

COUNCIL DOCKET OF _____

Supplemental Adoption Consent Unanimous Consent Rules Committee Consultant Review

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Recommended Fiscal Year 2008 Mid-Year Budget Adjustments

Reviewed Initiated By Budget On 1/30/07 ^{B.M.-E.K.} Item No. 2

RECOMMENDATION TO:

Forward the requested budget adjustments to the full City Council in early March based on seven periods of financial data to be provided to the Council by the CFO, as well as responses from the CFO to the concerns raised on page 14 of the IBA's January 30, 2008, report.

VOTED YEA: Atkins, Frye, Faulconer, Hueso

VOTED NAY:

NOT PRESENT: Madaffer

CITY CLERK: Please reference the following reports on the City Council Docket:

REPORT TO THE CITY COUNCIL NO.

INDEPENDENT BUDGET ANALYST NO. 08-10

COUNCIL COMMITTEE CONSULTANT ANALYSIS NO.

OTHER:

Independent Budget Analyst's January 30, 2008, PowerPoint

COUNCIL COMMITTEE CONSULTANT

John Kelly Breckhead

009737



BUDGET JAN 30 2008 #2

THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: January 29, 2008

IBA Report Number: 08-10

Budget and Finance Committee Date: January 30, 2008

Item Number: 2

Review of Fiscal Year 2008 Mid-Year Budget Monitoring Report

OVERVIEW

The Chief Financial Officer issued the Fiscal Year 2008 Mid-Year Budget Monitoring Report on January 23, 2008, which describes the current status of revenues and expenditures, and year-end projections of revenues and expenditures, based on actual (unaudited) data from July 1, 2007 through November 16, 2007.

The report notes that the impacts associated with the Soledad Mountain Road landslide and the Southern California wildfires have been analyzed, and increased costs necessitate budget adjustments to ensure the General Fund budget remains in balance.

The IBA reviewed the Mid-Year Report, comparing information to the Auditor's recent Monthly Financial Report, and also reviewed issues that were identified during the development of the budget, and at the time of the First Quarter Monitoring Report.

In summary, this report offers supplementary information to explain departmental projections, and recommends holding off on requested budgetary adjustments, including any action with respect to the reserves at this point in time. We further suggest an updated mid-year review based on seven periods of actual data be provided to the full Council by the end of February or early March, and necessary actions be taken at that time. While we are supportive of balancing departmental budgets impacted by costs related to the wildfires (Police, Fire, and Environmental Services), we were not able to clearly identify these impacts for this fiscal year in the Mid-Year report.



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FISCAL/POLICY DISCUSSION

Issues Related to Budget Monitoring and Adjustment Process

We have noted in recent reports (Year-End Status and First Quarter Monitoring) the importance of providing the Council with as accurate and up-to-date budget information as possible through current year budget monitoring and reporting. This was accentuated with the Comptroller's release of the "End of the Year results for Fiscal Year 2007" which reported an unexpected windfall of \$40 million, increasing the General Fund reserve. While a positive result this time for the reserves, accuracy in the budget process should be the overriding goal.

A review and update of expenditure and revenue allocations is critical at key junctures throughout the year. Fiscal Year 2008 budget allocations were developed in early 2007 in preparation for the release of the Mayor's Proposed Budget in April 2007, and some minor technical modifications were made in May 2007. The annual budget is only an expenditure plan for the upcoming year based on the best information available at the time. Actual experience is what clearly defines the budget throughout the course of the year.

Budget projections based on information in the first quarter are naturally not as meaningful as those provided later in the year as significant expenditure and revenue collections occur. For instance, post holiday sales tax receipts received by the City in March can alter revenue projections significantly, as can the first installment of property tax receipts which become available in late December. Similar patterns exist on the expenditure side. It can be a challenge to balance timely reporting with the ebb and flow of information and the staff time required for analysis.

Additional information on the impact of the wildfires alone resulted in a wide swing in projections between the First Quarter and Mid-Year Reports, as shown in the chart below:

General Fund Status Fiscal Year 2008			
	FY 2008 Revised Budget	FY 2008 Year-End Projection (First Quarter)	FY 2008 Year-End Projection (Mid-Year)
Revenues	\$1,106,330,952	\$1,100,949,582	\$1,107,591,168
Expenditures	1,115,999,292	1,097,904,014	1,126,225,250
Net Balance	(\$9,668,340)	\$3,045,568	(\$21,634,082)

We would also point out that this year's Mid-Year projections are based on 4.5 months of actual experience (July 1 through November 16) rather than six months as called for in Council Policy 000-20. Last year's Mid-Year review reflected data through mid-December.

This Council Policy, entitled "Annual Council Programming", last amended in February 2005, specifies that **"No later than the third week in January, the City Manager shall present to the Mayor and City Council the Financial Status and Forecast Report.** This report shall be a more in-depth, comprehensive overview of current year fiscal status, and shall also contain more refined expenditure and revenue forecasts for the upcoming fiscal year, **based on the availability of 6 months of current year expenditure and revenue data."**

It is highly unlikely that projections reflective of data covering six months of actual experience could be developed and reported to the City Council by the third week of January. To get to Budget and Finance Committee by January 30th, this monitoring report could only reflect 4.5 months of actuals due to a two month process for analysis and report writing. Unless this process can be compressed, a report reflective of six months of actuals, which is preferable, would likely not be available until late February/early March. **The Budget & Finance Committee should explore with the Mayor's Office how this process and related timing could be refined and the Council Policy revised, so that the Mid-Year Report could be based on six months of actual experience.** Pushing the Mid-Year Report back several weeks may be a worthwhile tradeoff for better data.

Finally, we would note that the Mid-Year Report requests a net appropriation of \$8.7 million from the unallocated reserve (as detailed in the chart) to cover projected deficits in seven service areas. (Not all departments projecting a deficit are recommended for adjustment at this time.)

Appropriation Adjustment Requested in Mid-Year	
(in millions)	
Total Deficit in Departments identified for Adjustment	(\$17.3)
Revenue previously appropriated for ESD (January)	\$3.0
Expenditure Adjustment Requested	(\$14.3)
Revenue Adjustment Requested	\$5.6
Net Adjustment (Reserves)	(\$8.7)

The report further states that several departments are projected to be under budget at year-end by \$6.4 million. Attachment 1 summarizes the projected deficits and surpluses by department. The reserves request for balancing the budget at mid-year does not take into consideration all of these projected savings. Also, it is our understanding that the request does not take into consideration the current projection of excess revenue totaling \$1.2 million, nor does it appear to include the proposed repayments to the Development Services Enterprise Fund and the Recycling and Refuse Disposal Funds of \$1.3 million, for disaster-related expenses.

If all of these items are considered as offsets to the projected deficits, the reserves request would be reduced to \$3.4 million, as indicated in the chart.

For all of the reasons discussed above, we recommend no action at this time on the requested budget adjustments.

We further recommend an updated Mid-Year Review based on seven periods be provided to the full Council in late February or early March and that necessary actions be taken at that time.

Possible Alternative Appropriation Adjustment	
(in millions)	
Total Departments Projecting a Deficit	
Departments identified for Adjustment	(\$17.3)
Other Departments not identified for Adjustment	(\$1.1)
Transfer identified to reimburse NGF	(\$1.3)
Revenue previously appropriated for ESD (January)	\$3.0
Total Departments projecting a Surplus	\$6.4
Projected overbudget revenue	\$1.3
Revenue adjustment requested	\$5.6
Net Adjustment	(\$3.4)

General Fund Expenditures

The following chart combines the actual prior year expenditure activity, along with the FY 2008 Revised Budget, the FY 2008 Actual Expended and Encumbered (to date), and the FY 2008 Year-End Projections based on first quarter data and the Mid-Year Report. By consolidating this information, one can easily compare changes over last year.

GENERAL FUND EXPENDITURE STATUS AS OF NOVEMBER 16, 2007

FY 2008 Mid-Year Report (Period 5; 38% of year)

Account Group	FY 2007 Actual Expenditures	FY 2008 Revised Budget	Actual Y-T-D Expended Plus Encumbrances	% of Budget Expended	FY 2008 Year-End Projection (First Quarter)	FY 2008 Year-End Projection (Mid-Year)	Surplus/ (Deficit)
Salaries	\$ 461,211,470	\$ 499,191,888	\$ 187,542,374	38%	\$ 486,123,972	\$ 495,430,521	\$ 3,761,367
Fringe Benefits	254,201,849	271,645,420	100,396,468	37%	277,359,187	279,011,093	\$ (7,365,673)
Supplies & Services	218,782,282	272,087,565	107,757,292	40%	258,398,978	280,890,429	\$ (8,802,864)
Data Processing	33,103,746	37,074,493	10,627,409	29%	39,329,630	36,015,740	\$ 1,058,753
Energy/Utilities	29,708,573	25,791,406	10,628,585	41%	26,303,701	26,165,555	\$ (374,149)
Outlay	13,888,764	10,208,520	2,779,916	27%	10,388,546	10,406,215	\$ (197,695)
TOTAL	\$ 1,010,896,684	\$ 1,115,999,292	\$ 419,732,044	38%	\$ 1,097,904,014	\$ 1,127,919,553	\$ (11,920,261)
					Add Reimbursements to Non-General Funds:	\$ 1,129,225,253	\$ (13,225,961)

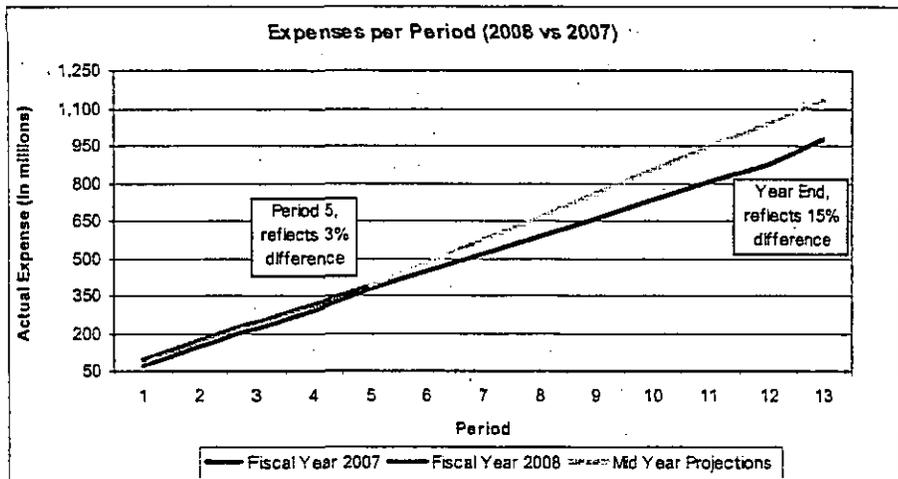
*Source of FY 2007 Actual (Unaudited) data: City Comptroller's Year-End and Charter Section 39 Report for Period 13, Fiscal Year 2007

**Totals may differ to Mid-Year Report due to rounding

To date, the General Fund has expensed and encumbered \$419.7 million. In comparison, \$416.0 million had been expensed and/or encumbered for the same time period last year. Fiscal Year 2007 concluded the year with expenditures and encumbrances totaling \$1,010.9 million.

Although similar spending patterns have occurred to date, the Mid-Year Report is projecting a considerable increase over last year as shown in the chart to the right. The year-end projection for Fiscal Year 2008 is \$1,127.9 million, reflecting a deficit of \$13.2 million, approximately 1.2 percent of the revised budget.

The report should clearly state that although the anticipated net deficit is \$13.2 million, per the Charter, saving in the salaries category may not be used to mitigate deficits in other expenditure categories. Excluding the savings in salaries, the actual estimated deficit is \$17.0 million.



SALARIES AND WAGES

The Mid-Year Report projects savings of \$3.8 million in salaries and wages. It is our understanding that this projection includes disaster-related expenses. This is significantly less than the \$13.1 million in projected savings estimated in the First Quarter Report. The projections have been corrected since previously stated in the First Quarter to include the anticipated 2% salary increase for sworn police personnel that was scheduled for December 29, 2007. The following departments are experiencing significant salary variances:

- Police Department is projecting a \$2.4 million salary surplus
- General Services is estimating a total salary surplus of \$1.3 million, which primarily includes savings due to vacancies in the Storm Water Pollution Prevention and Streets Divisions
- Fire Department is anticipating the most significant salary deficit of \$1.6 million, primarily associated with the wildfires.

Although Fire Department is projecting a significant salary deficit, we do not believe an appropriation adjustment from the reserves should occur. As previously stated, the general fund is projecting a surplus in total for this category; if an increase to appropriations were to be made, the surplus would similarly increase. If needed, an adjustment from a department projecting salary savings (Police or General Services) could happen.

Also, throughout the report, salary savings attributed to vacancies is referenced. However, information on number of vacancies is not included in the report. **The IBA recommends that future monitoring reports include the number of vacancies per department.**

FRINGE BENEFITS

The two categories that are responsible for the General Fund's projected deficit are Fringe Benefits and Supplies and Services. The year-end projected deficit for Fringe Benefits is \$7.4 million. **In our review of the First Quarter Report, the IBA questioned the projections for significant deficits and believed additional analysis was needed. Staff concurs with our comments and will be providing additional analysis including possible rate adjustments in the Year-End Report. Accordingly, the IBA is reluctant to include any appropriation adjustments for Fringe Benefits until this analysis is completed, and only after rate changes have been implemented.**

Also, the IBA believes it is important to identify the savings associated with health care reforms instituted in the Fiscal Year 2008 Budget. To date, no detailed information on savings-to-date has been provided.

SUPPLIES & SERVICES

General Services – Storm Water: Approximately 83% of the budget for Storm Water Pollution Prevention is comprised of Supplies and Services, totaling \$19 million. Through Period 5 (or 38% of the year), the Storm Water Pollution Prevention Division expended \$1.1 million and encumbered an additional \$2.6 million (or 16.1%) of its total Fiscal Year 2008 budget. Additionally, the Division has expended 38.3% (\$2.3 million) of the \$6.1 million carried over from Fiscal Year 2007.

Year-end projections are estimated to reach \$21.9 million. In order to fulfill those projections, Storm Water would have to spend an average of \$2.3 million each period for the remainder of the Fiscal Year, which seems optimistic compared to expenditure trends to-date. In Fiscal Year 2007, Storm Water spent just 56.6% of its total budget. While the Division was able to encumber and carry over funds into this year, it is unlikely that they will be able to spend all current and prior year monies by year-end. **The IBA requests that additional information be provided specifically showing the amount of Storm Water funds to be expended, separate from amounts to be encumbered by year-end. Consideration should be given to the reallocation of funds not needed by year-end to other, more pressing needs, especially disaster-related expenses, given the pace of Division expenditures.**

City Planning and Community Investment Department (CPCI): CPCI is projecting a \$1.1 million negative year-end expenditure variance. \$500,000 of this deficit is related to expenditures for consultant fees for the Grantville Community Plan amendments, which has not yet been authorized by the City Council.

The Fiscal Year 2008 Budget includes \$400,000 for the purpose of updating Community Plans, specifically for the communities of Uptown, Old San Diego, Greater North Park, and Greater Golden Hill. Additionally, on December 4, 2007 the City Council approved \$800,000 from the General Fund Appropriated Reserve for the completion of the Otay Mesa Community Plan. With the \$800,000 related to the Otay Mesa Community Plan and the \$500,000 for the Grantville Community Plan proposed in the Mid-Year Report, a total of \$1.3 million will be expended on community plans in Fiscal Year 2008 that were not included in the Fiscal Year 2008 Budget. The IBA recognizes that the updating of the community plans is vital and that the identification of funding of the City's community plan updates has been an ongoing challenge. A more comprehensive plan which prioritizes all of the community plans for funding should be developed and incorporated into the annual budget process.

The action to approve a consultant agreement for this purpose is forthcoming to the City Council. The IBA recommends that actions to appropriate funds from reserves be included at the time the consultant agreement comes forward to allow the City Council to concurrently evaluate the project and its funding.

The additional deficit to CPCI's budget is related to anticipated expenditures for the Small Business Enhancement program (SBEP). The Small Business Enhancement program was created in 1995 to provide continuing support to small businesses in the City. To fund the SBEP, the City Council at the time reduced business tax certificate fees for business with 12 or fewer employees. Revenue for this program is impacted on an annual basis by the number of small businesses obtaining or renewing their business licenses. The current allocation process for the funds is fifty-percent to the Citywide business assistance program and fifty-percent to the Business Improvement District programs.

The City Council took action in January 2007 to authorize the appropriation and expenditure of \$688,000 in SBEP funds for purposes of funding an agreement with the Business Improvement District Council. It is unclear at this time if the actions already taken by the Council will address the projected deficit, or if additional budgetary actions are required. Historically, actions related to trueing up the SBEP funds have occurred during the Year-End Adjustments.

DISASTER ESTIMATES

The Mid-Year Report describes estimated expenditures totaling \$50.5 million for both the wildfire and landslide disasters, with \$7.6 million incurred through November 16, 2007. Unfortunately, the report is unclear as to the amount projected for expenditure prior to the end of the fiscal year, though it is assumed that departmental projections include these impacts. **Since disaster relief and recovery efforts will extend beyond the current fiscal year, the IBA recommends that additional detail be provided on the breakdown of estimated expenditures by fiscal year. The IBA requests that staff**

provide an additional report, prior to year-end that includes more detailed and updated information on the disasters. Relevant information that should be included: updated estimates by department; estimates by fiscal year; and historical data on past experience with the timing of disaster reimbursements.

It should be noted that Attachment II to the Mid-Year Report reflects General Fund Projected Expenditures by Department, and also includes a category entitled "Additional Wildfire Expenses" of repayment to non-General Fund departments with \$500,000 to Development Services, and \$805,700 to the Recycling and Refuse Disposal Funds, for total projected expenditures of \$1,305,700. It is unclear if these amounts are included in the "Disaster Estimates" shown in Table 6, and it appears that no appropriation adjustments are being requested at this time to allow these reimbursements to take place. A description of these costs has not been provided, beyond the footnote on Attachment II, which states "Anticipated repayments to non-general funds for building permit, demolition permit, waste disposal, and recycling fee waivers." **To the extent these costs are for disaster-related expenses, appropriation adjustments should be requested to ensure these funds are reimbursed in a timely manner from the General Fund.**

Environmental Services Department – The Environmental Services Department (ESD) is projected to end the fiscal year with over-budget expenditures of approximately \$6.9 million, related to the debris removal program resulting from the wildfires. Total debris removal expenses are estimated at \$8.4 million; however, ESD estimates that \$1.5 million can be absorbed within the existing budget, resulting in a \$6.9 million liability. Of that amount, \$5.8 million is expected to be funded through State reimbursements, leaving \$1.1 million to be funded by the General Fund.

The City has already received a \$3 million advance from the State, and City Council approved an appropriation increase in both revenues and expenditures for this amount on January 22, 2008. An additional \$3.9 million in expenditures will need to be appropriated to allow ESD to complete debris removal. However, the recent Council action also authorized the Comptroller to appropriate and expend an additional \$2.2 million if additional funds are advanced by the State. As such, it is our understanding that the request for appropriation of additional revenue from the State, should be in the amount of \$600,000, reflecting the difference in the earlier estimate (approved by Council) of \$2.2 million and the revised estimate (identified in the Mid-Year) of \$2.8 million.

General Fund Revenue

The following chart combines the actual prior year revenue activity (as reported by the Auditor in the FY 2007 Year-End Report), along with the FY 2008 Adopted Budget, and the FY 2008 Year-End Projection. By consolidating this information, one can see that revenue growth over last year is projected to occur, even in those categories that are expected to fall short of initial budget estimates, such as sales tax and franchise fees.

GENERAL FUND REVENUE STATUS AS OF NOVEMBER 16, 2007

FY 2008 Mid-Year Report (Period 5; 38% of year)

Revenue Category	FY 2007 Actual Receipts	FY 2008 Revised Budget	FY 2008 Year- End Projection (First Quarter)	FY 2008 Year- End Projection (Mid-Year)	Change from First Quarter	Mid-Year Surplus/ (Deficit)
Property Tax	\$ 360,400,407	\$ 385,688,853	\$ 387,115,105	\$ 391,805,306	\$ 4,690,201	\$ 6,116,453
Sales Tax	225,841,450	239,485,958	236,029,635	229,130,717	(6,898,918)	(10,355,241)
Transient Occupancy Tax	80,702,830	85,184,936	85,390,733	85,390,733	0	205,797
Franchises	64,633,832	69,431,697	68,644,666	68,544,095	(100,571)	(887,602)
Safety Sales Tax	7,940,313	8,401,528	8,054,401	8,014,079	(40,322)	(387,449)
Motor Vehicle License Fees	8,101,184	7,938,333	7,448,461	7,513,575	65,114	(424,758)
Property Transfer Tax	9,307,713	7,570,860	9,576,145	9,554,858	(21,287)	1,983,998
Other Revenue	<i>incl. below</i>	68,706,741	68,706,741	68,747,723	40,982	40,982
Departmental Revenues	296,306,098	233,922,046	229,983,695	238,890,082	8,906,387	4,968,036
TOTAL	\$ 1,053,233,827	\$ 1,106,330,952	\$ 1,100,849,582	\$ 1,107,591,168	\$ 6,641,586	\$ 1,260,216

The most significant revenue changes from the First Quarter Report are the reductions to projected Sales Taxes of \$6.9 million, and an estimated increase to Departmental Revenues of \$8.9 million, with \$6.5 million of this related to revenues expected to be received by the Environmental Services and Fire Departments for disaster-related expenses.

Sales Tax – Sales tax revenue is projected to end the fiscal year approximately \$10.4 million under-budget. As indicated in the Mid-Year Report, this is largely due to weaker spending in the new vehicle, construction material and home remodeling sectors. Even further troubling is that the current projection does not include actual data on sales tax receipts over the holiday season, which will be received by the City in March. Early indications have been that holiday sales were weaker than in previous years. **We have the following questions regarding sales tax:**

- **What is year-to-date growth rate and how does this compare to the revised growth projection for the remainder of the fiscal year?**
- **What are the sales tax projections relative to budget in other California cities?**

Property Transfer Tax – Property transfer tax is projected to end the fiscal year at approximately \$9.5 million, a growth of 2.6 percent over FY 2007 unaudited actuals. However, the FY 2008 budget assumed a 5% reduction, following an actual reduction of nearly 21% in FY 2007, causing the year-end projection to be over-budget by nearly \$2 million. As housing prices and sales have continued to fall throughout the calendar year 2007, the cause of this rebound is unclear. **We recommend further investigation to ensure that growth projections for the remainder of the fiscal year are consistent with the**

expected outlook. In addition, it may be interesting to see actual growth rates over last several years compared to the annual growth in home sales:

Franchise Fees – Franchise fees are projected to end the fiscal year approximately \$900,000 under-budget, primarily due to lower than expected revenues from the Refuse Hauler Franchise Fee. **We request additional information on the cause of this projected revenue reduction.**

Booking Fees – The Mid-Year General Fund revenue projections continue to assume that the City will receive booking fee reimbursement from the State. The report indicates that the City is working with the County to resolve the booking fee issue, which was brought about by a change in State law that allows Counties to receive booking fee reimbursements directly from the State. As indicated in the report, negotiations with the County may result in a reduction of \$5.2 million to both revenues and expenditures. **However, the IBA is growing increasingly concerned with the lack of resolution regarding this issue, and we request an update on the actual status of negotiations with the County.**

Departmental Revenues - Revenue in the Environmental Services Department (ESD) is projected to end the year at \$6.5 million due to anticipated State funding for debris removal associated with the wildfires, totaling \$5.8 million. As mentioned in the Disaster Estimates section, City Council has already approved a \$3.0 million increase in General Fund appropriations for ESD, reflecting the initial advance of funds from the State. With that same action, the Council also authorized the Comptroller to appropriate and expend an additional \$2.2 million should additional funds be received from the State. As such, it is our understanding that the only additional appropriation request for additional revenue from the state should reflect the difference in the earlier estimate (approved by Council) of \$2.2 million and the revised estimate (identified in the Mid-Year) of \$2.8 million.

Non-General Fund Projections

The IBA believes additional clarity should be provided on the status of the Non-General Funds. Although it is important to note how projections are aligning with budgeted figures, the IBA believes that it is more important that a fund be balanced by year-end. The Mid-Year briefly notes that some of the Non-General Funds will be in deficit at year-end; however, information on mitigation is not specific. Also, in some instances, fund balance is referenced, but no information on the amount available in fund balance is provided. The following chart depicts changes to the projected year-end balances of the Non-General Funds included in the Mid-Year Report.

Year End Status for Non-General Funds

Fund Name	Projected Revenues	Projected Expenditures	Surplus/ (Deficit)
Central Stores Internal Service Fund	\$24,224,834	\$24,420,144	(\$195,310)
Golf Course Enterprise Fund	\$15,351,399	\$13,102,360	\$2,249,039
Information Technology Fund	\$15,946,380	\$14,634,499	\$1,311,881
Library Grants Fund	\$505,131	\$607,395	(\$102,264)
Los Peñasquitos Canyon Preserve Fund	\$203,598	\$221,130	(\$17,532)
Commission for Arts and Culture	\$152,036	\$900,141	(\$748,105)
City Airport Fund	\$5,114,951	\$3,752,895	\$1,362,056
Development Services Enterprise Fund	\$47,728,468	\$51,209,456	(\$3,480,988)
Facilities Financing Fund	\$2,117,065	\$2,329,164	(\$212,099)
Municipal Parking Garage Fund	\$3,247,369	\$2,107,856	\$1,139,513
PETCO Park Fund	\$16,489,161	\$16,887,021	(\$397,860)
QUALCOMM Stadium Operating Fund	\$16,440,461	\$17,567,260	(\$1,126,799)
Redevelopment Fund	\$3,454,193	\$3,701,506	(\$247,313)
Solid Waste Local Enforcement Agency Fund	\$725,219	\$793,724	(\$68,505)
Risk Management Administration Fund	\$9,026,825	\$8,147,645	\$879,180
Emergency Medical Services Fund	\$6,911,100	\$6,604,718	\$306,382
Unlicensed Drive Vehicle Impound Fees Fund	\$1,122,771	\$1,310,598	(\$187,827)
E&CP Internal Service Fund	\$23,555,897	\$24,242,630	(\$686,733)
Energy Conservation Program Fund	\$2,450,420	\$2,121,234	\$329,186
Equipment Internal Service Fund	\$49,820,560	\$49,499,621	\$320,939
Publishing Services Internal Service Fund	\$5,210,218	\$5,300,295	(\$90,077)
Recycling Fund	\$21,507,882	\$21,663,845	(\$155,963)
Refuse Disposal Fund	\$36,476,362	\$33,144,149	\$3,332,213
Sewer Funds	\$373,137,081	\$390,928,584	(\$17,791,503)
Utilities Undergrounding Program Fund	\$2,013,923	\$1,455,003	\$558,920
Water Department Fund	\$426,056,849	\$406,340,011	\$19,716,838

It is not uncommon for a fund to have a surplus at year-end; however, it is the general practice that only enough revenue be collected to support the fund. An exception to this practice could be the build up of fund balance to support a planned, multi-year capital improvements program.

The IBA is concerned about the stated use of fund balance when no information on these balances is included. For instance, in Fiscal Year 2007, the Development Services Fund had to take drastic measures, including reduction-in-force, and ended the year with a positive balance. Currently, the fund is projecting a \$3.5 million deficit by year-end.

The IBA recommends that the status of fund balance be provided. If sufficient fund balance is not available, how will these deficits be mitigated?

PETCO Park Fund – The PETCO Park Fund began FY 2008 with a fund balance of approximately \$2.6 million. Expenditures were budgeted in excess of revenues by nearly \$1.8 million, anticipating a commensurate draw down in the fund balance. Currently, expenditures are projected to end the fiscal year just \$398,000 greater than revenues. The Mid-Year Report indicates that this is due to prior year appropriations that are not planned to be spent. It is possible that this could result in excess funding in the PETCO Park Fund, which could be transferred back to the General Fund.

QUALCOMM Stadium Operating Fund – The QUALCOMM Stadium Fund began FY 2008 with a fund balance of \$2.4 million. Expenditures were budgeted in excess of revenues by approximately \$2.3 million, anticipating a proportionate draw down in the fund balance. The Mid-Year Report projects year-end expenditures in the QUALCOMM Stadium Fund to exceed revenues by just \$1.1 million due to reduced personnel expenditures and projected over-budget expenditures. It is possible that this could result in excess funding in the QUALCOMM Stadium Fund, which could be transferred back to the General Fund.

Water and Sewer Funds – The Mid-Year Report projects the Water and Sewer Funds to end the fiscal year significant under-budgeted expenditures due to the timing of capital improvement projects. The Report indicates that for both the Water and Sewer Department, capital improvement projects budgeted in FY 2008 will not be fully expended by year-end. The Mid-Year Report projects under-budget expenditures in the Sewer Funds of approximately \$148.1 million, \$116.5 million of which is due to delayed CIP expenditures. The Water Fund is projecting under-budget expenditures of approximately \$197.5 million, the majority of which is due to delayed CIP expenditures. The reasons for the projected delay in CIP expenditures is unclear.

The IBA requests the following information from both the Water and Sewer Department:

- 1) List of specific CIP projects for which the FY 2008 Budget will not be fully expended
- 2) Impact on the City's ability to comply with the DPH Compliance Order (Water) or the Final Consent Decree (Sewer) as a result of the delayed CIP expenditures

Requests for Appropriation Adjustments

Based on our review, the IBA questions the appropriateness and/or timing of the following appropriation adjustments:

- Appropriation Adjustments already previously approved (or upcoming): This includes the \$2.2 million of the proposed \$2.8 million revenue adjustment for Environmental Services previously approved by Council on January 22, 2008; the appropriation adjustments totaling \$90,000 for Council Administration and the IBA, which was approved January 8, 2008; and the upcoming City Planning and Community Investment action for \$500,000.
- Appropriation Adjustments for projected salary and wages deficits: First, a department's appropriations should not be adjusted based on net deficits. Salary and Wages should be excluded from this calculation, since per the Charter, these savings are not allowed to cover deficits in other expenditure categories. For instance, the proposed appropriation adjustment of \$1.5 million for Police Department includes projected salary savings of \$2.4 million. Secondly, transfers of appropriations between departments may be more appropriate given that as a whole, the General Fund is anticipating a salary savings of \$3.8 million.
- Appropriation Adjustments for projected fringe benefit deficits: The Mid-Year Report identifies a structural under-budgeting of the fringe accounts and states that adjustments may be requested in the Year-End Report, once the effects of the fringe expense rate adjustment discussed are determined. However, based on our calculations, both the appropriation adjustments for Police and Fire-Rescue will provide funding for fringe accounts. The IBA believes that adjustments impacting fringe should be postponed pending the completion of any possible rate adjustments.
- Appropriation Adjustments for disaster-related expenses: As we noted previously in our report, the IBA recommends additional information be provided prior to the approval of any proposed disaster-related appropriation adjustments. Detailed information should be provided, by department, on amounts projected for this fiscal year by expenditure category.

Attachment 2 of this report details General Fund departmental budgets and year-end projections by expenditure category.

Other Areas of Concern

In this section, the IBA includes areas of discussion that have previously been raised that should be included in subsequent analyses:

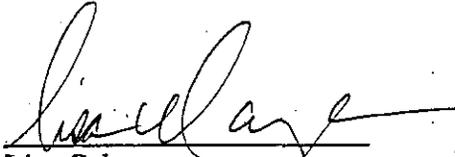
- How does the city's inability to bond in the current fiscal year impact planned **ADA and deferred maintenance projects**?
- What is the status of **land sales**? The IBA has previously requested a quarterly update on the status of land sales, however no information to date has been provided.
- The IBA requests that details regarding the status of the **expenditure of prior year funds** be included in the quarterly and/or monthly reports to the City Council.
- In regard to **benefits in excess of IRS 415b limits**, what is the status of payments made-to-date and projections for the remainder of the year?
- The City Council adopted the City Reserve Policy in November 2007. With its approval, an appropriated reserve of \$7 million was established. During the development of the policy, the City Attorney opined that **a separate fund should be established to comply with Charter Section 91**, which calls for a General Reserve Fund to meet cash obligations to be used only in the event of an emergency. The City Reserve Policy described that a separate fund would be established and funded for this purpose, but it appears that a new fund has not yet been created. Additional action may be needed by the City Council to authorize the creation of a new fund. Separately, clarifying language is needed in the Appropriation Ordinance to allow for the expenditure of funds from the appropriated reserve by resolution of the City Council. Without this clarification, the Appropriation Ordinance would need an amendment, and two public hearings, to allow for use of the reserve, which was not the intention when the policy was developed. The IBA recommends that any Council actions needed to fully implement the Reserve Policy be brought forward with the Mid-Year Budget Adjustments, if possible.

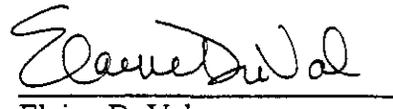
CONCLUSION

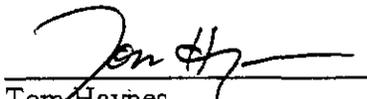
The IBA reviewed the Mid-Year Report, comparing information to the Auditor's recent Monthly Financial Report, and also reviewed issues that were identified during the development of the budget, and at the time of the First Quarter Monitoring Report. In our report, we have raised a number of issues and requested additional technical information.

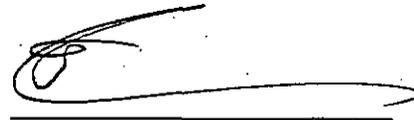
In summary, this report offers supplementary information to explain departmental projections, and recommends holding off on requested budgetary adjustments, including any action with respect to the reserves at this point in time. We further suggest an updated mid-year review based on seven periods of actual data be provided to the full Council by the end of February or early March, and necessary actions be taken at that time.

While we are supportive of balancing departmental budgets impacted by costs related to the wildfires (Police, Fire, and Environmental Services), we were not able to clearly identify these impacts for this fiscal year in the Mid-Year Report.


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Fiscal & Policy Analyst


Elaine DuVal
Fiscal & Policy Analyst

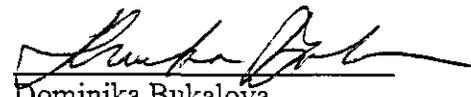

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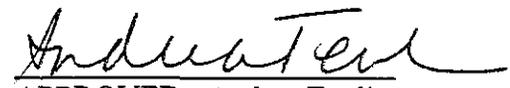

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- Attachments: 1. Projected Surplus/(Deficit) by Department
2. Summary of Projections vs Budget by Expenditure Category

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PROJECTED SURPLUS/(DEFICIT) by DEPARTMENT

DEPARTMENT	TOTAL
Environmental Services	(\$6,925,316)
San Diego Fire Rescue	(5,984,802)
Police	(1,504,578)
City Planning & Comm Investment	(1,085,806)
Park and Recreation	(878,976)
Library	(787,906)
Family Justice Center	(50,676)
Office of the IBA	(46,479)
Council Administration	(15,897)
ADJUSTMENTS REQUESTED	(\$17,280,436)
Citywide Program Expenditures	(621,833)
City Attorney	(254,969)
Neighbor. Code Compliance	(114,971)
Customer Services	(28,640)
Purchasing & Contracting	(18,221)
City Clerk	(11,561)
Special Events	(2,716)
Debt Management Department	(2,462)
Labor Relations	(350)
REMAINING DEFICIT	(\$1,055,729)
Personnel Department	2
Land Use & Econ Development	11,648
Business Ops and Administration	14,965
Office of Homeland Security	52,513
Mayor	53,597
Ethics Commission	76,558
Public Works	106,247
Community & Legislative Services	123,530
Office Of Ethics & Integrity	143,213
Office of the Chief Financial Officer	245,218
City Auditor and Comptroller	274,288
Office of the CIO - General Fund	317,783
City Council Offices	333,940
Public Safety	337,826
Real Estate Assets	345,328
Engineering & Capital Projects	388,626
Financial Management	670,813
Office of the City Treasurer	858,592
General Services	2,061,211
TOTAL SURPLUS	\$6,445,898
Net General Fund Surplus/(Deficit)	(\$11,920,261)

SUMMARY OF PROJECTIONS vs BUDGET BY EXPENDITURE CATEGORY

		SALARIES & WAGES	FRINGE BENEFITS	SUPPLIES & SERVICES	DATA PROCESSING	UTILITIES	OUTLAY	TOTAL	% VARIANCE
10 - Mayor	Revised Budget	\$387,053	\$163,618	\$58,392	\$6,882	\$9,946	\$2,000	\$627,891	
	Year-End Projections	\$347,673	\$156,789	\$54,186	\$4,925	\$9,493	\$1,230	\$574,294	
	Surplus/(Deficit)	\$39,380	\$6,829	\$4,206	\$1,957	\$453	\$770	\$53,597	9%
21 - City Council - District 1	Revised Budget	\$563,464	\$302,557	\$93,229	\$27,715	\$2,035	\$1,000	\$990,000	
	Year-End Projections	\$532,783	\$305,168	\$72,541	\$24,017	\$1,995	\$615	\$937,119	
	Surplus/(Deficit)	\$30,681	(\$2,611)	\$20,688	\$3,698	\$40	\$385	\$52,881	5%
22 - City Council - District 2	Revised Budget	\$521,297	\$300,526	\$134,738	\$27,724	\$2,715	\$3,000	\$990,000	
	Year-End Projections	\$523,113	\$296,268	\$93,781	\$24,026	\$2,094	\$1,845	\$941,126	
	Surplus/(Deficit)	(\$1,816)	\$4,258	\$40,957	\$3,698	\$621	\$1,155	\$48,874	5%
23 - City Council - District 3	Revised Budget	\$606,134	\$301,420	\$53,131	\$27,576	\$739	\$1,000	\$990,000	
	Year-End Projections	\$585,443	\$310,301	\$47,929	\$23,933	\$705	\$615	\$968,927	
	Surplus/(Deficit)	\$20,691	(\$8,881)	\$5,202	\$3,643	\$34	\$385	\$21,073	2%
24 - City Council - District 4	Revised Budget	\$577,803	\$310,317	\$69,429	\$27,924	\$3,527	\$1,000	\$990,000	
	Year-End Projections	\$565,952	\$314,642	\$59,660	\$24,146	\$2,706	\$2,019	\$969,124	
	Surplus/(Deficit)	\$11,851	(\$4,325)	\$9,769	\$3,778	\$821	(\$1,019)	\$20,876	2%
25 - City Council - District 5	Revised Budget	\$527,744	\$286,862	\$140,344	\$30,466	\$2,084	\$2,500	\$990,000	
	Year-End Projections	\$504,476	\$289,494	\$97,379	\$25,741	\$2,086	\$1,508	\$920,683	
	Surplus/(Deficit)	\$23,268	(\$2,632)	\$42,965	\$4,725	(\$2)	\$992	\$69,317	7%
26 - City Council - District 6	Revised Budget	\$502,348	\$282,581	\$175,667	\$27,639	\$1,265	\$500	\$990,000	
	Year-End Projections	\$508,162	\$291,787	\$118,609	\$23,976	\$980	\$310	\$943,824	
	Surplus/(Deficit)	(\$5,814)	(\$9,206)	\$57,058	\$3,663	\$285	\$190	\$46,176	5%

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		SALARIES & WAGES	FRINGE BENEFITS	SUPPLIES & SERVICES	DATA PROCESSING	UTILITIES	OUTLAY	TOTAL	% VARIANCE
27 - City Council - District 7	Revised Budget	\$560,330	\$334,566	\$58,688	\$28,065	\$3,351	\$5,000	\$990,000	
	Year-End Projections	\$554,871	\$318,648	\$48,046	\$25,150	\$3,252	\$3,075	\$953,042	
	Surplus/(Deficit)	\$5,459	\$15,918	\$10,642	\$2,915	\$99	\$1,925	\$36,958	4%
28 - City Council - District 8	Revised Budget	\$585,960	\$316,430	\$54,603	\$27,502	\$505	\$5,000	\$990,000	
	Year-End Projections	\$561,714	\$316,251	\$46,352	\$24,109	\$623	\$3,167	\$952,215	
	Surplus/(Deficit)	\$24,246	\$179	\$8,251	\$3,393	(\$118)	\$1,833	\$37,785	4%
29 - Council Administration	Revised Budget	\$910,215	\$427,882	\$401,061	\$10,112	\$97,701	\$2,500	\$1,849,471	
	Year-End Projections	\$940,329	\$434,513	\$384,113	\$7,049	\$97,824	\$1,540	\$1,865,368	
	Surplus/(Deficit)	(\$30,114)	(\$6,631)	\$16,948	\$3,063	(\$123)	\$960	(\$15,897)	-1%
30 - Office of the IBA	Revised Budget	\$878,404	\$399,507	\$28,000	\$4,073	\$6,350	\$0	\$1,316,334	
	Year-End Projections	\$922,652	\$409,118	\$23,294	\$2,508	\$5,240	\$0	\$1,362,813	
	Surplus/(Deficit)	(\$44,248)	(\$9,611)	\$4,706	\$1,565	\$1,110	\$0	(\$46,479)	-4%
35 - City Clerk	Revised Budget	\$2,307,240	\$1,297,111	\$383,788	\$351,736	\$64,393	\$3,993	\$4,408,261	
	Year-End Projections	\$2,266,013	\$1,297,110	\$383,779	\$350,125	\$119,390	\$3,404	\$4,419,822	
	Surplus/(Deficit)	\$41,227	\$1	\$9	\$1,611	(\$54,997)	\$589	(\$11,561)	0%
42 - Community/Economic Development	Revised Budget	\$1	(\$3)	\$2	\$0	\$0	\$0	\$0	
	Year-End Projections	\$1	(\$3)	\$17,362	\$736	\$465	\$0	\$18,560	
	Surplus/(Deficit)	\$0	\$0	(\$17,360)	(\$736)	(\$465)	\$0	(\$18,560)	#DIV/0!
45 - City Attorney	Revised Budget	\$22,999,174	\$12,325,006	\$1,363,544	\$107,217	\$34,315	\$81,918	\$36,911,174	
	Year-End Projections	\$23,229,813	\$12,451,178	\$1,306,328	\$98,612	\$57,036	\$23,176	\$37,166,143	
	Surplus/(Deficit)	(\$230,639)	(\$126,172)	\$57,216	\$8,605	(\$22,721)	\$58,742	(\$254,969)	-1%

		SALARIES & WAGES	FRINGE BENEFITS	SUPPLIES & SERVICES	DATA PROCESSING	UTILITIES	OUTLAY	TOTAL	% VARIANCE
47 - Family Justice Center	Revised Budget	\$297,387	\$159,488	\$61,323	\$14,890	\$4,270	\$0	\$537,358	
	Year-End Projections	\$299,164	\$152,153	\$117,553	\$14,848	\$4,274	\$42	\$588,034	
	Surplus/(Deficit)	(\$1,777)	\$7,335	(\$56,230)	\$42	(\$4)	(\$42)	(\$50,676)	-9%
50 - City Auditor and Comptroller	Revised Budget	\$6,584,643	\$3,450,883	\$1,337,518	\$71,937	\$51,714	\$14,395	\$11,511,090	
	Year-End Projections	\$6,361,983	\$3,359,609	\$1,333,031	\$92,995	\$74,791	\$14,395	\$11,236,802	
	Surplus/(Deficit)	\$222,661	\$91,274	\$4,487	(\$21,058)	(\$23,077)	\$0	\$274,288	2%
52 - Office of the City Treasurer	Revised Budget	\$6,694,943	\$3,648,596	\$2,314,531	\$1,688,442	\$63,403	\$32,001	\$14,441,916	
	Year-End Projections	\$6,332,601	\$3,616,449	\$2,177,213	\$1,372,835	\$59,791	\$24,435	\$13,583,324	
	Surplus/(Deficit)	\$362,342	\$32,147	\$137,318	\$315,607	\$3,612	\$7,566	\$858,592	6%
55 - Financial Management	Revised Budget	\$2,123,633	\$1,054,546	\$918,395	\$725	\$20,478		\$4,117,777	
	Year-End Projections	\$1,676,365	\$865,420	\$878,580	\$765	\$25,836		\$3,446,964	
	Surplus/(Deficit)	\$447,268	\$189,127	\$39,815	(\$40)	(\$5,358)	\$0	\$670,813	16%
56 - Debt Management Department	Revised Budget	\$1,557,979	\$788,333	\$285,848	\$62,766	\$16,544	\$18,931	\$2,730,401	
	Year-End Projections	\$1,546,556	\$786,091	\$309,007	\$57,203	\$15,074	\$18,931	\$2,732,863	
	Surplus/(Deficit)	\$11,423	\$2,242	(\$23,159)	\$5,563	\$1,470	\$0	(\$2,462)	0%
60 - Personnel Department	Revised Budget	\$3,896,810	\$2,078,449	\$556,399	\$84,146	\$3,207	\$991	\$6,620,002	
	Year-End Projections	\$3,896,810	\$2,078,447	\$554,765	\$84,146	\$4,840	\$991	\$6,620,000	
	Surplus/(Deficit)	\$0	\$2	\$1,634	(\$0)	(\$1,633)	\$0	\$2	0%
61 - Labor Relations	Revised Budget	\$514,701	\$247,652	\$30,927	\$13,989	\$1,352	\$1,000	\$809,621	
	Year-End Projections	\$506,715	\$253,593	\$34,498	\$12,385	\$2,159	\$620	\$809,971	
	Surplus/(Deficit)	\$7,986	(\$5,941)	(\$3,571)	\$1,604	(\$807)	\$380	(\$350)	0%

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		SALARIES & WAGES	FRINGE BENEFITS	SUPPLIES & SERVICES	DATA PROCESSING	UTILITIES	OUTLAY	TOTAL	% VARIANCE
65 - City Planning and Community Investment	Revised Budget	\$6,567,580	\$3,298,956	\$6,608,635	\$97,762	\$85,029	\$58,373	\$16,716,335	
	Year-End Projections	\$6,293,405	\$3,040,889	\$8,230,673	\$78,616	\$81,625	\$58,373	\$17,783,581	
	Surplus/(Deficit)	\$274,175	\$258,067	(\$1,622,038)	\$19,146	\$3,404	\$0	(\$1,067,246)	-6%
70 - Real Estate Assets	Revised Budget	\$2,430,323	\$1,260,069	\$518,319	\$31,955	\$14,805	\$5,991	\$4,261,462	
	Year-End Projections	\$2,284,794	\$1,199,155	\$389,125	\$33,903	\$5,467	\$3,691	\$3,916,134	
	Surplus/(Deficit)	\$145,529	\$60,914	\$129,194	(\$1,948)	\$9,338	\$2,300	\$345,328	8%
72 - Mt. Hope Cemetery	Revised Budget	\$488,717	\$300,360	\$492,088	\$3,591	\$190,146	\$14,008	\$1,488,910	
	Year-End Projections	\$485,122	\$289,963	\$500,304	\$3,627	\$211,525	\$14,008	\$1,504,549	
	Surplus/(Deficit)	\$3,595	\$10,397	(\$8,216)	(\$36)	(\$21,379)	\$0	(\$15,639)	-1%
73 - Reservoir Recreation	Revised Budget		\$0	\$3,412,015	\$0			\$3,412,015	
	Year-End Projections		\$0	\$2,410,804	\$0			\$2,410,804	
	Surplus/(Deficit)	\$0	\$0	\$1,001,211	\$0	\$0	\$0	\$1,001,211	29%
75 - Neighborhood Code Compliance	Revised Budget	\$3,737,234	\$2,092,150	\$846,855	\$3,281	\$17,936	\$6,460	\$6,703,916	
	Year-End Projections	\$3,471,940	\$1,973,780	\$1,337,779	\$11,527	\$18,349	\$5,512	\$6,818,887	
	Surplus/(Deficit)	\$265,294	\$118,370	(\$490,924)	(\$8,246)	(\$413)	\$948	(\$114,971)	-2%
80 - Special Events	Revised Budget	\$219,174	\$112,728	\$22,449	\$140,419	\$2,410	\$800	\$497,980	
	Year-End Projections	\$220,317	\$120,814	\$19,307	\$137,202	\$2,319	\$738	\$500,696	
	Surplus/(Deficit)	(\$1,143)	(\$8,086)	\$3,142	\$3,217	\$91	\$62	(\$2,716)	-1%
90 - Ethics Commission	Revised Budget	\$656,647	\$321,834	\$36,674	\$1,241	\$245	\$4,465	\$1,021,106	
	Year-End Projections	\$600,186	\$302,285	\$38,012	\$824	\$496	\$2,745	\$944,548	
	Surplus/(Deficit)	\$56,461	\$19,549	(\$1,338)	\$418	(\$251)	\$1,720	\$76,558	7%

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		SALARIES & WAGES	FRINGE BENEFITS	SUPPLIES & SERVICES	DATA PROCESSING	UTILITIES	OUTLAY	TOTAL	% VARIANCE
102 - Purchasing & Contracting	Revised Budget	\$3,261,160	\$1,699,847	\$466,156	\$149,915	\$9,877	\$26,544	\$5,613,499	
	Year-End Projections	\$3,509,266	\$1,583,751	\$388,225	\$126,205	\$9,272	\$15,000	\$5,631,720	
	Surplus/(Deficit)	(\$248,106)	\$116,096	\$77,931	\$23,710	\$605	\$11,544	(\$18,221)	0%
110 - Police Department	Revised Budget	\$214,753,888	\$120,579,952	\$44,326,212	\$6,361,377	\$2,889,286	\$3,425,980	\$392,336,695	
	Year-End Projections	\$212,339,133	\$125,144,143	\$44,326,211	\$6,057,920	\$2,523,207	\$3,425,979	\$393,816,592	
	Surplus/(Deficit)	\$2,414,755	(\$4,564,191)	\$1	\$303,457	\$366,079	\$1	(\$1,479,897)	0%
120 - San Diego Fire-Rescue	Revised Budget	\$101,615,800	\$52,364,395	\$19,773,040	\$603,112	\$2,891,560	\$2,695,191	\$179,943,098	
	Year-End Projections	\$103,222,241	\$55,128,868	\$20,481,221	\$770,072	\$3,030,307	\$3,295,191	\$185,927,900	
	Surplus/(Deficit)	(\$1,606,441)	(\$2,764,473)	(\$708,181)	(\$166,960)	(\$138,747)	(\$600,000)	(\$5,984,802)	-3%
150 - Office of Homeland Security	Revised Budget	\$789,074	\$404,163	\$415,202	\$71,752	\$52,278	\$48,773	\$1,781,242	
	Year-End Projections	\$947,336	\$222,655	\$425,220	\$52,031	\$33,283	\$48,204	\$1,728,729	
	Surplus/(Deficit)	(\$158,262)	\$181,508	(\$10,018)	\$19,721	\$18,995	\$569	\$52,513	3%
210 - Business Operations and Administration	Revised Budget	\$1,471,987	\$749,470	\$126,021	\$9,173	\$22,890	\$3,550	\$2,383,091	
	Year-End Projections	\$1,461,421	\$747,852	\$121,435	\$9,510	\$24,441	\$3,467	\$2,368,126	
	Surplus/(Deficit)	\$10,566	\$1,618	\$4,586	(\$337)	(\$1,551)	\$83	\$14,965	1%
220 - Community & Legislative Services	Revised Budget	\$2,141,232	\$1,107,309	\$1,000,266	\$65,466	\$59,541	\$6,719	\$4,380,533	
	Year-End Projections	\$2,168,949	\$1,098,728	\$869,933	\$55,407	\$58,817	\$5,168	\$4,257,003	
	Surplus/(Deficit)	(\$27,717)	\$8,581	\$130,333	\$10,059	\$724	\$1,551	\$123,530	3%
230 - Office Of Ethics & Integrity	Revised Budget	\$1,057,957	\$529,803	\$770,586	\$14,236	\$13,495	\$14,460	\$2,400,537	
	Year-End Projections	\$980,643	\$511,400	\$743,130	\$7,697	\$5,487	\$8,966	\$2,257,324	
	Surplus/(Deficit)	\$77,314	\$18,403	\$27,456	\$6,539	\$8,008	\$5,494	\$143,213	6%

		SALARIES & WAGES	FRINGE BENEFITS	SUPPLIES & SERVICES	DATA PROCESSING	UTILITIES	OUTLAY	TOTAL	% VARIANCE
240 - Office of the Chief Financial Officer	Revised Budget	\$438,140	\$196,945	\$426,329	\$41	\$4,894	\$1,000	\$1,067,349	
	Year-End Projections	\$328,396	\$160,428	\$326,923	\$625	\$4,815	\$945	\$822,131	
	Surplus/(Deficit)	\$109,744	\$36,517	\$99,406	(\$584)	\$79	\$55	\$245,218	23%
250 - Land Use and Economic Development	Revised Budget	\$455,009	\$203,740	\$31,323	\$914	\$6,763	\$1,250	\$698,999	
	Year-End Projections	\$444,735	\$203,034	\$31,323	\$1,010	\$5,751	\$1,498	\$687,351	
	Surplus/(Deficit)	\$10,274	\$706	\$0	(\$96)	\$1,012	(\$248)	\$11,648	2%
260 - Public Works	Revised Budget	\$559,004	\$245,044	\$37,446	\$4,497	\$7,039	\$1,500	\$854,530	
	Year-End Projections	\$479,812	\$239,233	\$19,629	\$2,767	\$5,917	\$925	\$748,283	
	Surplus/(Deficit)	\$79,192	\$5,811	\$17,817	\$1,730	\$1,122	\$575	\$106,247	12%
270 - Public Safety	Revised Budget	\$684,905	\$318,901	\$2,013,378	\$16,561	\$9,981	\$8,960	\$3,053,186	
	Year-End Projections	\$682,655	\$355,343	\$1,654,374	\$16,562	\$4,616	\$1,811	\$2,715,360	
	Surplus/(Deficit)	\$2,250	(\$36,442)	\$359,004	(\$1)	\$5,365	\$7,149	\$337,826	11%
310 - Library	Revised Budget	\$18,154,992	\$10,032,402	\$6,785,153	\$1,139,670	\$1,462,447	\$56,000	\$37,630,664	
	Year-End Projections	\$18,313,739	\$10,671,645	\$6,769,935	\$1,109,156	\$1,498,096	\$56,000	\$38,418,570	
	Surplus/(Deficit)	(\$158,747)	(\$639,243)	\$15,218	\$30,514	(\$35,649)	(\$0)	(\$787,906)	-2%
441 - Park & Rec - Administrative Svcs	Revised Budget	\$1,306,172	\$635,149	\$577,916	\$12,167	\$11,406	\$2,923	\$2,545,733	
	Year-End Projections	\$1,315,357	\$724,878	\$577,917	\$12,167	\$11,591	\$2,917	\$2,644,827	
	Surplus/(Deficit)	(\$9,185)	(\$89,729)	(\$1)	(\$0)	(\$185)	\$6	(\$99,094)	-4%
442 - Community Parks I	Revised Budget	\$5,520,906	\$3,140,019	\$4,241,836	\$28,287	\$3,350,888	\$265,226	\$16,547,162	
	Year-End Projections	\$5,570,659	\$3,496,826	\$3,826,679	\$29,264	\$3,720,276	\$200,000	\$16,843,703	
	Surplus/(Deficit)	(\$49,753)	(\$356,807)	\$415,157	(\$977)	(\$369,388)	\$65,226	(\$296,541)	-2%

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		SALARIES & WAGES	FRINGE BENEFITS	SUPPLIES & SERVICES	DATA PROCESSING	UTILITIES	OUTLAY	TOTAL	% VARIANCE
443 - Developed Regional Parks	Revised Budget	\$13,842,007	\$8,646,853	\$9,350,987	\$56,004	\$1,913,457	\$1,769,701	\$35,579,009	
	Year-End Projections	\$13,537,401	\$8,586,249	\$10,428,281	\$60,325	\$2,026,229	\$1,619,300	\$36,257,785	
	Surplus/(Deficit)	\$304,606	\$60,604	(\$1,077,294)	(\$4,321)	(\$112,772)	\$150,401	(\$678,776)	-2%
444 - Community Parks II	Revised Budget	\$9,005,024	\$4,441,676	\$3,499,506	\$43,449	\$3,604,433	\$311,967	\$20,906,055	
	Year-End Projections	\$9,391,522	\$5,086,565	\$3,112,486	\$48,403	\$3,574,432	\$286,968	\$21,500,376	
	Surplus/(Deficit)	(\$386,498)	(\$644,889)	\$387,020	(\$4,954)	\$30,001	\$24,999	(\$594,321)	-3%
446 - Park Planning and Development	Revised Budget	\$0	\$0	\$0	\$0	\$0		\$0	
	Year-End Projections	(\$247)	(\$76)	\$45,595	\$0	\$2,582		\$47,854	
	Surplus/(Deficit)	\$247	\$76	(\$45,595)	\$0	(\$2,582)	\$0	(\$47,854)	#DIV/0!
449 - Open Space Division	Revised Budget	\$2,099,021	\$1,193,974	\$3,280,808	\$7,007	\$220,599	\$239,848	\$7,041,257	
	Year-End Projections	\$2,146,693	\$1,290,783	\$3,241,729	\$7,007	\$297,410	\$205,596	\$7,189,218	
	Surplus/(Deficit)	(\$47,672)	(\$96,809)	\$39,079	\$0	(\$76,811)	\$34,252	(\$147,961)	-2%
511 - Energy Sustainability & Env. Prot	Revised Budget	\$1,094,601	\$535,697	\$282,613	\$59,463	\$6,114	\$15,955	\$1,994,443	
	Year-End Projections	\$978,462	\$481,914	\$263,741	\$59,463	\$2,979	\$15,955	\$1,802,514	
	Surplus/(Deficit)	\$116,139	\$53,783	\$18,872	\$0	\$3,135	\$0	\$191,929	10%
512 - Collection Services	Revised Budget	\$6,989,320	\$3,897,344	\$26,065,181	\$172,605	\$118,990		\$37,243,440	
	Year-End Projections	\$6,700,202	\$3,671,971	\$25,405,591	\$114,565	\$69,456		\$35,961,786	
	Surplus/(Deficit)	\$289,118	\$225,373	\$659,590	\$58,040	\$49,534	\$0	\$1,281,654	3%
513 - Office of the Director	Revised Budget	\$802,494	\$464,067	\$212,315	\$62,504	\$35	\$14,056	\$1,555,471	
	Year-End Projections	\$884,424	\$495,933	\$8,532,542	\$33,894	\$3,632	\$3,944	\$9,954,370	
	Surplus/(Deficit)	(\$81,930)	(\$31,866)	(\$8,320,227)	\$28,610	(\$3,597)	\$10,112	(\$8,398,899)	-540%

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		SALARIES & WAGES	FRINGE BENEFITS	SUPPLIES & SERVICES	DATA PROCESSING	UTILITIES	OUTLAY	TOTAL	% VARIANCE
530 - Administration	Revised Budget	\$554,037	\$260,647	\$20,341	\$16,331	\$2,203	\$8,000	\$861,559	
	Year-End Projections	\$551,527	\$262,302	\$16,854	\$8,470	\$3,024	\$8,979	\$851,155	
	Surplus/(Deficit)	\$2,510	(\$1,655)	\$3,487	\$7,861	(\$821)	(\$979)	\$10,404	1%
532 - Facilities	Revised Budget	\$6,067,926	\$3,629,409	\$3,930,269	\$81,007	\$904,000	\$51,700	\$14,664,311	
	Year-End Projections	\$5,979,995	\$3,687,766	\$3,953,033	\$55,602	\$886,479	\$29,164	\$14,592,038	
	Surplus/(Deficit)	\$87,931	(\$58,357)	(\$22,764)	\$25,405	\$17,521	\$22,536	\$72,273	0%
533 - Storm Water Pollution Prevention	Revised Budget	\$2,437,162	\$1,304,499	\$19,034,807	\$34,558	\$19,995	\$164,388	\$22,995,409	
	Year-End Projections	\$1,798,350	\$1,097,558	\$18,753,638	\$25,027	\$19,194	\$164,371	\$21,858,138	
	Surplus/(Deficit)	\$638,812	\$206,941	\$281,169	\$9,531	\$801	\$17	\$1,137,271	5%
534 - Street Division - General Fund	Revised Budget	\$13,859,004	\$8,360,709	\$38,208,672	\$502,389	\$5,521,509	\$669,814	\$67,122,097	
	Year-End Projections	\$13,413,579	\$8,155,407	\$38,207,701	\$449,512	\$5,520,481	\$666,810	\$66,413,489	
	Surplus/(Deficit)	\$445,425	\$205,302	\$971	\$52,877	\$1,028	\$3,004	\$708,608	1%
535 - Office of the CIO General Fund	Revised Budget			\$3,108,274	\$24,032,523	\$1,805,259	\$117,000	\$29,063,056	
	Year-End Projections			\$3,055,289	\$23,754,364	\$1,819,477	\$116,143	\$28,745,273	
	Surplus/(Deficit)	\$0	\$0	\$52,985	\$278,159	(\$14,218)	\$857	\$317,783	1%
536 - Contracts Division	Revised Budget	\$432,301	\$217,272	\$1,200,000	\$0			\$1,849,573	
	Year-End Projections	\$334,145	\$183,231	\$1,196,001	\$0			\$1,713,377	
	Surplus/(Deficit)	\$98,156	\$34,041	\$3,999	\$0	\$0	\$0	\$136,196	7%
537 - Parking Management	Revised Budget		(\$92,367)	\$92,367	\$0	\$0	\$0	\$0	
	Year-End Projections		(\$56,842)	\$76,268	\$0	\$979	\$4,276	\$24,681	
	Surplus/(Deficit)	\$0	(\$35,525)	\$16,099	\$0	(\$979)	(\$4,276)	(\$24,681)	#DIV/0!

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		SALARIES & WAGES	FRINGE BENEFITS	SUPPLIES & SERVICES	DATA PROCESSING	UTILITIES	OUTLAY	TOTAL	% VARIANCE
538 - Stallion 38	Revised Budget	\$335,197	\$216,649	\$3,734	\$482	\$450		\$556,512	
	Year-End Projections	\$335,197	\$216,649	\$6,606	\$482	\$1,120		\$560,053	
	Surplus/(Deficit)	\$0	\$0	(\$2,872)	\$0	(\$670)	\$0	(\$3,541)	-1%
542 - Administration	Revised Budget	\$273,990	\$135,098	\$41,266	\$5,399	\$1,921		\$457,674	
	Year-End Projections	\$267,853	\$129,382	\$38,247	\$5,241	\$2,748		\$443,471	
	Surplus/(Deficit)	\$6,137	\$5,716	\$3,019	\$158	(\$827)	\$0	\$14,203	3%
543 - Field Engineering	Revised Budget	\$8,187,034	\$3,892,318	\$1,128,396	\$221,008	\$134,263	\$5,180	\$13,568,199	
	Year-End Projections	\$8,121,555	\$3,721,584	\$1,093,209	\$241,012	\$125,420	\$5,180	\$13,307,960	
	Surplus/(Deficit)	\$65,479	\$170,734	\$35,187	(\$20,004)	\$8,843	\$0	\$260,239	2%
545 - Architectural Engineering and Contracts	Revised Budget	\$3,996,126	\$1,937,735	\$400,838	\$108,572	\$17,903	\$6,095	\$6,467,269	
	Year-End Projections	\$3,994,351	\$1,926,632	\$365,026	\$99,513	\$16,349	\$5,531	\$6,407,402	
	Surplus/(Deficit)	\$1,775	\$11,103	\$35,812	\$9,059	\$1,554	\$564	\$59,867	1%
547 - Transportation Engineering - Design	Revised Budget	\$4,556,019	\$2,209,694	\$321,733	\$205,196	\$10,390	\$364	\$7,303,396	
	Year-End Projections	\$4,460,137	\$2,206,991	\$342,803	\$174,373	\$8,404	\$12,046	\$7,204,754	
	Surplus/(Deficit)	\$95,882	\$2,703	(\$21,070)	\$30,823	\$1,986	(\$11,682)	\$98,642	1%
549 - Transportation Engineering - Ops	Revised Budget	\$3,636,871	\$1,707,294	\$2,220,810	\$49,597	\$7,970	\$5,348	\$7,627,890	
	Year-End Projections	\$3,613,283	\$1,709,708	\$2,285,335	\$49,772	\$8,769	\$5,348	\$7,672,215	
	Surplus/(Deficit)	\$23,588	(\$2,414)	(\$64,525)	(\$175)	(\$799)	\$0	(\$44,325)	-1%
601 - Citywide Program Expenditures	Revised Budget		\$0	\$50,480,202	\$0			\$50,480,202	
	Year-End Projections		\$4,111	\$51,097,924	\$0			\$51,102,035	
	Surplus/(Deficit)	\$0	(\$4,111)	(\$617,722)	\$0	\$0	\$0	(\$621,833)	-1%

		SALARIES & WAGES	FRINGE BENEFITS	SUPPLIES & SERVICES	DATA PROCESSING	UTILITIES	OUTLAY	TOTAL	% VARIANCE
602 - General Fund Appropriated Reserves	Revised Budget			\$7,000,000	\$0			\$7,000,000	
	Year-End Projections			\$7,000,000	\$0			\$7,000,000	
	Surplus/(Deficit)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%
890 - Customer Services	Revised Budget	\$1,116,590	\$617,289	\$756,490	\$19,456	\$9,105	\$4,202	\$2,523,132	
	Year-End Projections	\$1,138,797	\$634,580	\$726,367	\$18,393	\$30,082	\$3,554	\$2,551,772	
	Surplus/(Deficit)	(\$22,207)	(\$17,291)	\$30,123	\$1,063	(\$20,977)	\$648	(\$28,640)	-1%
TOTAL GENERAL FUND REVISED BUDGET		\$499,191,888	\$271,645,420	\$272,087,565	\$37,074,493	\$25,791,406	\$10,208,520	\$1,115,999,292	
TOTAL GENERAL FUND YEAR-END PROJECTIONS		\$495,430,521	\$279,011,093	\$280,890,429	\$36,015,740	\$26,165,555	\$10,406,215	\$1,127,919,552	
SURPLUS/(DEFICIT)		\$3,761,367	(\$7,365,673)	(\$8,802,864)	\$1,058,753	(\$374,149)	(\$197,695)	(\$11,920,261)	-1%

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REVIEW OF MID YEAR BUDGET MONITORING REPORT PROCESS ISSUES

- ▣ Importance of up-to-date budget data and sound projections
- ▣ FY2008 Budget allocations were developed last February/March 2007
- ▣ Budget is an expenditure plan; various events impact actual expenditures and revenues
- ▣ For FY2007, a \$40 million unexpected upswing was reported at end of the year
- ▣ Positive result, but accuracy is goal



PROCESS ISSUES (con't.)

- ▣ Current year projections more accurate with more actual data
- ▣ Council Policy 000-20 calls for comprehensive current year review and projections for next year no later than third week in January
 - ▣ based on the availability of six months of current year data
- ▣ Mid-Year Report based on 4.5 months of actuals, not six
- ▣ Look at refining policy and process for the Mid-Year to be based on six months actuals considering time needed for analysis



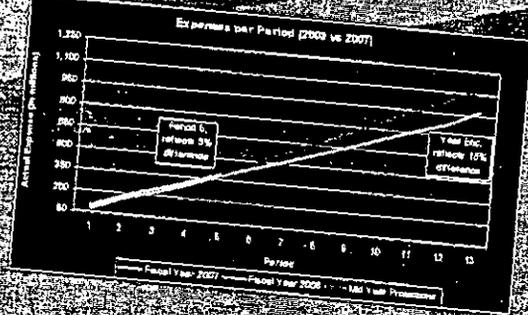
OTHER GENERAL CONCERNS

- Mid-Year requests \$8.7 million from reserves to balance
- Savings, excess revenue and repayments in other areas not fully considered as offset to deficits
- Would support adjusting departments' budgets impacted by fires and landslides, but could not identify and isolate these numbers
- Have requested additional technical information on number of issues



REVIEW OF MID-YEAR

- To date spending similar to last year
- Year end projections reflect large increase in spending





REVIEW OF MID-YEAR

Salaries and Wages:

- \$3.8 million savings projected for GF
- Previously approved increase for police officers now included in projections
- Even with wildfire, Police projecting \$2.4M surplus
- General Services projecting \$1.3M surplus
- Fire Dept projects deficit of \$1.6M
- Surplus could be reallocated among depts



REVIEW OF MID-YEAR

Fringe Benefits:

- Deficit of \$7.4 million projected for GF
- Additional analysis needed
- Structural under-budgeting
- Rate adjustments to be implemented
- Adjustments to budget should be postponed until corrections to rates are made after analysis is complete



REVIEW OF MID-YEAR

Supplies & Services

- Deficit of \$8.8 million projected for GF
- Env Svcs projects deficit of \$7.6M
- GPC projects deficit of \$1.6 million including funds for community plan updates
- Fire Dept projects deficit of \$700K
- Storm Water Division projections seem optimistic; funds could be reallocated to other uses



REVIEW OF MID-YEAR

Disaster Estimates:

- Projected total of \$50.5 million
- \$7.6 million expended to date
- Cannot discern total cost impact for FY 2008
- Additional information requested to isolate these costs from other adjustments
- IBA supportive of adjustments, but not clear on amounts needed



REVIEW OF MID-YEAR

Revenue Estimates:

- Sales tax projection reduced by \$6.9M
- Property transfer tax info unclear
- Franchise fees under budget by \$900K
- Booking fees still included in estimates
- Additional information requested
- State funding of \$5.8 million to be received by Env Svcs for tire debris removal



REVIEW OF MID-YEAR

Non-General Funds:

- Additional clarity needed
- Many funds expect to utilize fund balance to balance budgets
- Not clear if positive fund balances are available
- Request additional information on Water/Sewer CIP projects



REVIEW OF MID-YEAR

Requests for Adjustments:

- IBA recommends adjustments be postponed
- Some adjustments already approved or will come to Council later
- Salary category in surplus for General Fund
- Fringe benefits will have rates changed
- Wildfire and landslide costs need to be more clearly itemized



RECOMMENDATIONS

- Recommend no action at this time on requested adjustments
- Recommend an updated Mid-Year review based on seven periods be provided to Council end of February/early March
- Necessary actions to be taken at that time
- Recommend refining process for future Mid-Year reports to reflect six months of actuals



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THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: January 23, 2008 REPORT NO: 08-005

ATTENTION: Budget and Finance Committee
Agenda of January 30, 2008

SUBJECT: Fiscal Year 2008 Mid-Year Budget Monitoring Report

REFERENCE: Fiscal Year 2008 First Quarter Budget Monitoring Report, #07-184
Financial Performance Report (Charter Section 39 Report): Period 5 Fiscal
Year 2008

REQUESTED ACTION:

1. Accept the Report from the Mayor on Fiscal Year 2008 Mid-Year Budget Monitoring.
2. Authorize the City Comptroller to complete the financial transactions listed in this report.
 - a. Amend the Fiscal Year 2008 Appropriation Ordinance to authorize the City Comptroller to increase General Fund (100) appropriations by \$14,283,000, as discussed in this report, from the following sources: \$5,608,000 in additional revenues for the Environmental Services and Fire-Rescue Departments and \$8,675,000 from the General Fund unallocated reserve.
 - b. Amend the Fiscal Year 2008 Appropriation Ordinance to authorize the City Comptroller to increase Publishing Services Internal Service Fund (50020) appropriations by \$1,107,000 from the following sources: additional revenue of \$710,218 and the remainder from fund balance.
 - c. Amend the Fiscal Year 2008 Appropriation Ordinance to authorize the City Comptroller to increase the appropriations of the Golf Course Enterprise Fund (41400) by \$120,000 from fund balance.

STAFF RECOMMENDATION:

1. Accept the Report from the Mayor on Fiscal Year 2008 Mid-Year Budget Monitoring.
2. Authorize the City Comptroller to complete the financial transactions listed in this report.

SUMMARY:

The following report presents projections of year-end revenues and expenditures based on actual (unaudited) data through period five (July 1, 2007 to November 16, 2007). Departmental information regarding spending patterns and operations, including the impacts of the Southern California wildfires and Soledad Mountain Road landslide, were used to develop these projections. This report includes discussion of significant projected year-end variances from the

Summary of FY 2008 General Fund Projections
Table 1

Revenue/Expenditures	Revised Budget	Year-End Projection	Variance Amount	Variance %
Projected Revenue	\$ 1,106,330,952	\$ 1,107,591,168	\$ 1,260,216	0%
Projected Expenditures				
Salaries	499,191,889	495,430,521	3,761,368	1%
Fringe and Non-Personnel	616,807,403	633,794,729	(16,987,326)	3%
Subtotal	\$ 1,115,999,292	\$ 1,129,225,250	\$ (13,225,958)	1%

Net Year-End Projection **\$ (9,668,340)** **\$ (21,634,082)** **\$ (11,965,742)**

GENERAL FUND REVENUES

For Fiscal Year 2008, the total General Fund revenue budget is \$1.106 billion. Revenues are under budget by \$51.2 million or 25 percent through period five due to the timing of receipts of major General Fund revenues, such as transient occupancy tax and sales tax. Year-end projections show revenues exceeding budget by \$1.3 million as displayed in Table 2: FY 2008 General Fund Revenue. Reimbursements for wildfire expenses are the main contributor to the total over budget revenue projection in the General Fund. Department revenues are projected to conclude the fiscal year \$5.0 million or 2 percent over budget. If disaster reimbursement revenue of \$6.6 million was not included, department revenues would be projecting a negative variance of \$1.6 million. This is a significant improvement from the projected negative department revenue variance of \$3.9 million reported in the First Quarter Report. Conversely, major General Fund revenues are projected to conclude the fiscal year \$3.7 million under budget. This is greater than the \$1.4 million negative major revenue variance reported in the first quarter. The variance in major revenues will be monitored continually throughout the remainder of the fiscal year.

FY 2008 General Fund Revenue
Table 2

Actual/Projection	Budget	Actual/ Projection	Over Budget/ (Under Budget)	Variance %
Actual through Period 5	\$ 204,894,526	\$ 153,706,806	\$ (51,187,720)	25%
Year-End Projection	1,106,330,952	1,107,591,168	1,260,216	0%

Major Revenues

The four major revenue sources – property tax, sales tax, transient occupancy tax and franchises – account for nearly \$779.8 million or 71 percent of total General Fund budgeted revenues for Fiscal Year 2008. The major revenues are shown below in Table 3: FY 2008 Major General Fund Revenue Projections. Property tax revenue is expected to exceed budget by \$6.1 million and property transfer tax revenue is projected to exceed budget by \$1.9 million. However, as

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discussed in the First Quarter Report, sales tax revenue is projected to be significantly under budget by the end of the fiscal year. The year-end projections of the major revenue sources are described following the table.

FY 2008 Major General Fund Revenue Projections
Table 3

Revenue Source	Revised Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
Property Tax	\$ 385,688,853	\$ 391,805,306	\$ 6,116,453	2%
Sales Tax	239,485,958	229,130,717	(10,355,241)	4%
Transient Occupancy Tax ¹	85,184,936	85,390,733	205,797	0%
Franchises	69,431,697	68,544,095	(887,602)	1%
Safety Sales Tax	8,401,528	8,014,079	(387,449)	5%
Motor Vehicle License Fees	7,938,333	7,513,575	(424,758)	5%
Property Transfer Tax	7,570,860	9,554,858	1,983,998	26%
Other Revenue	68,706,741	68,747,723	40,982	0%

Total \$ 872,408,906 \$ 868,701,086 \$ (3,707,820) 0%

¹ Total City transient occupancy tax revenue budget for FY 2008 is \$162.6 million and the projection is \$163.0 million. The balance is budgeted in the Transient Occupancy Tax Fund.

Property Tax

The property tax revenue received as of mid-year reflects a higher than budgeted revenue for the period. Based on the latest receipts, it is forecasted that property tax revenue will be approximately \$6.1 million or 2 percent over budget by the end of the fiscal year. This is an increase compared to initial projections presented in the First Quarter Report. The projected positive variance is mainly due to a slightly higher than projected assessed valuation, as estimated by the County Assessor's Office. Although median home prices in the county have dropped by 11.8 percent in the past year, property sales are still capturing the increased valuation from prior years, thereby maintaining a positive growth rate. The property tax revenue will be closely monitored and updated information will be provided in the Year-End Report.

Property Transfer Tax

Property transfer tax revenue is projected to be \$9.5 million or 26 percent over budget at year-end due to the higher than anticipated receipts in the first half of the year. Unlike property taxes, property transfer taxes are more sensitive to home sales activity and more quickly reflect the slow down in the housing market. It is anticipated, however, that receipts will decline during the remainder of the fiscal year as a result of the continued drop in home prices and real estate sales. This account will be closely monitored in the coming months and projections may be revised.

Sales Tax and Safety Sales Tax

Sales and use tax revenues are projected to be \$10.4 million or 4 percent below the \$239.5 million budget due to a lower than expected cleanup payment from the State. The projected rate has been revised downward from the budgeted rate to a negative 1 percent to reflect the weaker taxable sales in the new vehicle, construction material, and home remodeling sectors.

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Similarly, safety sales tax is projected to be \$387,000 or 5 percent under budget at year-end. Safety sales tax receipts generally follow the same economic trends as taxable sales and are impacted by weaker taxable sales in the retail sector countywide. Sales and safety sales tax information received to-date does not reflect the results of the holiday season since there is a lag in the receipt of these revenues. These revenues will be closely monitored and updated information will be provided in the Year-End Report.

Transient Occupancy Tax

The General Fund transient occupancy tax (TOT) budget is approximately 52 percent of all TOT revenues, or \$85.2 million for Fiscal Year 2008. Based on the latest receipts, TOT revenues are expected to end the year slightly above budget. TOT revenues will be closely monitored and updated information will be provided in the Year-End Report.

Franchises

The Fiscal Year 2008 franchise fees budget is \$69.4 million. The projected year-end estimate is \$887,000 below budget primarily due to lower than anticipated revenue of \$600,000 from refuse collection franchise fees. Additionally, franchise fee revenues from cable TV providers are anticipated to be under budget by \$287,000.

Motor Vehicle License Fees

The Fiscal Year 2008 motor vehicle license fees (MVLFF) budget is \$7.9 million. MVLFF revenue is projected to be slightly below budget at the end of the fiscal year due to weaker performance in vehicle sales.

Other Revenue

Other revenue includes revenue sources such as reimbursement for booking fees, revenue received from employee pickup savings resulting from the tobacco revenue securitization, reimbursements from State-mandated programs, and interest from investments and dividends. These revenues are anticipated to be near budget at year-end. The City is working with the County to resolve the booking fee issue, which may result in a reduction of \$5.2 million to both revenues and expenses with a cost-neutral impact to the General Fund. Staff will continue to monitor and analyze these General Fund revenues as more data becomes available and will revise projections as required and report findings to Council in future reports.

Department Revenues

The following table, Table 4: FY 2008 Significant General Fund Revenue Variances, displays departments with projected under or over budget revenue variances of \$500,000 or greater, or 10 percent or more with a minimum variance of \$100,000. These variances are discussed following the table.

FY 2008 Significant General Fund Revenue Variances

Table 4

Department	Revised Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
Environmental Services	\$ 513,582	\$ 6,562,272	\$ 6,048,690	100%
Fire-Rescue	9,114,413	11,968,612	2,854,199	31%
General Services	42,532,708	40,533,890	(1,998,818)	5%
Engineering and Capital Projects	26,999,153	28,743,824	1,744,671	6%
Police	41,642,463	40,333,046	(1,309,417)	3%
City Attorney	6,163,262	5,249,205	(914,057)	15%
Purchasing and Contracting	1,376,981	576,002	(800,979)	58%
City Auditor and Comptroller	2,750,837	2,383,679	(367,158)	13%
Debt Management	1,526,389	1,279,303	(247,086)	16%
Office of Homeland Security	983,992	748,139	(235,853)	24%
DSD - Neighborhood Code Comp.	1,321,088	1,449,012	127,924	10%

Environmental Services

The Environmental Services Department is projecting a \$6.0 million or 100 percent positive revenue variance resulting from advances from the State for the debris removal program offered to City residents impacted by the wildfires. Currently, an action is going before Council for the authority to increase both expenditures and revenue appropriations by \$3.0 million to reflect the revenue already received. An additional advance from the State is anticipated for \$2.8 million. As it is probable that the department will receive the additional \$2.8 million advance, it has been included in the projection. These advances, totaling \$5.8 million, will offset the projected debris removal expense of \$8.4 million. If additional reimbursement is not received by the end of the fiscal year, the City will need to absorb \$2.6 million in unanticipated costs for Fiscal Year 2008.

Fire-Rescue

Similar to the trend presented in the First Quarter Report, the Fire-Rescue Department is projecting revenues to be \$2.9 million or 31 percent over budget primarily due to continuing emergency medical services reimbursements exceeding those anticipated in the Fiscal Year 2008 Budget. Presently, more Fire-Rescue personnel are staffing ambulances, generating approximately \$2.0 million in additional revenue for the department. However, because the use of Rural Metro employees instead of Fire-Rescue Department employees fluctuates, this revenue is difficult to forecast. In addition, partial reimbursement of \$800,000 from other agencies for services provided during the wildfires through mutual aid agreements has been received to-date. The department has also submitted reimbursement requests to FEMA, the State, and through mutual aid agreements totaling over \$4.3 million dollars; however, due to the unknown timing of payment, that revenue has not been included in the revenue projections in this report.

General Services

The General Services Department is projecting a \$2.0 million or 5 percent unfavorable revenue variance, similar to that reflected in the First Quarter Report. The Fiscal Year 2008 Budget includes \$1.0 million of reimbursement for work on ADA projects. These projects have become the responsibility of the Engineering and Capital Projects Department. As such, the \$1.0 million

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in revenue associated with these projects will be received by the Engineering and Capital Projects Department. Other reimbursable projects that have not been scheduled or are not anticipated to be completed by fiscal year-end are contributing to the other \$1.0 million of under performing revenues. The projected shortfall may be reduced by unanticipated requests for tenant improvements from non-general fund departments.

Engineering and Capital Projects

The Engineering and Capital Projects Department is projecting a positive year-end revenue variance of \$1.7 million or 6 percent. Of this amount, \$1.0 million is due to reimbursement for work performed on ADA projects. These projects were previously the responsibility of the General Services Department and, as such, the budget associated with this revenue is currently in the General Services Department. The remaining over budget revenue is due to greater than expected reimbursements for staff work period-to-date.

Police

A negative revenue variance of \$1.3 million or 3 percent is projected for the Police Department, reflecting some improvement over the revenue projection provided in the First Quarter Report. The negative variance is primarily the result of lower than anticipated parking citations revenue. The significant period-to-date variance in revenue is due to delays in the posting of September through December deposits resulting from the implementation of a new Parking Citation Management System in the Office of the City Treasurer. The distribution of revenue from these months' citations and regular monthly deposits are expected to resume in the next period. Based on data through period five, the monthly average deposit was \$1.2 million, compared to the budgeted monthly deposit amount of \$1.6 million. Over budget revenues in other areas partially offset this variance. Vacant Parking Enforcement Officer positions have contributed to lower monthly average deposits.

City Attorney

The office of the City Attorney's projected negative revenue variance of \$914,000 or 15 percent is attributed to the department not receiving budgeted Service Level Agreements (SLA) revenue. Contracts that were anticipated at the time the budget was developed were not established this fiscal year. The department is unable to receive reimbursable revenues as budgeted.

Purchasing and Contracting

The Purchasing and Contracting Department is projected to be under budget in revenues by \$801,000 or 58 percent, which is a slight improvement over the projection in the First Quarter Report. The First Quarter Report identified a potential structural issue with the amount of revenue budgeted in this department resulting from restructuring. It has been determined that the budget was not established correctly and will be addressed for the Fiscal Year 2009 Budget.

City Auditor and Comptroller

The office of the City Auditor and Comptroller is projecting a \$367,000 or 13 percent negative revenue variance. This is largely the result of vacancies in revenue-generating positions, which is offset by lower expenditures. The department is actively working to fill these positions before the end of the fiscal year.

Debt Management

The year-end projected unfavorable revenue variance of \$247,000 or 16 percent for Debt Management is attributed to less work than anticipated on reimbursable activities.

Office of Homeland Security

The Office of Homeland Security is projecting to conclude the fiscal year \$236,000 or 24 percent under budget in revenues. Grant reimbursable positions were vacant earlier in the year resulting in less revenue than anticipated. In addition, less staff time has been spent performing grant related activities due to being reassigned to work related to the wildfires.

DSD – Neighborhood Code Compliance

The Neighborhood Code Compliance Division of the Development Services Department is projecting a positive year-end revenue variance of \$128,000 or 10 percent. This is the result of reimbursements from Proposition A funding for graffiti removal in the public right-of-way.

GENERAL FUND EXPENDITURES

For Fiscal Year 2008, the total General Fund revised expenditure budget is \$1.116 billion. The expenditure budget has been increased by \$9.7 million from the unallocated reserves through approved Council actions, including the establishment of the Appropriated Reserves. Expenditures are under the period-to-date budget by \$36.1 million or 9 percent through period five due to vacancies and the timing of non-personnel expenditures. Year-end projections show over budget expenditures of \$13.2 million or 1 percent as displayed in Table 5: FY 2008 General Fund Expenditures. The main contributor to the total over budget expenditure projection in the General Fund is wildfire expenses. Salaries are projected to be under budget by \$3.8 million while fringe and non-personnel expenditures are projected to be over budget by \$17.0 million, as displayed in Table 1: Summary of FY 2008 General Fund Projections earlier in this report. Further discussion of expenditure variances follows.

FY 2008 General Fund Expenditures
Table 5

Actual/Projection	Budget	Actual/ Projection	Under Budget/ (Over Budget)	Variance %
Actual through Period 5	\$ 423,995,800	\$ 387,912,443	\$ 36,083,357	9%
Year-End Projection	1,115,999,292	1,129,225,250	(13,225,958)	1%

Salary and Fringe

Departmental personnel expenses and vacancy rates through period five continue to reflect a higher than anticipated vacancy rate; however, fringe expenses are still trending over budget. For the General Fund, the overall vacancy factor established for Fiscal Year 2008 was slightly above 4 percent. Current vacancy levels are over 5 percent. Higher than anticipated vacancy rates have resulted in \$5.6 million of salary savings to-date throughout the General Fund. Despite the

unexpected salary expenditures related to the recent wildfires, salaries are still projected to be under budget by \$3.8 million at year-end.

Over budget period-to-date expenses in numerous fringe accounts are due to structural under budgeting and higher than necessary rates to expense fixed budgets. Financial Management will be requesting appropriation adjustments for the accounts requiring attention in the Year-End Report. Despite over budget expenses in certain fringe accounts, the General Fund is still showing under budget period-to-date expenditures of \$2.9 million. The current year-end fringe projection for the General Fund is \$6.0 million or 2 percent over budget primarily due to the expense rates for retirement and workers' compensation which are discussed below. Additional information on these and other fringe accounts with significant variances follows.

Retirement and Workers' Compensation

The Fiscal Year 2008 Budget includes a citywide retirement contribution of \$165.0 million and a workers' compensation expense of \$26.1 million. Maintaining the current rates established to expense these amounts across all city departments would exceed the annual requirements by over \$1.6 million for retirement and \$3.9 million for workers' compensation. The combined impact of these excess collections would impact City funds by \$5.5 million.

The rates for retirement and workers' compensation to expense the fixed budget are established at the beginning of the fiscal year based on the budgeted hours of salary expense. These rates are adjusted throughout the year to reflect changes in staff hours. The retirement and workers' compensation accounts are currently being collected too rapidly. Financial Management will work with the City Comptroller to adjust the rates to realign collection amounts with the required contributions for the fiscal year. Projections provided in the Year-End Report will reflect the impacts of this rate adjustment.

Supplemental Pension Savings Plan (SPSP)

The Fiscal Year 2008 General Fund budget for SPSP is \$10.8 million. The period-to-date expense of \$4.9 million exceeds the period-to-date budget by \$0.5 million. Based on actual expenses to-date, the projected year-end expense will exceed the budget by \$1.9 million. The over budget period-to-date and projected expenditures result from a larger than necessary adjustment to SPSP accounts from the Fiscal Year 2008 vacancy factor. The departments most negatively impacted are the Police and Fire-Rescue Departments, with projected over budget expenditures of \$1.0 million and \$0.7 million, respectively. Appropriation adjustments may be necessary for these departments if sufficient savings are not available in other fringe accounts or non-personnel expenditures. Adjustments may be requested in the Year-End Report, once the effects of the fringe expense rate adjustments discussed previously are determined.

Long Term Disability

The Fiscal Year 2008 Budget for long term disability is \$2.6 million, of which \$1.8 million is the General Fund portion. The period-to-date expense exceeds the budget by \$212,000 citywide and \$158,000 in the General Fund alone. The year-end expense is projected to be \$528,000 over budget citywide, while the General Fund is projected to be \$407,000 over budget. The overage is caused by overly aggressive reductions in this fringe account as a result of the vacancy factor and historical under-budgeting of this account.

Department Expenditures

The following table, Table 7: FY 2008 Significant General Fund Expenditure Variances, displays the departments with projected over or under budget expenditure variances of \$500,000 or greater, or 10 percent or more with a minimum variance of \$100,000. These variances are discussed following the tables.

FY 2008 Significant General Fund Expenditure Variances
Table 7

Department	Revised Budget	Year-End Projection	Under Budget/ (Over Budget)	Variance %
Environmental Services	\$ 40,793,354	\$ 47,718,670	\$ (6,925,316)	17%
Fire-Rescue	179,943,098	185,927,900	(5,984,802)	3%
General Services	108,049,461	105,988,250	2,061,211	2%
Police	392,336,695	393,841,273	(1,504,578)	0%
City Planning and Community Inv.	16,716,335	17,802,141	(1,085,806)	6%
Park and Recreation	87,520,141	88,399,117	(878,976)	1%
Office of the City Treasurer	14,441,916	13,583,324	858,592	6%
Library	37,630,664	38,418,570	(787,906)	2%
Financial Management	4,117,777	3,446,964	670,813	16%
Citywide Program Expenditures	50,480,202	51,102,033	(621,831)	1%
Public Safety	3,053,186	2,715,360	337,826	11%
Office of the Chief Fin. Officer	1,067,349	822,131	245,218	23%
Public Works	854,530	748,283	106,247	12%

While the main purpose of this report is to present the projected year-end status of departments and funds in comparison to annual appropriations, additional information regarding the period-to-date expenditures of several departments is included in order to provide further information about departments discussed in the Comptroller's Charter Section 39 report. Following is a table presented in the Comptroller's *Financial Performance Report (Charter Section 39 Report): Period 5 Fiscal Year 2008* which highlights period-to-date variances of select departments.

General Fund Expenditure Period-to-Date Variance Analysis

	PTD	FY08	Variance	%
	Budget	Actuals		
General Services	\$ 35,553,241	\$ 22,137,675	\$ 13,415,566	38%
Office the Chief Information Officer	15,165,656	8,359,609	6,806,047	45%
Police	143,709,797	138,128,930	5,580,867	4%
San Diego Fire-Rescue	69,953,468	74,492,157	(4,538,689)	-6%
City Planning and Community Investment	6,551,558	4,091,708	2,459,850	38%
Remaining Departments	150,369,770	141,306,942	9,062,828	6%
Total General Fund Expenditures	\$ 421,303,490	\$ 388,517,021	\$ 32,786,469	8%

Environmental Services

The Environmental Services Department projects to end the year \$6.9 million or 17 percent over the expenditure budget. The department is managing a debris removal program to assist residents

with wildfire recovery. This debris removal is estimated to cost \$8.4 million. This unbudgeted expense is partially offset by projected under budget spending in the Collection Services Division. As reported in the First Quarter Report, lower than expected tonnage collected, reducing the landfill disposal fee expense, and vacancies have reduced projected expenses in the Division by \$1.3 million. As discussed in the revenue section of this report, the department has received an advance reimbursement from the State of \$3.0 million and is requesting an additional \$2.8 million. These revenues will alleviate, but not absorb, the total over budget expenses and are included in the department's revenue projections.

Fire-Rescue

The year-end expenditure projection for the Fire-Rescue Department is \$6.0 million or 3 percent over budget. Period-to-date expenditures are \$4.5 million or 6 percent over the period-to-date budget. The department reports that the main contributor to this negative variance is \$3.4 million of increased expenses in salaries, associated fringe and other resources required for the wildfires. Prior to the wildfires, the department projected to be within budget for salaries and wages. However, Fire-Rescue's fringe budget contains a shortfall of approximately \$2.6 million that was exacerbated by the additional staffing and hours required to fight the wildfires. As discussed previously, a larger than necessary vacancy factor adjustment to SPSP accounts is contributing to projected over budget fringe expenditures in the Fire-Rescue Department. An appropriation adjustment for this fringe account may be requested in the Year-End Report.

General Services

The General Services Department is projecting a \$2.1 million or 2 percent favorable expenditure variance at year-end. This is primarily due to personnel expense savings from vacancies throughout the department. The department is planning on filling vacant positions before the end of the fiscal year but not as quickly as was assumed during the First Quarter Report. The projected year-end variance has doubled from that reported in the first quarter. The period-to-date variance of \$13.4 million or 38 percent is also impacted by contracts that are planned to be presented to Council during periods seven or eight (January or February), later than originally anticipated. These contracts are projected to be fully expended or encumbered by year-end.

Police

The Police Department is projecting to expend \$1.5 million over budget by year-end. Prior to the wildfires, the department was projected to end the year under budget. As mentioned in the discussion of fringe accounts, a structural issue exists creating a projected over budget expense of \$4.6 million in the Police Department's fringe accounts. Savings in all other areas largely offset this negative variance. Adjustments to the collection rates in certain fringe accounts should reduce this projected variance; however, it is likely the department will need an appropriation adjustment at year-end. The period-to-date positive expenditure variance of \$5.6 million or 4 percent is primarily due to salary savings from vacant positions and delays in the purchases of supplies and services. The year-end projection includes increased expenditures from the 2 percent salary increase and anticipated expenses related to the US Open and Biotech events taking place at the end of this fiscal year.

City Planning and Community Investment

The City Planning and Community Investment Department is projecting a \$1.1 million or 6 percent negative year-end expenditure variance. This is in contrast to the \$2.5 million or 38 percent period-to-date positive variance. The period-to-date variance is due to the delay in a \$2.0 million transfer. The projected over budget expenditures are due to \$500,000 in anticipated consultant expenses for the Grantville community plan amendments. In addition, budgeted expenditures for the Small Business Enhancement Program are lower than the budgeted revenue. In order to comply with Council Policy 900-15 an appropriation adjustment of \$574,000 is necessary. Financial Management staff is working with these departments to resolve this structural budget issue for Fiscal Year 2009.

Park and Recreation

The Park and Recreation Department is projecting a year-end unfavorable expenditure variance of \$879,000 or 1 percent. This is largely due to unexpected expenses for dredging the La Jolla Children's Pool, tree trimming in Mission Bay Park, and preliminary planning for a Beach Sand Replenishment Study to be run by SANDAG. The projection also includes over budget personnel expenses from overtime incurred in response, recovery and mitigation efforts related to the wildfires and energy expenses for new facilities which were not incorporated into the Fiscal Year 2008 Budget.

Office of the City Treasurer

The projection for the Office of the City Treasurer shows expenditures under budget by \$859,000 or 6 percent. This positive variance is the result of vacancies that the department is actively trying to fill and projected under budget spending on supplies and services and data processing associated with the vacancies. This projected positive variance is slightly higher than the 5 percent reported in the First Quarter Report.

Library

The Library Department is projecting to conclude the fiscal year \$788,000 or 2 percent over budget in expenditures, as was reported in the First Quarter report. The predominant cause of this variance is over budget personnel expenses. Current year personnel expenses are trending closely with prior year expenditures. The variance between projected expenditures and the annual budget is primarily caused by the vacancy factor applied to the Library Department for Fiscal Year 2008. The budgeted vacancy factor is 2.4 percent; however, the department would be near budget if this vacancy factor had not been applied. This vacancy factor rate will be reassessed for Fiscal Year 2009.

Financial Management

The Financial Management Department is projecting a \$671,000 or 16 percent year-end positive expenditure variance due to vacancies. The department is currently in the process of filling all vacant positions; however, significant personnel expense savings have already been experienced to-date and will not be exhausted by year-end.

Citywide Program Expenditures

The Citywide Program Expenditures Department is projecting year-end over budget expenditures of \$622,000 or 1 percent. The primary contributor to this variance is updated election cost

estimates of \$3.5 million, which is \$800,000 above the budget for this expense. This projected overage is partially offset by savings in insurance. An updated election cost projection and appropriation adjustment request, if necessary, will be provided in the Year-End Report.

Public Safety

The Public Safety Department projects a favorable year-end expenditure variance of \$338,000 or 11 percent. This projected positive variance is predominantly the result of curtailed supplies and services spending. Additionally, a large portion of the budget used to subsidize the Emergency Medical Services program will be left unexpended. It was anticipated that the MediCare and MediCal reimbursement rates would be reduced for Fiscal Year 2008, requiring the City to pay an increased portion of program costs; however, those reimbursements were not reduced as expected.

Office of the Chief Financial Officer

The Office of the Chief Financial Officer projects a \$245,000 or 23 percent positive expenditure variance. This variance is caused by the vacancies of the budgeted Executive Secretary and Chief Financial Officer. At this time, the Chief Financial Officer position has been filled and recruitment has begun for the Executive Secretary position.

Public Works

A positive year-end expenditure variance of \$106,000 or 12 percent is projected in the Public Works Department. This is due to the recently vacated Assistant Deputy Chief Operating Officer position, which will not be filled this fiscal year.

Office of the Chief Information Officer

The Office of the Chief Information Officer experienced under budget expenditures of \$6.8 million or 45 percent through period five. The period-to-date variance is due to a delay in data processing expenditures. The department is projected to end the year within 1 percent of budget.

GENERAL FUND RESERVES

At the start of Fiscal Year 2008, General Fund working capital reserves were estimated at \$90.6 million. During the first half of the year, City Council approved the appropriation of \$688,000 for audit services provided by Macias, Gini & O'Connell, LLP, \$2.0 million for the Charger's settlement, and \$7.0 million to establish the appropriated reserve. These actions have brought the unallocated and emergency reserves balance to approximately \$81.0 million. The City Reserve Policy requires that \$55.0 million be set aside into an Emergency Reserve by fiscal year end and a \$3.3 million reserve contribution is budgeted in the Citywide Program Expenditures Department. This report requests to appropriate an additional \$8.7 million from the unallocated reserves to support over budget expenditures related to the wildfires and other unexpected expenses. These actions would bring the unallocated reserve balance to approximately \$14.0/million.

The appropriated reserve was established in November with Council's approval of the City Reserve Policy. Through mid-January, the following four actions allocated funding from the appropriated reserve: \$2.0 million for the Soledad Mountain Road landslide project, \$800,000

for the Otay Mesa Community Plan update, \$2.2 million for court ordered legal fees for SDCERS board members, and \$370,000 for outside disclosure counsel provided by Hawkins, Delafield & Wood. The remaining appropriations available in the appropriated reserve, at the time this report was released, are \$1.3 million.

SOUTHERN CALIFORNIA WILDFIRES AND SOLEDAD MOUNTAIN ROAD LANDSLIDE

Preliminary cost estimates for the Southern California wildfires and the Soledad Mountain Road landslide total \$50.5 million. Of this amount, \$24.5 million is the updated wildfire estimate which has been reduced from the \$31.2 million initial estimate included in the First Quarter Report. The revised estimate includes \$6.1 million for police and fire emergency services, already incurred, and \$10.5 million for debris removal. The damage estimate for the Soledad Mountain Road landslide remains at \$26.0 million, of which \$21.0 million is for slope stabilization and road reconstruction. The following table, Table 6: Disaster Estimates, shows estimated costs compared to actual costs incurred through period five and anticipated revenues for Fiscal Year 2008.

Disaster Estimates				
Table 6				
Disaster/Department	Estimated Costs	Actual Expenses as of Period 5¹	Estimated FY08 Revenue	
Southern California Wildfires				
Environmental Services	\$ 10,511,500	\$ -	\$ 5,754,000	
Fire-Rescue	3,488,000	3,046,793	800,000	
Water	3,251,829	-	-	
Police	2,636,165	3,204,624	-	
Engineering and Capital Proj.	2,350,000	-	-	
Development Services	700,000	-	-	
various	650,000	-	-	
Metropolitan Wastewater	303,492	-	-	
Office of Homeland Security	274,286	38,507	-	
General Services	206,483	-	-	
Park and Recreation	79,216	-	-	
Office of the Chif Inf. Officer	32,534	-	-	
Wildfires Total	\$ 24,483,505	\$ 6,289,924	\$ 6,554,000	
Soledad Mountain Road Landslide	\$ 26,000,000	\$ 1,322,888	\$ -	
Combined Disasters Total	\$ 50,483,505	\$ 7,612,812	\$ 6,554,000	

¹ Source: Comptroller's Financial Performance Report (Charter Section 39 Report): Period 5 Fiscal Year 2008

These preliminary estimates have been submitted to the Governor's Office of Emergency Services and the Federal Emergency Management Agency (FEMA); however, at this time it is unknown how much will be determined eligible for reimbursement. The wildfires may be determined eligible for FEMA reimbursements at 75.0 percent of total eligible costs and State

reimbursements at 18.75 percent of total eligible costs. The maximum reimbursement for the wildfires would be 93.75 percent, or approximately \$23.0 million, assuming all costs submitted are eligible.

The landslide may be determined eligible for Federal Highway Administration reimbursements at 88.53 percent of eligible costs for road work and California Disaster Assistance Act reimbursements at 75.0 percent of the remaining eligible costs. The maximum reimbursement for the landslide would be approximately \$22.3 million, assuming all submitted costs are eligible.

The combined reimbursements could total as much as \$45.3 million. The City could be responsible for between \$5.2 million and \$50.5 million estimated expenses. The amount eligible for reimbursement will be determined at a later date. In addition, estimates on the timing of the reimbursements to the City, since not all of the reimbursements will be received this fiscal year, will be included in future reports. To-date the Environmental Services Department has received advanced funding of \$3.0 million and anticipates another \$2.8 million for debris removal. Fire-Rescue has received \$800,000 from other agencies through mutual aide agreements. Only known revenues have been included in the mid-year forecast. Updated information will be provided in the Year-End Report.

NON GENERAL FUNDS

Projections based on the first five periods of Fiscal Year 2008 are provided in Attachment III: Non-General Fund Projections for all non-general funds with staff. The majority of non-general funds are expected to remain within budget. Those with significant budgetary variances in revenues or expenditures of \$750,000 or more, or over 10 percent with a minimum variance of \$100,000 are displayed in Tables 8-23 and are discussed below.

City Airport Fund

FY 2008 City Airport Fund
Table 8

Revenue/Expenditure	Budget	Actual/ Projection	Variance Amount	Variance %
Revenue				
Actual through Period 5	\$ 2,037,008	\$ 2,274,418	\$ 237,410	12%
Year-End Projection	4,867,958	5,114,951	246,993	5%
Expenditures				
Actual through Period 5	1,772,651	861,242	911,409	51%
Year-End Projection	4,664,304	3,752,895	911,409	20%

The City Airport Fund is projecting a year-end positive expenditure variance of \$911,000 or 20 percent. This variance is the result of vacancies earlier in the fiscal year and capital expenditures that will carry forward into future years. The period-to-date savings will carry forward for the

remainder of the year. Projected year-end revenues in the City Airport Fund exceed projected expenditures by approximately \$1.4 million.

Development Services Enterprise Fund

FY 2008 Development Services Enterprise Fund
Table 9

Revenue/Expenditure	Budget	Actual/ Projection	Variance Amount	Variance %
Revenue				
Actual through Period 5	\$ 16,670,809	\$ 18,890,446	\$ 2,219,637	13%
Year-End Projection	45,557,453	47,728,468	2,171,015	5%
Expenditures				
Actual through Period 5	19,691,155	18,130,238	1,560,917	8%
Year-End Projection	53,047,886	51,209,456	1,838,430	3%

Projected year-end expenditures for the Development Services Enterprise Fund show a positive variance of \$1.8 million or 3 percent. Revenues for this fund are projected to end the year with a positive variance of \$2.2 million or 5 percent. The fund is projecting to increase future expenditures to normal budgeted levels, leaving period-to-date savings of \$1.0 million unexpended. The projected over budget revenue is due to higher than anticipated underground trenching work in the recent periods. Year end projections for this fund show expenditures to exceed revenues by \$3.5 million.

Engineering and Capital Projects Internal Service Fund

FY 2008 Engineering and Capital Projects Internal Service Fund
Table 10

Revenue/Expenditure	Budget	Actual/ Projection	Variance Amount	Variance %
Revenue				
Actual through Period 5	\$ 8,543,565	\$ 5,895,180	\$ (2,648,385)	31%
Year-End Projection	25,487,865	23,555,897	(1,931,968)	8%
Expenditures				
Actual through Period 5	8,437,587	6,713,008	1,724,579	20%
Year-End Projection	25,487,865	24,242,630	1,245,235	5%

The Engineering and Capital Projects Internal Service Fund has projected to conclude the fiscal year with expenses under budget by \$1.2 million or 5 percent and revenues under budget by \$1.9 million or 8 percent. The positive expenditure variance and the resulting negative revenue variance are the result of vacancies that are planned to be filled in the immediate future. The net

effect of the year-end revenue and expenditure projections is negative impact of \$687,000 to the fund.

Facilities Financing Fund

FY 2008 Facilities Financing Fund
Table 11

Revenue/Expenditure	Budget	Actual/ Projection	Variance Amount	Variance %
Revenue				
Actual through Period 5	\$ 905,379	\$ 816,566	\$ (88,813)	10%
Year-End Projection	2,403,569	2,117,065	(286,504)	12%
Expenditures				
Actual through Period 5	864,699	700,854	163,845	19%
Year-End Projection	2,687,127	2,329,164	357,963	13%

The Facilities Financing Fund projects to end the year with a favorable expenditure variance of \$358,000 or 13 percent and an under budget revenue variance of \$287,000 or 12 percent. The expenditure variance is due to vacancies and reduced expenditures. The revenue variance is also due to the vacancies which are in reimbursable positions. The year end projections for this fund reflect expenditures exceeding revenues by \$212,000.

Library Grants Fund

FY 2008 Library Grants Fund
Table 12

Revenue/Expenditure	Budget	Actual/ Projection	Variance Amount	Variance %
Revenue				
Actual through Period 5	\$ -	\$ 2,721	\$ 2,721	100%
Year-End Projection	753,000	505,131	(247,869)	33%
Expenditures				
Actual through Period 5	268,845	237,717	31,128	12%
Year-End Projection	731,373	607,395	123,978	17%

The Library Grants Fund projects under budget revenues of 33 percent or \$248,000. This negative projected revenue variance is due to a reduction in State funding for the Library. This reduction in revenue contributes to year-end projected negative net variance of \$102,000 which will be covered by fund balance.

Municipal Parking Garage Fund

FY 2008 Municipal Parking Garage Fund
Table 13

Revenue/Expenditure	Budget	Actual/ Projection	Variance Amount	Variance %
Revenue				
Actual through Period 5	\$ 1,204,290	\$ 1,194,624	\$ (9,666)	1%
Year-End Projection	3,257,035	3,247,369	(9,666)	0%
Expenditures				
Actual through Period 5	1,088,067	543,127	544,940	50%
Year-End Projection	2,826,170	2,107,856	718,314	25%

The Municipal Parking Garage Fund is projecting a positive year-end expenditure variance of \$718,000 or 25 percent due to a budgeted contingency reserve which is not planned to be spent. Overall, the fund is projecting to end the year with \$1.1 million of revenue in excess of expenditures.

PETCO Park Fund

FY 2008 PETCO Park Fund
Table 14

Revenue/Expenditure	Budget	Actual/ Projection	Variance Amount	Variance %
Revenue				
Actual through Period 5	\$ 3,958,569	\$ 4,766,175	\$ 807,606	20%
Year-End Projection	15,668,826	16,489,161	820,335	5%
Expenditures				
Actual through Period 5	8,454,023	6,149,331	2,304,692	27%
Year-End Projection	20,222,143	16,887,021	3,335,122	16%

The PETCO Park Fund is projecting year-end positive variances in expenditures of \$3.3 million or 16 percent and in revenues of \$820,000 or 5 percent. The projected variance in expenditures is due to prior year appropriations of \$2.8 million which are not planned to be spent. Over budget revenue projections result from Transient Occupancy Tax Fund reimbursements for police and traffic services provided for the 2004 through 2006 baseball seasons. This fund is projecting year-end expenditures to exceed revenues by \$398,000, which will be covered by fund balance.

Publishing Services Internal Service Fund

FY 2008 Publishing Services Internal Service Fund
Table 5

Revenue/Expenditure	Budget	Actual/ Projection	Variance Amount	Variance %
Revenue				
Actual through Period 5	\$ 1,730,770	\$ 1,711,695	\$ (19,075)	1%
Year-End Projection	4,500,000	5,210,218	710,218	16%
Expenditures				
Actual through Period 5	1,575,520	2,150,609	(575,089)	37%
Year-End Projection	4,193,823	5,300,295	(1,106,472)	26%

Expense projections for the Publishing Services Internal Service Fund show a negative variance of \$1.1 million or 26 percent while revenues are projected to be \$710,000 or 16 percent over budget. Over budget expenses are due to increased requests for publishing services. As reported in the First Quarter Report, the fund's rates were not fully recovering the costs associated with the services provided to City departments. Rate changes have been approved and will be implemented by the end of the fiscal year. The fund continues to incur over budget expenses operating under the current rate structure. Period-to-date revenue is trending on budget. Based on the implementation of the updated cost recoverable rates, revenue projections have increased from the department's initial projections of 9 percent in the First Quarter Report. The fund is currently projecting to end the year with \$91,000 of expenditures in excess of revenues.

QUALCOMM Stadium Operating Fund

FY 2008 QUALCOMM Stadium Operating Fund
Table 6

Revenue/Expenditure	Budget	Actual/ Projection	Variance Amount	Variance %
Revenue				
Actual through Period 5	\$ 6,727,078	\$ 3,652,090	\$ (3,074,988)	46%
Year-End Projection	16,203,448	16,440,461	237,013	1%
Expenditures				
Actual through Period 5	8,751,524	7,800,877	950,647	11%
Year-End Projection	18,491,579	17,567,260	924,319	5%

The QUALCOMM Stadium Operating Fund is projecting a positive expenditure variance of \$924,000 or 5 percent. This is the result of reduced expenditures in personnel expense and supplies and services. The fund is working to fill vacant positions before the end of the fiscal year. The fund is projecting to end the year with \$1.1 million of expenditures over revenues.

Risk Management Administration Fund

FY 2008 Risk Management Administration Fund
Table 17

Revenue/Expenditure	Budget	Actual/ Projection	Variance Amount	Variance %
Revenue				
Actual through Period 5	\$ 3,489,975	\$ 3,442,866	\$ (47,109)	1%
Year-End Projection	9,073,934	9,026,825	(47,109)	1%
Expenditures				
Actual through Period 5	3,385,956	3,001,758	384,198	11%
Year-End Projection	9,073,934	8,147,645	926,289	10%

The Risk Management Administration Fund's expenditure projection is under budget by \$926,000 or 10 percent. The projected variance is in personnel expenses due to a high turn over rate and the resulting vacancies. The fund is currently working to fill the vacancies by the end of this fiscal year. The fund projects to end the year with \$879,000 of revenue in excess of expenditures.

Recycling Fund

FY 2008 Recycling Fund
Table 18

Revenue/Expenditure	Budget	Actual/ Projection	Variance Amount	Variance %
Revenue				
Actual through Period 5	\$ 8,482,916	\$ 9,378,914	\$ 895,998	11%
Year-End Projection	21,000,700	21,507,882	507,182	2%
Expenditures				
Actual through Period 5	6,956,413	7,281,796	(325,383)	5%
Year-End Projection	24,005,762	21,663,845	2,341,917	10%

A positive expenditure variance of \$2.3 million or 10 percent is projected in the Recycling Fund. This is primarily credited to vacant positions and staff being reassigned to the General Fund. The fund is also projecting under budget expenses associated with lower than anticipated greenery tonnage being collected. The fund is projected to end the year with \$156,000 of expenditures in excess of revenues.

Refuse Disposal Fund

FY 2008 Refuse Disposal Fund
Table 19

Revenue/Expenditure	Budget	Actual/ Projection	Variance Amount	Variance %
Revenue				
Actual through Period 5	\$ 16,719,980	\$ 15,137,475	\$ (1,582,505)	9%
Year-End Projection	37,230,149	36,476,362	(753,787)	2%
Expenditures				
Actual through Period 5	10,514,617	8,572,213	1,942,404	18%
Year-End Projection	33,832,489	33,144,149	688,340	2%

The Refuse Disposal Fund projects under budget revenues of \$754,000 or 2 percent. This variance is attributed to a projected decline in overall tonnage being deposited in the city landfill. This projected negative variance in revenues is offset by a projected positive variance in expenditures. The fund is projected to end the year with \$3.3 million of revenues in excess of expenditures.

Sewer Funds

FY 2008 Sewer Funds
Table 20

Revenue/Expenditure	Budget	Actual/ Projection	Variance Amount	Variance %
Revenue				
Actual through Period 5	\$ 137,740,006	\$ 153,299,560	\$ 15,559,554	11%
Year-End Projection	359,030,423	373,137,081	14,106,658	4%
Expenditures				
Actual through Period 5	103,706,823	104,964,010	(1,257,187)	1%
Year-End Projection	539,058,792	390,928,584	148,130,208	27%

The Sewer Funds are projecting positive year-end variances in expenditures of \$148.1 million or 27 percent and in revenues of \$14.1 million or 4 percent. The positive variance in expenditures is partly due to the budgeted contingency reserve of \$31.6 million that is not planned to be spent. The timing of capital improvement projects contributes to the other \$116.5 million of projected under budget spending. Capital improvement projects budgeted in Fiscal Year 2008 are not expected to be fully expended by year-end and funds will carry forward into future years. The over budget revenue is due to prior year bond proceeds that are coming into the funds to support capital improvement projects. The fund projects to end the year with \$17.8 million of expenditures in excess of revenues, which will be covered with fund balance.

Solid Waste Local Enforcement Agency Fund

FY 2008 Solid Waste Local Enforcement Agency Fund
Table 21

Revenue/Expenditure	Budget	Actual/ Projection	Variance Amount	Variance %
Revenue				
Actual through Period 5	\$ 475,892	\$ 354,204	\$ (121,688)	26%
Year-End Projection	846,028	725,219	(120,809)	14%
Expenditures				
Actual through Period 5	379,134	151,460	227,674	60%
Year-End Projection	931,929	793,724	138,205	15%

The Solid Waste Local Enforcement Agency Fund is projecting a \$138,000 or 15 percent positive expenditure variance and a \$121,000 or 14 percent negative revenue variance. These variances are due to vacancies that negatively affect the number of inspections and services provided to other agencies. The fund is planning to fill these revenue generating positions prior to year-end. The fund is projecting to end the year with \$69,000 of expenditures in excess of revenues which is slightly lower than what was anticipated when the budget was developed.

Utilities Undergrounding Program Fund

FY 2008 Utilities Undergrounding Program Fund
Table 22

Revenue/Expenditure	Budget	Actual/ Projection	Variance Amount	Variance %
Revenue				
Actual through Period 5	\$ 385,151	\$ 398,121	\$ 12,970	3%
Year-End Projection	1,540,602	2,013,923	473,321	31%
Expenditures				
Actual through Period 5	573,236	471,163	102,073	18%
Year-End Projection	1,540,602	1,455,003	85,599	6%

The Utilities Undergrounding Program Fund is projecting over budget revenues of \$473,000 or 31 percent. This is due to additional staff time being charged to reimbursable projects. The fund is projected to end the year with \$559,000 of revenue in excess of expenditures.

Water Department Fund

FY2008 Water Department Fund
Table 23

Revenue/Expenditure	Budget	Actual/ Projection	Variance Amount	Variance %
Revenue				
Actual through Period 5	\$ 151,422,602	\$ 149,344,994	\$ (2,077,608)	1%
Year-End Projection	462,174,462	426,056,849	(36,117,613)	8%
Expenditures				
Actual through Period 5	141,897,247	119,641,891	22,255,356	16%
Year-End Projection	603,834,166	406,340,011	197,494,155	33%

The Water Department Fund projects a year-end under budget expenditure variance of \$197.5 million or 33 percent and an under budget revenue variance of \$36.1 million or 8 percent. The expenditure variance is primarily due to capital improvement project funding budgeted in Fiscal Year 2008 that is not expected to be fully expended by year-end. This funding will carry forward and be expended in future years as the projects progress. Additionally, anticipated requirements for bond debt issuance have been delayed, resulting in significant under budget expenditures and under budget revenues. It should be noted that Water Sales revenue is projected to be slightly higher than the budgeted amount. The fund is projecting to end the year with \$19.7 million of revenue in excess of expenditures.

APPROPRIATION ADJUSTMENT REQUESTS

At this time, appropriation adjustments are requested to cover only over budget expenditures related to the wildfires and landslide and other unexpected expenses. As mentioned in the salary and fringe section of this report, further adjustments may be requested in the year-end report to correct structural discrepancies in some departmental fringe budgets once the impacts of the rate adjustments are determined. The net impact of the General Fund adjustments is an appropriation from the unallocated reserves of \$8.7 million. Details on the requested adjustments follows the table.

FY 2008 Mid-Year Appropriation Adjustments Table 24
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Fund/Department	Revenue Increase/(Decrease)	Expenditures	Amount of Reserves Needed
General Fund			
Fire-Rescue	\$ 2,854,000	\$ 5,985,000	\$ 3,131,000
Environmental Services	2,754,000	3,926,000	1,172,000
Police	-	1,505,000	1,505,000
City Planning and Com. Inv.	-	1,086,000	1,086,000
Park and Recreation	-	879,000	879,000
Library	-	788,000	788,000
Family Justice Center	-	51,000	51,000
Office of the IBA	-	47,000	47,000
Council Administration	-	16,000	16,000
General Fund Total	\$ 5,608,000	\$ 14,283,000	\$ 8,675,000
Publishing Services Int. Svc. Fund	\$ 710,218	\$ 1,107,000	396,782
Golf Course Enterprise Fund	-	120,000	120,000

GENERAL FUND

Fire-Rescue

The Fire-Rescue Department requires a \$6.0 million increase in expenditure appropriations and a \$2.9 million increase in revenue appropriations. The expenditure increase is to fund over budget expenses associated with the response to the wildfires of approximately \$3.4 million. The remaining increase of \$2.6 million will address the structural under budgeting of fringe. The revenue increase is primarily to realize \$2.0 million in additional revenue from emergency medical services reimbursements due to increased Fire-Rescue personnel staffing ambulances. The remaining \$800,000 revenue adjustment is for revenue received from other agencies for services provided during the wildfires under mutual aide agreements. The net impact of these adjustments is \$3.1 million.

Environmental Services

A \$3.9 million increase in expenditure appropriations and a \$2.8 million increase in revenue appropriations is requested for the Environmental Services Department. The expenditure increase is to fund debris removal services provided to city residents impacted by the wildfires. The revenue increase is to realize an additional reimbursement advance from the State for providing these services. An action is current being taken to Council to appropriate the first \$3.0 million of reimbursement advance and related expenditures. Of the total estimated \$8.4 million cost for debris removal, \$5.8 million is covered by reimbursement advances and approximately \$1.5 million can be absorbed by the department from savings in other areas. The net impact to the General Fund in this fiscal year is under \$1.2 million.

Police

The Police Department requires a \$1.5 million increase in expenditure appropriations. The expenditure increase is to fund over budget expenses associated with the response to the wildfires which totaled \$3.2 million through period five. The increase will also address the structural under budgeting of fringe.

City Planning and Community Investment

A \$1.1 million increase in expenditure appropriations is requested for the City Planning and Community Investment Department. An adjustment of \$574,000 is requested to be compliant with Council Policy 900-15 by bringing the budgeted program expenditures in line with budgeted Small Business Tax revenue. Another \$500,000 is needed to complete community plan amendments for Navajo and Tierrasanta communities.

Park and Recreation

An \$879,000 increase in expenditure appropriations is requested for the Park and Recreation Department. This adjustment will provide \$250,000 toward dredging the La Jolla Children's Pool, \$200,000 for tree trimming expenses in Mission Bay Park, and \$200,000 for a Beach Sand Replenishment Study. The remaining funds will support other unexpected expenses, such as overtime incurred from the wildfires.

Library

The Library Department requires a \$788,000 increase in expenditure appropriations. This adjustment will primarily correct the Fiscal Year 2008 Budget which contained an overly aggressive vacancy factor of \$683,000 for this department.

Family Justice Center

The Family Justice Center requires a \$51,000 increase in expenditure appropriations to support the contracted security guard that was requested by Council during the Fiscal Year 2008 Budget hearings. The estimated annual cost for the security guard is \$56,000.

Office of the Independent Budget Analyst

The Office of the Independent Budget Analyst requests an expenditure appropriation increase of \$47,000 to fund an additional staff member for the remainder of the fiscal year.

Council Administration

The Council Administration Department requests an additional \$16,000 to fund the Committee Consultant for the Fire Ad Hoc Committee.

NON-GENERAL FUND**Publishing Services Internal Service Fund**

A \$1.1 million increase in expenditure appropriations and a \$710,000 increase in revenue appropriations is requested for the Publishing Services Internal Service Fund due to increased requests for publishing services. This adjustment is supported by revenues already budgeted in excess of the expenditure budget.

Golf Course Enterprise Fund

The Golf Course Enterprise Fund requires a \$120,000 increase in expenditure appropriations. Additional maintenance staff is needed to prepare for the 2008 US Open. Projected year-end revenues exceed projected expenditures by over \$2.2 million providing sufficient funding for this requested adjustment.

FISCAL CONSIDERATIONS: The net impact of the General Fund adjustments requested is an appropriation from the unallocated reserves of \$8.7 million. Adjustments are also requested for the Publishing Services Internal Service Fund and Golf Course Enterprise Fund.

PREVIOUS COUNCIL and/or COMMITTEE ACTION: None.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: None.

KEY STAKEHOLDERS AND PROJECTED IMPACTS: None.

Nader Tirandazi
Financial Management Director

Mary Lewis
Chief Financial Officer

Angela Colton
Financial Manager

- Attachments: I. General Fund Projected Revenues
- II. General Fund Projected Expenditures
- III. Non-General Fund Projections

General Fund Projected Revenues
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Department	Adopted Budget	Revised Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
Major General Fund Revenues					
Franchises	\$ 69,431,697	\$ 69,431,697	\$ 68,544,095	\$ (887,602)	1%
Interest Earnings	7,777,122	7,777,122	7,777,122	-	0%
Motor Vehicle License Fees	7,938,333	7,938,333	7,513,575	(424,758)	5%
Property Tax	385,688,853	385,688,853	391,805,306	6,116,453	2%
Property Transfer Tax	7,570,860	7,570,860	9,554,858	1,983,998	26%
Refuse Collector Business Tax	2,000,000	2,000,000	2,000,000	-	0%
Safety Sales Tax	8,401,528	8,401,528	8,014,079	(387,449)	5%
Sales Tax	239,485,958	239,485,958	229,130,717	(10,355,241)	4%
Transfers from Other Funds	58,754,619	58,754,619	58,754,619	-	0%
Transient Occupancy Tax ¹	85,184,936	85,184,936	85,390,733	205,797	0%
Miscellaneous	175,000	175,000	215,982	40,982	23%
TOTAL	\$ 872,408,906	\$ 872,408,906	\$ 868,701,086	\$ (3,707,820)	0%
Business and Support Services					
Business Operations and Administration	25,000	25,000	23,077	(1,923)	8%
Customer Services	676,814	676,814	702,688	25,874	4%
Labor Relations	-	-	-	-	0%
Library	1,694,422	1,694,422	1,574,193	(120,229)	7%
Office of the Chief Information Officer	-	-	-	-	0%
Park and Recreation	20,953,228	20,953,228	20,886,211	(67,017)	0%
Personnel	-	-	-	-	0%
Purchasing and Contracting	1,376,981	1,376,981	576,002	(800,979)	58%
Community and Legislative Services					
Community and Legislative Services	258,900	258,900	258,900	-	0%
Special Events	287,000	287,000	268,054	(18,946)	7%
Land Use and Economic Development					
City Planning and Community Investment	3,719,778	3,719,778	3,654,864	(64,914)	2%
DSD - Neighborhood Code Compliance	1,321,088	1,321,088	1,449,012	127,924	10%
Land Use and Economic Development	-	-	-	-	0%
Real Estate Assets	39,194,996	39,194,996	39,147,278	(47,718)	0%

General Fund Projected Revenues
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Department	Adopted Budget	Revised Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
Non-Mayoral					
City Attorney	\$ 6,163,262	\$ 6,163,262	\$ 5,249,205	\$ (914,057)	15%
City Clerk	54,625	54,625	48,914	(5,711)	10%
City Council - District 1	-	-	-	-	0%
City Council - District 2	-	-	-	-	0%
City Council - District 3	-	-	-	-	0%
City Council - District 4	-	-	-	-	0%
City Council - District 5	-	-	-	-	0%
City Council - District 6	-	-	-	-	0%
City Council - District 7	-	-	-	-	0%
City Council - District 8	-	-	-	-	0%
Council Administration	-	-	-	-	0%
Ethics Commission	-	-	-	-	0%
Office of the Independent Budget Analyst	-	-	-	-	0%
Office of Ethics and Integrity					
Office of Ethics and Integrity	859,466	859,466	866,242	6,776	1%
Office of the Chief Financial Officer					
Appropriated Reserves	-	-	-	-	0%
City Auditor and Comptroller	2,750,837	2,750,837	2,383,679	(367,158)	13%
Citywide Program Expenditures	-	-	-	-	0%
Debt Management	1,526,389	1,526,389	1,279,303	(247,086)	16%
Financial Management	116,658	116,658	38,072	(78,586)	67%
Office of the Chief Financial Officer	350,000	350,000	349,996	(4)	0%
Office of the City Treasurer	30,584,549	30,584,549	30,991,482	406,933	1%
Other					
Mayor	-	-	-	-	0%
Public Safety and Homeland Security					
Family Justice Center	-	-	31,384	31,384	100%
Fire-Rescue	9,114,413	9,114,413	11,968,612	2,854,199	31%

General Fund Projected Revenues
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Department	Adopted Budget	Revised Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
Public Safety and Homeland Security (continued)					
Office of Homeland Security	\$ 983,992	\$ 983,992	\$ 748,139	\$ (235,853)	24%
Police	41,642,463	41,642,463	40,333,046	(1,309,417)	3%
Public Safety	221,742	221,742	221,743	1	0%
Public Works					
Engineering and Capital Projects	26,999,153	26,999,153	28,743,824	1,744,671	6%
Environmental Services	513,582	513,582	6,562,272	6,048,690	100%
General Services	42,532,708	42,532,708	40,533,890	(1,998,818)	5%
Public Works	-	-	-	-	0%
Total General Fund Revenues	\$1106330952	\$1106330952	\$11071591168	\$ 1260216	0%

¹Total City transient occupancy tax revenue budget for FY 2008 is \$162.6 million and the projection is \$163.0 million. The balance is budgeted in the Transient Occupancy Tax Fund.

General Fund Projected Expenditures
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Department	Adopted Budget	Revised Budget	Year-End Projection	Under Budget/ (Over Budget)	Variance %
Business and Support Services					
Business Operations and Administration	\$ 2,383,091	\$ 2,383,091	\$ 2,368,126	\$ 14,965	1%
Customer Services	2,523,132	2,523,132	2,551,772	(28,640)	1%
Labor Relations	809,621	809,621	809,971	(350)	0%
Library	37,630,664	37,630,664	38,418,570	(787,906)	2%
Office of the Chief Information Officer	29,063,056	29,063,056	28,745,273	317,783	1%
Park and Recreation	87,520,141	87,520,141	88,399,117	(878,976)	1%
Personnel	6,620,002	6,620,002	6,620,000	2	0%
Purchasing and Contracting	5,613,499	5,613,499	5,631,720	(18,221)	0%
Community and Legislative Services					
Community and Legislative Services	4,380,533	4,380,533	4,257,003	123,530	3%
Special Events	497,980	497,980	500,696	(2,716)	1%
Land Use and Economic Development					
City Planning and Community Investment	16,716,335	16,716,335	17,802,141	(1,085,806)	6%
DSD - Neighborhood Code Compliance	6,703,916	6,703,916	6,818,887	(114,971)	2%
Land Use and Economic Development	698,999	698,999	687,351	11,648	2%
Real Estate Assets	4,261,462	4,261,462	3,916,134	345,328	8%
Non-Mayoral					
City Attorney	36,911,174	36,911,174	37,166,143	(254,969)	1%
City Clerk	4,408,261	4,408,261	4,419,822	(11,561)	0%
City Council - District 1	990,000	990,000	937,119	52,881	5%
City Council - District 2	990,000	990,000	941,126	48,874	5%
City Council - District 3	990,000	990,000	968,927	21,073	2%
City Council - District 4	990,000	990,000	969,124	20,876	2%
City Council - District 5	990,000	990,000	920,683	69,317	7%
City Council - District 6	990,000	990,000	943,824	46,176	5%
City Council - District 7	990,000	990,000	953,042	36,958	4%
City Council - District 8	990,000	990,000	952,215	37,785	4%
Council Administration	1,849,471	1,849,471	1,865,368	(15,897)	1%
Ethics Commission	1,021,106	1,021,106	944,548	76,558	7%

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General Fund Projected Expenditures
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Department	Adopted Budget	Revised Budget	Year-End Projection	Under Budget/ (Over Budget)	Variance %
Non-Mayoral (continued)					
Office of the Independent Budget Analyst	\$ 1,316,334	\$ 1,316,334	\$ 1,362,813	\$ (46,479)	4%
Office of Ethics and Integrity					
Office of Ethics and Integrity	2,400,537	2,400,537	2,257,324	143,213	6%
Office of the Chief Financial Officer					
Appropriated Reserves	-	7,000,000	7,000,000	-	0%
City Auditor and Comptroller	11,511,090	11,511,090	11,236,802	274,288	2%
Citywide Program Expenditures					
Annual Audit	681,805	1,369,805	1,369,805	-	0%
Assessments to Public Property	300,500	300,500	450,500	(150,000)	50%
Citywide Elections	2,700,000	2,700,000	3,500,000	(800,000)	30%
Deferred Maintenance	5,000,000	5,000,000	5,000,000	-	0%
Employee Personal Property Claims	5,000	5,000	5,000	-	0%
Insurance	1,840,000	1,840,000	1,340,000	500,000	27%
Memberships	630,000	630,000	685,000	(55,000)	9%
Outside Office Space/Master Lease	6,688,027	6,688,027	6,688,027	-	0%
Property Tax Administration	3,027,643	3,027,643	3,027,643	-	0%
Public Liability Claims Fund Transfer	18,000,000	19,980,340	19,980,340	-	0%
Reserve Contribution	3,328,641	3,328,641	3,328,641	-	0%
Special Consulting Services	2,883,169	2,883,169	3,000,000	(116,831)	4%
TRANS Interest Expense Transfer	2,449,000	2,449,000	2,449,000	-	0%
Transportation Subsidy	278,077	278,077	278,077	-	0%
TOTAL	\$ 47,811,862	\$ 50,480,202	\$ 51,102,033	\$ (621,831)	1%
Debt Management	2,730,401	2,730,401	2,732,863	(2,462)	0%
Financial Management	4,117,777	4,117,777	3,446,964	670,813	16%
Office of the Chief Financial Officer	1,067,349	1,067,349	822,131	245,218	23%
Office of the City Treasurer	14,441,916	14,441,916	13,583,324	858,592	6%
Other					
Mayor	627,891	627,891	574,294	53,597	9%

General Fund Projected Expenditures					
Department	Adopted Budget	Revised Budget	Year-End Projection	Under Budget/ (Over Budget)	Variance %
Public Safety and Homeland Security					
Family Justice Center	\$ 537,358	\$ 537,358	\$ 588,034	\$ (50,676)	9%
Fire-Rescue	179,943,098	179,943,098	185,927,900	(5,984,802)	3%
Office of Homeland Security	1,781,242	1,781,242	1,728,729	52,513	3%
Police	392,336,695	392,336,695	393,841,273	(1,504,578)	0%
Public Safety	3,053,186	3,053,186	2,715,360	337,826	11%
Public Works					
Engineering and Capital Projects	35,424,428	35,424,428	35,035,802	388,626	1%
Environmental Services	40,793,354	40,793,354	47,718,670	(6,925,316)	17%
General Services	108,049,461	108,049,461	105,988,250	2,061,211	2%
Public Works	854,530	854,530	748,283	106,247	12%
Additional Wildfire Expenses¹					
Repayment to Development Services Enterprise Fund	-	-	500,000	(500,000)	100%
Repayment to Recycling and Refuse Disposal Funds	-	-	805,700	(805,700)	100%
Total General Fund Expenditures					
	\$ 1,106,330,952	\$ 1,115,999,292	\$ 1,129,225,250	\$ (13,225,958)	1%

¹ Anticipated repayments to non-general funds for building permit, demolition permit, waste disposal, and recycling fee waivers.

Non-General Fund Projections

Fund		Adopted Budget	Revised Budget	Year-End Projection	Variance Amount	Variance %
Business and Support Services						
Central Stores Internal Service Fund	Revenues	\$ 23,927,238	\$ 23,927,238	\$ 24,224,834	\$ 297,596	1%
	Expenditures	23,829,301	23,829,301	24,420,144	(590,843)	2%
Golf Course Enterprise Fund	Revenues	15,430,800	15,430,800	15,351,399	(79,401)	1%
	Expenditures	12,846,992	12,846,992	13,102,360	(255,368)	2%
Information Technology Fund	Revenues	15,776,599	15,776,599	15,946,380	169,781	1%
	Expenditures	15,137,320	15,137,320	14,634,499	502,821	3%
Library Grants Fund	Revenues	753,000	753,000	505,131	(247,869)	33%
	Expenditures	731,373	731,373	607,395	123,978	17%
Los Peñasquitos Canyon Preserve Fund	Revenues	176,000	176,000	203,598	27,598	16%
	Expenditures	226,695	226,695	221,130	5,565	2%
Community and Legislative Services						
Commission for Arts and Culture	Revenues	112,997	112,997	152,036	39,039	35%
	Expenditures	915,767	915,767	900,141	15,626	2%
Land Use and Economic Development						
City Airport Fund	Revenues	4,867,958	4,867,958	5,114,951	246,993	5%
	Expenditures	4,664,304	4,664,304	3,752,895	911,409	20%
Development Services Enterprise Fund	Revenues	45,557,453	45,557,453	47,728,468	2,171,015	5%
	Expenditures	53,047,886	53,047,886	51,209,456	1,838,430	3%
Facilities Financing Fund	Revenues	2,403,569	2,403,569	2,117,065	(286,504)	12%
	Expenditures	2,687,127	2,687,127	2,329,164	357,963	13%
Municipal Parking Garage Fund	Revenues	3,257,035	3,257,035	3,247,369	(9,666)	0%
	Expenditures	2,826,170	2,826,170	2,107,856	718,314	25%
PETCO Park Fund	Revenues	15,668,826	15,668,826	16,489,161	820,335	5%
	Expenditures	20,222,143	20,222,143	16,887,021	3,335,122	16%
QUALCOMM Stadium Operating Fund	Revenues	16,203,448	16,203,448	16,440,461	237,013	1%
	Expenditures	18,491,579	18,491,579	17,567,260	924,319	5%

Non-General Fund Projections

Fund		Adopted Budget	Revised Budget	Year-End Projection	Variance Amount	Variance %
Land Use and Economic Development (continued)						
Redevelopment Fund	Revenues	\$ 3,661,696	\$ 3,661,696	\$ 3,454,193	\$ (207,503)	6%
	Expenditures	3,661,696	3,661,696	3,701,506	(39,810)	1%
Solid Waste Local Enforcement Agency Fund	Revenues	846,028	846,028	725,219	(120,809)	14%
	Expenditures	931,929	931,929	793,724	138,205	15%
Office of the Chief Financial Officer						
Risk Management Administration Fund	Revenues	9,073,934	9,073,934	9,026,825	(47,109)	1%
	Expenditures	9,073,934	9,073,934	8,147,645	926,289	10%
Public Safety and Homeland Security						
Emergency Medical Services Fund	Revenues	7,375,472	7,375,472	6,911,100	(464,372)	6%
	Expenditures	6,667,968	6,667,968	6,604,718	63,250	1%
Unlicensed Driver Vehicle Impound Fees Fund	Revenues	1,200,000	1,200,000	1,122,771	(77,229)	6%
	Expenditures	1,327,904	1,327,904	1,310,598	17,306	1%
Public Works						
E&CP - Internal Service Fund	Revenues	25,487,865	25,487,865	23,555,897	(1,931,968)	8%
	Expenditures	25,487,865	25,487,865	24,242,630	1,245,235	5%
Energy Conservation Program Fund	Revenues	2,244,984	2,244,984	2,450,420	205,436	9%
	Expenditures	2,244,984	2,244,984	2,121,234	123,750	6%
Equipment Internal Service Fund	Revenues	50,080,035	50,080,035	49,820,560	(259,475)	1%
	Expenditures	49,772,502	49,772,502	49,499,621	272,881	1%
Publishing Services Internal Service Fund	Revenues	4,500,000	4,500,000	5,210,218	710,218	16%
	Expenditures	4,193,823	4,193,823	5,300,295	(1,106,472)	26%
Recycling Fund	Revenues	21,000,700	21,000,700	21,507,882	507,182	2%
	Expenditures	24,005,762	24,005,762	21,663,845	2,341,917	10%
Refuse Disposal Fund	Revenues	37,230,149	37,230,149	36,476,362	(753,787)	2%
	Expenditures	33,832,489	33,832,489	33,144,149	688,340	2%

Non-General Fund Projections

Fund		Adopted Budget	Revised Budget	Year-End Projection	Variance Amount	Variance %
Public Works (continued)						
Sewer Funds	Revenues	\$ 359,030,423	\$ 359,030,423	\$ 373,137,081	\$ 14,106,658	4%
	Expenditures	401,606,737	539,058,792	390,928,584	148,130,208	27%
Utilities Undergrounding Program Fund	Revenues	46,042,347	1,540,602	2,013,923	473,321	31%
	Expenditures	1,540,602	1,540,602	1,455,003	85,599	6%
Water Department Fund	Revenues	462,174,462	462,174,462	426,056,849	(36,117,613)	8%
	Expenditures	535,916,421	603,834,166	406,340,011	197,494,155	33%

¹ The Commission for Arts and Culture is funded by the Transit Occupancy Tax (TOT) Fund.

REQUEST FOR COUNCIL ACTION
CITY OF SAN DIEGO

1. CERTIFICATE NUMBER
(FOR AUDITOR'S USE ONLY)

TO:
CITY ATTORNEY

2. FROM (ORIGINATING DEPARTMENT):
Financial Management

3. DATE:
2/11/2008

4. SUBJECT:
Fiscal Year 2008 Mid-Year Appropriation Adjustments

5. PRIMARY CONTACT (NAME, PHONE & MAIL STA.)
Angela Colton, 236-5988, 8A

6. SECONDARY CONTACT (NAME, PHONE & MAIL STA.)
Francesca Fortunati, 533-4089, 8A

7. CHECK BOX IF REPORT TO COUNCIL IS ATTACHED

8. COMPLETE FOR ACCOUNTING PURPOSES

FUND			
DEPT.			
ORGANIZATION			
OBJECT ACCOUNT			
JOB ORDER			
C.I.P. NUMBER			
AMOUNT			

9. ADDITIONAL INFORMATION / ESTIMATED COST:
The net impact of the General Fund adjustments requested is an appropriation from the unallocated reserves of \$2.2 million. Adjustments are also requested for the Publishing Services Internal Service Fund and Golf Course Enterprise Fund.

10. ROUTING AND APPROVALS

ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED	ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
1	ORIGINATING DEPARTMENT	<i>Angela Colton</i>	2/11/08	8	DEPUTY CHIEF	<i>Frank</i>	2/12/08
2				9	COO		
3	Auditor	<i>Frank</i>	2/12/08	10	CITY ATTORNEY	<i>Frank</i>	2/12/08
4	LIAISON OFFICE	<i>EPW6</i>	2/13/08	11	ORIGINATING DEPARTMENT		
5					DOCKET COORD:	<i>AC</i>	COUNCIL LIAISON: <i>EPW6</i>
6					<input checked="" type="checkbox"/> COUNCIL PRESIDENT	<input type="checkbox"/> SPOB	<input type="checkbox"/> CONSENT
7					<i>ns</i>	<input type="checkbox"/> REFER TO:	<input checked="" type="checkbox"/> ADOPTION
COUNCIL DATE: 3/3/08							

11. PREPARATION OF: RESOLUTION(S) ORDINANCE(S) AGREEMENT(S) DEED(S)

See reverse.

11A. STAFF RECOMMENDATIONS:
Approve request.

12. SPECIAL CONDITIONS:

COUNCIL DISTRICT(S): None
COMMUNITY AREA(S): None
ENVIRONMENTAL IMPACT: None
HOUSING IMPACT: None
OTHER ISSUES: None

1. Amend the Fiscal Year 2008 Appropriation Ordinance to authorize the City Comptroller to complete the following financial transactions.
 - a. Increase General Fund (100) expenditure appropriations by \$6,318,000 as follows:
 - i. \$1,392,000 in the Fire-Rescue Department (120) from additional revenues,
 - ii. \$4,926,000 in the Environmental Services Department (513) from additional revenues of \$2,754,000 and \$2,172,000 from the General Fund unallocated reserve;
 - b. Transfer \$1,610,000 in salary appropriations from the Police Department (110) to the Fire-Rescue (120) Department;
 - c. Increase Publishing Services Internal Service Fund (50020) expenditure appropriations by \$1,016,177 from additional revenue of \$710,000 and the remainder from fund balance; *SE*
 - d. Increase the Golf Course Enterprise Fund (41400) expenditure appropriations by \$120,000 from fund balance; *SE*
2. Authorize the City Comptroller to establish a special fund for insurance proceeds to be received from property owners participating in the debris cleanup program; and
3. Authorize the reimbursement from that special fund to the General Fund (100) for debris removal expenses in an amount not to exceed \$2.5 million.

RECEIVED CITY ATTORNEY
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EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO

DATE ISSUED: _____ REPORT NO: _____
 ATTENTION: Council President and City Council
 ORIGINATING DEPARTMENT: Financial Management
 SUBJECT: Fiscal Year 2008 Mid-Year Appropriation Adjustments
 COUNCIL DISTRICT(S): N/A
 CONTACT/PHONE NUMBER: Nader Tirandazi/235.5880

REQUESTED ACTION:

1. Amend the Fiscal Year 2008 Appropriation Ordinance to authorize the City Comptroller to complete the following financial transactions.
 - a. Increase General Fund (100) expenditure appropriations by \$6,318,000 as follows:
 - i. \$1,392,000 in the Fire-Rescue Department (120) from additional revenues,
 - ii. \$4,926,000 in the Environmental Services Department (513) from these sources: additional departmental revenues of \$2,754,000 and \$2,172,000 from the General Fund unallocated reserve;
 - b. Transfer \$1,610,000 in salary appropriations from the Police Department (110) to the Fire-Rescue (120) Department;
 - c. Increase Publishing Services Internal Service Fund (50020) expenditure appropriations by \$1,016,177 from additional revenue of \$710,000 and the remainder from fund balance;
 - d. Increase the Golf Course Enterprise Fund (41400) expenditure appropriations by \$120,000 from fund balance;
2. Authorize the City Comptroller to establish a special fund for insurance proceeds to be received from property owners participating in the debris cleanup program; and
3. Authorize the reimbursement from that special fund to the General Fund (100) for debris removal expenses in an amount not to exceed \$2.5 million.

STAFF RECOMMENDATION: Approve the requested actions to amend the Fiscal Year 2008 Appropriation Ordinance and to authorize the City Comptroller to complete the financial transactions listed in this report.

EXECUTIVE SUMMARY: The Mid-Year Budget Monitoring Report, #08-005, presented to the Budget and Finance Committee on January 30, 2008 recommended appropriations adjustments based on year-end projections. Those recommendations, modified to advance the most critical departmental needs, include only wildfire-related over-budget General Fund expenses and non-general funds that require adjustment prior to the Year-End Report.

GENERAL FUND**Fire-Rescue**

The Fire-Rescue Department requires a \$3.0 million increase in expenditure appropriations to be funded by \$1.4 million in additional revenues and a transfer of \$1.6 million in salary appropriations from the Police Department. The expenditure increases are to fund over budget staff overtime and associated fringe for approximately \$1.8 million and non-personnel expenditures including portable radios, fire suppression foam, brush gear, rented fire engines,

meals, transportation, hoses, fittings and nozzles associated with the response to the wildfires totaling approximately \$2.0 million. Excess revenue of \$800,000 has been received from other agencies for mutual aid agreement services provided during the wildfires. The remaining \$592,000 revenue increase is additional revenue from emergency medical services reimbursements due to increased Fire-Rescue personnel staffing ambulances.

Environmental Services

A \$4.9 million increase in expenditure appropriations is required for the Environmental Services Department in order to fund debris removal services provided to wildfire impacted city residents. The estimate for this service has increased to a total of \$9.4 million (a \$1 million increase) since the issuance of the Mid-Year Budget Monitoring Report. Of the \$9.4 million cost, \$3.0 million has already been approved by Council and \$1.5 million is estimated to be absorbed by the department. The requested \$4.9 million expenditure increase will be funded by \$2.8 million in additional revenue anticipated to be received from the State for the debris removal program and approximately \$2.2 million from the General Fund unallocated reserves.

Authority is also requested to establish a special fund to receive insurance proceeds from property owners participating in the debris cleanup program. This revenue would then reimburse the General Fund, in an amount not to exceed \$2.5 million, for the services provided. The insurance proceeds received from property owners will be deducted from the total costs eligible for reimbursement by the Federal Emergency Management Agency (FEMA) and the State.

NON-GENERAL FUND

Publishing Services Internal Service Fund

A \$1.0 million increase in expenditure appropriations and a \$710,000 increase in revenue appropriations is requested for the Publishing Services Internal Service Fund due to increased requests for publishing services. The remaining expenditure increase is supported by revenues already budgeted in excess of the expenditure budget.

Golf Course Enterprise Fund

The Golf Course Enterprise Fund requires a \$120,000 increase in expenditure appropriations for additional maintenance staff to prepare for the 2008 US Open. This expenditure increase is supported by revenues already budgeted in excess of the expenditure budget.

FISCAL CONSIDERATIONS: The net impact of the General Fund adjustments requested is an appropriation from the unallocated reserves of approximately \$2.2 million. Adjustments are also requested for the Publishing Services Internal Service Fund and Golf Course Enterprise Fund.

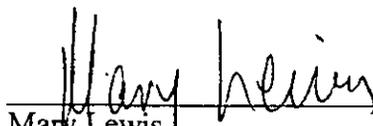
PREVIOUS COUNCIL and/or COMMITTEE ACTION: Budget and Finance Committee review on January 30, 2008.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: None

KEY STAKEHOLDERS AND PROJECTED IMPACTS: None



Nader Tirandazi
Financial Management Director



Mary Lewis
Chief Financial Officer

ORDINANCE NUMBER O-_____ (NEW SERIES)

DATE OF FINAL PASSAGE _____

AN ORDINANCE AMENDING ORDINANCE NO. O-19652 (NEW SERIES) ENTITLED "AN ORDINANCE ADOPTING THE ANNUAL BUDGET FOR THE FISCAL YEAR 2008 AND APPROPRIATING THE NECESSARY MONEY TO OPERATE THE CITY OF SAN DIEGO FOR SAID FISCAL YEAR," BY AUTHORIZING THE AUDITOR AND COMPTROLLER TO APPROPRIATE AND TO TRANSFER FUNDS FROM THE CITY'S GENERAL FUND UNALLOCATED RESERVE TO FUND THE FISCAL YEAR 2008 MID-YEAR BUDGET ADJUSTMENTS, APPROVING THE FISCAL YEAR 2008 MID-YEAR BUDGET ADJUSTMENTS AND ACCEPTING THE MAYOR'S REPORT ON FISCAL YEAR 2008 MID-YEAR BUDGET ADJUSTMENTS

WHEREAS, on July 30, 2007, the City Council adopted Ordinance No. O-19652 [Appropriation Ordinance] to provide for the appropriation and expenditure of funds for the 2008 Fiscal Year; and

WHEREAS, the funds appropriated in the Appropriation Ordinance are inadequate to fund the operations of the City through the end of Fiscal Year 2008, and a report regarding such matters was presented to the City's Budget and Finance Committee on January 30, 2008; and

WHEREAS, an amendment to the Appropriation Ordinance is necessary to adjust the budgets of various City departments, as detailed in the Mayor's Report on Fiscal Year 2008 Mid-Year Budget Monitoring Report No. 08-005, dated January 30, 2008 [Mayor's Report]; NOW, THEREFORE,

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

Section 1. That the Mayor's Report is hereby accepted.

Section 2. That the budget adjustments requested in the Mayor's Report are hereby approved to

- (a) increase the General Fund (100) expenditure appropriations by \$6,318,000 as follows:
 - i. \$1,392,000 in the Fire-Rescue Department (120) from additional revenues;
 - ii. \$4,926,000 in the Environmental Services Department (513) from additional revenues of \$2,754,000 and \$2,172,000 from the General Fund unallocated reserve;
- (b) Transfer \$1,610,000 in salary appropriations from the Police Department (110) to the Fire-Rescue (120) Department.
- (c) Increase Publishing Services Internal Service Fund (50020) expenditure appropriations by \$1,016,177 from additional revenues of \$710,000 and the remainder from fund balance.
- (d) Increase the Golf Enterprise Fund (41400) expenditure appropriations by \$120,000 from fund balance.

Section 3. Authorize the City Comptroller to establish a special fund for insurance proceeds to be received from property owners participating in the debris cleanup program.

Section 4. Authorize the reimbursement from that special fund to the General Fund (100) for debris removal expenses in an amount not to exceed \$2.5 million.

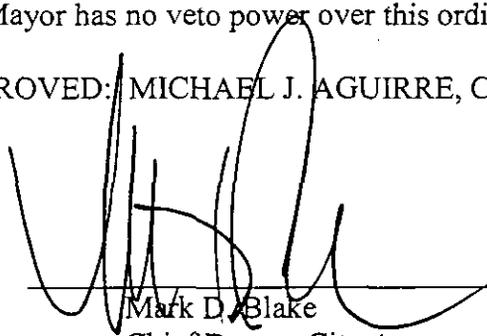
Section 5. That a full reading of this ordinance is dispensed with prior to passage, since a written copy was made available to the City Council and the public prior to the day of its passage.

Section 6. This ordinance is declared to take effect and be in force immediately upon passage after two (2) public hearings pursuant to the authority contained in Section 71, 275, and 295 of the Charter of the City of San Diego.

Section 7. That pursuant to section 280(a)(4) of the Charter of the City of San Diego the Mayor has no veto power over this ordinance.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By



Mark D. Blake
Chief Deputy City Attorney

MDB:jdf
02/12/08
Or.Dept:FM
O-2008-110

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of _____.

ELIZABETH S. MALAND
City Clerk

By _____
Deputy City Clerk

Approved: _____
(date)

JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor