THE CITY OF SAN DIEGO

REPORT TO THE CITY COUNCIL

DATE ISSUED: May 20, 2014 REPORT NO: 14-043

ATTENTION: Budget Review Committee Meeting of the City Council
Agenda of May 21, 2014

SUBJECT: Fiscal Year 2014 Year-End Budget Monitoring Report, #14-043

REFERENCE: Fiscal Year 2014 Mid-Year Budget Monitoring Report, #14-020
Fiscal Year 2014 First Quarter Budget Monitoring Report, #13-095

REQUESTED ACTION:

Accept the report on Fiscal Year 2014 Year-End Budget Monitoring and approve the requested actions as outlined in the report.

STAFF RECOMMENDATION:

Approve the requested actions.

SUMMARY:

See attachment: Fiscal Year 2014 Year-End Budget Monitoring Report, #14-043

FISCAL CONSIDERATIONS:

Appropriation adjustments and authorities are requested to bring the General Fund and other funds into balance at year-end. Also included are requests to close incomplete capital projects and to de-appropriate excess funding in capital projects. Finally, authorities are included that are typically requested at year-end to maintain compliance with the City Charter and Municipal Code.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

This item will be heard at the Budget Review Committee of the City Council on May 21, 2014 and at City Council on June 9, 2014. This item does not require two Council hearings and will be amending the budget via resolution.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: N/A

KEY STAKEHOLDERS AND PROJECTED IMPACTS: N/A

Attachment: Fiscal Year 2014 Year-End Budget Monitoring Report, #14-043

Fiscal Year 2014
Year-End
Budget Monitoring Report

City of San Diego
Financial Management Department
May 2014

signature on file
Scott Chadwick
Chief Operating Officer

signature on file
Mary Lewis
Chief Financial Officer

signature on file
Tracy McCraner
Financial Management Director

signature on file
Alia Khouri
Budget Coordinator

INTRODUCTION

The FY 2014 Year-End Budget Monitoring Report (Year-End Report) presents year-end projections of revenues and expenditures for funds with budgeted personnel expenditures. Year-end projections were developed using actual (unaudited) data from July 2013 through March 2014, which provides nine accounting periods of actual activity, and departments' anticipated spending trends for the remaining three accounting periods of the fiscal year.

A high-level summary of projected revenues and expenditures, including the impact of the projected activity on the unrestricted fund balance of the General Fund and reserve targets, are discussed in this report. Projections of operating results at fiscal year-end are compared to the FY 2014 Mid-Year Budget Monitoring Report (Mid-Year Report) issued February 21, 2014. An in-depth summary of the General Fund major revenues and discussion on the factors contributing to the latest projection is also included. In addition, this report includes explanations of projected variances for departments and funds over $500,000, as well as, updates on priority items included in the FY 2014 current budget. Current vacancies in comparison to the budgeted vacancies for every department and fund are displayed in an attachment to the report. The current status of these vacancies with the hiring process can be found in the Status of Vacant Positions Memorandum distributed by Tracy McCraner, Financial Management Director, on May 2, 2014 and is attached to this report for reference.

This report also includes a request for City Council approval of appropriation adjustments for departments and funds which project to exceed budget as well as administrative authorities to ensure the fiscal year is closed with departments and funds in balance.

In accordance with the revised City's Reserve Policy (Council Policy 100-20), the Year-End Report includes an update regarding the reserves for various City funds. The City's Reserve Policy documents the City's approach to establishing and maintaining adequate reserves across the spectrum of City operations, including General Fund, risk management, and enterprise fund operations. In accordance with the revised City's Reserve Policy, a status report of the current reserves and projections of future reserve levels are to be presented in the quarterly budget monitoring reports. A description of the changes to the Reserve Policy is included in the General Fund Reserves Section of this report.

The tables throughout this report may not foot due to rounding.

GENERAL FUND

OVERVIEW

The General Fund is projected to end the fiscal year with $9.9 million of revenue in excess of expenditures as shown in Table 1: Summary of FY 2014 General Fund Projections. Revenue is projected to exceed budget by $23.3 million, or 1.9 percent, and expenditures are projected to end the year $9.0 million, or less than a percent under budget. This is a $32.3 million improvement from the current budget, which includes the use of $22.4 million in General Fund fund balance (included in the Fiscal Year 2014 Adopted Budget). The current projection for FY 2014 year-end includes a General Fund reserve of $149.8 million, or 14.0 percent, and $18.5 million or 1.7 percent of Excess Equity.

Summary of FY 2014 General Fund Projections

Table 1 *in millions*

Revenue/Expenditures	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Revenue	$ 1,203.0	$ 1,244.9	$ 1,268.1	$ 23.3	1.9%
Expenditures	1,225.5	1,267.3	1,258.3	9.0	0.7%
Net Year-End Projection	**$ (22.4)**	**$ (22.4)**	**$ 9.9**	**$ 32.3**	

The current projected General Fund expenditure savings of $9.0 million is reduced from the Mid-Year Report by $18.5 million as reflected in Table 2: Comparison of FY 2014 General Fund Projections. The reduced savings is primarily due to $22.9 million of projected Excess Equity appropriated to fund critical needs presented in the Mid-Year Report and approved by City Council on March 13, 2014 in the Mid-Year Adjustment Resolution (R-308783).

Comparison of FY 2014 General Fund Projections

Table 2 *in millions*

Revenue/Expenditures	Mid-Year Report	Year End Report	Variance	Change %
Projected Revenue	$ 1,265.4	$ 1,268.1	$ 2.7	0.2%
Projected Expenditures	1,237.0	1,258.3	21.3	1.7%
Personnel Expenditures	890.8	890.4	(0.4)	0.0%
Non-Personnel Expenditures	346.2	367.9	21.7	6.3%
Net Year-End Projection	**$ 28.4**	**$ 9.9**	**$ (18.5)**	

The $22.9 million appropriation increase approved in the Mid-Year Adjustment Resolution (R-308783) is projected to be fully expended with the exception of $1.3 million in the Economic Development Department for budget overruns in the North Embarcadero Visionary Plan (NEVP) and $4,000 in the Personnel Department for optimization of the NEOGOV software. The $1.3 million decrease in anticipated spending and other unanticipated fluctuations in revenue and expenditure projections have occurred since the Mid-Year Report. The unanticipated increase in

Tables may not foot due to rounding.

revenue is $2.7 million and the unanticipated decrease in expenditures is $1.6 million. These fluctuations result in a net increase in savings of $4.4 million as displayed in Table 3: Unanticipated Fluctuation in Projections from the Mid-Year Report.

Unanticipated Fluctuation in Projections from the Mid-Year Report

Table 3 *in millions*

	Approved Use of Surplus[1]	Current Projection Variance	Unanticipated Change
Revenue	$ -	$ 2.7	$ 2.7
Expenditures	22.9	21.3	$ (1.6)
Net Change	**$ (22.9)**	**$ (18.5)**	**$ 4.4**

[1]Approved Mid-Year Adjustment Resoltion (R-308783)

The most notable change in the revenue projection is a $3.7 million increase reflected in the General Fund Major Revenues, and is primarily due to improved Sales Tax, Franchise Fee and Transient Occupancy Tax (TOT) revenue projections. Other notable revenue increases include $1.1 million in the Real Estate Assets Department due to improved performance of Mission Bay leases, and $1.1 million in the Police Department for reimbursable work in support of the abandoned vehicle abatement program performed in FY 2012. Minor revenue increases in various departments totaling $1.1 million also contribute to the overall improvement. Decreased revenue projections in the Office of the City Attorney of $1.6 million, Public Works – Engineering and Capital Projects of $1.3 million, and Economic Development of $1.1 million, as well as $300,000 in various departments, offset the increased revenue projections. Details about the projections for departments with significant variances are included in the department summaries section later in this report.

After taking into account the increased expenditures from the use of Excess Equity approved in the Mid-Year Adjustment Resolution (R-308783), the most notable change in the expenditure projection is a $3.5 million increase in Citywide Program Expenditures to support increased claims in the Public Liability Fund, and a $1.2 million increase in the Police Department for Fringe Benefits. Minor expenditure increases in other departments totaling $900,000 are also contributing to the change in projection. The increased expenditure projections in these departments are more than offset by decreased expenditure projections of $7.4 million. The Economic Development Department includes the most significant decrease with $1.9 million; however, $1.3 million is due to savings from the NEVP project, which was included in the $22.9 million approved use of Excess Equity. The Fire-Rescue Department includes a $700,000 decrease and decreases of $600,000 in each of the Office of the City Attorney and Environmental Services and Development Services Departments are also included. Additional significant decreases include $400,000 in each of the City Treasurer, Public Works – Engineering and Capital Projects, Transportation and Storm Water and Real Estate Assets Departments. Other minor expenditure decreases in various departments totaling $1.4 million are also offsetting the increased projections and are primarily in Salaries and Wages due to vacancies. The Vacant Positions Memorandum released on May 2, 2014 includes detailed explanations of the hiring

status of current vacancies and is included in this report as Attachment VI: Status of Vacant Positions Memorandum and Attachments. Details about the projections for departments with significant variances are included in the department summaries section later in this report.

Referring to the current year-end projection displayed in Table 1: Summary of FY 2014 General Fund Projections, the revenue projection exceeds budget by $23.3 million and the expenditure projection is under budget by $9.0 million, resulting in $18.5 million in projected Excess Equity.

REVENUE

As displayed in Table 4: Summary of FY 2014 General Fund Revenue Projections, revenue is projected to exceed budget by $23.3 million, or 1.9 percent.

The General Fund Major Revenues are projected to exceed budget by $19.0 million primarily due to Property Tax revenue. Also contributing to the over budget projection is Franchise Fees, however, this improvement is offset by under budget Sales Tax projections.

Summary of FY 2014 General Fund Revenue Projections

Table 4 *in millions*

Revenue	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Projected Revenue					
General Fund Major Revenues	$ 894.9	$ 936.7	$ 955.7	$ 19.0	2.0%
Departmental Revenue	308.1	308.1	312.4	4.3	1.4%
Total	**$ 1,203.0**	**$ 1,244.9**	**$ 1,268.1**	**$ 23.3**	**1.9%**

Departmental revenue is projected to exceed budget by $4.3 million. The over budget revenue projection can primarily be attributed to the Fire-Rescue Department and is due to reimbursements for work performed in prior years for Strike Team deployments and the Airport Authority, as well as, a refund from a discontinued helicopter maintenance program.

EXPENDITURES

The overall positive expenditure projection variance is $9.0 million. The variance is comprised of budgetary savings of $6.0 million in personnel expenditures and $3.0 million in non-personnel expenditures.

Personnel Expenditures

The current projection for personnel expenditures is under budget by $6.0 million, as displayed on Table 5: FY 2014 General Fund Personnel Expenditure Projections.

FY 2014 General Fund Personnel Expenditure Projections					
Table 5					*in millions*
Expenditure Category	**Adopted Budget**	**Current Budget**	**Year-End Projection**	**Variance**	**Variance %**
Salaries and Wages	$ 515.9	$ 521.6	$ 517.8	$ 3.8	0.7%
Fringe Benefits	370.5	374.8	372.6	2.3	0.6%
Total	**$ 886.4**	**$ 896.4**	**$ 890.4**	**$ 6.0**	**0.7%**

The Salaries and Wages category is under budget by $3.8 million primarily due to savings in salaries attributed to higher vacancies citywide than was assumed in the FY 2014 Adopted Budget. The most significant savings in salaries are projected in the Police and Fire-Rescue Departments. The savings in salaries offset the over budget projections in overtime and pay-in-lieu of annual leave that are primarily in the Police and Fire-Rescue Departments. Hourly wages are also projected to exceed budget in the Park and Recreation Department.

Overall, the Fringe Benefits category is projected to be under budget by $2.3 million. The fixed and variable fringe benefit expenditure projections exceed budget by $500,000 and $300,000, respectively. While the fixed fringe benefit expenditures are adjusted to meet the targeted budget amounts by fiscal year-end, slight variances from the fixed targets are present. When the FY 2014 Adopted Budget was developed, these expenses were distributed among City departments and funds based upon budgeted positions; however, actual expenditures to date combined with year-end projections reflect shifts in personnel activity from the budgeted amounts. Over budget variable fringe benefit expenditures are primarily the result of increased Supplemental Pension Savings Plan (SPSP) contributions by the City, as discussed in the Mid-Year Report. As shown below in Table 6: FY 2014 General Fund Fringe Benefit Projections, the budget for Fringe Benefits increased by $3.1 million as approved by City Council on October 28, 2013 to support the Improvement of Government Operations plan (R-308540) and on March 3, 2014 to support the Mid-Year Adjustment Resolution (R-308783). As a result, total Fringe Benefits are projected to be $2.3 million under budget at fiscal year-end.

FY 2014 General Fund Fringe Benefits Projections					
Table 6					*in millions*
Fringe Benefits Expenditure Category	**Adopted Budget**	**Current Budget**	**Year-End Projection**	**Variance**	**Variance %**
Fixed	$ 288.5	$ 289.7	$ 290.2	$ (0.5)	-0.2%
Variable	82.1	82.1	82.4	(0.3)	-0.4%
Other[1]	-	3.1	-	3.1	100.0%
Total	**$ 370.5**	**$ 374.8**	**$ 372.6**	**$ 2.3**	**0.6%**

[1] Approved Mid-Year Adjustment Resolution (R-308783)

Non-Personnel Expenditures

The General Fund Non-Personnel Expenditure Projections include $3.0 million in projected savings of non-personnel expenditures. A $1.7 million variance in Energy and Utilities is

primarily due to savings in Fleet fuel costs in the Fire-Rescue and Environmental Services Departments. The Fleet fuel budget was developed using a zero based budgeting method in FY 2013, as a result of the separation of Fleet fuel expenditures from Fleet usage expenditures for greater transparency in accounting essential under the Most Efficient Government Organization (MEGO). Due to the new budgeting method, limited data was available at the time the FY 2014 budget was developed, thus resulting in a positive variance in a few departments which makes up the majority of the projected savings in non-personnel expenditure projections.

FY 2014 General Fund Non-Personnel Expenditure Projections

Table 6 *in millions*

Expenditure Category	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Contracts	$ 148.5	$ 183.1	$ 182.2	$ 0.9	0.5%
Supplies	25.0	27.4	27.5	(0.1)	-0.4%
Information Technology	29.7	31.8	31.7	0.1	0.3%
Energy and Utilities	38.7	38.7	36.9	1.7	4.4%
Transfers Out	81.9	76.8	76.8	-	0.0%
Other	5.7	5.7	5.6	0.1	1.8%
Debt	4.9	4.9	4.9	-	0.0%
Capital Expenditures	2.7	2.6	2.3	0.3	11.7%
Appropriated Reserve[1]	2.0	-	-	-	0.0%
Total	**$ 339.1**	**$ 370.9**	**$ 367.9**	**$ 3.0**	**0.8%**

[1] The FY 2014 budget includes $2.0 million budgeted in the General Fund Appropriated Reserve for the purpose of funding a Police Officer retention program. City Council approved the use of this budget to increase uniform and equipment allowance, and provided funding for police officer recruitment activities on August 28, 2013 (R-308405).

Savings in Contracts of $850,000 is due to delayed equipment rental contracts in the Transportation and Storm Water Department as well as savings related to delayed Community Plan Updates (CPUs) in the Development Services Department. Delays in the tree trimming contract in the Park and Recreation and Transportation and Storm Water Departments are also contributing to the under budget projection. These savings are partially offset by increased Contracts expenditures of $3.2 million in Citywide Program Expenditures for Public Liability Fund claims.

Savings in Capital Expenditures of $250,000 are due to expenditures for lifeguard towers and vehicles in the Fire-Rescue Department, which were expended at the end of FY 2013, thus resulting in savings this fiscal year.

Other minor variances displayed in the table are due to a variety of operational causes. Details of significant variances are included in the summaries by department later in this report.

GENERAL FUND RESERVES

Amendments to the City's Reserve Policy (Council Policy 100-20) were presented and approved by City Council on February 10, 2014 (R-308740). The following provides a summary of significant revisions to the Reserve Policy impacting the General Fund.

- Increase of the total required reserve level target from 8.0 percent to 14.0 percent, with the Emergency Reserve level target at 8.0 percent and the Stability Reserve level target at 6.0 percent;
- Change of the revenue basis for the reserve percentage from current revenues to a three-year average of the most recent audited operating revenues, and;
- Definition of funds above the required reserve level as Excess Equity and provisions for its use.

The following discusses the projected reserves and unrestricted fund balance for the General Fund in accordance with the amended City's Reserve Policy based on year-end projected activity as displayed in Table 7: FY 2014 General Fund Reserve Estimates.

FY 2014 General Fund Reserve Estimates

Table 7 *in millions*

Description	Amount	Revenue % [1]
FY 2013 Ending Unrestricted Fund Balance	**$ 179.5**	**16.8%**
FY 2014 Projected Activity		
Projected Revenue	1,268.1	
Projected Expenditures	(1,258.3)	
	$ 9.9	
Loan to Successor Agency	$ (21.1)	
FY 2014 Projected Ending Unrestricted Fund Balance	**$ 168.3**	**15.7%**
Emergency Reserve	85.6	8.0%
Stability Reserve	64.2	6.0%
FY 2014 Required Reserve Level	**$ 149.8**	**14.0%**
Excess Equity[2]	18.5	1.7%
City Council Community Projects, Programs and Services	(1.7)	
Revised Excess Equity	16.8	1.6%

[1] The General Fund Reserve percentage calculation and measurement target is based on the most recent three year average of annual audited General Fund operating revenues.

[2] Excess Equity is spendable and unrestricted fund balance that is not otherwise assigned to General Fund Reserves and is available for appropriation. Excess Equity is most commonly a non-recurring source of revenue.

The FY 2013 Ending Unrestricted Fund Balance was $179.5 million. After taking into account the net gain from the projected activity of $9.9 million and the Loan to the Successor Agency of $21.1 million, the FY 2014 Projected Ending Unrestricted Fund Balance is $168.3 million or 15.7 percent. The required reserve levels under the revised City's Reserve Policy is 14.0 percent

of the most recent three year average of annual audited revenue which is currently $149.8 million as displayed in the table. After accounting for the required reserve level and the funding required to support the City Council Community Projects, Programs and Services in FY 2015, the available unrestricted fund balance defined by the City's Reserve Policy as Excess Equity is $16.8 million, or 1.6 percent.

The 1.6 percent is recommended to remain available in the General Fund to fully fund the Public Liability Reserve through the FY 2015 May Revise. Any amount of Excess Equity available above the funding needed for the Public Liability Reserve would be utilized for anticipated fluctuations in activity through the end of the fiscal year for public safety department costs related to the recent wildfires, as well as to support potential expenditures related to the dissolution of the Redevelopment Agency (RDA). The FY 2015 May Revise includes a recommendation to use $12.8 million of the projected Excess Equity to fund the Public Liability Reserve, which would meet the 50.0 percent reserve target as outlined in the City's Reserve Policy. Use of Excess Equity to fund the Public Liability Reserve is consistent with City Council Budget Policy (Policy No. 000-02) limiting the use of one-time revenue to support one-time expenditures.

MAJOR GENERAL FUND REVENUES

As reflected in Table 8: FY 2014 General Fund Major Revenue Projections, the City's major revenues are projected to exceed budget by $19.0 million. The primary contributor to the positive variance is property tax revenue, which is projected to exceed budget due to unanticipated residual distributions from the Redevelopment Property Tax Trust Fund (RPTTF), and the receipt of funds following the dissolution of the San Diego Data Processing Corporation (SDDPC). Also contributing to the positive variance in General Fund major revenues are franchise fees, property transfer tax, and motor vehicle license fee revenues. The over budget projection in these categories are slightly offset by under budget projections in transient occupancy and sales tax revenues.

FY 2014 General Fund Major Revenue Projections

Table 8 *in millions*

Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Property Tax	$ 408.0	$ 443.9	$ 458.0	$ 14.1	3.2%
Sales Tax	248.1	248.1	245.3	(2.8)	-1.1%
Transient Occupancy Tax[1]	87.9	87.9	87.5	(0.3)	-0.4%
Franchise Fees[2]	67.0	67.0	69.6	2.5	3.8%
Property Transfer Tax	7.0	7.0	8.3	1.2	17.6%
Motor Vehicle License Fees	-	-	0.6	0.6	100.0%
Other Major Revenue	76.9	82.7	86.5	3.7	4.5%
Total	**$ 894.9**	**$ 936.7**	**$ 955.7**	**$ 19.0**	**2.0%**

[1] Total City FY 2014 current revenue budget for transient occupancy tax is $167.7 million and the projection is $167.1 million. The balance is budgeted in the Transient Occupancy Tax Fund.

[2] Total City FY 2014 current revenue budget for franchise fees is $129.1 million and the projection is $133.7 million. The balance is budgeted in the Environmental Growth and Underground Surcharge Funds.

The FY 2014 current budget is increased by $41.8 million from the FY 2014 budget primarily due to the critical funding needs presented in the Mid-Year Report and approved by City Council via Mid-Year Adjustment Resolution (R- 308783). This increase in the FY 2014 current budget includes a $34.9 million increase for RPTTF residual distributions and a $5.9 million increase for funds received following the dissolution of SDPPC.

The projections for General Fund major revenues are based on the most recent economic information and revenue distributions to the City. When the FY 2014 budget for the General Fund major revenues was developed, it incorporated a projection of continuing improvement in the local, State, and national economies for the fiscal year. The positive signs shown by local economic indicators during the development of the budget have generally continued through the first three quarters of the fiscal year, as reflected in Table 9: Local Economic Indicators. While the improvement in the local economy has been modest during the first three quarters of FY 2014, Moody's Investor Services believes the worst has passed and that the City entered an era that has been titled as the 'new stable'. Moody's projects the 'new stable' to be a 12 to 18 month period in which revenue growth is positive but constrained. This expectation and projection for the City's revenue is consistent with information received from the City's sales tax consultant, the San Diego Tourism Authority, and the UCLA Anderson Forecast.

Local Economic Indicators

Table 9

Economic Indicator	April 2013	April 2014	Change %
City of San Diego Unemployment	7.2%	6.0%	-1.2%
City of San Diego Number of Unemployed	51,000	42,500	-16.7%
San Diego County Home Sales	3,801	3,662	-3.7%
San Diego County Median Home Price	$419,596	$450,067	7.3%
San Diego County Foreclosures	354	234	-33.9%
San Diego County Notices of Default	770	526	-31.7%

Source: California Employment Development Department, DataQuick Information Systems, San Diego County Assessor/Auditor/Recorder's Office

The unemployment rate in the City of San Diego for April 2014 has dropped by 1.2 percent when compared to April 2013, while the total number of unemployed has decreased by 16.7 percent. There has also been a continuation in the significant decreases in foreclosures and notices of default when compared to the same time period last fiscal year. In addition to local employment and real estate indicators showing improvement, the most recent update to the University of San Diego's (USD) Index of Leading Economic Indicators reflects positive changes. This index provides a broader picture of the local economy, as it summarizes data across several areas, including building permits, unemployment, stock prices, consumer confidence, help wanted advertising, and the national economy.

The local economic indicators and over budget projection in the General Fund major revenues support the position that the economy is continuing to modestly improve. Although it is expected that improvement in the local economy will continue through the last quarter of FY 2014,

economic indicators will be closely monitored for potential impacts to the General Fund's major revenues.

Property Tax

FY 2014 Property Tax Revenue Projections

Table 10 *in millions*

Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Property Tax Growth Rate	2.2%	2.2%	4.0%	1.8%	N/A
Property Tax Projection	$ 408.0	$ 443.9	$ 458.0	$ 14.1	3.2%

Property tax revenue is projected to be over budget at year-end as compared to the current budget. The projected increase from the current budget is primarily due to the 1.0 percent base property tax and the MVLF backfill payment. The year-end projection for the 1.0 percent base property tax varies from the current budget by $7.0 million due to higher than anticipated assessed valuation growth in FY 2014 and a projected decrease in refunds. The FY 2014 Adopted Budget incorporated a growth rate of 2.2 percent based on preliminary assessed valuation estimates from the San Diego County Assessor/Recorder/Clerk; however, the City's final assessed valuation exceeded preliminary estimates. Additionally, the MVLF backfill payment varies from the current budget by $2.0 million as a result of the actual payment being higher than budgeted.

The year-end projection also reflects a $100,000 increase from the projection in the Mid-Year Report due to a $1.3 million increase in residual tax sharing revenue, which is offset by decreases of $900,000 in the 1.0 percent base property tax and a $300,000 decrease in tax sharing distribution. Additionally, the current budget reflects an increase of $35.9 million from the FY 2014 Adopted Budget as approved by City Council on October 28, 2013 to support the Improvement of Government Operations plan (R-308540) and on March 3, 2014 to support the Mid-Year Adjustment Resolution (R-308783). These increases to the current budget are primarily the result of increased residual tax sharing revenue.

Approved assessed valuation appeals result in refunds of property taxes to the applying property owner, which negatively impacts the total projected property tax revenue to be received by the City. However, a significant number of temporary assessed valuation reductions granted during the recession have been eliminated due to the recovery of the local economy. Financial Management continues to monitor and analyze property tax reassessment and refund amounts reported by the San Diego County Assessor/Recorder/County Clerk's Office. As the economy continues to improve, it is anticipated that fewer applications for assessed valuation appeals will be submitted to the County, and the temporary reassessments previously granted will be eliminated. As a result, the FY 2014 year-end property tax projection includes lower property tax refunds compared to prior fiscal years.

The FY 2014 year-end property tax projection includes a total tax sharing pass-through payment of $4.0 million from the former RDA, based on projections for the upcoming Recognized

Obligation Payments Schedule (ROPS). The $4.0 million payment reflects a $1.0 million increase over the current budget. In addition to tax sharing pass-through payments, the City will receive residual property tax payments. The residual property tax payment is the City's proportionate share of funds remaining in the RPTTF after ROPS requirements have been met. The anticipated residual property tax payment is currently projected to be $12.3 million; however, it should be noted that it is difficult to accurately project RPTTF residual distributions due to ongoing uncertainties surrounding the dissolution of redevelopment agencies.

In addition to the residual payments from the ROPS, and in accordance with the Dissolution Laws, the Successor Agency to the former RDA was required to conduct a Due-Diligence Review (DDR) of the Successor Agency's Non-Housing Assets and report to the California Department of Finance (DOF). Following a review of the Non-Housing DDR by the DOF and subsequent meet and confer proceedings, the DOF issued a final determination which required the Successor Agency to remit $167.3 million to the San Diego County Auditor and Controller to be distributed to the local taxing entities as general property taxes on a pro rata basis. The Non-Housing DDR payment included the "clawback" of $21.1 million of payments made by the Successor Agency as a result of being disallowed by the DOF. Table 11: Non-Housing DDR "Clawback" Amounts details the disallowed payments. Additionally, as a result of the Successor Agency's payment of the Non-Housing DDR demand amount to the San Diego County Auditor and Controller, the City received approximately 21.0 percent, or $34.9 million, of this payment back from the San Diego County Auditor and Controller as a one-time residual distribution of RPTTF.

Non-Housing DDR "Clawback" Amounts

Table 11 *in millions*

Disallowed Payments	**2nd Quarter CY 2014**
Pecto Park Debt Service Payment[1]	$ 11.3
OIG/HUD CDBG Debt Payments	3.3
Convention Center PH II Debt Service Payment[1]	2.0
Long Term City Debt payment[1]	1.0
NTC HUD Section 108 Loan payments[2]	0.2
Mt. Hope HUD Section 108 Loan payments[1]	-
Payments to the City for the Barrio Logan Community Plan Update	0.2
Convention Center Phase III loan between the SDCCC and Agency	3.0
Total	**$ 21.1**

[1] Disallowed in ROPS 3 – Letter from DOF dated December 27, 2012

[2] Disallowed in ROPS 4 – Letter from DOF dated May 17, 2013

As result of an increase in ROPS residual distributions and the one-time distribution following the Non-Housing DDR payment, the year-end projection includes a total residual property tax payment of $47.2 million, a $4.0 million increase over the current budget. Combined, these components in the property tax projection result in a net over budget projection of $14.1 million, as displayed in Table 12: FY 2014 Property Tax Revenue Projections Details.

FY 2014 Property Tax Revenue Projections Details

Table 12 *in millions*

Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
1% Property Tax	$ 290.4	$ 291.4	$ 298.4	$ 7.0	2.4%
MVLF Backfill	106.4	106.4	108.4	2.0	1.9%
RPTTF Tax Sharing Pass-through Payments	3.0	3.0	4.0	1.0	35.1%
RPTTF Residual Property Tax	8.2	43.2	47.2	4.0	9.4%
Total	**$ 408.0**	**$ 443.9**	**$ 458.0**	**$ 14.1**	**3.2%**

Sales Tax

FY 2014 Sales Tax Revenue Projections

Table 13 *in millions*

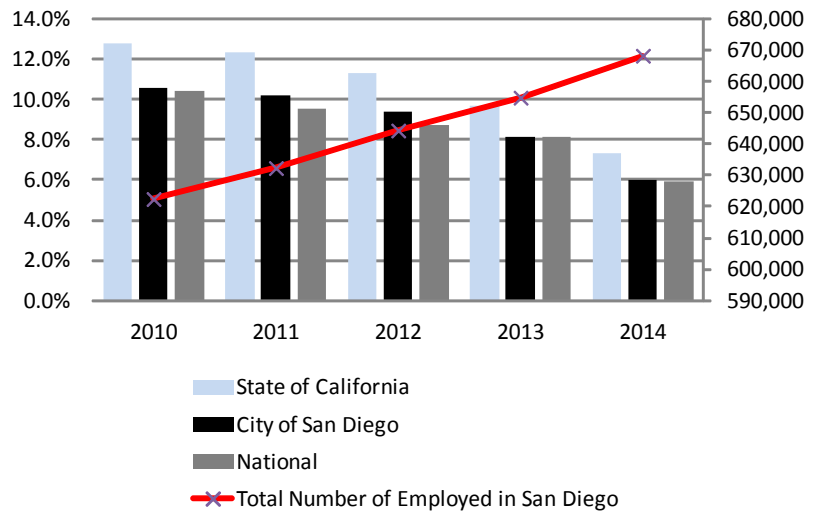
Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Sales Tax Growth Rate	5.5%	5.5%	4.5%	-1.0%	N/A
Sales Tax Projection	$ 248.1	$ 248.1	$ 245.3	$ (2.8)	-1.1%

Sales tax revenue is projected to be under budget at year-end as compared to the current budget. The decrease is primarily due to weak growth in consumer spending, including lower gas prices during the first half of FY 2014, as well as weak holiday sales performance compared to expectations of the modestly improving economy. The growth rate of 5.5 percent included in the FY 2014 budget was decreased to 4.5 percent for the second half of the fiscal year to adjust for the weaker growth. Despite the lowered growth rate and under budget projection for FY 2014, sales tax revenue receipts are projected to increase from FY 2013.

Major local economic drivers of the City's sales tax receipts include the unemployment rate, and consumer confidence and spending. As of April 2014, the San Diego unemployment rate was 6.0 percent, as reported by the California Employment Development Department. The unemployment rates for both the State of California and the nation are 7.3 percent and 5.9 percent, respectively, as shown

Unemployment Rates

Graph 1 *as of April 2014*



Source: State of California, Employment Development Department

Tables may not foot due to rounding.

in Graph 1: Unemployment Rates. As the local unemployment rate improves, consumer confidence typically increases, which is anticipated to lead to continued growth in the City's sales tax receipts.

While not reaching levels projected in the FY 2014 budget, the City of San Diego continues to experience a steady but moderate increase in sales tax revenue when compared to FY 2013, with gains reported in all economic sectors as displayed in Table 14: Quarterly Sales Tax Revenue. The year-end projection reflects a $1.4 million increase from the projection in the Mid-Year Report due to actual holiday sales exceeding expectations. Sales tax data from MuniServices, LLC, indicates that expected gains in taxable sales from apparel stores, restaurants, liquor stores, automobile sales, and construction materials should help maintain this trend throughout the remainder of FY 2014.

Quarterly Sales Tax Revenue

Table 14 *in millions*

Economic Category	2nd Quarter FY 2013	2nd Quarter FY	Variance %
General Retail	$ 17.5	$ 17.9	2.3%
Food Products	11.9	12.5	5.0%
Transportation	10.4	10.9	4.8%
Business to Business	3.9	4.0	2.6%
Construction	9.2	9.3	1.1%
Total	**$ 52.9**	**$ 54.6**	**3.2%**

Source: MuniServices, LLC

Transient Occupancy Tax (TOT)

FY 2014 Transient Occupancy Tax (TOT) Revenue Projections

Table 15 *in millions*

Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
TOT Growth Rate	6.0%	6.0%	6.0%	0.0%	N/A
TOT Projection	$ 87.9	$ 87.9	$ 87.5	$ (0.3)	-0.4%

General Fund TOT revenue is projected to be higher at year-end than the amount received in FY 2013 due to the positive tourism growth expected to be sustained throughout FY 2014; however, this category is projected to be slightly under budget as a result of lower year-to-date receipts as compared to the FY 2014 budget. Recent TOT activity in February and March are promising, but as of the date of this report do not represent enough of a trend to warrant increasing the projections for year-end.

Major economic drivers of TOT include hotel occupancy rates, daily room rates, business travel, and conventions. Sustained positive tourism growth has occurred since the economic turnaround began in FY 2010 and this trend is expected to continue through the remainder of FY 2014,

according to the December 2013 Quarterly Travel Forecast from the San Diego Tourism Authority (SDTA) and Tourism Economics, Inc. Table 16: San Diego County Visitor Industry provides a summary of the projected growth in economic indicators that impact the City's transient occupancy tax receipts.

San Diego County Visitor Industry

Table 16

	CY 2011	CY 2012	CY 2013	CY 2014[1]
Visitors				
Total Visits (millions)	31.1	32.3	33.0	33.5
Overnight Visits (millions)	15.8	16.1	16.4	16.8
Hotel Sector				
Avg. Occupancy	68.7%	70.5%	71.5%	72.4%
Avg. Daily Rate	$ 125.59	$ 131.22	$ 135.02	$ 140.36
Rev PAR[2]	$ 86.27	$ 92.56	$ 96.50	$ 101.68
Room Demand (growth)	3.7%	2.9%	2.2%	2.8%

Source: San Diego Tourism Authority and Tourism Economics Inc.
[1] Forecast - Tourism Economics Inc. December 2013
[2] Revenue Per Available Room (Average Occupancy multiplied by Average Daily Rate)

The year-end projection for TOT reflects a $700,000 increase from the projection in the Mid-Year Report as a result of the City's actual TOT receipts for February and March exceeding projections. The increased receipts during the third quarter of FY 2014 may be partially attributed to the SDTA seasonal advertising campaign that began in January 2014.

Franchise Fees

FY 2014 Franchise Fee Revenue Projections

Table 17 *in millions*

Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
SDG&E Growth Rate	2.0%	2.0%	2.0%	0.0%	N/A
Cables Growth Rate	4.0%	4.0%	4.0%	0.0%	N/A
Franchise Fee Projection	$ 67.0	$ 67.0	$ 69.6	$ 2.5	3.8%

Franchise fee revenue is projected to exceed budget by fiscal year-end as compared to the current budget. Franchise fee revenue is generated from agreements with private utility companies and refuse haulers in exchange for the use of the City's rights-of-way. Currently, the City has franchise agreements with SDG&E, Cox Communications, Time Warner Cable, AT&T, and refuse haulers. Approximately 90.0 percent of franchise fee revenue is comprised of receipts from SDG&E and the cable companies. The revenue received from the agreements with SDG&E and the cable companies is based on a percentage of gross sales while the revenue received from refuse haulers is based on tonnage.

The excess revenue projection for franchise fees is attributed to an increase in revenue from SDG&E and refuse haulers. The revenue increase is partially offset by a decrease in revenue from cable companies. The increase in SDG&E franchise fee revenue is primarily due to increased energy consumption and seasonal natural gas sales and consumption. The increase in refuse hauler franchise fee revenue is attributed to favorable economic indicators and one-time penalty payments. Offsetting the increases in SDG&E franchise fees, revenue receipts associated with cable franchise fees have decreased for two consecutive quarters. The decrease in cable franchise fees is consistent with recent publications that cite a general decline in demand for cable services.

Property Transfer Tax

FY 2014 Property Transfer Tax Projections

Table 18 *in millions*

Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Property Transfer Tax Growth Rate	8.0%	8.0%	10.0%	2.0%	N/A
Property Transfer Tax Projection	$ 7.0	$ 7.0	$ 8.3	$ 1.2	17.6%

Property transfer tax is levied on the sale of residential and commercial real estate property and is highly reflective of the activity in the housing market, which makes property transfer tax revenues generally more volatile to market changes than the 1.0 percent property tax levy. The County of San Diego collects $1.10 per $1,000 of the sale price when any real property is sold. The City is credited $0.55 per $1,000 against the County's charge, giving both the County and City each $0.55 per $1,000 of the sale price. The funds are collected by the County upon a sale of real property within City limits and transferred to the City on a monthly basis.

Property transfer tax revenue is projected to be over budget by fiscal year-end as compared to the current budget. The increased year-end projection is due to actual receipts exceeding budgeted amounts during the first three quarters of the fiscal year. Also, a positive outlook in the local housing market continues to suggests a higher than anticipated growth rate for year-end revenue receipts. The 8.0 percent growth rate included in the FY 2014 budget was increased to 10.0 percent in the Mid-Year Report and will remain at this rate for the remainder of the fiscal year. Table 19: Local Economic Indicators displays the latest indicators on the local real estate market. The positive statistics contribute to the projection of increased property transfer tax revenue at year-end.

Local Economic Indicators

Table 19

Economic Indicator	March 2013	March 2014	Variance %
San Diego County Home Sales	3,808	3,057	-19.7%
San Diego County Median Home Price	$395,979	$443,658	12.0%
San Diego County Foreclosures	320	175	-45.3%
San Diego County Notices of Default	669	495	-26.0%

Source: DataQuick Information Systems, San Diego County Assessor/Recorder/County Clerk's Office

Motor Vehicle License Fee (MVLF)

The FY 2014 budget did not include revenue from MVLF due to the passage of State of California Senate Bill 89, which eliminated MVLF allocations to cities and redirected this revenue to the State's General Fund to support public safety grants. Although no MVLF revenue was included in the budget for this fiscal year, during the first quarter the City received a payment of $600,000 from the State for penalties and interest on late MVLF payments. No additional receipts are projected for the remainder of FY 2014.

Other Major Revenue

FY 2014 Other Major Revenue Projections

Table 20 *in millions*

Revenue Source	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Other Major Revenue Projections	$ 76.9	$ 82.7	$ 86.5	$ 3.7	4.5%

The Other Major Revenue category includes General Governmental Services Billing (GGSB), which is a reimbursement from other City funds that utilize General Fund services, the one-cent TOT transfer into the General Fund, interest earnings attributable to the General Fund from the City investment pool, and Refuse Collector Business Tax. Other Major Revenue is projected to end the year over budget primarily due to the unbudgeted one time revenue of $9.8 million resulting from the dissolution of the SDDPC.

GENERAL FUND SUMMARIES BY DEPARTMENT

Citywide Program Expenditures

Expenditures	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Assessments to Public Property	$ 0.5	$ 0.5	$ 0.6	$ (0.1)	-19.8%
Business Cooperation Program	0.4	0.4	0.3	$ -	0.0%
Citywide Elections	1.8	8.4	8.7	$ (0.3)	-3.6%
Corporate Master Leases Rent	9.6	9.6	9.5	$ 0.1	1.0%
Deferred Capital Debt Service	10.7	10.7	10.7	$ -	0.0%
Employee Personal Property Claims	0.0	0.0	-	$ -	0.0%
Insurance	1.6	1.6	1.6	$ -	0.0%
McGuigan Settlement	8.0	8.0	8.0	$ -	0.0%
Memberships	0.6	0.6	0.7	$ (0.1)	-15.9%
Preservation of Benefits	1.7	1.7	1.7	$ -	0.0%
Property Tax Administration	3.8	3.8	3.8	$ -	0.0%
Public Liability Claims Transfer - Claims Fund	14.5	24.6	28.1	$ (3.5)	-14.2%
Public Liability Claims Transfer - Reserves	0.1	3.3	3.3	$ -	0.0%
Public Use Leases	1.6	1.6	1.6	$ -	0.0%
Special Consulting Services	3.2	3.2	2.7	$ 0.6	18.5%
Supplemental COLA	1.4	1.4	1.4	$ -	0.0%
TRANS Interest Expense Transfer Fund	0.3	0.3	-	$ 0.3	95.5%
Transfer to Capital Improvements Program	-	-	0.7	$ (0.7)	0.0%
Transfer to Park Improvement Funds	5.6	5.6	5.6	$ -	0.0%
Transportation Subsidy	0.7	0.7	0.7	$ -	0.0%
Total	$ 66.1	$ 86.0	$ 89.6	$ (3.7)	-4.3%

Expenditures:

Citywide Program Expenditures are projected to exceed budget primarily due to additional funding needed in the Public Liability Fund for increased claim costs. Appropriation increases for over budget mayoral special election costs were requested in the Mid-Year Report and approved by City Council; however, these costs have decreased by $1.0 million since the mid-year, which is partially offsetting the increased expenditure projections. The FY 2015 reserve contribution to the Public Liability Reserve Fund as well as a $10.1 million transfer to the Public Liability Operating Fund were also requested in the Mid-Year Report. These requests were approved in the Mid-Year Adjustment Resolution (R-308783) and the budget was increased accordingly. The current projection is an increase over the funding needed in the Mid-Year Report due to increased claims costs. Also contributing to the increased projection are transfer expenditures to fund two Capital Improvements Program (CIP) projects. The Crystal Pier Improvements (S11014) CIP project will receive $200,000 and the Convention Center Phase II Expansion (S12022) CIP project will receive $500,000 for engineering studies. The transfer to the Convention Center CIP is a loan to be paid back in FY 2015 when the Convention Center bonds are issued. Authorities requested in this report to close the fiscal year in balance will allow for corrections to the budget at year-end to address the over budget expenditure projections.

Tables may not foot due to rounding.

Development Services

in millions

Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			**Revenue**	$ 3.4	$ 3.4	$ 4.0	$ 0.6	17.0%
2.00	6.00	4.00	Personnel Expenditures	11.7	11.7	11.0	0.7	5.7%
			Non-Personnel Expenditures	3.4	3.4	2.1	1.3	39.2%
			Expenditures	$ 15.0	$ 15.0	$ 13.1	$ 2.0	13.3%

Revenue:

Revenue in the Development Services – Planning and Neighborhood Code Compliance Department is projected to exceed budget due to higher than anticipated revenue from registration fees generated by the new Property Value Protection Ordinance program. The over budget revenue is also attributed to General Plan Maintenance fees from increased applications for development as a result of the improving economy. The slight increase in revenue projection from the Mid-Year Report is primarily due to additional Property Value Protection Ordinance Program revenue.

Expenditures:

Similar to the Mid-Year Report, personnel expenditures are projected to be under budget due to a delay in filling vacancies resulting from hiring process delays and management review of the organizational needs under the new structure. The Department has projected to fill 2.00 Program Manager positions and 1.00 Senior Management Analyst position by the end of the fiscal year. The savings related to vacancies in salaries and Fringe Benefits are partially offset by over budget projections in pay-in-lieu of annual leave, termination pay, and overtime.

Non-personnel projections are under budget primarily due to unforeseen Community Plan Update (CPU) program delays. Delayed CPU programs include Uptown, North Park, Golden Hill, Grantville, Southeastern San Diego, and Encanto. It is important to note that the FY 2015 Proposed Budget includes additional resources to support the CPU updates. Savings from the Phyllis Place road extension project in Mission Valley is also contributing to the under budget projection and is due to a delay in the environmental and traffic impact studies. These studies are pending further evaluation by Caltrans of roadway alignment impacts to the area in relation to I-805 ramps.

Economic Development

in millions

Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			**Revenue**	$ 8.2	$ 8.2	$ 7.1	$ (1.1)	-13.9%
1.00	7.00	6.00	Personnel Expenditures	5.2	5.5	5.0	0.5	9.0%
			Non-Personnel Expenditures	7.8	10.0	8.2	1.8	17.9%
			Expenditures	$ 12.9	$ 15.5	$ 13.2	$ 2.3	14.7%

Revenue:

Economic Development Department revenue is projected to be under budget by fiscal year-end, which is a significant decrease since the Mid-Year Report. The under budget projection is

Tables may not foot due to rounding.

primarily due to vacant reimbursable positions and a decrease in the reimbursable revenue which supports the Successor Agency budget. The reimbursable revenue decrease is due to expenditures for housing projects being realized in the Housing Successor Agency Fund rather than through Economic Development Department.

Expenditures:
Similar to the Mid-Year Report, personnel expenditures are projected to be under budget in Salaries and Wages and Fringe Benefits, primarily due to vacancies.

Non-personnel expenditures are projected to be under budget by fiscal year-end, which is a significant change since the Mid-Year Report. Appropriation increases to support extending the homeless shelters and the budget overrun in the North Embarcadero Visionary Plan Phase I (NEVP) project were approved in the Mid-Year Adjustment Resolution (R-308783). The expenditures to support extending the homeless shelters are projected to be fully expended by fiscal year-end; however, the funds for the NEVP will not be spent, and savings are projected for this expense. The budget overrun expenditures for the NEVP were approved as part of the upcoming ROPS. The City had appropriated funds as a contingency only and believed the State should approve the payment as an enforceable obligation. The other contributor to the under budget projection is the corresponding reduction in the expenditures for housing projects being realized in the Housing Successor Agency Fund rather than Economic Development, as mentioned above in the revenue section.

Fire-Rescue

in millions

Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			**Revenue**	$ 24.0	$ 24.0	$ 27.6	$ 3.6	15.1%
75.00	83.00	8.00	Personnel Expenditures	189.4	191.8	192.3	(0.5)	-0.3%
			Non-Personnel Expenditures	33.2	33.9	32.6	1.2	3.6%
			Expenditures	$ 222.7	$ 225.6	$ 224.9	$ 0.7	0.3%

Revenue:
Revenue in the Fire-Rescue Department is projected to exceed budget by fiscal year-end, primarily due to reimbursements received this fiscal year for work performed in prior years for the San Diego County Regional Airport Authority, Strike Team deployments and the discontinued helicopter maintenance program. The current projection is similar to the Mid-Year Report and includes under budget projections for the Combustible Explosive and Dangerous Materials (CEDMAT) inspection fee revenue, which is offset by the refunds and reimbursements previously mentioned.

Expenditures:
Personnel expenditure projections in the Fire-Rescue Department are projected to slightly exceed budget at fiscal year-end primarily due to Fringe Benefits and overtime. The over budget Fringe Benefits projection is slightly offset by an under budget projection in Salaries and Wages due to vacancies within the department. The savings related to vacancies offset the over budget overtime projection. Although the overtime projection has increased since the Mid-Year Report,

Tables may not foot due to rounding.

the trend is still lower than the overtime experienced by the Department in previous fiscal years due to the addition of new recruits in the workforce. The academies and new additions to the workforce are also anticipated to offset the large number of employees expected to retire. Financial Management and the Fire-Rescue Department will continue to monitor personnel expenditures and staffing levels.

Non-personnel expenditures are projected to be under budget at year-end. The projection has decreased slightly since the Mid-Year Report primarily due to lower fuel, wellness and electricity costs. Similar to the mid-year projections, vehicle usage and assignment fees are projected to exceed budget due to the delayed implementation of the Fleet Services MEGO, which is offset by under budget projections for vehicle leases satisfied in prior years. The most significant savings are projected in Fleet fuel expenditures, which are lower than originally budgeted.

Office of the City Attorney

in millions

Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			**Revenue**	$ 5.6	$ 5.6	$ 3.8	$ (1.8)	-32.8%
17.50	21.00	3.50	Personnel Expenditures	42.5	42.9	42.1	0.7	1.7%
			Non-Personnel Expenditures	3.2	3.2	3.2	-	0.0%
			Expenditures	$ 45.7	$ 46.1	$ 45.4	$ 0.7	1.5%

Revenue:

The Office of the City Attorney revenue is projected to be under budget due to lower than anticipated revenue from court settlement cases, which are difficult to predict. In addition, fewer services are being rendered to other departments for litigation work done on behalf of customer departments, which further decreases the revenue projection. The current projections are lower than anticipated in the Mid-Year Report due to settlement revenue that has not been received or credited to the Office of the City Attorney. The FY 2015 May Revise includes a reduction to this revenue category to more accurately reflect actual settlement revenue.

Expenditures:

Personnel expenditures in the Office of the City Attorney are projected to be under budget at fiscal year-end primarily due to savings in Fringe Benefits. The expenditure projection has declined slightly since the Mid-Year Report as a result of unexpected leave of absences without pay and delays in filling vacant positions. Non-personnel expenditures in the Department are projected to be close to budget at fiscal year-end.

Tables may not foot due to rounding.

Office of the City Treasurer

in millions

Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			**Revenue**	$ 26.0	$ 26.0	$ 27.5	$ 1.5	5.8%
4.00	8.00	4.00	Personnel Expenditures	11.5	11.5	10.9	0.6	5.1%
			Non-Personnel Expenditures	9.0	9.1	8.9	0.1	1.5%
			Expenditures	$ 20.5	$ 20.6	$ 19.9	$ 0.7	3.5%

Revenue:
Revenue in the Office of the City Treasurer is projected to exceed budget by year-end, which is an improvement from the Mid-Year Report. The over budget revenue is due to additional rental unit business tax and business tax revenue as a result of existing businesses hiring more employees. Increased compliance revenue related to the Franchise Tax Board Compliance Program is also contributing to the over budget revenue.

Expenditures:
Personnel expenditure projections are under budget due to ongoing vacancies, including vacancies related to the Parking Meter Utilization Plan (PMUP), which has not been fully implemented this fiscal year.

The Department is projected to be under budget in non-personnel expenditures due to savings in postage, mailing supplies, and parking meter maintenance. There are also savings in miscellaneous professional and technical services as a result of savings from a new banking contract. The increased savings since the Mid-Year Report are primarily due to additional vacancies in the third quarter, and actual parking citation processing expenditures being lower than projected in the Mid-Year Report.

Police

in millions

Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			**Revenue**	$ 44.1	$ 44.1	$ 45.3	$ 1.2	2.8%
130.50	158.50	28.00	Personnel Expenditures	354.1	359.2	360.0	(0.8)	-0.2%
			Non-Personnel Expenditures	64.4	70.4	70.8	(0.4)	-0.6%
			Expenditures	$ 418.5	$ 429.7	$ 430.8	$ (1.2)	-0.3%

Revenue:
The Police Department revenue is projected to exceed budget by fiscal year-end. Similar to the Mid-Year Report, revenue associated with parking citations, Assembly Bill 109 Public Safety Realignment (AB 109), and reimbursable Police services at Chargers home games are projected to exceed budget. These over budget revenues are partially offset by lower municipal court revenue attributed to the discontinuance of the red light photo enforcement program. The year-end projection has increased since the Mid-Year Report due to an unexpected Abandoned Vehicle Abatement (AVA) program revenue reimbursement for work performed in prior years.

Expenditures:
Personnel expenditures in the Police Department are projected to exceed budget due to Fringe Benefits as discussed in the Personnel Expenditures section of this report. Non-personnel expenditures are slightly over budget primarily due to higher than anticipated costs for photocopy services in the Contracts category. Authorities requested in this report to close the fiscal year in balance will correct the Police Department budget to address the over budget expenditure projection.

Public Works – Engineering and Capital Projects

in millions

Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			**Revenue**	$ 56.5	$ 56.5	$ 55.2	$ (1.3)	-2.3%
17.00	32.00	15.00	Personnel Expenditures	55.3	55.8	55.7	0.1	0.2%
			Non-Personnel Expenditures	6.6	7.9	7.5	0.4	5.1%
			Expenditures	$ 61.9	$ 63.7	$ 63.2	$ 0.5	0.8%

Revenue:
The Public Works – Engineering and Capital Projects Department revenue is projected to be under budget by fiscal year-end. This under budget projection represents a decrease from the Mid-Year Report due to less cost recoverable project work anticipated to be completed during the remainder of the fiscal year as a result of vacancies within the Department.

Expenditures:
Personnel expenditure projections are under budget primarily due to savings in salaries and hourly wages, which are partially offset by over budget expenditures in pay-in-lieu of annual leave, overtime, and Fringe Benefits. The Department currently anticipates hiring 22.00 FTE positions by the end of the fiscal year which is less than the number of positions anticipated to be hired in the Mid-Year Report.
The Department is projecting non-personnel expenditures to be under budget primarily due to delayed IT projects that are now anticipated to be completed in FY 2015. Partially offsetting the savings from delayed IT projects are IT costs related to the relocation from 600 B Street to 525 B Street that were not included in the FY 2014 budget but for which the Department received an appropriation increase via the Mid-Year Adjustment Resolution (R-308783). The current projection represents a decrease from the Mid-Year Report primarily due to savings from the delayed IT projects.

Tables may not foot due to rounding.

Public Works – General Services

in millions

Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			**Revenue**	$ 3.9	$ 3.9	$ 3.7	$ (0.2)	-4.7%
4.00	12.00	8.00	Personnel Expenditures	10.9	10.9	10.3	0.6	5.4%
			Non-Personnel Expenditures	6.0	6.0	6.0	-	0.0%
			Expenditures	$ 16.8	$ 16.8	$ 16.2	$ 0.6	3.6%

Revenue:

The Public Works – General Services Department revenue is projected to be under budget at year-end. Similar to the Mid-Year Report, the under budget revenue is attributed to performing less reimbursable work for non-general fund departments. If this trend continues, a further decline in revenue could occur.

Expenditures:

Personnel expenditures in the Department are projected to be under budget at year-end. The under budget in Salaries and Wages is offset by over budget projections in pay-in-lieu of annual leave, hourly wages, and overtime. The under budget variance is attributed to 8.00 FTE vacant positions above the budgeted vacancies. The Mid-Year projection anticipated filling the majority of the vacant positions by March 2014; however, due to various delays in the hiring process and a limited pool of candidates, all of the positions are now anticipated to be filled by June 2014.

Similar to the Mid-Year Report, non-personnel expenditures are projected to be close to budget due to a savings in the City's current contracting protocol, and Energy and Utilities from a decrease in water usage. Projected over budget expenditures in Supplies are due to the continued increase in costs for the Maintenance, Repair and Operations (MRO) contracts, and the need to address the ongoing as-needed repairs of various City facilities. The over budget projection in Supplies is offset by savings in Contracts and Energy and Utilities.

Real Estate Assets

in millions

Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			**Revenue**	$ 43.3	$ 43.3	$ 44.3	$ 0.9	2.2%
1.00	4.00	3.00	Personnel Expenditures	3.5	3.5	3.3	0.2	4.5%
			Non-Personnel Expenditures	1.4	1.4	1.1	0.3	20.2%
			Expenditures	$ 4.9	$ 4.9	$ 4.4	$ 0.4	9.0%

Revenue:

The Real Estate Assets Department revenue is projected to exceed budget by fiscal year-end, which is an improvement from the Mid-Year Report. The over budget is due to increased revenue from rents, which is collected based on a percentage of revenue collected by lessees. The current projection is significantly higher than the mid-year projection due to the improved performance by lessees through higher sales derived from an increase in patronage, which is consistent with the City's transient occupancy tax receipts over the last quarter.

Expenditures:
Personnel expenditures are projected to be under budget by fiscal year-end primarily due to decreased Fringe Benefits expenditures resulting from vacancies within the department. Non-personnel expenditures are projected to be under budget at fiscal year-end due to savings in Contracts, including savings from appraisal services, waste removal services, and staff training. Current expenditure projections are lower than projected in the Mid-Year Report primarily due to vacancies within the Department.

Transportation and Storm Water

in millions

Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			**Revenue**	$ 46.9	$ 46.9	$ 48.1	$ 1.2	2.5%
16.00	43.00	27.00	Personnel Expenditures	42.6	42.7	41.3	1.4	3.3%
			Non-Personnel Expenditures	49.5	52.6	52.9	(0.3)	-0.5%
			Expenditures	$ 92.1	$ 95.3	$ 94.1	$ 1.1	1.2%

Revenue:
Revenue projections in the Transportation and Storm Water Department are projected to exceed budget in Charges for Current Services. As discussed in the Mid-Year Report, the over budget revenue is primarily due to reimbursable services performed on construction projects, and street sweeping work. Similar to the Mid-Year Report, parking citation revenue is projected to be over budget while gas tax revenue is projected to be under budget. The gas tax revenue projection is based on the State Department of Finance gas tax projections released in January 2014.

Expenditures:
Personnel expenditure projections are lower than the Mid-Year Report and include under budget Salaries and Wages and Fringe Benefits attributed to a number of unfilled vacancies through the second half of the fiscal year. The majority of the Department's hires have been promotional hires, which has resulted in continuing vacancies throughout the Department. Some of these positions are expected to remain vacant while the Department identifies new efficiencies as an alternative to the Street and Sidewalk Maintenance MEGO. The salary savings from the vacant positions are partially offset by over budget overtime expenditures caused by channel work in the Tijuana River Valley and pay-in-lieu of annual leave.

Non-personnel expenditures are projected to be under budget in Energy and Utilities and Contracts. The projection for Energy and Utilities has continued to decrease since the Mid-Year Report due to energy efficient upgrades to street lights. The savings in Contracts is due to a delay in awarding the heavy construction equipment rental and tree trimming contracts. The positive variance is offset by reimbursement of Caltrans grant expenditures and increased vehicle usage fees due to the delay in implementation of the Fleet Services MEGO.

Tables may not foot due to rounding.

NON-GENERAL FUNDS

Central Stores Fund

in millions

Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			**Revenue**	$ 13.4	$ 13.4	$ 11.9	$ (1.5)	-11.3%
1.00	2.00	1.00	Personnel Expenditures	1.6	1.6	1.7	(0.1)	-5.3%
			Non-Personnel Expenditures	11.7	11.7	10.1	1.6	13.9%
			Expenditures	13.4	13.4	11.8	1.5	11.6%
			Net Year-End Projection	**$ -**	**$ -**	**$ -**	**$ -**	

Revenue:

The Central Stores Fund is projected to be under budget in revenue by fiscal year-end primarily due to a decline in demand of storeroom items by City departments. This projection is a decrease since the Mid-Year Report due to a further decrease in demand for storeroom items than previously anticipated.

Expenditures:

Personnel expenditures are projected to exceed budget primarily due to Fringe Benefits. This projection is a slight improvement from the Mid-Year Report. Non-personnel expenditures are projected to be under budget by fiscal year-end due to a continued decrease in demand for storeroom items. The Department is currently projected to maintain lower inventory levels in order to adjust to the level of demand anticipated. Demand for storeroom items has decreased since the Mid-Year Report resulting in lower expenditures than previously projected. The Fund is projected to end the fiscal year with revenues in excess of expenditures.

Development Services Fund

in millions

Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			**Revenue**	$ 45.6	$ 47.4	$ 46.8	$ (0.5)	-1.2%
145.75	119.50	(26.25)	Personnel Expenditures	34.7	36.5	36.7	(0.1)	-0.4%
			Non-Personnel Expenditures	11.2	11.2	10.7	0.5	4.7%
			Expenditures	45.9	47.7	47.3	0.4	0.8%
			Net Year-End Projection	**$ (0.3)**	**$ (0.3)**	**$ (0.5)**	**$ (0.2)**	

Revenue:

The Development Services Fund revenue is projected to be under budget at the end of the fiscal year. The decline in revenue is primarily attributed to under budget reimbursements from CIP projects and other City departments as result of the Department charging fixed rates for permitting of City projects in an effort to increase the efficiencies and prevent delays. Also contributing to the under budget projection is a technical correction to the accounting of revenue received from bond proceeds. These under budget projections are partially offset by increased revenue from plan reviews and building permits as a result of the improving economy and the

Tables may not foot due to rounding.

expectation that customers will submit plans prior to the implementation increased in building code fees that will become effective July 1, 2014. Overall, the revenue projection has decreased significantly since the Mid-Year Report due to the new accounting of bond proceeds.

Expenditures:
Personnel expenditures in the Development Services Fund are projected to slightly exceed budget by fiscal year-end. The over budget projection is primarily due to hourly wages, pay in lieu of annual leave and overtime which are offset by savings in salaries and Fringe Benefits as a result of vacancies. The Department is projecting to hire 16.00 FTE positions by the end of the fiscal year to support the increased plan reviews and building permits as a result of the improving economy. The personnel expenditure projection has slightly decreased since the Mid-Year Report primarily as a result of delays in filling vacancies.

Non-personnel expenditures are projected to be under budget primarily due to conservative spending on office furniture and equipment. The non-personnel expenditure projection has slightly increased since the Mid-Year Report primarily due to additional purchases of modular furniture, as part of a re-configuration of the permitting lobby to offer more efficient customer service; the release of a record retention contract that was anticipated to be delayed in the Mid-Year Report; and higher than anticipated mileage reimbursement expenditures. The Fund is projecting expenditures to exceed revenue at the end of the fiscal year, which will be mitigated by the use of fund balance.

Fire/Emergency Medical Services Transportation Program Fund

in millions

Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			**Revenue**	$ 10.8	$ 10.8	$ 10.8	$ -	0.0%
0.00	3.00	3.00	Personnel Expenditures	5.3	5.4	5.3	0.1	2.4%
			Non-Personnel Expenditures	6.2	6.7	6.1	0.6	9.3%
			Expenditures	11.5	12.1	11.4	0.8	6.2%
			Net Year-End Projection	**$ (0.7)**	**$ (1.4)**	**$ (0.6)**	**$ 0.8**	

Revenue:
The Fire/Emergency Medical Services Transportation Program Fund revenue is projected to be at budget by fiscal year-end.

Expenditures:
Personnel expenditures in the Fund are projected to be slightly under budget by fiscal year-end, with minimal savings in both Salaries and Wages and Fringe Benefits. Non-personnel expenditures are projected to be under budget primarily due to a decrease in the transfer to the General Fund. The Fund is projected to end the fiscal year with expenditures in excess of revenue, which will be mitigated by the use of fund balance.

Fleet Services Operating Fund

in millions

Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			**Revenue**	$ 51.6	$ 52.8	$ 53.1	$ 0.2	0.4%
0.00	24.00	24.00	Personnel Expenditures	16.6	17.8	20.0	(2.2)	-12.4%
			Non-Personnel Expenditures	35.2	35.4	31.7	3.7	10.4%
			Expenditures	51.8	53.2	51.7	1.5	2.7%
			Net Year-End Projection	**$ (0.1)**	**$ (0.3)**	**$ 1.3**	**$ 1.7**	

Revenue:

The Fleet Services Operating Fund revenue is projected to exceed budget by fiscal year-end. Revenue has decreased since the Mid-Year Report due to a further decline in fuel revenue as a result of fewer gallons consumed. A decrease in usage fee revenue due to changes in fleet inventory is also contributing to the variance.

Expenditures:

Personnel expenditures in the Fund are projected to exceed budget in Salaries and Wages due to unbudgeted positions attributed to the delayed implementation of the Fleet Services MEGO. Overtime is also projected to exceed budget due to maintaining the fire engine reserve and packer fleets.

Non-personnel expenditure projections include under budget Energy and Utilities due to a decrease in gallons consumed citywide, which is a decline in fuel expenditure projections since the Mid-Year Report. The Fund is projected to end the fiscal year with revenue in excess of expenditures.

Golf Course Fund

in millions

Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			**Revenue**	$ 18.4	$ 18.4	$ 19.6	$ 1.2	6.8%
4.00	6.00	2.00	Personnel Expenditures	7.3	7.3	7.3	-	0.0%
			Non-Personnel Expenditures	8.4	8.4	8.3	-	0.0%
			Expenditures	15.7	15.7	15.7	-	0.0%
			Net Year-End Projection	**$ 2.7**	**$ 2.7**	**$ 4.0**	**$ 1.2**	

Revenue:

Revenue in the Golf Course Fund is projected to exceed budget primarily due to increased golf play and concessions revenue resulting from the improved golf course conditions and improving economy. This trend has continued throughout the fiscal year.

Expenditures:

Personnel and non-personnel expenditure projections are expected to be close to budget by fiscal year-end. The Fund projects to end the fiscal year with revenue in excess of expenditures.

Tables may not foot due to rounding.

Information Technology Fund

in millions

Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			**Revenue**	$ 9.1	$ 9.1	$ 9.6	$ 0.5	5.6%
2.00	3.00	1.00	Personnel Expenditures	5.2	5.2	4.8	0.4	7.7%
			Non-Personnel Expenditures	5.0	5.0	4.6	0.4	8.5%
			Expenditures	10.2	10.2	9.4	0.8	8.1%
			Net Year-End Projection	**$ (1.1)**	**$ (1.1)**	**$ 0.2**	**$ 1.3**	

Revenue:

The Information Technology Fund revenue is projected to exceed budget by fiscal year-end. This is mainly attributed to the funding received to upgrade the City's website approved in the Mid-Year Adjustment Resolution (R-308783). The website upgrade project is scheduled to conclude in FY 2015.

Expenditures:

Personnel expenditure projections are under budget in Salaries and Wages due to three vacant positions that are not projected to be filled this fiscal year. The under budget Salaries and Wages projection is offset by over budget pay-in-lieu of annual leave and termination pay.

Non-personnel expenditure projections are under budget in Contracts is primarily due to expenditures related to the Rose Canyon facility. The Rose Canyon facility was acquired by the City through the dissolution of SDDPC. Various contracts related to security and other turnkey needs are anticipated to be under budget. The savings in Contracts are mitigating the over budget projection in Energy and Utilities also related to the Rose Canyon facility. The Fund is projected to end the fiscal year with revenue in excess of expenditures.

Recycling Fund

in millions

Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			**Revenue**	$ 17.8	$ 17.8	$ 19.5	$ 1.7	9.8%
4.28	3.44	(0.84)	Personnel Expenditures	9.9	9.9	9.6	0.3	3.0%
			Non-Personnel Expenditures	13.4	13.4	12.2	1.3	9.3%
			Expenditures	23.3	23.3	21.7	1.5	6.6%
			Net Year-End Projection	**$ (5.5)**	**$ (5.5)**	**$ (2.2)**	**$ 3.3**	

Revenue:

The revenue in the Recycling Fund is projected to exceed budget by fiscal year-end, which is an improvement from the Mid-Year Report. The positive variance is primarily due to Assembly Bill 939 eligible tons from the Tijuana River Valley sediment removal project, and unanticipated reimbursement from the State of California's Container Redemption Value (CRV) program.

Expenditures:

Personnel Expenditures in the Recycling Fund are projected to be slightly under budget by fiscal year-end. Non-personnel expenditures in the Fund are projected to be under budget due to lower

than budgeted fuel costs, savings in HazMat waste removal, and lower vehicle lease expenditures due to a delay in vehicle replacements. The current projection reflects an increase in the savings from the Mid-Year Report primarily due to an increased savings in fuel expenditures. The Fund is projected to end the fiscal year with expenditures in excess of revenue, which will be mitigated by the use of fund balance.

Refuse Disposal Fund

in millions

Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			**Revenue**	$ 29.4	$ 29.4	$ 28.0	$ (1.4)	-4.8%
6.34	15.55	9.21	Personnel Expenditures	14.4	14.4	14.5	(0.1)	-0.6%
			Non-Personnel Expenditures	17.5	17.5	17.3	0.3	1.5%
			Expenditures	31.9	31.9	31.8	0.2	0.5%
			Net Year-End Projection	**$ (2.6)**	**$ (2.6)**	**$ (3.8)**	**$ (1.2)**	

Revenue:

Revenue in the Refuse Disposal Fund is projected to be under budget at fiscal year-end primarily due to less tipping fee revenue resulting from a decline in refuse disposed at the landfill. Although the revenue is projected to be under budget the current projection is an improvement from the Mid-Year Report due to unanticipated tonnage disposed at the landfill from the Tijuana River Valley sediment removal project.

Expenditures:

The personnel expenditures in the Refuse Disposal Fund are projected to be at budget by fiscal year-end with minimal variances. The non-personnel expenditures in the Fund are projected to be under budget due to savings in the Ridgehaven roofing project and fuel costs. The under budget projections are partially offset by an unbudgeted capital expense for the purchase of a new tub grinder in order to meet the current air pollution control compliance. The expenditure projections have decreased since the Mid-Year Report primarily due to an increased savings in fuel costs. The Fund is projected to end the fiscal year with expenditures in excess of revenue, which will be mitigated by the use of fund balance.

Sewer Utility Funds

in millions

Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			**Revenue**	$ 409.2	$ 409.2	$ 409.9	$ 0.8	0.2%
40.40	88.17	47.77	Personnel Expenditures	86.6	86.6	84.8	1.8	2.1%
			Non-Personnel Expenditures	252.8	253.5	240.0	13.5	5.3%
			Expenditures	339.4	340.1	324.8	15.3	4.5%
			Net Year-End Projection	**$ 69.8**	**$ 69.0**	**$ 85.1**	**$ 16.1**	

Revenue:

Similar to the Mid-Year Report, the Sewer Utility Funds revenue is projected to slightly exceed budget by fiscal year-end. The over budget projection is primarily due to higher capacity fee

revenue from strong permit activity within the commercial and multi-family housing categories. Offsetting the over budget capacity fee revenue are reduced reimbursements from State Revolving Fund loans for improvements at the Metro Biosolids Center in Kearny Mesa, which have been delayed due to lease negotiations with the Department of the Navy and are anticipated to be resolved in FY 2015.

Expenditures:
Personnel expenditures for the Sewer Utility Funds are projected to be under budget by fiscal year-end due to savings in salaries and Fringe Benefits attributed to vacancies, which are partially offset by over budget projections in pay-in-lieu of annual leave and overtime.

Non-personnel expenditures are projected to be under budget by fiscal year-end primarily due to lower bond interest payments resulting from unanticipated debt service reserve credit and the transfer of IT services from a single vendor to a citywide vendor under the new IT Sourcing contract. Also contributing to the under budget projection are lower than anticipated expenditures for condition assessment projects and central support warehouse contracts. Additionally, the appropriated reserve is not anticipated to be expended this fiscal year which further contributes to the under budget projection. The expenditure projection has declined since the Mid-Year Report primarily due to a delay in the implementation of the condition assessments and less than anticipated Energy and Utilities expenditures based on year-to-date actual data. The Funds are projected to end the fiscal year with revenue in excess of expenditures.

Water Utility Operating Fund

in millions

Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			**Revenue**	$ 427.6	$ 427.6	$ 459.5	$ 31.9	7.5%
36.60	42.08	5.48	Personnel Expenditures	68.1	68.1	68.6	(0.5)	-0.8%
			Non-Personnel Expenditures	371.2	371.4	370.0	1.4	0.4%
			Expenditures	439.3	439.5	438.6	0.9	0.2%
			Net Year-End Projection	**$ (11.7)**	**$ (11.9)**	**$ 20.9**	**$ 32.8**	

Revenue:
The Water Utility Operating Fund is projected to exceed budget in revenue as a result of the water rate increases that were approved by the City Council for 2014 and 2015, in order to meet the wholesale pass-through cost increases while maintaining sufficient debt service coverage levels for the City's outstanding water revenue bonds. Additionally, the over budget projections are due to increased capacity fee revenue from strong permit activity within the commercial and multi-family housing categories as a result of the improving economy. The Fund also received SDG&E settlement revenue from the 2007 wildfires. The revenue projection is increased from the Mid-Year Report mainly due to increases in water sales and capacity fee revenue.

Expenditures:
Personnel expenditures are projected to slightly exceed budget by fiscal year-end. Savings in salaries due to vacancies within the Department are offset by over budget expenditures in overtime and pay-in-lieu of annual leave. Non-personnel expenditures are projected to be slightly

Tables may not foot due to rounding.

under budget due to delays in condition assessment projects and the expenses related to the Sweetwater Authority settlement agreement. A decrease in hardware and software procurement, as well as a delay in the Graphic Information System (GIS) Assessment project are also contributing to the under budget non-personnel expenditures. These savings are partially offset by the increased cost of wholesale water purchases, higher than anticipated electrical costs as a result of SDG&E rate increases, and unbudgeted expenses related to the relocation to 525 B Street. The current projection represents a decrease from the Mid-Year Report primarily due to anticipated savings related to the Sweetwater Authority Agreement Settlement and delays in condition assessment projects. The Fund is projected to end the fiscal year with revenue in excess of expenditures.

Wireless Communications Technology Fund

in millions

Budgeted Vacancies	Current Vacancies	Variance	Rev/PE/NPE	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
FTE			**Revenue**	$ 7.5	$ 7.5	$ 7.6	$ -	0.0%
2.00	8.00	6.00	Personnel Expenditures	5.0	5.0	4.2	0.8	15.2%
			Non-Personnel Expenditures	3.9	3.9	3.9	-	0.0%
			Expenditures	8.9	8.9	8.1	0.8	8.6%
			Net Year-End Projection	**$ (1.3)**	**$ (1.3)**	**$ (0.5)**	**$ 0.8**	

Revenue:
Revenue in the Wireless Communications Technology Fund is projected to be at budget by fiscal year-end.

Expenditures:
Personnel expenditures are projected to be under budget due to vacant positions in the Department. During the mid-year, three of the seven vacant positions in the Fund were projected to be filled by the end of the fiscal year. However, due to various delays, the Fund is now projected to fill 8.00 FTE vacant positions by July 2014, which has increased the savings in personnel expenditures since the Mid-Year Report. The savings in Salaries and Wages is slightly offset with over budget overtime and pay-in-lieu of annual leave.

Non-personnel expenditures are projected to be at budget by fiscal year-end. The Fund is projected to end the fiscal year with expenditures in excess of revenue, which will be mitigated by the use of fund balance.

FY 2014 PRIORITY BUDGET ITEMS

City Attorney

City Attorney's Budget Restoration:

The Office of the City Attorney's personnel budget was reduced by $508,000 during the FY 2014 budget process. During the mid-year budget monitoring process, the Office of the City Attorney received a budget adjustment of $300,000, as a partial restoration of the reduction included in the FY 2014 budget and they are projected to end the year with a $700,000 surplus.

City-wide (Transportation and Storm Water, Park and Recreation, MADs)

Tree Trimming:

The City's tree trimming services are divided into five main categories, Maintenance Assessment Districts (MAD) tree trimming, public right of way tree trimming, parks maintenance tree trimming, City golf course tree trimming, and general city-wide tree trimming services. The MAD tree trimming contract was approved by City Council in December 2013 and the contract was executed in January 2014. Award of the remaining four tree-trimming contracts has been delayed and is now anticipated to be awarded by October 2014.

The public right of way tree trimming, parks maintenance tree trimming, and City golf course tree trimming services underwent a Request for Proposals (RFP) process in the winter of 2013 through the spring of 2014. During the solicitation process it was determined by City staff that it was in the best interest of the City to reject proposals and re-issue the solicitations. City staff is working on releasing an Invitation to Bid (ITB) for the public right of way tree trimming by June 2014. The parks maintenance tree trimming services ITB's will follow soon after, by July 2014, and the City golf course tree trimming, and general city-wide tree trimming services by August 2014. Assuming there is a responsive and responsible bidder for the ITB's, the contracts will be brought forward to City Council for approval in September 2014 and the contracts will be in place no later than October 2014.

Tree trimming in the public right of way is currently utilizing the interim tree trimming services cooperative contract agreements. Multiple vendors require a higher level of internal coordination to track daily trimming and monthly reconciliation of invoices. Additionally, vendor's resources are limited, reducing the total number of trees trimmed in the public right of way. Despite the delay, the planned tree trimming work for this fiscal year will be completed through a combination of in-house crews and cooperative contracts with the City of Encinitas and the San Diego Unified School District to ensure that the City continues to have tree trimming services in the interim.

Citywide Program Expenditures

Kinder Morgan Litigation:

The FY 2014 budget includes $700,000 for Kinder Morgan litigation expenditures. Due to ongoing delays in the litigation, it is not expected that the full $700,000 budgeted in FY 2014 will be expended before the end of the fiscal year. Therefore, the FY 2015 Proposed Budget includes $450,000 in one-time expenditures that are not expected to be fully expended in FY 2014 to continue support for this litigation.

Public Liability Operating Fund:
In FY 2014, the Public Liability Fund has experienced larger than anticipated expenditures related to insurance premium increases and claim losses. Insurance premiums have increased from the prior year due to a negative claims experience. In addition, there have been several large claims settled this year that were paid from the Public Liability Operating Fund. The requested $10.1 million, as approved in the Mid-Year Adjustment Resolution (R-308783) was transferred from the General Fund to the Public Liability Operating Fund in period nine to support the anticipated expenditures. The majority of this funding has been depleted due to $8.7 million in claims paid for the Lexin case. It is anticipated that additional funding will be needed for the remainder of the fiscal year for day-to-day claim expenditures. The current needs in the Public Liability Operating Fund have increased due to litigation costs and an additional $3.5 million will be transferred to support these expenditures by year-end.

Public Liability Fund Reserve Contribution:
Per the City's Reserve Policy (Council Policy 100-20), the required reserve target for the Public Liability Fund is 50.0 percent of the value of outstanding public liability claims, or $48.3 million. Annual contributions of $3.2 million beginning in FY 2015 through FY 2019 are required to reach the target. As part of the Mid-Year Adjustment Resolution (R-308783), an additional $3.2 million was approved as an advance of the required contribution for FY 2015 and this amount was transferred in period nine. The pre-funding of the Public Liability Reserve with one-time Excess Equity will free up funds to balance the expenditures in the FY 2015 budget. The May Revise is also recommending to use Excess Equity to fully fund the Public Liability Reserve once the Comprehensive Annual Financial Report (CAFR) is complete in fall of 2014.

Department of Information Technology

San Diego Data Processing Corporation (SDDPC) Dissolution:
The dissolution of SDDPC was completed on December 30, 2013. All assets have been transferred to the City, which included buildings, property, equipment, and cash. The assets are valued at approximately $8.7 million and the cash received was $9.8 million. Final corporate dissolution papers have been filed with the California State Attorney General's Office. The City will retain two former SDDPC buildings, which will now be managed by the Real Estate Assets Department.

Update the City's Website:
The City's current website is based on an outdated platform and coding and is in need of an upgrade. The estimated full cost to upgrade the website is $500,000. The funding needed was approved in the Mid-Year Adjustment Resolution (R-308783) and transferred to the Department of Information Technology Fund in period nine. The website upgrade project has begun and is scheduled to be completed in FY 2015. The Department of Information Technology is finalizing requirements and is working with the Purchasing and Contracts Department to finalize the Request for Proposals (RFP). The Department of Information Technology is currently working with the Mayor's office to determine if and how the project will be phased.

Development Services

Community Plan Updates (CPU):

The total FY 2014 budget for CPUs is $1.8 million. The current projection for CPU expenditures is $483,000, resulting in projected savings of $1.3 million. This under budget projection, as reported in the previous budget monitoring reports, was largely due to longer than anticipated contracting and public outreach processes, traffic modeling capacity, delays in the start dates of Environmental Impact Reports (EIRs), and diversions of staff time as other projects required immediate attention. The largest component of the CPU budgets are for the traffic modeling capacity studies and EIRs, thus delays to those studies greatly affect the timing of expenditures.

Single Adult Emergency and Veterans Emergency Homeless Shelters:

The FY 2014 budget includes $1.9 million to support the shelters for a full year of operations. Both shelters are managed by the San Diego Housing Commission (SDHC) with funding provided by the City and grants from various agencies. While the budgeted allocation was intended to provide funding for the full year, revised cost estimates projected the funding would only support operations through March 2014. As a result, the Emergency Single Adult and Veterans' Shelter Programs received $1.0 million, as approved in the Mid-Year Adjustment Resolution (R- 308783), from Excess Equity to extend the operations of both shelters through the end of the fiscal year (from April 1 until June 30). The Department of the Navy has agreed to extend the authority to use its property for the Veterans Shelter for this extended period and both shelter operators have agreed to continue operations through June 30, 2014. As of this date, both shelters will continue to operate with the final shelter night being June 30, 2014. It is anticipated the shelter tear down process will begin immediately thereafter and conclude on or before July 11, 2014.

Homeless Check-In Center:

The FY 2014 budget includes $50,000 to support the Homeless Check-In Center. The Homeless Check-In Center is currently managed by the Girls Think Tank (GTT), a community advocacy group, through a contract administered by the San Diego Housing Commission (SDHC). The Homeless Check-In Center is operated on a site donated by St. Vincent de Paul at 16th Street and Commercial Street. St. Vincent de Paul notified the SDHC that they cannot sustain the donation of the space and would begin to charge rent. The San Diego Housing Commission offered to lease a site it owns to the GTT for the continued operation of the Check-In Center. The lease was approved by the SDHC Board on April 11, 2014 and has been executed. The lease start date was May 1, 2014, and the term is for two years with three one-year options to renew, and rent is $1.00 per month. As a result of the reduction in rent expense, the GTT will be experiencing significant rent savings in May and June and it is anticipated that some of the allocated budget will shift from rent to moving costs. It is anticipated the full General Fund allocation of $50,000 will be fully expended by fiscal year-end.

North Embarcadero Visionary Plan:

The completion of Phase 1 of the North Embarcadero Visionary Plan (NEVP) is currently projected to exceed original cost estimates by approximately $2.5 million. As agreed by the members of the Joint Powers Authority (JPA), the Port and the Former RDA were to split the cost of constructing Phase 1 of the plan on a 50/50 basis; however, with the dissolution of the RDA, the Successor Agency has become responsible for the Former RDA's obligations related

to the NEVP. On May 16, 2014, the Successor Agency received DOF approval of an increase of approximately $1.3 million in the total outstanding obligation on the Recognized Obligation Payment Schedule (ROPS) 14-15A to meet the Former RDA's obligation to pay 50.0 percent of the cost overrun.

Environmental Services:

Downtown Port-a-Potty and Portland Loo Public Restrooms:

The FY 2014 budget includes $50,000 to support this expenditure, which was transferred to Civic San Diego in September 2013 to support the servicing of the port-a-potties through the end of this fiscal year. Six port-a-potty restrooms were relocated in April 2014 to a new location at 14th Street and Imperial Avenue and are being maintained on a daily basis. Two Portland Loo public restrooms are expected to be installed in FY 2015: one Portland Loo public restroom will be located at Park Boulevard and Market Street and the second at 14th Street and L Street. After the two Portland Loo public restrooms are installed, two of the six existing port-a-potty restrooms will be removed.

South Chollas Landfill Improvements:

As a result of a Notice of Violation from the Regional Water Quality Control Board and the Local Enforcement Agency, improvements at the South Chollas Landfill are required. The cost estimate for construction and project management of $11.4 million (approximately $5.7 million for the General Fund) was provided by a consultant to implement a conceptual grading plan, which will include demolition, removal and replacement of some parking areas, and installation of drainage systems. The expenditures to support the project will be in the Refuse Disposal, Public Utilities and Fleet Services Operating Funds, and the Transportation and Storm Water Department of the General Fund. Funding to support the General Fund portion was approved in the Mid-Year Adjustment Resolution (R-308783) and was transferred to the CIP in period nine. The remaining estimated funding to complete the project, including project management costs from the Public Works – Engineering & Capital Projects Department, has been included in the FY 2015 Proposed Budget.

Fire-Rescue

Temporary Fire Station:

The 2011 Citygate Standards of Coverage Report recommended that a fire station be located on City owned land on Skyline Drive and Sychar Road; however, to immediately address the coverage gap, a temporary fire station is needed. The $420,000 approved in the Mid-Year Adjustment Resolution (R-308783) has been transferred to the Skyline Fire Station CIP project to support demolition and site preparation as well as trailers and other set-up costs to establish the temporary station, which is scheduled to open January 2015. The Public Works — Engineering and Capital Projects Department is in the process of hiring an as-needed consultant to provide architectural and engineering services for site planning, construction, and, design of a modular unit, canopy, and living quarters for firefighting personnel. The consultant will also obtain the necessary permits and approval for construction. Funding for the personnel expenditures is included in the FY 2015 Proposed Budget.

Outfitting of Lifeguard Vehicles:
The Fire-Rescue Department previously entered into a two-year corporate sponsorship agreement with Toyota for the use of 34 Lifeguard vehicles. The previous agreement with Toyota expired in March 2014; however, the City and Toyota have entered into a new agreement for an additional two years. The Fire-Rescue Department will be returning the current vehicles in exchange for 34 new vehicles. The funding of $200,000, as approved in the Mid-Year Adjustment Resolution (R-308783), will support the outfitting of the 34 new vehicles. Currently, three replacement vehicles have been delivered. The current vehicles will be replaced at a rate of 3-4 per week to allow sufficient time for installation of equipment while maintaining adequate coverage on beaches and bays. The entire fleet is anticipated to be replaced by fiscal year-end.

Library

Free Parking at the New Central Library:
Free parking with validation was extended from one to two hours in January 2014. The impact to revenue is expected to be minimal as the expanded validation period was included in the revenue projections in the Mid-Year Report.

Long Term Disability:

Long Term Disability Fund Reserve:
Per the City's Reserve Policy (Council Policy 100-20), the required reserve target for the Long-Term Disability Fund is $17.0 million. Annual contributions of $1.6 million beginning in FY 2015 and ending in FY 2016 are required to reach the target. The General Fund portion of the required contributions is approximately 74.0 percent or $1.2 million. Appropriations to pre-fund the reserve by making the FY 2015 General Fund contribution in FY 2014 were approved in the Mid-Year Adjustment Resolution (R-308783) and are expected to be fully expended by fiscal year-end. The non-general fund portion is also projected to be fully expended by fiscal year-end; however, an appropriation increase was not necessary as the expenditure increase is able to be absorbed.

Park and Recreation

2015 Centennial Celebration:
Calendar Year 2015 marks the 100th anniversary of the 1915 Panama-California Exposition in Balboa Park. The FY 2014 budget includes limited positions to support the Celebration. The District Manager, Program Manager and Clerical Assistant II positions added in the FY 2014 budget have been filled. These positions will continue to work closely with Balboa Park and the City's Special Events Management to execute celebration programming. The 2015 Centennial Celebration is anticipated to kick off with December Nights on December 5, 2014.

Balboa Park Traffic Management Plan:
The FY 2014 budget includes $300,000 to support a traffic management plan in the Plaza de Panama at Balboa Park. The temporary traffic management plan has been completed with half of the $300,000 budget utilized. The remaining amount funded the CIP project, Balboa Park Alcazar Garden Parking Lot Improvements (S-14013). This project was not originally part of the traffic management plan; however, it will provide additional accessible parking spaces to the Central Mesa (West Prado) area of Balboa Park. The project was completed and opened to the public in May 2014. No additional fiscal impacts are anticipated.

Brush Management:
The brush management for-profit contract covers 300 of the 452 acres required to be thinned annually, with the remaining acreage being completed by City staff and budgeted non-profit contracts. Bids for the for-profit contract work have increased from $2,051 per acre to $5,268 per acre since the previous contract in 2008. The FY 2015 Proposed Budget included $500,000 and the May Revise includes an additional $500,000 for a total of $1.0 million in FY 2015 to help offset anticipated increases to the contract. Work under the for-profit contract started on September 1, 2013 and 83 acres of brush have been thinned as of March 2014. As projected in the Mid-Year Report, 156 acres are anticipated to be thinned by fiscal year-end.

Park Assets Condition/Needs Assessment:
The FY 2014 budget includes $250,000 to support a park assets condition and needs assessment. The Public Works – Engineering and Capital Projects Department has collaborated with the Park and Recreation Department in selecting consultants to perform the assessments, which has expedited the process. The Department has identified 30 park sites to be assessed and anticipates the assessments will be completed by fiscal year-end. The current projection includes fully expending the budgeted amount by fiscal year-end. The Facility Condition Assessment Contract was executed on May 16, 2014 and the assessment work has begun. The Department anticipates to fully expend the budgeted amount by fiscal year-end. The FY 2015 Proposed Budget includes funding to support 1.00 Park Designer and 0.50 in hourly wages for a Management Intern and associated non-personnel expenditures for the assessments.

Weekend Overnight Camping at Kumeyaay Campground:
The Kumeyaay Campground is currently open for day use only. An amount of $71,250 was funded, as approved in the Mid-Year Adjustment Resolution (R-308783), from the projected Excess Equity to support 1.00 Park Ranger and 0.50 Center Director and associated non-personnel expenditures necessary to offer weekend overnight camping. The half-time Recreation Center Director position has been filled and interviews for the Park Ranger position are expected to be conducted by the end of May 2014. Additionally, the Park Ranger vehicle has been purchased. The FY 2015 Proposed Budget includes $140,000 in expenditures and $40,00 in revenue to support the weekend overnight camping through next fiscal year. It is anticipated the campground will open for overnight camping on June 13, 2014.

Mission Trails Visitor Center Energy Efficiency Lighting Project:
A lighting upgrade project at the Mission Trails Visitor Center to create energy efficiencies received funding of $60,000 through the Mid-Year Adjustment Resolution (R-308783). Following a meeting with the Facilities Maintenance Division in May 2014, it was decided that City staff would handle the project. The Department anticipates fully expending the funds by fiscal year-end.

Police

Body Worn Cameras:
Funding of $1.0 million was added to the Police Department budget via the Mid-Year Adjustment Resolution (R-308783) for the purchase of 300 body worn cameras for patrol officers and supporting equipment, licenses, and data storage. Body worn cameras are worn by police officers to record interactions with the public. The audio and visual recordings would be

stored digitally and could be used as evidence in court and for Departmental purposes. The FY 2015 Proposed Budget includes an additional $1.0 million for the purchase of 300 more body worn cameras. The Police Department intends to eventually equip every patrol officer with a body worn camera, which would be approximately 1,000 cameras. A purchase order is in place, and 300 cameras have been ordered and are expected to arrive in June. Cameras will be deployed once officers have been trained and a policy has been approved. The Department estimates it will have cameras in the field by the end of June.

Public Safety Realignment (AB 109):
The FY 2014 budget includes $700,000 for the addition of overtime expenditures for sworn personnel funded by AB 109 funds for the monitoring of non-violent offenders post-release. The Department received a second unbudgeted $800,000 disbursement of AB 109 Funds in FY 2014, which will partially offset the over budget expenditures in overtime. The program has been successfully implemented and the Department has expended $500,000 to date. Every division in the Department has conducted at least one detail and most have conducted two to three details. There have been dozens of arrests of both AB 109 probationers and other probationers that were contacted during these details. The Department has met with the Probation Department to ensure consistency in the management of the program as it relates to AB 109 subjects, compliance checks, and violations. The Department's Crime Analysis Unit has partnered with their counterparts from probation and the Law Enforcement Coordinating Committee (LECC) to ensure accuracy of information, and has disseminated that information to the program managers. Between October 2013 and March 2014, AB 109 enforcement resulted in 415 arrests.

Academies and Attrition:
The Police Department expects a total of four academies to take place in FY 2014, as shown in the table below. In the continued effort to hire additional police officers, $182,000 was approved in the Mid-Year Adjustment Resolution (R-308783) from the projected Excess Equity to increase the fourth academy in FY 2014 by nine Police Recruits. The academy started in May with 43 recruits, an increase of nine recruits from the original academy size of 34. In alignment with the Police Department's Five-Year Plan, the FY 2015 Proposed Budget includes funding to support the addition of 27.00 FTE sworn personnel which includes the on-going expenditures for the nine positions added mid-year. As of March 2014, the Department is experiencing an attrition rate of 10.00 FTE per month.

Police Department Academies in 2014

	August	October	February	May
Enrollment	31	39	37	43
Graduates	29	33	35[1]	TBD

[1]Estimated number of graduates as of May 2014. Academy graduation date is August 2014.

Civilian Positions:
The FY 2014 budget added 4.00 FTE civilian positions including 2.00 Dispatcher IIs, 1.00 Latent Print Examiner II, and 1.00 Police Investigative Service Officer II to support the Police Department's operations. All of these positions have been filled. The FY 2015 Proposed Budget includes funding for an additional 17.00 FTE civilian positions including 9.00 Police Investigative Service Officers, 2.00 Clerical Assistants 2s, 1.00 Associate Management Analyst, 1.00 Word Processing Operator, 1.00 Police Dispatcher, 1.00 Police Property and Evidence Clerk, 1.00 Interview and Interrogation Specialist and 1.00 Criminalist 2.

Helicopter Maintenance and Fuel Expenditures:
Helicopter maintenance is budgeted in the Seized Assets Funds in FY 2014. The Department estimates that the Seized Assets Funds will be able to support maintenance needs this fiscal year. Helicopter fuel, historically budgeted in the Seized Assets Funds, is budgeted in the General Fund in FY 2014 and is funded through one-time SAFE funds. The Police Department does not have any concerns regarding funding for air support fuel or maintenance expenditures in FY 2014. The FY 2015 May Revise includes the addition of $1.5 million in the General Fund to support the Air Support operations, with the remaining funding of $1.8 million budgeted in the Seized Assets Funds.

Sworn Officer Retention Program:
The FY 2014 budget includes $2.0 million budgeted in the General Fund Appropriated Reserve for the purpose of funding a Police Officer Retention Program. City Council approved the use of this budget to increase uniform allowance, and funding for police officer recruitment activities on August 28, 2013 (R-308405). The budget has been transferred to the Police Department and uniform allowance has been distributed to current officers that were eligible to receive the retention program allocation. Each eligible officer received approximately $1,030 in additional uniform allowance. The FY 2015 budget includes an increase of $3.2 million to continue the Police Officer Retention Program next fiscal year.

Sworn Officer Equipment:
The FY 2014 budget includes $1.1 million for the purchase of sworn police officer equipment. The Department has spent $600,000 of the funds to date on various equipment, and is working on procuring the rest of the items. The Department is projected to expend all of the funds by fiscal year-end. In FY 2015 the Department expects to receive grant funds to support the vehicle and equipment needs.

Neighborhood Parking Protection Ordinance:
On July 23, 2013, City Council passed the Neighborhood Parking Protection Ordinance (NPPO) (O-20281), prohibiting the parking of oversized, non-motorized or recreational vehicles in residential areas within the City of San Diego between the hours of 2:00 a.m. and 6:00 a.m. without a permit. Funding of $664,000 to implement the citywide Neighborhood Parking Protection Program was approved in the Mid-Year Adjustment Resolution (R-308783).

- $511,970 was added to the Police Department for eight Police Investigative Service Officers (PISOs), non-personnel expenditures for the positions, related vehicle costs, and a license plate reader camera system. The Department is in the process of hiring and purchasing the vehicles and equipment.
- $70,000 was added to the Transportation and Storm Water Department for the fabrication and installation of approximately 257, 30” by 36” signs. The signs are to be placed at the entrances to the City from all freeway off-ramps and all classified roads entering the City from other jurisdictions. Installation began in May of the large signs. Any additional smaller signs that are needed in the future will be installed on an as-needed basis at specific locations, most likely near the beaches and bays.
- $83,000 was added to the Office of the City Treasurer for 2.00 Public Information Clerks and the new permitting system. The City Treasurer has filled 1.00 Public Information Clerk position and 0.50 of this position will be dedicated to the NPPO. Due to

efficiencies gained from issuing the NPPO permits online the additional 1.50 Public Information Clerks will not be needed and has been reduced in the FY 2015 May Revise. A vendor has been selected for the online NPPO permitting system and all permits will be processed through this online application. The estimated cost in FY 2014 is approximately $15,000. Implementation of the NPPO online permitting process is anticipated for July 2014.

Public Works – General Services – Facilities

Deferred Capital Support Positions:

The FY 2014 budget includes $880,000 for the addition of 9.00 FTE positions to provide additional support for operations and maintenance for deferred capital backlog. Currently, 6.00 positions have been filled: one Roofer, two Painters, one Electrician, one Painter Supervisor and one Plumber Supervisor. A Plumber and Refrigeration Mechanic position are pending background and medical checks. Due to a lack of qualified candidates, a Carpenter Supervisor position has not been filled, however, the position is projected to be filled by June 2014.The FY 2015 Proposed Budget includes funding to support an increase of 7.00 FTE positions to provide additional facilities maintenance support.

Facilities Condition/Needs Assessment:

The FY 2014 budget includes $1.0 million to support a facilities condition and needs assessment. Assessments of various City facilities have been conducted and the current projection anticipates fully expending the budgeted amount by fiscal year-end. In addition, the FY 2015 Proposed Budget includes an on-going expenditure addition of $1.0 million to support the facilities assessments for the next five years.

Transportation and Storm Water

Sidewalk Condition/Needs Assessment:

The FY 2014 budget includes $1.0 million to support a sidewalk condition and needs assessment. All of the staff have been hired, which included 24 student engineers and two Jr. Civil Engineers. The assessment officially began on January 21, 2014 and is scheduled to take twelve months, The current projection includes a savings of $300,000. A survey of 1,046 miles of sidewalk (3,500 city blocks) including the GPS capture of trees and curb ramps along those blocks has been completed. By June 30, 2014, the Department will have completed approximately 1,500 miles of sidewalk survey. The Department will continue to monitor and report on the progress of the assessments.

APPROPRIATION ADJUSTMENTS

The following appropriation adjustments and authorities are requested to bring the General Fund and other funds into balance at year-end. Also included are requests to close incomplete capital projects and to de-appropriate excess funding in capital projects. Finally, authorities are included that are typically requested at year-end to maintain compliance with the City Charter and Municipal Code.

REQUESTED AUTHORITIES

Authorities are requested to allow for budget transfers and de-appropriations between General Fund departments and other non-general funds as described below.

General Fund

Additional authorities are requested to allow for budget transfers among General Fund departments and to address unforeseen events that may occur prior to year-end.

Salary and Non-Personnel Budget Transfers

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

Bottom Line Re-Appropriations

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

Non-General Fund

De-appropriate Fleet Replacement Funds

Authority is requested to de-appropriate excess carry forward budget in the Fleet Replacement Funds to accurately represent the fund balance.

Revise Budget for Prop 42 Replacement – Transportation Relief Fund

Adjust the Prop 42 Replacement – Transportation Relief Fund (200306) expenditure appropriations based on actual revenues received and/or available fund balance to support capital improvements in accordance with Charter section 55.2.

City-wide

Increase Appropriations from Available Sources

Authority is requested to adjust appropriations as needed for unforeseen events in order to close FY 2014 with departments and funds in balance.

Capital Improvements Program (CIP)

Revisions to CIP projects are requested to close certain projects and reduce appropriations that are no longer needed or to increase funding.

Close Incomplete CIP Projects

Authority is requested to close two canceled CIP projects, reduce the Fiscal Year 2014 CIP budget by $275,000 and return the available funds to the original source.

1) The Ocean Beach Veterans Memorial (S14012) project received $75,000 in donations in Fiscal Year 2014 which have been returned to the donor.
2) The Taylor Street – Bikeway (S00965) project improvements were incorporated into a sewer main project which has been completed. As a result, the remaining budget of $200,000 is no longer required for this project and will be returned to the original source, the TransNet Prop A 1/2% Sales Tax Fund (400156).

Enterprise Asset Management (EAM) Project

Authority is requested to transfer $1.1 million in OneSD Support Fund (200610) funding from the Enterprise Asset Management SAP (S13013) project to the EAM ERP Implementation (S14000) project and to cancel and close the Enterprise Asset Management SAP (S13013) project. The purpose of this action is to consolidate the two projects into one unified project. The funding from the OneSD Support Fund (200610) will support the implementation for the non-Public Utilities departments benefiting from the EAM System.

Pacific Highway Curb Ramps Project

Authority is requested to reduce the Fiscal Year 2014 CIP budget by $750,000 for the Pacific Highway Curb Ramps (S11045) project and return the funds to the original source, the Midway/Pacific Hwy Urban Community Fund (400115). The original project cost estimate included the rebuilding and reallocation of storm drain inlets. After further assessment by the engineer, the replacement of piping is no longer required and as a result, $750,000 of appropriations can be reduced.

Rancho Peñasquitos Skate Park Project

Authority is requested to increase the Fiscal Year 2014 CIP budget by $30,400 for the Rancho Peñasquitos Skate Park (S12002) project to support additional costs for the park upgrade which currently exceeds the budget. There is available fund balance from the Black Mountain Ranch Development Agreement Fund (400245) which will support the additional expenditures for the review and inspection of the project by City staff and the current deficit. The use of this funding was approved by the Rancho Peñasquitos Planning Board.

Replenish CIP Emergency Reserve

The General Fund CIP Emergency Reserve was established in FY 2012 at $1.0 million to provide an immediate source of funding for public works contracts in order to respond quickly to an emergency or natural disaster. When an emergency project receives funding, the asset-owning department is required to provide an alternative funding source within three months. When a funding source is identified the CIP Emergency Reserve is replenished.

In FY 2013, the Park and Recreation Department requested $200,000 from the CIP Emergency Reserve to fund the Crystal Pier Emergency Repair project and the available budget in the Emergency CIP has not been replenished. A transfer from the Citywide Program Expenditures of $200,000 is included in the current year-end projection to fund the Crystal Pier Improvements (S11014) project. This will provide funding to move the emergency expenditures realized in the Emergency CIP to the Crystal Pier Improvements (S11014) project. This will free up budget in the Emergency CIP returning the budget back to the recommended funding level of $1.0 million.

Authority is requested to transfer $200,000 from Citywide Program Expenditures (9912) in the General Fund (100000) to the CIP Contributions from the General Fund (400265) to fund the Crystal Pier Improvements (S11014) project. Authority is also requested to increase the Fiscal Year 2014 Capital Improvements Program Budget and appropriate $200,000 in the Crystal Pier Improvements (S11014) project in the CIP Contributions from the General Fund (400265).

CONCLUSION

The General Fund is projected to end the fiscal year with $9.9 million of revenue in excess of expenditures. Revenue is projected to exceed budget by $23.3 million, or 1.9 percent, and expenditures are projected to end the year $9.0 million, or less than a percent, under budget. This is a $32.3 million improvement from the current budget, which includes the use of $22.4 million in General Fund fund balance (included in the Fiscal Year 2014 Adopted Budget). The current projection maintains the required General Fund reserve of $149.8 million, or 14 percent.

After accounting for the required reserve level and the funding required to support the City Council Community Projects, Programs and Services in FY 2015, the available unrestricted fund balance defined by the City's Reserve Policy as Excess Equity is $16.8 million, or 1.6 percent.

The 1.6 percent is recommended to remain available in the General Fund to fully fund the Public Liability Reserve through the FY 2015 May Revise. Any amount of Excess Equity available above the funding needed for the Public Liability Reserve would be utilized for anticipated fluctuations in activity through the end of the fiscal year for Public Safety department costs related to the wildfires as well as to support potential expenditures related to the dissolution of the Redevelopment Agency (RDA). Use of Excess Equity to replenish the Public Liability Reserve is consistent with City Council Budget Policy (Policy No. 000-02) limiting the use of one-time revenue to support one-time expenditures.

Attachments:

I. General Fund Projected Revenues
II. General Fund Projected Expenditures
III. Non-General Fund Projections
IV. Budgeted Vacancies as of April 2014
V. Non-General Fund Reserves
VI. Status of Vacant Positions Memorandum and Attachments

General Fund Projected Revenues

Department	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
General Fund Major Revenues					
Charges for Current Services	$ 24,601,720	$ 24,601,720	$ 24,617,954	$ 16,234	0.1%
Franchise Fees[1]	67,049,845	67,049,845	69,568,119	2,518,274	3.8%
Interest and Dividends	859,389	859,389	1,440,285	580,896	67.6%
Motor Vehicle License Fees	-	-	583,841	583,841	100.0%
Fines, Forfeitures, and Penalties	-	-	1,500	1,500	100.0%
Other Revenue	-	150,000	10,136,498	9,986,498	6657.7%
Property Tax	408,003,167	443,929,982	458,023,711	14,093,729	3.2%
Property Transfer Tax	7,026,588	7,026,588	8,266,699	1,240,111	17.6%
Refuse Collector Business Tax	710,000	660,000	700,000	40,000	6.1%
Revenue from Federal and Other Agencies	-	-	1,061	1,061	100.0%
Revenue from Money and Property	-	555,876	555,876	-	0.0%
Sales Tax	248,138,819	248,138,819	245,306,478	(2,832,341)	-1.1%
Transfers In	50,682,208	55,905,872	49,012,465	(6,893,407)	-12.3%
Transient Occupancy Tax[2]	87,857,500	87,857,500	87,518,759	(338,741)	-0.4%
Subtotal Major General Fund Revenues	*$ 894,929,236*	*$ 936,735,591*	*$ 955,733,246*	*$ 18,997,655*	*2.0%*
Administration	$ 403,761	$ 403,761	$ 403,761	$ -	0.0%
City Auditor	-	-	34,363	34,363	100.0%
City Clerk	18,404	18,404	64,587	46,183	250.9%
City Comptroller	2,468,547	2,468,547	2,351,841	(116,706)	-4.7%
Citywide Program Expenditures	-	-	-	-	0.0%
Council Administration	-	-	81	81	100.0%
Council District 1	-	-	-	-	0.0%
Council District 1 - Community Projects, Programs, and Services	-	-	-	-	0.0%
Council District 2	-	-	-	-	0.0%
Council District 2 - Community Projects, Programs, and Services	-	-	-	-	0.0%
Council District 3	-	-	-	-	0.0%
Council District 3 - Community Projects, Programs, and Services	-	-	-	-	0.0%
Council District 4	-	-	-	-	0.0%
Council District 4 - Community Projects, Programs, and Services	-	-	-	-	0.0%
Council District 5	-	-	-	-	0.0%
Council District 5 - Community Projects, Programs, and Services	-	-	-	-	0.0%
Council District 6	-	-	-	-	0.0%
Council District 6 - Community Projects, Programs, and Services	-	-	-	-	0.0%
Council District 7	-	-	-	-	0.0%
Council District 7 - Community Projects, Programs, and Services	-	-	-	-	0.0%
Council District 8	-	-	-	-	0.0%
Council District 8 - Community Projects, Programs, and Services	-	-	-	-	0.0%

General Fund Projected Revenues

Department	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Council District 9	$ -	$ -	$ -	$ -	0.0%
Council District 9 - Community Projects, Programs, and Services	-	-	-	-	0.0%
Debt Management	548,645	548,645	835,972	287,327	52.4%
Department of Information Technology	-	-	28,354	28,354	100.0%
Development Services - Planning and Neighborhod Code Compliance	3,412,712	3,412,712	3,992,139	579,427	17.0%
Economic Development	8,245,963	8,245,963	7,100,672	(1,145,291)	-13.9%
Environmental Services	1,259,829	1,259,829	1,352,276	92,447	7.3%
Ethics Commission	-	-	94,979	94,979	100.0%
Financial Management	5,000	5,000	24	(4,976)	-99.5%
Fire-Rescue	23,966,763	23,966,763	27,596,759	3,629,996	15.1%
Human Resources	-	-	13	13	100.0%
Library	4,125,753	4,125,753	3,634,025	(491,728)	-11.9%
Office of ADA Compliance and Accessibility	15,116	15,116	15,157	41	0.3%
Office of Homeland Security	930,957	930,957	865,304	(65,653)	-7.1%
Office of the Assistant Chief Operating Officer	-	-	-	-	0.0%
Office of the Chief Financial Officer	450,000	450,000	319,268	(130,732)	-29.1%
Office of the Chief Operating Officer	-	-	-	-	0.0%
Office of the City Attorney	5,581,169	5,581,169	3,752,501	(1,828,668)	-32.8%
Office of the City Treasurer	25,963,475	25,963,475	27,468,464	1,504,989	5.8%
Office of the Independent Budget Analyst	-	-	-	-	0.0%
Office of the Mayor	308,400	308,400	308,400	-	0.0%
Multimedia Services	113,300	113,300	138,864	25,564	22.6%
Park and Recreation	32,907,371	32,917,371	32,658,573	(258,798)	-0.8%
Personnel	6,000	6,000	14,510	8,510	141.8%
Police	44,102,071	44,102,071	45,320,046	1,217,975	2.8%
Public Utilities - Reservoir Recreation	940,000	940,000	1,206,858	266,858	28.4%
Public Works - Contracting	1,053,393	1,053,393	955,689	(97,704)	-9.3%
Public Works - Engineering and Capital Projects	56,527,343	56,527,343	55,232,912	(1,294,431)	-2.3%
Public Works - General Services	3,881,596	3,881,596	3,699,443	(182,153)	-4.7%
Purchasing and Contracting	659,554	659,554	599,741	(59,813)	-9.1%
Real Estate Assets	43,344,297	43,344,297	44,293,783	949,486	2.2%
Transportation and Storm Water	46,879,695	46,879,695	48,070,798	1,191,103	2.5%
Total General Fund Revenues	**$ 1,203,048,350**	**$ 1,244,864,705**	**$ 1,268,143,403**	**$ 23,278,698**	**1.9%**

The current budget presented in this table is as of March 2014 (accounting period 9) unless otherwise noted.

[1] Total City FY 2014 current revenue budget for franchise fees is $129.1 million and the projection is $133.7million. The balance is budgeted in the Environmental Growth and Underground Surcharge Funds.

[2] Total City FY 2014 current revenue budget for Transient Occupancy Tax is $167.7 million and the projection is $167.1 million. The balance is budgeted in the Transient Occupancy Tax Fund.

General Fund Projected Expenditures

Department	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Administration	$ 1,802,385	$ 1,568,542	$ 1,659,276	$ (90,734)	-5.8%
City Auditor	3,888,785	3,888,785	3,538,327	350,458	9.0%
City Clerk	5,314,707	5,314,707	5,098,786	215,921	4.1%
City Comptroller	11,035,845	11,035,845	10,727,555	308,290	2.8%
Citywide Program Expenditures					
Assessments to Public Property	504,200	504,200	565,801	(61,601)	-12.2%
Business Cooperation Program	350,000	350,000	310,000	40,000	11.4%
Citywide Elections	1,800,000	8,400,000	8,690,808	(290,808)	-3.5%
Corporate Master Leases Rent	9,570,118	9,570,118	9,458,565	111,553	1.2%
Deferred Capital Debt Service	10,699,819	10,699,819	10,722,350	(22,531)	-0.2%
Employee Personal Property Claims	5,000	5,000	-	5,000	100.0%
Insurance	1,562,879	1,562,879	1,562,879	-	0.0%
McGuigan Settlement	8,007,675	8,007,675	8,007,674	1	0.0%
Memberships	630,000	630,000	697,708	(67,708)	-10.7%
Preservation of Benefits	1,700,000	1,700,000	1,710,000	(10,000)	-0.6%
Property Tax Administration	3,823,343	3,823,343	3,786,904	36,439	1.0%
Public Liability Claims Transfer - Claims Fund	14,506,208	24,606,208	28,106,208	(3,500,000)	-14.2%
Public Liability Claims Transfer - Reserves	101,700	3,301,700	3,301,700	-	0.0%
Public Use Leases	1,582,144	1,582,144	1,582,144	-	0.0%
Special Consulting Services	3,240,000	3,240,000	2,690,000	550,000	17.0%
Supplemental COLA	1,400,858	1,400,858	1,400,858	-	0.0%
TRANS Interest Expense Transfer Fund	314,000	314,000	-	314,000	100.0%
Transfer to Capital Improvements Program	-	-	700,000	(700,000)	100.0%
Transfer to Park Improvement Funds	5,614,678	5,614,678	5,614,678	-	0.0%
Transportation Subsidy	659,179	659,179	659,102	77	0.0%
Subtotal Citywide Program Expenditures	*$ 66,071,801*	*$ 85,971,801*	*$ 89,567,378*	*$ (3,595,577)*	*-4.2%*
Council Administration	$ 1,896,193	$ 1,896,193	$ 1,651,762	$ 244,431	12.9%
Council District 1	1,036,717	1,036,717	914,190	122,527	11.8%
Council District 1 - Community Projects, Programs and Services	99,872	94,872	94,872	-	0.0%
Council District 2	1,014,968	1,014,968	765,264	249,704	24.6%
Council District 2 - Community Projects, Programs and Services	114,128	77,528	77,528	-	0.0%
Council District 3	1,116,696	1,116,696	883,516	233,180	20.9%
Council District 3 - Community Projects, Programs and Services	127,446	86,026	86,026	-	0.0%
Council District 4	1,090,395	1,090,395	1,086,715	3,680	0.3%
Council District 4 - Community Projects, Programs and Services	248,440	237,679	237,679	-	0.0%
Council District 5	1,106,870	1,106,870	746,844	360,026	32.5%
Council District 5 - Community Projects, Programs and Services	285,933	283,433	283,433	-	0.0%
Council District 6	1,077,243	1,077,243	906,934	170,309	15.8%
Council District 6 - Community Projects, Programs and Services	120,558	118,558	118,558	-	0.0%

General Fund Projected Expenditures

Department	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Council District 7	$ 1,091,570	$ 1,091,570	$ 985,833	$ 105,737	9.7%
Council District 7 - Community Projects, Programs and Services	151,175	96,352	96,352	-	0.0%
Council District 8	1,145,266	1,145,266	961,579	183,687	16.0%
Council District 8 - Community Projects, Programs and Services	98,422	82,472	82,472	-	0.0%
Council District 9	1,083,123	1,083,123	840,971	242,152	22.4%
Council District 9 - Community Projects, Programs and Services	124,684	104,961	104,961	-	0.0%
Civic and Urban Initiatives	945,987	713,960	341,241	372,719	52.2%
Debt Management	2,447,811	2,447,811	2,367,882	79,929	3.3%
Department of Information Technology	2,600,000	2,858,000	2,600,000	258,000	9.0%
Development Services - Planning and Neighborhod Code Compliance	15,048,760	15,048,760	13,053,453	1,995,307	13.3%
Economic Development	12,944,622	15,496,154	13,212,630	2,283,524	14.7%
Environmental Services	36,169,845	36,185,345	35,911,458	273,887	0.8%
Ethics Commission	977,334	977,334	974,829	2,505	0.3%
Financial Management	4,091,604	4,091,604	3,915,622	175,982	4.3%
Fire-Rescue	222,679,306	225,646,767	224,941,801	704,966	0.3%
General Fund Approriated Reserve	2,000,000	-	-	-	0.0%
Human Resources	2,990,862	2,990,862	2,982,718	8,144	0.3%
Library	43,811,917	43,830,337	43,346,124	484,213	1.1%
Multimedia Services	688,991	688,991	676,647	12,344	1.8%
Office of ADA Compliance and Accessibility	627,463	627,463	452,661	174,802	27.9%
Office of Homeland Security	1,735,205	1,735,205	1,869,268	(134,063)	-7.7%
Office of the Assistant Chief Operating Officer	1,291,039	1,546,039	1,526,192	19,847	1.3%
Office of the Chief Financial Officer	990,531	990,531	921,625	68,906	7.0%
Office of the Chief Operating Officer	568,630	1,470,103	1,232,750	237,353	16.1%
Office of the City Attorney	45,689,443	46,074,075	45,380,187	693,888	1.5%
Office of the City Treasurer	20,495,483	20,578,483	19,858,555	719,928	3.5%
Office of the Independent Budget Analyst	1,775,306	1,775,306	1,733,329	41,977	2.4%
Office of the Mayor	3,671,233	3,671,233	3,546,195	125,038	3.4%
Park and Recreation	89,967,980	91,003,229	91,157,535	(154,306)	-0.2%
Personnel	7,012,193	7,020,193	7,073,163	(52,970)	-0.8%
Police	418,542,912	429,668,384	430,826,097	(1,157,713)	-0.3%
Public Utilities - Reservoir Recreation	1,969,446	1,969,446	2,220,158	(250,712)	-12.7%
Public Works - Contracting	2,107,234	2,107,234	2,147,621	(40,387)	-1.9%
Public Works - Engineering and Capital Projects	61,907,263	63,711,989	63,221,506	490,483	0.8%
Public Works - General Services	16,830,075	16,835,063	16,230,059	605,004	3.6%
Purchasing and Contracting	4,804,683	4,804,683	4,498,866	305,817	6.4%
Real Estate Assets	4,852,350	4,852,350	4,413,443	438,907	9.0%
Transportation and Storm Water	92,112,469	95,260,018	94,133,319	1,126,699	1.2%
Total General Fund Expenditures	**$ 1,225,491,199**	**$ 1,267,297,554**	**$ 1,258,283,745**	**$ 9,013,809**	**0.7%**

The current budget presented in this table is as of March 2014 (accounting period 9) unless otherwise noted.

Non-General Fund Projections

Fund	Revenue/ Expenditure	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Airports Fund	Revenue	$ 4,690,334	$ 4,690,334	$ 4,690,334	$ -	0.0%
	Expenditures	5,791,497	5,791,497	5,472,192	319,305	5.5%
Central Stores Fund	Revenue	13,356,784	13,356,784	11,853,984	(1,502,801)	-11.3%
	Expenditures	13,356,784	13,356,784	11,810,358	1,546,426	11.6%
Concourse and Parking Garages Operating Fund	Revenue	2,704,844	2,704,844	2,704,719	(126)	0.0%
	Expenditures	2,667,291	2,667,291	2,657,355	9,936	0.4%
Development Services Fund	Revenue	45,581,357	47,381,357	46,833,246	(548,111)	-1.2%
	Expenditures	45,915,463	47,715,463	47,333,901	381,562	0.8%
Energy Conservation Program Fund	Revenue	2,319,443	2,319,443	2,443,278	123,835	5.3%
	Expenditures	2,351,728	2,351,728	2,175,409	176,319	7.5%
Facilities Financing Fund	Revenue	2,110,074	2,110,074	1,912,707	(197,367)	-9.4%
	Expenditures	2,110,074	2,110,074	1,912,707	197,367	9.4%
Fire/EMS Transportation Program Fund	Revenue	10,770,000	10,770,000	10,792,764	22,764	0.2%
	Expenditures	11,516,495	12,123,995	11,372,269	751,726	6.2%
Fleet Services Operating Fund	Revenue	51,647,391	52,847,391	53,051,972	204,581	0.4%
	Expenditures	51,783,287	53,183,287	51,721,750	1,461,537	2.7%
GIS Fund	Revenue	1,616,274	1,616,274	1,379,482	(236,792)	-14.7%
	Expenditures	1,585,038	1,585,038	1,461,579	123,459	7.8%
Golf Course Fund	Revenue	18,371,747	18,371,747	19,616,953	1,245,206	6.8%
	Expenditures	15,670,084	15,670,084	15,664,313	5,771	0.0%
Information Technology Fund	Revenue	9,089,850	9,089,850	9,599,001	509,151	5.6%
	Expenditures	10,233,304	10,233,304	9,409,168	824,136	8.1%
Junior Lifeguard Program Fund	Revenue	596,027	596,027	600,886	4,859	0.8%
	Expenditures	596,027	598,027	572,361	25,666	4.3%
Local Enforcement Agency Fund	Revenue	795,693	795,693	724,781	(70,912)	-8.9%
	Expenditures	879,255	879,255	743,118	136,137	15.5%
Los Peñasquitos Canyon Preserve Fund	Revenue	186,000	186,000	298,720	112,720	60.6%
	Expenditures	221,253	221,253	220,148	1,105	0.5%
OneSD Support Fund	Revenue	21,101,243	21,101,243	21,105,887	4,644	0.0%
	Expenditures	21,185,217	21,185,217	21,139,046	46,171	0.2%

Non-General Fund Projections

Fund	Revenue/ Expenditure	Adopted Budget	Current Budget	Year-End Projection	Variance	Variance %
Petco Park Fund	Revenue	$ 16,494,163	$ 16,494,163	$ 16,567,800	$ 73,637	0.4%
	Expenditures	17,405,049	17,405,049	17,361,443	43,606	0.3%
Publishing Services Fund	Revenue	3,413,041	3,413,041	3,400,477	(12,564)	-0.4%
	Expenditures	3,304,127	3,304,127	3,072,355	231,772	7.0%
Qualcomm Stadium Operations Fund	Revenue	16,477,809	16,477,809	16,854,574	376,765	2.3%
	Expenditures	17,090,437	17,090,437	16,755,799	334,638	2.0%
Recycling Fund	Revenue	17,777,651	17,777,651	19,512,561	1,734,910	9.8%
	Expenditures	23,292,297	23,292,297	21,744,392	1,547,905	6.6%
Refuse Disposal Fund	Revenue	29,374,301	29,374,301	27,961,066	(1,413,235)	-4.8%
	Expenditures	31,932,996	31,932,996	31,764,504	168,492	0.5%
Risk Management Administration Fund	Revenue	9,060,699	9,060,699	9,060,699	-	0.0%
	Expenditures	9,810,299	9,810,299	9,678,360	131,939	1.3%
Sewer Utility Funds[1]	Revenue	409,155,844	409,155,844	409,910,951	755,107	0.2%
	Expenditures	339,369,494	340,106,335	324,809,818	15,296,517	4.5%
Transient Occupancy Tax Fund						
Commission for Arts and Culture Department	Revenue	$ -	$ -	$ -	$ -	0.0%
Special Events Department	Revenue	150,000	150,000	130,771	(19,229)	-12.8%
Special Promotional Programs	Revenue	79,870,455	79,870,455	79,562,508	(307,947)	-0.4%
Total Transient Occupancy Tax Fund Revenue		*$ 80,020,455*	*$ 80,020,455*	*$ 79,693,279*	*$ (327,176)*	
Commission for Arts and Culture Department	Expenditures	$ 1,022,971	$ 1,022,971	$ 877,923	$ 145,048	14.2%
Special Events Department	Expenditures	788,474	788,474	808,240	(19,766)	-2.5%
Special Promotional Programs	Expenditures	85,788,909	85,788,909	85,587,015	201,894	0.2%
Total Transient Occupancy Tax Fund Expenditures		*$ 87,600,354*	*$ 87,600,354*	*$ 87,273,179*	*$ 327,175*	
Underground Surcharge Fund	Revenue	$ 49,091,916	$ 49,091,916	$ 48,950,718	$ (141,198)	-0.3%
	Expenditures	49,092,936	49,092,936	49,074,073	18,863	0.0%
Water Utility Operating Fund[1]	Revenue	427,607,269	427,607,269	459,529,402	31,922,133	7.5%
	Expenditures	439,290,546	439,479,961	438,617,095	862,866	0.2%
Wireless Communications Technology Fund	Revenue	7,534,476	7,534,476	7,576,021	41,545	0.6%
	Expenditures	8,869,368	8,869,368	8,108,705	760,663	8.6%

The current budget presented in this table is as of March 2014 (accounting period 9) unless otherwise noted. Capital Improvements Program expenditure budgets are excluded.

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

Budgeted Vacancies as of April 2014

FTE

Department Name / Position Job Name	Budgeted Vacancies	Current Vacancies	Variance
GENERAL FUND			
Administration			
Department Director		1.00	
Public Information Specialist		1.00	
Administration Total	**1.00**	**2.00**	**1.00**
City Comptroller			
Accountant 2		1.00	
Financial Operations Manager		2.00	
Principal Accountant		1.50	
Senior Account Audit Clerk		1.00	
City Comptroller Total	**3.00**	**5.50**	**2.50**
City Treasurer			
Accountant 2		1.00	
Accountant 3		1.00	
Clerical Assistant 2		1.00	
Parking Meter Technician		3.00	
Public Information Clerk		2.00	
City Treasurer Total	**4.00**	**8.00**	**4.00**
Civic and Urban Initiatives	**-**	**-**	**-**
Debt Management	**1.00**	**-**	**(1.00)**
Development Services - Planning and Neighborhood Code Compliance			
Deputy Director		1.00	
Payroll Specialist 1		1.00	
Program Manager		2.00	
Senior Management Analyst		1.00	
Senior Zoning Investigator		1.00	
Development Services - Planning and Neighborhood Code Compliance Total	**2.00**	**6.00**	**4.00**
Economic Development			
Account Clerk		1.00	
Administrative Aide 1		1.00	
Administrative Aide 2		1.00	
Assistant Planning Director		1.00	
Community Development Coordinator		1.00	
Community Development Specialist 2		1.00	
Senior Management Analyst		1.00	
Economic Development Total	**1.00**	**7.00**	**6.00**
Environmental Services			
Associate Management Analyst		1.00	
Hazardous Materials Inspector 2		1.00	
Information Systems Analyst 2		0.38	
Public Information Clerk		0.63	
Sanitation Driver 2		1.00	
Sanitation Driver 3		2.00	
Environmental Services Total	**5.23**	**6.01**	**0.78**
Financial Management			
Associate Budget Development Analyst		1.00	
Senior Budget Development Analyst		2.00	
Supervising Budget Development Analyst		4.00	
Financial Management Total	**1.00**	**7.00**	**6.00**

Budgeted Vacancies as of April 2014

FTE

Department Name / Position Job Name	Budgeted Vacancies	Current Vacancies	Variance
Fire-Rescue			
Administrative Aide 2		1.00	
Associate Management Analyst		1.00	
Building Maintenance Supervisor		1.00	
Clerical Assistant 2		1.00	
Construction Estimator		1.00	
Deputy Fire Chief		2.00	
Fire Captain		4.00	
Fire Dispatcher		4.00	
Fire Engineer		17.00	
Fire Fighter 2		37.00	
Fire Fighter 3		5.00	
Fire Helicopter Pilot		2.00	
Fire Prevention Supervisor		1.00	
Information Systems Analyst 2		1.00	
Lifeguard 2		1.00	
Project Assistant		1.00	
Public Information Officer		1.00	
Senior Drafting Aide		1.00	
Storekeeper 1		1.00	
Fire-Rescue Total	**75.00**	**83.00**	**8.00**
Human Resources			
Program Manager		1.00	
Senior Department Human Resources Analyst		1.00	
Human Resources Total	**-**	**2.00**	**2.00**
Library			
Assistant Management Analyst		1.00	
Librarian 3		2.00	
Librarian 4		1.00	
Library Aide		11.50	
Library Clerk		0.50	
Library Total	**14.50**	**16.00**	**1.50**
Multimedia Services	**-**	**-**	**-**
Office of Homeland Security	**1.00**	**-**	**(1.00)**
Office of ADA Compliance and Accessibility	**-**	**-**	**-**
Office of the Chief Financial Officer	**-**	**-**	**-**
Office of the Assistant Chief Operating Officer	**1.00**	**-**	**(1.00)**
Office of the Chief Operating Officer	**-**	**-**	**-**
Office of the Mayor			
Mayor Representative 2		1.00	
Office of the Mayor Total	**-**	**1.00**	**1.00**
Park and Recreation			
Assistant Department Director		1.00	
Assistant Recreation Center Director		1.00	
Clerical Assistant 2		1.00	
Custodian 2		2.00	
District Manager		2.00	
Equipment Operator 1		1.00	
Equipment Technician 1		1.00	

Budgeted Vacancies as of April 2014

FTE

Department Name / Position Job Name	Budgeted Vacancies	Current Vacancies	Variance
Executive Secretary		1.00	
Grounds Maintenance Manager		3.00	
Grounds Maintenance Worker 1		1.00	
Grounds Maintenance Worker 2		11.00	
Heavy Truck Driver 1		1.00	
Laborer		4.00	
Park Ranger		4.00	
Pesticide Applicator		1.00	
Principal Drafting Aide		1.00	
Recreation Center Director 1		1.00	
Recreation Specialist		0.50	
Seven-Gang Mower Operator		1.00	
Supervising Recreation Specialist		1.00	
Swimming Pool Manager 2		3.00	
Park and Recreation Total	**23.50**	**42.50**	**19.00**
Police			
Administrative Aide 2		2.00	
Associate Management Analyst		1.00	
Building Maintenance Supervisor		1.00	
Clerical Assistant 2		1.00	
Crime Scene Specialist		1.00	
Criminalist 2		1.00	
Dispatcher 2		2.00	
Information Systems Analyst 2		1.00	
Information Systems Analyst 4		1.00	
Information Systems Technician		1.00	
Latent Print Examiner 2		1.00	
Parking Enforcement Officer 1		6.00	
Parking Enforcement Officer 2		1.00	
Police Agent		1.00	
Police Captain		3.00	
Police Code Compliance Officer		2.00	
Police Code Compliance Supervisor		1.00	
Police Detective		50.00	
Police Dispatcher		8.00	
Police Investigative Aide 2		1.00	
Police Lead Dispatcher		1.00	
Police Lieutenant		3.00	
Police Officer 2		35.00	
Police Officer 3		1.00	
Police Property and Evidence Clerk		0.50	
Police Records Data Specialist		2.00	
Police Sergeant		24.00	
Senior Account Clerk		1.00	
Senior Refrigeration Mechanic		1.00	
Supervising Department Human Resources Analyst		1.00	
Supervising Latent Print Examiner		1.00	
Supervising Management Analyst		1.00	
Word Processing Operator		1.00	
Police Total	**130.50**	**158.50**	**28.00**
Public Works - Contracting			
Assistant Engineer-Civil		1.00	
Public Works - Contracting Total	**1.00**	**1.00**	**-**
Public Works - Engineering and Capital Projects			

Budgeted Vacancies as of April 2014

FTE

Department Name / Position Job Name	Budgeted Vacancies	Current Vacancies	Variance
Account Clerk		1.00	
Administrative Aide 2		1.00	
Assistant Engineer-Civil		14.00	
Associate Engineer-Civil		5.00	
Associate Planner		2.00	
Land Surveying Assistant		1.00	
Principal Engineering Aide		5.00	
Principal Survey Aide		1.00	
Project Officer 2		1.00	
Word Processing Operator		1.00	
Public Works - Engineering and Capital Projects Total	**17.00**	**32.00**	**15.00**
Public Works - General Services			
Building Service Technician		1.00	
Carpenter		1.00	
Carpenter Supervisor		1.00	
Custodian 2		1.00	
Painter		1.00	
Plumber		2.00	
Refrigeration Mechanic		3.00	
Roofer		2.00	
Public Works - General Services Total	**4.00**	**12.00**	**8.00**
Purchasing and Contracting			
Contracts Processing Clerk		1.00	
Procurement Specialist		2.00	
Senior Management Analyst		2.00	
Word Processing Operator		1.00	
Purchasing and Contracting Total	**1.00**	**6.00**	**5.00**
Real Estate Assets			
Program Manager		3.00	
Property Agent		1.00	
Real Estate Assets Total	**1.00**	**4.00**	**3.00**
Transportation and Storm Water			
Assistant Engineer-Civil		2.00	
Assistant Engineer-Traffic		1.00	
Associate Engineer-Civil		3.00	
Associate Engineer-Traffic		1.00	
Deputy Director		1.00	
Equipment Operator 2		2.00	
Heavy Truck Driver 2		2.00	
Motor Sweeper Supervisor		1.00	
Parking Enforcement Officer 1		1.00	
Public Information Officer		1.00	
Public Works Supervisor		4.00	
Senior Civil Engineer		1.00	
Senior Clerk/Typist		1.00	
Senior Engineering Aide		2.00	
Sign Painter		1.00	
Supervising Management Analyst		1.00	
Traffic Signal Technician 2		2.00	
Utility Worker 1		14.00	
Utility Worker 2		1.00	
Word Processing Operator		1.00	
Transportation and Storm Water Total	**16.00**	**43.00**	**27.00**
Non-Mayoral Departments Total	**24.50**	**44.50**	**20.00**

Budgeted Vacancies as of April 2014

FTE

Department Name / Position Job Name	Budgeted Vacancies	Current Vacancies	Variance
General Fund Total	**328.23**	**487.01**	**158.78**
NON-GENERAL FUNDS			
Airports Fund			
Airport Manager		1.00	
Airports Fund Total	**1.00**	**1.00**	**-**
Central Stores Fund			
Auto Messenger 2		1.00	
Storekeeper 1		1.00	
Central Stores Fund Total	**1.00**	**2.00**	**1.00**
Concourse and Parking Garages Operating			
Account Clerk		1.00	
Concourse and Parking Garages Operating Fund Total	**-**	**1.00**	**1.00**
Development Services Fund			
Administrative Aide 2		1.00	
Apprentice 1-Electrician (4 Yr)		1.00	
Assistant Development Services Director		1.00	
Assistant Engineer-Civil		9.00	
Assistant Engineer-Traffic		4.00	
Associate Engineer-Civil		3.00	
Associate Planner		13.00	
Biologist 3		1.00	
Cashier		1.00	
Clerical Assistant 2		7.00	
Combination Inspector 2		11.00	
Deputy Director		1.00	
Development Project Manager 1		8.00	
Development Project Manager 3		1.00	
Junior Engineering Aide		1.00	
Mechanical Inspector 2		1.00	
Payroll Specialist 2		2.00	
Plan Review Specialist 3		3.00	
Plan Review Specialist 4		1.00	
Program Manager		1.00	
Public Information Clerk		9.00	
Senior Cashier		1.00	
Senior Civil Engineer		1.00	
Senior Clerk/Typist		4.00	
Senior Combination Inspector		1.00	
Senior Drafting Aide		5.00	
Senior Engineer-Fire Protection		1.00	
Senior Engineering Aide		1.00	
Senior Engineering Geologist		1.00	
Senior Mechanical Inspector		1.00	
Senior Planner		3.00	
Senior Public Information Officer		1.00	
Senior Structural Inspector		1.00	
Structural Engineering Associate		3.00	
Structural Inspector 2		3.00	
Supervising Plan Review Specialist		2.00	
Word Processing Operator		10.50	
Development Services Fund Total	**145.75**	**119.50**	**(26.25)**

Budgeted Vacancies as of April 2014

FTE

Department Name / Position Job Name	Budgeted Vacancies	Current Vacancies	Variance
Energy Conservation Program Fund			
Associate Management Analyst		1.00	
Program Manager		1.00	
Energy Conservation Program Fund Total	**0.15**	**2.00**	**1.85**
Facilities Financing Fund			
Associate Management Analyst		1.00	
Supervising Management Analyst		1.00	
Word Processing Operator		1.00	
Facilities Financing Fund Total	**1.00**	**3.00**	**2.00**
Fire/Emergency Medical Services Transport Program Fund			
Emergency Medical Technician		1.00	
Program Manager		1.00	
Quality Management Coordinator		1.00	
Fire/Emergency Medical Services Transport Program Fund Total	**-**	**3.00**	**3.00**
Fleet Services Operating Fund			
Account Clerk		1.00	
Associate Management Analyst		1.00	
Equipment Mechanic		14.00	
Equipment Service Writer		2.00	
Fleet Attendant		1.00	
Machinist		1.00	
Stock Clerk		1.00	
Storekeeper 1		2.00	
Welder		1.00	
Fleet Services Operating Fund Total	**-**	**24.00**	**24.00**
GIS Fund			
Information Systems Analyst 4		1.00	
GIS Fund Total	**-**	**1.00**	**1.00**
Golf Course Fund			
Clerical Assistant 2		1.00	
Greenskeeper		1.00	
Grounds Maintenance Worker 1		3.00	
Senior Public Information Officer		1.00	
Golf Course Fund Total	**4.00**	**6.00**	**2.00**
Information Technology Fund			
Graphic Designer		1.00	
Information Systems Analyst 3		1.00	
Information Systems Analyst 4		1.00	
Information Technology Fund Total	**2.00**	**3.00**	**1.00**
Junior Lifeguard Program Fund	**-**	**-**	**-**
Local Enforcement Agency Fund			
Hazardous Materials Inspector 3		1.00	
Local Enforcement Agency Fund Total	**1.00**	**1.00**	**-**
Los Penasquitos Canyon Preserve Fund	**-**	**-**	**-**
OneSD Support Fund	**-**	**-**	**-**
PETCO Park Fund	**-**	**-**	**-**
Publishing Services Fund			
Senior Publishing Specialist		1.00	
Publishing Services Fund Total	**-**	**1.00**	**1.00**

Budgeted Vacancies as of April 2014

FTE

Department Name / Position Job Name	Budgeted Vacancies	Current Vacancies	Variance
QUALCOMM Stadium Operating Fund			
Administrative Aide 2		1.00	
Building Service Technician		1.00	
QUALCOMM Stadium Operating Fund Total	**1.00**	**2.00**	**1.00**
Recycling Fund			
Hazardous Materials Inspector 2		0.50	
Information Systems Analyst 2		0.28	
Public Information Clerk		0.16	
Sanitation Driver 2		2.00	
Utility Worker 2		0.50	
Recycling Fund Total	**4.28**	**3.44**	**(0.84)**
Refuse Disposal Fund			
Assistant Engineer-Civil		1.00	
Code Compliance Officer		2.00	
Code Compliance Supervisor		1.00	
Equipment Technician 1		1.00	
General Utility Supervisor		1.00	
Information Systems Analyst 2		0.34	
Laborer		1.00	
Landfill Equipment Operator		1.00	
Public Information Clerk		0.21	
Public Works Supervisor		2.00	
Supervising Disposal Site Representative		1.00	
Utility Worker 1		4.00	
Refuse Disposal Fund Total	**6.34**	**15.55**	**9.21**
Risk Management Administration Fund			
Claims Representative 2		1.00	
Employee Benefits Administrator		1.00	
Senior Clerk/Typist		1.00	
Supervising Management Analyst		1.00	
Workers' Compensation Claims Representative 2		2.00	
Risk Management Administration Fund Total	**2.00**	**6.00**	**4.00**
Sewer Utility Funds			
Account Clerk		0.60	
Accountant 3		0.30	
Administrative Aide 1		0.51	
Administrative Aide 2		1.78	
Assistant Chemist		2.00	
Assistant Customer Services Supervisor		0.50	
Assistant Engineer-Civil		2.25	
Assistant Metropolitan Wastewater Director		0.51	
Associate Engineer-Civil		1.10	
Associate Engineer-Mechanical		0.77	
Associate Management Analyst		2.55	
Biologist 2		1.00	
Biologist 3		0.79	
Building Service Technician		0.67	
Clerical Assistant 2		1.50	
Code Compliance Officer		0.50	
Customer Information and Billing Manager		0.50	
Customer Services Representative		2.25	
Deputy Director		0.67	
Equipment Operator 1		3.00	
Equipment Operator 2		1.00	
Equipment Technician 1		2.00	
Equipment Technician 2		1.00	
Field Representative		1.50	

Budgeted Vacancies as of April 2014

FTE

Department Name / Position Job Name	Budgeted Vacancies	Current Vacancies	Variance
Information Systems Analyst 2		1.59	
Information Systems Analyst 3		0.53	
Information Systems Analyst 4		1.00	
Instrumentation and Control Technician		2.00	
Laboratory Technician		6.00	
Marine Biologist 2		2.00	
Organization Effectiveness Specialist 3		0.61	
Plant Process Control Electrician		1.00	
Plant Process Control Supervisor		1.00	
Plant Technician 1		4.00	
Plant Technician 2		6.00	
Plant Technician 3		2.00	
Plant Technician Supervisor		2.00	
Power Plant Operator		3.00	
Power Plant Supervisor		1.00	
Program Manager		0.50	
Project Officer 1		0.79	
Pump Station Operator		3.00	
Recycling Program Manager		0.51	
Safety Representative 2		0.51	
Senior Customer Services Representative		0.50	
Senior Drafting Aide		0.51	
Senior Electrical Engineer		1.00	
Senior Engineering Aide		2.00	
Senior Management Analyst		0.37	
Storekeeper 2		1.00	
Supervising Field Representative		0.50	
Utility Worker 1		2.00	
Wastewater Operations Supervisor		1.00	
Wastewater Plant Operator		5.00	
Wastewater Pretreatment Inspector 2		1.00	
Wastewater Treatment Superintendent		1.00	
Water Utility Supervisor		3.00	
Water Utility Worker		1.00	
Sewer Utility Funds Total	**40.40**	**88.17**	**47.77**
Transient Occupancy Tax Fund			
Public Art Program Administrator		1.00	
Transient Occupancy Tax Fund Total	**-**	**1.00**	**1.00**
Underground Surcharge Fund	**-**	**-**	**-**
Water Utility Operating Fund			
Account Clerk		0.40	
Accountant 3		0.20	
Administrative Aide 1		0.49	
Administrative Aide 2		2.22	
Assistant Customer Services Supervisor		0.50	
Assistant Engineer-Civil		0.75	
Assistant Engineer-Corrosion		1.00	
Assistant Metropolitan Wastewater Director		0.49	
Assistant Reservoir Keeper		1.00	
Associate Engineer-Civil		0.90	
Associate Engineer-Mechanical		0.23	
Associate Management Analyst		2.20	
Biologist 3		0.21	
Building Service Technician		0.33	
Carpenter		1.00	

Budgeted Vacancies as of April 2014

FTE

Department Name / Position Job Name	Budgeted Vacancies	Current Vacancies	Variance
Code Compliance Officer		0.50	
Customer Information and Billing Manager		0.50	
Customer Services Representative		2.25	
Deputy Director		0.33	
Field Representative		1.50	
Heavy Truck Driver 2		1.00	
Information Systems Analyst 2		1.41	
Information Systems Analyst 3		0.47	
Instrumentation and Control Technician		1.00	
Laboratory Technician		5.00	
Lake Aide 1		1.00	
Lake Aide 2		1.00	
Organization Effectiveness Specialist 3		0.39	
Program Manager		0.50	
Project Officer 1		0.21	
Recycling Program Manager		0.49	
Safety Representative 2		0.49	
Senior Customer Services Representative		0.50	
Senior Drafting Aide		0.49	
Senior Management Analyst		0.63	
Senior Water Distribution Operations Supervisor		1.00	
Supervising Field Representative		0.50	
Supervising Meter Reader		1.00	
Water Systems Technician 3		3.00	
Water Systems Technician 4		4.00	
Word Processing Operator		1.00	
Water Utility Operating Fund Total	**36.60**	**42.08**	**5.48**
Wireless Communications Technology Fund			
Associate Communications Engineer		1.00	
Communications Technician		3.00	
Equipment Technician 1		2.00	
Information Systems Administrator		1.00	
Senior Communications Technician Supervisor		1.00	
Wireless Communications Technology Fund Total	**2.00**	**8.00**	**6.00**

Non-General Fund Reserves

Fund	Reserve Type	FY 2014 Target	Status
Development Services Fund	Appropriated Reserve	$ 341,744	On Target
	Fund Balance	1,724,452	On Target
Public Liability Fund[1]	Fund Balance	32,200,000	Above Target
Workers Compensation Fund	Fund Balance	43,000,000	On Target
Long-Term Disability Fund[2]	Fund Balance	13,800,000	Above Target
Water Utility Funds	Appropriated Reserve[3]	3,500,000	Budgeted
	Operating Reserve	30,662,165	On Target
	Capital Reserve	5,000,000	Budgeted
	Rate Stabilization Reserve	20,500,000	On Target
	Secondary Purchase Reserve	12,544,476	On Target
	Dedicated Reserve from Efficiency & Savings[4]	29,901,772	N/A
Sewer Utility Funds	Appropriated Reserve	3,500,000	Budgeted
	Operating Reserve	43,314,185	On Target
	Capital Reserve	5,000,000	Budgeted
	Rate Stabilization Reserve	21,300,000	On Target
	Dedicated Reserve from Efficiency & Savings[4]	27,043,918	N/A
Refuse Disposal Fund	Appropriated Reserve	920,000	Budgeted
	Fund Balance	3,680,000	On Target
Recycling Enterprise Fund	Appropriated Reserve	480,000	Budgeted
	Fund Balance	1,920,000	On Target

[1]The Mid-Year Adjustment Resolution (R-308783) pre-funded the Public Liability Fund Reserve by $3.2 million.

[2]The Mid-Year Adjustment Resolution (R-308783) pre-funded the Long-Term Disability Fund Reserve by $1.6 million.

[3]Approximately $2.7 million of Appropriated Reserve was used to support unanticipated expenditures in the first quarter. The Fund intends to replenish the Appropriated Reserve by fiscal year-end if potential savings are realized.

[4]The amount displayed for the Dedicated Reserve from Efficiency & Savings (DRES) represents the fund balance as of June 30, 2013, as a reserve target for this fund is not required.