



**RECEIVED**

JAN 11 2006

Office of

Councilmember Toni Atkins

COUNCIL PRESIDENT SCOTT PETERS  
FIRST DISTRICT

MEMORANDUM

DATE: January 10, 2006  
TO: Councilmember Toni Atkins  
FROM: Council President Scott Peters  
SUBJECT: Budget Priorities

A handwritten signature in black ink, appearing to be "Scott Peters", written over the "FROM:" line of the memorandum.

In anticipation of the Budget hearing on January 18, 2005, I respectfully submit the following list of issues for consideration by the Budget and Finance Committee. In the upcoming budget discussions, it is likely that the City Council will face difficult budget decisions and I want to make sure we have a comprehensive view of the City's assets and liabilities.

Budget Priorities:

- 1) FY 2007 Budget that reflects true overtime, supplemental employees and non-budgeted positions costs.
- 2) Review of City leases and real estate holdings. This would include Qualcomm and Sport Arena sites. Also include an analysis of real estate transfer fees.
- 3) Updated list of public safety deficiencies including communications systems, equipment, facilities and personnel costs.
- 4) Updated list of public infrastructure costs including deficiencies in streets, sidewalks, public buildings and parks.
- 5) Review of allocation of tobacco settlement revenue.
- 6) Securing additional revenue from state. This would include booking fees, property tax revenues and grants.
- 6) Savings from consolidated City employee/retiree health insurance.

- 7) Proper fees structures for city services. This would include recreation, parking, trash, real estate and other services provided by the city.
- 8) Forecasted future general fund budget v. Employee Retirement Fund Actuarial Required Contribution (15 and 30 year amortization).
- 9) Clean water cost assessment including costs associated with regulatory compliance, storm drain fees, Point Loma outfall and improved sewer and water infrastructure.

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Attachment

cc: The Honorable Mayor Jerry Sanders (w/attachment)  
Honorable City Councilmembers (w/attachment)  
Honorable City Attorney (w/attachment)  
Andrea Tevlin, Independent Budget Analyst (w/attachment)  
Jay Goldstone, Chief Financial Officer (w/attachment)



COUNCILMEMBER SCOTT PETERS  
DISTRICT ONE

MEMORANDUM

DATE: December 20, 2005  
TO: Honorable Councilmembers  
FROM: Councilmember Scott Peters  
SUBJECT: Budget Priorities for FY 2007

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As a result of the change from City Manager to Council/Mayor form of government, the roles and responsibilities of City officials related to the adoption of the annual budget will change.

Charter § 265(b)(15) requires the Mayor to propose a budget to the City Council and the public by April 15 of each year. The City Council will then hold public hearings prior to adopting or modifying the budget and returning it to the Mayor. On June 16, 2005, the Mayor-Council Transition Committee recommended that in addition to these requirements, the Council would create a standing Budget and Finance committee and would, by resolution, adopt its budgetary priorities for submission to the Mayor by February 1st of each year.

As the inaugural legislative body for this new form of government, we have the opportunity and responsibility to work together to address the fiscal issues that have plagued the City of San Diego for many years. As we start the Fiscal Year 2007 Budget Process, it is essential that we look to protect core City services provided to our citizens while developing long term solutions that put the City on the road to fiscal health. While we do not yet have the Mayor's latest budget projections, and there are many unknowns, it is essential at this early step in the process that we keep an eye toward fiscal restraint. Please consider, as in previous fiscal years, that ongoing expenditures could outpace revenue growth.

In order to facilitate the Council's adoption of recommendations to the Mayor, I ask that each Councilmember submit a list of budget priorities to Councilmember Toni Atkins, Chair of the Budget Committee, by January 11, 2006, for discussion at the Budget committee meeting on January 18, 2006. I anticipate a discussion and vote on a resolution at the full City Council on January 23 or January 30 in order to provide a list of budget priorities to Mayor Sanders by February 1, 2006.

We will likely be called upon to make very difficult decisions as we move through the process. I have great confidence that we will join together to establish a foundation that will restore San Diego's

financial footing. I look forward to working with you, Mayor Sanders and the entire organization to address these critical issues.

cc: Honorable Mayor Jerry Sanders  
City Manager Ronne Froman  
Andrea Tevlin, Director, IBA Office

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OFFICE OF COUNCILMEMBER TONI ATKINS  
THIRD DISTRICT  
City of San Diego

M E M O R A N D U M

DATE: January 11, 2006  
TO: Honorable Members of the City Council  
FROM: Councilmember Toni Atkins   
SUBJECT: Budget Priorities for Fiscal Year 2007

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With recognition for our city's serious budget constraints in the current and upcoming fiscal years, I respectfully submit the following priorities for consideration during the fiscal year 2007 budgeting process:

- Fully fund **Unfunded Actuarial Accrued Liability** and **retiree health benefits**.
- Adequately reflect **public safety** costs, including more accurate overtime estimates, academy classes needed to stabilize staffing levels, and equipment.
- Move toward technological upgrades to the city's **financial and auditing systems** that invest money in technology to support improved financial monitoring, disclosure, transparency, and decision making.
- Work on a strategy and timeline for beginning to update the city's **community plans**, most of which are significantly out of date, impacting development and interfering with the community financing plan.
- Maintain current levels of funding for the **Storefront Improvement Program** and small, local businesses.
- Maintain current funding for the **Historical Resources Board**.
- Maintain current funding for the city's **special events program**.

Understanding that it is unrealistic to speak of restoring recent budget and service cuts in FY2007, I would request that we maintain at least the current levels of funding for and make *no new cuts* to the following services and programs:

Councilmember Toni Atkins  
Budget Priorities Memo  
January 11, 2006  
Page 2

- **Police storefronts and community service officers**
- **Graffiti control**
- **Neighborhood code compliance**
- **Pool and recreation center hours**
- **Library hours**
- **Tree-trimming services**

Should revenue become available, I would request that the council discuss priorities for restoring funding, and that the above-named services receive priority consideration. In addition, when the mayor has completed his department-by-department analysis of city services delivery, I would request that the council receive a report on any expected cost savings and how they will be used to improve community services. I also would request that the following items receive priority for newly available funding:

- **Public safety** programs according to the priorities of the Public Safety Plan.
- A phased program for developing a comprehensive management plan to map, survey, and dedicate San Diego's **urban canyons**.

Last, I would urge consideration of the following infrastructure priorities:

- No further cuts to **sidewalk repair and maintenance**, and continued funding through current programs such as the 50-50 incentive program.
- Preparation of a prioritized list of **deferred maintenance projects**, including those at city-owned facilities, such as the Old Globe Theatre's roof, that the city has a responsibility to maintain.
- Incorporation of building materials inflation into existing **capital improvement project (CAP)** budgets that reflects the continued worldwide rise in construction costs and more accurately gauges expected expenses.
- Preparation of a plan to implement a **street resurfacing program** that addresses the significant decline of the past five years. The 2002 study noted that the city would then need to spend \$60 million per year for five years to bring streets to an acceptable level. In the three years since the study, streets have continued to deteriorate while construction costs have risen dramatically.

cc: Honorable Mayor and City Councilmembers  
Honorable City Attorney  
Andrea Tevlin, Independent Budget Analyst  
Jay Goldstone, Chief Financial Officer

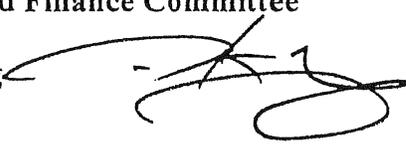
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JAN 17 2006

Office of  
Councilmember Toni Atkins



**CITY OF SAN DIEGO  
OFFICE OF COUNCIL PRESIDENT PRO TEM ANTHONY YOUNG  
MEMORANDUM**

**DATE:** January 17, 2005  
**TO:** Council Member Toni Atkins, Chair, Budget and Finance Committee  
**FROM:** Councilman President Pro Tem Anthony Young   
**SUBJECT:** Budget Priorities for Fiscal Year 2007

As you know, mostly everything we do as an individual Councilmember or collectively as a City Council is a historic first under this new Mayor /Council form of government including setting budget priorities. We will be reacting to a budget submitted to us by the Mayor that will be reflective of a massive financial crisis caused by the lack of financial audits, uncertainty as to the size of our pension deficit and what it will cost to address it. It is my belief that we set budget priorities with the aforementioned issues in mind. Therefore, my budget priorities are as follows:

Ensuring that the budget we submit back to the Mayor is fair and responsive to all districts and at its worst maintains the service levels for public safety (including code enforcement and neighborhood prosecution units), parks, libraries and streets at the 2005-2006 service levels.

Ensuring we get clear and accurate information on all the city's real estate assets and leases to make rational and informed decisions on the potential sale of assets and/or renegotiation of leases to generate revenues for this budget year and future budget years.

Ensuring we get clear and accurate information on the use of the City's Community Development Block Grant funds (CDBG) and the services they are paying for in CDBG eligible communities and neighborhoods.

In addition to my 4<sup>th</sup> District priorities of public safety, parks, libraries and the City's participation in economic development, my 4th District priorities also include:

Funding the Commission on Gang Prevention and Intervention;

Maintaining, repairing, and repaving streets;

Continuing our strong neighborhood code enforcement;

Continuing the expeditious removal of graffiti;

Continuing community clean-up and recycling events sponsored by the City;

Continuing expeditious responses from city departments to constituent concerns and complaints; and

Continuing the installation of street lights, traffic lights, crosswalks and other traffic calming and traffic safety measures.

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Cc: Honorable Mayor Jerry Sanders  
Honorable City Council members  
Honorable City Attorney  
Andrea Tevlin, Independent Budget Analyst



**COUNCILMEMBER BRIAN MAIENSCHIN**  
City of San Diego  
Fifth District

**MEMORANDUM**

**TO:** Toni Atkins, Budget Committee Chair

**FROM:** Brian Maienschein *Brian Maienschein*

**DATE:** January 11, 2006

**RE:** FY07 Budget Priorities.

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In response to Councilmember Scott Peters' memorandum dated December 20, 2005, I have assembled my budget priorities for the upcoming fiscal year. These priorities are divided into two categories: Citywide and Districtwide.

The following will continue to be my top citywide priorities (not necessarily in the order listed):

1. Fully fund required pension actuarial obligation;
2. Public Safety (Police and Fire), including personnel and equipment needs;
3. Homeland Security, with an emphasis on a Citywide Emergency Evacuation Plan;
4. Libraries, including branch operating hours and resources;
5. Parks and Recreation Centers' hours of operation;
6. Community Service Centers' hours of operation.

The following will continue to be my top District Five priorities (not necessarily in the order listed):

1. Districtwide road repairs (resurfacing and reslurry);
2. Brush management and tree trimming;
3. Sidewalk repairs;
4. Traffic light retiming;
5. Traffic calming measures adjacent to schools.

I look forward to working with you on addressing these critical needs and priorities, and please call me with any questions.

cc: Honorable Mayor Jerry Sanders  
Councilmembers  
Chief Operations Officer Ronne Froman





## COUNCILMEMBER DONNA FRYE

City of San Diego  
Sixth District

### MEMORANDUM

**DATE:** January 11, 2006

**TO:** Councilmember Toni Atkins, Chair, Budget & Finance Committee

**FROM:** Councilmember Donna Frye *Donna Frye*

**SUBJECT:** Budget Priorities for Fiscal Year 2006-2007

For the purpose of discussion at the January 18, 2006 Budget & Finance Committee budget review, below is a list of my budget priorities for the upcoming fiscal year:

- Fully fund retiree health benefits
- Fully fund Unfunded Actuarial Accrued Liability
- Complete update of CEQA Significance Determination Thresholds
- Sewer projects (required by Clean Water Act) and water projects (required by Safe Drinking Water Act and Department of Health Services Compliance Order)
- Complete Progress Guide and General Plan Update
- Restore recreation center & pool hours
- Restore library hours and provide needed equipment
- Complete Community Plan and Public Facility Financing Plan updates
- Retain and/or restore all Community Relations Officers and Community Service Officers
- Fund backlogged traffic, road and ADA improvements
- Fund tree-root damaged sidewalks repairs
- Fund increased code enforcement of neglected vacant properties
- Fund more frequent brush and weed abatement enforcement
- Retain current staffing levels for the City Energy Conservation and Management Division
- Fund the San Diego River Park Master Plan environmental impact report
- Fund San Diego River pedestrian and bike pathway

cc: Honorable Mayor and City Councilmembers  
Honorable City Attorney  
Andrea Tevlin, Independent Budget Analyst  
Jay Goldstone, Chief Financial Officer

DF/ks





City Of San Diego  
COUNCILMEMBER JIM MADAFFER  
DISTRICT SEVEN

MEMORANDUM

M-05-01-05            Please refer to this number when responding to this memo

DATE:                 January 13, 2005

TO:                     Councilmember Toni Atkins  
                             Chair, Budget & Finance Committee

FROM:                 Councilmember Jim Madaffer

SUBJECT:             Budget Priorities for FY 2007

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I am pleased to submit my budget priorities for fiscal year 2007.

**Taxpayer, Customer & Constituent Services**

- Fully fund the City's Pension Obligations
- Fully fund retiree health benefits
- Fully fund State & Federal Compliance Orders of water and sewer infrastructure
- Funding for deferred maintenance
- Upgrade police & fire communication systems
- Funding for citywide CERT Program
- Fund citywide brush and weed abatement
- Continuation of funding for fire truck fleet replacement program and police fleet replacement program
- Funding to keep recreation centers open longer and year round pool hours
- Review alternative revenue sources for City, i.e. non-city resident parking fee at beaches, Environmental Services etc
- Restore City's credit rating in order to leverage City dollars
- Sidewalk and street repairs
- Funding for additional street lights
- Work with Sandag, League of Cities as well as local delegation to get City's fair share of anticipated Statewide Infrastructure bond
- Fund code enforcement of nuisance properties

- Adequate funding for City's Homeland Security including water, sewer, bridge and other infrastructure facilities
- Funding for at least one Community Service Center per Council District
- Funding for neighborhood traffic calming measures adjacent to parks and schools including Safe Routes Schools Program

**Funding Items to come before Land Use & Housing Committee**

- Funding for Master Plan Updates of Montgomery and Brown Fields
- Review all City leases and all real estate holdings. Fiscal analysis of leases ending within 10 years in order to increase city revenue if possible. (See attached memo dated October 17, 2005 and initial response)
- Funding for longer library hours and resources
- Eliminate library endowment office so it may operate as separate entity outside the City. May require initial funding
- Reorganization of Redevelopment Agency in order to bond as a separate agency
- Implement revenue and funding mechanism to update Community Plans and fund the completion of the City's Progress Guide and General Plan

I look forward to discussing these priorities and those of my fellow Councilmembers not only at the Budget & Finance Committee meeting on Wednesday, January 18, but in the months to come.

Attachment

cc: Honorable Mayor and Councilmembers  
Andrea Tevlin, Director, Independent Budget Analyst Department  
Ronne Froman, Chief Operating Officer  
Jay Goldstone, Chief Financial Officer  
City Attorney Mike Aguirre



City Of San Diego  
COUNCILMEMBER JIM MADAFFER  
DISTRICT SEVEN

MEMORANDUM

M-05 10 10            Please refer to this number when responding to this memo

DATE:                    October 27, 2005

TO:                        Lamont Ewell, City Manager

FROM:                    Councilmember Jim Madaffer *Jim Madaffer*

SUBJECT:                City Leases

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As we are all painfully aware, many of the City's leases do little for the City in terms of their true potential revenue value. It is further doubtful that leases negotiated 20 or more years ago would be renewed today at similar terms.

I am interested in a fiscal analysis (including spreadsheets) of City leases that are within 10 years of ending. While I realize under normal circumstances we would not cancel leases due to the ensuing litigation and fiscal impacts, I would be interested in knowing at what point it might be fiscally advantageous to the taxpayers for the City to terminate certain leases sooner rather than their end date with an interest toward negotiating new leases that pay the City a higher rate of return.

Thank you.

CC: Honorable Mayor and City Councilmembers  
City Attorney Michael Aguirre  
City Clerk

CITY OF SAN DIEGO  
M E M O R A N D U M

DATE: November 21, 2005  
TO: Councilmember Jim Madaffer  
FROM: Jack D. Farris, Acting Director, Real Estate Assets Department  
SUBJECT: AIM Response to Memo Dated October 27, 2005

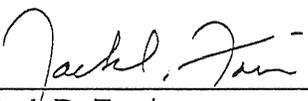
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Attached per your request is an analysis of City leases that are within ten years of ending. You are correct that under normal circumstances we would not cancel leases due to the ensuing litigation and fiscal impact. However, depending on current market conditions, it can be advantageous to begin early lease renewal negotiations prior to expiration. For example, in the event that the lease is below current market rent, market conditions are declining, or the leasehold may be difficult to re-lease, it is advantageous to the lessor to begin lease renewal negotiations well in advance of the expiration date. The advantage for the lessee is the ability to extend the existing lease for a longer term, finance new improvements, etc.

You will be interested to know that Real Estate Asset's has prepared an Informational Report that is currently being docketed to inform Council of READ's plan for updating Council Policy 700-10, Disposition of City-Owned Real Property, and documenting procedures that address leasing and disposition decisions. The report also discusses opportunities to strategically position the City's real property to maximize revenues.

Thank you for your input. I look forward to your feedback.

Respectfully submitted,

  
\_\_\_\_\_  
Jack D. Farris

**Lease Revenue Analysis FY 05  
Leases Expiring by December 31, 2015**

I. Total revenue FY05: \$58,000,000.00

II. Total revenue expiring before 12/31/15:

Category	Revenues	#Agreements	% All Revenue	% Revenue Exp. By 2015
Time Warner Franchise Fees (exp. 4/8/10)	\$7,018,295.00	1	12.10%	42.43%
Agreements with annual revenue >\$99,000	\$4,484,887.00	22	7.73%	27.12%
Agreements with annual revenue \$50,000-\$99,000	\$1,731,271.00	25	2.98%	10.47%
Remaining Agreements <\$50,000	\$3,305,061.00	261	5.70%	19.98%
Total revenue expiring before 12/31/15	\$16,539,514.00	309	28.52%	100.00%

III. Summary by Department of Agreements with annual revenue greater than \$99,000:

Fund	Revenues	#Agreements	% All Revenue	% Revenue Exp. By 2015
Airport	\$1,218,402.12	6	2.10%	7.37%
General Fund: Time Warner Franchise	\$7,018,295.00	1	12.10%	42.43%
General Fund: All other	\$2,127,449.83	10	3.67%	12.86%
Stadium	\$560,264.36	2	0.97%	3.39%
Water	\$578,770.24	4	1.00%	3.50%
Revenue > \$99,000/year expiring before 12/31/15	\$10,284,779.43	17	17.73%	62.18%

Agreements with annual revenue greater than \$99,000 expiring by 12/31/15

By Fund	Cncl Dist	Uses	Effectiv Date	Sched Term Dt	Holdv/Ext Dt	Active Status	Lessee Name	FY05
<b>Airport</b>								
POGO ROW, BROWN FIELD AIRPORT	08	CLEAN STG./PARKING/AUCTION	06/01/02	12/01/03	12/02/03	MO-MO	ABRE ENTERPRISES/05	\$643,325
MF, EAST END	06	PARKING/LANDFILL	04/01/84	03/31/04	04/01/04	MO-MO	OTAY TERMINAL	\$101,196
8906 AERO DRIVE	06	FIXED BASE OPS	06/01/70	09/31/05	06/01/05	MO-MO	GIBBS FLYING SERVICE/03	\$150,702
9485 AERO DRIVE, SAN DIEGO, CA. 92123	08	DEVELOP PREMISES/ENG'G. SVCE	09/01/91			MO-MO	CITYENGINEERING & CAPITAL PROJECTS	\$103,448
BROWN FIELD	08	FLOWAGE FEE-FUEL DELIVERY	01/01/02			MO-MO	AVFUEL CORPORATION	\$106,168
MF, LOTS 10 & 11	06	FIXED BASE OPS	05/01/82	04/30/07		NORMAL	NATIONAL AIR COLLEGE/01	\$113,564
<b>Total</b>								<b>\$1,218,402</b>
<b>General Fund</b>								
WATERS OF MISSION BAY	02	SIGHTSEEING BOAT	09/12/86	09/11/91	09/12/91	MO-MO	BAHIA STERNWHEELERS INC/02	\$108,871
MT. WOODSON	00	COMMUNICATION FACILITY	01/01/84	12/31/93	01/01/94	MO-MO	AMERICAN TOWER CORPORATION	\$160,399
6500 COPLEY DR., SD 92111	05	R.V. STORAGE & SHOWING	03/01/00			MO-MO	LA MESA R.V. CENTER, INC	\$168,000
2600 GOLF COURSE DR., BALBOA PARK	03	PRO-SHOP CARTS	01/10/87	01/09/00	01/10/00	MO-MO	AMERICAN GOLF CORP/03	\$187,664
PORTION BLDGS. 479/480	02	CLASSROOM TRAINING/STRUC/EVAL	12/09/03			NORMAL	SD COMM COLLEGE DIST/10 (NTC)	\$174,513
BALBOA PARK	03	FOOD CONCESSIONS	05/01/99	04/30/09		NORMAL	HOSPITALITY, INC	\$190,126
CITY STREETS NORTH OF S.D. RIVER	VX	CABLE TV	04/09/80	04/08/10		NORMAL	TIME WARNER ENTERTAINMENT CO., L.L.P.	\$7,018,295
1215 EL CARMEL PLACE	02	YACHT CLUB	08/01/61	07/31/11		NORMAL	MISSION BAY YACHT CLUB	\$124,253
14555 EL CAMINO REAL	01	POLO CLUB	04/01/86	03/31/12		NORMAL	RANCHO SANTA FE POLO CLUB	\$134,876
11-180 TORREY PINES RD LA JOLLA 92037	01	PRO-SHOP/DRIVING RANGE/CARTS	01/01/88	12/31/12		NORMAL	TORREY PINES CLUB CORP	\$765,194
8110 BALBOA AVE. AT MERCURY ST.	05	PARKING & M-TA USES	11/12/64	11/11/14		NORMAL	GREAT WESTERN MORTGAGE	\$113,556
<b>Total</b>								<b>\$9,145,745</b>
<b>Stadium</b>								
3220 SPORTS ARENA BLVD.	02	RETAIL SALES OF MERCHANDISE	11/01/90	07/31/09	11/01/00	EXTENDED	PIER 1 IMPORTS	\$199,412
3250 SPORTS ARENA BOULEVARD	02	LUMBER YARD/HARDWARE STORE	11/01/90	11/07/15		NORMAL	DIXIELINE LUMBER	\$360,852
<b>Total</b>								<b>\$560,264</b>
<b>Water</b>								
5784 COPLEY DRIVE SAN DIEGO 92117	06	VEHICLE STORAGE & PARKING	11/01/02	10/31/05		MO-MO	SCRIPPS MESA STORAGE, L.P.	\$137,878
SAN PASQUAL VALLEY (502 ACRES)	05	GROWING CROPS	01/01/87	12/31/06		NORMAL	WITMAN RANCH INC/502 AC	\$108,601
CAMINO DEL RIO NORTH AT I-8 & I-805	06	NEW CAR STORAGE	06/01/04	05/31/07		NORMAL	UNIVERSITY FORD, INC.	\$204,000
9200 INWOOD DR SANTEE CA 92071	00	GOLF COURSE	01/01/59	12/31/09		NORMAL	CARLTON OAKS HOLDINGS, LLC	\$128,291
<b>Total</b>								<b>\$578,770</b>
<b>Grand Total</b>								<b>\$11,503,182</b>