

**BUDGET REVIEW
COMMITTEE MEETING**

May 23, 2007

Item 2

Excerpted pages from IBA Report No. 07-46 regarding:

Service Levels: pp. 54-56

Other Citywide Discussions

Service Levels

A Government Finance Officers Association (GFOA) Best Practice in Public Budgeting recommends that “program and service performance measures be developed and used as an important component of long term strategic planning and decision making which should be linked to governmental budgeting.” We have been advocating for the inclusion of service level information and review as a part of the budget process since our formation and included recommendations as such in our Preliminary Report a year ago.

Over the past year, there has been a significant amount of Council discussion relative to the need for service level information in the budget process. The Council has expressed that such information is critical for the public as well as for management and legislative decision making. Additionally, the provision of service level information in the budget is a means by which to protect legislative authority in the budget process by documenting legislative intent to fund specific services and programs.

To reinforce the importance of service levels, on January 29, 2007, the City Council unanimously adopted its Budget Priorities Resolution for FY 2008 (R-302315) requesting as one of its six priorities, that “the Mayor provide the service level impact for programs and services that are recommended for funding reductions in the FY 2008 Proposed and Final Budgets.” On February 5, 2007, the City Council unanimously adopted Resolution R-302331 requesting that the Mayor as part of the his Proposed Budget each year identify current service levels being provided to the community as well as any proposed changes to those service levels that will result from programmatic reductions or eliminations.

In March, the Mayor rolled out a major initiative known as the “City of San Diego Management

Program”- a performance management initiative which will enable the City “to integrate strategic planning, performance monitoring and budget decision-making.” The Mayor has indicated that, from this process, performance indicators focusing on relevant outcomes (how we are doing) rather than simple outputs (what we are doing) will be developed over the next year for all City departments. The intent is to have this process completed in time for incorporation into the FY 2009 budget process. We completely support this effort.

In a February 22, 2007 memorandum to the Council, in response to the City Council’s resolutions requesting service level information for the FY 2008 budget process, the Mayor noted that limited output information would be made available for the FY 2008 budget deliberations. The Mayor noted that output information is valuable and interesting, but unenlightened and irrelevant; and, in his opinion, it can not be tied directly to budget decisions.

Our office believed that service levels were going to be an integral part of the business process reengineering and that meaningful service levels would be available, at a minimum for the departments that had completed their BPRs. One of the key steps of the BPR process as noted in the City’s “BPR Guide” is to develop three to five performance metrics for the area under review. The intent is to allow for analysis of performance before and after process improvements, and to determine if new measures should be established based on new processes. According to staff, departments that participated in the BPR process have not finalized any service level information and they were not required to incorporate them into their BPR reports. To date we have been not able to obtain any service level information that was reviewed or analyzed during the BPR processes; and we were not able to rely on BPRs

Other Citywide Discussions

Service Levels (cont.)

at this point for any service level data.

We agree with the Mayor that the City is not at a point of being able to provide sophisticated performance data for this year's budget. In the absence of this data and BPR-related data, we believe that certain output information is valuable and important for FY 2008. The service level information provided by the Mayor in the FY08 proposed budget in response to the Council resolutions is inadequate. This year's budget document provides some output measures for some departments for the current fiscal year but no information is provided for the prior fiscal year or upcoming fiscal year to provide context for the current year data. Also, key service level data that is readily available is missing in several critical areas.

The **Police Department** provides information on the number of calls dispatched, but no information is provided on response times for service or property crime and violent crime rates. Similarly, no response times are reported for **San Diego Fire Rescue**. Response times are of utmost interest to the community and an indicator to management and City Council of possible operational concerns. We have provided this information in the Police and Fire chapters of this report.

No workload indicators such as total permits issued or inspections performed are provided for **Development Services**- a department which is losing 115 employees as a result of reduced construction activity. This information is pertinent to justifying and understanding the budget decisions relative to the significant reductions. We noted that the following common, key service levels were not provided that could shed light on significant activities

particularly when compared from fiscal year to fiscal year:

Neighborhood Code Compliance:

- Number of complaints investigated
- Response times to complaints
- Cycle time for processing complaints
- Number of citations issued
- Number of graffiti removal projects

Risk Management:

- Claims received/closed
- Number of settlements
- Lost days (workers compensation)
- Number of industrial claims filed

General Services:

- Miles of streets resurfaced/slurry sealed
- Miles of streets per maintenance employee
- Square feet of facilities maintained

Engineering and Capital Projects:

- Total construction dollars managed

Water:

- Number of customers
- Miles of pipe replaced
- Average gallons of water used per capita per day

Areas where good output data is provided include **Environmental Services, Park and Recreation, Library, Water and Wastewater**.

The biggest concern we have relating to service levels, however, is the Mayor's definitive claims that no service cuts or service impacts will result from his Proposed Budget. The Mayor has indicated that this is due to of business process reengineering, technological improvements and a reduction in vacancies rather than filled positions.

Other Citywide Discussions

Service Levels (cont.)

Our review shows reductions outside of the BPR process of the following positions that provide direct services to the community and have been priorities in the past:

Position	FY 2007	FY 2008	Net Change	Percent Change
Park and Recreation				
Grounds Maintenance Workers	344.50	313.00	-31.50	-9.1%
Aquatics Staff	8.90	5.90	-3.00	-33.7%
Park Rangers	34.00	29.00	-5.00	-14.7%
Parks Custodians	20.50	18.50	-2.00	-9.8%
Utility Workers	26.60	20.00	-6.60	-24.8%
Library				
Librarians	106.76	100.16	-6.60	-6.2%
Library Aides	62.99	55.99	-7.00	-11.1%
Library Assistants	48.64	40.14	-8.50	-17.5%
Library Technicians	15.00	12.00	-3.00	-20.0%
Library Clerks	106.54	100.54	-6.00	-5.6%
Neighborhood Code Compliance				
Utility Workers: Graffiti Removal	10.50	8.50	-2.00	-19.0%
Code Compliance Officers: Land Development Zoning	25.00	22.00	-3.00	-12.0%
Police				
Police Service Officers	75.00	70.00	-5.00	-6.7%
San Diego Fire-Rescue				
Code Compliance Officer: Brush Management	1.00	0.00	-1.00	-100.0%

We are skeptical of the Mayor's broad statement that no services will be impacted in these areas for the following reasons:

- Some of these areas have not yet undergone Business Process Reengineering to generate process improvements. (Note: The 7 PSO's in Police were reflected in their Phase I BPR but the reductions did not result from new process improvements.)
- There are no significant technology improvements that we can identify which could help offset position reductions. The exception is the Library. The installation of additional self-checking equipment is estimated to offset a reduction of 4.5 Library positions.
- Significant cuts have been made to these areas in the past and, based on anecdotal

information, workloads have not declined and possibly increased as new facilities have come on line as new North University Branch Library scheduled to open in the Fall of 2007 with no new funding.

- There has been no significant review of meaningful service levels in these areas that we are aware of that would support this conclusion.
- Many of these positions have been vacant as a result of directives in the past to hold positions vacant to generate savings or provide placement opportunities for other employees. It can not be concluded, that because they are vacant, these positions are not necessary to provide services and programs. **Without reliable data, the honest answer to the question: "Will service levels be impacted as a result of the Mayor's Proposal Budget?" is "It's impossible to know." The focus should now turn to remedying this situation.**

Conclusion

While we are skeptical of the Mayor's broad claims that no services will be impacted by the position reductions noted above, we do agree that position reductions are necessary in order to achieve a balanced budget and, therefore, do not recommend their restoration. We do feel it is important to identify for the community and City Council the potential impacts of certain position reductions. Additionally, we believe that identifying, monitoring and publishing meaningful service levels for all these areas, at a minimum, should be a top priority.

Recommendation

1. Service levels should be identified, monitored and published so that the City Council and the public can be apprised of any potential impacts of these position reductions.