

000133



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: July 18, 2008

IBA Report Number: 08-83

City Council Meeting Date: July 21, 2008

Item Number: 202

Fiscal Year 2009 Appropriation Ordinance and Revisions to the City's Reserve Policy

OVERVIEW

The Annual Appropriation Ordinance is the spending authority for the budget and is required by City Charter Section 71. As prescribed by the Charter, the Ordinance shall be subject to two public hearings and must be adopted in July.

The Fiscal Year 2009 Budget, as passed by the City Council and approved by the Mayor, is the basis for the development of the Annual Appropriation Ordinance. This Ordinance is not subject to Mayoral veto (Charter Section 280(a)(4) and 290(d)). Additionally, according to Charter Section 73, only the City Council has the authority to make any appropriation changes

City Charter Section 71 prescribes that in July of each year the City Council must pass an appropriation ordinance, which becomes the City's legal budget spending authority for the fiscal year.

throughout the fiscal year. However, the IBA recommends that the City Council choose to delegate some of their Charter authority, via the Appropriation Ordinance, in order to expedite certain routine financial matters. The Appropriation Ordinance establishes a comprehensive framework for how the budget is to be managed throughout the fiscal year, including the proper delegation of Council authority, and appropriates specific budget dollars for the fiscal year.

Item 202 on the Council docket is the first public hearing for the Fiscal Year 2009 Appropriation Ordinance. Included is a requested action to revise the City's Reserve Policy. The second public hearing and introduction and adoption of the Appropriation Ordinance are scheduled to occur on July 28, 2008.



Office of Independent Budget Analyst

202 C Street, MS 3A • San Diego, CA 92101
Tel (619) 236-6555 Fax (619) 236-6556

FISCAL/POLICY DISCUSSION

Fiscal Year 2009 Appropriation Ordinance

The Budget and Finance Committee reviewed the Fiscal Year 2009 Appropriation Ordinance at its July 9, 2008 meeting. The Financial Management Department presented the proposed changes to the Appropriation Ordinance, consisting primarily of language revisions needed to address changed circumstances, including the separation of duties and change in title of the City Auditor and Comptroller due to the passage of Proposition C in June 2008, and the adoption of the Reserve Policy by the City Council in November 2007.

Prior to the Committee meeting, the Financial Management Department provided draft documents to the IBA, and responded to several questions and comments provided by our office. Input from the IBA has been incorporated in several areas, and the IBA appreciates the opportunity to review and comment on important documents, such as this, in advance.

The Financial Management Director issued a memorandum on Friday, July 18 to respond to specific questions that were raised at the Budget and Finance Committee meeting. Attached to the memorandum is the final change letter. The change letter reflects the changes made to the Proposed Fiscal Year 2009 Budget for each department, in order to arrive at the Final Fiscal Year 2009 Budget. Changes are categorized as either called for in the Mayor's May Revision, or by Council's action. Additional Budget and Finance Committee questions regarding the Appropriation Ordinance's Section 15, which is related to the authorization of payment of legal fees, were referred to the City Attorney. These issues will likely require additional discussion at the Council meeting.

Revisions to the Reserve Policy

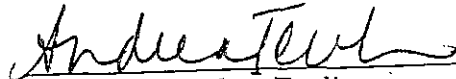
Included in the requested actions are revisions to the Reserve Policy. The revisions are desired to clarify terminology related to the General Fund reserves, specifically indicating that the General Fund Reserves include the Emergency Reserves, the Appropriated Reserves and the Unappropriated Reserves. In the previous version of the Reserve Policy, Unappropriated Reserves was not a separately defined term, and was used interchangeably with Emergency Reserves. However, in practice, these terms represent two distinct reserves, with differing uses and requirements, which led to some confusion. The requested revisions provide needed clarification and provide consistency with the terminology utilized in the Appropriation Ordinance, and the IBA recommends the adoption of the revised Reserve Policy. The revisions to the Reserve Policy were provided to the Budget and Finance Committee meeting on July 9, as an informational item only.

CONCLUSION

The IBA recommends that the City Council adopt the Fiscal Year 2009 Appropriation Ordinance, following the two required public hearings. The second public hearing and introduction and adoption of the Appropriation Ordinance are scheduled to occur on July 28, 2008. In addition, the IBA recommends the Council approve the requested revisions to the Reserve Policy, in order to clarify terminology and provide consistency with the Appropriation Ordinance.



Elaine DuVal
Fiscal & Policy Analyst



Approved: Andrea Tevlin
Independent Budget Analyst

000137

202
7/21

COMMITTEE ACTION SHEET

COUNCIL DOCKET OF <u>July 21, 2008</u>	
<input type="checkbox"/> Supplemental	<input checked="" type="checkbox"/> Adoption
<input type="checkbox"/> Consent	<input type="checkbox"/> Unanimous Consent
Rules Committee Consultant Review	

R -

O -

2009 Appropriations Ordinance, FY 2009 Statement of Budgetary Principles
--

Reviewed Initiated By Budget On 7/09/08 Item No. 1

RECOMMENDATION TO:

Forward to full City Council for further discussion.
--

VOTED YEA: Atkins, Faulconer, Frye, Madaffer

VOTED NAY:

NOT PRESENT: Hueso

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

REPORT TO THE CITY COUNCIL NO.

INDEPENDENT BUDGET ANALYST NO. 08-69

COUNCIL COMMITTEE CONSULTANT ANALYSIS NO.

OTHER:

Financial Management's July 3, 2008, Executive Summary Sheet, with Final Ordinance and Strike-Out version

COUNCIL COMMITTEE CONSULTANT Mr. Pelayo



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: July 1, 2008

IBA Report Number: 08-69

Budget and Finance Committee Date: July 9, 2008

Item Number: 1

FY 2009 Statement of Budgetary Principles

OVERVIEW

During the development of the FY 2008 Budget, the IBA expressed concern about the lack of service level and performance measurement information presented in the budget document, especially in light of proposed budgetary reductions for various departments. As the City began Business Process Reengineering efforts for various departments, concern existed that the Council and the public would be unable to discern if further budgetary reductions were enacted by the Mayor during the year, which could negatively affect service levels, following the adoption of the budget.

In order to address this concern, the FY 2008 Statement of Budgetary Principles was developed to:

- set budgetary operating principles
- establish budget authority regarding service levels
- enhance communication on management issues between the executive and legislative branches

The FY 2008 Statement of Budgetary Principles was adopted as an accompanying resolution to the FY 2008 Appropriation Ordinance (AO) in order to preserve the intent of the AO as a true appropriation setting document rather than a policy document, and spoke specifically to Fiscal Year 2008. It was envisioned that the City Council and Mayor would have an opportunity to consider its value and effectiveness for future years.

Most significantly, the final version of the FY 2008 Statement of Budgetary Principles requires:



- the Mayor to provide quarterly reports to the Council regarding the administration of affairs of the City
- prior written notification of reductions in any program or service affecting the community, based on an established criteria
- *budgetary reductions the Mayor may undertake for fiscal reasons be limited to a cumulative cap of 3% of the General Fund, and the Water, Sewer, Development Services and Airports Funds*

It is important to note that no notifications of budgetary reductions were made to the City Council during Fiscal Year 2008.

FISCAL/POLICY DISCUSSION

In a change from last year, the Mayor's Proposed FY 2009 Budget includes performance measures for all departments. As part of the City Management Program, it is planned *that performance measures will be refined, and that periodic reporting will occur during the fiscal year to track and monitor performance measures, once the program is fully operational.* This periodic reporting, in conjunction with quarterly financial reporting, should allow the Council and the public the opportunity to understand the status of the City's ability to deliver services throughout the year, and compare it to the information provided in the budget.

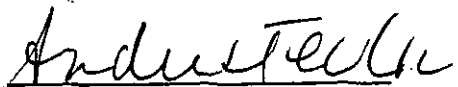
Attached is the proposed FY 2009 Statement of Budgetary Principles which continues the concepts approved by the Council in Fiscal Year 2008, with changes made only to dates. These Principles, together with performance measures, will provide ongoing communication between the Mayor and City Council. The City Management Program plans to monitor performance measures and make reports available to the City Council and the public on a regular basis. Over time, as measures become better defined and data becomes more readily available and complete, a performance-based set of budget principles may be desirable and effective.

CONCLUSION

The IBA recommends the adoption of the FY 2009 Statement of Budgetary Principles to ensure ongoing communication between the Mayor and the City Council regarding budgetary decisions throughout the year.



Elaine DuVal
Fiscal & Policy Analyst



APPROVED: Andrea Tevlin
Independent Budget Analyst

FY 2009 STATEMENT OF BUDGETARY PRINCIPLES

WHEREAS, pursuant to section 265(b)(15) of the City Charter the Mayor is required to propose a budget to the Council and make it available for public view no later than April 15 of each year; and

WHEREAS, on April 14, 2008, the Mayor released the Fiscal Year 2009 Budget to the Council and to the public; and

WHEREAS, the Council has duly considered the Mayor's Fiscal Year 2009 Budget and discussed such budget at several public meetings beginning on April 30, 2008 and ending on May 21, 2008, and at such meetings members of the public were invited to comment on and ask questions about the Fiscal Year 2009 Budget; and

WHEREAS, on May 16 and May 29, 2008, the Mayor delivered supplementary budget reports to the Council making technical changes to the Fiscal Year 2009 Budget; and

WHEREAS, on May 20, 2008, each Council member delivered his or her budgetary priorities for the Fiscal Year 2009 budget for review by the City's Independent Budget Analyst; and

WHEREAS, on June 4, 2008, the Budget and Finance Committee reviewed the Report of the Independent Budget Analyst, dated May 30, 2008, entitled "Recommended Revisions to the Fiscal Year 2009 Proposed Budget", and recommended to the City Council adoption of the Mayor's Fiscal Year 2009 Budget, including certain amendments thereto; and

WHEREAS, on June 9, 2008 the Council approved the Fiscal Year 2009 Budget, together with budget modifications as recommended by the IBA, and forwarded the same to the Mayor for his consideration under Charter section 290(b)(2); and

WHEREAS, on June 16, 2008 the Mayor approved the Fiscal Year 2009 Budget, with a line-item veto to the Council's budget modifications, in accordance with Charter section 290(b)(2)(A); and

WHEREAS, on June 23, 2008 the Council voted to override the Mayor's line-item veto, as allowed under Charter section 290(b)(2)(B), and approved the Fiscal Year 2009 Budget, together with certain amendments including Council's budget modifications; and

WHEREAS, in accordance with Charter section 290(b)(2), on June 23, 2008 the Fiscal Year 2009 Budget became the controlling document for purposes of preparing the annual appropriation ordinance; and

WHEREAS, pursuant to Charter section 71 and 290(c), the Council is required to adopt an appropriation ordinance during the month of July to establish budgetary appropriations for the Fiscal Year 2009 Budget; and

WHEREAS, the Mayor and the Council acknowledge that the Fiscal Year 2009 Budget reflects the best estimate of the Mayor and the Council regarding projected revenues and expenditures and that such estimate is simply a financial plan that may require adjustments in view of the available resources; and

WHEREAS, this Statement of Budgetary Principles is intended to facilitate better communication on fiscal matters between the Council and the Mayor and to establish a framework for the administration by the Mayor of the Fiscal Year 2009 Budget in light of the respective duties of the Mayor as Chief Executive Officer and Chief Budget Officer of the City, and the duties of the Council as the legislative and policy setting body of the City, and in light of the obligation of public officials to keep the public apprised of the conduct of the City's financial affairs;

Accordingly, the Mayor and the Council hereby agree to adhere to the following budgetary principles for the Fiscal Year 2009 Budget:

Fiscal Year 2009 Budget---Communication

1. The Mayor, or his designee, will provide reports to the Council on a quarterly basis regarding the administration of the affairs of the City. These reports can be given verbally, and are intended to improve the flow of information between the Mayor, Council and public.
2. The Council President will provide time on the Council's agenda for the Report of the Mayor.
3. Under pre-defined criteria as set forth below, the Mayor will provide Council with prior written notice of the elimination of any program or service funded by the Fiscal Year 2009 Budget. The notice shall describe with reasonable specificity the budgetary and/or fiscal rationale supporting the elimination of the program or service, and the service level impact, if any.
4. The Mayor will also provide Council with prior written notice of a material or significant reduction in any program or service affecting the community based on the criteria set forth below. Such notice will consist of a memo from the Mayor to the Council and the City Clerk describing the budgetary and/or fiscal reasons supporting the change, and the likely

service level impact. Notwithstanding the forgoing, the Mayor need not give notice of any change or modification that results in a more efficient delivery of public services and that accomplishes the legislative intent.

Written notification of a service or program reduction will be triggered by criteria based on four categories of Activity Level (OCA) as identified in the City's Financial Accounting System and the corresponding size of the proposed service reduction:

Cost of Activity (OCA)	Up to \$2.0M	\$2.0M to \$5.0M	\$5.0M to \$10.0M	\$10.0 M Plus
Service Criteria Trigger	\$200,000+	\$500,000+	\$1.0M+	\$1.5M+

Notwithstanding anything herein to the contrary, the Mayor shall provide written notice to the Council, as part of the Auditor's reports as required by Charter Section 39, and also as part of the Mayor's next quarterly report to the Council, when the cumulative amount of Fiscal Year 2009 budgetary reductions undertaken for any reasons reaches 3% of the General Fund of the City, or 3% of any other Major Fund of the City (provided that any such reductions shall not cause the City to breach or violate any covenant or other obligation to which such Major Fund may be subject). Such notice shall describe the nature of the budgetary reductions, the fiscal reasons therefor, and the impact on City services, if any. For purposes of this paragraph, Major Fund of the City shall mean the Water Enterprise Fund, the Sewer Enterprise Fund, the Development Services Enterprise Fund, and the Airports Enterprise Fund.

Fiscal Year 2009 Budget---Appropriation Ordinance

- 1 Neither the Mayor nor the Council has unilateral authority to make changes to the spending authority contained in the Fiscal Year 2009 Budget.
- 2 The Mayor shall in good faith fulfill the legislative intent reflected in the adopted Fiscal Year 2009 Budget, including the appropriations reflected in the Fiscal Year 2009 Appropriation Ordinance. However, the Mayor has discretion to effectively and efficiently spend public monies, and shall not be obligated to spend all the money the Council has appropriated if there is a less costly means of accomplishing the Council's stated purposes.
- 3 The Council shall have no authority to make or adopt changes to the Fiscal Year 2009 Budget without first receiving a funding recommendation of the Mayor. The Mayor will provide such funding recommendation within 30 calendar days of the Council request, or such later period as contained in the request of the Council.

4. In accordance with Charter sections 28 and 81, the Mayor has the authority to allocate Fiscal Year 2009 Budget appropriations within departments in order to best carry out the Council's legislative intent.
5. The Appropriation Ordinance implements the Fiscal Year 2009 Budget, as approved by the Council. The Appropriation Ordinance shall specify the spending authority by Department and by Fund, and all other conditions, authorizations and requirements appropriate therefore. The Appropriation Ordinance will include necessary budget delegation to carry out the business of the City; provided however, the Appropriation Ordinance will not include Policy directions.
6. The Council may restore a program or service which has been recommended for elimination or reduction by the Mayor by docketing and considering such action upon the request of four Council members.

The Statement of Budgetary Principles applies to departments and programs that are under the direction and authority of the Mayor, and shall not apply to offices independent of the Mayor. This Statement of Budgetary Principles is subject in all respects to the provisions of the City Charter.

000145

EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO

DATE ISSUED: 07-3-08 REPORT NO:
 ATTENTION: Budget and Finance Committee
 ORIGINATING DEPARTMENT: Financial Management
 SUBJECT: Fiscal Year 2009 Appropriation Ordinance
 COUNCIL DISTRICT(S): N/A
 CONTACT/PHONE NUMBER: Francesca Fortunati/533-4089

REQUESTED ACTION: Approve the Fiscal Year 2009 Appropriation Ordinance and revisions to the City Reserve Policy.

STAFF RECOMMENDATION: Approve the requested action.

EXECUTIVE SUMMARY: The Appropriation Ordinance defines the legal levels at which the Mayor, Chief Financial Officer, Director of Financial Management and City Comptroller are allowed to control operational and capital expenditures. Authorities are requested to allow the financial transactions required to conduct the affairs of the City of San Diego throughout Fiscal Year 2009. The following summarizes the significant changes made from the Fiscal Year 2008 Appropriation Ordinance and additional authorities requested in the Fiscal Year 2009 Appropriation Ordinance. Modifications to the Appropriation Ordinance include reference the City Reserve Policy and, in order to provide additional clarification on General Fund Reserves, the Reserve Policy was revised.

1. Authorization to appropriate funds for the purpose of achieving the 5% minimum General Fund Emergency Reserve balance at year end.
2. Authorization to transfer appropriations from the General Fund Appropriated Reserve to other General Fund departments upon adopted Council resolution.
3. Authorization and direction to increase expenditure appropriations of the General Fund Appropriated Reserve in accordance with Council Resolution No. R-303797.
4. Addition of Mission Bay and Other Regional Park Improvements to the authorization to increase and/or decrease revenue and expenditure appropriations for the purpose of implementing Council approved programs.
5. Limit carry over of Community Development Block Grant funds consistent with Council Policy 700-02.
6. Removal of Council Policy 100-03 waivers for Transient Occupancy Tax recipients due to establishment of the Tourism Marketing District.
7. Authorization to appropriate funds from Maintenance Assessment Districts' budgeted contingency reserves, if needed, to support administration costs.
8. Modified language to reflect the change from the first TransNet program to the TransNet extension program.
9. Authorization to appropriate funds for the purpose of implementing the Metropolitan Wastewater Department Memorandum of Understanding for Bid to Goal Public Contract Operations Agreement.
10. Authorization to appropriate expenditures from unanticipated revenues for the purpose of allowing for the uninterrupted provision of services of Internal Service Funds.

201
7/28



THE CITY OF SAN DIEGO
MAYOR JERRY SANDERS

M E M O R A N D U M

RECEIVED
08 JUL 25 PM 12:10
CITY CLERK'S OFFICE
SAN DIEGO, CA

DATE: July 25, 2008
TO: Honorable Council President Scott Peters and Members of the City Council
FROM: Nader Tirandazi, Financial Management Director
SUBJECT: Revised Fiscal Year 2009 Appropriation Ordinance

During the presentation of the Fiscal Year 2009 Appropriation Ordinance at the City Council meeting held on July 21, 2008, Councilmember Frye raised concerns about specific sections of the ordinance: Section 2.II.A.3 on Community Development Block Grant Funds, Section 2.II.D on Maintenance Assessment Districts, and Section 2.IV.F.2 on Development Impact Fee Funds. The discussion below and revised ordinance, attached, address these areas.

Community Development Block Grant (CDBG) Funds

The City Comptroller is authorized and directed, upon the direction of the Mayor, to transfer a maximum of \$100,000 per capital project from fund reserves or excess program income to projects for eligible costs, such as engineering, in excess of approved appropriations.

Question: Is this authority needed in the annual appropriation ordinance?

Response/Resolution: A public process is required in order to appropriate CDBG funding from reserves. As a result, this authority has not been used in the past two fiscal years. This language has been removed from the revised Fiscal Year 2009 Appropriation Ordinance.

Maintenance Assessment District Funds

The City Comptroller is authorized, upon the direction of the Financial Management Director, to transfer allocations from contributing Maintenance Assessment District Funds budgeted contingency reserves to increase the appropriations to reimburse the Maintenance Assessment District Management Fund accordingly, in the event that actual expenses related to administration exceed budgeted levels.

July 25, 2008

Honorable Council President Scott Peters and Members of the City Council

Page 2

Question: Is this authority needed in the annual appropriation ordinance?

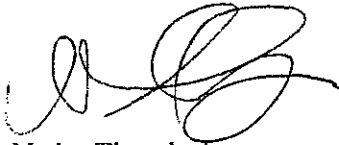
Response/Resolution: The Park and Recreation Department is prepared to request separate Council authority should more funds be needed for administrative activities beyond those established in the budget. This language has been removed from the revised Fiscal Year 2009 Appropriation Ordinance.

Facilities Benefit Assessment Funds and Development Impact Fee Funds

The City Comptroller is authorized, upon the direction of the Mayor, to reallocate DIF funded appropriations between Council-approved projects in order to expedite the use of DIF funds in accordance with AB1600 requirements.

Question: How is City Council notified of the reallocation?

Response/Resolution: In order to comply with AB1600 regulations, transfers among projects must be made within the same community. The Facilities Financing Division of the City Planning and Community Investments Department notifies City Council prior to reallocation of DIF funds for this purpose. As a result, the Fiscal Year 2009 Appropriation Ordinance has been revised to include language requiring that City Council be notified via memorandum of the purpose and amount of the reallocation prior to implementation.



Nader Tirandazi

Financial Management Director

cc: Honorable Mayor Jerry Sanders
Jay M. Goldstone, Chief Operating Officer
Mary J. Lewis, Chief Financial Officer
Kris Michell, Deputy Chief for Community and Legislative Services
Jaymie Bradford, Director of Council Affairs
Greg Levin, City Comptroller
Andrea Tevlin, Independent Budget Analyst

201
7/28

ORDINANCE NUMBER O-_____ (NEW SERIES)

DATE OF FINAL PASSAGE _____

AN ORDINANCE ADOPTING THE ANNUAL BUDGET FOR THE FISCAL YEAR 2009 AND APPROPRIATING THE NECESSARY MONEY TO OPERATE THE CITY OF SAN DIEGO FOR SAID FISCAL YEAR.

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

SECTION 1. The budget for the expense of conducting the affairs of the City of San Diego for the fiscal year commencing July 1, 2008, and ending June 30, 2009, heretofore prepared and submitted to this Council by the Mayor and amended through the Mayor's Revision submitted May 16 and 29, 2008, by recommendations from the Office of the Independent Budget Analyst, and by changes from the City Council and the Mayor's veto and subsequent Council override of said veto, all of which was approved by Council on June 23, 2008, and on file in the Office of the City Clerk as Resolution No. R-303797 is hereby adopted as the Annual Budget for said fiscal year.

SECTION 2. There is hereby appropriated for expenditure out of the funds of said City for municipal purposes the amounts set forth in Attachment 1 and in the approved Capital Improvement Program Budget, which defines the legal levels at which the City Comptroller shall control operational and capital project spending.

I. GENERAL FUND

(A) The Mayor and City Comptroller are hereby authorized to transfer to an appropriate account from the departmental appropriations as set forth in Attachment 1 an amount

sufficient to assure that, in the event there is a shortfall in projected revenues, there are sufficient revenues to cover the remaining appropriations; provided that in the case that projected revenue estimates are met, the funds set aside may be returned to their respective appropriation accounts.

(B) The City Comptroller is authorized and directed to deposit the \$3.7 million budgeted amount as well as any revenues in excess of expenditures at fiscal year end to the General Fund Unappropriated Reserve.

(C) The City Comptroller is authorized and directed to increase expenditure appropriations of the General Fund Appropriated Reserve from revenue in excess of expenditures at fiscal year end and/or the General Fund Unappropriated Reserve for the purpose of achieving the 5% minimum General Fund Emergency Reserve balance at year end, as defined in the City Reserve Policy.

(D) The City Comptroller is authorized, upon adopted Council resolution, to transfer appropriations from the General Fund Appropriated Reserve to other General Fund departments.

(E) The City Comptroller is authorized and directed to increase expenditure appropriations of the General Fund Appropriated Reserve by \$10.0 million dollars from the General Fund Unappropriated Reserve.

(F) The City Comptroller is to appropriate and expend interest earnings generated from the issuance and administration of Tax and Revenue Anticipation Notes for the purpose of funding expenditures related to their issuance.

(G) The provisions in the Library Ordinance, Municipal Code Section 22.0228, restricting funding are hereby waived.

(H) The City Comptroller is authorized and directed, upon approval of the Mayor, to transfer appropriations for costs avoided in one department by a mutual agreement to incur them in another department.

(I) The City Comptroller is authorized, upon the direction of the Mayor, to increase and/or decrease revenue and expenditure appropriations for the purpose of implementing Council approved economic development, business incentive and other programs that include the Business and Industry Incentive Program (Council Policy 900-12), the Housing Impact Fee Waiver-Enterprise Zones Program (Council Policy 900-12), the Small Business Enhancement Program (Council Policy 900-15), the Storefront Improvement Program (Council Policy 900-17), the Community Parking District Policy (Council Policy 100-18), and Mission Bay and Other Regional Park Improvements (Municipal Code Section 22.0229).

(J) The City Comptroller is authorized, upon the direction of the Mayor, to increase revenue and expenditure appropriations for the purpose of paying unanticipated Property Tax Administration fees to the County of San Diego.

II. SPECIAL REVENUE FUNDS

(A) Community Development Block Grant Funds

(I) Community Development Block Grant Funds are appropriated for the purposes established by the grant provisions as approved and authorized by Council. All authorized but incomplete program activities and unexpended monies related thereto remaining in the Community Development Block Grant Funds on June 30, 2009 shall be carried forward to future years for the purpose of completing said authorized activities in accordance with Council Policy 700-02.

(2) The City Comptroller is authorized, upon the direction of the respective Council District, to allocate the Council District's reserves or reallocate appropriations from budgeted projects later determined ineligible to new or existing CDBG eligible projects.

(B) Transient Occupancy Tax Fund (10220)

The provisions of Council Policy 100-03 (Transient Occupancy Tax), for specific activities funded by this ordinance, are deemed and declared to be complied with, by the adoption of this Ordinance. The Mayor or his designee is hereby authorized to execute appropriate agreements for the conduct of activities associated with the allocations authorized by Council for Fiscal Year 2009. It is the intent of the Council that the Transient Occupancy Tax Fund appropriations be expended in accordance with the Council Policy 100-03.

(C) Environmental Growth Funds (10505, 105051, 105052)

(1) It is the intent of the Council that the Environmental Growth Fund appropriations are to be expended for those purposes described in City Charter Section 103.1a. The provisions in the San Diego Municipal Code Section 63.30, as amended by Ordinance 19159 are hereby waived.

(2) Any monies deposited in the Environmental Growth Fund in excess of estimated revenue as described in Section 103.1a of the City Charter and any carryover monies from the previous fiscal year are hereby appropriated for the purpose for which the Environmental Growth Fund was created and may be expended only by Council resolution. The Council may, from time-to-time, for purposes of augmenting specified programs, elect to allocate additional monies to the Environmental Growth Fund from sources other than those enumerated in Section 103.1a of the Charter. In that event, those additional monies shall not be subject to any fractional

allocation but shall be used solely and exclusively for the program purpose designated by Council.

III. DEBT SERVICE FUNDS

General Obligation Bond Interest and Redemption Fund (21640)

There is hereby appropriated the current year's proceeds from the tax levy as required to pay debt service on the issuance of \$25.5 million aggregate principal amount of General Obligation bonds authorized in an election held on June 5, 1990 by a favorable vote of more than two-thirds of all the voters voting on the proposition.

IV. CAPITAL PROJECTS FUNDS

(A) Any additions to or deletions from the Capital Improvements Program, as may be required, shall be made by Council resolution provided funding is available for such action. The City Comptroller, at the direction of the Mayor, is authorized and directed to add maintenance projects funded elsewhere which are determined to be of a capital nature to the Capital Improvements Program.

(B) The City Comptroller is authorized and directed upon the direction of the Mayor, to transfer unexpended balances in completed current year Capital Improvements Program projects to the appropriate Capital Improvements Program Unallocated Reserve, Annual Allocation or Fund Balances.

(C) The City Comptroller is authorized and directed, upon the direction of the Mayor, to transfer and appropriate a maximum of \$200,000 per project not to exceed 10% of the project budget from appropriate Unallocated Reserves, Annual Allocations, earned interest or

Unappropriated Fund Balances to Capital Improvements Program projects to reimburse eligible costs in excess of approved appropriations at project completion.

(D) The City Comptroller is authorized to make cash advances from the appropriate revenue source funds for the purpose of funding incidental and engineering costs of projects included in the long-range Capital Improvements Program Budget. Such advances shall be reimbursed to the respective Fund upon appropriation. In addition, the City Comptroller is authorized and directed to advance funds as required for grant funded projects based on earned grant revenue receivable. Advances will be returned upon the payment of the grant receivable.

(E) The City Comptroller is authorized and directed, upon the direction of the Mayor, to reallocate revenue sources between Capital Improvements Program projects, in accordance with the restrictions placed on various revenues where the net reallocation does not result in a net increase to any of the revenue sources or project budgets.

(F) Facilities Benefit Assessment Funds and Development Impact Fee Funds (79001-79016), (79501-79535), (39051-39095)

(1) The City Comptroller is authorized, upon the direction of the Mayor, to modify individual Capital Improvements Program project budgets in accordance with Council-approved Community Public Facilities Financing Plans.

(2) The City Comptroller is authorized, upon the direction of the Mayor, to reallocate DIF funded appropriations between Council-approved projects in order to expedite the use of DIF funds in accordance with AB1600 requirements, provided that the City Council is first notified via memorandum of the purpose and amount of the reallocation.

(3) The City Comptroller is authorized, upon the direction of the Mayor, to appropriate and transfer monies from DIF funds to the Redevelopment Agency of the City of San Diego (Agency) for reimbursable capital project expenditures as authorized by City Council resolution RR-300013 dated December 7, 2004 and the Redevelopment Agency resolution R-03862. The transfers will be limited to availability of funds within DIF funds and to projects identified in the Centre City Public Facilities Financing Plan.

(4) The City Comptroller is authorized, upon the direction of the Mayor, to appropriate in the FBA and DIF funds a sufficient and necessary amount to reimburse the administrative costs incurred by other City funds.

(G) TransNet and TransNet Extension Funds (30300-30306, 30308-30319)

(1) The TransNet Extension Funds (30310-30319) are hereby appropriated for the purposes authorized by Proposition A - San Diego County Transportation Improvement; the Regional Transportation Improvement Program (RTIP) and the Annual Budget Document.

(2) The City Comptroller may reallocate funding among the projects contained in the RTIP and the Capital Improvements Program Budget, upon the request of the responsible department director and upon the approval of the Mayor, provided that such reallocation does not increase the total TransNet appropriations. The City Comptroller may, upon the direction of the Mayor, appropriate and reallocate TransNet Extension Congestion Relief cash, TransNet Extension Congestion Relief commercial paper, and TransNet (original program) cash appropriations among Council approved TransNet Funded projects in order to reduce the use of debt and maximize the use of cash in these funds. The Mayor is authorized as the Council

designee to direct the San Diego Association of Governments (SANDAG) to amend the RTIP for such reallocations.

(3) Any monies deposited in the TransNet funds in excess of estimated revenue and any carryover monies from the previous fiscal year are hereby appropriated for the purpose for which said Funds were created and may be appropriated and expended by the City Comptroller, upon the direction of the Mayor, provided that such an increase is part of the RTIP.

(H) Infrastructure Improvement Fund (10529)

(1) Any carryover monies from the previous fiscal year in the Infrastructure Improvement Fund (10529) are hereby appropriated for the purpose for which said fund was created.

(2) Funds from the Infrastructure Improvement Fund may be transferred and appropriated to the General Fund upon the direction of the Mayor for purposes identified by the Mayor for the Mayor's Infrastructure Improvement Fund or by the Council Districts for the individual Council District's Infrastructure Improvement Funds.

(3) The City Comptroller is authorized to add and establish CIP projects as identified by the Mayor and City Council that are not currently in the Capital Improvements Program. The City Comptroller is authorized, upon the direction of the Mayor to return any Infrastructure Improvement Funds deemed to be surplus in a project.

V. ENTERPRISE FUNDS

(A) All Enterprise Funds are hereby appropriated for the purpose of providing for the operation, maintenance and development of their respective purposes.

(B) Reserve Funds are hereby appropriated to provide funds for the purpose for which the Fund was created. The City Comptroller is hereby authorized to return to the source Fund monies deposited in Reserve Funds in excess of amounts required, consistent with the City Reserve Policy.

(C) The City Comptroller may reallocate appropriations in the Capital Improvement Program, changing the total appropriation for any given project contained in the Council-approved Capital Improvements Program to cover costs related to a redistribution of program wide contracts for Construction Management.

(D) The City Comptroller may reallocate appropriations and associated encumbrances from any Council approved budgeted project in the Capital Improvement Program to the Fund's annual operating budget for costs associated with extended environmental monitoring for re-vegetation. Such reallocation shall decrease the total appropriation and encumbrance for the project and increase the appropriation and encumbrance in the annual operating budget by an equal amount provided that the reallocation is no greater than 5% of the capital project budget.

(E) The City Comptroller is authorized, upon the direction of the Mayor, to increase expenditure appropriations for the purpose of implementing the Metropolitan Wastewater Department Memorandum of Understanding for Bid to Goal Public Contract Operations Agreement.

VI. INTERNAL SERVICE FUNDS

(A) The City Comptroller is hereby authorized, upon the direction of the Mayor, to distribute surplus retained earnings or excess contributions from various internal service funds

back to appropriate contributing funds or between employee benefit-related internal service funds.

(B) Equipment Operating Fund (50030) and Equipment Replacement Fund (50031)

The City Comptroller is hereby authorized and directed, upon the direction of the Mayor, to redistribute contributions among the Equipment Operating and Equipment Replacement internal service funds or to advance funds between these internal service funds.

(C) Central Stores Fund (50010), Publishing Services Fund (50020), Equipment Operating Fund (50030), Equipment Replacement Fund (50031), and Risk Management Administration Fund (50061)

The City Comptroller is hereby authorized, upon direction of the Mayor, to appropriate expenditures from unanticipated revenues for the purpose of allowing for the uninterrupted provision of services.

VII. TRUST AND AGENCY FUNDS

These funds are established to account for assets held by the City as an agent for individuals, private organizations, other governments and/or funds; for example, federal and state income taxes withheld from employees, 401(k) and deferred compensation plans, parking citation revenues, and employee benefit plans. The City Comptroller is authorized and directed to establish the appropriate agency funds and to deposit and disburse funds in accordance with the respective agency relationships.

SECTION 3. The Mayor is hereby authorized to execute appropriate initial and continuing contracts and agreements for the conduct of activities associated with the allocations authorized by Council and in accordance with provisions of grant agreements.

SECTION 4. The City Comptroller is authorized, upon direction of the Mayor, to release excess rate stabilization funds and debt service stabilization funds to the appropriate *unallocated reserve or fund balance*, consistent with the City Reserve Policy.

SECTION 5. The City Comptroller is authorized and directed, upon the direction of the Mayor, to make inter-fund loans, including interest at the City's pooled rate of return, between funds to cover cash needs. These loans may, if appropriate, extend beyond the current fiscal year.

SECTION 6. All interest earnings generated by any fund which has been established pursuant to a legal or contractual requirement, externally imposed restriction, or by enabling legislation (including, but not limited to, the Appropriation Ordinance) shall remain in said fund solely for the purpose the fund was intended.

SECTION 7. All Funds, established by Council in previous fiscal years or during the current fiscal year, are appropriated for the purposes established by applicable laws and/or in accordance with provisions of agreements authorized by Council and for projects contained in the Council-approved Capital Improvements Program or authorized by Council resolution. The City Comptroller is authorized and directed to expend monies within the funds for services provided by those funds. The City Comptroller is authorized and directed, upon approval of the Mayor, to return any surplus monies to the contributing funds.

SECTION 8. The City Comptroller is authorized and directed, upon the direction of the Mayor, to transfer current and/or prior years' surplus monies within the Flexible Benefit/Management Benefit Programs reimbursement funds after fiscal year end. Any remaining surplus monies (excluding flexible spending accounts) in the reimbursement funds may be transferred by the City Comptroller, upon the direction of the Mayor, to the Risk

Management Administration Fund (50061) to be expended, up to the full forfeited amount, for programs which benefit City employees.

The City Comptroller is authorized and directed, upon the direction of the Mayor, to transfer surplus/reserves within other employee benefit funds or to reallocate these monies to other fringe benefit funds.

SECTION 9. The City Comptroller is authorized and directed, upon the direction of the Mayor, to make appropriate inter-fund transfers in accordance with the Annual Budget Document and estimated sources of revenue.

The City Comptroller may, upon the direction of the Mayor, transfer funds to related City entities in accordance with the Annual Budget Document and appropriate funding source rules and regulations.

SECTION 10. The City Comptroller is authorized and directed to appropriate and expend donations in accordance with Council Policy 100-02 (City Receipt of Donations).

SECTION 11. All revenues generated consistent with the Public Trust pursuant to Section 6306 of the Public Resources Code in relation to operation of Mission Bay Park and Ocean Beach Park in excess of expenditures for operations, maintenance and capital improvements during the fiscal year are hereby placed in a special fund to be used exclusively for past and future operations, maintenance and capital improvements and for past, current, and future expenditures uncompensated by past, current and future revenues derived from Mission Bay Park and Ocean Beach Park as required by agreements with the State of California. Excess revenues are hereby appropriated for said purposes and may be expended only by Council

resolution or in accordance with projects contained in the Council-approved Capital Improvements Program.

All revenues generated by sovereign trust lands granted by the State of California to the City of San Diego pursuant to section 6306 of the Public Resources Code are hereby appropriated for purposes consistent with the public trust.

SECTION 12. All other revenues which are not appropriated by any other section of this ordinance, and which are in excess of budgeted revenue as determined by the Mayor, are hereby transferred by the City Comptroller to legally established reserve fund(s) or account(s).

However, in no event shall the total appropriations of all tax revenues as defined by Article XIII B of the California State Constitution made pursuant to this ordinance exceed the City's legal limit.

The total appropriation is \$3,126,712,395 a portion of which will be derived from proceeds of taxes as defined within Article XIII B of the State Constitution.

It is the intent of this ordinance to comply with Article XIII B of the California State Constitution.

SECTION 13. The City Comptroller is authorized and directed, upon direction of the Mayor, to modify budgets in accordance with the Fiscal Year 2009 Tax Rate Ordinance as approved by Council. Further, the Financial Management Department is directed to modify the Annual Budget Document in accordance with the Tax Rate Ordinance.

SECTION 14. The City Comptroller is authorized and directed to close obsolete or inactive funds; residual balances of such funds shall be returned to their source or, if to the General Fund, to a General Fund Unappropriated Reserve. The City Comptroller shall

periodically report fund closures to the City Council and recommend the appropriation of any residual balances.

SECTION 15. The City Comptroller is directed to withhold payment of fees, costs and expenses associated with any case/claim filed by the City Attorney in which the authorization to file such case or claim has not been pre-approved by the City Council. This includes but is not limited to such fees, costs and expenses for outside legal fees, expert witnesses/testimony, and investigative expenses.

When submitting requests for payment to the City Comptroller, the City Attorney shall provide the following information in addition to the invoice prior to payment by the City Comptroller:

1. The letter of engagement for the services being provided by outside legal counsel or contract or purchase order for other related services, and
2. A memorandum signed by a representative of the City Attorney's Office indicating a) that these services have been approved by the City Council, b) the resolution or ordinance number, and/or the Statute of Limitations date for the matter requiring filing prior to City Council approval; or
3. A memorandum signed by a representative of the City Attorney's Office indicating that these services are unrelated to any ongoing pending action authorized/approved by the City Council.

In litigation invoking situations 2 and 3 above, the City Comptroller is directed to present a report to the City Council (in the form of a 1472) for review and approval in those instances

where an invoice is submitted for payment and prior City Council authorization has not been received.

This provision does not apply to payroll expenditures for City Attorney Staff nor does it restrict the City Attorney from filing a claim against a defendant if the City Attorney is subject to a statute of limitation deadline and cannot seek City Council approval prior to the expiration of such statute of limitation. Under this situation, the City Attorney shall minimize expenditures and notify outside counsel, if appropriate, that City Council approval is necessary to proceed and shall seek City Council approval within 30 days from the date of filing. Should City Council approval not be secured, the action will be dismissed without prejudice. This provision also does not apply to costs incurred by the City Attorney in defending the City against claims filed against it.

SECTION 16. It is the express intent of the City Council that, notwithstanding anything to the contrary herein, any economic benefit, savings, or effect of this ordinance shall not be used, directly or indirectly, to fund, support in any way, or ratify any employment or retirement benefit determined to be illegal by a court of law.

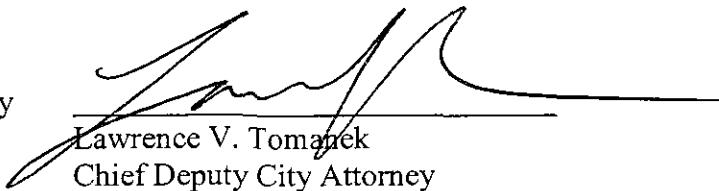
SECTION 17. The powers of the Council not delegated to the Mayor, Chief Financial Officer, Director of Financial Management and City Comptroller, as specifically set forth herein, are reserved to the Council in accordance with the terms of the Charter.

SECTION 18. That a full reading of this ordinance is dispensed with prior to its final passage, a written or printed copy having been available to the City Council and the public a day prior to its final passage.

SECTION 19. This ordinance is declared to take effect and be in force immediately upon its passage after two (2) public hearings pursuant to the authority contained in Sections 71, 275, and 295 of the Charter of the City of San Diego.

SECTION 20. The Mayor shall have no veto power over this ordinance pursuant to Section 280(a)(4) of the Charter of the City of San Diego.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By 
Lawrence V. Tomarek
Chief Deputy City Attorney

07/08/2008
Or.Dept: Mayor
O-2009-4
7/24/2008
O-2009-4 Rev.
Attachment 1

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

ELIZABETH S. MALAND
City Clerk

By _____
Deputy City Clerk

Attachment 1
Fiscal Year 2009 Operating and Capital Appropriations

OPERATING APPROPRIATIONS	Salary & Wages	Fringe & Non- Personnel	FY 2009 Appropriation
General Fund			
Administration	\$ 1,174,461	\$ 722,919	\$ 1,897,380
Business Office	\$ 875,727	\$ 1,073,197	\$ 1,948,924
City Attorney	\$ 22,861,762	\$ 13,529,412	\$ 36,391,174
City Auditor	\$ 1,058,936	\$ 618,692	\$ 1,677,628
City Clerk	\$ 2,383,743	\$ 2,112,653	\$ 4,496,396
City Comptroller	\$ 7,061,831	\$ 5,035,661	\$ 12,097,492
City Council - District 1	\$ 508,432	\$ 481,568	\$ 990,000
City Council - District 2	\$ 427,809	\$ 562,191	\$ 990,000
City Council - District 3	\$ 571,845	\$ 418,155	\$ 990,000
City Council - District 4	\$ 541,097	\$ 448,903	\$ 990,000
City Council - District 5	\$ 501,630	\$ 488,370	\$ 990,000
City Council - District 6	\$ 450,889	\$ 539,111	\$ 990,000
City Council - District 7	\$ 478,559	\$ 511,441	\$ 990,000
City Council - District 8	\$ 563,146	\$ 426,854	\$ 990,000
City Planning and Community Investment	\$ 6,157,210	\$ 11,740,916	\$ 17,898,126
City Planning and Development	\$ 340,010	\$ 194,088	\$ 534,098
City Treasurer	\$ 6,655,607	\$ 8,261,967	\$ 14,917,574
Citywide Program Expenditures	\$ -	\$ 67,542,463	\$ 67,542,463
Community & Legislative Services	\$ 2,174,551	\$ 2,012,254	\$ 4,186,805
Community Services	\$ 220,011	\$ 128,574	\$ 348,585
Council Administration	\$ 1,151,967	\$ 823,191	\$ 1,975,158
Customer Services	\$ 1,258,083	\$ 1,070,914	\$ 2,328,997
Debt Management	\$ 1,607,470	\$ 1,146,446	\$ 2,753,916
Development Services	\$ 3,499,449	\$ 2,999,898	\$ 6,499,347
Engineering and Capital Projects	\$ 37,701,657	\$ 27,458,276	\$ 65,159,933
Environmental Services	\$ 8,730,945	\$ 31,780,376	\$ 40,511,321
Ethics Commission	\$ 650,622	\$ 355,677	\$ 1,006,299
Family Justice Center	\$ 332,048	\$ 311,634	\$ 643,682
Financial Management	\$ 2,290,787	\$ 1,980,877	\$ 4,271,664
Fire-Rescue	\$ 107,635,617	\$ 83,061,160	\$ 190,696,777
General Services	\$ 19,406,673	\$ 49,918,204	\$ 69,324,877
Labor Relations	\$ 626,799	\$ 336,748	\$ 963,547
Library	\$ 18,053,308	\$ 18,960,249	\$ 37,013,557
Office of Ethics & Integrity	\$ 998,161	\$ 1,089,007	\$ 2,087,168
Office of Homeland Security	\$ 786,848	\$ 817,060	\$ 1,603,908
Office of the Chief Financial Officer	\$ 405,481	\$ 619,688	\$ 1,025,169
Office of the CIO	\$ -	\$ 24,963,599	\$ 24,963,599
Office of the IBA	\$ 999,800	\$ 615,415	\$ 1,615,215
Office of the Mayor and COO	\$ 470,434	\$ 305,516	\$ 775,950
Park & Recreation	\$ 32,127,052	\$ 56,206,384	\$ 88,333,436
Personnel	\$ 3,826,313	\$ 2,632,102	\$ 6,458,415
Police	\$ 231,156,290	\$ 179,514,555	\$ 410,670,845
Public Safety	\$ 472,416	\$ 1,949,491	\$ 2,421,907
Public Works	\$ 194,006	\$ 130,382	\$ 324,388
Purchasing & Contracting	\$ 2,522,529	\$ 1,917,686	\$ 4,440,215
Real Estate Assets	\$ 2,340,869	\$ 1,721,251	\$ 4,062,120

OPERATING APPROPRIATIONS		Fringe & Non-	FY 2009
General Fund (continued)	Salary & Wages	Personnel	Appropriation
Storm Water	\$ 7,449,257	\$ 41,371,079	\$ 48,820,336
General Fund Total	\$ 541,702,137	\$ 650,906,254	\$ 1,192,608,391
Debt Service and Tax Funds			
Public Safety Communication Bonds	\$ -	\$ 2,332,272	\$ 2,332,272
Tax and Revenue Anticipation Notes Fund	\$ -	\$ 3,094,061	\$ 3,094,061
Zoological Exhibits	\$ -	\$ 8,946,525	\$ 8,946,525
Debt Service and Tax Funds Total	\$ -	\$ 14,372,858	\$ 14,372,858
Special Revenue Funds			
AB 2928 - Transportation Relief	\$ -	\$ 12,676,642	\$ 12,676,642
Automated Refuse Container Fd	\$ -	\$ 500,000	\$ 500,000
Concourse and Parking Garages	\$ 181,808	\$ 4,410,653	\$ 4,592,461
Convention Center Complex	\$ -	\$ 20,718,894	\$ 20,718,894
Emergency Medical Services	\$ 4,140,921	\$ 2,964,367	\$ 7,105,288
Energy Conservation Program Fund	\$ 648,674	\$ 1,144,494	\$ 1,793,168
Environmental Growth Fund 1/3	\$ -	\$ 5,489,127	\$ 5,489,127
Environmental Growth Fund 2/3	\$ -	\$ 12,816,482	\$ 12,816,482
Facilities Financing Fund	\$ 1,068,901	\$ 1,586,386	\$ 2,655,287
Fire and Lifeguard Facilities Fund	\$ -	\$ 1,657,420	\$ 1,657,420
Gas Tax	\$ -	\$ 24,403,398	\$ 24,403,398
Information Technology Fund	\$ 5,627,312	\$ 6,435,555	\$ 12,062,867
Los Penasquitos Canyon Preserve	\$ 110,007	\$ 117,831	\$ 227,838
New Convention Center	\$ 50,000	\$ 4,289,198	\$ 4,339,198
PETCO Park	\$ 55,000	\$ 17,613,821	\$ 17,668,821
Police Decentralization Fund	\$ -	\$ 7,092,333	\$ 7,092,333
Public Art Fund	\$ -	\$ 30,000	\$ 30,000
QUALCOMM Stadium Operating Fund	\$ 2,376,824	\$ 15,586,063	\$ 17,962,887
Redevelopment Fund	\$ 1,997,042	\$ 1,341,574	\$ 3,338,616
Seized & Forfeited Assets Fund	\$ -	\$ 5,521,984	\$ 5,521,984
Solid Waste Local Enforcement Agency	\$ 408,512	\$ 526,338	\$ 934,850
Special Promotional Programs	\$ 704,771	\$ 89,385,072	\$ 90,089,843
STOP-Serious Traffic Offenders Program	\$ -	\$ 1,200,000	\$ 1,200,000
Storm Drain Fund	\$ -	\$ 6,046,746	\$ 6,046,746
TransNet Extension	\$ -	\$ 10,458,978	\$ 10,458,978
Trolley Extension Reserve	\$ -	\$ 4,108,096	\$ 4,108,096
Utilities Undergrounding Program	\$ 391,057	\$ 755,518	\$ 1,146,575
Special Revenue Funds Total	\$ 17,760,829	\$ 258,876,970	\$ 276,637,799
Enterprise Funds			
City Airport Fund	\$ 1,017,664	\$ 2,163,289	\$ 3,180,953
Development Services Enterprise Fund	\$ 22,588,878	\$ 26,692,285	\$ 49,281,163
Golf Course Enterprise	\$ 4,082,755	\$ 9,542,545	\$ 13,625,300
Recycling Fund	\$ 7,032,701	\$ 16,020,521	\$ 23,053,222
Refuse Disposal Fund	\$ 8,695,491	\$ 24,893,591	\$ 33,589,082
Sewer Funds	\$ 53,688,994	\$ 343,511,054	\$ 397,200,048
Water Department Fund	\$ 44,576,486	\$ 311,447,352	\$ 356,023,838
Enterprise Funds Total	\$ 141,682,969	\$ 734,270,637	\$ 875,953,606

OPERATING APPROPRIATIONS	Salary & Wages	Fringe & Non- Personnel	FY 2009 Appropriation
Internal Service Funds			
Balboa / Mission Bay Improvement	\$ -	\$ 6,955,219	\$ 6,955,219
Central Stores Internal Service Fund	\$ 852,948	\$ 22,920,368	\$ 23,773,316
ERP Fund	\$ -	\$ 4,064,106	\$ 4,064,106
Fleet Services	\$ 13,511,743	\$ 75,740,291	\$ 89,252,034
Publishing Services Internal Fund	\$ 1,093,255	\$ 3,451,731	\$ 4,544,986
Risk Management Administration	\$ 4,634,618	\$ 4,233,492	\$ 8,868,110
Internal Service Funds Total	\$ 20,092,564	\$ 117,365,207	\$ 137,457,771
Other Service Funds			
City Employees' Retirement System	\$ 5,249,776	\$ 36,310,573	\$ 41,560,349
Open Space Park Facilities	\$ -	\$ 1,162,022	\$ 1,162,022
Other Service Funds Total	\$ 5,249,776	\$ 37,472,595	\$ 42,722,371

TOTAL OPERATING APPROPRIATIONS: \$ 726,488,275 \$ 1,813,264,521 \$ 2,539,752,796

CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS	FY2009 Appropriation
Airports	
31-001.0 Annual Allocation - Montgomery Field	\$ 600,000
31-001.1 Annual Allocation - Brown Field	\$ 1,800,000
Airports Total	\$ 2,400,000
City Comptroller	
92-000.0 Enterprise Resource Planning System Core Project	\$ 6,825,624
City Comptroller Total	\$ 6,825,624
City Planning and Community Investment	
37-446.0 Chollas Creek South Branch Phase One Implementation	\$ 394,000
39-803.0 Annual Allocation - Downtown Parking Projects	\$ 1,500,000
City Planning and Community Investment Total	\$ 1,894,000
Engineering & Capital Projects	
12-152.0 Famosa Slough Salt Marsh Restoration	\$ 24,000
13-501.0 Talbot Street Slope	\$ 856,000
29-914.0 Martin Luther King Junior Community Park - Recreation Center Roof Replacement	\$ 61,000
37-028.0 Annual Allocation-Underground of City Utilities	\$ 60,000,000
37-064.0 Annual Allocation - ADA Improvements	\$ 10,960,979
39-086.0 Azalea Park Roadway Improvements and Neighborhood Identification	\$ 50,000
39-209.0 El Cajon Boulevard Commercial Revitalization - Interstate 805 to 54th Street	\$ 50,000
39-216.0 Washington/Goldfinch Improvements	\$ 100,000
39-234.0 El Cajon Boulevard Median Improvements	\$ 160,000
52-293.0 Annual Allocation - Street Lights - Citywide	\$ 617,460
52-307.0 Spring Canyon Road between Scripps Ranch Boulevard and Pomerado Road	\$ 750,000
52-403.0 Camino del Sur, San Dieguito Road to Carmel Valley Road - Street Improvements	\$ 5,330,000
52-409.0 43rd Street and Logan/National Avenue Intersection	\$ 7,422,375
52-411.0 Carmel Mountain Road - Neighborhood 10 Boundary to Del Mar Mesa Road	\$ 900,000
52-417.0 Eastgate Mall - Miramar Road to San Diego Gas and Electric (SDG&E) Easement	\$ 450,000
52-455.0 State Route 163 and Friars Road	\$ 5,000,000
52-479.0 El Camino Real - San Dieguito Road to Via de la Valle	\$ 300,000

CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS		FY2009
Engineering & Capital Projects (continued)		Appropriation
52-492.0	Del Sol Boulevard - Central	\$ 4,000,000
52-517.0	Carmel Valley Road - 300 Feet East of Portofino Drive to Del Mar	\$ 120,000
52-519.0	Annual Allocation - Bridge Rehabilitation - Citywide	\$ 100,000
52-554.0	First Avenue Bridge over Maple Canyon - Rehabilitation	\$ 300,000
52-555.0	Georgia Street Bridge/University Avenue Separation Replacement	\$ 671,000
52-588.0	Streamview Drive Improvement - 54th Street to College Avenue	\$ 430,000
52-592.0	Aldine Drive and Fairmount Avenue - Slope Restoration	\$ 1,825,000
52-640.0	Palm Avenue/Interstate 805 Interchange	\$ 1,729,000
52-642.0	Old Otay Mesa Road - Westerly	\$ 2,400,000
52-643.0	West Mission Bay Drive Bridge over San Diego River	\$ 100,000
52-653.0	Camino del Sur - Carmel Mountain Road to 1,600 Feet North of Park Village Road	\$ 1,509,633
52-676.0	Mira Sorrento Place - Scranton Road to Vista Sorrento Parkway	\$ 60,000
52-679.0	Miramar Road - Interstate 805 Easterly Ramps to 300 Feet East of Eastgate Mall	\$ 500,000
52-682.1	Otay Truck Route Widening Phase III & IV	\$ 2,386,253
52-683.0	Annual Allocation - Debt Service for TransNet Commercial Paper Funded Projects	\$ 142,188
52-696.0	Pershing Drive/Redwood Street Intersection	\$ 900,000
52-700.0	Rancho Bernardo Street and Sidewalk Improvements	\$ 80,000
52-706.0	Sea World Drive Widening and Interstate 5 Interchange Improvements	\$ 1,000,000
52-713.0	Alvarado Canyon Road Realignment	\$ 100,000
52-715.0	Annual Allocation - Sidewalks - Citywide	\$ 350,000
52-725.0	Camino del Sur - Widen to Six Lanes Northerly of State Route 56	\$ 3,649,810
52-733.0	Carmel Valley Road - Four/Six lanes southerly of Street A	\$ 1,300,000
52-743.0	Euclid Avenue Corridor Improvements	\$ 116,000
52-745.0	Clairemont Mesa Boulevard/SR-163 Improvements	\$ 1,000,000
52-747.0	Carmel Valley Road - Street A to Neighborhood Parkway	\$ 6,900,000
52-754.0	Linda Vista Road at Genesee Avenue	\$ 70,000
52-763.0	Skyline Drive Median & Parkway Improvements	\$ 1,275,000
52-764.0	Palm Avenue Roadway Improvements	\$ 419,000
52-765.0	Sorrento Valley Road & Interstate 5 Interchange	\$ 3,394,000
52-766.0	University Avenue Mobility Project	\$ 500,000
52-769.0	Normal Street Median Improvements	\$ 65,000
52-773.0	Cherokee Street Improvements	\$ 70,000
52-774.0	34th and 35th at Madison Avenue - Curb, Gutter and Sidewalk (CD3 Sidewalk)	\$ 120,000
52-775.0	Old Otay Mesa Road Sidewalk	\$ 200,000
52-776.0	Prospect Street/Silverado Street Roundabout	\$ 770,000
52-808.0	Annual Allocation - Median Installation	\$ 300,000
52-810.0	Hollister Street Widening	\$ 200,000
53-044.0	Regents Road Bridge	\$ 10,700,000
53-050.0	North Torrey Pines Road Bridge over Los Penasquitos Creek	\$ 496,000
53-061.0	Laurel Street (Cabrillo) Bridge over Highway 163 - Structural Retrofit	\$ 50,000
54-012.0	Shoal Creek Pedestrian Bridge	\$ 255,000
58-127.0	State Route 15 Bikeway	\$ 40,000
58-153.0	City Bicycle Master Plan	\$ 150,000
58-171.0	State Route 56 Bike Interchanges	\$ 1,750,000
58-191.0	San Diego River Multi-Use Bicycle and Pedestrian Path	\$ 320,000
58-204.0	Minor Bicycle Facilities	\$ 15,000
59-021.0	Annual Allocation - Transportation Grant Matches	\$ 935,000
59-023.0	Annual Allocation - Preliminary Engineering for Congestion Relief Projects	\$ 1,175,956
61-001.0	Annual Allocation - Traffic Control/Calming Measures	\$ 791,414
62-266.0	Safe Routes to School Program - Willow Elementary School	\$ 150,000

		FY2009
CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS		Appropriation
Engineering & Capital Projects (continued)		
62-331.0	Annual Allocation - Traffic Signal Interconnect Projects	\$ 100,000
62-332.0	25th Street Renaissance Project	\$ 200,000
62-333.0	Via Capri Traffic Calming Project	\$ 100,000
68-001.0	Traffic Signals - Cooperative Projects	\$ 200,000
68-006.0	Annual Allocation - Guard Rails	\$ 200,000
68-010.0	Annual Allocation - Traffic Signals - Citywide	\$ 471,635
68-011.0	Annual-Allocation - Traffic Signals - Modifications/Modernization	\$ 1,372,189
68-017.0	Annual Allocation - School Traffic Safety Improvements	\$ 329,900
	Engineering & Capital Projects Total	\$ 151,885,792
Environmental Services		
32-010.0	Unclassified Disposal/Burn Site Closures	\$ 155,000
32-011.0	Arizona Landfill - Closure	\$ 60,000
32-014.0	West Miramar Phase II - Landfill Gas System	\$ 480,000
32-017.0	Annual Allocation - Groundwater Monitoring Network	\$ 250,000
32-018.0	South Chollas Landfill - Gas Upgrades	\$ 1,040,000
32-024.0	South Miramar Landfill Slopes	\$ 1,500,000
37-004.0	Annual Allocation - Minor Landfill Requirements	\$ 250,000
37-041.0	Citywide Energy Improvements	\$ 500,000
37-056.0	West Miramar Refuse Disposal Facility - Phase II	\$ 300,000
37-057.0	Miramar Landfill Greenery Expansion	\$ 200,000
37-074.0	Environmental Services Facilities Improvement	\$ 122,194
37-254.0	Future Waste Management Disposal and Processing Facilities	\$ 1,750,000
	Environmental Services Total	\$ 6,607,194
Fire-Rescue		
33-105.0	Fire Station 47 - Pacific Highlands Ranch	\$ 21,000
	Fire-Rescue Total	\$ 21,000
General Services		
37-068.0	Annual Allocation - City Facilities Improvements	\$ 31,800,000
59-001.0	Resurfacing of City Streets	\$ 45,437,544
59-002.0	Sidewalks - Replacement and Reconstruction	\$ 7,500,000
63-002.0	Traffic Signals - Replace Obsolete Controllers	\$ 75,000
	General Services Total	\$ 84,812,544
Library		
35-101.0	Logan Heights Branch Library	\$ 600,000
	Library Total	\$ 600,000
Metropolitan Wastewater		
40-931.0	South Mission Valley Trunk Sewer	\$ 3,500,000
40-933.0	Annual Allocation - MWWD Trunk Sewers	\$ 3,374,592
41-926.0	Annual Allocation - Metropolitan System Pump Stations	\$ 6,500,000
41-927.0	Annual Allocation - Pump Stations 64, 65, Penasquitos and East Mission Gorge	\$ 2,100,000
41-929.0	Pump Station Upgrades	\$ 5,577,076
41-942.0	NCWRP Sludge Pump Station Upgrade	\$ 216,320
42-913.0	Annual Allocation - Metro Biosolids Center	\$ 674,918
42-926.0	Annual Allocation - North City Water Reclamation Plant	\$ 473,741
42-930.0	SBWRP Demineralization Facility Phases 1&2	\$ 508,439

		FY2009
CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS		Appropriation
Metropolitan Wastewater (continued)		
44-001.0	Annual Allocation - Sewer Main Replacements	\$ 25,871,872
45-932.0	Annual Allocation - South Bay Water Reclamation Plant	\$ 168,730
45-943.0	Point Loma - Grit Processing Improvements	\$ 3,204,342
45-956.0	Annual Allocation - Metro Operations Center	\$ 129,075
45-966.0	Metro Facilities Control System Upgrade	\$ 2,306,407
45-975.0	Annual Allocation - Developer Projects	\$ 562,432
45-982.0	MBC Centrate Collection Upgrades	\$ 1,687,295
45-983.0	MBC Dewatering Centrifuges Replacement	\$ 158,995
45-992.0	NCWRP - EDR Upgrade	\$ 476,513
46-050.0	Annual Allocation - Pipeline Rehabilitation	\$ 31,496,192
46-119.0	Annual Allocation - Point Loma Treatment Plant/Related Facilities	\$ 772,335
46-169.0	East Mission Gorge Force Main Rehabilitations	\$ 329,600
46-193.0	Annual Allocation - CIP Contingencies	\$ 458,709
46-194.0	Annual Allocation - Trunk Sewer Rehabilitations	\$ 3,507,155
46-195.6	East Point Loma Trunk Sewer	\$ 2,200,000
46-195.8	Miramar Road Trunk Sewer	\$ 23,398
46-197.6	USIU Trunk Sewer	\$ 23,397
46-205.0	Harbor Drive Trunk Sewer Replacement	\$ 112,486
46-206.0	Annual Allocation - Accelerated Projects	\$ 224,973
46-501.0	Annual Allocation - Metropolitan Sewer Pooled Contingencies	\$ 81,095
46-502.0	Annual Allocation - Clean Water Program Pooled Contingencies	\$ 136,225
46-505.0	Annual Allocation - Unscheduled Projects	\$ 1,124,864
46-602.0	Sewer Pump Station 41 Rehabilitation	\$ 5,137,176
	Metropolitan Wastewater Total	\$ 103,118,352
Office of the CIO		
37-508.0	Public Safety Communications Project	\$ 3,341,763
	Office of the CIO Total	\$ 3,341,763
Park & Recreation		
20-013.0	Annual Allocation-Park and Recreation Grant Match Funding	\$ 446,955
21-870.0	Balboa Park - Myrtle Way Pergola	\$ 350,000
21-875.0	Balboa Park - Morley Field Evaluation and Repair of Collapsed Storm Drain	\$ 50,000
21-876.0	Balboa Park - Florida Canyon Evaluation and Repair of Broken Storm Drain	\$ 1,000,000
21-877.0	Balboa Park - Marston Point Evaluation and Repair of Collapsed Storm Drain	\$ 50,000
22-965.0	Annual Allocation - Mission Bay Improvements	\$ 76,802
22-966.0	West Ski Island - Shoreline Stabilization	\$ 500,000
22-968.0	Mariner's Point Road Curbs and Parking Lot - Improvements	\$ 400,000
22-969.0	Mission Bay Park Drinking Fountains - Replacement	\$ 150,000
22-970.0	Mission Point/Bayside Walk Security Lighting - Upgrade	\$ 275,000
22-972.0	North Crown Point Gazebo - Replacement	\$ 265,000
22-976.0	Sunset Point Parking Lot - Security Lighting	\$ 150,000
22-977.0	Vacation Isle North Cove Parking Lot - Security Lighting	\$ 150,000
22-978.0	Vacation Isle North Cove Road Improvements	\$ 150,000
22-979.0	Vacation Isle Northeast Parking Lot Security Lighting	\$ 150,000
22-980.0	West Bonita Cove Children's Play Area Upgrades	\$ 200,000
25-008.0	Balboa Park Golf Course: Concrete Step and Hand Railing Replacement	\$ 150,000
29-282.1	Hilltop Community Park - Development, Phases I, II & III	\$ 621,889
29-407.0	Carmel Valley Community Park South - Recreation Building	\$ 153,000
29-408.0	Dennery Ranch Neighborhood Park - Acquisition and Construction	\$ 2,000,956

CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS		FY2009
		Appropriation
Park & Recreation (continued)		
29-427.0	Black Mountain Ranch Community Park - Acquisition and Development	\$ 450,000
29-547.0	Torrey Highlands Neighborhood Park	\$ 840,000
29-610.0	Rancho Encantada Park - Neighborhood No. 1	\$ 3,200,000
29-651.0	Riviera Del Sol Neighborhood Park - Acquisition and Development	\$ 2,100,000
29-666.0	San Diego River Park Master Plan	\$ 50,000
29-688.0	Del Sur Neighborhood Park North (Black Mountain Neighborhood Park North)	\$ 3,700,000
29-689.0	Carmel Grove Mini-Park - Play Area Upgrade	\$ 352,712
29-692.0	Public Roads Supporting Park Access	\$ 100,000
29-727.0	McAuliffe Community Park - Development	\$ 2,301,157
29-757.0	Mira Mesa Community Park - Expansion (Carroll Neighborhood Park - Development)	\$ 5,000,000
29-764.0	Carmel Valley Community Park South - Neighborhood #8A	\$ 207,983
29-864.0	Rancho Penasquitos Parks - Playground Upgrades	\$ 900,000
29-865.0	Home Avenue Neighborhood Park - Development	\$ 50,000
29-887.0	Carmel Valley Skate Park	\$ 210,000
29-909.0	Regional Park Improvements	\$ 41,803
29-916.0	Vista Terrace Park Tot Lot Upgrades	\$ 381,617
29-932.0	Treena Mesa Joint Use Sports Field	\$ 3,500,000
29-941.0	Language Academy/Montezuma Elementary School - JU Improvements	\$ 668,000
29-951.0	Martin Luther King Jr. Community Park - Play Area Upgrades	\$ 500,000
29-953.0	Encanto Community Park Concession Stand Expansion at Verna Quinn Fields	\$ 155,000
29-954.0	Montgomery Academy - Joint Use Improvements	\$ 909,000
29-966.0	Mission Trails Regional Park Cowles Mountain Trail Rehabilitation	\$ 400,000
29-967.0	Mission Trails Regional Park Trail Realignments	\$ 300,000
29-969.0	Azalea Neighborhood Park Recreation Center - Improvements	\$ 141,713
29-973.0	Marshall Elementary School - Joint Use Improvements	\$ 35,000
29-974.0	Gonzales Canyon Resource Management Plan	\$ 200,000
29-975.0	Crest Canyon Resource Management Plan	\$ 75,000
39-010.0	Talmadge Streetscape and Lighting Improvements	\$ 375,566
39-011.0	Switzer Canyon/30th Street Bridge Enhancement Program	\$ 5,000
52-660.0	Carmel Valley Multi-use Trail - Neighborhood 10	\$ 40,600
52-719.0	Mission Beach Bulkhead Preservation	\$ 149,500
	Park & Recreation Total	\$ 34,629,253
QUALCOMM Stadium		
34-200.0	Annual Allocation - QUALCOMM Stadium Improvements	\$ 750,000
	QUALCOMM Stadium Total	\$ 750,000
Storm Water		
13-005.0	Annual Allocation - Emergency Drainage Projects	\$ 12,205,000
	Storm Water Total	\$ 12,205,000
Water		
70-910.7	Miramar Pipeline Monitoring & Reinspection	\$ 70,097
70-942.0	Annual Allocation - CIP Contingencies - Reclaimed Water Distribution System/RWDS	\$ 250,000
70-949.0	Annual Allocation - Reclaimed Water Extension	\$ 500,000
70-954.0	North City Reclamation System	\$ 2,229,340
70-957.0	Harbor Drive Pipeline	\$ 419,801
73-024.0	Annual Allocation - Freeway Relocation	\$ 2,994,197
73-083.0	Annual Allocation - Water Main Replacements	\$ 41,600,000
73-261.3	Alvarado Water Treatment Plant -Upgrade and Expansion	\$ 36,927,440

CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS		FY2009
Water (continued)		Appropriation
73-284.0	Miramar Water Treatment Plant - Upgrade and Expansion	\$ 44,026,817
73-285.0	Otay Water Treatment Plant - Upgrade and Expansion	\$ 9,308,292
73-286.0	Otay Second Pipeline Improvements	\$ 8,617,978
73-314.0	San Diego 17 Flow Control Facility and Pump Station	\$ 11,705,514
73-331.0	Annual Allocation - CIP Contingencies	\$ 7,000,000
73-342.0	Rancho Penasquitos Pump Station	\$ 5,219,831
73-361.0	Annual Allocation - Meter Boxes	\$ 500,000
73-900.0	Annual Allocation - Pressure Reduction Facility Upgrades	\$ 200,000
73-910.0	Annual Allocation - Seismic Upgrades	\$ 344,710
74-925.0	Annual Allocation - Dams and Reservoirs	\$ 250,000
75-931.0	Water Department Security Upgrades	\$ 1,943,966
75-932.0	Groundwater Asset Development Program	\$ 2,981,094
75-939.0	South County Raw Water Reservoir Intertie Study	\$ 780,000
	Water Total	\$ 177,869,077

TOTAL CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS \$ 586,959,599

TOTAL COMBINED APPROPRIATIONS \$ 3,126,712,395

Fiscal Year 2009 Operating Maintenance Assessment District Fund Appropriations

Fund	Maintenance Assessment District Fund Name	Salary & Wages	Fringe & Non-Personnel	FY 2009 Appropriation
070208	Assessment District Management	\$ 597,172	\$ 1,283,540	\$ 1,880,712
070210	Street Light District #1	\$ -	\$ 706,586	\$ 706,586
070211	Scripps/Miramar Ranch	\$ 61,903	\$ 1,146,669	\$ 1,208,572
070214	Tierrasanta	\$ 61,903	\$ 1,934,441	\$ 1,996,344
070218	Campus Point	\$ 1,238	\$ 32,845	\$ 34,083
070219	Mission Boulevard	\$ 3,095	\$ 126,242	\$ 129,337
070220	Carmel Valley	\$ 89,760	\$ 2,800,681	\$ 2,890,441
070221	Sabre Springs	\$ 18,571	\$ 291,532	\$ 310,103
070223	Mira Mesa	\$ 49,523	\$ 1,566,565	\$ 1,616,088
070224	Rancho Bernardo	\$ 30,952	\$ 885,696	\$ 916,648
070225	Penasquitos East	\$ 30,952	\$ 492,573	\$ 523,525
070226	Coronado View	\$ 1,857	\$ 45,054	\$ 46,911
070228	Park Village	\$ 24,761	\$ 598,464	\$ 623,225
070229	Eastgate Technology Park	\$ 9,286	\$ 255,178	\$ 264,464
070230	Calle Cristobal	\$ 6,191	\$ 410,054	\$ 416,245
070231	Gateway Center East	\$ 12,381	\$ 272,807	\$ 285,188
070232	Miramar Ranch North	\$ 61,903	\$ 1,955,281	\$ 2,017,184
070233	Carmel Mountain Ranch	\$ 18,571	\$ 642,692	\$ 661,263
070238	La Jolla Village Drive	\$ 11,143	\$ 90,325	\$ 101,468
070240	First SD River Imp Project	\$ 18,571	\$ 353,706	\$ 372,277
070241	Newport Avenue	\$ -	\$ 52,204	\$ 52,204
070242	Linda Vista Community	\$ 15,476	\$ 273,725	\$ 289,201
070243	Washington Street	\$ 3,095	\$ 138,544	\$ 141,639
070244	Otay International Center	\$ 38,999	\$ 437,641	\$ 476,640
070246	Del Mar Terrace	\$ -	\$ 447,729	\$ 447,729
070247	Adams Avenue	\$ -	\$ 51,268	\$ 51,268
070248	Carmel Valley Nbhd #10	\$ 12,381	\$ 565,821	\$ 578,202
070249	North Park	\$ 25,999	\$ 1,000,979	\$ 1,026,978
070250	Kings Row	\$ 1,857	\$ 13,501	\$ 15,358
070251	Webster-Federal Boulevard	\$ 3,095	\$ 84,290	\$ 87,385
070252	Stonecrest Village	\$ 37,142	\$ 1,214,627	\$ 1,251,769
070253	North Torrey Pines Road	\$ 12,381	\$ 980,709	\$ 993,090
070254	Torrey Hills	\$ 61,903	\$ 2,348,837	\$ 2,410,740
070255	Coral Gate	\$ 7,428	\$ 176,752	\$ 184,180

Fund	Maintenance Assessment District Fund Name	Salary & Wages	Fringe & Non-Personnel	FY 2009 Appropriation
070258	Torrey Highlands	\$ 61,904	\$ 1,426,197	\$ 1,488,101
070259	Talge	\$ 4,952	\$ 434,055	\$ 439,007
070260	Central Commercial	\$ -	\$ 334,276	\$ 334,276
070261	Little Italy	\$ -	\$ 621,854	\$ 621,854
070263	Liberty Station/NTC	\$ -	\$ 263,421	\$ 263,421
070264	Camino Santa Fe	\$ 9,286	\$ 686,417	\$ 695,703
070265	Black Mtn Ranch South	\$ 21,666	\$ 2,167,276	\$ 2,188,942
070266	College Heights	\$ -	\$ 436,229	\$ 436,229
070267	CED Management	\$ -	\$ 193,255	\$ 193,255
070268	City Heights	\$ -	\$ 491,404	\$ 491,404
070270	Black Mountain Ranch North	\$ -	\$ 521,550	\$ 521,550
070271	Bay Terraces - Parkside	\$ 1,857	\$ 69,312	\$ 71,169
070272	Bay Terraces - Honey Drive	\$ 1,238	\$ 28,373	\$ 29,611
070273	University Heights	\$ 3,095	\$ 70,655	\$ 73,750
070274	Hillcrest	\$ 3,095	\$ 29,463	\$ 32,558
070275	El Cajon Boulevard	\$ 24,762	\$ 569,309	\$ 594,071
070276	Ocean View Hills	\$ 43,332	\$ 1,109,598	\$ 1,152,930
070277	Robinhood Ridge	\$ 8,666	\$ 175,107	\$ 183,773
070278	Remington Hills	\$ -	\$ 87,876	\$ 87,876
070279	Pacific Highlands Ranch	\$ 9,286	\$ 295,344	\$ 304,630
070280	Rancho Encantada	\$ 3,095	\$ 352,426	\$ 355,521
070281	Bird Rock	\$ -	\$ 420,887	\$ 420,887
070401	Downtown PBID	\$ -	\$ 5,649,652	\$ 5,649,652
MAINTENANCE ASSESSMENT DISTRICT TOTAL		\$ 1,525,723	\$ 40,111,494	\$ 41,637,217

Strikeout

(O-2009-4)

201
7/28

ORDINANCE NUMBER O-_____ (NEW SERIES)

DATE OF FINAL PASSAGE _____

AN ORDINANCE ADOPTING THE ANNUAL BUDGET FOR
THE FISCAL YEAR 2009 AND APPROPRIATING THE
NECESSARY MONEY TO OPERATE THE CITY OF
SAN DIEGO FOR SAID FISCAL YEAR.

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

SECTION 1. The budget for the expense of conducting the affairs of the City of San Diego for the fiscal year commencing July 1, 2008, and ending June 30, 2009, heretofore prepared and submitted to this Council by the Mayor and amended through the Mayor's Revision submitted May 16 and 29, 2008, by recommendations from the Office of the Independent Budget Analyst, and by changes from the City Council and the Mayor's veto and subsequent Council override of said veto, all of which was approved by Council on June 23, 2008, and on file in the Office of the City Clerk as Resolution No. R-303797 is hereby adopted as the Annual Budget for said fiscal year.

SECTION 2. There is hereby appropriated for expenditure out of the funds of said City for municipal purposes the amounts set forth in Attachment 1 and in the approved Capital Improvement Program Budget, which defines the legal levels at which the City Comptroller shall control operational and capital project spending.

I. GENERAL FUND

(A) The Mayor and City Comptroller are hereby authorized to transfer to an appropriate account from the departmental appropriations as set forth in Attachment 1 an amount sufficient to assure that, in the event there is a shortfall in projected revenues, there are sufficient revenues

to cover the remaining appropriations; provided that in the case that projected revenue estimates are met, the funds set aside may be returned to their respective appropriation accounts.

(B) The City Comptroller is authorized and directed to deposit the \$3.7 million budgeted amount as well as any revenues in excess of expenditures at fiscal year end to the General Fund Unappropriated Reserve.

(C) The City Comptroller is authorized and directed to increase expenditure appropriations of the General Fund Appropriated Reserve from revenue in excess of expenditures at fiscal year end and/or the General Fund Unappropriated Reserve for the purpose of achieving the 5% minimum General Fund Emergency Reserve balance at year end, as defined in the City Reserve Policy.

(D) The City Comptroller is authorized, upon adopted Council resolution, to transfer appropriations from the General Fund Appropriated Reserve to other General Fund departments.

(E) The City Comptroller is authorized and directed to increase expenditure appropriations of the General Fund Appropriated Reserve by \$10.0 million dollars from the General Fund Unappropriated Reserve.

(F) The City Comptroller is to appropriate and expend interest earnings generated from the issuance and administration of Tax and Revenue Anticipation Notes for the purpose of funding expenditures related to their issuance.

(G) The provisions in the Library Ordinance, Municipal Code Section 22.0228, restricting funding are hereby waived.

(H) The City Comptroller is authorized and directed, upon approval of the Mayor, to transfer appropriations for costs avoided in one department by a mutual agreement to incur them in another department.

(I) The City Comptroller is authorized, upon the direction of the Mayor, to increase and/or decrease revenue and expenditure appropriations for the purpose of implementing Council approved economic development, business incentive and other programs that include the Business and Industry Incentive Program (Council Policy 900-12), the Housing Impact Fee Waiver-Enterprise Zones Program (Council Policy 900-12), the Small Business Enhancement Program (Council Policy 900-15), the Storefront Improvement Program (Council Policy 900-17), the Community Parking District Policy (Council Policy 100-18), and Mission Bay and Other Regional Park Improvements (Municipal Code Section 22.0229).

(J) The City Comptroller is authorized, upon the direction of the Mayor, to increase revenue and expenditure appropriations for the purpose of paying unanticipated Property Tax Administration fees to the County of San Diego.

II. SPECIAL REVENUE FUNDS

(A) Community Development Block Grant Funds

(1) Community Development Block Grant Funds are appropriated for the purposes established by the grant provisions as approved and authorized by Council. All authorized but incomplete program activities and unexpended monies related thereto remaining in the Community Development Block Grant Funds on June 30, 2009 shall be carried forward to future years for the purpose of completing said authorized activities in accordance with Council Policy 700-02.

(2) The City Comptroller is authorized, upon the direction of the respective Council District, to allocate the Council District's reserves or reallocate appropriations from budgeted projects later determined ineligible to new or existing CDBG eligible projects.

~~(3) The City Comptroller is authorized and directed, upon the direction of the Mayor, to transfer a maximum of \$100,000 per capital project from fund reserves or excess program income to projects for eligible costs, such as engineering, in excess of approved appropriations.~~

(B) Transient Occupancy Tax Fund (10220)

The provisions of Council Policy 100-03 (Transient Occupancy Tax), for specific activities funded by this ordinance, are deemed and declared to be complied with, by the adoption of this Ordinance. The Mayor or his designee is hereby authorized to execute appropriate agreements for the conduct of activities associated with the allocations authorized by Council for Fiscal Year 2009. It is the intent of the Council that the Transient Occupancy Tax Fund appropriations be expended in accordance with the Council Policy 100-03.

(C) Environmental Growth Funds (10505, 105051, 105052)

(1) It is the intent of the Council that the Environmental Growth Fund appropriations are to be expended for those purposes described in City Charter Section 103.1a. The provisions in the San Diego Municipal Code Section 63.30, as amended by Ordinance 19159 are hereby waived.

(2) Any monies deposited in the Environmental Growth Fund in excess of estimated revenue as described in Section 103.1a of the City Charter and any carryover monies from the previous fiscal year are hereby appropriated for the purpose for which the Environmental Growth Fund was created and may be expended only by Council resolution. The Council may, from time-to-time, for purposes of augmenting specified programs, elect to allocate additional monies to the Environmental Growth Fund from sources other than those enumerated in Section 103.1a of the Charter. In that event, those additional monies shall not be subject to any fractional allocation but shall be used solely and exclusively for the program purpose designated by Council.

~~(D) Maintenance Assessment District Funds~~

~~The City Comptroller is authorized, upon the direction of the Financial Management Director, to transfer allocations from contributing Maintenance Assessment District Funds budgeted contingency reserves to increase the appropriations to reimburse the Maintenance Assessment District Management Fund accordingly, in the event that actual expenses related to administration exceed budgeted levels.~~

III. DEBT SERVICE FUNDS

General Obligation Bond Interest and Redemption Fund (21640)

There is hereby appropriated the current year's proceeds from the tax levy as required to pay debt service on the issuance of \$25.5 million aggregate principal amount of General Obligation bonds authorized in an election held on June 5, 1990 by a favorable vote of more than two-thirds of all the voters voting on the proposition.

IV. CAPITAL PROJECTS FUNDS

(A) Any additions to or deletions from the Capital Improvements Program, as may be required, shall be made by Council resolution provided funding is available for such action. The City Comptroller, at the direction of the Mayor, is authorized and directed to add maintenance projects funded elsewhere which are determined to be of a capital nature to the Capital Improvements Program.

(B) The City Comptroller is authorized and directed upon the direction of the Mayor, to transfer unexpended balances in completed current year Capital Improvements Program projects to the appropriate Capital Improvements Program Unallocated Reserve, Annual Allocation or Fund Balances.

(C) The City Comptroller is authorized and directed, upon the direction of the Mayor, to transfer and appropriate a maximum of \$200,000 per project not to exceed 10% of the project budget from appropriate Unallocated Reserves, Annual Allocations, earned interest or Unappropriated Fund Balances to Capital Improvements Program projects to reimburse eligible costs in excess of approved appropriations at project completion.

(D) The City Comptroller is authorized to make cash advances from the appropriate revenue source funds for the purpose of funding incidental and engineering costs of projects included in the long-range Capital Improvements Program Budget. Such advances shall be reimbursed to the respective Fund upon appropriation. In addition, the City Comptroller is authorized and directed to advance funds as required for grant funded projects based on earned grant revenue receivable. Advances will be returned upon the payment of the grant receivable.

(E) The City Comptroller is authorized and directed, upon the direction of the Mayor, to reallocate revenue sources between Capital Improvements Program projects, in accordance with the restrictions placed on various revenues where the net reallocation does not result in a net increase to any of the revenue sources or project budgets.

(F) Facilities Benefit Assessment Funds and Development Impact Fee Funds (79001-79016), (79501-79535), (39051-39095)

(1) The City Comptroller is authorized, upon the direction of the Mayor, to modify individual Capital Improvements Program project budgets in accordance with Council-approved Community Public Facilities Financing Plans.

(2) The City Comptroller is authorized, upon the direction of the Mayor, to reallocate DIF funded appropriations between Council-approved projects in order to expedite the use of DIF

funds in accordance with AB1600 requirements, provided that the City Council is first notified via memorandum of the purpose and amount of the reallocation.

(3) The City Comptroller is authorized, upon the direction of the Mayor, to appropriate and transfer monies from DIF funds to the Redevelopment Agency of the City of San Diego (Agency) for reimbursable capital project expenditures as authorized by City Council resolution RR-300013 dated December 7, 2004 and the Redevelopment Agency resolution R-03862. The transfers will be limited to availability of funds within DIF funds and to projects identified in the Centre City Public Facilities Financing Plan.

(4) The City Comptroller is authorized, upon the direction of the Mayor, to appropriate in the FBA and DIF funds a sufficient and necessary amount to reimburse the administrative costs incurred by other City funds.

(G) TransNet and TransNet Extension Funds (30300-30306, 30308-30319)

(1) The TransNet Extension Funds (30310-30319) are hereby appropriated for the purposes authorized by Proposition A - San Diego County Transportation Improvement; the Regional Transportation Improvement Program (RTIP) and the Annual Budget Document.

(2) The City Comptroller may reallocate funding among the projects contained in the RTIP and the Capital Improvements Program Budget, upon the request of the responsible department director and upon the approval of the Mayor, provided that such reallocation does not increase the total TransNet appropriations. The City Comptroller may, upon the direction of the Mayor, appropriate and reallocate TransNet Extension Congestion Relief cash, TransNet Extension Congestion Relief commercial paper, and TransNet (original program) cash appropriations among Council approved TransNet Funded projects in order to reduce the use of debt and maximize the use of cash in these funds. The Mayor is authorized as the Council

designee to direct the San Diego Association of Governments (SANDAG) to amend the RTIP for such reallocations.

(3) Any monies deposited in the TransNet funds in excess of estimated revenue and any carryover monies from the previous fiscal year are hereby appropriated for the purpose for which said Funds were created and may be appropriated and expended by the City Comptroller, upon the direction of the Mayor, provided that such an increase is part of the RTIP.

(H) Infrastructure Improvement Fund (10529)

(1) Any carryover monies from the previous fiscal year in the Infrastructure Improvement Fund (10529) are hereby appropriated for the purpose for which said fund was created.

(2) Funds from the Infrastructure Improvement Fund may be transferred and appropriated to the General Fund upon the direction of the Mayor for purposes identified by the Mayor for the Mayor's Infrastructure Improvement Fund or by the Council Districts for the individual Council District's Infrastructure Improvement Funds.

(3) The City Comptroller is authorized to add and establish CIP projects as identified by the Mayor and City Council that are not currently in the Capital Improvements Program. The City Comptroller is authorized, upon the direction of the Mayor to return any Infrastructure Improvement Funds deemed to be surplus in a project.

V. ENTERPRISE FUNDS

(A) All Enterprise Funds are hereby appropriated for the purpose of providing for the operation, maintenance and development of their respective purposes.

(B) Reserve Funds are hereby appropriated to provide funds for the purpose for which the Fund was created. The City Comptroller is hereby authorized to return to the source Fund monies

deposited in Reserve Funds in excess of amounts required, consistent with the City Reserve Policy.

(C) The City Comptroller may reallocate appropriations in the Capital Improvement Program, changing the total appropriation for any given project contained in the Council-approved Capital Improvements Program to cover costs related to a redistribution of program wide contracts for Construction Management.

(D) The City Comptroller may reallocate appropriations and associated encumbrances from any Council approved budgeted project in the Capital Improvement Program to the Fund's annual operating budget for costs associated with extended environmental monitoring for re-vegetation. Such reallocation shall decrease the total appropriation and encumbrance for the project and increase the appropriation and encumbrance in the annual operating budget by an equal amount provided that the reallocation is no greater than 5% of the capital project budget.

(E) The City Comptroller is authorized, upon the direction of the Mayor, to increase expenditure appropriations for the purpose of implementing the Metropolitan Wastewater Department Memorandum of Understanding for Bid to Goal Public Contract Operations Agreement.

VI. INTERNAL SERVICE FUNDS

(A) The City Comptroller is hereby authorized, upon the direction of the Mayor, to distribute surplus retained earnings or excess contributions from various internal service funds back to appropriate contributing funds or between employee benefit-related internal service funds.

(B) Equipment Operating Fund (50030) and Equipment Replacement Fund (50031)

The City Comptroller is hereby authorized and directed, upon the direction of the Mayor, to redistribute contributions among the Equipment Operating and Equipment Replacement internal service funds or to advance funds between these internal service funds.

(C) Central Stores Fund (50010), Publishing Services Fund (50020), Equipment Operating Fund (50030), Equipment Replacement Fund (50031), and Risk Management Administration Fund (50061)

The City Comptroller is hereby authorized, upon direction of the Mayor, to appropriate expenditures from unanticipated revenues for the purpose of allowing for the uninterrupted provision of services.

VII. TRUST AND AGENCY FUNDS

These funds are established to account for assets held by the City as an agent for individuals, private organizations, other governments and/or funds; for example, federal and state income taxes withheld from employees, 401(k) and deferred compensation plans, parking citation revenues, and employee benefit plans. The City Comptroller is authorized and directed to establish the appropriate agency funds and to deposit and disburse funds in accordance with the respective agency relationships.

SECTION 3. The Mayor is hereby authorized to execute appropriate initial and continuing contracts and agreements for the conduct of activities associated with the allocations authorized by Council and in accordance with provisions of grant agreements.

SECTION 4. The City Comptroller is authorized, upon direction of the Mayor, to release excess rate stabilization funds and debt service stabilization funds to the appropriate unallocated reserve or fund balance, consistent with the City Reserve Policy.

SECTION 5. The City Comptroller is authorized and directed, upon the direction of the Mayor, to make inter-fund loans, including interest at the City's pooled rate of return, between funds to cover cash needs. These loans may, if appropriate, extend beyond the current fiscal year.

SECTION 6. All interest earnings generated by any fund which has been established pursuant to a legal or contractual requirement, externally imposed restriction, or by enabling legislation (including, but not limited to, the Appropriation Ordinance) shall remain in said fund solely for the purpose the fund was intended.

SECTION 7. All Funds, established by Council in previous fiscal years or during the current fiscal year, are appropriated for the purposes established by applicable laws and/or in accordance with provisions of agreements authorized by Council and for projects contained in the Council-approved Capital Improvements Program or authorized by Council resolution. The City Comptroller is authorized and directed to expend monies within the funds for services provided by those funds. The City Comptroller is authorized and directed, upon approval of the Mayor, to return any surplus monies to the contributing funds.

SECTION 8. The City Comptroller is authorized and directed, upon the direction of the Mayor, to transfer current and/or prior years' surplus monies within the Flexible Benefit/Management Benefit Programs reimbursement funds after fiscal year end. Any remaining surplus monies (excluding flexible spending accounts) in the reimbursement funds may be transferred by the City Comptroller, upon the direction of the Mayor, to the Risk Management Administration Fund (50061) to be expended, up to the full forfeited amount, for programs which benefit City employees.

The City Comptroller is authorized and directed, upon the direction of the Mayor, to transfer surplus/reserves within other employee benefit funds or to reallocate these monies to other fringe benefit funds.

SECTION 9. The City Comptroller is authorized and directed, upon the direction of the Mayor, to make appropriate inter-fund transfers in accordance with the Annual Budget Document and estimated sources of revenue.

The City Comptroller may, upon the direction of the Mayor, transfer funds to related City entities in accordance with the Annual Budget Document and appropriate funding source rules and regulations.

SECTION 10. The City Comptroller is authorized and directed to appropriate and expend donations in accordance with Council Policy 100-02 (City Receipt of Donations).

SECTION 11. All revenues generated consistent with the Public Trust pursuant to Section 6306 of the Public Resources Code in relation to operation of Mission Bay Park and Ocean Beach Park in excess of expenditures for operations, maintenance and capital improvements during the fiscal year are hereby placed in a special fund to be used exclusively for past and future operations, maintenance and capital improvements and for past, current, and *future expenditures uncompensated by past, current and future revenues derived from Mission Bay Park and Ocean Beach Park* as required by agreements with the State of California. Excess revenues are hereby appropriated for said purposes and may be expended only by Council resolution or in accordance with projects contained in the Council-approved Capital Improvements Program.

All revenues generated by sovereign trust lands granted by the State of California to the City of San Diego pursuant to section 6306 of the Public Resources Code are hereby appropriated for purposes consistent with the public trust.

SECTION 12. All other revenues which are not appropriated by any other section of this ordinance, and which are in excess of budgeted revenue as determined by the Mayor, are hereby transferred by the City Comptroller to legally established reserve fund(s) or account(s). However, in no event shall the total appropriations of all tax revenues as defined by Article XIII B of the California State Constitution made pursuant to this ordinance exceed the City's legal limit.

The total appropriation is \$3,126,712,395 a portion of which will be derived from proceeds of taxes as defined within Article XIII B of the State Constitution.

It is the intent of this ordinance to comply with Article XIII B of the California State Constitution.

SECTION 13. The City Comptroller is authorized and directed, upon direction of the Mayor, to modify budgets in accordance with the Fiscal Year 2009 Tax Rate Ordinance as approved by Council. Further, the Financial Management Department is directed to modify the Annual Budget Document in accordance with the Tax Rate Ordinance.

SECTION 14. The City Comptroller is authorized and directed to close obsolete or inactive funds; residual balances of such funds shall be returned to their source or, if to the General Fund, to a General Fund Unappropriated Reserve. The City Comptroller shall periodically report fund closures to the City Council and recommend the appropriation of any residual balances.

SECTION 15. The City Comptroller is directed to withhold payment of fees, costs and expenses associated with any case/claim filed by the City Attorney in which the authorization to file such case or claim has not been pre-approved by the City Council. This includes but is not limited to such fees, costs and expenses for outside legal fees, expert witnesses/testimony, and investigative expenses.

When submitting requests for payment to the City Comptroller, the City Attorney shall provide the following information in addition to the invoice prior to payment by the City Comptroller:

1. The letter of engagement for the services being provided by outside legal counsel or contract or purchase order for other related services, and
2. A memorandum signed by a representative of the City Attorney's Office indicating a) that these services have been approved by the City Council, b) the resolution or ordinance number, and/or the Statute of Limitations date for the matter requiring filing prior to City Council approval; or
3. A memorandum signed by a representative of the City Attorney's Office indicating that these services are unrelated to any ongoing pending action authorized/approved by the City Council.

In litigation invoking situations 2 and 3 above, the City Comptroller is directed to present a report to the City Council (in the form of a 1472) for review and approval in those instances where an invoice is submitted for payment and prior City Council authorization has not been received.

This provision does not apply to payroll expenditures for City Attorney Staff nor does it restrict the City Attorney from filing a claim against a defendant if the City Attorney is subject to

a statute of limitation deadline and cannot seek City Council approval prior to the expiration of such statute of limitation. Under this situation, the City Attorney shall minimize expenditures and notify outside counsel, if appropriate, that City Council approval is necessary to proceed and shall seek City Council approval within 30 days from the date of filing. Should City Council approval not be secured, the action will be dismissed without prejudice. This provision also does not apply to costs incurred by the City Attorney in defending the City against claims filed against it.

SECTION 16. It is the express intent of the City Council that, notwithstanding anything to the contrary herein, any economic benefit, savings, or effect of this ordinance shall not be used, directly or indirectly, to fund, support in any way, or ratify any employment or retirement benefit determined to be illegal by a court of law.

SECTION 17. The powers of the Council not delegated to the Mayor, Chief Financial Officer, Director of Financial Management and City Comptroller, as specifically set forth herein, are reserved to the Council in accordance with the terms of the Charter.

SECTION 18. That a full reading of this ordinance is dispensed with prior to its final passage, a written or printed copy having been available to the City Council and the public a day prior to its final passage.

SECTION 19. This ordinance is declared to take effect and be in force immediately upon its passage after two (2) public hearings pursuant to the authority contained in Sections 71, 275, and 295 of the Charter of the City of San Diego.

SECTION 20. The Mayor shall have no veto power over this ordinance pursuant to Section 280(a)(4) of the Charter of the City of San Diego.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By _____
Lawrence V. Tomanek
Chief Deputy City Attorney

07/08/2008
Or.Dept: Mayor
O-2009-4

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

ELIZABETH S. MALAND
City Clerk

By _____
Deputy City Clerk



THE CITY OF SAN DIEGO
MAYOR JERRY SANDERS

MEMORANDUM

DATE : July 2, 2008
TO: Budget and Finance Committee
FROM: Mary Lewis, Chief Financial Officer
SUBJECT: City Reserve Policy - Revised

INTRODUCTION

The following represents a comprehensive reserve policy for the major funds of the City of San Diego and recommends a phased approach in setting reserve levels.

One of the key components of a financially stable organization is the establishment and maintenance of appropriate reserves and the adoption of a prudent reserve policy. While the City of San Diego has a reserve objective, it does not have a clearly delineated policy to govern decision-making and fiscal actions by its officials. This is essential, especially as the City works to restore its financial standing in the bond community.

OBJECTIVES

- A. Establish sound formal fiscal reserve policies. These policies will be the foundation for ensuring that strong fiscal management and policies guide future City decisions.
- B. Build adequate reserves. This action will provide the City with resources to help stabilize the organization and will position it during economic downturns or large-scale emergencies. In addition, it is critical to minimize the potential for reactive decision-making which often leads to poor choices and unpleasant consequences.
- C. Guide the City toward meeting its short-term and long-term obligations and to ensure that the City maintains the highest credit rating possible.

BACKGROUND

City Charter Section 91 stipulates that the City maintain a "General Reserve Fund" to meet the cash obligations of the City for four months or prior to the collection of taxes. The fund may only be expended in an emergency, requiring a two-thirds vote by the City Council. On September 27, 2007, the City Attorney's Office issued an opinion on City Charter Section 91 that states: "To the extent that the City has cash on hand to cover four months of the fiscal year prior to the receipt of taxes, the charter provision would be satisfied by funding at a

fiscally prudent level of 5% to 15%.” A separate fund, the General Reserve Fund, described in this policy as the “Emergency Reserves” will be established and funded. In addition to emergency reserves, the operating cash needs of the General Fund will continue to be met through the liquidity portfolio established by the City Treasurer’s Investment Policy, which is approved by City Council.

The Investment Policy stipulates that the City’s pooled investment fund shall be comprised of a core and liquidity portfolio. The liquidity portfolio is designed to ensure that the projected expenditures and related demands for cash can be met over a six month period. Cash flows are calculated and monitored to determine the required amount of operating cash. The liquidity portfolio established by the Investment Policy meets and exceeds the City Charter Section 91 which requires the City to have an available source of cash in order to meet the legal demands against the City for the first four months of each fiscal year prior to the collection of taxes. The City has historically borrowed funds (Tax Revenue Anticipation Notes) at the beginning of each fiscal year to ensure that there is sufficient cash prior to the receipt of property tax.

On October 15, 2002, the City Council adopted the General Fund Reserve Policy which established and maintained a General Fund Reserve level that is sufficient to address unforeseen contingencies such as natural disasters, catastrophic occurrences, or excessive liabilities or judgments against the City. The Reserve Policy specified that the General Fund Reserve should be set at a minimum of 3% of annual General Fund revenues with a goal of establishing the General Fund Reserve at 5% of annual General Fund revenues by fiscal year 2014. Considering the recommendations of the rating agencies (Standard and Poor’s, Moody’s, and Fitch Ratings) and the need to demonstrate the ability to weather fluctuations in revenue and unforeseen expenditure pressures, reserves greater than 5% need to be established through a defined policy.

The reserve policy recommends that the City establish and maintain appropriate reserves for the City’s major funds. Adequate reserve levels would allow the City to withstand short-term revenue and expenditure swings which can result in short-term decisions with negative long-term implications, mitigate the impact of economic downturns that result in reduced municipal revenues from the State, respond to the budgetary affects of natural disasters or other catastrophic events, excessive liabilities or legal judgments against the City, reduce the amount of Tax Revenue Anticipation Notes (TRAN) borrowing each year, and demonstrate the desire to restore its financial standing and gain creditworthiness of bond rating agencies and the financial community.

Mitigate Effects of Economic Volatility and Uncertainty

Being inadequately prepared for swings in revenues or unexpected expenditures can lead to short-term decisions with negative long-term implications. Economic downturns, even if they do not directly affect the City, can cause other agencies to reduce local revenues. During the early 1990’s, the country went through a recession and the State of California reduced municipal revenues to balance its own budget. There were similar results during the economic impacts that followed the events of September 11, 2001, which not only impacted revenues as travel and consumer spending decreased, but also led to increased costs for needed security and safety responses to a new potential threat to the country and the City. Since the City had no significant reserves to draw upon, it faced unanticipated fiscal pressures that led to

reductions in services, deferred maintenance, and poor decision-making. Adequate reserves will not eliminate the effect of such events, but will help mitigate the severity short-term revenue and expenditure swings have on the City. Adequate reserves are an essential part of an emergency or disaster plan.

The Government Finance Officers Association (GFOA) Recommendations

GFOA recommends that “governments establish a formal policy on the level of unreserved fund balance that should be maintained in the general fund. GFOA also encourages the adoption of similar policies for other types of governmental funds. Such a guideline should be set by the appropriate policy body and should provide both a temporal framework and specific plans for increasing or decreasing the level of unreserved fund balance, if it is inconsistent with that policy GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unreserved fund balance in their general fund of no less than five to 15 percent of regular general fund operating revenues...”¹ In establishing a policy governing the level of emergency reserves in the General Fund, a government should consider a variety of factors, including:

- The predictability of its revenues and the volatility of its expenditures (i.e., a higher level of unreserved fund balance may be needed if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile).
- The availability of resources in other funds as well as the potential drain upon general fund resources from other funds (i.e., the availability of resources in other funds may reduce the amount of unreserved fund balance needed in the general fund, just as deficits in other funds may require that a higher level of unreserved fund balance be maintained in the general fund).
- Liquidity (i.e., a disparity between when financial resources actually become available to make payments and the average maturity of related liabilities may require that a higher level of resources be maintained).
- Designations (i.e., governments may wish to maintain higher levels of unreserved fund balance to compensate for any portion of unreserved fund balance already designated for a specific purpose).

Obtain High-Quality Rating from Rating Agencies

Rating agencies consider fund balance and reserve policy as a critical component of strong municipal management. In particular, the rating agencies look for a reserve policy which is a clearly delineated fiscal plan that includes a fund balance target level and the instances in which reserves may be used; the reserve levels that are clearly linked to the government’s cash flow needs and the historic volatility of revenues and expenditures throughout economic cycles; and management historically adhering to the reserve policy. As noted by Moody’s Investment Services, “Municipalities need to consider whether to govern their reserves through formal policy or through targeted levels. Most lending institutions tend to favor formal reserve policies because they minimize political considerations of adequate reserve levels. Some lending institutions are comfortable relying on municipality’s long-term

¹ “Appropriate Level of Unreserved Fund Balance in the General Fund” (2002). Government Finance Officers Association.

adherence to more informal policies, or targets, but informal policies have been associated with uneven long-term financial performance.”²

DEFINITIONS

Working Capital

For the purpose of this policy and when speaking of the core Emergency Reserves, the term “Reserves” is being used synonymously with “Working Capital.” Working Capital is defined as current assets (cash or equity in pooled cash and liquid investments and receivables (less than 60 days) minus current liabilities (payables) and encumbrances and other restrictions. Working Capital does not include long-term assets such as some longer term investments, loans receivable, fixed assets, inventory, and equipment.

General Fund Reserves

General Fund Reserves include the Emergency Reserves, the Appropriated Reserves and the Unappropriated Reserves, or fund balance.

Emergency Reserves

Each fund will maintain an Emergency Reserve which by definition would only be used for qualifying emergencies as declared by the Mayor and/or the City Council and ultimately approved by the City Council. Approval by at least two-thirds of the City Council would be required to access the funds. The amount of the reserve for the General Fund would be calculated as a percentage of projected General Fund revenues for the subsequent fiscal year. Any incremental dollars needed to be set aside would be built into that budget. For Enterprise and Special Revenue Funds, the reserve amount would be based on a number of days of operation; for Internal Service Funds, the reserve amount would be based upon the needs and nature of the fund.

At least up to the established reserve level during any fiscal year, Emergency Reserves are only to be used in the case of a natural disaster or unforeseen catastrophic events caused by human activity such as terrorist attacks. Emergency Reserves would not be accessed to meet operating shortfalls or to fund new programs or personnel.

Appropriated Reserves

In addition to the Emergency Reserves, certain funds may maintain reserves that would be set aside during the budget process as a contingency for unanticipated, non-emergency needs that are identified during the year. These reserves would only be drawn upon to fund unexpected expenditures or, in the case of Enterprise Funds, support operations due to unanticipated revenue shortfalls. Recommendations to use these funds would be brought forward by the Mayor or the City Council and would require approval by a majority of the City Council.

The Appropriated Reserve could be used to alleviate unanticipated expenditure (such as a spike in energy prices or materials cost), revenue shortfalls due to an unexpected economic slowdown or recession or to be used for one-time, high priority programs/activities.

² “Fiscal Management/Reserves Are Essential to Fiscal Health”. John Incorvais, Moody’s Investment Services.

Unappropriated Reserves

Also referred to as fund balance or unallocated reserve, the Unappropriated Reserve is defined as the difference between the assets and liabilities of a fund. A positive fund balance indicates that the City's assets exceed its liabilities.

Capital Reserves

Capital Reserves (or Capital Improvement Program (CIP) Reserves) are intended to provide funding for unanticipated capital expenses. The use of these funds will require the City Council action.

Dedicated Reserves

Dedicated Reserves would be similar to Appropriated Reserves, but would be a set aside for specific purposes by the City Council during the budget process for non-capital projects or activities that take multiple years to fund. (Capital project funding allocated by City Council carries over from year to year until the project is completed or closed.) These dedicated reserves are restricted funds that shall only be used for the identified purpose(s). City Council may review the dedicated reserves annually during the budget process and carryover the funds to future fiscal years. These types of reserves could also be used for special one-time purchases or major activities that have been approved by the City Council.

Dedicated Reserve from Efficiency and Savings

A Dedicated Reserve from Efficiency and Savings (DRES), one for the Water Fund and one for the Metropolitan Wastewater Fund (which is currently in place), will be used to protect and preserve savings found by increasing efficiencies, changing priorities or other actions related to reducing costs of the Capital Improvements Program (CIP) or operations and maintenance of either system. The DRES will track funds that can be used for accelerating CIP project schedules and will help offset the need for any future rate increases. Please refer to **Attachment I** for more detailed information.

Operating Reserves

The Operating Reserve in Enterprise Funds such as Water and Wastewater is intended to be used in the event of a catastrophe that prevents the utility from operating in its normal course of business. Use of the funds is restricted to emergency situations resulting from loss of revenue and must be replenished no later than the subsequent fiscal year. The Chief Operating Officer and/or Chief Financial Officer would have the authority to approve spending.

Rate Stabilization Reserves

The Rate Stabilization Reserves would be set aside to provide a source of funds to mitigate future rate increases in Enterprise Funds such as Water and Wastewater Enterprise Funds. Funds may be deposited into the reserve periodically during the fiscal year but usually at the end of the fiscal year. The funds would be used exclusively for the operation and maintenance of the water or wastewater systems.

GENERAL FUND RESERVE POLICY

The General Fund is used to account for all general revenues of the City not specifically levied or collected for other City funds and for expenditures related to the rendering of general services by the City.

General Fund Reserve

The General Fund Reserve shall be set at a minimum of 8% of annual General Fund revenues. The City shall reach this level no later than fiscal year 2012 according to the following schedule:

6.0% by June 30, 2008
6.5% by June 30, 2009
7.0% by June 30, 2010
7.5% by June 30, 2011
8.0% by June 30, 2012

Emergency Reserve

An Emergency Reserve is to be maintained for the purpose of sustaining General Fund operations at the time of qualifying emergencies as declared by the Mayor and/or the City Council and ultimately approved by the City Council. Until the City reaches a reserve level in excess of 8% of annual General Fund revenues, for purposes of calculating the City's General Fund Reserve level, the City shall combine the balance in the Emergency Reserve with the balances in the Appropriated and the Unappropriated Reserves in order to achieve the reserve balance percentages as outlined above. At no time during this period, however, shall the balance in the General Fund Emergency Reserve fall below 5% unless specifically waived by the City Council because of an unforeseen emergency as defined in this Policy.

Appropriated Reserve

An Appropriated Reserve may be maintained with the purpose of paying for unanticipated operational needs that arise during the fiscal year but not anticipated during the budget process. Funds appropriated to this Reserve will be identified and appropriated to a single account within the General Fund annual budget. There shall be no maximum or minimum amount appropriated to this Reserve in any given year. Any funds that are not expended in a given fiscal year will revert back to the General Fund's Unappropriated Reserve and may then be re-appropriated in the subsequent year, consistent with this Policy.

Unappropriated Reserve

An Unappropriated Reserve is maintained to support General Fund operations in the event of unanticipated requirement for additional appropriations where the use of the Emergency Reserves would not be appropriate. Should the funds in the Appropriated Reserve be exhausted in a fiscal year, the Unappropriated Reserve may be used. Recommendations to appropriate these funds would be brought forward by the Mayor or the City Council and would require approval by a majority of the City Council.

While funds in the Appropriated and Unappropriated Reserves are combined when describing the City's overall financial condition, these reserves shall only be considered in addition to the Emergency Reserve and not as a replacement for a fully funded 8% Emergency Reserve (except as noted above on a temporary basis). Until fiscal year 2012, the Mayor will include an amount each year in the recommended operating budget to fund the Appropriated Reserve. Any expenditure of funds from this Reserve will be made based upon the recommendation of the Mayor or the City Council and approval by a majority of the City Council with the exception of the Appropriated Reserves of the Water and Wastewater Funds.

DEVELOPMENT SERVICES FUND RESERVE POLICY

Due to its uniqueness, the Development Services Department currently has three separate types of reserves. It is recommended that until a more in depth review of this fund can be completed, the current reserve policies should be continued.

The City shall maintain existing Development Services Fund balance designations and funding targets:

- **Operating Reserve**

The goal for the Development Services Fund is a 7% Operating Reserve. It is anticipated that the reserve balance will reach 7% by fiscal year 2013.

<p>3.5% by June 30, 2009 4.0% by June 30, 2010 5.0% by June 30, 2011 6.0% by June 30, 2012 7.0% by June 30, 2013</p>
--

- **Subdivision Account Liability**

Dedicated Reserves for Subdivision Account Liability will be maintained for the purpose of mitigating occasional short-term funding deficits on individual project accounts. In addition, a Work-in-Progress Liability Reserve will be maintained for the purpose of paying for expenses in which fees have already been collected. Neither Liability Reserves will have a maximum or minimum funding amount.

- **Work-in-Progress Liability (Unearned Revenue)**

This type of reserve is comprised of building permit fees that are collected in advance of the work being performed at the time a permit is issued. The Work-in-Progress Liability Reserve is the portion of the fees collected but not yet earned and covers the costs associated with inspecting the work as it is being completed. This reserve is in place so that, if all departmental revenues were not realized, funds would exist to pay inspectors to complete inspections for which fees have already been collected.

RISK MANAGEMENT RESERVE POLICY

Public Liability Fund

The City shall maintain Dedicated Reserves equal to but not less than 50% of the value of the outstanding claims. This level recognizes that not all claims will become due and payable at one point in time, yet there may be more than one large claim that could require an immediate payment.

A reserve amount of 50% shall be achieved no later than fiscal year 2014 based on the following schedule:

<p>5% by June 30, 2008 10% by June 30, 2009 15% by June 30, 2010 25% by June 30, 2011 35% by June 30, 2012 45% by June 30, 2013 50% by June 30, 2014</p>
--

Workers' Compensation Fund Reserve Policy

The City shall maintain Dedicated Reserves equal to but not less than 50% of the value of the outstanding claims.

Workers' Compensation Fund is a citywide fund that addresses workers' compensation claims for all departments and all funds. In addition, there are citywide rates charged in order to properly fund current year and future liabilities. The City implemented a funding strategy that adds \$2 million annually towards the reserve each year.

A reserve amount of 50% shall be achieved no later than fiscal year 2014 based on the following schedule:

<p>12% by June 30, 2008 15% by June 30, 2009 22% by June 30, 2010 30% by June 30, 2011 35% by June 30, 2012 42% by June 30, 2013 50% by June 30, 2014</p>

Long-Term Disability Fund Reserve Policy

Currently, the balance in the Long-Term Disability (LTD) Fund is estimated at approximately \$3.0 million. The reserve level in this fund shall be established to equal \$12 million by fiscal year 2012 as recommended in the Long-Term Disability Actuarial report. The City shall increase the reserve by a minimum of \$2.25 million in fiscal year 2009 and a minimum of \$2.25 million annually thereafter to achieve the reserve target of \$12 million by fiscal year 2012. A study will be undertaken to determine the feasibility for purchasing an insurance policy to cover this benefit as an alternative to the current practice of self-insurance.

WATER ENTERPRISE FUND RESERVE POLICY

Appropriated Reserve

This reserve is budgeted annually at the discretion of the Water Department to provide for unanticipated needs that may arise during the course of the year. If this Reserve is used to cover unanticipated operating expenses, only the Department Director's approval is required; however, if used for unanticipated capital needs, City Council action is required.

Operating Reserve

This reserve is intended to be used in the event of a catastrophe that prevents the utility from operating in its normal course of business. This reserve is calculated based on the annual operating budget for the fiscal year (less water purchases and the Appropriated Reserve) which represents the amount necessary to provide for a certain number of days of operations in the event of a major disruption to the Water Fund revenues. Use of the funds is restricted to emergency situations resulting from loss of revenue and must be replenished during the fiscal year. The fiscal year 2008 budget for this reserve includes approximately \$23.1 million for 50 days of operations. The schedule below provides the proposed reserve balances for upcoming fiscal years with the plan to bring this reserve to a 70-day reserve by fiscal year 2013:

	<u>(Days of Operations)</u>
FY 2009 – \$27.2 million	(55)
FY 2010 – \$31.9 million	(60)
FY 2011 – \$36.8 million	(65)
FY 2012 – \$38.1 million	(70)
FY 2013 – \$40.0 million	(70)

Capital Reserve

This reserve is budgeted annually at \$5.0 million in the Capital Improvements Budget (CIP). The reserve is intended for unanticipated capital needs. Use of these funds for a CIP project other than the original project designation (project transfer) requires City Council action.

Rate Stabilization Reserve

Historically, this reserve is an unbudgeted amount. It is proposed that this policy will serve to keep a stable balance of \$20.5 million in this reserve in order to mitigate future rate increases. Deposits into the reserve are made from current system revenues. Use of the funds is to be limited only for the operation and maintenance of the water system.

The utilization of this Reserve during the course of the fiscal year does not require City Council action but may be used based upon the recommendation of the Department and approval of the Chief Financial Officer.

Secondary Purchase Reserve

Historically, this reserve is an unbudgeted amount. The proposed policy calls for the size of the reserve to equal 6% of the annual water purchase budget. The reserve may be funded by any lawful source. Withdrawal from the reserves will be necessary for the purchase of water should a major drought or emergency occur that diminishes the City's normal supply. The City Council action is required in order to appropriate these reserves into a program.

Dedicated Reserve from Efficiency and Savings (DRES)

Beginning in fiscal year 2008, two reserves, one for the Water Fund and one for the Metropolitan Wastewater Fund (which is currently in place), will be used to protect and preserve savings found by increasing efficiencies, changing priorities or other actions related to reducing costs of the Capital Improvements Program (CIP) or operations and maintenance of either system. The DRES will track funds that can be used for accelerating CIP project schedules and will help offset the need for any future rate increases. At the end of each fiscal year, any savings not required for compliance with established reserve policies will be

transferred into this reserve. At the end of four years, any funds transferred into this reserve and not used for capital improvements will be used to lower future rates for the water and wastewater systems.

WASTEWATER ENTERPRISE FUND RESERVE POLICY

Appropriated Reserve

The Appropriated Reserve is budgeted annually for unanticipated expenditures. It may be used to fund either operating or capital needs. If this reserve is used to cover unanticipated operating expenses, the Department Director's approval is required; however, if used for unanticipated capital needs, City Council action is required.

Current reserve levels are budgeted at \$3.3 million with intent to keep the reserve balance at the same level for future years based on historical requirements. An annual review of this level should be undertaken to determine adequate funding levels.

Operating Reserve

This reserve is intended to be used in the event of a catastrophe that prevents the utility from operating in its normal course of business. This Reserve is calculated based on the annual operating budget for the fiscal year. The Fiscal Year 2008 Budget for this reserve includes approximately \$31.6 million. The schedule below provides the proposed reserve balances for upcoming fiscal years with the plan to bring this reserve to a 70-day reserve by fiscal year 2013:

	<u>(Days of Operations)</u>
FY 2009 – \$31.6 million	(50)
FY 2010 – \$31.7 million	(50)
FY 2011 – \$35.9 million	(55)
FY 2012 – \$40.1 million	(60)
FY 2013 – \$48.1 million	(70)

Capital Reserve

The CIP Reserve is budgeted as a separate CIP Reserve at a level of \$5.0 million. Use of this reserve may only be used for capital costs. The City Council action is required for any withdrawal from the reserve.

Rate Stabilization Fund

This reserve is identical in rationale with the Rate Stabilization for the Water Fund: a source of funds used to mitigate future rate increases. It is expected that this reserve will reach \$13.3 million in fiscal year 2008. This reserve will be maintained at a level of 20% of system revenues less operating and non-operating expenses. The following are projected dollar targets to be achieved each year and will be adjusted based on 20% of actual revenues (less operating and non-operating expenses):

FY 2009 — \$19.3 million
FY 2010 — \$20.3 million
FY 2011 and beyond — maintain \$20.3 million

The utilization of this reserve during the course of the fiscal year does not require City Council action but may be used based upon the recommendation of the Department and approval of the Chief Financial Officer.

Dedicated Reserve from Efficiency and Savings (DRES)

Beginning in fiscal year 2008, two reserves, one for the Water Fund and one for the Metropolitan Wastewater Fund (which is currently in place), will be used to protect and preserve savings found by increasing efficiencies, changing priorities or other actions related to reducing costs of the Capital Improvements Program (CIP) or operations and maintenance of either system. The DRES will track funds that can be used for accelerating CIP project schedules and will help offset the need for any future rate increases. At the end of each fiscal year, any savings not required for compliance with established reserve policies will be transferred into this reserve. At the end of four years, any funds transferred into this reserve and not used for capital improvements will be used to lower future rates for the water and wastewater systems.

AUTHORITY

Fiscal Reserve Policy

It is recommended that as a matter of policy, any changes, additions, deletions to the Fiscal Reserve Policy must be brought forward to the Budget and Finance Committee for review followed by a presentation to the City Council for formal action.

Quarterly status reports will be provided to the Budget and Finance Committee and the City Council. In addition, any requests for the use of reserves will be accompanied by current status report of the affected reserve fund.

Deviations from the Policy

No deviations from the Fiscal Reserve Policy will be allowed except as recommended by the Mayor or the City Council, and approved by the City Council. This would include increasing or decreasing the basis of emergency reserves, expenditures from reserves for anything other than the intended use of said reserve, and expenditures from any fund balances above the stated basis of the emergency reserves. If one is requested, it must be first presented to the Chief Financial Officer for review of the fiscal impact and to determine its appropriateness. The Chief Financial Officer will then bring the request to the Chief Operating Officer and the Mayor with a recommendation followed by a presentation to the Budget and Finance Committee. After the Budget and Finance Committee review, the item will be presented to the City Council for action.

Reserve Expenditures

Unless specified above, the authority to make expenditures from all reserves for all funds shall lie with the Mayor and City Council. Either the Mayor or the City Council may make recommendations for expenditures either through the budget process for dedicated or replacement reserves, or in the case of emergency or appropriated reserve expenditures, at regular or special City Council meetings.

Replenishment of Reserves

Should a particular reserve fall below the anticipated reserve level as stated in this Policy, the Mayor will bring forward a plan as part of the subsequent fiscal year budget to the Budget and Finance Committee and ultimately the City Council to replenish said reserve in a reasonable timeframe.

EFFECTIVE DATE

The Reserve Policy shall be effective upon Council Approval.

CONCLUSION

The fiscal impact of this policy is to provide for adequate cash balances to ensure that the City meets its cash flow obligations, maximizes earnings on investments, minimizes borrowing costs and maintains the highest credit rating on its bonds.

The Reserve Policy shall serve as a cornerstone for other budgetary and financial decisions. The Policy should be reviewed and discussed no less frequent than every two years. This review would examine the effectiveness of the current policy and would make recommendations for any modifications which may be prudent. This will ensure that the policy remains current with general accounting and finance best practices as well as any regulatory or standards changes that may emerge over time.

The key factor of the reserve policy is to develop the fiscal disciplines that should be strictly followed. Sound fiscal management practices will be required to ensure that reserves are maintained and properly used.

Respectfully submitted,



Mary Lewis
Chief Financial Officer

- CC: Honorable Mayor Jerry Sanders
- Members of the City Council
- Jay M. Goldstone, Chief Operating Officer
- Nader Tirandazi, Financial Management Director
- Andrea Tevlin, Independent Budget Analyst
- Greg Levin, City Comptroller

Dedicated Reserve from Efficiencies and Savings

Purpose:

The City will establish a means to identify, track and secure year-to-year budget savings that occur in the Water and Wastewater Departments (Funds). These savings will be specifically identified in the City's general ledger and can be audited. This policy will remain in effect for a period no less than the duration of the fiscal year 2007 four-year rate case. The savings will be used for water and wastewater capital projects, respectively or to minimize future rate increases.

A. The Establishment of Dedicated Reserves:

1. The City will establish a Reserve Account within the respective Water and Wastewater Funds entitled "Dedicated Reserves from Efficiencies and Savings" (Reserve).
2. A semi-annual report will be issued to the Independent Rates Oversight Committee (IROC) which identifies any transfers to or from this Reserve during the prior.
3. At the end of each fiscal year, any savings not required to comply with established policies or legal documents will be transferred into the Reserve.
4. At the end of the four years, any funds transferred into this Reserve and not used for capital improvements will be used to lower future rates.
5. Nothing in this policy will interfere in any way with any contractual or legal obligations entered into by the Departments, including but not limited to any rate covenants in any bond indenture.

B. Capital Improvements (CIP):

1. CIP projects to be funded as part of the rate case will be monitored on a project by project basis.
2. At the point in time when the construction contract is awarded, should the projected project cost be larger than anticipated, the budget will be amended and a funding source identified. To the extent there are funds in the Reserve, the funding will be transferred from the Reserve.
3. Quarterly, a project savings report will be prepared and presented to the IROC. Any savings identified will be transferred to the Reserve.

C. Operations and Maintenance (O&M):

1. The operations and maintenance budgets as presented in the 2007-08 budget case will be monitored on a line item basis and financial results will be reported to the IROC on a quarterly basis.

At the end of the fiscal year, any O&M savings will be transferred to the Reserve.



THE CITY OF SAN DIEGO
MAYOR JERRY SANDERS

M E M O R A N D U M

DATE : ~~October 12, 2007~~ July 2, 2008

TO: Budget and Finance Committee

FROM: ~~Jay M. Goldstone, Chief Operating Officer~~ Mary Lewis, Chief Financial Officer

SUBJECT: City Reserve Policy - Revised

INTRODUCTION

The following represents a comprehensive reserve policy for the major funds of the City of San Diego and recommends a phased approach in setting reserve levels.

One of the key components of a financially stable organization is the establishment and maintenance of appropriate reserves and the adoption of a prudent reserve policy. While the City of San Diego has a reserve objective, it does not have a clearly delineated policy to govern decision-making and fiscal actions by its officials. This is essential, especially as the City works to restore its financial standing in the bond community.

OBJECTIVES

- A. Establish sound formal fiscal reserve policies. These policies will be the foundation for ensuring that strong fiscal management and policies guide future City decisions.
- B. Build adequate reserves. This action will provide the City with resources to help stabilize the organization and will position it during economic downturns or large-scale emergencies. In addition, it is critical to minimize the potential for reactive decision-making which often leads to poor choices and unpleasant consequences.
- C. Guide the City toward meeting its short-term and long-term obligations and to ensure that the City maintains the highest credit rating possible.

BACKGROUND

City Charter Section 91 stipulates that the City maintain a "General Reserve Fund" to meet the cash obligations of the City for four months or prior to the collection of taxes. The fund may only be expended in an emergency, requiring a two-thirds vote by the City Council. On September 27, 2007, the City Attorney's Office issued an opinion on City Charter Section 91 that states: "To the extent that the City has cash on hand to cover four months of the fiscal

year prior to the receipt of taxes, the charter provision would be satisfied by funding at a fiscally prudent level of 5% to 15%." A separate fund, the General Reserve Fund, described in this policy as the "Emergency Reserves" will be established and funded. In addition to emergency reserves, the operating cash needs of the General Fund will continue to be met through the liquidity portfolio established by the City Treasurer's Investment Policy, which is approved by City Council.

The Investment Policy stipulates that the City's pooled investment fund shall be comprised of a core and liquidity portfolio. The liquidity portfolio is designed to ensure that the projected expenditures and related demands for cash can be met over a six month period. Cash flows are calculated and monitored to determine the required amount of operating cash. The liquidity portfolio established by the Investment Policy meets and exceeds the City Charter Section 91 which requires the City to have an available source of cash in order to meet the legal demands against the City for the first four months of each fiscal year prior to the collection of taxes. The City has historically borrowed funds (Tax Revenue Anticipation Notes) at the beginning of each fiscal year to ensure that there is sufficient cash prior to the receipt of property tax.

On October 15, 2002, the City Council adopted the General Fund Reserve Policy which established and maintained a General Fund Reserve level that is sufficient to address unforeseen contingencies such as natural disasters, catastrophic occurrences, or excessive liabilities or judgments against the City. The Reserve Policy specified that the General Fund Reserve should be set at a minimum of 3% of annual General Fund revenues with a goal of establishing the General Fund Reserve at 5% of annual General Fund revenues by fiscal year 2014. Considering the recommendations of the rating agencies (Standard and Poor's, Moody's, and Fitch Ratings) and the need to demonstrate the ability to weather fluctuations in revenue and unforeseen expenditure pressures, reserves greater than 5% need to be established through a defined policy.

The reserve policy recommends that the City establish and maintain appropriate reserves for the City's major funds. Adequate reserve levels would allow the City to withstand short-term revenue and expenditure swings which can result in short-term decisions with negative long-term implications, mitigate the impact of economic downturns that result in reduced municipal revenues from the State, respond to the budgetary affects of natural disasters or other catastrophic events, excessive liabilities or legal judgments against the City, reduce the amount of Tax Revenue Anticipation Notes (TRAN) borrowing each year, and demonstrate the desire to restore its financial standing and gain creditworthiness of bond rating agencies and the financial community.

Mitigate Effects of Economic Volatility and Uncertainty

Being inadequately prepared for swings in revenues or unexpected expenditures can lead to short-term decisions with negative long-term implications. Economic downturns, even if they do not directly affect the City, can cause other agencies to reduce local revenues. During the early 1990's, the country went through a recession and the State of California reduced municipal revenues to balance its own budget. There were similar results during the economic impacts that followed the events of September 11, 2001, which not only impacted revenues as travel and consumer spending decreased, but also led to increased costs for needed security and safety responses to a new potential threat to the country and the City. Since the City had

no significant reserves to draw upon, it faced unanticipated fiscal pressures that led to reductions in services, deferred maintenance, and poor decision-making. Adequate reserves will not eliminate the effect of such events, but will help mitigate the severity short-term revenue and expenditure swings have on the City. Adequate reserves are an essential part of an emergency or disaster plan.

The Government Finance Officers Association (GFOA) Recommendations

GFOA recommends that “governments establish a formal policy on the level of unreserved fund balance that should be maintained in the general fund. GFOA also encourages the adoption of similar policies for other types of governmental funds. Such a guideline should be set by the appropriate policy body and should provide both a temporal framework and specific plans for increasing or decreasing the level of unreserved fund balance, if it is inconsistent with that policy GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unreserved fund balance in their general fund of no less than five to 15 percent of regular general fund operating revenues...”¹ In establishing a policy governing the level of emergency reserves in the General Fund, a government should consider a variety of factors, including:

- The predictability of its revenues and the volatility of its expenditures (i.e., a higher level of unreserved fund balance may be needed if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile).
- The availability of resources in other funds as well as the potential drain upon general fund resources from other funds (i.e., the availability of resources in other funds may reduce the amount of unreserved fund balance needed in the general fund, just as deficits in other funds may require that a higher level of unreserved fund balance be maintained in the general fund).
- Liquidity (i.e., a disparity between when financial resources actually become available to make payments and the average maturity of related liabilities may require that a higher level of resources be maintained).
- Designations (i.e., governments may wish to maintain higher levels of unreserved fund balance to compensate for any portion of unreserved fund balance already designated for a specific purpose).

Obtain High-Quality Rating from Rating Agencies

Rating agencies consider fund balance and reserve policy as a critical component of strong municipal management. In particular, the rating agencies look for a reserve policy which is a clearly delineated fiscal plan that includes a fund balance target level and the instances in which reserves may be used; the reserve levels that are clearly linked to the government’s cash flow needs and the historic volatility of revenues and expenditures throughout economic cycles; and management historically adhering to the reserve policy. As noted by Moody’s Investment Services, “Municipalities need to consider whether to govern their reserves through formal policy or through targeted levels. Most lending institutions tend to favor formal reserve policies because they minimize political considerations of adequate reserve

¹ “Appropriate Level of Unreserved Fund Balance in the General Fund” (2002). Government Finance Officers Association.

levels. Some lending institutions are comfortable relying on municipality's long-term adherence to more informal policies, or targets, but informal policies have been associated with uneven long-term financial performance."²

DEFINITIONS

Working Capital

For the purpose of this policy and when speaking of the core Emergency Reserves, the term "Reserves" is being used synonymously with "Working Capital." Working Capital is defined as current assets (cash or equity in pooled cash and liquid investments and receivables (less than 60 days) minus current liabilities (payables) and encumbrances and other restrictions. Working Capital does not include long-term assets such as some longer term investments, loans receivable, fixed assets, inventory, and equipment.

General Fund Reserves

General Fund Reserves include the Emergency Reserves, the Appropriated Reserves and the Unappropriated Reserves, or fund balance.

Emergency Reserves

Each fund will maintain an Emergency Reserve which by definition would only be used for qualifying emergencies as declared by the Mayor and/or the City Council and ultimately approved by the City Council. Approval by at least two-thirds of the City Council would be required to access the funds. The amount of the reserve for the General Fund would be calculated as a percentage of projected General Fund revenues for the subsequent fiscal year. Any incremental dollars needed to be set aside would be built into that budget. For Enterprise and Special Revenue Funds, the reserve amount would be based on a number of days of operation; for Internal Service Funds, the reserve amount would be based upon the needs and nature of the fund.

At least up to the established reserve level during any fiscal year, Emergency Reserves are only to be used in the case of a natural disaster or unforeseen catastrophic events caused by human activity such as terrorist attacks. Emergency Reserves would not be accessed to meet operating shortfalls or to fund new programs or personnel.

Appropriated Reserves

In addition to the Emergency Reserves, certain funds may maintain reserves that would be set aside during the budget process as a contingency for unanticipated, non-emergency needs that are identified during the year. These reserves would only be drawn upon to fund unexpected expenditures or, in the case of Enterprise Funds, support operations due to unanticipated revenue shortfalls. Recommendations to use these funds would be brought forward by the Mayor or the City Council and would require approval by a majority of the City Council.

The Appropriated Reserve could be used to alleviate unanticipated expenditure (such as a spike in energy prices or materials cost), revenue shortfalls due to an unexpected economic slowdown or recession or to be used for one-time, high priority programs/activities.

² "Fiscal Management/Reserves Are Essential to Fiscal Health". John Incorvais, Moody's Investment Services.

Unappropriated Reserves

Also referred to as fund balance or unallocated reserve, the Unappropriated Reserve is defined as the difference between the assets and liabilities of a fund. A positive fund balance indicates that the City's assets exceed its liabilities.

Capital Reserves

Capital Reserves (or Capital Improvement Program (CIP) Reserves) are intended to provide funding for unanticipated capital expenses. The use of these funds will require the City Council action.

Dedicated Reserves

Dedicated Reserves would be similar to Appropriated Reserves, but would be a set aside for specific purposes by the City Council during the budget process for non-capital projects or activities that take multiple years to fund. (Capital project funding allocated by City Council carries over from year to year until the project is completed or closed.) These dedicated reserves are restricted funds that shall only be used for the identified purpose(s). City Council may review the dedicated reserves annually during the budget process and carryover the funds to future fiscal years. These types of reserves could also be used for special one-time purchases or major activities that have been approved by the City Council.

Dedicated Reserve from Efficiency and Savings

A Dedicated Reserve from Efficiency and Savings (DRES), one for the Water Fund and one for the Metropolitan Wastewater Fund (which is currently in place), will be used to protect and preserve savings found by increasing efficiencies, changing priorities or other actions related to reducing costs of the Capital Improvements Program (CIP) or operations and maintenance of either system. The DRES will track funds that can be used for accelerating CIP project schedules and will help offset the need for any future rate increases. Please refer to **Attachment I** for more detailed information.

Operating Reserves

The Operating Reserve in Enterprise Funds such as Water and Wastewater is intended to be used in the event of a catastrophe that prevents the utility from operating in its normal course of business. Use of the funds is restricted to emergency situations resulting from loss of revenue and must be replenished no later than the subsequent fiscal year. The Chief Operating Officer and/or Chief Financial Officer would have the authority to approve spending.

Rate Stabilization Reserves

The Rate Stabilization Reserves would be set aside to provide a source of funds to mitigate future rate increases in Enterprise Funds such as Water and Wastewater Enterprise Funds. Funds may be deposited into the reserve periodically during the fiscal year but usually at the end of the fiscal year. The funds would be used exclusively for the operation and maintenance of the water or wastewater systems.

GENERAL FUND RESERVE POLICY

The General Fund is used to account for all general revenues of the City not specifically levied or collected for other City funds and for expenditures related to the rendering of general services by the City.

Emergency General Fund Reserve (~~Unappropriated Reserve~~)

The ~~Emergency General Fund Reserve (Unappropriated Reserve)~~ shall be set at a minimum of 8% of annual General Fund revenues. The City shall reach this level no later than fiscal year 2012 according to the following schedule:

6.0% by June 30, 2008
6.5% by June 30, 2009
7.0% by June 30, 2010
7.5% by June 30, 2011
8.0% by June 30, 2012

Emergency Reserve

An Emergency Reserve is to be maintained for the purpose of sustaining General Fund operations at the time of qualifying emergencies as declared by the Mayor and/or the City Council and ultimately approved by the City Council. Until the City reaches a reserve level in excess of 8% of annual General Fund revenues, for purposes of calculating the City's General Fund Reserve level, the City shall combine the balance in the Emergency Reserve with the balances in the Appropriated and the Unappropriated Reserves in order to achieve the reserve balance percentages as outlined below above. At no time during this period, however, shall the balance in the General Fund Emergency Reserve fall below 5% unless specifically waived by the City Council because of an unforeseen emergency as defined in this Policy.

Appropriated Reserve

An Appropriated Reserve may be maintained with the purpose of paying for unanticipated operational needs that arise during the fiscal year but not anticipated during the budget process. Funds appropriated to this Reserve will be identified and appropriated to a single account within the General Fund annual budget. There shall be no maximum or minimum amount appropriated to this Reserve in any given year. Any funds that are not expended in a given fiscal year will revert back to the General Fund's ~~Emergency Unappropriated Reserve balance~~ and may then be re-appropriated in the subsequent year, consistent with this Policy.

Unappropriated Reserve

An Unappropriated Reserve is maintained to support General Fund operations in the event of unanticipated requirement for additional appropriations where the use of the Emergency Reserves would not be appropriate. Should the funds in the Appropriated Reserve be exhausted in a fiscal year, the Unappropriated Reserve may be used. Recommendations to appropriate these funds would be brought forward by the Mayor or the City Council and would require approval by a majority of the City Council.

While funds in ~~this Reserve~~ the Appropriated and Unappropriated Reserves are combined when describing the City's overall financial condition, ~~this Reserve~~ these reserves shall only be considered in addition to the Emergency Reserve and not as a replacement for a fully funded 8% Emergency Reserve (except as noted above on a temporary basis). Until fiscal year 2012, the Mayor will include an amount each year in the recommended operating budget to fund the Appropriated Reserve. Any expenditure of funds from this Reserve will be made based upon the recommendation of the Mayor or the City Council and approval by a majority of the City Council with the exception of the Appropriated Reserves of the Water and Wastewater Funds.

DEVELOPMENT SERVICES FUND RESERVE POLICY

Due to its uniqueness, the Development Services Department currently has three separate types of reserves. It is recommended that until a more in depth review of this fund can be completed, the current reserve policies should be continued.

The City shall maintain existing Development Services Fund balance designations and funding targets:

- **Operating Reserve**

The goal for the Development Services Fund is a 7% Operating Reserve. It is anticipated that the reserve balance will reach 7% by fiscal year 2013.

3.5% by June 30, 2009
4.0% by June 30, 2010
5.0% by June 30, 2011
6.0% by June 30, 2012
7.0% by June 30, 2013

- **Subdivision Account Liability**

Dedicated Reserves for Subdivision Account Liability will be maintained for the purpose of mitigating occasional short-term funding deficits on individual project accounts. In addition, a Work-in-Progress Liability Reserve will be maintained for the purpose of paying for expenses in which fees have already been collected. Neither Liability Reserves will have a maximum or minimum funding amount.

- **Work-in-Progress Liability (Unearned Revenue)**

This type of reserve is comprised of building permit fees that are collected in advance of the work being performed at the time a permit is issued. The Work-in-Progress Liability Reserve is the portion of the fees collected but not yet earned and covers the costs associated with inspecting the work as it is being completed. This reserve is in place so that, if all departmental revenues were not realized, funds would exist to pay inspectors to complete inspections for which fees have already been collected.

RISK MANAGEMENT RESERVE POLICY

Public Liability Fund

The City shall maintain Dedicated Reserves equal to but not less than 50% of the value of the outstanding claims. This level recognizes that not all claims will become due and payable at one point in time, yet there may be more than one large claim that could require an immediate payment.

A reserve amount of 50% shall be achieved no later than fiscal year 2014 based on the following schedule:

5% by June 30, 2008
10% by June 30, 2009
15% by June 30, 2010
25% by June 30, 2011
35% by June 30, 2012
45% by June 30, 2013
50% by June 30, 2014

Workers' Compensation Fund Reserve Policy

The City shall maintain Dedicated Reserves equal to but not less than 50% of the value of the outstanding claims.

Workers' Compensation Fund is a citywide fund that addresses workers' compensation claims for all departments and all funds. In addition, there are citywide rates charged in order to properly fund current year and future liabilities. The City implemented a funding strategy that adds \$2 million annually towards the reserve each year.

A reserve amount of 50% shall be achieved no later than fiscal year 2014 based on the following schedule:

12% by June 30, 2008
15% by June 30, 2009
22% by June 30, 2010
30% by June 30, 2011
35% by June 30, 2012
42% by June 30, 2013
50% by June 30, 2014

Long-Term Disability Fund Reserve Policy

Currently, the balance in the Long-Term Disability (LTD) Fund is estimated at approximately \$3.0 million. The reserve level in this fund shall be established to equal \$12 million by fiscal year 2012 as recommended in the Long-Term Disability Actuarial report. The City shall increase the reserve by a minimum of \$2.25 million in fiscal year 2009 and a minimum of \$2.25 million annually thereafter to achieve the reserve target of \$12 million by fiscal year 2012. A study will be undertaken to determine the feasibility for purchasing an insurance policy to cover this benefit as an alternative to the current practice of self-insurance.

WATER ENTERPRISE FUND RESERVE POLICY

Appropriated Reserve

This reserve is budgeted annually at the discretion of the Water Department to provide for unanticipated needs that may arise during the course of the year. If this Reserve is used to cover unanticipated operating expenses, only the Department Director's approval is required; however, if used for unanticipated capital needs, City Council action is required.

Operating Reserve

This reserve is intended to be used in the event of a catastrophe that prevents the utility from operating in its normal course of business. This reserve is calculated based on the annual operating budget for the fiscal year (less water purchases and the Appropriated Reserve) which represents the amount necessary to provide for a certain number of days of operations in the event of a major disruption to the Water Fund revenues. Use of the funds is restricted to emergency situations resulting from loss of revenue and must be replenished during the fiscal year. The fiscal year 2008 budget for this reserve includes approximately \$23.1 million for 50 days of operations. The schedule below provides the proposed reserve balances for upcoming fiscal years with the plan to bring this reserve to a 70-day reserve by fiscal year 2013:

	(Days of Operations)
FY 2009 – \$27.2 million	(55)
FY 2010 – \$31.9 million	(60)
FY 2011 – \$36.8 million	(65)
FY 2012 – \$38.1 million	(70)
FY 2013 – \$40.0 million	(70)

Capital Reserve

This reserve is budgeted annually at \$5.0 million in the Capital Improvements Budget (CIP). The reserve is intended for unanticipated capital needs. Use of these funds for a CIP project other than the original project designation (project transfer) requires City Council action.

Rate Stabilization Reserve

Historically, this reserve is an unbudgeted amount. It is proposed that this policy will serve to keep a stable balance of \$20.5 million in this reserve in order to mitigate future rate increases. Deposits into the reserve are made from current system revenues. Use of the funds is to be limited only for the operation and maintenance of the water system.

The utilization of this Reserve during the course of the fiscal year does not require City Council action but may be used based upon the recommendation of the Department and approval of the Chief Financial Officer.

Secondary Purchase Reserve

Historically, this reserve is an unbudgeted amount. The proposed policy calls for the size of the reserve to equal 6% of the annual water purchase budget. The reserve may be funded by any lawful source. Withdrawal from the reserves will be necessary for the purchase of water should a major drought or emergency occur that diminishes the City's normal supply. The City Council action is required in order to appropriate these reserves into a program.

Dedicated Reserve from Efficiency and Savings (DRES)

Beginning in fiscal year 2008, two reserves, one for the Water Fund and one for the Metropolitan Wastewater Fund (which is currently in place), will be used to protect and preserve savings found by increasing efficiencies, changing priorities or other actions related to reducing costs of the Capital Improvements Program (CIP) or operations and maintenance of either system. The DRES will track funds that can be used for accelerating CIP project schedules and will help offset the need for any future rate increases. At the end of each fiscal year, any savings not required for compliance with established reserve policies will be

transferred into this reserve. At the end of four years, any funds transferred into this reserve and not used for capital improvements will be used to lower future rates for the water and wastewater systems.

WASTEWATER ENTERPRISE FUND RESERVE POLICY

Appropriated Reserve

The Appropriated Reserve is budgeted annually for unanticipated expenditures. It may be used to fund either operating or capital needs. If this reserve is used to cover unanticipated operating expenses, the Department Director's approval is required; however, if used for unanticipated capital needs, City Council action is required.

Current reserve levels are budgeted at \$3.3 million with intent to keep the reserve balance at the same level for future years based on historical requirements. An annual review of this level should be undertaken to determine adequate funding levels.

Operating Reserve

This reserve is intended to be used in the event of a catastrophe that prevents the utility from operating in its normal course of business. This Reserve is calculated based on the annual operating budget for the fiscal year. The Fiscal Year 2008 Budget for this reserve includes approximately \$31.6 million. The schedule below provides the proposed reserve balances for upcoming fiscal years with the plan to bring this reserve to a 70-day reserve by fiscal year 2013:

	<u>(Days of Operations)</u>
FY 2009 – \$31.6 million	(50)
FY 2010 – \$31.7 million	(50)
FY 2011 – \$35.9 million	(55)
FY 2012 – \$40.1 million	(60)
FY 2013 – \$48.1 million	(70)

Capital Reserve

The CIP Reserve is budgeted as a separate CIP Reserve at a level of \$5.0 million. Use of this reserve may only be used for capital costs. The City Council action is required for any withdrawal from the reserve.

Rate Stabilization Fund

This reserve is identical in rationale with the Rate Stabilization for the Water Fund: a source of funds used to mitigate future rate increases. It is expected that this reserve will reach \$13.3 million in fiscal year 2008. This reserve will be maintained at a level of 20% of system revenues less operating and non-operating expenses. The following are projected dollar targets to be achieved each year and will be adjusted based on 20% of actual revenues (less operating and non-operating expenses):

FY 2009 — \$19.3 million
FY 2010 — \$20.3 million
FY 2011 and beyond — maintain \$20.3 million

The utilization of this reserve during the course of the fiscal year does not require City Council action but may be used based upon the recommendation of the Department and approval of the Chief Financial Officer.

Dedicated Reserve from Efficiency and Savings (DRES)

Beginning in fiscal year 2008, two reserves, one for the Water Fund and one for the Metropolitan Wastewater Fund (which is currently in place), will be used to protect and preserve savings found by increasing efficiencies, changing priorities or other actions related to reducing costs of the Capital Improvements Program (CIP) or operations and maintenance of either system. The DRES will track funds that can be used for accelerating CIP project schedules and will help offset the need for any future rate increases. At the end of each fiscal year, any savings not required for compliance with established reserve policies will be transferred into this reserve. At the end of four years, any funds transferred into this reserve and not used for capital improvements will be used to lower future rates for the water and wastewater systems.

AUTHORITY

Fiscal Reserve Policy

It is recommended that as a matter of policy, any changes, additions, deletions to the Fiscal Reserve Policy must be brought forward to the Budget and Finance Committee for review followed by a presentation to the City Council for formal action.

Quarterly status reports will be provided to the Budget and Finance Committee and the City Council. In addition, any requests for the use of reserves will be accompanied by current status report of the affected reserve fund.

Deviations from the Policy

No deviations from the Fiscal Reserve Policy will be allowed except as recommended by the Mayor or the City Council, and approved by the City Council. This would include increasing or decreasing the basis of emergency reserves, expenditures from reserves for anything other than the intended use of said reserve, and expenditures from any fund balances above the stated basis of the emergency reserves. If one is requested, it must be first presented to the Chief Financial Officer for review of the fiscal impact and to determine its appropriateness. The Chief Financial Officer will then bring the request to the Chief Operating Officer and the Mayor with a recommendation followed by a presentation to the Budget and Finance Committee. After the Budget and Finance Committee review, the item will be presented to the City Council for action.

Reserve Expenditures

Unless specified above, the authority to make expenditures from all reserves for all funds shall lie with the Mayor and City Council. Either the Mayor or the City Council may make recommendations for expenditures either through the budget process for dedicated or replacement reserves, or in the case of emergency or appropriated reserve expenditures, at regular or special City Council meetings.

Replenishment of Reserves

Should a particular reserve fall below the anticipated reserve level as stated in this Policy, the Mayor will bring forward a plan as part of the subsequent fiscal year budget to the Budget and Finance Committee and ultimately the City Council to replenish said reserve in a reasonable timeframe.

EFFECTIVE DATE

The Reserve Policy shall be effective upon Council Approval.

CONCLUSION

The fiscal impact of this policy is to provide for adequate cash balances to ensure that the City meets its cash flow obligations, maximizes earnings on investments, minimizes borrowing costs and maintains the highest credit rating on its bonds.

The Reserve Policy shall serve as a cornerstone for other budgetary and financial decisions. The Policy should be reviewed and discussed no less frequent than every two years. This review would examine the effectiveness of the current policy and would make recommendations for any modifications which may be prudent. This will ensure that the policy remains current with general accounting and finance best practices as well as any regulatory or standards changes that may emerge over time.

The key factor of the reserve policy is to develop the fiscal disciplines that should be strictly followed. Sound fiscal management practices will be required to ensure that reserves are maintained and properly used.

Respectfully submitted,

~~Jay M. Goldstone~~
~~Chief Operating Officer~~
Mary Lewis
Chief Financial Officer

CC: Honorable Mayor Jerry Sanders
Members of the City Council
Jay M. Goldstone, Chief Operating Officer
~~Mary Lewis~~ Nader Tirandazi, Financial Management Director
Andrea Tevlin, Independent Budget Analyst
Greg Levin, City Comptroller

Dedicated Reserve from Efficiencies and Savings

Purpose:

The City will establish a means to identify, track and secure year-to-year budget savings that occur in the Water and Wastewater Departments (Funds). These savings will be specifically identified in the City's general ledger and can be audited. This policy will remain in effect for a period no less than the duration of the fiscal year 2007 four-year rate case. The savings will be used for water and wastewater capital projects, respectively or to minimize future rate increases.

A. The Establishment of Dedicated Reserves:

1. The City will establish a Reserve Account within the respective Water and Wastewater Funds entitled "Dedicated Reserves from Efficiencies and Savings" (Reserve).
2. A semi-annual report will be issued to the Independent Rates Oversight Committee (IROC) which identifies any transfers to or from this Reserve during the prior.
3. At the end of each fiscal year, any savings not required to comply with established policies or legal documents will be transferred into the Reserve.
4. At the end of the four years, any funds transferred into this Reserve and not used for capital improvements will be used to lower future rates.
5. Nothing in this policy will interfere in any way with any contractual or legal obligations entered into by the Departments, including but not limited to any rate covenants in any bond indenture.

B. Capital Improvements (CIP):

1. CIP projects to be funded as part of the rate case will be monitored on a project by project basis.
2. At the point in time when the construction contract is awarded, should the projected project cost be larger than anticipated, the budget will be amended and a funding source identified. To the extent there are funds in the Reserve, the funding will be transferred from the Reserve.
3. Quarterly, a project savings report will be prepared and presented to the IROC. Any savings identified will be transferred to the Reserve.

C. Operations and Maintenance (O&M):

1. The operations and maintenance budgets as presented in the 2007-08 budget case will be monitored on a line item basis and financial results will be reported to the IROC on a quarterly basis.

At the end of the fiscal year, any O&M savings will be transferred to the Reserve.

REQUEST FOR COUNCIL ACTION
CITY OF SAN DIEGO

1. CERTIFICATE NUMBER 201
(FOR AUDITOR'S USE ONLY) 07/28

TO: City Attorney
2. FROM (ORIGINATING DEPARTMENT): Financial Management
3. DATE: 7/3/2008

4. SUBJECT:
Fiscal Year 2009 Appropriation Ordinance

5. PRIMARY CONTACT (NAME, PHONE & MAIL STA.) Angela Colton, 236-5988, 8A
6. SECONDARY CONTACT (NAME, PHONE & MAIL STA.) Francesca Fortunati, 533-4089, 8A
7. CHECK BOX IF REPORT TO COUNCIL IS ATTACHED

8. COMPLETE FOR ACCOUNTING PURPOSES

FUND					9. ADDITIONAL INFORMATION / ESTIMATED COST: The Appropriation Ordinance defines the legal levels at which the Mayor, Chief Financial Officer, Director of Financial Management and City Comptroller are allowed to control operational and capital expenditures. Authorities are requested to allow the financial transactions required to conduct the affairs of the City of San Diego throughout Fiscal Year 2009.
DEPT.					
ORGANIZATION					
OBJECT ACCOUNT					
JOB ORDER					
C.I.P. NUMBER					
AMOUNT					

10. ROUTING AND APPROVALS

ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED	ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
1	ORIGINATING DEPARTMENT	<i>[Signature]</i>	7/3/08	8			
2	FINANCIAL MGMT	<i>[Signature]</i>	7/3/08	9	CFO	<i>[Signature]</i>	7/7/08
3	COMPTROLLER	<i>[Signature]</i>	7/6/08	10	CITY ATTORNEY	<i>[Signature]</i>	7/8/08
4	LIAISON OFFICE	<i>[Signature]</i>	7/7/08	11	ORIGINATING DEPARTMENT	<i>[Signature]</i>	7/9/08
5					DOCKET COORD: _____	COUNCIL LIAISON: <i>[Signature]</i>	7/10/08
6				✓	COUNCIL PRESIDENT <i>[Signature]</i>	<input type="checkbox"/> SPOB <input type="checkbox"/> CONSENT <input checked="" type="checkbox"/> ADOPTION	
7					<input type="checkbox"/> REFER TO: _____	COUNCIL DATE: 7/21/08	

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

- Approve and adopt the Fiscal Year 2009 Appropriation Ordinance
- Approve revisions to the City Reserve Policy

11A. STAFF RECOMMENDATIONS:

Approve request.

12. SPECIAL CONDITIONS:

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

EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO

DATE ISSUED: 07-3-08 REPORT NO:
 ATTENTION: Council President and City Council
 ORIGINATING DEPARTMENT: Financial Management
 SUBJECT: Fiscal Year 2009 Appropriation Ordinance
 COUNCIL DISTRICT(S): N/A
 CONTACT/PHONE NUMBER: Francesca Fortunati/533-4089

REQUESTED ACTION: Approve the Fiscal Year 2009 Appropriation Ordinance and revisions to the City Reserve Policy.

STAFF RECOMMENDATION: Approve the requested action.

EXECUTIVE SUMMARY: The Appropriation Ordinance defines the legal levels at which the Mayor, Chief Financial Officer, Director of Financial Management and City Comptroller are allowed to control operational and capital expenditures. Authorities are requested to allow the financial transactions required to conduct the affairs of the City of San Diego throughout Fiscal Year 2009. The following summarizes the significant changes made from the Fiscal Year 2008 Appropriation Ordinance and additional authorities requested in the Fiscal Year 2009 Appropriation Ordinance. Modifications to the Appropriation Ordinance include reference the City Reserve Policy and, in order to provide additional clarification on General Fund Reserves, the Reserve Policy was revised.

1. Authorization to appropriate funds for the purpose of achieving the 5% minimum General Fund Emergency Reserve balance at year end.
2. Authorization to transfer appropriations from the General Fund Appropriated Reserve to other General Fund departments upon adopted Council resolution.
3. Authorization and direction to increase expenditure appropriations of the General Fund Appropriated Reserve in accordance with Council Resolution No. R-303797.
4. Addition of Mission Bay and Other Regional Park Improvements to the authorization to increase and/or decrease revenue and expenditure appropriations for the purpose of implementing Council approved programs.
5. Limit carry over of Community Development Block Grant funds consistent with Council Policy 700-02.
6. Removal of Council Policy 100-03 waivers for Transient Occupancy Tax recipients due to establishment of the Tourism Marketing District.
7. Authorization to appropriate funds from Maintenance Assessment Districts' budgeted contingency reserves, if needed, to support administration costs.
8. Modified language to reflect the change from the first TransNet program to the TransNet extension program.
9. Authorization to appropriate funds for the purpose of implementing the Metropolitan Wastewater Department Memorandum of Understanding for Bid to Goal Public Contract Operations Agreement.
10. Authorization to appropriate expenditures from unanticipated revenues for the purpose of allowing for the uninterrupted provision of services of Internal Service Funds.

000210

FISCAL CONSIDERATIONS: None

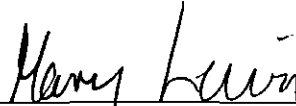
PREVIOUS COUNCIL and/or COMMITTEE ACTION: Item was reviewed at Budget and Finance Committee on July 9, 2008 and was approved 4-0 to move forward to full City Council.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: None

KEY STAKEHOLDERS AND PROJECTED IMPACTS: None



Nader Tirandazi
Financial Management Director



Mary Lewis
Chief Financial Officer

RECEIVED
08 JUL 10 PM 12:58
CITY CLERKS OFFICE
SAN DIEGO, CA

ORDINANCE NUMBER O-_____ (NEW SERIES)

DATE OF FINAL PASSAGE _____

AN ORDINANCE ADOPTING THE ANNUAL BUDGET FOR THE FISCAL YEAR 2009 AND APPROPRIATING THE NECESSARY MONEY TO OPERATE THE CITY OF SAN DIEGO FOR SAID FISCAL YEAR.

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

SECTION 1. The budget for the expense of conducting the affairs of the City of San Diego for the fiscal year commencing July 1, 2008, and ending June 30, 2009, heretofore prepared and submitted to this Council by the Mayor and amended through the Mayor's Revision submitted May 16 and 29, 2008, by recommendations from the Office of the Independent Budget Analyst, and by changes from the City Council and the Mayor's veto and subsequent Council override of said veto, all of which was approved by Council on June 23, 2008, and on file in the Office of the City Clerk as Resolution No. R-303797 is hereby adopted as the Annual Budget for said fiscal year.

SECTION 2. There is hereby appropriated for expenditure out of the funds of said City for municipal purposes the amounts set forth in Attachment 1 and in the approved Capital Improvement Program Budget, which defines the legal levels at which the City Comptroller shall control operational and capital project spending.

I. GENERAL FUND

(A) The Mayor and City Comptroller are hereby authorized to transfer to an appropriate account from the departmental appropriations as set forth in Attachment 1 an amount sufficient to assure that, in the event there is a shortfall in projected revenues, there are sufficient revenues

RECEIVED
08 JUL 17 AM 11:15
CITY CLERKS OFFICE
SAN DIEGO, CA

to cover the remaining appropriations; provided that in the case that projected revenue estimates are met, the funds set aside may be returned to their respective appropriation accounts.

(B) The City Comptroller is authorized and directed to deposit the \$3.7 million budgeted amount as well as any revenues in excess of expenditures at fiscal year end to the General Fund Unappropriated Reserve.

(C) The City Comptroller is authorized and directed to increase expenditure appropriations of the General Fund Appropriated Reserve from revenue in excess of expenditures at fiscal year end and/or the General Fund Unappropriated Reserve for the purpose of achieving the 5% minimum General Fund Emergency Reserve balance at year end, as defined in the City Reserve Policy.

(D) The City Comptroller is authorized, upon adopted Council resolution, to transfer appropriations from the General Fund Appropriated Reserve to other General Fund departments.

(E) The City Comptroller is authorized and directed to increase expenditure appropriations of the General Fund Appropriated Reserve by \$10.0 million dollars from the General Fund Unappropriated Reserve.

(F) The City Comptroller is to appropriate and expend interest earnings generated from the issuance and administration of Tax and Revenue Anticipation Notes for the purpose of funding expenditures related to their issuance.

(G) The provisions in the Library Ordinance, Municipal Code Section 22.0228, restricting funding are hereby waived.

(H) The City Comptroller is authorized and directed, upon approval of the Mayor, to transfer appropriations for costs avoided in one department by a mutual agreement to incur them in another department.

(I) The City Comptroller is authorized, upon the direction of the Mayor, to increase and/or decrease revenue and expenditure appropriations for the purpose of implementing Council approved economic development, business incentive and other programs that include the Business and Industry Incentive Program (Council Policy 900-12), the Housing Impact Fee Waiver–Enterprise Zones Program (Council Policy 900-12), the Small Business Enhancement Program (Council Policy 900-15), the Storefront Improvement Program (Council Policy 900-17), the Community Parking District Policy (Council Policy 100-18), and Mission Bay and Other Regional Park Improvements (Municipal Code Section 22.0229).

(J) The City Comptroller is authorized, upon the direction of the Mayor, to increase revenue and expenditure appropriations for the purpose of paying unanticipated Property Tax Administration fees to the County of San Diego.

II. SPECIAL REVENUE FUNDS

(A) Community Development Block Grant Funds

(1) Community Development Block Grant Funds are appropriated for the purposes established by the grant provisions as approved and authorized by Council. All authorized but incomplete program activities and unexpended monies related thereto remaining in the Community Development Block Grant Funds on June 30, 2009 shall be carried forward to future years for the purpose of completing said authorized activities in accordance with Council Policy 700-02.

(2) The City Comptroller is authorized, upon the direction of the respective Council District, to allocate the Council District's reserves or reallocate appropriations from budgeted projects later determined ineligible to new or existing CDBG eligible projects.

(3) The City Comptroller is authorized and directed, upon the direction of the Mayor, to transfer a maximum of \$100,000 per capital project from fund reserves or excess program income to projects for eligible costs, such as engineering, in excess of approved appropriations.

(B) Transient Occupancy Tax Fund (10220)

The provisions of Council Policy 100-03 (Transient Occupancy Tax), for specific activities funded by this ordinance, are deemed and declared to be complied with, by the adoption of this Ordinance. The Mayor or his designee is hereby authorized to execute appropriate agreements for the conduct of activities associated with the allocations authorized by Council for Fiscal Year 2009. It is the intent of the Council that the Transient Occupancy Tax Fund appropriations be expended in accordance with the Council Policy 100-03.

(C) Environmental Growth Funds (10505, 105051, 105052)

(1) It is the intent of the Council that the Environmental Growth Fund appropriations are to be expended for those purposes described in City Charter Section 103.1a. The provisions in the San Diego Municipal Code Section 63.30, as amended by Ordinance 19159 are hereby waived.

(2) Any monies deposited in the Environmental Growth Fund in excess of estimated revenue as described in Section 103.1a of the City Charter and any carryover monies from the previous fiscal year are hereby appropriated for the purpose for which the Environmental Growth Fund was created and may be expended only by Council resolution. The Council may, from time-to-time, for purposes of augmenting specified programs, elect to allocate additional monies to the Environmental Growth Fund from sources other than those enumerated in Section 103.1a of the Charter. In that event, those additional monies shall not be subject to any fractional allocation but shall be used solely and exclusively for the program purpose designated by Council.

(D) Maintenance Assessment District Funds

The City Comptroller is authorized, upon the direction of the Financial Management Director, to transfer allocations from contributing Maintenance Assessment District Funds budgeted contingency reserves to increase the appropriations to reimburse the Maintenance Assessment District Management Fund accordingly, in the event that actual expenses related to administration exceed budgeted levels.

III. DEBT SERVICE FUNDS***General Obligation Bond Interest and Redemption Fund (21640)***

There is hereby appropriated the current year's proceeds from the tax levy as required to pay debt service on the issuance of \$25.5 million aggregate principal amount of General Obligation bonds authorized in an election held on June 5, 1990 by a favorable vote of more than two-thirds of all the voters voting on the proposition.

IV. CAPITAL PROJECTS FUNDS

(A) Any additions to or deletions from the Capital Improvements Program, as may be required, shall be made by Council resolution provided funding is available for such action. The City Comptroller, at the direction of the Mayor, is authorized and directed to add maintenance projects funded elsewhere which are determined to be of a capital nature to the Capital Improvements Program.

(B) The City Comptroller is authorized and directed upon the direction of the Mayor, to transfer unexpended balances in completed current year Capital Improvements Program projects to the appropriate Capital Improvements Program Unallocated Reserve, Annual Allocation or Fund Balances.

(C) The City Comptroller is authorized and directed, upon the direction of the Mayor, to transfer and appropriate a maximum of \$200,000 per project not to exceed 10% of the project budget from appropriate Unallocated Reserves, Annual Allocations, earned interest or Unappropriated Fund Balances to Capital Improvements Program projects to reimburse eligible costs in excess of approved appropriations at project completion.

(D) The City Comptroller is authorized to make cash advances from the appropriate revenue source funds for the purpose of funding incidental and engineering costs of projects included in the long-range Capital Improvements Program Budget. Such advances shall be reimbursed to the respective Fund upon appropriation. In addition, the City Comptroller is authorized and directed to advance funds as required for grant funded projects based on earned grant revenue receivable. Advances will be returned upon the payment of the grant receivable.

(E) The City Comptroller is authorized and directed, upon the direction of the Mayor, to reallocate revenue sources between Capital Improvements Program projects, in accordance with the restrictions placed on various revenues where the net reallocation does not result in a net increase to any of the revenue sources or project budgets.

(F) Facilities Benefit Assessment Funds and Development Impact Fee Funds (79001-79016), (79501-79535), (39051-39095)

(1) The City Comptroller is authorized, upon the direction of the Mayor, to modify individual Capital Improvements Program project budgets in accordance with Council-approved Community Public Facilities Financing Plans.

(2) The City Comptroller is authorized, upon the direction of the Mayor, to reallocate DIF funded appropriations between Council-approved projects in order to expedite the use of DIF funds in accordance with AB1600 requirements.

(3) The City Comptroller is authorized, upon the direction of the Mayor, to appropriate and transfer monies from DIF funds to the Redevelopment Agency of the City of San Diego (Agency) for reimbursable capital project expenditures as authorized by City Council resolution RR-300013 dated December 7, 2004 and the Redevelopment Agency resolution R-03862. The transfers will be limited to availability of funds within DIF funds and to projects identified in the Centre City Public Facilities Financing Plan.

(4) The City Comptroller is authorized, upon the direction of the Mayor, to appropriate in the FBA and DIF funds a sufficient and necessary amount to reimburse the administrative costs incurred by other City funds.

(G) TransNet and TransNet Extension Funds (30300-30306, 30308-30319)

(1) The TransNet Extension Funds (30310-30319) are hereby appropriated for the purposes authorized by Proposition A - San Diego County Transportation Improvement; the Regional Transportation Improvement Program (RTIP) and the Annual Budget Document.

(2) The City Comptroller may reallocate funding among the projects contained in the RTIP and the Capital Improvements Program Budget, upon the request of the responsible department director and upon the approval of the Mayor, provided that such reallocation does not increase the total TransNet appropriations. The City Comptroller may, upon the direction of the Mayor, appropriate and reallocate TransNet Extension Congestion Relief cash, TransNet Extension Congestion Relief commercial paper, and TransNet (original program) cash appropriations among Council approved TransNet Funded projects in order to reduce the use of debt and maximize the use of cash in these funds. The Mayor is authorized as the Council designee to direct the San Diego Association of Governments (SANDAG) to amend the RTIP for such reallocations.

(3) Any monies deposited in the TransNet funds in excess of estimated revenue and any carryover monies from the previous fiscal year are hereby appropriated for the purpose for which said Funds were created and may be appropriated and expended by the City Comptroller, upon the direction of the Mayor, provided that such an increase is part of the RTIP.

(H) Infrastructure Improvement Fund (10529)

(1) Any carryover monies from the previous fiscal year in the Infrastructure Improvement Fund (10529) are hereby appropriated for the purpose for which said fund was created.

(2) Funds from the Infrastructure Improvement Fund may be transferred and appropriated to the General Fund upon the direction of the Mayor for purposes identified by the Mayor for the Mayor's Infrastructure Improvement Fund or by the Council Districts for the individual Council District's Infrastructure Improvement Funds.

(3) The City Comptroller is authorized to add and establish CIP projects as identified by the Mayor and City Council that are not currently in the Capital Improvements Program. The City Comptroller is authorized, upon the direction of the Mayor to return any Infrastructure Improvement Funds deemed to be surplus in a project.

V. ENTERPRISE FUNDS

(A) All Enterprise Funds are hereby appropriated for the purpose of providing for the operation, maintenance and development of their respective purposes.

(B) Reserve Funds are hereby appropriated to provide funds for the purpose for which the Fund was created. The City Comptroller is hereby authorized to return to the source Fund monies deposited in Reserve Funds in excess of amounts required, consistent with the City Reserve Policy.

(C) The City Comptroller may reallocate appropriations in the Capital Improvement Program, changing the total appropriation for any given project contained in the Council-approved Capital Improvements Program to cover costs related to a redistribution of program wide contracts for Construction Management.

(D) The City Comptroller may reallocate appropriations and associated encumbrances from any Council approved budgeted project in the Capital Improvement Program to the Fund's annual operating budget for costs associated with extended environmental monitoring for re-vegetation. *Such reallocation shall decrease the total appropriation and encumbrance for the project and increase the appropriation and encumbrance in the annual operating budget by an equal amount provided that the reallocation is no greater than 5% of the capital project budget.*

(E) The City Comptroller is authorized, upon the direction of the Mayor, to increase expenditure appropriations for the purpose of implementing the Metropolitan Wastewater Department Memorandum of Understanding for Bid to Goal Public Contract Operations Agreement.

VI. INTERNAL SERVICE FUNDS

(A) The City Comptroller is hereby authorized, upon the direction of the Mayor, to distribute surplus retained earnings or excess contributions from various internal service funds back to appropriate contributing funds or between employee benefit-related internal service funds.

(B) Equipment Operating Fund (50030) and Equipment Replacement Fund (50031)

The City Comptroller is hereby authorized and directed, upon the direction of the Mayor, to redistribute contributions among the Equipment Operating and Equipment Replacement internal service funds or to advance funds between these internal service funds.

(C) Central Stores Fund (50010), Publishing Services Fund (50020), Equipment Operating Fund (50030), Equipment Replacement Fund (50031), and Risk Management Administration Fund (50061)

The City Comptroller is hereby authorized, upon direction of the Mayor, to appropriate expenditures from unanticipated revenues for the purpose of allowing for the uninterrupted provision of services.

VII. TRUST AND AGENCY FUNDS

These funds are established to account for assets held by the City as an agent for individuals, private organizations, other governments and/or funds; for example, federal and state income taxes withheld from employees, 401(k) and deferred compensation plans, parking citation revenues, and employee benefit plans. The City Comptroller is authorized and directed to establish the appropriate agency funds and to deposit and disburse funds in accordance with the respective agency relationships.

SECTION 3. The Mayor is hereby authorized to execute appropriate initial and continuing contracts and agreements for the conduct of activities associated with the allocations authorized by Council and in accordance with provisions of grant agreements.

SECTION 4. The City Comptroller is authorized, upon direction of the Mayor, to release excess rate stabilization funds and debt service stabilization funds to the appropriate unallocated reserve or fund balance, consistent with the City Reserve Policy.

SECTION 5. The City Comptroller is authorized and directed, upon the direction of the Mayor, to make inter-fund loans, including interest at the City's pooled rate of return, between funds to cover cash needs. These loans may, if appropriate, extend beyond the current fiscal year.

SECTION 6. All interest earnings generated by any fund which has been established pursuant to a legal or contractual requirement, externally imposed restriction, or by enabling legislation (including, but not limited to, the Appropriation Ordinance) shall remain in said fund solely for the purpose the fund was intended.

SECTION 7. All Funds, established by Council in previous fiscal years or during the current fiscal year, are appropriated for the purposes established by applicable laws and/or in accordance with provisions of agreements authorized by Council and for projects contained in the Council-approved Capital Improvements Program or authorized by Council resolution. The City Comptroller is authorized and directed to expend monies within the funds for services provided by those funds. The City Comptroller is authorized and directed, upon approval of the Mayor, to return any surplus monies to the contributing funds.

SECTION 8. The City Comptroller is authorized and directed, upon the direction of the Mayor, to transfer current and/or prior years' surplus monies within the Flexible Benefit/Management Benefit Programs reimbursement funds after fiscal year end. Any remaining surplus monies (excluding flexible spending accounts) in the reimbursement funds may be transferred by the City Comptroller, upon the direction of the Mayor, to the Risk Management Administration Fund (50061) to be expended, up to the full forfeited amount, for programs which benefit City employees.

The City Comptroller is authorized and directed, upon the direction of the Mayor, to transfer surplus/reserves within other employee benefit funds or to reallocate these monies to other fringe benefit funds.

SECTION 9. The City Comptroller is authorized and directed, upon the direction of the Mayor, to make appropriate inter-fund transfers in accordance with the Annual Budget Document and estimated sources of revenue.

The City Comptroller may, upon the direction of the Mayor, transfer funds to related City entities in accordance with the Annual Budget Document and appropriate funding source rules and regulations.

SECTION 10. The City Comptroller is authorized and directed to appropriate and *expend donations in accordance with Council Policy 100-02 (City Receipt of Donations).*

SECTION 11. All revenues generated consistent with the Public Trust pursuant to Section 6306 of the Public Resources Code in relation to operation of Mission Bay Park and Ocean Beach Park in excess of expenditures for operations, maintenance and capital improvements during the fiscal year are hereby placed in a special fund to be used exclusively for past and future operations, maintenance and capital improvements and for past, current, and future expenditures uncompensated by past, current and future revenues derived from Mission Bay Park and Ocean Beach Park as required by agreements with the State of California. Excess revenues are hereby appropriated for said purposes and may be expended only by Council resolution or in accordance with projects contained in the Council-approved Capital Improvements Program.

All revenues generated by sovereign trust lands granted by the State of California to the City of San Diego pursuant to section 6306 of the Public Resources Code are hereby *appropriated for purposes consistent with the public trust.*

SECTION 12. All other revenues which are not appropriated by any other section of this ordinance, and which are in excess of budgeted revenue as determined by the Mayor, are hereby

transferred by the City Comptroller to legally established reserve fund(s) or account(s).

However, in no event shall the total appropriations of all tax revenues as defined by Article XIII B of the California State Constitution made pursuant to this ordinance exceed the City's legal limit.

The total appropriation is \$XXX a portion of which will be derived from proceeds of taxes as defined within Article XIII B of the State Constitution.

It is the intent of this ordinance to comply with Article XIII B of the California State Constitution.

SECTION 13. The City Comptroller is authorized and directed, upon direction of the Mayor, to modify budgets in accordance with the Fiscal Year 2009 Tax Rate Ordinance as approved by Council. Further, the Financial Management Department is directed to modify the Annual Budget Document in accordance with the Tax Rate Ordinance.

SECTION 14. The City Comptroller is authorized and directed to close obsolete or inactive funds; residual balances of such funds shall be returned to their source or, if to the General Fund, to a General Fund Unappropriated Reserve. The City Comptroller shall periodically report fund closures to the City Council and recommend the appropriation of any residual balances.

SECTION 15. The City Comptroller is directed to withhold payment of fees, costs and expenses associated with any case/claim filed by the City Attorney in which the authorization to file such case or claim has not been pre-approved by the City Council. This includes but is not limited to such fees, costs and expenses for outside legal fees, expert witnesses/testimony, and investigative expenses.

When submitting requests for payment to the City Comptroller, the City Attorney shall provide the following information in addition to the invoice prior to payment by the City Comptroller:

1. The letter of engagement for the services being provided by outside legal counsel or contract or purchase order for other related services, and
2. A memorandum signed by a representative of the City Attorney's Office indicating a) that these services have been approved by the City Council, b) the resolution or ordinance number, and/or the Statute of Limitations date for the matter requiring filing prior to City Council approval; or
3. A memorandum signed by a representative of the City Attorney's Office indicating that these services are unrelated to any ongoing pending action authorized/approved by the City Council.

In litigation invoking situations 2 and 3 above, the City Comptroller is directed to present a report to the City Council (in the form of a 1472) for review and approval in those instances where an invoice is submitted for payment and prior City Council authorization has not been received.

This provision does not apply to payroll expenditures for City Attorney Staff nor does it restrict the City Attorney from filing a claim against a defendant if the City Attorney is subject to a statute of limitation deadline and cannot seek City Council approval prior to the expiration of such statute of limitation. Under this situation, the City Attorney shall minimize expenditures and notify outside counsel, if appropriate, that City Council approval is necessary to proceed and shall seek City Council approval within 30 days from the date of filing. Should City Council approval not be secured, the action will be dismissed without prejudice. This provision also does

not apply to costs incurred by the City Attorney in defending the City against claims filed against it.

SECTION 16. It is the express intent of the City Council that, notwithstanding anything to the contrary herein, any economic benefit, savings, or effect of this ordinance shall not be used, directly or indirectly, to fund, support in any way, or ratify any employment or retirement benefit determined to be illegal by a court of law.

SECTION 17. The powers of the Council not delegated to the Mayor, Chief Financial Officer, Director of Financial Management and City Comptroller, as specifically set forth herein, are reserved to the Council in accordance with the terms of the Charter.

SECTION 18. That a full reading of this ordinance is dispensed with prior to its final passage, a written or printed copy having been available to the City Council and the public a day prior to its final passage.

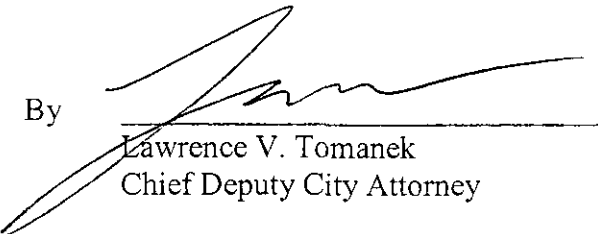
SECTION 19. This ordinance is declared to take effect and be in force immediately upon its passage after two (2) public hearings pursuant to the authority contained in Sections 71, 275, and 295 of the Charter of the City of San Diego.

SECTION 20. The Mayor shall have no veto power over this ordinance pursuant to Section 280(a)(4) of the Charter of the City of San Diego.

Attachment I will be released at the Budget and Finance Committee meeting on July 9, 2008.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By



Lawrence V. Tomanek
Chief Deputy City Attorney

07/08/2008
Or.Dept: Mayor
O-2009-4

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

ELIZABETH S. MALAND
City Clerk

By _____
Deputy City Clerk

000227

Attachment 1
Fiscal Year 2009 Operating and Capital Appropriations

OPERATING APPROPRIATIONS	Fringe & Non-		FY 2009
	Salary & Wages	Personnel	Appropriation
General Fund			
Administration	\$ 1,174,461	\$ 722,919	\$ 1,897,380
Business Office	\$ 875,727	\$ 1,073,197	\$ 1,948,924
City Attorney	\$ 22,861,762	\$ 13,529,412	\$ 36,391,174
City Auditor	\$ 1,058,936	\$ 618,692	\$ 1,677,628
City Clerk	\$ 2,383,743	\$ 2,112,653	\$ 4,496,396
City Comptroller	\$ 7,061,831	\$ 5,035,661	\$ 12,097,492
City Council - District 1	\$ 508,432	\$ 481,568	\$ 990,000
City Council - District 2	\$ 427,809	\$ 562,191	\$ 990,000
City Council - District 3	\$ 571,845	\$ 418,155	\$ 990,000
City Council - District 4	\$ 541,097	\$ 448,903	\$ 990,000
City Council - District 5	\$ 501,630	\$ 488,370	\$ 990,000
City Council - District 6	\$ 450,889	\$ 539,111	\$ 990,000
City Council - District 7	\$ 478,559	\$ 511,441	\$ 990,000
City Council - District 8	\$ 563,146	\$ 426,854	\$ 990,000
City Planning and Community Investment	\$ 6,157,210	\$ 11,740,916	\$ 17,898,126
City Planning and Development	\$ 340,010	\$ 194,088	\$ 534,098
City Treasurer	\$ 6,655,607	\$ 8,261,967	\$ 14,917,574
Citywide Program Expenditures	\$ -	\$ 67,542,463	\$ 67,542,463
Community & Legislative Services	\$ 2,174,551	\$ 2,012,254	\$ 4,186,805
Community Services	\$ 220,011	\$ 128,574	\$ 348,585
Council Administration	\$ 1,151,967	\$ 823,191	\$ 1,975,158
Customer Services	\$ 1,258,083	\$ 1,070,914	\$ 2,328,997
Debt Management	\$ 1,607,470	\$ 1,146,446	\$ 2,753,916
Development Services	\$ 3,499,449	\$ 2,999,898	\$ 6,499,347
Engineering and Capital Projects	\$ 37,701,657	\$ 27,458,276	\$ 65,159,933
Environmental Services	\$ 8,730,945	\$ 31,780,376	\$ 40,511,321
Ethics Commission	\$ 650,622	\$ 355,677	\$ 1,006,299
Family Justice Center	\$ 332,048	\$ 311,634	\$ 643,682
Financial Management	\$ 2,290,787	\$ 1,980,877	\$ 4,271,664
Fire-Rescue	\$ 107,635,617	\$ 83,061,160	\$ 190,696,777
General Services	\$ 19,406,673	\$ 49,918,204	\$ 69,324,877
Labor Relations	\$ 626,799	\$ 336,748	\$ 963,547
Library	\$ 18,053,308	\$ 18,960,249	\$ 37,013,557
Office of Ethics & Integrity	\$ 998,161	\$ 1,089,007	\$ 2,087,168
Office of Homeland Security	\$ 786,848	\$ 817,060	\$ 1,603,908
Office of the Chief Financial Officer	\$ 405,481	\$ 619,688	\$ 1,025,169
Office of the CIO	\$ -	\$ 24,963,599	\$ 24,963,599
Office of the IBA	\$ 999,800	\$ 615,415	\$ 1,615,215
Office of the Mayor and COO	\$ 470,434	\$ 305,516	\$ 775,950
Park & Recreation	\$ 32,127,052	\$ 56,206,384	\$ 88,333,436
Personnel	\$ 3,826,313	\$ 2,632,102	\$ 6,458,415
Police	\$ 231,156,290	\$ 179,514,555	\$ 410,670,845
Public Safety	\$ 472,416	\$ 1,949,491	\$ 2,421,907
Public Works	\$ 194,006	\$ 130,382	\$ 324,388
Purchasing & Contracting	\$ 2,522,529	\$ 1,917,686	\$ 4,440,215
Real Estate Assets	\$ 2,340,869	\$ 1,721,251	\$ 4,062,120

000228

OPERATING APPROPRIATIONS	Salary & Wages	Fringe & Non- Personnel	FY 2009 Appropriation
General Fund (continued)			
Storm Water	\$ 7,449,257	\$ 41,371,079	\$ 48,820,336
General Fund Total	\$ 541,702,137	\$ 650,906,254	\$ 1,192,608,391
Debt Service and Tax Funds			
Public Safety Communication Bonds	\$ -	\$ 2,332,272	\$ 2,332,272
Tax and Revenue Anticipation Notes Fund	\$ -	\$ 3,094,061	\$ 3,094,061
Zoological Exhibits	\$ -	\$ 8,946,525	\$ 8,946,525
Debt Service and Tax Funds Total	\$ -	\$ 14,372,858	\$ 14,372,858
Special Revenue Funds			
AB 2928 - Transportation Relief	\$ -	\$ 12,676,642	\$ 12,676,642
Automated Refuse Container Fd	\$ -	\$ 500,000	\$ 500,000
Concourse and Parking Garages	\$ 181,808	\$ 4,410,653	\$ 4,592,461
Convention Center Complex	\$ -	\$ 20,718,894	\$ 20,718,894
Emergency Medical Services	\$ 4,140,921	\$ 2,964,367	\$ 7,105,288
Energy Conservation Program Fund	\$ 648,674	\$ 1,144,494	\$ 1,793,168
Environmental Growth Fund 1/3	\$ -	\$ 5,489,127	\$ 5,489,127
Environmental Growth Fund 2/3	\$ -	\$ 12,816,482	\$ 12,816,482
Facilities Financing Fund	\$ 1,068,901	\$ 1,586,386	\$ 2,655,287
Fire and Lifeguard Facilities Fund	\$ -	\$ 1,657,420	\$ 1,657,420
Gas Tax	\$ -	\$ 24,403,398	\$ 24,403,398
Information Technology Fund	\$ 5,627,312	\$ 6,435,555	\$ 12,062,867
Los Penasquitos Canyon Preserve	\$ 110,007	\$ 117,831	\$ 227,838
New Convention Center	\$ 50,000	\$ 4,289,198	\$ 4,339,198
PETCO Park	\$ 55,000	\$ 17,613,821	\$ 17,668,821
Police Decentralization Fund	\$ -	\$ 7,092,333	\$ 7,092,333
Public Art Fund	\$ -	\$ 30,000	\$ 30,000
QUALCOMM Stadium Operating Fund	\$ 2,376,824	\$ 15,586,063	\$ 17,962,887
Redevelopment Fund	\$ 1,997,042	\$ 1,341,574	\$ 3,338,616
Seized & Forfeited Assets Fund	\$ -	\$ 5,521,984	\$ 5,521,984
Solid Waste Local Enforcement Agency	\$ 408,512	\$ 526,338	\$ 934,850
Special Promotional Programs	\$ 704,771	\$ 89,385,072	\$ 90,089,843
STOP-Serious Traffic Offenders Program	\$ -	\$ 1,200,000	\$ 1,200,000
Storm Drain Fund	\$ -	\$ 6,046,746	\$ 6,046,746
TransNet Extension	\$ -	\$ 10,458,978	\$ 10,458,978
Trolley Extension Reserve	\$ -	\$ 4,108,096	\$ 4,108,096
Utilities Undergrounding Program	\$ 391,057	\$ 755,518	\$ 1,146,575
Special Revenue Funds Total	\$ 17,760,829	\$ 258,876,970	\$ 276,637,799
Enterprise Funds			
City Airport Fund	\$ 1,017,664	\$ 2,163,289	\$ 3,180,953
Development Services Enterprise Fund	\$ 22,588,878	\$ 26,692,285	\$ 49,281,163
Golf Course Enterprise	\$ 4,082,755	\$ 9,542,545	\$ 13,625,300
Recycling Fund	\$ 7,032,701	\$ 16,020,521	\$ 23,053,222
Refuse Disposal Fund	\$ 8,695,491	\$ 24,893,591	\$ 33,589,082
Sewer Funds	\$ 53,688,994	\$ 343,511,054	\$ 397,200,048
Water Department Fund	\$ 44,576,486	\$ 311,447,352	\$ 356,023,838
Enterprise Funds Total	\$ 141,682,969	\$ 734,270,637	\$ 875,953,606

OPERATING APPROPRIATIONS	Salary & Wages	Fringe & Non- Personnel	FY 2009 Appropriation
Internal Service Funds			
Balboa / Mission Bay Improvement	\$ -	\$ 6,955,219	\$ 6,955,219
Central Stores Internal Service Fund	\$ 852,948	\$ 22,920,368	\$ 23,773,316
ERP Fund	\$ -	\$ 4,064,106	\$ 4,064,106
Fleet Services	\$ 13,511,743	\$ 75,740,291	\$ 89,252,034
Publishing Services Internal Fund	\$ 1,093,255	\$ 3,451,731	\$ 4,544,986
Risk Management Administration	\$ 4,634,618	\$ 4,233,492	\$ 8,868,110
Internal Service Funds Total	\$ 20,092,564	\$ 117,365,207	\$ 137,457,771
Other Service Funds			
City Employees' Retirement System	\$ 5,249,776	\$ 36,310,573	\$ 41,560,349
Open Space Park Facilities	\$ -	\$ 1,162,022	\$ 1,162,022
Other Service Funds Total	\$ 5,249,776	\$ 37,472,595	\$ 42,722,371
TOTAL OPERATING APPROPRIATIONS \$ 726,488,275 \$ 1,813,264,521 \$ 2,539,752,796			

CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS	FY2009 Appropriation
Airports	
31-001.0 Annual Allocation - Montgomery Field	\$ 600,000
31-001.1 Annual Allocation - Brown Field	\$ 1,800,000
Airports Total	\$ 2,400,000
City Comptroller	
92-000.0 Enterprise Resource Planning System Core Project	\$ 6,825,624
City Comptroller Total	\$ 6,825,624
City Planning and Community Investment	
37-446.0 Chollas Creek South Branch Phase One Implementation	\$ 394,000
39-803.0 Annual Allocation - Downtown Parking Projects	\$ 1,500,000
City Planning and Community Investment Total	\$ 1,894,000
Engineering & Capital Projects	
12-152.0 Famosa Slough Salt Marsh Restoration	\$ 24,000
13-501.0 Talbot Street Slope	\$ 856,000
29-914.0 Martin Luther King Junior Community Park - Recreation Center Roof Replacement	\$ 61,000
37-028.0 Annual Allocation-Underground of City Utilities	\$ 60,000,000
37-064.0 Annual Allocation - ADA Improvements	\$ 10,960,979
39-086.0 Azalea Park Roadway Improvements and Neighborhood Identification	\$ 50,000
39-209.0 El Cajon Boulevard Commercial Revitalization - Interstate 805 to 54th Street	\$ 50,000
39-216.0 Washington/Goldfinch Improvements	\$ 100,000
39-234.0 El Cajon Boulevard Median Improvements	\$ 160,000
52-293.0 Annual Allocation - Street Lights - Citywide	\$ 617,460
52-307.0 Spring Canyon Road between Scripps Ranch Boulevard and Pomerado Road	\$ 750,000
52-403.0 Camino del Sur, San Dieguito Road to Carmel Valley Road - Street Improvements	\$ 5,330,000
52-409.0 43rd Street and Logan/National Avenue Intersection	\$ 7,422,375
52-411.0 Carmel Mountain Road - Neighborhood 10 Boundary to Del Mar Mesa Road	\$ 900,000
52-417.0 Eastgate Mall - Miramar Road to San Diego Gas and Electric (SDG&E) Easement	\$ 450,000
52-455.0 State Route 163 and Friars Road	\$ 5,000,000
52-479.0 El Camino Real - San Dieguito Road to Via de la Valle	\$ 300,000

CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS		FY2009
Engineering & Capital Projects (continued)		Appropriation
52-492.0	Del Sol Boulevard - Central	\$ 4,000,000
52-517.0	Carmel Valley Road - 300 Feet East of Portofino Drive to Del Mar	\$ 120,000
52-519.0	Annual Allocation - Bridge Rehabilitation - Citywide	\$ 100,000
52-554.0	First Avenue Bridge over Maple Canyon - Rehabilitation	\$ 300,000
52-555.0	Georgia Street Bridge/University Avenue Separation Replacement	\$ 671,000
52-588.0	Streamview Drive Improvement - 54th Street to College Avenue	\$ 430,000
52-592.0	Aldine Drive and Fairmount Avenue - Slope Restoration	\$ 1,825,000
52-640.0	Palm Avenue/Interstate 805 Interchange	\$ 1,729,000
52-642.0	Old Otay Mesa Road - Westerly	\$ 2,400,000
52-643.0	West Mission Bay Drive Bridge over San Diego River	\$ 100,000
52-653.0	Camino del Sur - Carmel Mountain Road to 1,600 Feet North of Park Village Road	\$ 1,509,633
52-676.0	Mira Sorrento Place - Scranton Road to Vista Sorrento Parkway	\$ 60,000
52-679.0	Miramar Road - Interstate 805 Easterly Ramps to 300 Feet East of Eastgate Mall	\$ 500,000
52-682.1	Otay Truck Route Widening Phase III & IV	\$ 2,386,253
52-683.0	Annual Allocation - Debt Service for TransNet Commercial Paper Funded Projects	\$ 142,188
52-696.0	Pershing Drive/Redwood Street Intersection	\$ 900,000
52-700.0	Rancho Bernardo Street and Sidewalk Improvements	\$ 80,000
52-706.0	Sea World Drive Widening and Interstate 5 Interchange Improvements	\$ 1,000,000
52-713.0	Alvarado Canyon Road Realignment	\$ 100,000
52-715.0	Annual Allocation - Sidewalks - Citywide	\$ 350,000
52-725.0	Camino del Sur - Widen to Six Lanes Northerly of State Route 56	\$ 3,649,810
52-733.0	Carmel Valley Road - Four/Six lanes southerly of Street A	\$ 1,300,000
52-743.0	Euclid Avenue Corridor Improvements	\$ 116,000
52-745.0	Clairemont Mesa Boulevard/SR-163 Improvements	\$ 1,000,000
52-747.0	Carmel Valley Road - Street A to Neighborhood Parkway	\$ 6,900,000
52-754.0	Linda Vista Road at Genesee Avenue	\$ 70,000
52-763.0	Skyline Drive Median & Parkway Improvements	\$ 1,275,000
52-764.0	Palm Avenue Roadway Improvements	\$ 419,000
52-765.0	Sorrento Valley Road & Interstate 5 Interchange	\$ 3,394,000
52-766.0	University Avenue Mobility Project	\$ 500,000
52-769.0	Normal Street Median Improvements	\$ 65,000
52-773.0	Cherokee Street Improvements	\$ 70,000
52-774.0	34th and 35th at Madison Avenue - Curb, Gutter and Sidewalk (CD3 Sidewalk)	\$ 120,000
52-775.0	Old Otay Mesa Road Sidewalk	\$ 200,000
52-776.0	Prospect Street/Silverado Street Roundabout	\$ 770,000
52-808.0	Annual Allocation - Median Installation	\$ 300,000
52-810.0	Hollister Street Widening	\$ 200,000
53-044.0	Regents Road Bridge	\$ 10,700,000
53-050.0	North Torrey Pines Road Bridge over Los Penasquitos Creek	\$ 496,000
53-061.0	Laurel Street (Cabrillo) Bridge over Highway 163 - Structural Retrofit	\$ 50,000
54-012.0	Shoal Creek Pedestrian Bridge	\$ 255,000
58-127.0	State Route 15 Bikeway	\$ 40,000
58-153.0	City Bicycle Master Plan	\$ 150,000
58-171.0	State Route 56 Bike Interchanges	\$ 1,750,000
58-191.0	San Diego River Multi-Use Bicycle and Pedestrian Path	\$ 320,000
58-204.0	Minor Bicycle Facilities	\$ 15,000
59-021.0	Annual Allocation - Transportation Grant Matches	\$ 935,000
59-023.0	Annual Allocation - Preliminary Engineering for Congestion Relief Projects	\$ 1,175,956
61-001.0	Annual Allocation - Traffic Control/Calming Measures	\$ 791,414
62-266.0	Safe Routes to School Program - Willow Elementary School	\$ 150,000

		FY2009
CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS		Appropriation
Engineering & Capital Projects (continued)		
62-331.0	Annual Allocation - Traffic Signal Interconnect Projects	\$ 100,000
62-332.0	25th Street Renaissance Project	\$ 200,000
62-333.0	Via Capri Traffic Calming Project	\$ 100,000
68-001.0	Traffic Signals - Cooperative Projects	\$ 200,000
68-006.0	Annual Allocation - Guard Rails	\$ 200,000
68-010.0	Annual Allocation - Traffic Signals - Citywide	\$ 471,635
68-011.0	Annual-Allocation - Traffic Signals - Modifications/Modernization	\$ 1,372,189
68-017.0	Annual Allocation - School Traffic Safety Improvements	\$ 329,900
	Engineering & Capital Projects Total	\$ 151,885,792
Environmental Services		
32-010.0	Unclassified Disposal/Burn Site Closures	\$ 155,000
32-011.0	Arizona Landfill - Closure	\$ 60,000
32-014.0	West Miramar Phase II - Landfill Gas System	\$ 480,000
32-017.0	Annual Allocation - Groundwater Monitoring Network	\$ 250,000
32-018.0	South Chollas Landfill - Gas Upgrades	\$ 1,040,000
32-024.0	South Miramar Landfill Slopes	\$ 1,500,000
37-004.0	Annual Allocation - Minor Landfill Requirements	\$ 250,000
37-041.0	Citywide Energy Improvements	\$ 500,000
37-056.0	West Miramar Refuse Disposal Facility - Phase II	\$ 300,000
37-057.0	Miramar Landfill Greenery Expansion	\$ 200,000
37-074.0	Environmental Services Facilities Improvement	\$ 122,194
37-254.0	Future Waste Management Disposal and Processing Facilities	\$ 1,750,000
	Environmental Services Total	\$ 6,607,194
Fire-Rescue		
33-105.0	Fire Station 47 - Pacific Highlands Ranch	\$ 21,000
	Fire-Rescue Total	\$ 21,000
General Services		
37-068.0	Annual Allocation - City Facilities Improvements	\$ 31,800,000
59-001.0	Resurfacing of City Streets	\$ 45,437,544
59-002.0	Sidewalks - Replacement and Reconstruction	\$ 7,500,000
63-002.0	Traffic Signals - Replace Obsolete Controllers	\$ 75,000
	General Services Total	\$ 84,812,544
Library		
35-101.0	Logan Heights Branch Library	\$ 600,000
	Library Total	\$ 600,000
Metropolitan Wastewater		
40-931.0	South Mission Valley Trunk Sewer	\$ 3,500,000
40-933.0	Annual Allocation - MWW Trunk Sewers	\$ 3,374,592
41-926.0	Annual Allocation - Metropolitan System Pump Stations	\$ 6,500,000
41-927.0	Annual Allocation - Pump Stations 64, 65, Penasquitos and East Mission Gorge	\$ 2,100,000
41-929.0	Pump Station Upgrades	\$ 5,577,076
41-942.0	NCWRP Sludge Pump Station Upgrade	\$ 216,320
42-913.0	Annual Allocation - Metro Biosolids Center	\$ 674,918
42-926.0	Annual Allocation - North City Water Reclamation Plant	\$ 473,741
42-930.0	SBWRP Demineralization Facility Phases 1&2	\$ 508,439

CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS		FY2009
Metropolitan Wastewater (continued)		Appropriation
44-001.0	Annual Allocation - Sewer Main Replacements	\$ 25,871,872
45-932.0	Annual Allocation - South Bay Water Reclamation Plant	\$ 168,730
45-943.0	Point Loma - Grit Processing Improvements	\$ 3,204,342
45-956.0	Annual Allocation - Metro Operations Center	\$ 129,075
45-966.0	Metro Facilities Control System Upgrade	\$ 2,306,407
45-975.0	Annual Allocation - Developer Projects	\$ 562,432
45-982.0	MBC Centrate Collection Upgrades	\$ 1,687,295
45-983.0	MBC Dewatering Centrifuges Replacement	\$ 158,995
45-992.0	NCWRP - EDR Upgrade	\$ 476,513
46-050.0	Annual Allocation - Pipeline Rehabilitation	\$ 31,496,192
46-119.0	Annual Allocation - Point Loma Treatment Plant/Related Facilities	\$ 772,335
46-169.0	East Mission Gorge Force Main Rehabilitations	\$ 329,600
46-193.0	Annual Allocation - CIP Contingencies	\$ 458,709
46-194.0	Annual Allocation - Trunk Sewer Rehabilitations	\$ 3,507,155
46-195.6	East Point Loma Trunk Sewer	\$ 2,200,000
46-195.8	Miramar Road Trunk Sewer	\$ 23,398
46-197.6	USIU Trunk Sewer	\$ 23,397
46-205.0	Harbor Drive Trunk Sewer Replacement	\$ 112,486
46-206.0	Annual Allocation - Accelerated Projects	\$ 224,973
46-501.0	Annual Allocation - Metropolitan Sewer Pooled Contingencies	\$ 81,095
46-502.0	Annual Allocation - Clean Water Program Pooled Contingencies	\$ 136,225
46-505.0	Annual Allocation - Unscheduled Projects	\$ 1,124,864
46-602.0	Sewer Pump Station 41 Rehabilitation	\$ 5,137,176
	Metropolitan Wastewater Total	\$ 103,118,352
Office of the CIO		
37-508.0	Public Safety Communications Project	\$ 3,341,763
	Office of the CIO Total	\$ 3,341,763
Park & Recreation		
20-013.0	Annual Allocation-Park and Recreation Grant Match Funding	\$ 446,955
21-870.0	Balboa Park - Myrtle Way Pergola	\$ 350,000
21-875.0	Balboa Park - Morley Field Evaluation and Repair of Collapsed Storm Drain	\$ 50,000
21-876.0	Balboa Park - Florida Canyon Evaluation and Repair of Broken Storm Drain	\$ 1,000,000
21-877.0	Balboa Park - Marston Point Evaluation and Repair of Collapsed Storm Drain	\$ 50,000
22-965.0	Annual Allocation - Mission Bay Improvements	\$ 76,802
22-966.0	West Ski Island - Shoreline Stabilization	\$ 500,000
22-968.0	Mariner's Point Road Curbs and Parking Lot - Improvements	\$ 400,000
22-969.0	Mission Bay Park Drinking Fountains - Replacement	\$ 150,000
22-970.0	Mission Point/Bayside Walk Security Lighting - Upgrade	\$ 275,000
22-972.0	North Crown Point Gazebo - Replacement	\$ 265,000
22-976.0	Sunset Point Parking Lot - Security Lighting	\$ 150,000
22-977.0	Vacation Isle North Cove Parking Lot - Security Lighting	\$ 150,000
22-978.0	Vacation Isle North Cove Road Improvements	\$ 150,000
22-979.0	Vacation Isle Northeast Parking Lot Security Lighting	\$ 150,000
22-980.0	West Bonita Cove Children's Play Area Upgrades	\$ 200,000
25-008.0	Balboa Park Golf Course: Concrete Step and Hand Railing Replacement	\$ 150,000
29-282.1	Hilltop Community Park - Development, Phases I, II & III	\$ 621,889
29-407.0	Carmel Valley Community Park South - Recreation Building	\$ 153,000
29-408.0	Dennery Ranch Neighborhood Park - Acquisition and Construction	\$ 2,000,956

CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS		FY2009
Park & Recreation (continued)		Appropriation
29-427.0	Black Mountain Ranch Community Park - Acquisition and Development	\$ 450,000
29-547.0	Torrey Highlands Neighborhood Park	\$ 840,000
29-610.0	Rancho Encantada Park - Neighborhood No. 1	\$ 3,200,000
29-651.0	Riviera Del Sol Neighborhood Park - Acquisition and Development	\$ 2,100,000
29-666.0	San Diego River Park Master Plan	\$ 50,000
29-688.0	Del Sur Neighborhood Park North (Black Mountain Neighborhood Park North)	\$ 3,700,000
29-689.0	Carmel Grove Mini-Park - Play Area Upgrade	\$ 352,712
29-692.0	Public Roads Supporting Park Access	\$ 100,000
29-727.0	McAuliffe Community Park - Development	\$ 2,301,157
29-757.0	Mira Mesa Community Park - Expansion (Carroll Neighborhood Park - Development)	\$ 5,000,000
29-764.0	Carmel Valley Community Park South - Neighborhood #8A	\$ 207,983
29-864.0	Rancho Penasquitos Parks - Playground Upgrades	\$ 900,000
29-865.0	Home Avenue Neighborhood Park - Development	\$ 50,000
29-887.0	Carmel Valley Skate Park	\$ 210,000
29-909.0	Regional Park Improvements	\$ 41,803
29-916.0	Vista Terrace Park Tot Lot Upgrades	\$ 381,617
29-932.0	Treena Mesa Joint Use Sports Field	\$ 3,500,000
29-941.0	Language Academy/Montezuma Elementary School - JU Improvements	\$ 668,000
29-951.0	Martin Luther King Jr. Community Park - Play Area Upgrades	\$ 500,000
29-953.0	Encanto Community Park Concession Stand Expansion at Verna Quinn Fields	\$ 155,000
29-954.0	Montgomery Academy - Joint Use Improvements	\$ 909,000
29-966.0	Mission Trails Regional Park Cowles Mountain Trail Rehabilitation	\$ 400,000
29-967.0	Mission Trails Regional Park Trail Realignment	\$ 300,000
29-969.0	Azalea Neighborhood Park Recreation Center - Improvements	\$ 141,713
29-973.0	Marshall Elementary School - Joint Use Improvements	\$ 35,000
29-974.0	Gonzales Canyon Resource Management Plan	\$ 200,000
29-975.0	Crest Canyon Resource Management Plan	\$ 75,000
39-010.0	Talmadge Streetscape and Lighting Improvements	\$ 375,566
39-011.0	Switzer Canyon/30th Street Bridge Enhancement Program	\$ 5,000
52-660.0	Carmel Valley Multi-use Trail - Neighborhood 10	\$ 40,600
52-719.0	Mission Beach Bulkhead Preservation	\$ 149,500
	Park & Recreation Total	\$ 34,629,253
QUALCOMM Stadium		
34-200.0	Annual Allocation - QUALCOMM Stadium Improvements	\$ 750,000
	QUALCOMM Stadium Total	\$ 750,000
Storm Water		
13-005.0	Annual Allocation - Emergency Drainage Projects	\$ 12,205,000
	Storm Water Total	\$ 12,205,000
Water		
70-910.7	Miramar Pipeline Monitoring & Reinspection	\$ 70,097
70-942.0	Annual Allocation - CIP Contingencies - Reclaimed Water Distribution System/RWDS	\$ 250,000
70-949.0	Annual Allocation - Reclaimed Water Extension	\$ 500,000
70-954.0	North City Reclamation System	\$ 2,229,340
70-957.0	Harbor Drive Pipeline	\$ 419,801
73-024.0	Annual Allocation - Freeway Relocation	\$ 2,994,197
73-083.0	Annual Allocation - Water Main Replacements	\$ 41,600,000
73-261.3	Alvarado Water Treatment Plant -Upgrade and Expansion	\$ 36,927,440

000234

CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS		FY2009
Water (continued)		Appropriation
73-284.0	Miramar Water Treatment Plant - Upgrade and Expansion	\$ 44,026,817
73-285.0	Otay Water Treatment Plant - Upgrade and Expansion	\$ 9,308,292
73-286.0	Otay Second Pipeline Improvements	\$ 8,617,978
73-314.0	San Diego 17 Flow Control Facility and Pump Station	\$ 11,705,514
73-331.0	Annual Allocation - CIP Contingencies	\$ 7,000,000
73-342.0	Rancho Penasquitos Pump Station	\$ 5,219,831
73-361.0	Annual Allocation - Meter Boxes	\$ 500,000
73-900.0	Annual Allocation - Pressure Reduction Facility Upgrades	\$ 200,000
73-910.0	Annual Allocation - Seismic Upgrades	\$ 344,710
74-925.0	Annual Allocation - Dams and Reservoirs	\$ 250,000
75-931.0	Water Department Security Upgrades	\$ 1,943,966
75-932.0	Groundwater Asset Development Program	\$ 2,981,094
75-939.0	South County Raw Water Reservoir Intertie Study	\$ 780,000
	Water Total	\$ 177,869,077

TOTAL CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS \$ 586,959,599

TOTAL COMBINED APPROPRIATIONS \$ 3,126,712,395

000235

Fiscal Year 2009 Operating Maintenance Assessment District Fund Appropriations

Fund	Maintenance Assessment District Fund Name	Salary & Wages	Fringe & Non-Personnel	FY 2009 Appropriation
070208	Assessment District Management	\$ 597,172	\$ 1,283,540	\$ 1,880,712
070210	Street Light District #1	\$ -	\$ 706,586	\$ 706,586
070211	Scripps/Miramar Ranch	\$ 61,903	\$ 1,146,669	\$ 1,208,572
070214	Tierrasanta	\$ 61,903	\$ 1,934,441	\$ 1,996,344
070218	Campus Point	\$ 1,238	\$ 32,845	\$ 34,083
070219	Mission Boulevard	\$ 3,095	\$ 126,242	\$ 129,337
070220	Carmel Valley	\$ 89,760	\$ 2,800,681	\$ 2,890,441
070221	Sabre Springs	\$ 18,571	\$ 291,532	\$ 310,103
070223	Mira Mesa	\$ 49,523	\$ 1,566,565	\$ 1,616,088
070224	Rancho Bernardo	\$ 30,952	\$ 885,696	\$ 916,648
070225	Penasquitos East	\$ 30,952	\$ 492,573	\$ 523,525
070226	Coronado View	\$ 1,857	\$ 45,054	\$ 46,911
070228	Park Village	\$ 24,761	\$ 598,464	\$ 623,225
070229	Eastgate Technology Park	\$ 9,286	\$ 255,178	\$ 264,464
070230	Calle Cristobal	\$ 6,191	\$ 410,054	\$ 416,245
070231	Gateway Center East	\$ 12,381	\$ 272,807	\$ 285,188
070232	Miramar Ranch North	\$ 61,903	\$ 1,955,281	\$ 2,017,184
070233	Carmel Mountain Ranch	\$ 18,571	\$ 642,692	\$ 661,263
070238	La Jolla Village Drive	\$ 11,143	\$ 90,325	\$ 101,468
070240	First SD River Imp Project	\$ 18,571	\$ 353,706	\$ 372,277
070241	Newport Avenue	\$ -	\$ 52,204	\$ 52,204
070242	Linda Vista Community	\$ 15,476	\$ 273,725	\$ 289,201
070243	Washington Street	\$ 3,095	\$ 138,544	\$ 141,639
070244	Otay International Center	\$ 38,999	\$ 437,641	\$ 476,640
070246	Del Mar Terrace	\$ -	\$ 447,729	\$ 447,729
070247	Adams Avenue	\$ -	\$ 51,268	\$ 51,268
070248	Carmel Valley Nbhd #10	\$ 12,381	\$ 565,821	\$ 578,202
070249	North Park	\$ 25,999	\$ 1,000,979	\$ 1,026,978
070250	Kings Row	\$ 1,857	\$ 13,501	\$ 15,358
070251	Webster-Federal Boulevard	\$ 3,095	\$ 84,290	\$ 87,385
070252	Stonecrest Village	\$ 37,142	\$ 1,214,627	\$ 1,251,769
070253	North Torrey Pines Road	\$ 12,381	\$ 980,709	\$ 993,090
070254	Torrey Hills	\$ 61,903	\$ 2,348,837	\$ 2,410,740
070255	Coral Gate	\$ 7,428	\$ 176,752	\$ 184,180

000236

Fund	Maintenance Assessment District Fund Name	Salary & Wages	Fringe & Non-Personnel	FY 2009 Appropriation
070258	Torrey Highlands	\$ 61,904	\$ 1,426,197	\$ 1,488,101
070259	Talge	\$ 4,952	\$ 434,055	\$ 439,007
070260	Central Commercial	\$ -	\$ 334,276	\$ 334,276
070261	Little Italy	\$ -	\$ 621,854	\$ 621,854
070263	Liberty Station/NTC	\$ -	\$ 263,421	\$ 263,421
070264	Camino Santa Fe	\$ 9,286	\$ 686,417	\$ 695,703
070265	Black Mtn Ranch South	\$ 21,666	\$ 2,167,276	\$ 2,188,942
070266	College Heights	\$ -	\$ 436,229	\$ 436,229
070267	CED Management	\$ -	\$ 193,255	\$ 193,255
070268	City Heights	\$ -	\$ 491,404	\$ 491,404
070270	Black Mountain Ranch North	\$ -	\$ 521,550	\$ 521,550
070271	Bay Terraces - Parkside	\$ 1,857	\$ 69,312	\$ 71,169
070272	Bay Terraces - Honey Drive	\$ 1,238	\$ 28,373	\$ 29,611
070273	University Heights	\$ 3,095	\$ 70,655	\$ 73,750
070274	Hillcrest	\$ 3,095	\$ 29,463	\$ 32,558
070275	El Cajon Boulevard	\$ 24,762	\$ 569,309	\$ 594,071
070276	Ocean View Hills	\$ 43,332	\$ 1,109,598	\$ 1,152,930
070277	Robinhood Ridge	\$ 8,666	\$ 175,107	\$ 183,773
070278	Remington Hills	\$ -	\$ 87,876	\$ 87,876
070279	Pacific Highlands Ranch	\$ 9,286	\$ 295,344	\$ 304,630
070280	Rancho Encantada	\$ 3,095	\$ 352,426	\$ 355,521
070281	Bird Rock	\$ -	\$ 420,887	\$ 420,887
070401	Downtown PBID	\$ -	\$ 5,649,652	\$ 5,649,652
MAINTENANCE ASSESSMENT DISTRICT TOTAL		\$ 1,525,723	\$ 40,111,494	\$ 41,637,217

000237

RESOLUTION NUMBER R-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION APPROVING AMENDMENTS TO THE CITY OF SAN DIEGO'S RESERVE POLICY

WHEREAS, on November 13, 2007, the City Council adopted Ordinance No. O-19679 [City Reserve Policy] to ensure that the City establishes and maintains prudent reserves; and

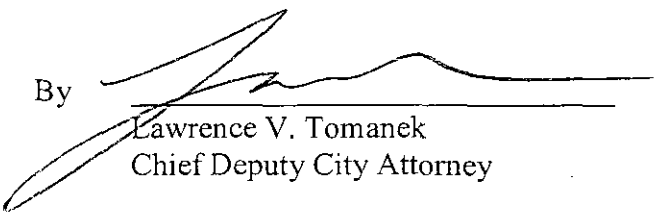
WHEREAS, staff recommends revisions to the City Reserve Policy and said report is attached hereto as Exhibit A; NOW, THEREFORE,

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

1. The City Reserve Policy - Revised, as of July 2, 2008, is hereby accepted and approved.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By



Lawrence V. Tomanek
Chief Deputy City Attorney

LVT:ca
07/17/08
Aud. Cert. N/A
Or.Dept: FM
R-2009-98

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

ELIZABETH S. MALAND
City Clerk

By _____
Deputy City Clerk

Approved: _____
(date)

JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor