



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: May 20, 2020

IBA Report Number: 20-10

City Council Docket Date: NA

Item Number: NA

Budget Review Committee Request for Information Regarding Development of the FY 2021 Budget

At the Budget Review Committee on Friday, May 8, 2020, Councilmembers requested our Office to identify and review a number of budget actions that could potentially free up existing General Funds or identify resources in either the Mayor's FY 2021 Proposed Budget or the May Revision. We were also requested to provide other ideas for your consideration. This information is intended to apprise the City Council as you continue to evaluate the Mayor's Proposed Budget and the May Revision, and work to develop Council's final modifications on Tuesday, June 9, 2020. In our memo, we have noted items the City Council could consider utilizing, if desired, to restore neighborhood services reduced or eliminated in the Proposed Budget, *that have not been restored in the May Revision*. We also discuss those items where we have outstanding questions or concerns.

Priority services frequently mentioned by Council and the public during budget hearings and town halls, *that have not been restored in the May Revision*, are listed below. We note *the Mayor has restored funding in the May Revision to maintain current recreation center hours, swimming pool operations and hours and the Mountain View/Beckwourth Library*, some of the top priorities of the City Council and the community. Full restoration of the following priorities will require identifying General Funds totaling nearly \$11.0 million.

- Restore Library hours to current levels - \$6.8¹ million
- Restore Tree Trimming services to current levels - \$1.8 million
- Restore Weed Abatement funding to current levels - \$756,000
- Restore funding for Brush Management services to 509 acres from 466 acres - \$411,000
- Restore funding for Graffiti Abatement to current levels - \$268,000

¹ Includes restoration of hours at Mountain View/Beckwourth Library; the May Revision restored operations at the Mountain View/Beckwourth Library but maintained closures on Sunday and Monday consistent with the proposed reduction to library hours systemwide.

- Restore the 2-person Pothole Crew eliminated in the Mayor’s Budget - \$130,000
- Continue Companion Unit fee waivers to facilitate affordable housing options - \$800,000

Our Office has reviewed and analyzed a significant number of the Council’s suggestions and combined them into major categories. Other items require more research which we will continue to address. We have also presented some options of our own, particularly those we believe are necessary to maintain structurally balanced budgets in the near future and beyond.

IBA REVIEWS OF COUNCILMEMBERS’ INFORMATION REQUESTS

Alternative Reduction to Proposed STAR/PAL Unit Elimination

At the Budget Review Committee meeting for the Police Department, interest was expressed for preserving the STAR/PAL Unit, which is eliminated in the Proposed Budget (7.00 Sworn FTE positions and \$1.4 million). **To that end, a potential alternative to this reduction could be the closure of the front counters at each of the Police Department’s nine patrol commands. This would involve the reduction of 9.00 sworn FTE positions and ongoing personnel expenditures of \$1.8 million, more than offsetting the STAR/PAL Unit expenditures.** Our Office plans to provide more information regarding this alternative, including service level impacts to residents, in our report on the May Revision.

Automobile Allowance

One of the expenditure reduction options for which information was requested was regarding suspension of the automobile allowance. As outlined in the Salary Ordinance, the monthly automobile allowance is as follows:

- \$800 for the Mayor, City Councilmembers, Chief Operating Officer, and City Attorney. However, effective December 10, 2020, the Mayor, City Councilmembers, and City Attorney are prohibited from continuing to receive the regularly paid automobile allowance as a form of additional compensation, as stated in Charter section 303(b).²
- \$475 for the Independent Budget Analyst, Chief Financial Officer, City Auditor, Assistant Chief Operating Officer, Assistant City Attorneys, Deputy Chief Operating Officers, and Public Utilities Director
- \$300 for the City Clerk, Personnel Director, Retirement Administrator, Ethics Commission Executive Director, Department Directors, and managerial employees at the Department Director level or other positions designated as eligible by the Mayor.

The FY 2019 General Fund amount paid for automobile allowances was \$230,000 (\$265,000 citywide).

Borrowing from Reserves

Another FY 2021 balancing option for which information was requested is related to borrowing from reserves. At the time of release of the FY 2021 Proposed Budget, the Mayor’s plan to balance

² The elective officers may be reimbursed for actual miles driven in a personal vehicle while on City business, in accordance with reimbursement policies that comply with federal tax laws and regulations in effect at the time of the request for reimbursement.

FY 2020 expenditures included use of General Fund Reserve amounts. After utilization of the General Fund Reserve for FY 2020, the balance was estimated to be reduced to approximately \$138.8 million – by \$66.8 million, or 32%, of the \$205.6 million Reserve target for FY 2020. Note that with the release of the FY 2020 Third Quarter Budget Monitoring Report, FY 2020 use of General Fund Reserve is anticipated to be \$12.8 million, rather than \$66.8 million, due to the availability of CARES Act funding.

Other existing reserves include the Public Liability (PL) and Workers' Compensation (WC) Reserves. Assuming FY 2020 year-end target balances of \$33.8 million and \$32.0 million, respectively, a 32% reduction of these reserves would provide the General Fund with approximately \$19.5 million (\$10.8 million from the PL Reserve and \$8.7 million from the WC Reserve). As with use of the General Fund Reserve, the risk to the City's bond ratings should be considered with this course of action. **The rating agencies consider a more responsible approach for managing revenue shortfalls to include balancing the use of reserves with reductions to programs and services.** In addition, PL expenditures, in particular, can be very volatile, increasing the risk of tapping this Reserve for purposes other than those intended.

CARES Act and Other Relief Funding

The May Revision to the FY 2021 Proposed Budget discusses the availability and proposed use of \$268.3 million of COVID-19 State and Federal relief funds in FY 2020 and FY 2021. This amount is comprised of \$261.2 million Federal funds (including \$248.5 million from the Coronavirus Relief Fund or CRF) and \$7.1 million in State Funds. In early April, the City and County agreed to use the regional allocation of \$7.1 million in State Emergency Homeless Funds for emergency shelter operations at the Convention Center which opened on April 1, 2020.

The \$261.2 million of Federal relief funding is available for City expenditures used to respond to the COVID-19 public health emergency between March 1, 2020 and December 30, 2020. Federal relief funding may not be used to cover revenue shortfalls or expenses that were already accounted for in the adopted FY 2020 Budget. For the last several weeks, staff has been endeavoring to track all COVID-related expenditures incurred to date and project eligible expenditures expected to be incurred through December 2020. Additionally, staff has been working on numerous fronts to better understand federal guidelines with respect to the appropriate use of all relief funding. **It is important to note that the May Revision proposes to use all \$268.3 million of Federal and State relief funds in FY 2020 (\$112.1 million) and FY 2021 (\$156.2 million).**

Most of the relief funding is being used to cover COVID-19 driven expenditures for public safety (Police, Fire, Lifeguards), Operation Shelter to Home (protecting our homeless citizens), and for other department staffing and supplies. The Mayor is proposing to allocate a total of \$12.8 million of CARES Act funding to provide grants and forgivable or low-to-zero interest rate loans to eligible businesses for working capital. On May 19, 2020, the City Council authorized the use of \$5.0 million in CARES Act funding (matching an identical contribution from the County) to provide childcare vouchers for essential workers and other vulnerable populations.

The availability of Federal and State relief funding enables the City to cover the unanticipated costs caused by the COVID-19 pandemic, avoid depleting our General Fund reserves, and restore many of the critical service cuts included in the FY 2021 Proposed

Budget. A summary breakout of most of the eligible expenditures in FY 2020 is provided on page 13 of the FY 2020 Third Quarter Budget Monitoring Report. An overview of the proposed use of relief funding in the FY 2021 Budget is shown in Table 7 on page 8 of the May Revision.

Communications Department – Placing Public Information Officers Back in City Departments

The Communications Department was created in FY 2015 with the goal of centralizing and increasing the effectiveness of the City’s communications-related activities. Two major FTE additions included the Executive Director added in FY 2015, and Deputy Director added in FY 2016 which currently requires \$481,000 in personnel expenditures. Previously, Public Information Officers (PIOs) and other communications-related personnel were distributed throughout other City Departments. We note that the department has had a total of 4.00 PIO reductions over the course of four years starting in FY 2018. Additionally, over the past two fiscal years, the department had requested and received a total of 4.00 FTE Public Records Act support staff to handle the increase in incoming PRA requests.

Eliminating the Communications Department would result in transferring some of the original positions back to their previous departments. Notable transfers would include the remaining 15.00 PIOs totaling \$1.7M in personnel expenditures, back to the following departments: Development Services, Environmental Services, Library, Parks & Recreation, Public Utilities, Public Works, and Transportation & Storm Water. Some of these transfers would result in a shift in how the positions would be reimbursed depending on how the positions are restructured into Enterprise Funded departments such as Public Utilities and Development Services. In the FY 2020 Adopted Budget, the revenue generated from Enterprise Funds was estimated at \$326,000, or 17.5% of the PIO personnel expenses which includes work from Airports, Development Services, Environmental Services, Golf, Public Works, and Public Utilities.

Service level impacts potentially related to transferring the PIO positions out of the Communications department could include leaving a gap in duties related to managing Citywide internal communications including Employee Notifications, Citynet and the City’s digital employee newsletter, The Insider, as the PIOs are responsible for these additional duties. **Cost savings would largely result from eliminating the Executive Director, the Deputy Director and administrative support** reducing the remaining FTEs outside of the PIO positions that have been added to the budget over the years, some of which have been mentioned above, since 92% of the Communications budget comes from Personnel Expenditures.

Contract Spending

Our Office, in response to concerns about increasing spending on contracts, is providing some additional analysis around spending within this commitment item group. It is important to note that spending in the “Contract” category is not solely limited to spending that the City provides to outside vendors. In fact, a large portion of contract spending is kept within the City, and accounts for General Fund spending to various internal service departments, such as Fleet, Information Technology, and Purchasing & Contracting (Print Shop). Most of these costs have been captured in our Internal category in the table below and represent the largest single category of spending. Further, other spending within contracts represents fixed costs for General Fund expenses that are determined by actuaries and the Department of Finance, including Insurance and a large portion

of Reimbursement, which mainly make up contributions to the Public Liability Fund. Our Consulting category represents all of the expenses for pure consulting contracts as well as miscellaneous professional and technical agreements. Finally, the Other category represents various types of service contracts that do not fit into other categories, with the bulk of these costs including the Animal Services Contract as well as a portion of CleanSD spending.

The table below shows that Contract spending overall in the FY 2021 Proposed Budget has increased by \$66.9 million, or 37.6%, compared to the FY 2015 actuals. The largest increases are for Insurance, Consulting, Rent, and Other services. Within the current budget cycle, these costs have increased by \$11.4 million since FY 2019, or 4.9%. Since FY 2019, Rent is the largest category of growth, followed by Internal services, and then Other services. Notably, while the outside consulting contracts were the second largest category of growth between FY 2015 and FY 2021, they are the largest category of decline between FY 2019 and FY 2021.

Contract Spending Comparison FY 2015 through FY 2021					
Categories	2015 Actuals	2019 Actuals	2021 Proposed	Change 2015-2021	Change 2019-2021
Insurance	2,365	13,138	17,315	14,950	4,177
Consulting	31,820	52,953	44,489	12,670	-8,464
Other	19,205	24,156	28,771	9,566	4,615
Rent	7,662	7,181	16,989	9,327	9,808
Internal	66,777	67,601	74,816	8,039	7,215
Maintenance	25,070	33,009	31,734	6,665	-1,274
Reimbursement	15,683	21,688	20,890	5,207	-798
Miscellaneous	671	3,407	2,477	1,806	-930
Fees	2,234	2,683	3,699	1,464	1,016
Training	649	783	1,133	483	350
Fines	11	21	5	-5	-16
Travel	1,322	1,494	1,167	-156	-327
Lobby	326	142	144	-181	3
Transit Pass	857	686	388	-469	-298
Tree Trimming	1,261	2,862	582	-680	-2,280
Engineering	2,004	1,632	251	-1,753	-1,380
Total	177,916	233,433	244,850	66,934	11,417

It should be noted that many of the reductions proposed by Councilmembers so far, including reductions to CleanSD and Smart Streetlights, are partially or wholly contained in this spending area. In addition, numerous additions to service levels, including tree trimming, weed abatement, and graffiti abatement, would also add to contract spending if restored. At this time, our Office has not had the opportunity to do a more detailed analysis on the overall growth in contract spending beyond what is provided in the table above, and thus it is unclear what a large reduction in contract spending would mean to citywide service levels. Not all contract spending can be equally reduced, and thus a large reduction would have to fall on specific categories, most likely in Consulting and Maintenance. **However, a small percentage reduction could be feasible. A 4% reduction to**

contract spending equals approximately \$9.8 million. Our Office will continue to analyze this category of spending in the coming year.

Convention Center Long-Term Marketing: \$2.1M

At the budget hearing for the San Diego Convention Center Corporation (SDCCC) on May 7th, a suggestion was made to suspend the City’s \$2.1 million annual General Fund contribution to SDCCC in FY 2021 for long-term marketing because the COVID-19 pandemic has significantly reduced interest in booking future conventions. It was further suggested this contribution could resume when convention activity resumes and future convention protocols are better understood. SDCCC uses the City’s \$2.1 million contribution to annually fund their contract with the San Diego Tourism Authority (SDTA) to perform long-term marketing for Convention Center events booked more than 18 months in advance.

The SDCCC and SDTA approved a five-year long-term marketing contract on July 1, 2017. The contract requires SDTA to present an annual program of work for approval and SDCCC to pay SDTA \$2.1 million to perform the annual program of work. Section 8.3 (c) of the contract contains a Termination for Cause due to Non-Appropriation provision which specifies “*The continuation of this Contract is contingent upon the appropriation of funds to fund this Contract by the City and the receipt of such funds by the Corporation*”. The contract contemplates and allows for a Termination for Cause as has been suggested.

In discussing this proposal with SDCCC management, they indicated there is currently collaboration between SDTA’s long-term marketing team and SDCCC’s short-term marketing team to work with existing convention business facing the possibility of cancelation due to the pandemic. SDCCC management believes it would be advantageous to continue this collaborative work with the SDTA to maximize the re-booking of likely-to-be-cancelled FY 2021 convention business to future open dates at the Convention Center.

The May Revision fully eliminates the City’s \$2.1 million contribution for FY 2021 and uses those funds to balance the General Fund budget.

Federal Reserve Bank: Municipal Liquidity Facility

On April 8, 2020, the Board of Governors of the Federal Reserve System, with the approval of the Secretary of the Treasury, authorized the establishment and operation of the Municipal Liquidity Facility (MLF). The MLF is intended to support lending to state, city, and county governments by providing a market/buyer for eligible notes. In the past, the City has issued Tax and Revenue Anticipation Notes (TRANs) as a cash management tool where we borrow on a short-term basis (say for 6 months) early in the fiscal year and pay off the notes when we receive major inflows of tax proceeds (e.g., property tax) later in the same fiscal year. The MLF was approved to ensure state and local governments could sell their eligible notes (like TRANs) at reasonable rates if normal market activity were to be disrupted due to COVID-19.

If the City elected to sell TRANs to the MLF, the rate of interest would be equivalent to the Overnight Index Swap (OIS) rate on the date of the borrowing plus approximately 1.85%. Every year, the City’s CFO evaluates whether it makes fiscal sense to borrow using TRANs in accordance with IRS guidelines. Based on recent analysis, the CFO determined the City’s projected cash

position does not warrant a TRAN borrowing in FY 2021. Even if a determination were made to issue TRANs in FY 2021, it might be possible to sell the notes in the market at rates that would be lower than those available using the MLF. **Given that the City does not require short-term borrowing in FY 2021 and the uncertainty associated with future tax receipts (e.g. TOT and sales tax), we do not believe utilizing the MLF would be useful at this time.**

Fleet's Fund Balances

The Fleet Department has two funds which receive contributions from the City's General Fund – the Fleet Operating Fund and the General Fund Fleet Replacement Fund. The Fleet Operating Fund is projected to have a fund balance of \$1.1 million at the end of FY 2020. This represents less than 2% of the Operating Budget; therefore, we do not recommend reducing this fund balance any further. Additionally, other City funds contribute to this fund to reimburse the Fleet Department for maintaining City vehicles and only approximately 72% of any fund balance in the Fleet Operating Fund is from General Fund contributions.

The General Fund's Fleet Replacement Fund is projected to have a \$23.5 million fund balance at the end of FY 2020. Of this, \$4.8 million is proposed to be returned to the General Fund in the FY 2021 Proposed Budget. After accounting for this transfer and planned vehicle replacements in FY 2021, the Fleet Department projects the fund balance will be approximately \$16.9 million at the end of FY 2021. This remaining \$16.9 million of fund balance is planned to be returned to the General Fund as rate relief of \$4.8 million in each of the next four fiscal years (FY 2022 – FY 2025). If City Council were to return more of this fund balance to the General Fund now, for one-time relief, that would reduce the amount available to offset increased General Fund expenditures in future fiscal years. **If City Council wishes to use more of the balance now, it is recommended to take no more than an additional \$15.2 million now (added to the \$4.8 million already budgeted for a total of \$20.0 million)** in order to leave the fund with a small projected cash balance of \$1.7 million for unseen price fluctuations.

Fund Balances

Fund balances for the City's 2,200+ funds are updated annually in July/August as part of the fiscal year closing process. The most recent fund balance information available are the FY 2019 ending balances which do not take into account the recent impacts from COVID-19 or the proposed FY 2021 budget. **However, our Office will continue to monitor and inquire regarding available fund balances as we evaluate the FY 2020 Third Quarter Projections and Mayor's May Revision to the FY 2021 Proposed Budget.**

Furlough/Salary Reduction

Some Councilmembers requested information on reductions that involved furloughs or other salary reductions. A one-day per pay period furlough is equivalent to a 10% salary reduction. A cost savings estimate for General Fund salaries, variable add-on pays, and related variable fringe benefits for non-public safety employees equates to about \$27.9 million. This estimate was based on costs included in the FY 2021 Proposed Budget and excludes costs for public safety employees (members of IAFF Local 145, San Diego Police Officers Association, and Teamsters, Local 911). Only standard-hour positions were included, meaning no hourly wages were included in the calculation of cost savings. Note that there is the potential for hourly or overtime wages to be increased with a furlough that reduces the time worked by standard-hour employees.

The 10% cost savings described above includes all non-public safety employees, including those represented by City recognized employee organizations. **Implementing such salary reductions would require the City to meet and confer with the employee organizations for affected members.** Implementing the 10% salaries reduction for **unrepresented employees only** does not require a meet and confer process. The estimated cost savings for such a 10% pay reduction is \$7.0 million.

Estimated cost savings for a one-week furlough during FY 2021, based on the same methodology described above are \$5.4 million for non-public safety employees and \$1.4 million for only unrepresented employees.

Leases for the 101 Ash Street Building and Kearny Mesa Repair Facility

101 Ash Street Building Lease-to-Purchase Agreement

Citing the possibility of telework opportunities for City employees, we were asked to look into the City considering extricating itself from the lease-to-purchase agreement for the 101 Ash Street building as a possible revenue source that could be used to address current budget needs. The 101 Ash Street building costs the City approximately \$10.4 million annually (\$6.4 million in base rent and \$4.0 million in annual operating costs). **Before further consideration is given to this option, we recommend the Council request the Office of the City Attorney review this lease and advise the Council on options for negotiating a lease termination.**

It is also important to note that the City planned to place 1,150 employees in this building and certain tenant improvements were designed to improve customer service (e.g., Development Services). A decision to terminate the lease would require a significant modification to employee workplace planning. There may be offsetting costs for alternative workplaces, customer service implications, and meetings with the City's impacted labor organizations to be considered before a decision is made to terminate the lease.

Kearny Mesa Repair Facility Lease Agreement

A similar suggestion was made regarding the lease for the Kearny Mesa Repair Facility located on Othello Avenue. The most recent estimated cost to complete the capital project in order to be able to use this facility for maintenance and repair of heavy-duty fire apparatus, as was intended when the City entered into the lease in April 2017, is an additional \$13.8 million. This funding request is anticipated to come before City Council along with the next round of General Fund Commercial Paper borrowing and is not included in the FY 2021 Proposed Budget.

Council recently (September 2019) approved the Second Amendment to the lease for the property at Othello Avenue. This extended the lease to a 15-year term (out to 2032), with three 5-year options to extend, in order to allow the City to retain the property long enough for the capital investment to be worthwhile. We also note that City staff are currently located at this site and would need to be placed elsewhere. Furthermore, this site is intended to address efficiency and space needs for repair of Fire and Refuse fleets and another location would be needed if the City does not continue with improvements at this location. **Before further consideration is given to terminating this lease, we recommend the Council request the Office of the City Attorney review this lease and advise the Council on options for negotiating a lease termination.** In

addition, Council may wish to request a cost-benefit analysis of pursuing another location versus continuing with the plans at this site.

Management Reduction

Another expenditure reduction option for which information was requested was regarding reduction of management positions. The table below shows the City management structure included in the FY 2021 Proposed Budget (not including the Chief Operating Officer position). Note that there was one additional Deputy Chief Operating Officer position in the FY 2020 Adopted Budget.

City of San Diego Management Structure ¹					
Budgeted Position	Department/Business Area	FTE	Salaries	Variable Fringe	Total
Assistant Chief Operating Officer	Office of the Assistant COO	1.00	229,424	39,693	269,117
Assistant Chief Operating Officer	Office of the Mayor	1.00	229,424	27,981	257,405
Deputy Chief Operating Officer	Office of the Mayor	1.00	197,995	23,117	221,112
Assistant Deputy Chief Operating Officer	Office of the Mayor	1.00	181,813	32,267	214,080
Deputy Chief Operating Officer	General Services	1.00	208,083	35,028	243,111
Deputy Chief Operating Officer	Neighborhood Services	1.00	208,083	28,681	236,764
Deputy Chief Operating Officer	Public Works & Utilities	1.00	208,083	21,221	229,304
Deputy Chief Operating Officer	Smart & Sustainable Communities	1.00	208,083	18,796	226,879
Totals		8.00	1,670,988	226,784	1,897,772

Note: 1.00 Deputy Chief Operating Officer budgeted in FY 2020 (in Internal Operations) has been removed in the FY 2021 Proposed Budget.

¹ The Chief Operating Officer position is not included in this table.

New Department Costs

In this section, we discuss costs associated with new departments in the FY 2021 Proposed Budget.

Cultural Affairs Department

The new Cultural Affairs Department merges the Arts and Culture Commission program staff (A&C) with the Office of Special Events & Filming (OSEF). There are 13.00 FTE positions in the department although 1.00 Public Information Clerk position was erroneously not included in the Proposed Budget and will be added back in the May Revision. The department has a proposed budget of approximately \$3.0 million which is entirely funded with Transient Occupancy Tax (TOT) revenue.

Accounting for the add back of the Public Information Clerk and \$420,000 of additional NPE to cover the added responsibility to operate the Lyceum Theatre, **the new department's budget in FY 2021 budget is approximately \$56,000 higher than the adopted budgets for A&C and OSEF in FY 2020.** It should be noted that A&C and OSEF were not required to take the 4% or greater budget reductions imposed on most General Fund departments. While there were some minor reclassifications (e.g., Executive Director to Department Director), the net increase in personnel expense was approximately \$39,000. If the new department were not to be approved (returning A&C and OSEF to their place in the FY 2020 budget), there would only be \$56,000 of savings.

Homelessness Strategies Department

As shown in the table below, **the creation of the proposed new Homelessness Strategies Department adds three positions which are cost neutral for FY 2021. However, once offsetting state grant funds are depleted, the General Fund may need to support positions, as well as various programs, for them to continue if no other revenue source is identified.** We also note that one Word Processing Operator was transferred from the Neighborhood Services Branch that supported the Office of ADA. The Proposed Budget includes a total of nine positions for the department.

Proposed New Positions for the Homelessness Strategies Department			
FTE Positions	Total Expense	Revenue	Net General Fund Impact
3.00	\$486,901	\$487,340	-\$439

Mobility Department

The Mobility Department’s existing 14.00 FTE positions are generally budget neutral with the positions funded by the same revenue sources that were previously budgeted in their initial departments. This includes a combination of the General Fund, Shared Mobility Device Revenue, General Plan Maintenance Fund, and Community Parking District Revenue.

In order to stay budget neutral, the Proposed Budget identifies three special fund revenue sources for funding an additional 2.50 FTE positions, an Executive Director and support staff and additional non-personnel expenditures. The sources include the General Plan Maintenance Fund, Community Parking District Revenue, and the Shared Mobility Device fund, which would be used to fund the added personnel expenditures of \$551,000. **A large portion of the transferred revenue to support the additional requested positions is the General Plan Maintenance Fund of \$615,000 typically used for long-range planning policy documents** such as General Plan amendments, community plan updates, and mobility plans. Without the new positions these funds could be used for other purposes.

A service level impact associated with the creation of the new department is a potential reduction in the focus on ADA compliance as the proposal transfers two of the five positions currently in the Office of the ADA to other City functions, leaving three positions to address ADA issues and policies.

Storm Water Department

In the Citywide Proposed Budget Overview, the Mayor proposes the creation of a separate Storm Water Department. The documents indicate that the creation of the new department creates a savings of \$16,000. This is due to the inclusion of additional Community Parking District revenues (\$396,000) to offset the costs of a new director position (\$382,000). However, this revenue increase is not directly tied to the addition of a new director position but is due to truing up the budget with the actual parking meter revenue that the Department received in FY 2018 and 2019. Therefore, the new director position in the Proposed Budget was not cost neutral. In the May Revision, however, the Mayor is now proposing to reduce consulting costs to cover the new director. This reduction will delay an investigative order work plan until FY 2022, at which time

the funding will need to be restored. **Thus, the May Revision has made the creation of the new department cost neutral for FY 2021 but is utilizing one-time savings in contracts to cover ongoing personnel costs.**

New Programs, Positions, and Expansions Included in the Mayor’s Proposed Budget

The FY 2021 Proposed Budget adds a total of 71.74 General Fund FTE positions. This includes some positions reflected below as well as some that are offset with other revenue. Note that the total number of FTE positions added will change with the recent release of the May Revision.

General Fund Programs Added					
Department	Program	FTEs	Expenditures		Additional Description
Environmental Services	Clean SD	7.00	\$3,190,000	One time	Includes: (1) the continuation of service levels in FY 2020 consisting of 3.00 FTEs and \$2.9 million; and (2) 4.00 FTEs and \$321,000 in new one-time expenditures.
Police	Clean SD Overtime	0	\$3,549,000	One time	Continues and maintains efforts that were expanded in FY 2020.
Parks and Recreation	New facilities	2.42	\$297,000	Ongoing	Operations and maintenance of three new facilities: (1) Bay Terraces Senior Center; (2) Harriet Tubman Charter School Joint Use Facility; and (3) 14th Street Promenade.
Fire-Rescue	New North University Fire Station	9.00	\$1,457,000	Ongoing	Note that there is also a reduction of 2.33 FTEs and \$0.4 million for the South University City Fast Response Squad which was related to this addition.
	Relief Pool	37.00	(\$503,000)	Ongoing	The costs for the new FTEs are more than offset by a reduction in overtime, resulting in savings.
	Additional Personal Protective Equipment	0	\$238,000	One time	
	New Port Boat Purchase	0	\$250,000	One time	

Percent of Cuts for Each Department

We were asked for information on the percentage of cuts for each department. We prepared two attachments to address this request:

- Attachment 1 lists each department’s FY 2020 Adopted Budget; each department’s budget as a percent of the total FY 2020 Adopted Budget; each department’s reduction amount found in Attachment II of the FY 2021 Proposed Budget; the percentage of each department’s reduction to each department’s FY 2020 Adopted Budget; and finally, the percent of the total reductions that each department sustained. The budget reductions, by themselves, can be misleading because there are offsetting increases, and some additional decreases as well. Significant other programmatic changes are included in the “Notes & Other Significant Programmatic Changes” column to address that issue. This notes section is not all-inclusive, as there are many increases and decreases.
- Attachment 2 is a rearrangement of a table of FTE changes that we included in our FY 2021 Proposed Budget review. The new presentation removes transfers among departments to get to a “Base” FTE amount for each department. For example, new departments had zero positions in FY 2020 because the new department didn’t exist, although there were positions supporting those functions in FY 2020. Including such positions transferred from other departments provides a base number of FTEs before FTE reductions and additions for FY 2021. After Base FTEs, reductions, and additions, are the FY 2021 Proposed Budget FTEs, the net change from the Base FTEs, and the percent increase or decrease from the Base FTEs.

Public Liability Reserve Update

In our review of the FY 2021 Proposed Budget, we wrote about the Public Liability (PL) projections, specifically *“the Risk Management Department is currently working on PL operating projections for FY 2020 year-end. There is potential for expenditures to come in less than the anticipated resources, in which case there could be available funds to help balance the FY 2021 General Fund budget. This information is anticipated to be available in the May Revise.”*

The May Revision does include a \$324,000 reduction in expenditures to support to the PL Operating Fund. **After speaking with Risk Management, we learned that there is an estimated \$1.7 million in further excess PL funds available for use as a resource in the FY 2021 Adopted Budget. This resource can be included among any actions the Council takes as part of the FY 2021 Budget approval process.**

Roles of City Homelessness Staff and Housing Commission

Councilmember Montgomery requested our Office to examine the existing roles and costs of the Homeless Strategies Division within the Neighborhood Services Branch and the San Diego Housing Commission (SDHC) to see if there are duties that overlap. We address this at a high level in this section.

Most of the City’s homelessness programs are administered by the SDHC which are listed in the box to the right.

Administrative Costs

Total costs to administer the City’s homelessness programs are about \$4.2 million. This excludes Environmental Services Department and Police Department expenses whose services are required as part of the Housing Navigation Center and Storage Connect Center programs. This also excludes the Police Department’s Homeless Outreach Team.

Of this amount, according to SDHC it is budgeting about \$3.1 million to administer City programs, in which \$1.9 million is funded with its own funds. We note that the SDHC also implements various other programs dedicated to reducing homelessness, such as creating low-income and supportive housing, which are not discussed here.

According to the FY 2020 Mid-Year Budget Monitoring Report, there is a budget of \$1.1 million in General Funds for personnel expenditures that support homelessness services. Of this amount, \$730,000 is attributed to the Homelessness Strategies Division

Programs Administered by SDHC in FY 2020

- Bridge Shelter Program
- Storage Connect Facility
- Housing Navigation Center

Homeless Shelters and Services Programs funded by City General Funds and federal CDBG and ESG funds:

- Day Center for Homeless Adults
- Connections Housing Interim Bed Program
- Interim Housing for Homeless Adults
- Cortez Hill Family Center
- Serial Inebriate Program
- City’s rapid rehousing programs

Most programs funded by HEAP:

- Think Dignity Storage facility
- SDHC’s family reunification and diversion program
- SDHC’s Flexible spending pool
- SDHC’s Landlord engagement program
- SDHC’s rapid rehousing programs

Any additional CDBG funds provided by the City:

- For FY 2020, \$10 million was transferred to the CDBG Affordable Housing Revolving Loan Fund which is proposed to be redirected to potentially acquiring motels
- For FY 2020, \$1 million was provided for Homeless Facility Acquisition and/or Operations which was partially used for the Day Center for Homeless Adults and for the Naval Training Center Agreement

(partially offset with state funds) and \$380,000 is attributed to the Economic Development Department. In addition, there are other smaller expenses being incurred by other departments that also support various programs.

General Breakdown of Responsibilities

The Community Action Plan on Homelessness (Action Plan) broadly describes the roles of major partners that address homelessness. The role of the Homelessness Strategies Division is generally to coordinate City departments to meet Mayoral direction and implement policy goals; develop City homelessness policy; address constituent or political concerns; and to direct and administer some of the funds that go to SDHC. In addition to administering City and SDHC programs, it describes part of SDHC's role as coordinating with the Regional Task Force on the Homeless (RTFH) to further policy, instill best practice, and strengthen capacity of the provider network through training and technical assistance. In the paragraphs that follow, additional detail is provided on the differing responsibilities.

The Homelessness Strategies Division coordinates with numerous departments on various homelessness efforts as well as development of homelessness and housing policy. The division oversees programs funded with state Homeless Emergency Aid Program (HEAP) funds, the Bridge Shelter Program, the Storage Connect Center, and the Housing Navigation Center. This includes reviewing and fulfilling requests for SDHC reimbursement and submitting quarterly and annual reports on these state-funded programs. With the help of the Parks and Recreation Department, the Homelessness Strategies Division administers vendor contracts for all ancillary services and equipment to support Bridge Shelter operations by coordinating with vendors on daily operations and processing related invoices. Finally, the division also carries out budgeting functions, including tracking homelessness expenses across departments through quarterly budget monitoring reports.

The Economic Development Department oversees SDHC administration of Homeless Shelters and Services Programs funded by City General Funds, and federal Community Development Block Grant (CDBG) and Emergency Solutions Grant (ESG) funds. It also reviews and fulfills requests for SDHC reimbursement and manages reporting to the federal government for related funds. The Proposed Budget consolidates the General Fund portion within the new Homelessness Strategies Department. As a new department, it plans to take a more active role in overseeing homelessness related policies and performance.

General responsibilities of SDHC regarding City programs, include management, administration, and oversight of each program and provider agreement. SDHC administers some programs with in-house staff and some through operators. It supports operators by providing daily technical assistance, which may include guidance on best practice, funding restrictions, data management, and training. SDHC also submits monthly program performance and fiscal data to the City based on funding source. For programs supported by CDBG, ESG, City General Funds, and City Affordable Housing Funds, information is reported to the City's Economic Development Department. Information for HEAP-funded programs is submitted quarterly to Homelessness Strategies Division.

Overlapping Roles

Our Office identifies the following areas of overlap for the Homelessness Strategies Division and the SDHC, though we are not suggesting they are unnecessary.

Operation: Shelter to Home

Both the Homelessness Strategies Division and SDHC are heavily involved with Operation: Shelter to Home. This is a regionwide effort to provide homeless individuals safe shelter at the Convention Center during the COVID-19 pandemic.

According to staff, SDHC is the lead liaison between shelter operators and the partners onsite and provides direction and subject matter expertise to Convention Center shelter operations. SDHC directs or guides various units created to support the project and has staff onsite every day of the week, in addition to staff that works remotely. SDHC works with RTFH to provide policy recommendations and support to the Mayor's policy team, which includes the City's Chief of Homelessness Strategies & Housing Liaison, staff from Councilmember Ward's office, and other regional partners. Homelessness Strategies Division staff focus on coordinating efforts of various City departments and outside agency partners.

Implementation of Community Action Plan on Homelessness

Both the City's Chief of Homelessness Strategies & Housing Liaison and SDHC staff serve as part of the Implementation Team for the Action Plan. Councilmember Ward's office and RTFH also have representation on the Implementation Team. Participation of these entities was recommended in the Action Plan.

Regional Task Force on the Homeless (RTFH) Board

Both the City's Chief of Homelessness Strategies & Housing Liaison and the President and Chief Executive Officer of SDHC are voting members of the RTFH Board. Councilmember Ward also serves as chair of the RTFH Board.

State Funds for Homeless Response: \$7.1M

State funds for homeless response have been committed and will mitigate the additional costs being incurred for the Bridge Shelter Program from housing residents in the Convention Center. Staff have estimated additional costs beyond the Bridge Shelter Program budget to be \$2.8 million per month assuming a capacity of 1,500 residents.

On April 7, 2020, Council approved expenditure of \$3.7 million in state COVID-19 Emergency Homelessness grant funds to support emergency shelter, services, and related needs at the San Diego Convention Center. This is a regional effort involving the County of San Diego, the San Diego Regional Task Force, and other stakeholders to allow for proper social distancing to protect homeless individuals from COVID-19. The County and task force also received state funds in the amount of \$1.6 million and \$1.8 million respectively. All three entities are pooling funds received from this grant, totaling \$7.1 million, to fund Convention Center operations.

Stopping Smart Streetlights

The Smart Streetlights program requires approximately \$1.3 million in General Fund operating costs in FY 2021. Stopping this program would no longer require the expenditure of these funds

but could lead to other one-time costs in FY 2021 due to the cancellation of the program. One potential increase involves the CDBG program.

Approximately \$2.9 million was spent by the City on new sensors with CDBG dollars. Sustainability department staff has informed us that the City is currently in negotiations to sell these sensors back to the vendor in order to repay the CDBG program. However, if the program is paused or cancelled, this would end those negotiations, and the \$2.9 million would need to be paid back to the CDBG program with General Fund dollars.

The May Revision proposes that the City continue to operate the sensors that are within and paid for by the Community Parking Districts, while for now shutting down those sensors outside of the parking district areas. This would allow the project overall to continue without incurring General Fund costs for FY 2021. This would also allow the Sustainability Department to continue to negotiate the overall costs of the contract, including the buyback of the CDBG sensors. Discontinuing the program at this point would require us to pay back CDBG funds with General Funds.

Vacancies and Vacancy Factor

For background, the IBA has discussed, in a number of budget reports, the potential for right-sizing salaries by increasing vacancy savings or cutting positions, but has also cautioned about the potential consequences of doing so (including leaving less of a cushion for overages in overtime and other wage types). As mentioned in the IBA review of FY 2020 Proposed Budget (IBA Report # 19-06), Vacancies and Staffing Issues section: *“We have suggested taking a look at these areas, including adjusting vacancy savings for the length of time to hire new positions and other factors. However, if we **budget more in vacancy savings (i.e. reduce budget for salaries)**, the City would need to ensure wage areas with historical overages, such as overtime, have adequate budget.”* In other budget reports we have referred to this idea of reducing salaries **by increasing vacancy savings or cutting positions** (while ensuring adequate budget for overtime and other wage types).

Some Councilmembers have questioned whether there could be additional rightsizing of vacancy savings for FY 2021. **After some analysis, we would not be comfortable recommending further adjustment at this time. Not only has the vacancy factor been increased in the FY 2021 Proposed Budget, but other reductions to salaries have been made. Budgeted General Fund vacancy savings in FY 2019 was \$33.2 million and is \$41.2 million for FY 2021.**

The largest salary reductions in the FY 2021 Proposed Budget, which total \$15.3 million, include:

- \$3.2 million vacancy saving increase
- \$8.3 million for net standard-hour position reductions (177.82 FTE positions)
- \$3.9 million reduction to salaries for non-Mayoral departments, which was a 4% reduction applied by the Mayor to these departments (not including this \$3.9 million lowers the \$15.3 million in major salaries reductions to \$11.4 million)

Veterans Villages of San Diego (VVSD) Bridge Shelter Relocation Costs

On Tuesday, May 12, 2020, the City of Chula Vista City Council voted to accept a donation from the Lucky Duck Foundation of a sprung tent structure that used to house the City’s VVSD bridge shelter residents before they were moved to the Convention Center. **The May Revision**

removes the \$2.5 million in General Funds that was planned to relocate the shelter within the City, since it is planned to be transferred to Chula Vista. The May Revision plans to use the \$2.5 million in General Funds to balance the overall budget.

We note that the residual budget remaining that was planned for the VVSD bridge shelter, \$4.1 million, is proposed in the May Revision to instead fund one or more shelters to maintain the 200 beds provided by the VVSD bridge shelter. We will discuss this further in our report on the May Revision.

Potential Resources Discussed in this Report

In developing responses to Council budget inquiries, we identified some resource opportunities for Council consideration that **have not been incorporated into the May Revision**. These resources could potentially be used for restoring service reductions that the Mayor **has not restored in the May Revision**. Alternatively, funding could be set aside to establish a COVID-19 Revenue Reserve. This concept is discussed in greater detail in the next section.

As we discuss on page 7 in our review of Fleet's fund balances, we learned that the General Fund Fleet Replacement Fund is projected to have a balance of \$16.9 million at the end of FY 2021. This is after a \$4.8 million transfer to the General Fund and meeting vehicle needs through FY 2021. The current plan is to repay the General Fund in \$4.8 million installments over each of the next four fiscal years (FY 2022 - FY 2025). Alternatively, \$15.2 million of this fund balance could be paid back to the General Fund now. This would provide the General Fund with a one-time General Fund revenue source and still leave a projected cash balance of \$1.7 million in the General Fund Fleet Replacement Fund for unforeseen price fluctuations.

The availability of CARES Act funding allowed the Mayor to reduce the amount of funding he planned to use from the General Fund Reserve from \$66.8 million down to \$12.8 million in FY 2020. This lesser reduction is projected to result in a FY 2020 General Fund Reserve of 14.5% which is below the City's Reserve Policy target of 15.5% for FY 2020. We recommend that the General Fund Reserve remain funded at this level and not be considered for further spending.

The Mayor also determined that it was not necessary to use the \$7.9 million Pension Payment Stabilization Reserve (PPSR) to balance the FY 2020 budget. This \$7.9 million PPSR is included in the May Revision. The Council could potentially consider all or a portion of the PPSR as a one-time funding resource. Additionally, after completing the May Revision, the Mayor's Office informed our Office that there is an estimated \$1.7 million excess in the Public Liability Operating Fund. If available, this \$1.7 million could be used as a one-time resource. We are continuing to research this excess amount in Public Liability Fund. The \$7.9 million PPSR and the \$1.7 million in the Public Liability Fund could be considered for restoring service reductions or being set aside for future needs.

Several other resources discussed in our report **have been incorporated into the May Revision**:

- Economic Development Small Business Relief Fund - \$2.0 million in General Funds in the Proposed Budget has been swapped for CARES funds. The Mayor utilized the \$2.0 million in freed up General Funds in the May Revision.

- Veterans Villages of San Diego (VVSD) Bridge Shelter Relocation Costs - The May Revision reflects a \$2.5 million reduction in General Funds that was initially planned to relocate the VVSD bridge shelter in FY 2021, but is now anticipated to be transferred to Chula Vista. The May Revision plans to use the \$2.5 million in General Funds to balance the overall budget.
- Smart Streetlights - This program requires approximately \$1.3 million in operating costs in FY 2021. The Proposed Budget includes \$1.3 million in General Funds for this purpose. The May Revision proposes that the City continue to operate the sensors that are within and paid for by the Community Parking Districts while for now shutting down the sensors outside of the parking district areas.
- Convention Center Long-term Marketing Contribution - The May Revision eliminates the City's \$2.1 million contribution to the San Diego Convention Center Corporation for long-term marketing as an action to balance the General Fund budget.

Additional information on all these issues can be found in this report.

COVID-19 Revenue Reserve

Considerable uncertainty exists about how quickly our economy will open back up and how long it will take the City's revenues to rebound to previous levels. The May Revision has updated all major General Fund revenue projections based on the most recent economic data and information available. Despite the City's best efforts to project revenue in FY 2021, it is challenging to predict the how quickly the tourism economy (TOT) and consumer confidence (sales tax) will rebound. The City's projections for these two major revenues in FY 2021 dropped by approximately \$40.2 million in the last month.

The City's General Fund Reserve has been reduced by \$12.8 million to maintain critical services and is projected to be approximately 14.5% at the end of FY 2020 (this is below the below the City's Reserve Policy target of 15.5% for FY 2020). The General Fund Reserve exists to protect critical public services and operations from being adversely impacted due to a public emergency such as a natural disaster (wildfires, earthquakes, etc.) or unexpected revenue shortfalls (e.g., caused by a recession or pandemic). Maintaining healthy reserves is also a best financial practice that is one of several things considered by rating agencies in assessing the City's credit quality. When there are specific known risks to the General Fund, the City has opted to create additional special purpose reserves to help mitigate that specific risk. The Pension Payment Stability Reserve or Public Liability Fund would be examples of such specialty reserves.

Given the significant revenue uncertainty that currently exists due to the COVID-19 pandemic (including the possibility of a second wave of the virus), we recommend Council consideration be given to creating a COVID-19 Revenue Reserve with any available funds that may remain after restoring critical public services. This special purpose reserve would serve as a buffer against revenue shortfalls in FY 2021 and FY 2022. If the COVID-19 revenue uncertainty abates before or after FY 2022, these revenue reserves could be transferred to the General Fund Reserve to help reach the City's 16.7% Reserve Policy goal or be used for any other one-time need (e.g., a General Fund infrastructure project).

Significant Fee Discussions for the Future

Storm Water Fee

As our Office as previously discussed, storm water needs, both for infrastructure and operations, are a consistent source of strain upon the General Fund budget. Currently, the City has a storm water fee that is low compared to other cities at 95 cents per month per single family home. The Transportation and Storm Water Department is currently working on a funding strategy that will analyze whether to increase this fee, and to what amount, which is scheduled to be released in January 2021. An increase of \$1.00 per parcel per month would generate an additional \$6 million per year for storm water needs. Such an increase though would require approval by 2/3 of City voters.

Trash Collection Fee/People's Ordinance

The People's Ordinance established that trash collection for single family homes is a responsibility of the City for no fee, which represents approximately \$35.2 million in ongoing General Fund expenses. The City is the only large city to continue to provide free collection services to single family homes. Given the City's current costs, the monthly charge to the roughly 285,000 single family home residents currently served would be approximately \$16 per month. The repeal of the People's Ordinance would require a simple majority approval by voters.


User Fees

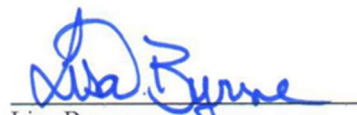
City Council may also wish to revisit user fees for the Reservoir Recreation Program as well as for other General Fund programs. There may be programs where residents are willing and able to pay higher rates in order to save a program from reductions due to its current reliance on the General Fund. Note, Council Policy 100-05 establishes procedures for the City to evaluate and set user fees, including identifying the cost to provide the service, review by the Budget and Government Efficiency Committee, and adoption through the annual budget process. User fees citywide are evaluated on a 3-year cycle and were last updated for the FY 2019 budget. However, user fees for the Reservoir Recreation Program, for example, have not been updated since 2009.

Next Steps

Our Office will be reviewing and analyzing the Mayor's May Revision to the FY 2021 Proposed Budget and the FY 2020 Third Quarter Budget Monitoring Report. We will continue to explore resource options and work closely with the City Council to assist in your final decision making.


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Attachments

1. Percent Cuts for Departments
2. General Fund FTE Changes

FY 2021 Proposed Budget - Percent Cut for Departments						
Department/ Business Area	FY 2020 Adopted Budget	Dept. as a % of FY 2020 Adopted Budget	FY 2021 Proposed Department Budget Reduction	Reduction as a % of FY 2020 Adopted Budget	Dept. Reduction as a % of Total Reductions	Notes & Other Significant Programmatic Changes <i>(not inclusive of all additions and reductions)</i>
City Attorney	\$ 60,303,573	3.8%	\$ (2,412,143)	4.0%	5.3%	4% reduction applied to non-Mayoral departments
City Auditor	4,016,417	0.3%	(160,657)	4.0%	0.4%	4% reduction applied to non-Mayoral departments
City Clerk	5,991,511	0.4%	(239,660)	4.0%	0.5%	4% reduction applied to non-Mayoral departments
City Treasurer	18,294,845	1.2%	(899,389)	4.9%	2.0%	Includes 9.00 FTE reductions
Citywide Program Expenditures	153,233,189	9.6%	-	-	-	Significant reductions include elimination of contributions to the Infrastructure Fund and reserves, and decreased debt service budget
Communications	4,964,179	0.3%	(148,032)	3.0%	0.3%	Includes 1.00 FTE reduction
Council Admin.	3,024,483	0.2%	(120,979)	4.0%	0.3%	4% reduction applied to non-Mayoral departments
Council Districts 1-9	11,442,514	0.7%	(457,701)	4.0%	1.0%	4% reduction applied to non-Mayoral departments
Council Districts 1-9 - CPPS	1,491,803	0.1%	-	-	-	Community Projects, Programs, and Services (CPPS) was eliminated in the Proposed Budget
Debt Management	2,932,336	0.2%	(407,928)	13.9%	0.9%	Includes 3.50 FTE reductions
Department of Finance	19,743,271	1.2%	(789,270)	4.0%	1.7%	Includes 7.80 FTE reductions
Department of IT	267,172	0.0%	-	-	-	
Development Services	8,046,497	0.5%	(1,621,752)	20.2%	3.6%	Includes 16.00 FTE reductions
Economic Development	13,710,133	0.9%	(1,109,822)	8.1%	2.4%	Includes reductions of 5.00 FTE and funding for the Small Business Enhancement Program and Business Cooperation Program; offsetting increase of \$2.0M for the Business Relief Fund
Environmental Services	48,133,005	3.0%	(1,497,317)	3.1%	3.3%	Includes 8.00 FTE reductions; offsetting ongoing funding includes \$3.2M and 7.00 FTEs for Clean SD
Ethics Commission	1,298,098	0.1%	(51,924)	4.0%	0.1%	4% reduction applied to non-Mayoral departments
Fire-Rescue	284,905,725	17.9%	(616,363)	0.2%	1.3%	Includes reductions of 2.33 FTE and funding for rescue training; offsetting increase of \$1.5M & 9.00 FTEs for N. University City Fire Station; additional \$503K decrease for relief pool staffing model.
General Services	-	-	-	-	-	DCCO transferred to General Services from Office of Assistant COO
Government Affairs	1,253,756	0.1%	-	-	-	

FY 2021 Proposed Budget - Percent Cut for Departments						
Department/ Business Area	FY 2020 Adopted Budget	Dept. as a % of FY 2020 Adopted Budget	FY 2021 Proposed Department Budget Reduction	Reduction as a % of FY 2020 Adopted Budget	Dept. Reduction as a % of Total Reductions	Notes & Other Significant Programmatic Changes <i>(not inclusive of all additions and reductions)</i>
Homelessness Strategies	-	-	(420,106)	-	0.9%	Offsetting increase of \$487K for 2.00 Program Managers & 1.00 Program Coordinator (supported by State funds); there is a \$5.7M increase in Veterans' Village Bridge Shelter funding and a \$2.1M decrease for bridge shelter costs covered by State grants.
Human Resources	5,853,406	0.4%	(381,825)	6.5%	0.8%	Includes 3.00 FTE reductions; there is also a 0.72 FTE management intern reduction
Internal Operations	481,022	0.0%	(412,941)	85.8%	0.9%	Department and DCOO position eliminated
Library	56,408,923	3.5%	(7,001,480)	12.4%	15.3%	Includes 96.51 FTE reductions
Mobility	-	-	-	-	-	New dept. includes 2.50 FTE additions for \$551K
Neighborhood Services	1,925,024	0.1%	-	-	-	Most positions transferred to other departments
Office of Boards & Commissions	801,684	0.1%	(123,581)	15.4%	0.3%	Includes 1.00 FTE reduction; offset by 1.00 FTE addition, which is to be removed in the May Revise
Office of Homeland Security	3,080,300	0.2%	-	-	-	
Office of the Assistant COO	1,065,364	0.1%	(1,700)	0.2%	0.0%	DCOO transferred to General Services from Office of Assistant COO
Office of the CFO	606,371	0.0%	-	-	-	
Office of the COO	1,260,557	0.1%	(134,501)	10.7%	0.3%	Includes 1.00 FTE reduction
Office of the IBA	2,189,081	0.1%	(87,563)	4.0%	0.2%	4% reduction applied to non-Mayoral departments
Office of the Mayor	4,100,118	0.3%	(364,481)	8.9%	0.8%	Includes 2.00 FTE reductions
Parks and Recreation	122,248,277	7.7%	(5,904,206)	4.8%	12.9%	Includes reductions of 88.79 FTE and funding for brush management contracts; offsetting increase of 2.74 FTEs for various facilities
Performance & Analytics	4,661,541	0.3%	(220,593)	4.7%	0.5%	Includes partial reduction to Get It Done app funding
Personnel	9,716,560	0.6%	(388,662)	4.0%	0.9%	4% reduction applied to non-Mayoral departments
Planning	9,976,245	0.6%	(1,467,572)	14.7%	3.2%	Includes 10.00 FTE and Parks Master Plan reductions

FY 2021 Proposed Budget - Percent Cut for Departments						
Department/ Business Area	FY 2020 Adopted Budget	Dept. as a % of FY 2020 Adopted Budget	FY 2021 Proposed Department Budget Reduction	Reduction as a % of FY 2020 Adopted Budget	Dept. Reduction as a % of Total Reductions	Notes & Other Significant Programmatic Changes <i>(not inclusive of all additions and reductions)</i>
Police	539,262,929	33.9%	(6,292,379)	1.2%	13.8%	Includes reductions of 23.00 FTE and funding for air support flight hours, helicopter maintenance, and overtime; offsetting increase of 2.00 FTEs for sexual assault kit testing
Public Utilities	2,712,536	0.2%	(648,501)	23.9%	1.4%	Includes reductions for reservoir recreation contracts funding
Public Works & Utilities	561,299	0.0%	(22,452)	4.0%	0.0%	EAM contractual services reduction
Purchasing & Contracting	20,150,112	1.3%	(533,217)	2.6%	1.2%	Includes 5.00 FTE reductions
READ-Facilities Services	24,531,875	1.5%	(942,898)	3.8%	2.1%	Includes 40.00 FTE reductions (including 30.00 for stadium maintenance); offsetting increase of 3.00 FTEs for PUD maint. (to be reimbursed by PUD)
Real Estate Assets	6,342,319	0.4%	(874,971)	13.8%	1.9%	Includes 6.00 FTE reductions
Smart/Sustainable Communities	1,978,255	0.1%	(79,130)	4.0%	0.2%	Urban planning contractual services reduction; offsetting increase of \$750K for energy franchise agreement consulting
Storm Water	45,255,528	2.8%	(4,872,864)	10.8%	10.7%	Includes reductions to consulting and professional services funding; FY 2020 Adopted Budget amount is the base budget transfer from Transportation; 1.00 FTE added for Department Director
Sustainability	1,054,467	0.1%	-	-	-	Budget includes \$1.4M increase for smart streetlights program
Transportation	80,708,389	5.1%	(3,961,273)	4.9%	8.7%	Includes reductions of 12.00 FTE and funding for tree trimming and landscaping contracts; FY 2020 Adopted Budget amount is reduced for the base budget transfer to Storm Water
Totals	\$ 1,589,984,689	100.0%	\$ (45,669,833)	2.9%	100.0%	

FY 2021 Proposed Budget - General Fund FTE Changes								
Department/Business Area	FY 2020 FTEs	Transfers ¹	"Base" FTEs ²	Reductions ³	Additions	FY 2021 FTEs	Change from "Base"	% Incr/ (Decr)
City Attorney	385.98	-	385.98	-	0.75	386.73	0.75	0.2%
City Auditor	22.00	-	22.00	-	-	22.00	-	-
City Clerk	47.32	-	47.32	-	-	47.32	-	-
City Treasurer	128.00	-	128.00	(9.00)	-	119.00	(9.00)	(7.0%)
Communications	33.00	-	33.00	(1.00)	-	32.00	(1.00)	(3.0%)
Council Administration	19.37	-	19.37	-	-	19.37	-	-
City Council Districts 1-9	90.00	-	90.00	-	-	90.00	-	-
Debt Management	20.00	-	20.00	(3.50)	-	16.50	(3.50)	(17.5%)
Department of Finance	113.27	1.00	114.27	(7.80)	-	106.47	(7.80)	(6.8%)
Development Services	72.00	(3.00)	69.00	(16.00)	-	53.00	(16.00)	(23.2%)
Economic Development	61.00	(3.00)	58.00	(5.00)	-	53.00	(5.00)	(8.6%)
Environmental Services	172.68	0.85	173.53	(8.00)	8.00	173.53	-	-
Ethics Commission	5.50	-	5.50	-	0.75	6.25	0.75	13.6%
Fire-Rescue	1,307.52	1.00	1,308.52	(5.85)	47.00	1,349.67	41.15	3.1%
General Services (new dept)	-	1.50	1.50	-	-	1.50	-	-
Government Affairs	7.00	-	7.00	-	-	7.00	-	-
Homelessness Strategies (new dept)	-	6.00	6.00	-	3.00	9.00	3.00	50.0%
Human Resources	33.72	-	33.72	(3.72)	-	30.00	(3.72)	(11.0%)
Internal Operations	1.50	(0.50)	1.00	(1.00)	-	-	(1.00)	(100.0%)
Library	444.22	-	444.22	(96.51)	-	347.71	(96.51)	(21.7%)
Mobility (new dept)	-	14.00	14.00	-	2.50	16.50	2.50	17.9%
Neighborhood Services	11.00	(9.50)	1.50	-	-	1.50	-	-
Office of Boards & Commissions	5.00	2.00	7.00	(1.00)	1.00	7.00	-	-
Office of Homeland Security	20.27	(1.00)	19.27	(0.29)	-	18.98	(0.29)	(1.5%)
Office of the Assistant COO	3.00	(1.00)	2.00	-	-	2.00	-	-
Office of the CFO	2.00	-	2.00	-	-	2.00	-	-
Office of the COO	5.00	-	5.00	(1.00)	-	4.00	(1.00)	(20.0%)
Office of the IBA	10.00	-	10.00	-	-	10.00	-	-
Office of the Mayor	24.00	(2.00)	22.00	(2.00)	-	20.00	(2.00)	(9.1%)

FY 2021 Proposed Budget - General Fund FTE Changes								
Department/Business Area	FY 2020 FTEs	Transfers ¹	"Base" FTEs ²	Reductions ³	Additions	FY 2021 FTEs	Change from "Base"	% Incr/ (Decr)
Parks and Recreation	924.97	-	924.97	(88.79)	2.74	838.92	(86.05)	(9.3%)
Performance & Analytics	15.00	-	15.00	-	-	15.00	-	-
Personnel	69.99	-	69.99	-	-	69.99	-	-
Planning	65.75	(8.00)	57.75	(10.00)	-	47.75	(10.00)	(17.3%)
Police	2,655.14	-	2,655.14	(23.00)	2.00	2,634.14	(21.00)	(0.8%)
Public Works & Utilities	2.00	(0.50)	1.50	-	-	1.50	-	-
Purchasing & Contracting	52.96	(1.00)	51.96	(5.00)	-	46.96	(5.00)	(9.6%)
READ-Facilities Services	211.50	-	211.50	(40.00)	3.00	174.50	(37.00)	(17.5%)
Real Estate Assets	32.00	-	32.00	(6.00)	-	26.00	(6.00)	(18.8%)
Smart & Sustainable Communities	10.50	-	10.50	-	-	10.50	-	-
Storm Water (new dept)	-	212.25	212.25	-	1.00	213.25	1.00	0.5%
Sustainability	4.00	-	4.00	-	-	4.00	-	-
Transportation	639.70	(212.25)	427.45	(12.00)	-	415.45	(12.00)	(2.8%)
General Fund Totals	7,727.86	(3.15)	7,724.71	(346.46)	71.74	7,449.99	(274.72)	(3.6%)

Note: Table may not total due to rounding.

¹ The 3.15 FTE decrease in the transfers column is the net transfer from the General Fund to non general funds. Other transfers in the column are among various General Fund departments.

² "Base FTEs" are FTEs for a department after transfers to or from that department. For example, new departments had zero positions in FY 2020 because the new department didn't exist, although there were positions supporting those functions in FY 2020.

³ Department reductions shown in this table total 346.46 FTE as compared to the 341.93 department reductions presented in the FY 2021 Proposed Budget. Additional reductions in this table include hourly FTEs in the following departments: 3.52 FTE in Fire-Rescue, 0.72 FTE in Human Resources, and 0.29 FTE in the Office of Homeland Security.