

IBA Crash Course: Understanding the FY 2025 Budget Process

March 2024



Office of the Independent Budget Analyst
Providing the City Council and the public with clear, objective, and unbiased information and analysis.



Why is the City's Budget Important?

*The Budget is a statement of
– and plan to address –
City Priorities.*



The City's Budget has Two Parts

Operating Budget

Outlines how funds will be spent on City services, including public safety and parks and recreation



Capital (CIP) Budget

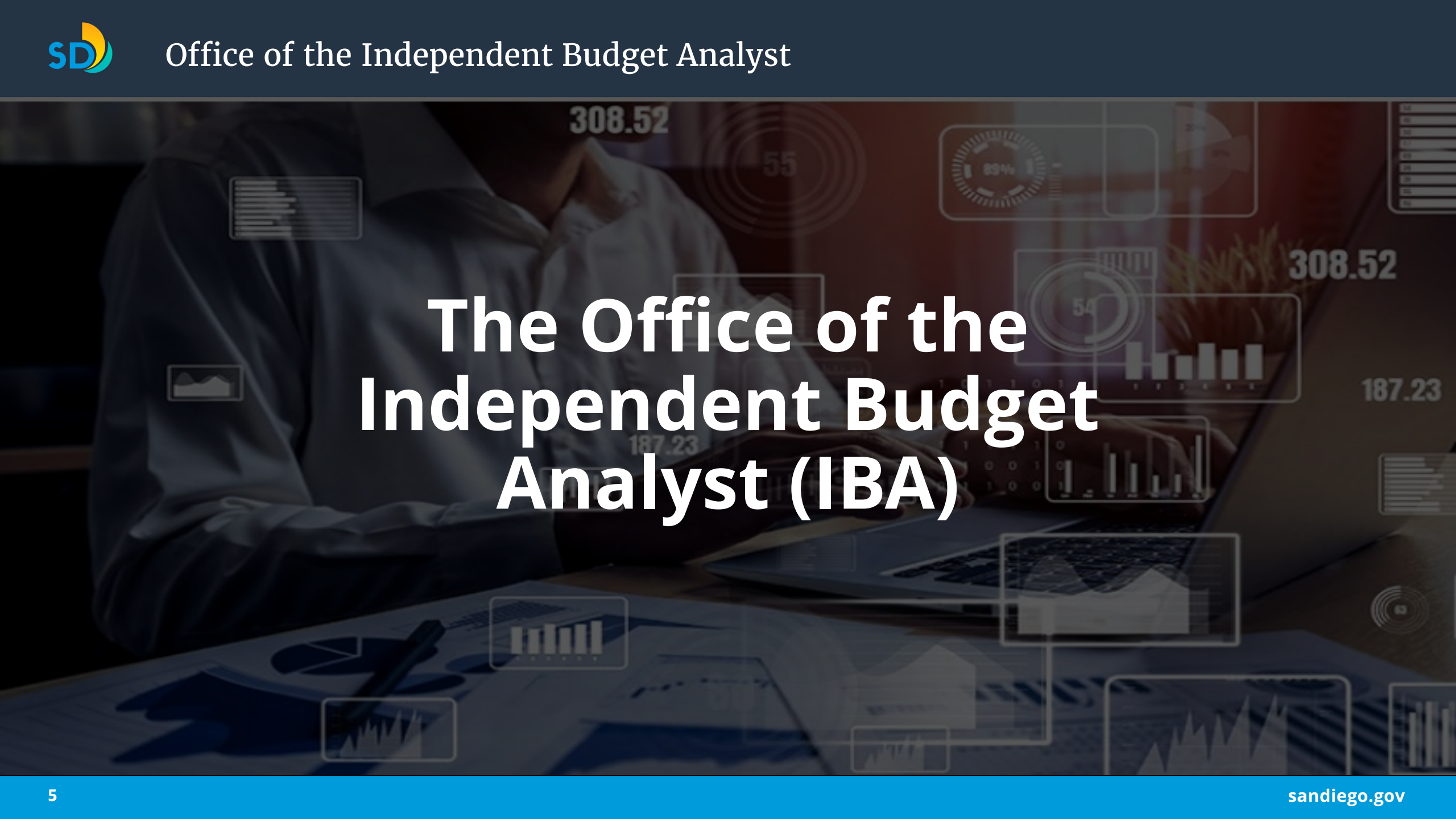
Allocates revenue for capital projects to improve *existing* infrastructure and build *new* public infrastructure



Understanding the FY 2025 Budget Process

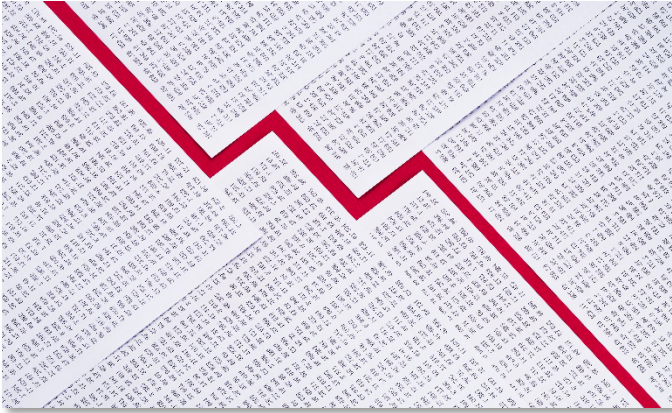
Presentation Overview

- Creation of the Independent Budget Analyst
- Department of Race and Equity: Budget Equity
- Roles in the Budget Process
- Operating Budget Overview
- Capital Improvement Program Budget Overview
- Public Involvement and Resources

The background of the slide features a person in a white shirt working at a desk with a laptop. Overlaid on this image are various semi-transparent financial data visualizations, including bar charts, line graphs, and numerical values such as 308.52, 187.23, and 55. The overall color scheme is dark blue and grey, with white text for the title.

The Office of the Independent Budget Analyst (IBA)

Why was the IBA Created?



2003

Financial problems led to a citizen initiative to change the structure of the City of San Diego's government.



2004

Voters approved a measure to try a Strong Mayor form of government for 5 years. This required an elected mayor to run the city instead of a city manager.

Measure also included the creation of the IBA.

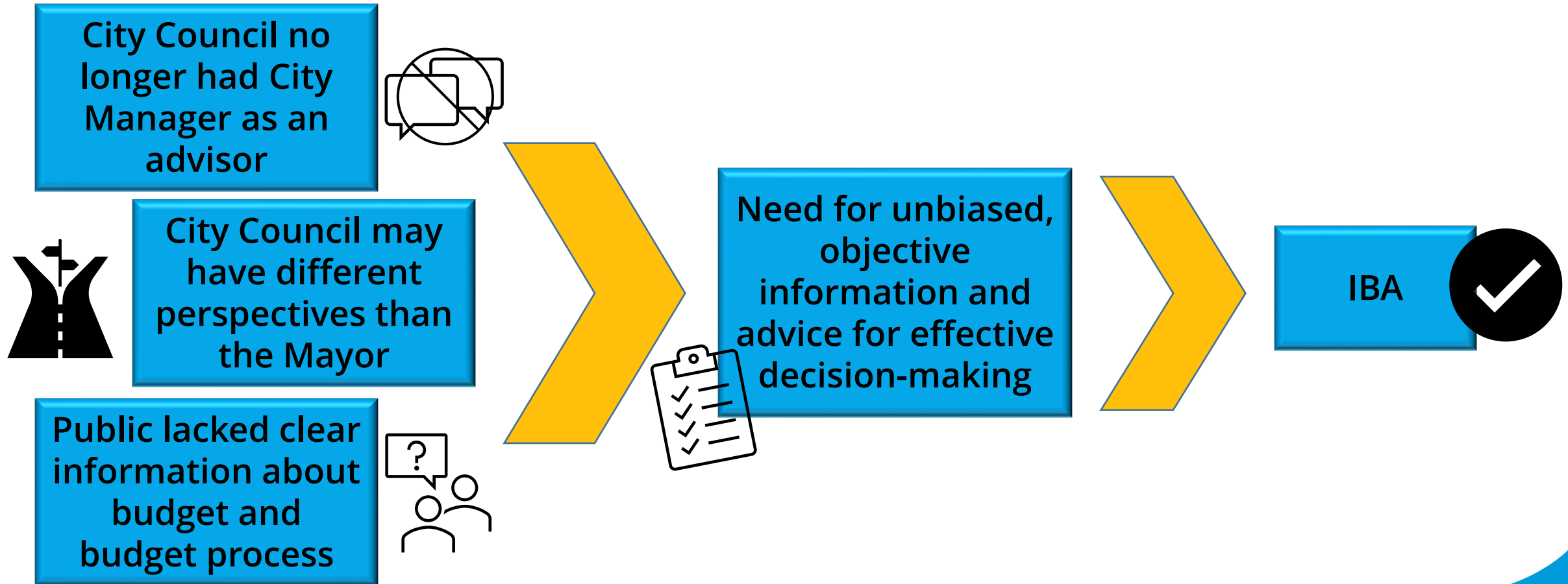


2010

Voters approved the Strong Mayor form of government to become permanent.

Why was the IBA Created? *(con't)*

After new government structure, new needs followed



What is the Independent Budget Analyst?

IBA's Mission:

*To provide
clear, objective, and unbiased
analysis and advice to the City
Council and the public on all
legislative items bearing financial
and policy impacts to the City*

INDEPENDENCE is key

Why our Office's role is important?

Internal Role

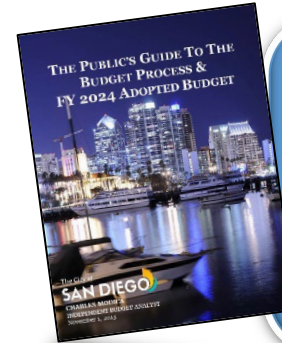


Reviews all items that come to City Council

Analyzes proposals to inform Councilmembers' decisions



External Role

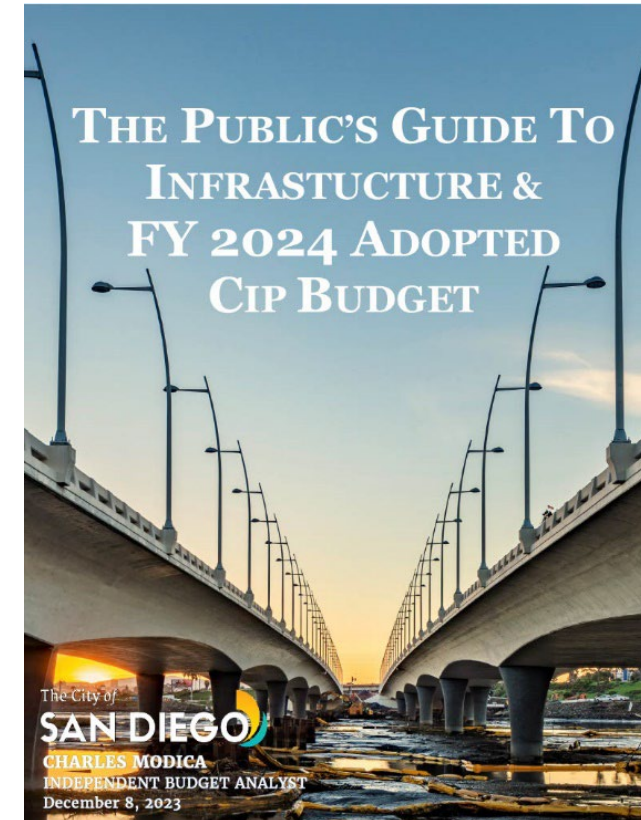
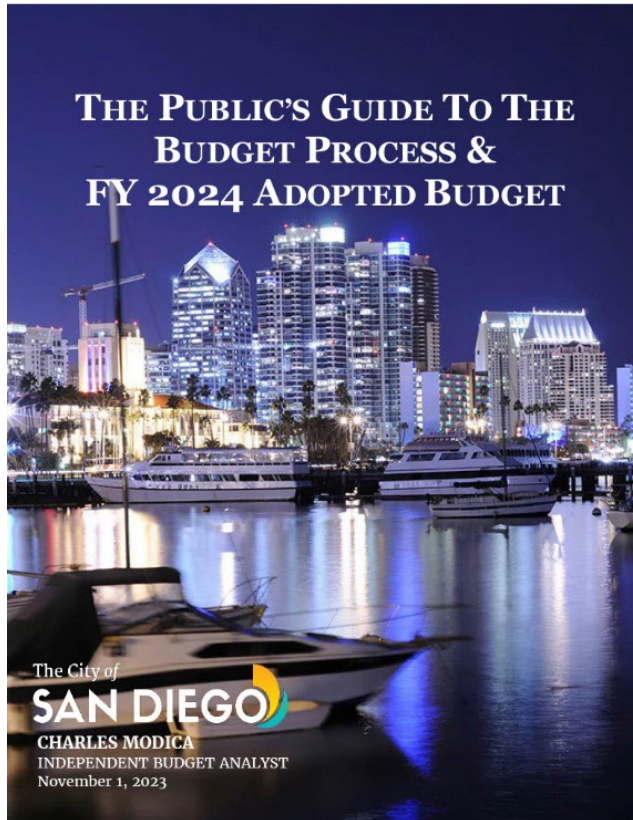


Translates City business into easily understandable language

Public Outreach on how to be involved in major decisions, like the budget



Public Involvement in the Process is **Key** Clear Information is **Vital**





BUDGET EQUITY

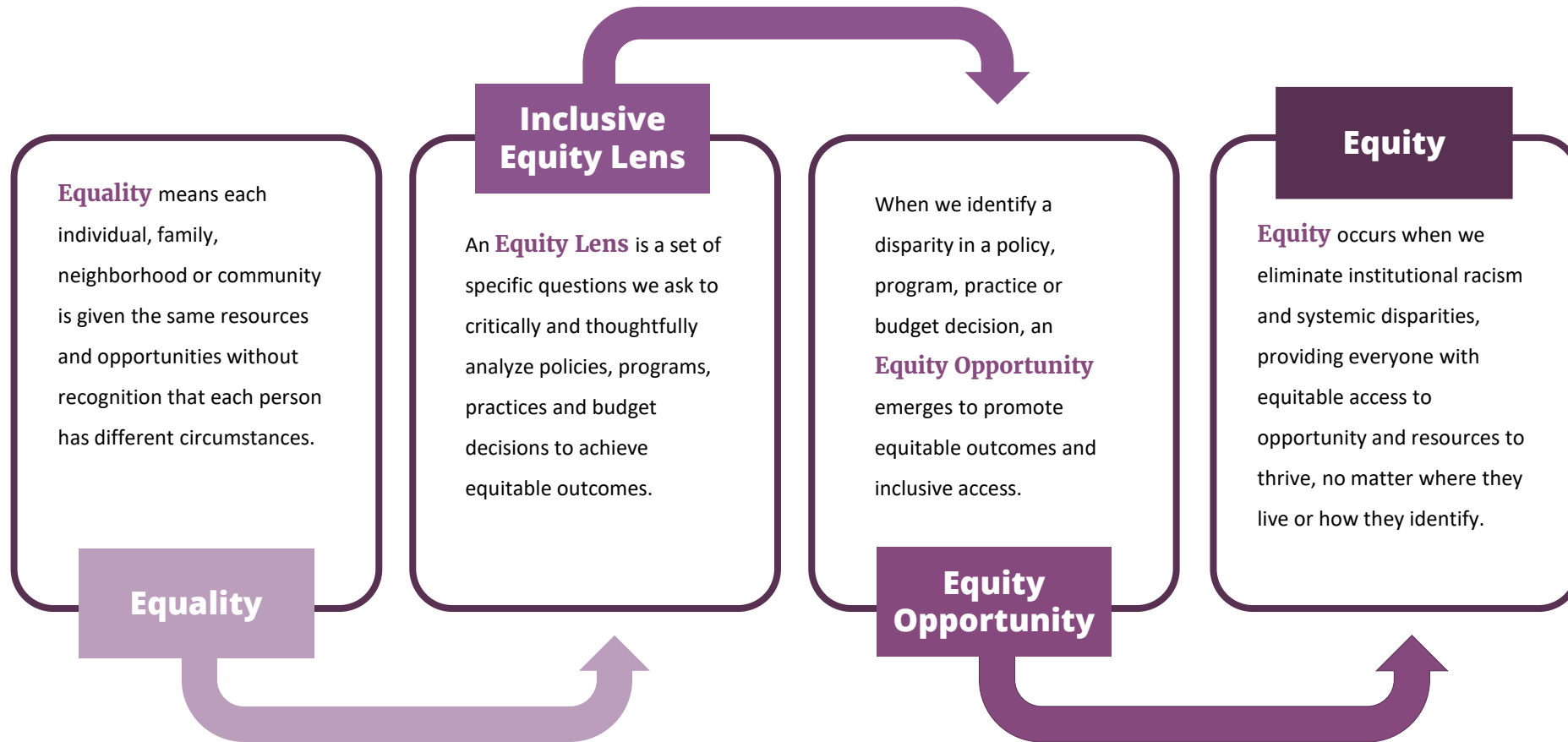
Overview

THE DEPARTMENT
OF FINANCE

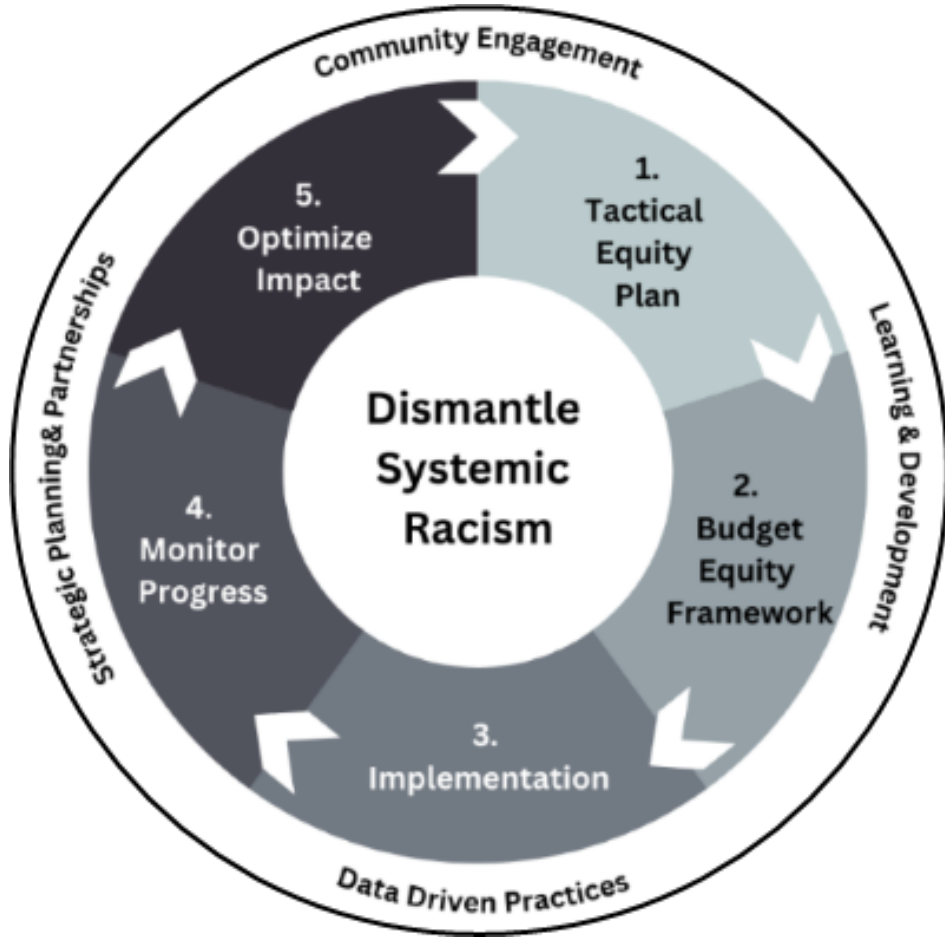


THE DEPARTMENT
OF RACE & EQUITY

The Department of Race & Equity uses the below key terms to guide work

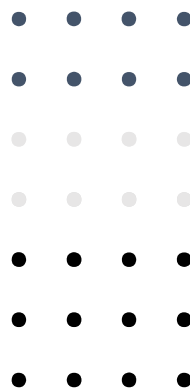


OPERATIONALIZING EQUITY MODEL

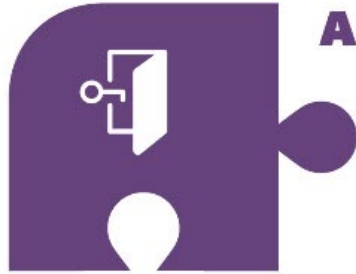


As noted in the City's Equity Commitment, *"Equity is an achievable outcome when disparities are eliminated in systems."*

The Operationalizing Equity model shown to the left embodies the approach of the Department of Race & Equity (DRE).



EQUITY FACTORS



Access

- Enhance access to City services or programs, and schools, (i.e. trash and recycling collection, parks and recreation, library, safety response, etc.)
- Interpretation and translation

Assets



- **Infrastructure:** streets, sidewalks, miles of levees, miles of pipes, miles of channels, miles of street sweeping annually, watersheds, pump stations, safety assets, drain structures, facilities, etc.



Neighborhood Demographics

- Communities of concern
- Structurally excluded communities

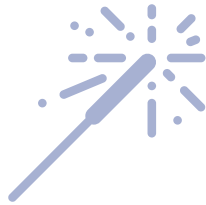
Process



- Budget Equity
- Tactical Equity Plans
- Policy

EQUITY LENS QUESTIONS:

*How does/will this program
enhance access to
City services or programs?*



*What are
the operational impacts
on policy, programs, or
practices?*



*How does this budget
allocation directly
benefit specific neighborhoods
and City employees?*



*What are the
potential unintended consequences
and/or burdens to
specific neighborhoods and
City employees?*



BUDGET EQUITY IMPACT STATEMENT (BEIS)

- The **Budget Equity Impact Statement (BEIS)** is a brief, public-facing summary of how your budget addresses identified disparities.
- A summation of responses to the Budget Equity Questionnaire.
- Included in:
 - Executive Budget Review Presentation (EBR)
 - Budget Review Committee Presentation
 - Budget Volume II Narratives
- The BEIS will also include Equity Highlights.

Budget Equity Impact Statement
Equity Highlights Provide up to 3 examples from the current fiscal year. • Promise Zone – Created a Community Navigators Pilot Project • Cal Coast Credit Union Corporate Partnership – first-of-its-kind to provide financial assistance to Promise Zone partners
Budget Equity Lens Summary Ongoing Operations Is there an opportunity to adjust the department's ongoing operations to address a disparity? [Yes, Unsure, No, N/A] Yes • Create an internal cross department partnership to support the SD Access 4 All program and increase public access to wi-fi hotspots.
Budget Adjustment(s) Do the Budget Adjustments address a disparity? [Yes, Unsure, No, N/A] Yes • Focused Economic Development Strategy Implementation (\$250,000) addresses Tactical Equity Plan objective of maintain and build San Diego's competitive advantage by increasing workforce development, quality of life, and innovation. Low income residents/communities have historically not had opportunity to participate in San Diego's prosperity. Targeted resources and outreach to promote economic vibrancy, innovation, and opportunity in every neighborhood. • Addition of Program Coordinator for CCRP (\$183,480) addresses disparity of current EDD staff. EDD does not have the expertise nor capacity to complete all associated tasks with its current staff to implement transformative legacy project to include housing, city services, businesses, arts and cultural space, and plenty of opportunity on city owned six blocks downtown.
The City of SAN DIEGO @CITYOFSANDIEGO

DEPARTMENT DELIVERABLES

Deliverable	Details
Application of an Equity Lens into the Budget	• Answers from the Budget Equity Questionnaire will be entered into Public Budget Formulation (PBF) and summarized in the Budget Equity Impact Statement
Budget Equity Impact Statement (BEIS)	• Includes Equity Highlights and Budget Equity Questionnaire responses about ongoing operations and budget adjustment requests • Will be presented/published in: • Executive Budget Review (EBR) Presentations • Budget Review Committee Presentations • Volume II Budget Narrative
Equity Description (<i>Only applicable to designated departments</i>)	• 1-2 paragraph description of what, if any, disparities the program will address • Will be published in the Five-Year Outlook – Program Update Requests

A close-up, low-angle shot of a pair of metal scales of justice. The scales are dark and metallic, with two pans hanging from a central beam. The background is a solid, dark blue. The lighting is dramatic, highlighting the textures of the metal and the chains of the pans.

Roles and Authorities in the Budget Process

Budget Process Roles and Authorities

MAYOR



- Proposes a balanced budget
- Carries out the City budget and services

- Reviews, approves, and amends the Mayor's Proposed Budget
- Approves the Mayor's recommended budget changes during the fiscal year

COUNCIL



IBA



- Analyzes the Mayor's Proposed Budget and supports Council
- Develops final budget recommendations for Council consideration

Budget Process Roles and Authorities *(con't)*

Additional Powers and Roles:



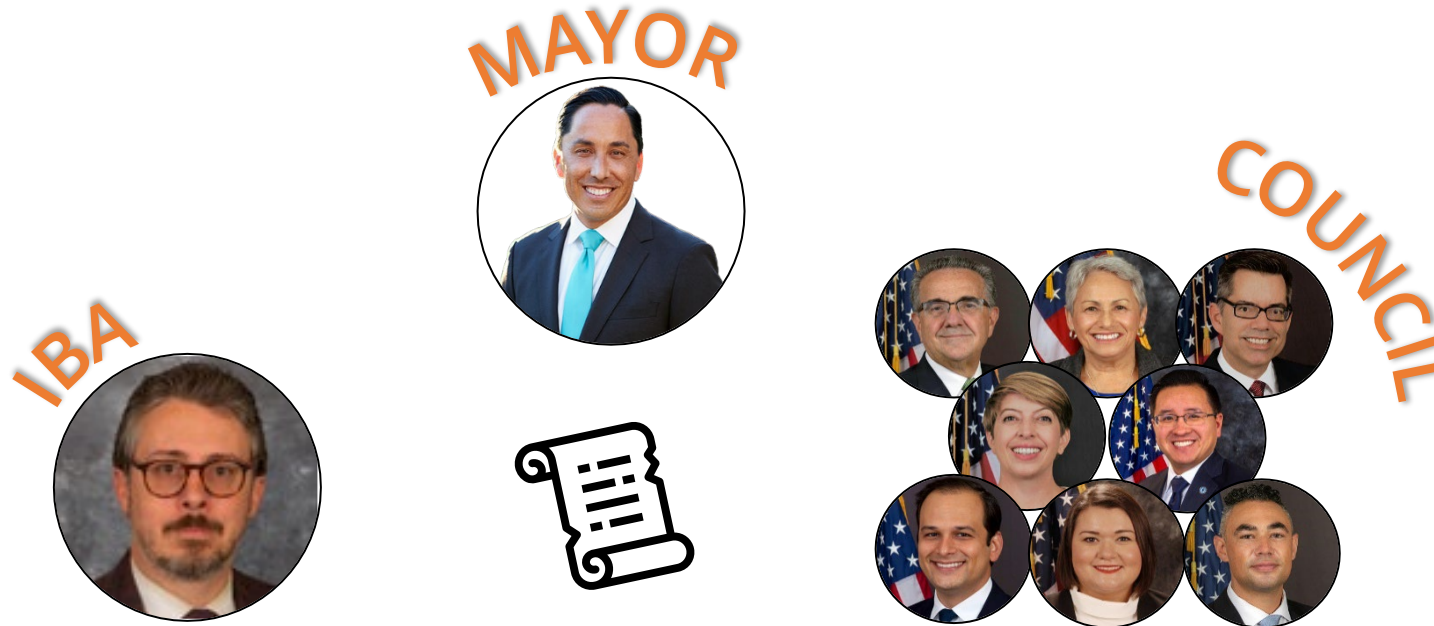
Mayor can veto
Council's Changes to the
Budget



Council can override a
Mayoral veto with six
votes

Budget Process Roles and Authorities *(con't)*

Additional Powers and Roles:



Mayor, Council, and IBA monitor expenditures, revenues, and City programs throughout the fiscal year

IBA Review and Analysis of the Mayor's Proposed Budget



Projected revenues and expenditures



Impacts of cuts or reductions on service levels



Review of key issues



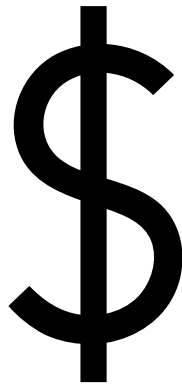
Evaluate consistency with sound fiscal practices

Key standards for a sound budget

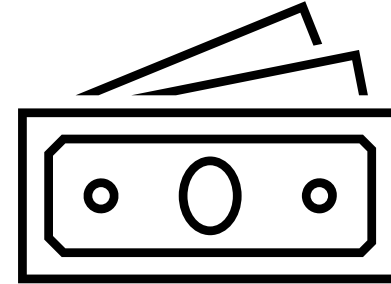
Budgetary Principles



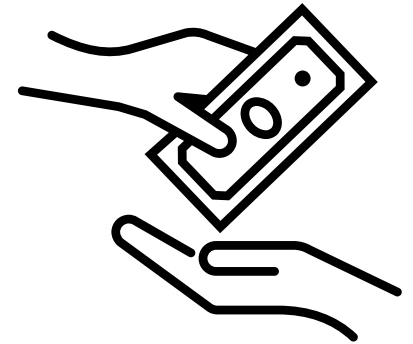
Balanced budget



One-time revenues should fund **one-time** expenditures



Ongoing expenditures should be funded by **ongoing** revenues

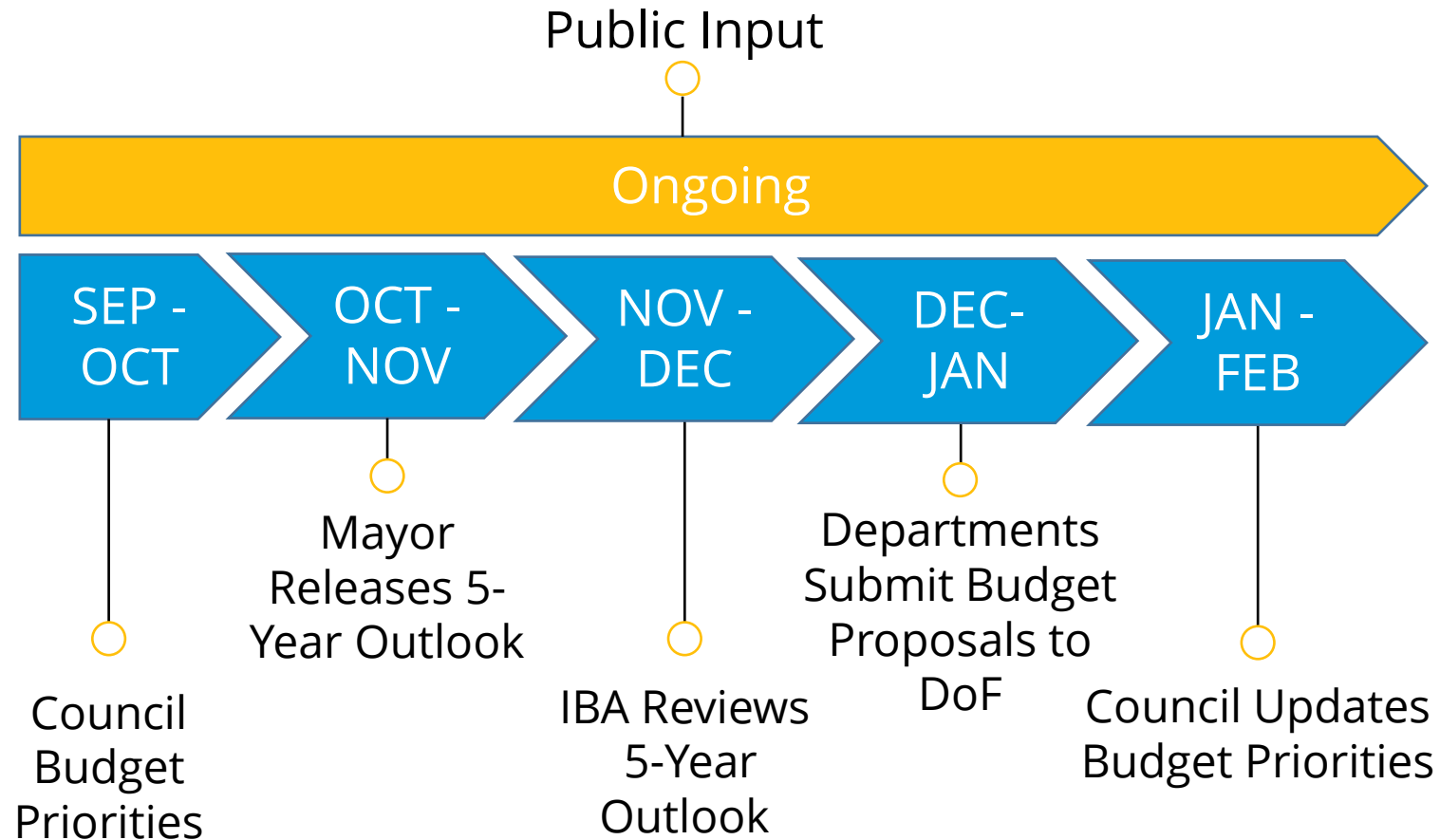


Fund annual pension payment

Operating Budget Overview

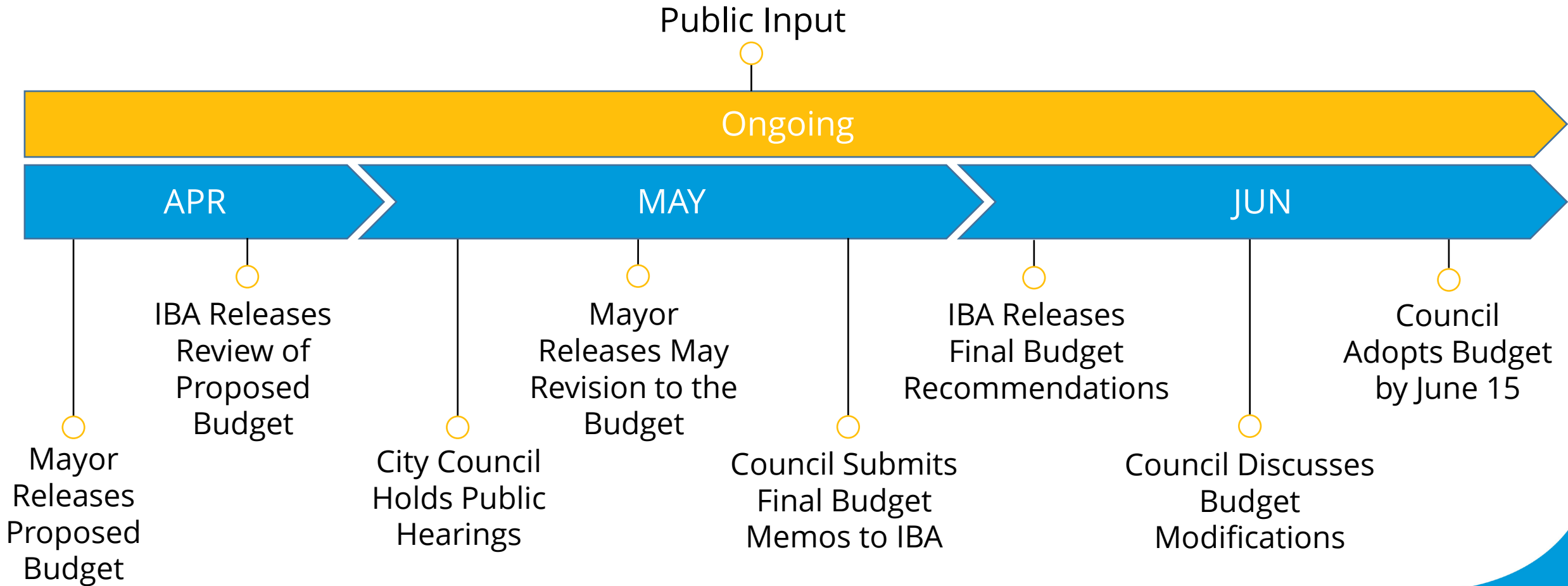
How is the Budget created?

Budget Development Process



How is the Budget created?

Budget Adoption Process

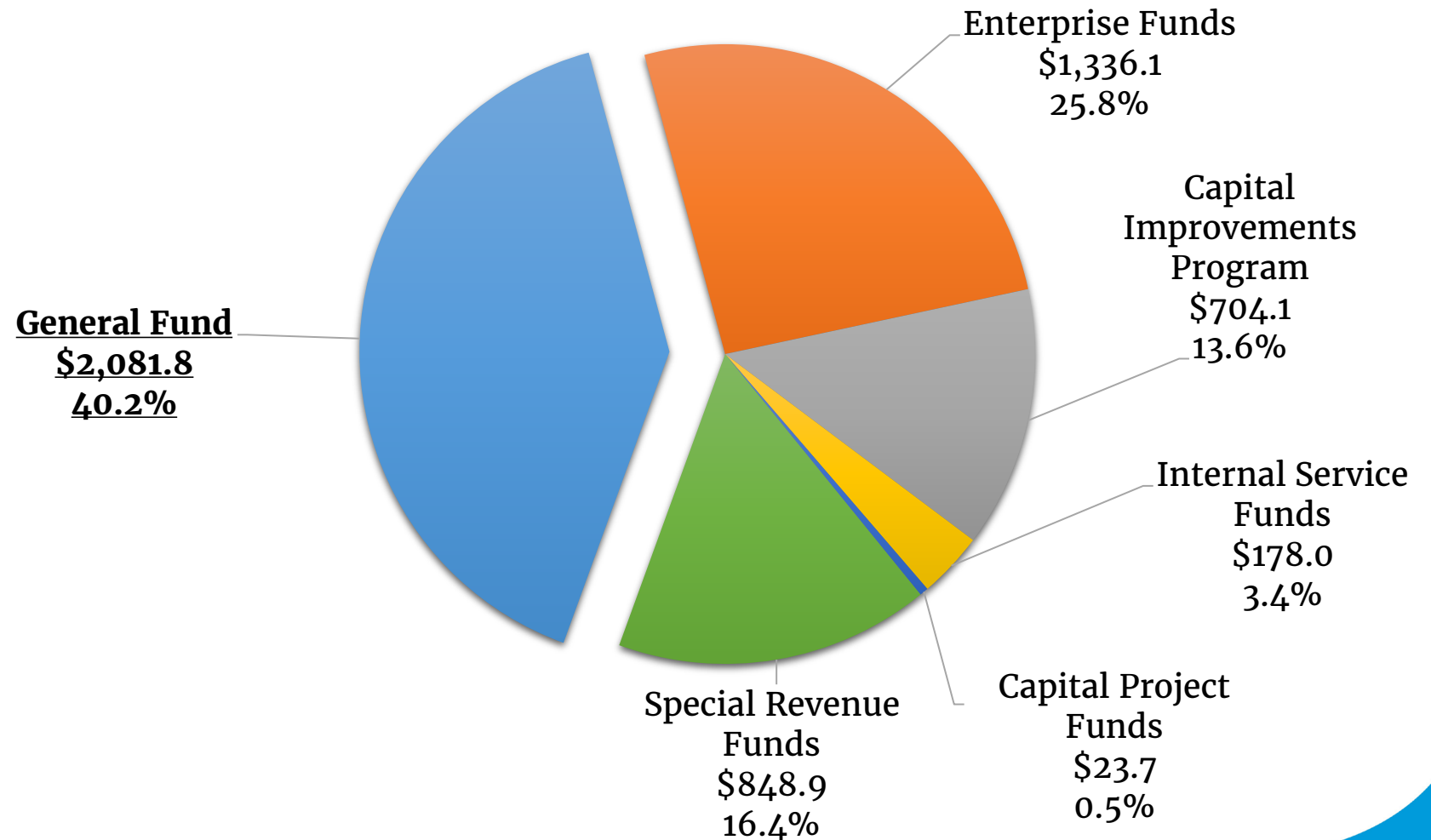


FY 2024 Budget Overview

While the City's total FY 2024 Budget is \$5.17 billion, the **General Fund** has the *most freedom to fund City services*

FY 2024 Total City Expenditures by Fund Type/Program

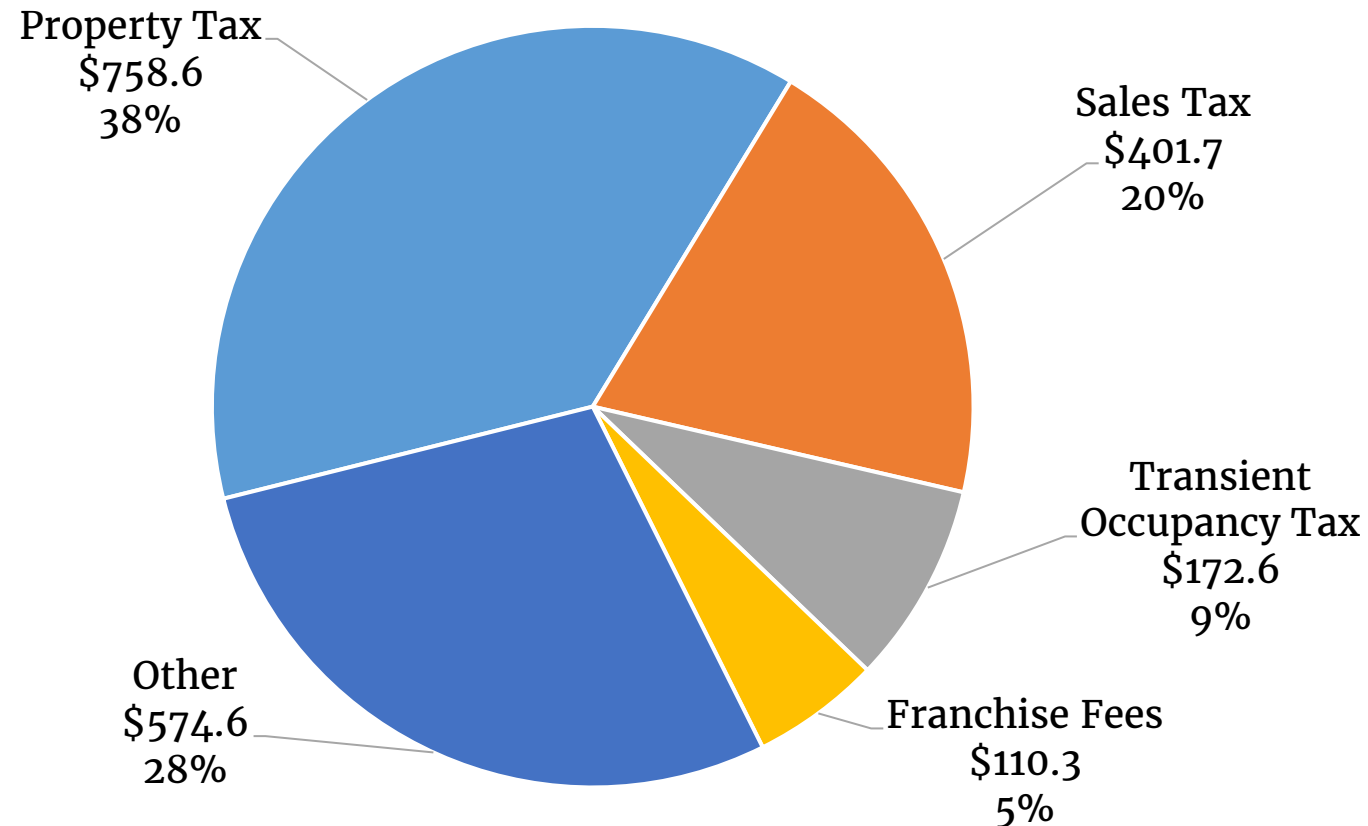
(Total: \$5.17 Billion; \$ in millions)



FY 2024 General Fund Revenues

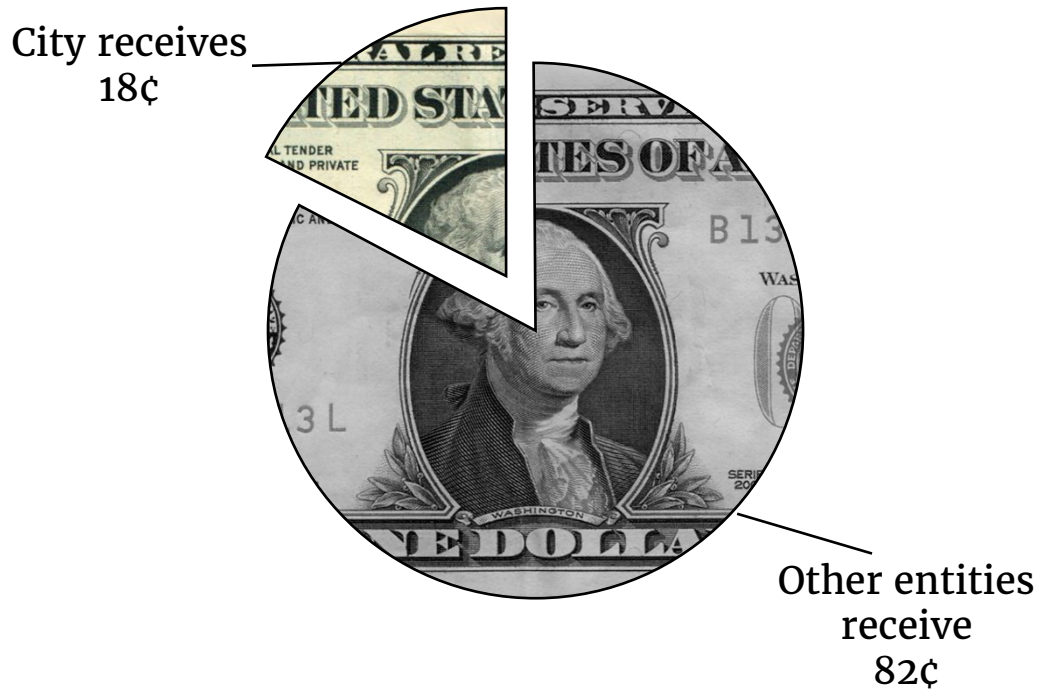
Total: \$2 Billion

(\$ in millions)

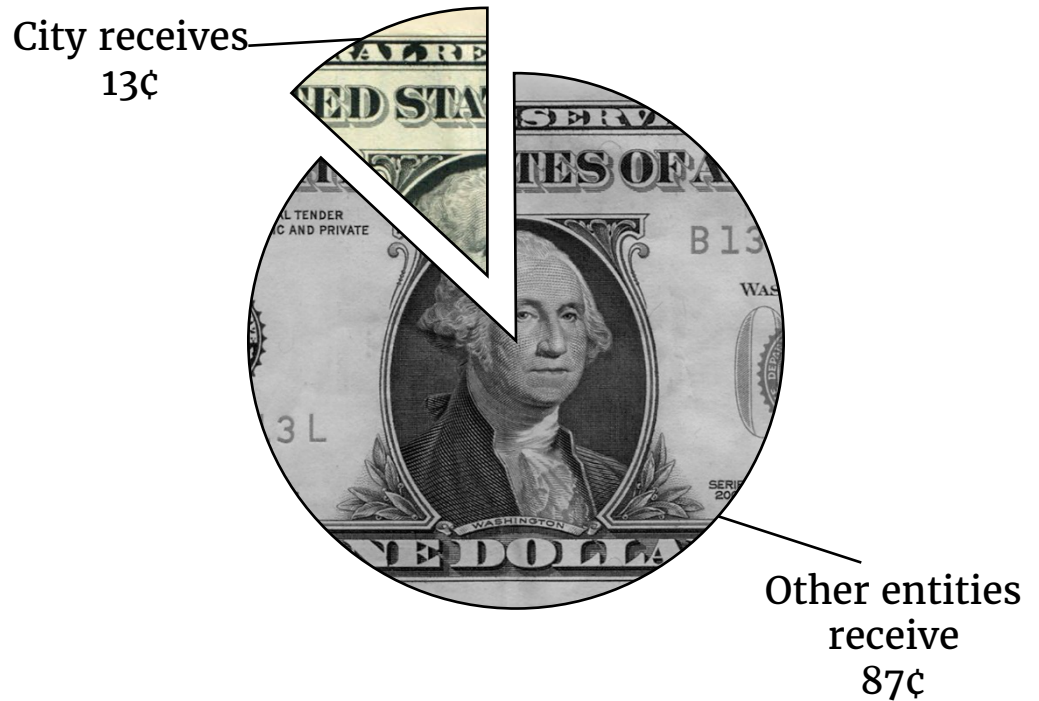


How much the City Receives from Major Taxes

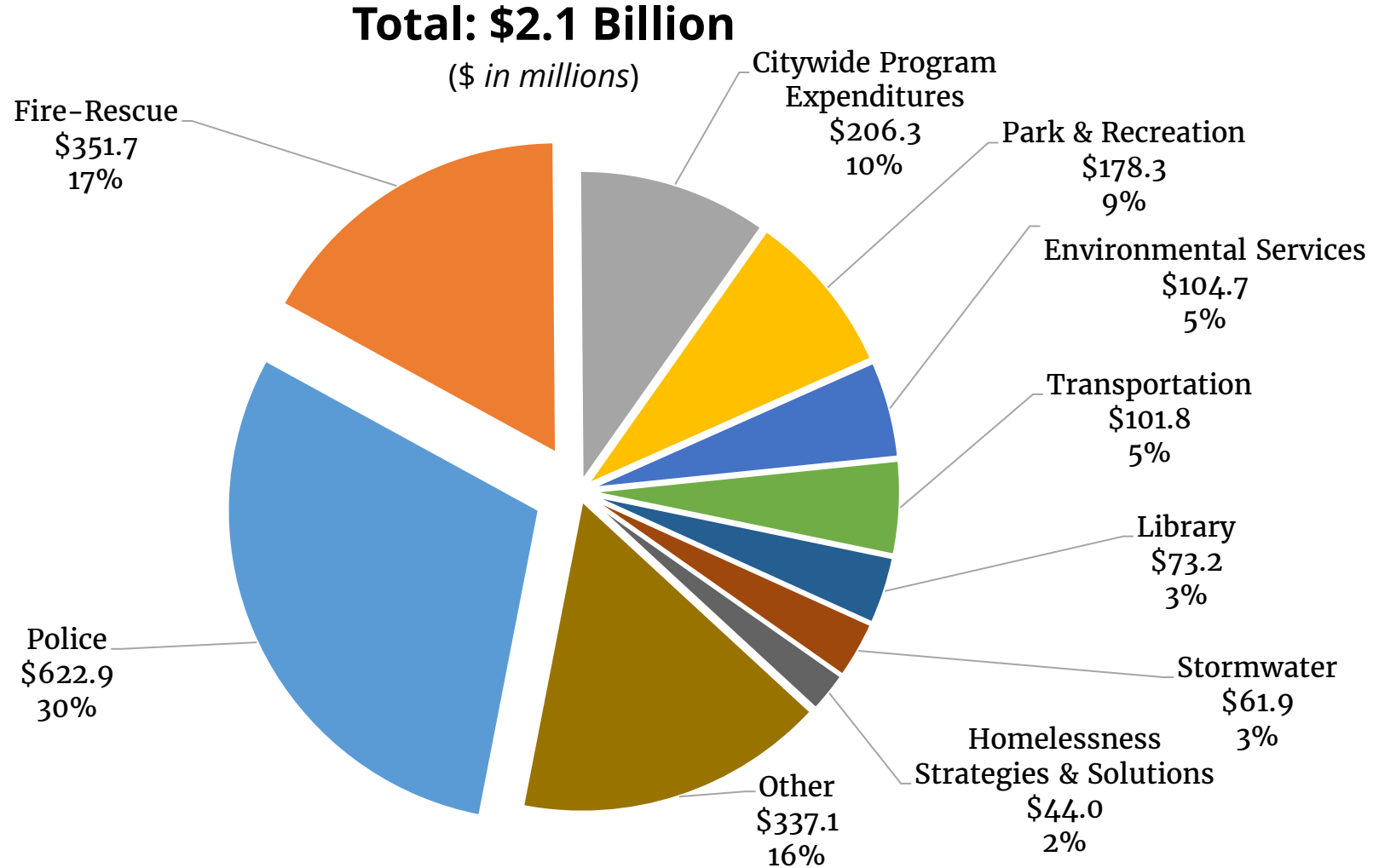
Property Tax Rate:
1% of Assessed Value



Sales Tax Rate:
7.75% on Taxable Sales

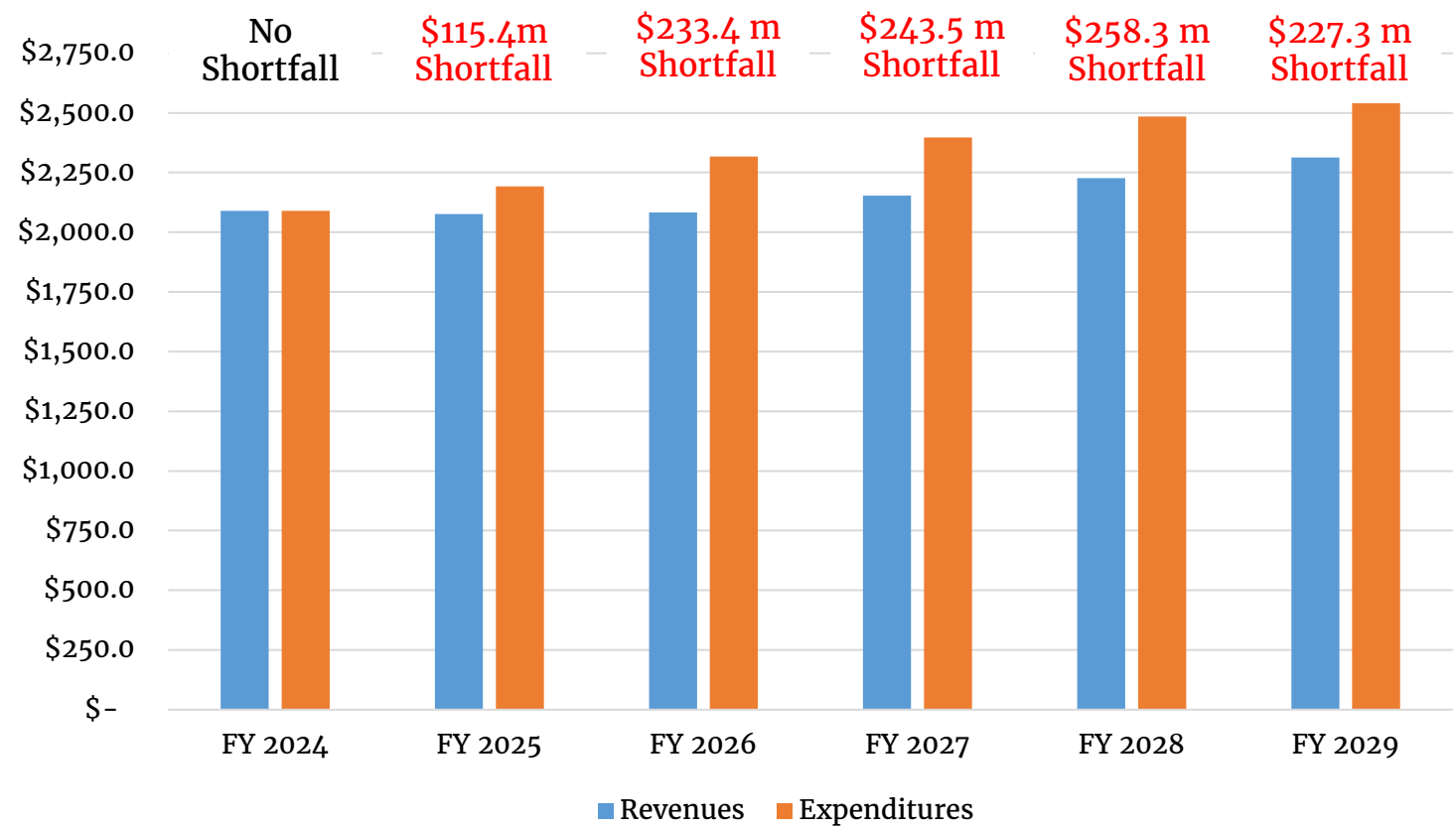


FY 2024 General Fund Expenditures



Mayor's Five-Year Outlook FY 2025-2029

General Fund Revenue and Expenditures
(\$ in millions)



FY 2025 Operating Budget Priorities Receiving Majority Support

Homeless and Housing



Public Safety



Storm Response and Recovery



Other Operating Priorities



Environment and Climate Action



Neighborhood Services



Arts and Culture

Capital Improvements Program (CIP) Budget Overview

The City Owns and Maintains a Variety of Infrastructure



Roads



Bridges



Airports



Parks



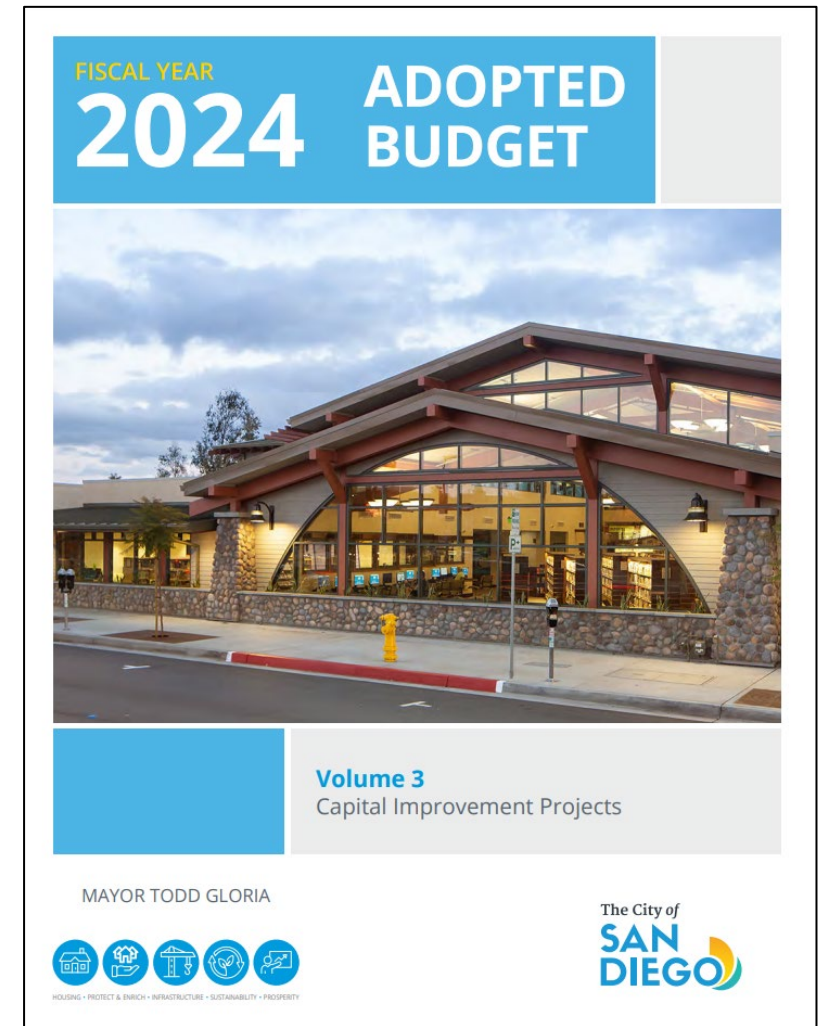
Facilities



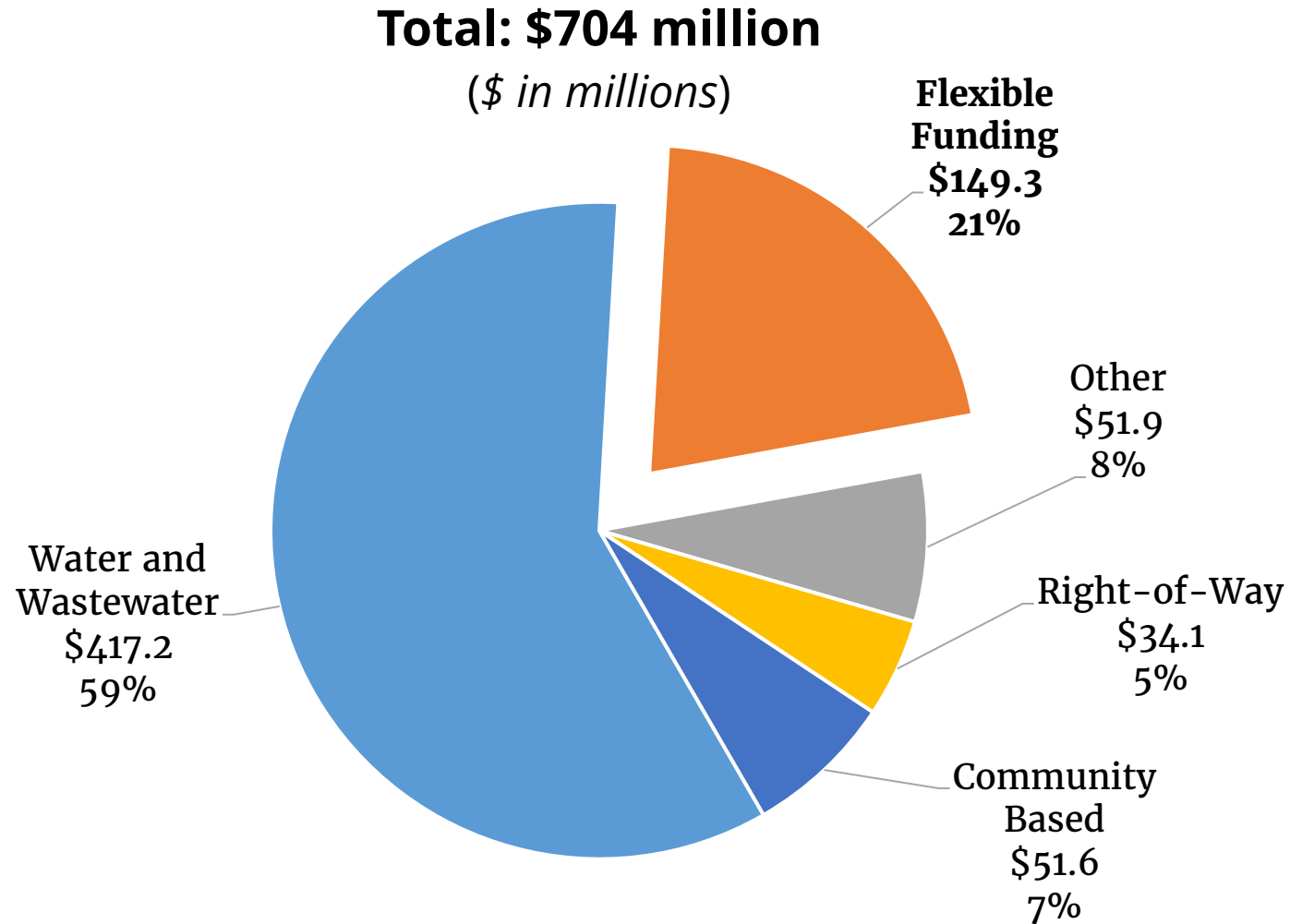
Water
Utilities

About the CIP Budget

- Funding either improves existing infrastructure or creates new
- Rolling budget since projects take multiple years to implement
- Restrictions on funding sources is a big driver of what gets funded



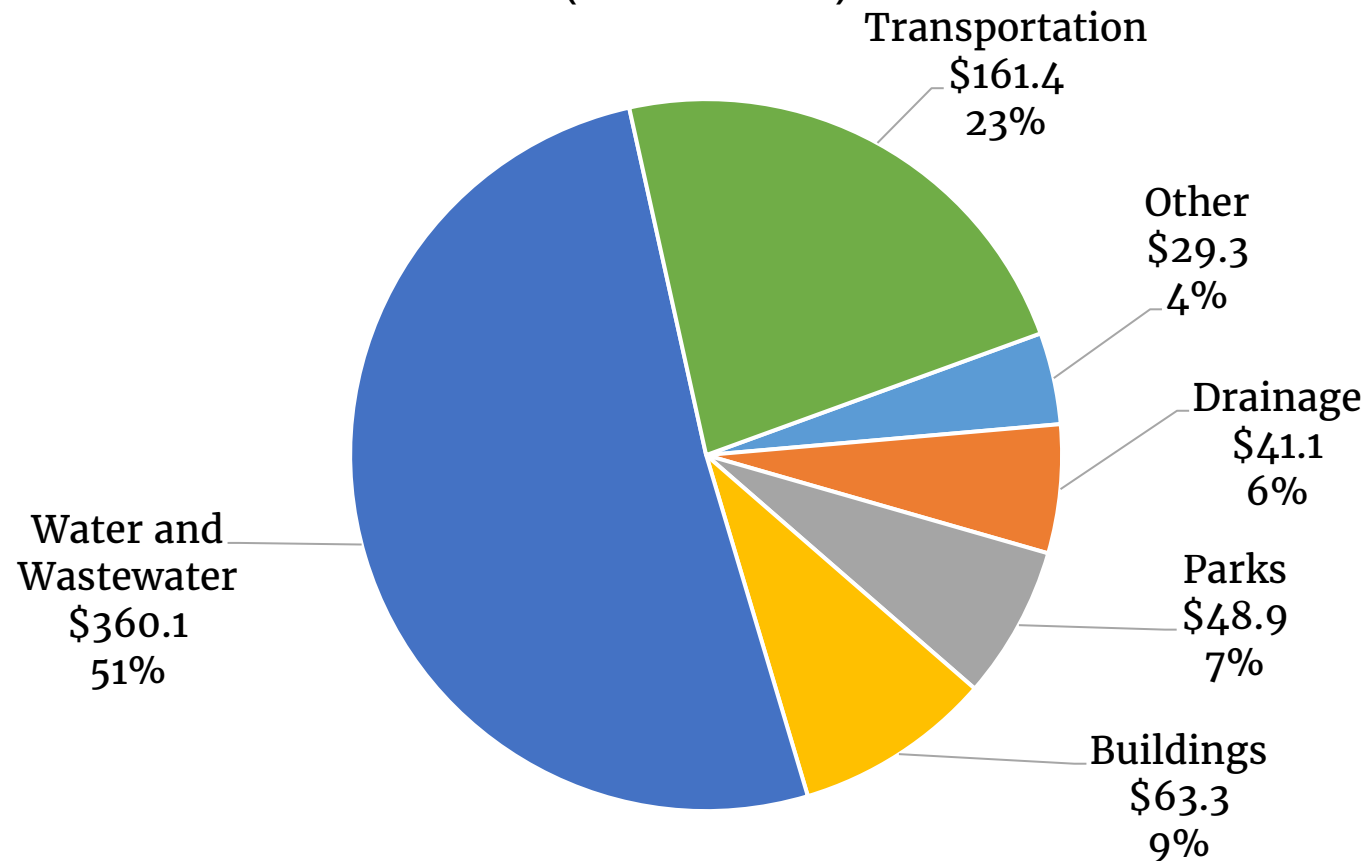
FY 2024 CIP Budget by Funding Source



FY 2024 CIP Budget by Asset Type

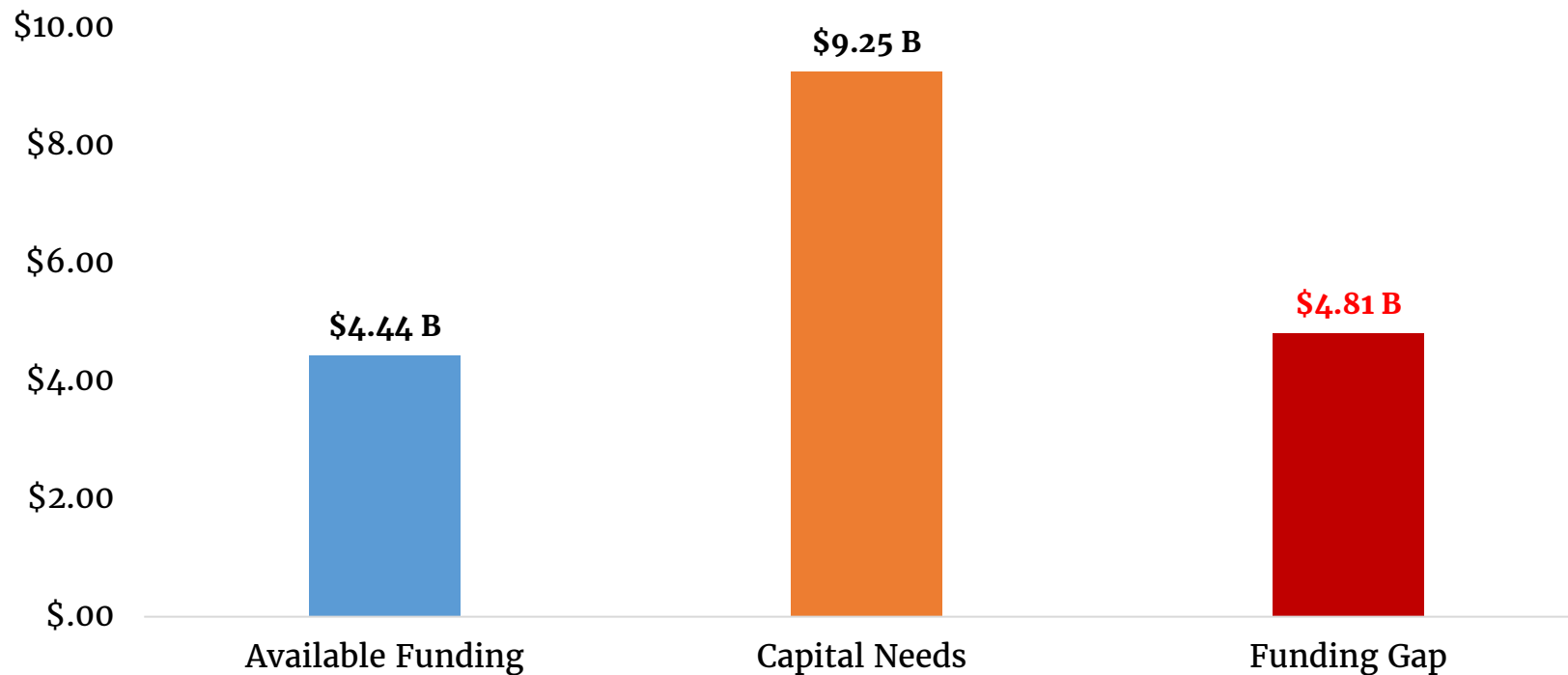
Total: \$704 million

(\$ in millions)



FY 2025-2029 CIP Outlook

City's Five-Year Capital Infrastructure Needs, Available Funding, and Gap (*\$ in billions*)

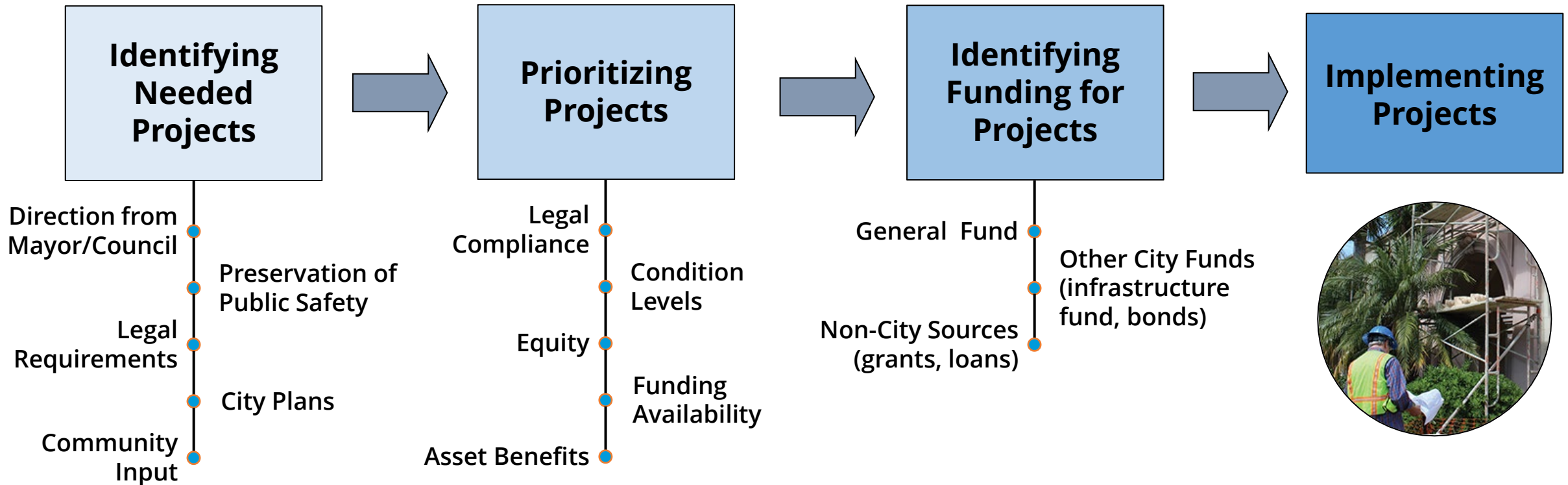


- Infrastructure is a major challenge for the City
- Capital needs **far exceed** funding

Top Unfunded Needs

Funded and Unfunded Asset Needs <i>(\$ in millions)</i>		
Asset	Funded Needs	Unfunded Needs
Stormwater	\$ 571.7	\$ 1,632.0
Streets and Roads – Pavement	264.2	989.3
Parks	302.5	773.4
Streetlights	24.4	427.0
Fire-Rescue	75.3	282.1
Police	0.9	167.6
Existing Facilities	5.9	140.3

How do projects get into the CIP?



FY 2025 CIP Priorities Receiving Majority Support

Transportation and Mobility Safety



Stormwater



Streets

Sidewalks



American with Disabilities Act

Facilities



A photograph of a diverse group of people sitting in a conference room, viewed from behind. Many of them have their hands raised in the air, suggesting an interactive session or a vote-taking process. The room has large windows in the background, and the overall atmosphere is professional and engaged.

Get Involved

Opportunities for Public Input



Contact the Mayor

- November – April: during budget development

Contact Councilmembers

- September: as they develop their budget priorities
- November: during their review of the 5-Year Outlook
- December/January: as they update their budget priorities



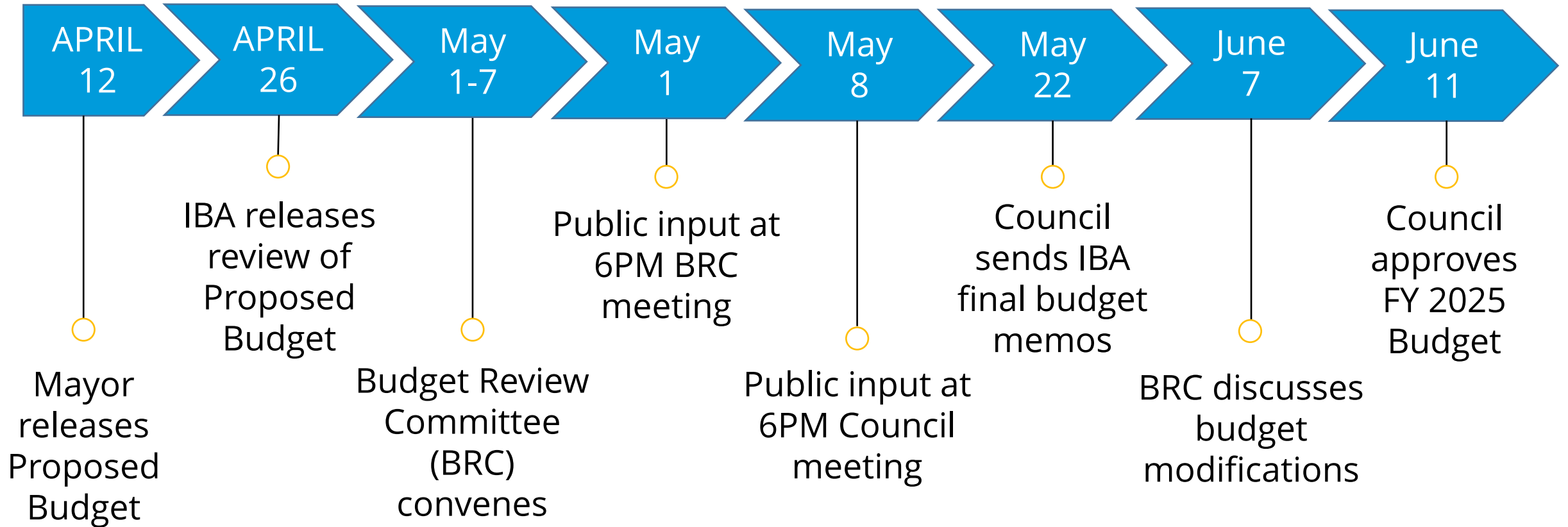
Get involved in community planning, recreation committees, and other groups

Report needs through the *Get It Done App* or department staff



Online City survey to provide input on infrastructure

Upcoming Public Meetings



Important Resources

Office of the IBA

Website <https://www.sandiego.gov/iba>

- [IBA Reports](#)
- [Key Budget Dates](#)
- [Public's Guide to the Budget](#)
- [Public's Guide to Infrastructure](#)

X (Twitter)



Office of the Independent Budget Analyst
@SanDiegoIBA

Phone number **619-236-6555**

Department of Finance

Website <https://www.sandiego.gov/finance>

Adopted
Budget



Other
Financial
Reports

Financial Reports	
Five-Year Financial Outlook	▼
Budget Monitoring Reports	▼
Annual Comprehensive Financial Report	▼
Single Audit Reports	▼
State and Local Recovery Funds Performance Report	▼
Metropolitan Wastewater Utility Allocation of Billing Report	▼
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters	▼
Annual Internal Controls Reports	▼
Charter 39 Financial Performance Reports	▼
City Employee Compensation Reports	▼
Discontinued Reports	▼
CFD (Mello Roos) Reports	▼

**Thank you for
participating!**

**We're happy to take
questions!**

IBA Budget Crash Course Feedback



<https://rb.gy/a0s5h2>