,773	105.6%	15,558,485	504,529	3.2%
Prop 42 Replacement - Transportation Relief Fund	4,950,926	6,233,477	79.4%	9,723,364	(4,772,438)	-49.1%
Public Art Fund	222,365	154,643	143.8%	440,181	(217,816)	-49.5%
Public Safety Needs & Debt Service Fund	6,015,016	9,159,111	65.7%	6,076,228	(61,212)	-1.0%
Publishing Services Internal Fund	2,386,616	3,221,261	74.1%	2,537,456	(150,840)	-5.9%
QUALCOMM Stadium Operating Fund	14,762,369	17,957,446	82.2%	12,878,581	1,883,788	14.6%

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Schedule 3 (cont.)

	FY16 Year-to-Date Revenue	FY16 Current Budget	FY16 % of Current Budget	FY15 Year-to-Date Revenue	FY16/FY15 Change	FY16/FY15 % Change
Recycling Fund	**$ 13,662,774**	$ 20,637,651	66.2%	$ 13,289,569	$ 373,205	2.8%
Refuse Disposal Funds	**24,078,610**	30,638,650	78.6%	22,015,276	2,063,334	9.4%
Regional Park Improvements Fund	**39,465**	2,500,000	1.6%	29,215	10,250	35.1%
Risk Management Fund [1]	**7,918,538**	10,558,878	75.0%	943,665	6,974,873	739.1%
Seized and Forfeited Assets Funds	**1,589,814**	1,200,000	132.5%	305,518	1,284,296	420.4%
Solid Waste Local Enforcement Agency Fund	**576,596**	786,417	73.3%	593,714	(17,118)	-2.9%
State COPS [2]	**6,183,565**	4,609,706	134.1%	-	6,183,565	100.0%
Storm Drain Fund	**3,598,581**	5,700,000	63.1%	3,873,489	(274,908)	-7.1%
Transient Occupancy Tax Fund	**62,291,692**	92,951,240	67.0%	56,291,323	6,000,369	10.7%
TransNet Extension Funds	**42,148,268**	32,007,000	131.7%	15,696,529	26,451,740	168.5%
Trolley Extension Reserve Fund	**253,974**	1,071,728	23.7%	254,058	(84)	0.0%
Underground Surcharge Fund	**34,674,662**	63,388,541	54.7%	34,828,354	(153,692)	-0.4%
Wastewater Department Funds	**269,494,196**	403,337,222	66.8%	278,303,012	(8,808,816)	-3.2%
Water Department Funds	**284,417,576**	501,763,491	56.7%	316,055,073	(31,637,497)	-10.0%
Wireless Communication Technology Fund	**6,457,951**	6,622,249	97.5%	8,236,767	(1,778,816)	-21.6%
Zoological Exhibits Maintenance Fund	**7,097,095**	11,777,761	60.3%	6,782,748	314,347	4.6%

[1] Contributions collected during the year are being transferred to the fund monthly in Fiscal Year 2016. In Fiscal Year 2015, the transfer was only made at year end.

[2] New fund in Fiscal Year 2016.

Schedule 4

Other Budgeted Funds Expenditure Status Report
As of Period 9, Ended March 31, 2016 (75% Completed)
(Unaudited)

	FY16 Year-to-Date Expenditures	FY16 Current Budget	% Consumed	FY15 Year-to-Date Expenditures	FY16/FY15 Change	FY16/FY15 % Change
Airports Fund	$ 2,741,564	$ 5,301,907	51.7%	$ 2,227,443	$ 514,121	23.1%
Automated Refuse Container Fund	649,469	1,100,000	59.0%	464,697	184,772	39.8%
Central Stores Internal Service Fund	6,718,527	13,307,156	50.5%	7,631,527	(913,000)	-12.0%
Concourse and Parking Garages Operating Fund	1,323,093	4,439,017	29.8%	1,139,075	184,018	16.2%
Convention Center Complex Funds	12,963,451	13,803,450	93.9%	13,125,927	(162,475)	-1.2%
Development Services Fund	41,208,132	55,309,067	74.5%	38,265,908	2,942,224	7.7%
Energy Conservation Program Fund	1,691,640	2,622,983	64.5%	1,832,708	(141,068)	-7.7%
Engineering and Capital Projects	49,693,326	75,734,886	65.6%	46,948,415	2,744,911	5.8%
Environmental Growth Fund 1/3	1,857,444	3,942,458	47.1%	2,088,464	(231,020)	-11.1%
Environmental Growth Fund 2/3	-	10,456,488	0.0%	3,413	(3,413)	-100.0%
Facilities Financing Fund	1,573,441	2,185,240	72.0%	1,313,978	259,463	19.7%
Fire/Emergency Medical Services Fund	5,935,584	11,840,947	50.1%	6,218,334	(282,750)	-4.5%
Fire and Lifeguard Facilities Fund	690,253	1,426,582	48.4%	1,386,526	(696,273)	-50.2%
Fleet Services Funds	60,869,327	153,180,654	39.7%	44,766,159	16,103,169	36.0%
Gas Tax Fund	16,161,398	27,466,639	58.8%	15,517,480	643,918	4.1%
GIS Fund	1,554,212	2,062,574	75.4%	1,603,934	(49,722)	-3.1%
Golf Course Fund	12,013,403	16,802,439	71.5%	12,677,828	(664,425)	-5.2%
Information Technology Fund	7,747,825	13,363,897	58.0%	5,893,796	1,854,029	31.5%
Junior Lifeguard Program Fund	456,301	595,591	76.6%	436,531	19,770	4.5%
Los Penasquitos Canyon Preserve Fund	168,338	226,846	74.2%	169,192	(854)	-0.5%
Maintenance Assessment District (MAD) Funds	14,777,630	36,001,704	41.0%	15,924,422	(1,146,792)	-7.2%
Mission Bay/ Balboa Park Improvement Fund	1,720,721	2,128,526	80.8%	1,876,957	(156,236)	-8.3%
New Convention Facility Fund	3,405,000	3,405,000	100.0%	3,405,000	-	0.0%
OneSD Support Fund	13,374,791	25,441,074	52.6%	11,641,167	1,733,624	14.9%
Parking Meter Operations	2,429,878	10,197,852	23.8%	1,729,505	700,373	40.5%
PETCO Park Fund	16,419,389	16,353,469	100.4%	15,848,033	571,356	3.6%
Police Decentralization Fund	2,458,813	2,458,813	100.0%	2,500,847	(42,034)	-1.7%
Prop 42 Replacement - Transportation Relief Fund	6,701,296	26,595,287	25.2%	4,035,438	2,665,858	66.1%
Public Art Fund	60,490	342,034	17.7%	72,457	(11,967)	-16.5%
Public Safety Needs & Debt Service Fund	1,380,369	9,159,111	15.1%	1,379,719	650	0.0%
Publishing Services Internal Fund	2,378,940	3,666,496	64.9%	2,453,938	(74,998)	-3.1%
QUALCOMM Stadium Operating Fund	14,625,212	19,347,918	75.6%	12,584,333	2,040,879	16.2%

Continued on Next Page

Schedule 4 (cont.)

	FY16 Year-to-Date Expenditures	FY16 Current Budget	% Consumed	FY15 Year-to-Date Expenditures	FY16/FY15 Change	FY16/FY15 % Change
Recycling Fund	**$ 14,556,747**	$ 22,874,778	63.6%	$ 13,673,098	$ 883,649	6.5%
Refuse Disposal Funds	**21,676,501**	32,253,513	67.2%	21,305,403	371,098	1.7%
Risk Management Fund	**6,664,240**	10,558,878	63.1%	7,237,244	(573,004)	-7.9%
Seized and Forfeited Assets Funds	**692,036**	1,809,671	38.2%	877,056	(185,020)	-21.1%
Solid Waste Local Enforcement Agency Fund	**500,988**	766,313	65.4%	557,465	(56,477)	-10.1%
State COPS[1]	**3,983,511**	4,609,706	86.4%	-	3,983,511	100.0%
Storm Drain Fund	**4,268,125**	5,700,000	74.9%	4,271,112	(2,987)	-0.1%
Transient Occupancy Tax Fund	**45,963,425**	97,443,953	47.2%	46,350,651	(387,226)	-0.8%
TransNet Extension Funds	**9,943,755**	13,177,479	75.5%	8,516,896	1,426,859	16.8%
Trolley Extension Reserve Fund	**909,855**	1,089,225	83.5%	1,062,443	(152,588)	-14.4%
Underground Surcharge Fund	**17,538,015**	58,388,541	30.0%	22,611,322	(5,073,307)	-22.4%
Wastewater Department Funds	**168,658,111**	366,869,239	46.0%	177,342,642	(8,684,531)	-4.9%
Water Department Funds	**285,940,601**	505,811,690	56.5%	299,815,437	(13,874,836)	-4.6%
Wireless Communication Technology Fund	**5,706,053**	8,149,464	70.0%	5,909,568	(203,515)	-3.4%
Zoological Exhibits Maintenance Fund	**5,085,762**	11,777,761	43.2%	4,801,890	283,872	5.9%

[1] New fund in Fiscal Year 2016.