

IBA Review of the FY 2019 First Quarter Budget Monitoring Report

City Council, Item 330

December 11, 2018



Independent Budget Analyst



Overview

IBA's Review of the First Quarter Report includes:

- Analysis of major General Fund revenues
- Additional information on unbudgeted expenditure increases related to homelessness services and public safety overtime
- Discussion of other known additional costs likely to occur in FY 2019 (not otherwise mentioned in the First Quarter Report)

Selected General Fund Expenditures

Housing Navigation Center Costs

- First Quarter Report includes \$2.0M in increased Police Department staffing costs for the new transitional storage center, but not added costs for the Navigation Center.
- Both Police and Environmental Services (ESD) will be required to provide improved security and cleanliness in surrounding communities, per agreement with East Village
- Environmental Services Department has stated they will reprioritize other clean-up activities to free up resources for Navigation Center clean-ups
- Council should be apprised of which communities may be impacted
- The Mayor needs to request new funding for this at Mid-Year

Selected General Fund Expenditures

Police Department Overtime

- Department projected to spend \$33.9M on overtime in FY 2019, exceeding budget by \$9.3M
- New unbudgeted programs in FY 2019 include:
 - \$2.0M for security around transitional storage facility
 - \$500,000 for security around San Diego riverbed
 - \$400,000 for general increased Neighborhood Policing
- First Quarter projections do not include additional commitments for the new Navigation Center
- Department is incurring costs for programs approved without complete cost projections
- An appropriation adjustment must be included at Mid-Year

Selected General Fund Expenditures

Fire-Rescue Overtime & Additional Fire Academy

- Department projected to spend \$45.0M on overtime in FY 2019, exceeding budget by \$6.9M
- Department has indicated it is experiencing higher-than-anticipated attrition, which has left it with fewer firefighters than required to achieve full staffing
- An additional fire academy is anticipated to be held as soon as March 2019 to increase staffing and reduce necessity for overtime due to constant staffing requirements
- Further discussion of Fire-Rescue's long-term plans to address overtime is included in our review of the Five-Year Outlook
- Added FY 2019 academy will cost approximately \$1.1M; anticipated to be requested as an appropriation adjustment at Mid-Year

Selected General Fund Expenditures

Funding for a Possible Special Election

- On September 20, 2018, the initiative to increase the City's TOT to expand the Convention Center, fund road repairs, and provide added homeless services and housing qualified for the November 2020 ballot
- Council could decide to place the measure on the ballot of an earlier citywide special election
- There has been discussion of a special election occurring in early 2019
- Estimated costs are not known but a reasonable rough estimate is around \$5.0M
- If a request for an early special election is docketed for Council, the Mayor should quantify costs and identify a source of funding at Mid-Year

Conclusion

- Our office will provide additional updates on new unbudgeted programs in our review of the Mid-Year Report
- We note that any new programmatic expenditures proposed by the Mayor should be included in the Mid-Year Report for Council consideration