



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: March 12, 2013

IBA Report Number: 13-13

Budget Committee Docket Date: March 13, 2013

Item Number: 5

FY 2014 City Council Budget Priorities

OVERVIEW

The Fiscal Year 2014 Budget Process Key Dates, adopted by City Council on November 13, 2012, outlines the critical dates for budget development in accordance with the City Charter. It also serves to inform the citizens of San Diego about the upcoming budget process. The initial step for Council and public input into the budget process is the development of the City Council budget priorities resolution, which is compiled from individual Councilmember memoranda outlining priorities for the upcoming budget.

On February 11, 2013 Council President and Budget & Finance Committee Chairman Todd Gloria issued a memoranda requesting all Councilmembers to submit their individual budget priorities for the FY 2014 budget to the Office of the Independent Budget Analyst by March 1, 2013. All nine Council districts are represented in this proposed resolution.

This report summarizes common themes in individual budget priority memoranda from each Councilmember. The individual Councilmember memos are provided as an attachment to this report. These common themes have been identified as representative of the budget priorities of the City Council based on fiscal and policy items recurring throughout the memos and they serve as the basis for the Budget Priorities Resolution. The draft resolution will be discussed by the Budget and Finance Committee on March 13, 2013. Based on the Committee's review and input, the Office of the IBA will forward this report with any requested Committee modifications for a second public hearing at City Council on March 18, 2013. The Priorities Resolution will then be subsequently forwarded to the Mayor for his consideration during development of the Mayor's FY 2014 Proposed Budget.

FISCAL/POLICY DISCUSSION

FY 2014 City Council Budget Priorities

Councilmember budget priority memorandum include a wide range of priorities for the FY 2014 Proposed Budget, but the majority of Councilmembers focused on two key areas for increased funding. First, additional resources for public safety were the key focus for each memoranda, with varying requests for Police, Fire-Rescue, and Lifeguard funding. Second, emphasis was placed on the continued efforts by Council and the Mayor to address the large backlog of deferred capital throughout the City of San Diego including funding of streets, sidewalks, and facilities. Additional priorities include funding for the Park & Recreation and Library Department, neighborhood services, and continued adherence to fiscal policies, reforms, and efficiencies. The summary of priorities from Councilmember memoranda submitted to our office is outlined below.

Enhancing Public Safety

- Police Priorities (Council Districts 1, 2, 3, 4, 5, 6, 7, 8, & 9)

A consistent priority among all Councilmember memoranda is increased funding for the Police Department primarily for funding the Police Department Five-Year Plan. Recommendations from the Five-Year Plan include restoration of civilian positions (including specific mention of Police Service Officers, Investigative Aides, Community Service Officers, and Community Relation Officers), an increased number of Police academies, and / or an increase in the number of cadets in each academy.

- Fire-Rescue Priorities (Council Districts 1, 3, 4, 8, & 9)

Fire-Rescue priorities included in the memos focused on the implementation of the Citygate Working Group Five-Year Plan recommendations. The primary theme among Councilmember memos focused on increasing the number of academy members to aid in addressing attrition within the department.

- Lifeguard Priorities (Council Districts 1, 4, 6, 7, 8, & 9)

In addition to the Police and Fire-Rescue recommendations, the majority of Councilmember memos included support for various elements of Lifeguard funding. Specific recommendations for Lifeguard support include recommendations for resources for Lifeguard academies with an increase in the number of recruits to support operations, funding for vehicles, increased training, and the implementation of a Lifeguard wellness program.

Infrastructure & Deferred Capital

- Continued investments in addressing \$800+ million backlog in deferred capital and infrastructure spending (Council Districts 1, 2, 3, 4, & 5)

The City Council has invested a significant amount of time and resources in the current and previous fiscal year(s) providing capital funding and streamlining processes for departments to address the significant backlog of deferred capital in City infrastructure. A majority of Councilmember memos included continued support and funding for

providing infrastructure investment as well as providing funding for updated condition assessments for various assets and ongoing maintenance of asset management data. Additionally, support was expressed for an efficiency consultant to be engaged in FY 2014 to determine more efficient and expeditious ways in delivering infrastructure projects to save the City additional funds.

Park & Recreation / Library Hours

- Maintaining / increasing Library branch and Park & Recreation center hours. (Council Districts 1, 3, 4, & 9)

In previous fiscal years, Library branch and Park and Recreation center hours were reduced as part of a budgetary balancing measure when the General Fund was facing substantial deficits. Subsequently, operating hours were restored in both departments; however, both are below service levels provided to the citizens of San Diego prior to the balancing actions. Councilmember memos emphasized restoring hours of service for both departments within budgetary capacity.

Increased Funding For Neighborhood Services

- Community plan update funding. (Council Districts 1, 3, 4, & 8)

The need for funding community plan updates in multiple districts has been identified in Councilmember memos as a priority for facilitating land use development and growth in communities.

- Neighborhood code compliance improvements. (Council Districts 3 & 9)
- Establishing an Urban Forestry program. (Council Districts 3 & 8)

Additional requests for neighborhood funding that received support in two Councilmember memos include additional funding for neighborhood code compliance enforcement and the establishment of an urban forestry program. Councilmembers requested increased funding for neighborhood code compliance to “protect the public’s health, safety, welfare, and property value through enforcement” with proactive enforcement. Councilmembers also requested funding for the creation of an urban forestry program to provide tree trimming, maintenance, and planting, that would go beyond current service levels provided by contracted vendors.

Reforms, Efficiencies, Partnerships, and Adherence to Fiscal Policies

As requested in Council President Gloria’s call for budget priority memos, Councilmembers were asked to provide additional revenue and cost saving measures as a way to provide resources for their individual requests. This section includes ideas echoed in Councilmember priority memos for ways the City could provide services to citizens in a more efficient and effective manner. Memoranda include ideas for potential cost savings in addition to new revenue to could fund enhanced service levels or new programs and adherence to fiscal policies.

- Adhering to the City Reserve Policy – maintaining a high level of General Fund reserves. (Council Districts 2, 3, 5, & 7)

The City of San Diego Reserve Policy mandates an 8.0 percent General Fund reserve, which is to provide necessary funding in emergency situations or to provide for temporary General Fund balancing solutions. As noted in IBA report 13-12 “Review of FY 2013 Mid-Year Budget Monitoring Report”, the General Fund reserve is approximately 13.2 percent of projected FY 2013 reserves. However, based on potential State of California actions, this could be reduced to 10.8 percent of projected revenues. As noted in Councilmember memorandum and IBA report 12-37 “City of San Diego General Fund Reserve Benchmark and Review”, a significant reduction in reserves may have a negative effect on the City’s credit rating among other potential fiscal effects. Councilmember memos emphasized the need to adhere to the Reserve Policy and others emphasized the need to maintain a reserve in excess of required policy levels.

- Continued growth of marketing partnerships. (Council Districts 1, 3, 7, & 8)

The City’s Corporate Partnership Program was established as a City staff led initiative in FY 2011 after being developed by an outside contractor. The department creates new revenue through allowing City trademarks, intellectual assets, and endorsements. New revenue to the General Fund was provided by the current program through partnering with various corporations to allow branding on City vehicles and vending agreements in City facilities, among others. As discussed at the February 29, 2013 meeting of the Budget and Finance Committee, the program is forecasted to continue to grow through new efforts by staff to increase revenues, including the addition of a Grants Program Manager to create new funding efforts. Four Councilmember priority memos include support to expand this program for FY 2014.

- Purchasing & Contracting Department staffing / resources/ efficiency. (Council Districts 3, 6, & 8)

In the priority memos, support for efficiency and reform in the Purchasing and Contracting Department received support to provide other City departments increased service and quicker turnaround of critical contracts. This support included the potential addition of staff and funding for a consultant to aid in finding efficiency improvements.

- Enhanced City website functionality for business and citizens. (Council Districts 1, 3, & 6)

Improved efficiencies in City services mentioned in budget priority memos also include enhancing the functionality of the City website to provide better service to both businesses and the citizens of San Diego.

- Alternative work schedules (i.e. 4 / 10, telecommuting, etc.). (Council Districts 1 & 6)
- Continuation of managed competition program. (Council Districts 2 & 7)
- Labor Relations Officer to negotiate efficiencies identified by employees. (Council District 5 & 6)

Other items that received support among Councilmembers include exploring alternative work schedules such as a four day / ten hour work week, the continuation of new

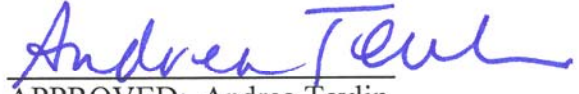
managed competition programs, and the addition of a new Labor Relations Officer to specifically aid in implementing efficiencies identified by City employees.

CONCLUSION

It is recommended that the Budget and Finance Committee review and discuss the budget priorities highlighted in this report, and forward it with any desired modification to Council for formal adoption of the FY 2014 Budget Priorities Resolution.



Seth Gates
Fiscal & Policy Analyst



APPROVED: Andrea Tevlin
Independent Budget Analyst

Attachments: 1. Councilmember Memorandums



**CITY OF SAN DIEGO
COUNCIL PRESIDENT PRO TEM SHERRI S. LIGHTNER
DISTRICT ONE**

MEMORANDUM

DATE: March 1, 2013
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Council President Pro Tem Sherri S. Lightner
SUBJECT: Fiscal Year 2014 Budget Priorities

Despite a projected budget deficit for the upcoming fiscal year, I remain cautiously optimistic that the economic recovery and the impacts of our financial reforms will continue to improve our budget outlook. We must maintain careful stewardship of our finances, continuing to take advantage of opportunities for additional savings or new revenue while looking for opportunities to restore city services that have been drastically cut in recent years. I look forward to a robust public input process during the development of this year's budget.

Budget Priorities

My FY14 budget priorities are public safety (police, fire-rescue and lifeguards), parks and recreation, libraries, streets and workforce training.

Priorities for Additional Investment

1. Improve Infrastructure
 - a. Increase funding for deferred capital projects, including streets and other infrastructure.
2. Restore and Improve Service Levels
 - a. Restore police civilian positions cut in previous budgets, including Police Service Officers and Investigative Aids.
 - b. Continue to increase cadet positions at police, fire and lifeguard academies to at least the minimum level needed to keep up with attrition.
 - c. Increase lifeguard boating safety unit staffing.
 - d. Reinstate one lifeguard per day during the twelve week summer season at Windansea beach.

- e. Maintain existing library and recreation center hours. As the City's financial situation improves, more should be done to increase recreation center hours and library hours using the Library Ordinance requirements as a goal.
- f. End rotating pool closures.
- g. Improve city web functions for businesses.
- h. Funding for community plan, PDO and city charter updates.
- i. Reorganization to create independent departments for both Planning and Economic Development.
- j. Continued funding for youth workforce training, including the addition of a full time employee for a Youth Development Director.
- k. Funding for graywater education and outreach.
- l. Funding for the San Dieguito River Park Joint Powers Authority.

Priorities for Continued Savings or Additional Revenue

The following are additional opportunities for savings or increased revenue, some of which have not yet been evaluated or implemented.

- 1. Expand use of alternative work schedules, such as 4/10, flexible work scheduling, and telecommuting.
- 2. Partner with other agencies, such as county, state, federal and other local governments.
- 3. Establishing cost recovery agreements with other local agencies and institutions.
- 4. Improve fairness for City-licensed businesses by reducing fees for responsible businesses while increasing fines for negligent businesses.
- 5. Expand the use of matching programs for gifts.
- 6. Assure that special event organizers comply with their City permits.
- 7. Expand use of volunteers.
- 8. Continue to implement marketing partnerships.
- 9. Consolidate City office space and eliminate the use of underused rental space.
- 10. Seek grants or other sources of funding to do energy retrofits for all City buildings for affordable energy and operational savings as well as providing job opportunities to local green businesses.
- 11. Seek grants for graywater installation at city facilities.

If you have any questions, please don't hesitate to contact my office at (619) 236-6611.


cc: Mayor Bob Filner

SL/jm



**COUNCILMEMBER KEVIN L. FAULCONER
CITY OF SAN DIEGO
SECOND DISTRICT**

M E M O R A N D U M

DATE: March 1, 2013
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Councilmember Kevin L. Faulconer 
SUBJECT: Fiscal Year 2014 Budget Priorities

I am proud of the tough decisions the City Council has made in recent years to guard taxpayer dollars. The City of San Diego is in an improved financial position because of the City Council's commitment to sound financial practices, which must continue to ensure a strong economic future for San Diegans.

Accountable Budget Practices

On February 22, 2010, the City Council voted and approved the Guiding Principles for Structural Budget Elimination Plan, which created guiding principles to solve the City's structural deficit. Fiscal Year 2014 is projected to have a \$40 million deficit. It is imperative that any budget proposal is consistent with this guide, most importantly Principle 5, "one-time resources should be matched to one time expenditures."

Responsible financial decisions to adequately fund City reserves have played a vital role in stabilizing City finances. The utilization of reserves for ongoing expenditures is an imprudent financial practice that could increase the City's borrowing cost as well as compound future structural deficits.

In anticipation of the \$40 million deficit in Fiscal Year 2014, the City Council should consider the benefits of deferring the \$3.6 million mid-year surplus to retain additional flexibility to balance the FY14 budget.

Eliminating Waste and Identifying Efficiencies through Managed Competition

Managed competition was overwhelmingly approved by voters in 2006 and is a proven method for identifying departmental efficiencies that save taxpayers millions of dollars and can be reinvested into vital neighborhood services. I encourage my colleagues to join me in urging the Mayor to proceed with the four managed competitions that are ready for committee review. I support allocating additional resources for the Human Resources Department so there is adequate staff assigned to the program to prevent any further delays in the implementation of this critical program.

Repairing Streets and Public Assets

The City Council must continue to make its \$900 million deferred capital maintenance backlog a top priority. San Diego neighborhoods are depending on the funds that will be raised through the next deferred capital maintenance bond as outlined in the Five-Year Financial Outlook. This capital investment is imperative for restoring City facilities. In addition to capital funding, I support additional funding for operating and maintenance for streets, storm drains, and facilities. This additional funding is essential to prevent a 5-10% deterioration of the City's capital assets over five years.

Reinvestment in Public Safety

The retention and recruitment challenges faced by the San Diego Police Department highlights the need for increased investment in the City's policing function. After years of service reductions in the department, it is important to prioritize opportunities discussed in the department's five-year plan to enhance operations and officer retention.

I support the full restoration of police academies to ensure the City is adequately addressing attrition in the department. I encourage further exploration of cost-saving ideas including modifications to holiday compensation, changes in pensionable pay items, and potential changes to long-term disability plans. These savings could be reinvested into other high priority areas of the department. Further research should be completed to identify possible cost savings associated with the elimination of civilian furlough in the department since these positions are backfilled with overtime.

Protecting Tourism Economy

The local tourism industry employs 160,000 San Diegans, generates \$18.3 billion in economic impacts and provides approximately \$151 million annually to the City's General Fund. The Tourism Marketing District is vital to growing this essential industry and is a proven economic engine. Growth in the tourism industry increases revenues for the City that can be used for filling potholes, public safety, and other core neighborhood services. I urge my colleagues to join me in protecting neighborhood services and local jobs by promoting the tourism industry.

I look forward to working with my colleagues to achieve these goals and continue to keep our City on stable financial ground.

KLF:kj



**OFFICE OF COUNCIL PRESIDENT TODD GLORIA
COUNCIL DISTRICT THREE**

M E M O R A N D U M

DATE: March 1, 2013
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Council President Todd Gloria, Third Council District *Todd Gloria*
SUBJECT: Council District Three Budget Priorities for Fiscal Year 2014

The following items are my priorities for the FY 2014 City budget. I offer these recommendations with fiscal constraint in mind as we continue to meet our long term financial obligations and live within our means. I further offer these recommendations while advocating for continued reforms that will result in efficiencies, service excellence, improved quality of life, and taxpayer savings.

FY 2014 BUDGET PRIORITIES

PUBLIC SAFETY: POLICE, FIRE, INFRASTRUCTURE, CODE COMPLIANCE, ETC.

- **Police.** Residents in our core urban communities are increasingly alarmed by the number of robberies, assaults and other violent crimes in their neighborhoods. Several key preventive steps will help address these concerns, such as continued support and funding for Community Service Officers, Community Relations Officers, the Multicultural and other Neighborhood-based Police Storefronts, as well as continued investment in graffiti eradication. We must also continue to make the recruitment and retention of highly-qualified police officers a financial priority.

In addition, I am convinced there is cost benefit in restoring civilian positions. The elimination of these critical positions over the years has resulted in slower police non-emergency response times, additional overtime costs, decreased revenues from permit and fee collections, case backlogs and other impacts. The restoration of civilian staff will allow existing sworn officers to return to patrol duties and will also address findings in a previous performance audit of the Permits and Licensing Section of the Department. I would support a budget consistent with the Department's Five-Year Plan which incrementally adds 20 "high priority" civilian positions to the City workforce.

- **Fire-Rescue.** We have learned painful lessons from the tragic wildfires and the decommissioning of fire engines and must invest as much as we can in fire prevention and fighting resources. For these reasons, I would support the addition of a fire academy (cost of approximately \$1,050,000) to help the City maintain an appropriate level of staffing to keep our residents and visitors safe.

In addition, I would continue to support the use of one-time resources to ensure the complete installation of a new fire station alerting system and the replacement of outdated marine rescue vessels to safeguard San Diegans and visitors along our coastline.

- **Infrastructure.** Smooth roads and reliable sewer and water pipelines are also critical public safety issues. As the Council considers alternatives for ongoing financing of our municipal infrastructure and closing infrastructure deficits, it must prioritize the maintenance and upkeep of its current assets. I ask that the Mayor develop a plan to continually monitor the condition of our assets and request that one-time resources be identified to perform condition assessments. These assessments provide thorough and cost-effective analysis of building and other infrastructure conditions, assist in prioritizing projects, and help to develop successful multi-year capital improvement plans that address the true needs of our neighborhoods. Most important, the ongoing maintenance of this asset management data will assist in the development of future budgets and investments and will address community parity and equity issues by delivering credible and defensible data.

I continue to support our longterm deferred capital projects bond program. Should additional funding be identified, I would recommend increasing cash funding of deferred capital projects.

These focused investments and systemic reform will take us one step closer to achieving a sustainable capital infrastructure and maintenance program so that the City no longer falls behind in caring for its assets

- **Neighborhood Code Compliance.** The Neighborhood Code Compliance Division of the Development Services Department administers programs designed to protect the public's health, safety, welfare, and property value through enforcement of the City's ordinances and State/Federal laws relating to land use, zoning, housing, public nuisances, graffiti abatement, and vegetation/fire hazard abatement. For too long, the staffing levels in the Division have been dismal and enforcement priorities have been adjusted downward to keep pace. I ask that the resource capacity of the department be analyzed and considered for additional funding in FY 14.
- **Urban Forestry Program/Citywide Tree Maintenance.** Over the years, as the City faced budget woes, trimming of trees in the public right of way was one of the services eliminated. This has proven to be problematic, and often, a public safety matter in my Council District. Recommendations for a Citywide Urban Forestry Program and funding for uniform maintenance of trees on public property should be included in the FY 14 budget.

NEIGHBORHOOD SERVICES: LIBRARIES, PARKS AND RECREATION, ETC.

The coming year's budget must seek to improve the current levels of services to citizens that are key to quality of life, especially in older, urban areas of the City. There should absolutely be no reduction of hours or personnel at parks and recreation centers or libraries.

- **Libraries.** It is clear that the public highly values these facilities. I would support a budget that increased operating hours and services such as electronic resources at branch libraries in the City. Service levels at libraries can also be improved by filling vacancies in a timely manner. I request that the department be fully staffed and resourced at its budgeted levels in FY 14.

- **Parks and Recreation Centers.** There are numerous community benefits created by parks and recreation centers. They make communities desirable places to live, work, play, and visit, thereby contributing to the ongoing economic vitality of communities throughout our country. The programming promotes healthy lifestyles, deters crime, and helps our youth develop into contributing members of our communities; and the greenways and open spaces are critical components to protecting and preserving our natural environment. For these reasons, I would support a budget that increased operating hours at the City's recreation centers. Service levels at recreation centers can also be enhanced by immediately filling vacancies. I request that the department be fully staffed and resourced at its budgeted levels in FY 14.

JOB CREATION AND ECONOMIC DEVELOPMENT: REDEVELOPMENT, LAND USE, AFFORDABLE HOUSING, HOMELESS PREVENTION

- **Redevelopment.** The City continues to face fiscal challenges as a result of the dissolution and unwinding of the City's Redevelopment Agency. Estimated impacts to the budget are unknown at this time, but could possibly impact the annual debt service to Petco Park and costs associated with the expansion of the Convention Center Phase II to name a few. Despite this uncertainty, we do know that the City has lost a dedicated funding source for neighborhood investment, blight removal, and revitalization.

I encourage the Mayor and Council to collaborate to expand the work and services performed by Civic San Diego to allow them to continue the work of the former Redevelopment Agency. I request that additional onetime resources be granted to Civic San Diego and that their corresponding Consultant Agreement and Bylaws be amended, to support the development of a Public/Private Investment Fund, their application for Federal New Market Tax Credits and other innovative financing sources, and expand economic development opportunities throughout the City.

- **Community Plan Updates.** I would support a budget that recommended continued funding for the updating of community plans. These plans serve as community-specific "Land Use Constitutions" and establish the vision for long-term growth. As we continue to grapple with the elimination of redevelopment agencies, this is a wise investment to keep these plans updated in order to attract investment and appropriate infrastructure and development to our neighborhoods.
- **Affordable Housing Funding.** Due to the impacts of the State's elimination of redevelopment and as the state-issued Proposition 13 bond proceeds run out, it is necessary now, more than ever, to explore new, additional or enhanced sources of funding for the preservation and development of affordable housing.
- **Public Facilities Financing Plans.** The City's Capital Improvements Program hinges on effective Public Facilities Financing Plans (PFFP). I request that updated PFFPs be brought forward for Council consideration in advance of the release of the FY 14 budget. For example, the Mid-City PFFP update was completed approximately four years ago. The City adopted the FY 2010 budget without first adopting the new PFFP, and we're nearing adoption of the FY2014 budget, also without benefit of the new PFFP. Approval of these plan updates could result in additional revenue for the Facilities Financing Division and also increase their reimbursement of administrative expenses from Development Impact Fees.
- **Infrastructure Financing Districts/Special Assessment Districts.** The City should fund an adequate level of resources to assist individual neighborhoods in the formation of special assessment districts. With the elimination of redevelopment tax increment, this is

an investment the City can make to allow each neighborhood to determine the level of City services and infrastructure they are willing to fund on their own.

- **Emergency Homeless Winter Shelter/Neil Good Day Center/Other Homeless Services Funding.** Consistent with the Memorandum of Understanding between the City of San Diego and the San Diego Housing Commission for the Provision of Homeless Services, funding for the Neil Good Day Center, the Veterans Shelter Program, Cortez Hill Family Center and the annual contribution to Connections Housing should continue through the CDBG Program in an amount not to exceed \$13,118,078. Additionally, new funding from the General Fund in the amount of \$550,000 should be allocated in the FY 14 budget to continue the Single Adult Winter Shelter, which does not have any funding currently identified. In addition to the direct benefit of helping break the cycle of homelessness, the positive impacts for the City are great. Without these critical services, San Diego's homeless would have no choice but to spend days on the streets of local neighborhoods, decreasing the likelihood of obtaining needed services and potentially increasing the need for law enforcement and Neighborhood Code Compliance activities.

RESPONSIBLE GOVERNANCE

- **City Reserve Policy.** With the adoption of an updated Reserve Policy for the City, the Council and the Mayor established prudent goals for allocations to reserve accounts in order to ensure that emergencies and unanticipated economic circumstances, particularly State and Federal budget impacts, would not pose insurmountable challenges. We must rigorously adhere to these goals for providing "rainy day" protection for the City.
- **General Fund User Fee Policy.** In 2009, the City Council adopted a comprehensive General Fund User Fee Policy to assist with determining the appropriate level of user fees for services and related cost-recovery revenues. The Policy was intended to require a fee review and adjustment process as part of the City's annual budget process. I urge the Mayor to adhere to this practice. Annual inflationary or other technical adjustments to fees should be considered each year as part of the budget process. The City must achieve 100% cost recovery for programs and services that are intended to be fully cost recoverable through fees.
- **Compliance with Mandates and Other Best Practices.** On several occasions in the past year, the City has found itself unable to meet its responsibilities to monitor, audit, and review its activities. In a number of cases, lack of sufficient staffing has been given as the reason for this failure. We must provide sufficient funds for staffing for such activities as producing the City's annual audits, maintaining prudent internal controls on financial transactions, ensuring equal opportunity in our contracting program, and complying with the requirements of all state and federally funded programs.
- **Fill Existing, Already Budgeted Vacancies.** Provide adequate workforce and staffing levels as necessary to meet our obligations and deliver core City services. The City must aggressively fill vacancies and find efficiencies in the recruitment process to ensure that the workforce is staffed at budgeted levels. Proper staffing will result in higher quality service delivery and overall performance.
- **Transparency, Reform, and Efficiencies.** The Mayor and City Council must continue to examine departments for greater efficiency and innovation. Examples include the continued streamlining of Capital Improvements Program to complete projects at a quicker pace, diversify the workforce and increase City staff capacity, the implementation of Labor Management Committees and Business Process Reengineering to achieve

immediate efficiencies and taxpayer savings. I also support and encourage efforts to make the City's website more business and user friendly.

OTHER ISSUES FOR CONSIDERATION

- **Purchasing and Contracting Department Staffing and Resources.** The Purchasing and Contracting Department interacts as a customer service department to the City and vendors. The department ensures the competitive process is utilized for best price and highest quality while conforming to purchasing regulations. The Department must be properly staffed and resourced in the FY 14 budget so it may provide for efficient and orderly administration of all purchasing and contracting activities.
- **Encourage Corporate Sponsorships and Public-Private Partnerships.** The City should continue to explore innovative ways and revisit existing codes and policies in order to encourage the private industry to partner with the City. These Partnerships are sure to benefit our taxpayers and strengthen our General Fund.
- **New Revenues.** It comes as no surprise that with the current revenue structure, the City has insufficient income to maintain services at the levels desired by our constituency. This was the case even during healthier economic times. The public has indicated they will no longer accept reduced levels of neighborhood services. I urge the Mayor and my colleagues to begin discussions regarding a potential Infrastructure Financing Bond to narrow our focus on revenue options that would best serve our infrastructure needs.
- **2015 Balboa Park Centennial.** Council Policy 100-03 indicates that recommended funding levels for all categories and specific program funding for Citywide Economic Development, Safety and Maintenance of Visitor-Related Facilities, Capital Improvements, and Major Events will be made by the Office of the City Manager/Mayor. I ask that Transient Occupancy Tax funding be identified to assist in the planning effort for the 2015 Centennial Celebration in Balboa Park. Additional funds should be added in FY 14 and each year thereafter. The funds should be recommended for deposit into the Major Events Revolving Fund so that it may be used to cover permitting costs and other City expenses for the Celebration.

In addition to Council District Three Budget Priorities, I have attached my priorities for FY 14 Transportation TransNet Funding ([Attachment A](#)).

Lastly, as the interim supervisor over the Fourth Council District Office, I am pleased to submit budget priorities on its behalf (Attachment B). These priorities have been developed by Council District Four staff in consultation with the District's residents.

Thank you for your guidance in consolidating our priorities. This process will ensure that Council once again asserts its role early on, resulting in a more collaborative, better informed and more effective budget process. I look forward to working with you, the public, my Council colleagues, and the Mayor to develop another responsive and responsible budget for the next fiscal year.

TG:pi

Attachments



**CITY OF SAN DIEGO
OFFICE OF FOURTH COUNCIL DISTRICT**

DATE: March 1, 2013

TO: Todd Gloria, Council President

FROM: Jimmie Slack, Chief of Staff, Fourth Council District

SUBJ: Budget Priorities for Fiscal Year 2014 Budget

Several constituents have contacted your office and our office asking that I provide you with a memo requesting your inclusion of Council District Four FY 2014 budget priorities in Council budget memos to the IBA. Budget priorities from Council District Four have been communicated to me by various community members of the District and are included in this memo.

Council District Four's request is a balanced budget which addresses the needs of the citizens of San Diego and incorporates to the fullest extent possible, their following priorities:

Public safety funding which maintains and improves our Police and Fire-Rescue departments including fully funding our 35 member police academy classes; and increasing police department staffing in a manner that get's more officers on the streets and increases the opportunities for the department to arrest and solve gang violence crimes including murders in District Four. A further priority is adequate funding for the Fire- Rescue department to ensure we do not decrease services and return to the days of "brown-outs" and compromised life guard services.

Library and Park and Recreation services which maintains the service level hours restored in FY13 and possibly increasing hours if feasible. Continuing to move toward providing library and park and recreation center hours equal to or better than the service levels we had in the early 2000's is very important to the families and children of Council District Four.

Infrastructure improvements are among the most frequent priorities mentioned when talking with District Four residents. More funds to repair our streets, fix our sidewalks, add new street lights, and replace water and sewer pipes which are long past their service life, are being requested. However a strong new, yet old,

theme is also recurring. The residents of District Four want new sidewalks in neighborhoods that have been without sidewalks for decades.

Economic development is also a recurring theme. I cannot stress how important it is to ensure the Southeastern Community Plan Update is fully funded including the environmental impact report. Ensuring Civic San Diego remains viable and assisting with economic development in the Fourth District communities is a major prong to the multi-pronged approach necessary to enhance economic development in the District.

We are well aware that the funding for capital improvement projects (CIP) is limited. However planning groups from throughout the city held public hearings in their respective planning group areas and received recommendations for capital improvement projects. The combined list of over 200 recommendations was forwarded to the Transportation and Stormwater department for funding consideration. Kenneth Malbrough, Chair of the Encanto Planning Committee led the efforts for District Four. Their recommendations are included below. As funding sources are developed and/increased via bond financing, Transnet, development impact fees, general fund etc. we would like to have the following projects continued or added:

New sidewalks (particularly in the communities of Encanto, Emerald Hills, Valencia Park, Skyline, and O'Farrell as outlined in the planning committee report).

Charles L. Lewis Park

Dr. Martin Luther King Way street beautification project.

Construction of Fire Station No. 32 - Skyline North Fire Station

North Chollas Community Park phase II development

Valencia Park Mini Park Acquisition and Development

Cielo & Woodman Pump Station replacement

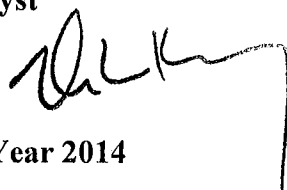
We commend and thank you for your outstanding efforts in ensuring District Four continues to be represented until the new Councilmember is sworn in. Your submission of Council district Four's FY 14 budget priorities for inclusion in Budget Committee and Council discussions, is greatly appreciated.



City of San Diego
MARK KERSEY
CITY COUNCILMAN, FIFTH DISTRICT

MEMORANDUM

DATE: March 1, 2013
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Councilman Mark Kersey
RE: Budget and Finance Priorities for Fiscal Year 2014



In response to the Council President's February 11th, 2013 memorandum, I respectfully submit for Council consideration the following budget and finance priorities for Fiscal Year 2014. However, it is imperative the City first address what is projected to be a \$40 million budget deficit in Fiscal Year 2014, which begins July 1st of this year. It appears the City is beginning to emerge from what is likely the worst fiscal crisis in modern memory. I understand that we will have more information on the extent of this year's deficit as well as future years' deficits when the Mayor releases his Proposed Budget on April 15th. We must continue to be fiscally responsible, maximizing revenue-neutral solutions, creating cost-saving efficiencies, and restoring services in a fiscally prudent manner. I look forward to working with Council President Gloria, my fellow Council Members, and Mayor Filner, to address the anticipated budget deficit we face, and to determine our ability to work on other priorities, as listed below:

Conduct Infrastructure Assessments. In order to determine the full scale of our infrastructure needs, the City must conduct a condition assessment of our various assets. A condition assessment of our City's nearly 1,600 buildings would cost the General Fund at least \$1 million. Funding for the Citywide facility assessment is available for FY 14 through the following funding adjustments: \$300,000 in one-time moneys from the remaining FY 13 fund balance identified in the mid-year budget monitoring report and \$700,000 in first-year savings from an

effort to identify 5% budget efficiencies in the Facilities Division equivalent to those that managed competition would produce. Funding for a comprehensive sidewalk assessment is available with a one-time dedication of the \$875,000 in on-going resources produced by the street and sidewalk maintenance managed competition.

Provide for Infrastructure Maintenance. According to the most recent deferred capital funding plan adopted by City Council, the City is currently \$30 million short of keeping its existing street, storm drain, and facility infrastructure from deteriorating an additional 5-10% this year.

A one-time utilization of \$3.6 million of the SDG&E settlement money, which backfills the amount we have not collected from SDG&E franchise fees in FY 13, should be applied towards facility maintenance. \$3.0 million of this amount should go towards maintenance and repair of city buildings such as fire stations, recreation facilities, and libraries, and the remaining \$0.6 million should go towards maintenance of our police facilities as requested in the FY 14 component of the Police Department's 5-year plan. Further, the City should dedicate the \$1.1 million it expects to receive in FY 14 from the Council adopted Street Preservation Ordinance Street Damage Fee to street maintenance. Lastly, in order to identify on-going resources that can be permanently directed towards critical stormwater infrastructure, which protects the water quality of our beaches and bays, the City should complete the implementation of the stormwater operations and maintenance managed competition.

Accelerate Infrastructure Delivery. In order to ensure the City's Public Works Department can manage and deliver infrastructure projects as efficiently and expeditiously as possible, the City should contract an efficiency consultant, similar to the type of consultant the City has provided in the past for preparing employee proposals under the managed competition program. Even a 5% savings through increased efficiency would free up \$3 million dollars in ongoing resources for the department to deliver capital projects. The one-time costs of an efficiency consultant could be funded through some of the first year savings in the department.

Improve Public Safety by Restoring Police Resources. The Police Department needs an additional \$10.4 million just to implement year 1 of their 5-year plan to get back to 2009 staffing

levels. Much of the first year need can be funded through the following: on-going efficiencies identified by employees in the department; the approximately \$1 million in local public safety grants the City may be eligible for from the Budget Act of 2012 adopted by the State of California; future tobacco securitization revenue; and by using the \$6.9 million in one-time revenue that is currently proposed to be set aside for the CAD system. I fully support the CAD system, and voted for its development and implementation at the February 13th Public Safety and Neighborhood Services Committee, but at this time there does not appear to be sufficient justification for setting aside the entire \$6.9 million in FY 14, as the department's 5-year plan indicates it does not plan to use the money until FY 17. Because the CAD system will be in place for many years, it is more appropriate to finance it over a 7 or 15 year timeframe. This would more equally spread the costs amongst beneficiaries while also freeing up resources to provide necessary public safety services today. I support providing necessary start-up resources in FY 14 to develop the proposal for CAD implementation and encourage the department to bring forward a financing plan for Council's approval as soon as reasonable.

Maintain the Parks. A better use of the \$500,000 proposed in the mid-year budget monitoring report for a Balboa Park Traffic Management Plan would be for park maintenance. Based on the City's current contracting processes, the traffic management plan is unlikely to be conducted by the end of the current fiscal year. The City should dedicate those funds instead towards proper fertilization of our City's parks during the upcoming fiscal year. City parks are a treasure, valued by residents and visitors alike, and should be properly maintained.

Support and Promote the Enterprise Zone Program. Last year the state approved an expansion of the Enterprise Zone in the San Diego region. Raising awareness of the program in the expanded area and maximizing participation by local companies is a key to our business attraction, expansion, and retention efforts. An Enterprise Zone Marketing position should be added to Economic Growth Services in the Development Services Department. This position could be fully funded by Enterprise Zone Program revenues which would have no impact on the General Fund.

Dedicate A Labor Relations Officer for Negotiating Employee-Driven Business Efficiencies. The City should provide one dedicated position in the Labor Relations Division to negotiate with

labor representatives over implementation of efficiencies identified by employees, whether through managed competition or some other avenue that achieves the same outcome more rapidly. This position in Labor Relations would pay for itself by accelerating implementation of creative ideas for more efficient government generated by City employees.

Maintain Reserves. The City will fall short of fully funding our workers compensation reserve target for FY 13 by approximately \$4.8 million. In an uncertain economy, the City must maintain fiscal discipline by setting and meeting appropriate reserve targets each year. After March 31st, 2013, the City will receive one-time revenues of around \$3.5 million from the SAFE program as a result of AB 1572. These restricted funds could be used to relieve the General Fund of other expenditures. The resulting General Fund relief could bring the Workers Compensation Reserve Fund closer to the target that the City Council had set when it adopted the FY 13 budget. I have already requested that the Budget and Finance Committee discuss and update the City's overall Reserve Policy, and I would respectfully request this discussion occur before we consider the FY 14 budget proposal.



MEMORANDUM

DATE: March 1, 2013
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Councilmember Lorie Zapf- Council District 6
SUBJECT: Budget Suggestions for FY 2013/2014

In addition to resolving the upcoming budget deficit the City should consider a series of small targeted increases in services. I also believe that we should rollover some of the surplus from this current fiscal year to resolve next year's deficit. Below is a list of Council District 6 priorities and identified savings options (not in a ranked order) that I would like to see included in the upcoming budget discussions:

- 1. *Use Anticipated IT Contract Savings to Fund Online Services:*** As we requested last year the City should consider how to use some of the savings that will be secured in this budget year from the IT switch over to putting more services online as a way to create transparency and increase customer service. There are more than 70,000 small businesses in the City of San Diego, which make up 92 percent of all businesses in the City.¹ For these reasons, it is imperative that we do everything we can to help and encourage small business growth. As part of last year's budget the City re-instituted a small business liaison position within DSD to help small business owners to expand, improve, and grow their businesses.
- 2. *Implementation of Penny for the Arts:*** TOT revenues have been a bright spot in the City's financials but even as TOT, which is the funding source for our arts and culture program, has recovered, arts and culture funding remains at half of what it was in 2002. The City Charter specifically identifies supporting arts & culture as a core city service. Additionally, it is an investment that generates revenue for the City and that investment yields a significant return – because of revenue generated from TOT, from sales tax, and more. The return on our investment in the arts is how we fund neighborhood services, public safety, and infrastructure. If San Diego doesn't offer these options to our tourists, they will travel elsewhere. They're ready to stay twice as long and spend twice as much as an average tourist. They should be doing that here, not in LA or San Francisco. The plan approved by Council calls for a \$3 million increase in spending this year. We would strongly urge the Council and Mayor to implement the plan that was approved by Council.

¹ City of San Diego Economic Development Department. Small Business Assistance website.
www.sandiego.gov/economic-development/business-assistance/small-business/

3. ***Police Five Year Plan:*** I would urge the Council to move forward on implementing the Five Year Plan for the San Diego Police Department. I know that increasing the Police Department Budget by \$11 million in lean budget times is a big ask but public safety has to be our number one priority as a city. In order to enable the plan to move forward I would encourage my Council colleagues to consider appropriating the majority of the approximately \$3.5 million in SAFE funding that will be coming to us in the next few months to priorities contained within the plan. There are a number of equipment needs, capital needs and even the Computer Aided Dispatch System that fit within the intent of AB1572.
4. ***Decrease SDCERS Overhead Costs:*** An audit performed last year by the Office of the City Auditor demonstrated that overhead costs from SDCERS were considerably higher than other like-sized systems. It behooves the Council and the City Attorney to negotiate with SDCERS to bring these costs down. Because some of the costs are tied to existing litigation, the City in closed session should determine via cost analysis the viability of the litigation. Decreasing the overhead costs could save the City several million dollars.
5. ***San Diego River Park Master Plan:*** In April the Land Use and Housing will be hearing the City's San Diego River Park Master Plan. The City should heed the recommendation of the Park and Recreation Board and add a Project Director position to Park and Recreation or to Development Services to implement the approved Master Plan. It is critical that the City have a dedicated person to coordinate with property owners, public agencies and non-profits that own property or are working in the San Diego River basin.
6. ***Reform of Purchasing and Contracting:*** The City Auditor has issued a performance audit of the Purchasing and Contracting Department that identified several issues. While I am not usually supportive of funding consultants, the City should bring in an outside consultant to help the new Director redesign our current purchasing and contracting process. Not only will a redesign have the potential to save money but it could speed up the process, encourage accountability and reduce liability by better matching processes with state and federal law.
7. ***Changing the Work Week for Non-Public Safety related Functions:*** In the past the IBA has suggested that the City explore a 4 day/10 hour work week as a way to save costs. The City should explore this alternative for some departments as well as a 9 day/80 work period as exists in some local governments.
8. ***Manage Aggressively the Disability Program:*** The City should consider bringing in an outside firm to perform aggressive disability audits to identify and prevent potential fraud, as well as developing a more active W-2 spotting program. Even if we achieve only minimal savings, the City will head off potential scandals that have plagued other local governments.
9. ***Continue to Address Lifeguard Training and Equipment Needs:*** Over the past few years the City has worked to ensure that lifeguards have the training and equipment that they need. In the past few years we have increased training budgets and purchased new fireboats. This year I would ask my colleagues to consider adding a

multipurpose rescue vehicle at a cost of \$450,000 and by adding to a lifeguard training academy at a cost of \$350,000 to address coming attrition issues within the department. I would also ask that the Infrastructure Committee look at facilities issues for the Lifeguard Department to better ensure that their needs are being met.

10. Dedicated Position for Negotiating Department Efficiencies: I agree with Councilmember Kersey's call for an additional labor negotiator/human resource staff member dedicated to negotiating with City bargaining groups regarding mayoral and council identified efficiencies, whether it be through managed competitions or other means identified by the Mayor.




City of San Diego
Councilmember Scott Sherman
Seventh District

MEMORANDUM

DATE: March 1, 2013

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Scott Sherman 

RE: Budget Priorities & Issues to Consider for Fiscal Year 2014 Budget

The last five years of economic recession has hit San Diego hard. There are fewer police officers protecting our neighborhoods, fewer lifeguards standing watch over our beaches, and decreased neighborhood service levels. These hard times, paired with skyrocketing pension costs, have created difficult decisions for city leaders over the last five years and continue to place an enormous burden on city finances.

While our economy is slowly gaining strength, there are still many difficult decisions ahead for this City Council and our Mayor. For example, the state's dissolution of Redevelopment Agencies has provided an additional \$14 million bill. Altogether, the City will likely face a staggering budget deficit of \$40 million for Fiscal Year 2013-2014.

Challenging times call for tough decisions and innovative solutions from city leaders. Never in our city's history has it been more important to find new ways to deliver neighborhood services faster, better, and more efficiently. Fortunately, some innovative solutions have already been established and simply need to be implemented, such as managed competition. The following are my budget priorities for Fiscal Year 2014:

Maintain Reserves at High Levels

The Council and Mayor should continue hold to our established policy of high reserve amounts in order to ensure that emergencies and unanticipated economic circumstances, particularly State and Federal budget impacts, will not pose insurmountable challenges. We must rigorously adhere to our goal to not only provide "rainy day" protection but also to sustain the

City's favorable credit rating. This is particularly important with the city increasing the amount of its total debt service as a percentage of General Fund revenues in FY 2014 (incorporating staff's recommendation of a 2013 \$30M CIP bond) to 4.49%.

Implement managed competition

San Diego voters passed managed competition overwhelmingly in 2006, and after years of delays this cost-saving, common-sense program was beginning to get off the ground last year. Unfortunately, that progress has stalled. In fact, budgeted savings from managed competition may not be realized in this fiscal year. It is my top budget priority to see managed competition move forward without delay, specifically street sweeping, PUD customer support, street and sidewalk maintenance, landfill operations and fleet maintenance.

\$4.1 million in savings to General Fund.

Expand Marketing Partnerships

A common-sense way to generate funds for the city is to expand marketing partnerships between the city and private entities. Official sponsorship, naming rights, advertising, and exclusive rights are just some of the forms of revenue-generating marketing partnerships available to the city. To its credit, the city already has some marketing partnerships - which have generated approximately \$16 million cumulatively in revenues. An example is the successful agreement between Toyota and San Diego Lifeguards. But we can and should do more.

\$500,000 per year in revenue.

Fully Implement and Expand Recovery Auditing

Revenue Recovery Audits focus on identifying missed opportunities to collect revenue. Currently, the City engages outside firms to collect on past-due bills that remain uncollected after the City's best efforts to collect. Additionally, the City engages outside services to perform sales/use tax and property tax audits. However, there are additional areas where the City can benefit by dedicating effort to Revenue Recovery Auditing, particularly by pursuing contract audits.

Up to \$1.5 million in uncollected revenue.

Use property tax refund from County to pay for "Computer Aided Dispatch" (CAD) system upgrade

The City of San Diego has been refunded \$6.9 million in property tax assessments which were previously overcharged by the County. The Mayor and Public Safety Committee have discussed setting those funds aside to replace the outdated computer aided dispatch (CAD) system used by the Police and Fire Departments. In addition, the City is receiving approximately \$3.5 million due to the elimination of the obsolete "SAFE" agency. These funds are available to pay for public safety, which would include replacing the CAD system. Our city's entire public safety system relies on this system, which is why I support setting those funds aside specifically for this purpose until the City can achieve the best pricing and look at innovative ways to utilize a new CAD system for additional departments, such as Park & Recreation.

Budget-neutral if the City can achieve a good price on replacing CAD system. (\$7 million in new funds from property tax refunds. Approximately \$8 million to replace CAD system)

Utilize “Service Authority for Freeway Emergencies” (SAFE) Funds for Public Safety

Assembly Bill 1572, passed by the California legislature last year, dissolved the obsolete public agency “San Diego SAFE.” The bill required that DMV assessments to pay for upkeep on emergency call boxes be managed by SANDAG, rather than the SAFE board. Approximately \$8 million in reserves will be redistributed to cities and the county to pay for transportation and motorist aid based on each city’s population, with approximately \$3.5 million coming to San Diego. These funds are available to make San Diego’s roadways safer and provide emergency services. The City should consider putting these funds toward police and an upgrade to the City’s computer aided dispatch (CAD) system.

\$3.5 million to the City for public safety.

Roll over the FY 2013 budget surplus into FY 2014

The Financial Management Department projects a \$3.6 million budgetary surplus in FY 2013, based on better-than-expected property tax and transient occupancy tax (TOT) revenues. Given the looming \$40 million budget deficit in the upcoming fiscal year, I support rolling all or the majority of that over to address next year’s projected budget deficit.

Up to \$3.6 million additional toward next year’s budget.

Support the Police Department’s plans to put more officers in our neighborhoods

The Police Department released a five-year plan in July which outlines a strategy to restore police service levels in the areas impacted most by past budget reductions. The Police Department has set FY 2009 sworn budgeted staffing levels as a goal which I support and would like to pursue beginning in FY 2014. We should begin that restoration by adding 32 new budgeted positions for sworn police officers.

If the Mayor and City Council push forward on common-sense reforms like managed competition, increased marketing partnerships throughout the city, and additional recovery auditing, this increase in public safety service levels is attainable.

Cost of \$5.7 million.

Restore Mission Trails Regional Park Campground Facilities

Much of San Diego’s identity and culture centers on the outdoors. The City of San Diego operated a campground in Mission Trails Regional Park until budget cuts closed this area to overnight camping. Because it is located relatively close to our urban neighborhoods Kumeyaay Lake provides a unique, affordable and nearby opportunity for San Diego residents to camp overnight. While the cost to restore previous service levels would be \$134,000, Park & Rec. should consider innovative ways to re-open this campground, potentially without a cost to the General Fund by utilizing volunteers and public-private partnerships.

Cost of \$134,000 (without innovative service delivery models).

Consider funding for planned Lifeguard Capital Improvement Project in North Pacific Beach

North Pacific Beach extends from Crystal Pier to Pacific Beach Point. This beach is bordered by cliffs up to 75 feet in height and is heavily used by surfers, kite surfers and sailboarders year round in addition to beachgoers. The lifeguard station there, which is staffed year-round, is little more than a railroad cargo container on the beach. As one of San Diego’s busiest beaches, it would be helpful for the lifeguards to have a proper facility there in the future.

Support the Tourism Marketing District (TMD), ensuring the city does not have to support marketing activities out of Transient Occupancy Tax (TOT) funds

Additionally, the City of San Diego is currently facing a potential additional expense which would worsen the FY 2014 budget deficit which is worth highlighting. The Tourism Marketing District, which was renewed last year by the Mayor and Council, has not been able to move forward on much-needed promotional activities and the concept of disbanding the program has been discussed.

When the TMD was established in 2008 it assumed funding support for tourism and marketing groups previously funded by the City, thereby alleviating the City's funding obligation. This resulted in an annual savings of over \$10 million for the City.

Unfortunately, there is a great deal of uncertainty about the TMDs future, despite overwhelming Council and Mayoral support of the program last year. If the TMD were allowed to disband, the City would once again have to pay for those promotional activities out of TOT funds.

The following chart from IBA Report 13-09 shows the potential cost of the TMD's dissolution:

TMD Supported Organizations/Activities Previously Funded by the City		
	FY 2008	FY 2012 ¹
SD Convention & Visitors Bureau	\$ 8,830,411	\$ 23,761,168
San Diego North ConVis	380,903	2,758,443
SD Film Commission	661,817	-
SD Bowl Game Association /Holiday Bowl	391,137	450,000
SD Sports Commission/SD Intl Sports Council ²	145,800	893,800
SD Sports Commission/SD Hall of Champions ²	75,000	-
Rock N Roll Marathon	19,519	350,000
Accessible San Diego	65,039	-
California State Games	15,427	125,000
San Diego Crew Classic	4,648	213,400
TOTAL	\$ 10,589,701	\$ 28,551,811

¹ FY 2012 totals may not reflect audited amounts.

² The SD International Sports Council and the SD Hall of Champions are now the San Diego Sports Commission.

Additionally, the TMD helps generate increased TOT funds, which support the General Fund. According to the Independent Budget Analyst, since the TMD was created in 2008 a total of \$724 million in TOT revenue was generated. FY 2013 projects \$99 million in TOT going to the General Fund.

Over \$10 million in savings, potentially upwards of \$29 million.

Change the way the City looks at budgeting: Implement zero-based budgeting

Zero-based budgeting is an approach to budgeting which reverses the working process of traditional budgeting. The City of San Diego uses traditional incremental budgeting, whereby department managers justify only variances versus past years, based on the assumption that the "baseline" is automatically approved.

By contrast, in zero-based budgeting, every line item of the budget must be approved, rather than only changes. During the budget process, no reference is made to the previous level of expenditure. Zero-based budgeting requires the budget request be re-evaluated thoroughly, starting from the zero-base. This process is independent of whether the total budget or specific line items are increasing or decreasing. Approaching our budget in this manner would require that the existence of a program or expenditure be justified in each fiscal year, as opposed to simply basing budgeting decisions on a previous year's funding level. Zero-based budgeting has been used in the private and public sectors for decades.

I encourage the Financial Management Department, the Mayor and my colleagues on the City Council to consider this new way of developing our budget in future years.

I appreciate the hard work and time spent by Mayor Jerry Sanders and recent City Councils to get the City's budget under control over the last 8 years. I understand that it has not been an easy period in our city's history and we are fortunate that despite these hard times our city is still on decent financial footing.

Please see the attached chart which displays the sources and expenditures listed above.

Councilmember Scott Sherman

FY 2014 Budget Priorities

Sources and expenditures

ONGOING SOURCES	
Managed Competition Savings	\$4,100,000
Expand Marketing Partnerships	\$500,000
Implement and Expand Recovery Auditing	\$1,500,000
Sub-Total Ongoing Funding Sources	\$6,100,000

ONE-TIME SOURCES	
Property tax refund from County	\$6,900,000
AB 1572 "SAFE" Payment	\$3,500,000
FY13 Budget Surplus	\$3,600,000
Sub-Total One-Time Funding Sources	\$14,000,000
TOTAL FUNDING SOURCES	\$20,100,000

ONGOING EXPENDITURES	
Add 32 new budgeted positions for sworn police officers	(\$5,664,000)
Kumeyaay Lake Campground	(\$134,000)
Sub-Total Ongoing Expenditures	(\$5,798,000)

ONE-TIME EXPENDITURES	
Replace CAD System	(\$8,000,000)
Sub-Total One-Time Expenditures	(\$8,000,000)
TOTAL EXPENDITURES	(\$13,798,000)

* Note: Promotional expenditures to be paid by City if TMD is not approved	(\$10,589,701)
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COUNCILMEMBER DAVID ALVAREZ

**City of San Diego
Eighth District**

MEMORANDUM

DATE: March 1, 2013

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember David Alvarez

SUBJECT: Budget Priorities for Fiscal Year 2014

For the purpose of discussion during the City Council's upcoming budget review process, below is a list of my priorities for the next budget year:

General Fund Budget:

- **Neighborhood Services in High-Crime Areas:** Each budget cycle, the City Council often discusses neighborhood service enhancements on a citywide basis. Although it is important that all areas of the city have adequate access to neighborhood services like libraries and parks, the impact of enhanced hours in areas experiencing high-crime rates would likely have a more significant impact on the overall community. As such, the city should consider a more focused and strategic approach that takes such information into account that looks when considering service alterations in communities throughout San Diego.
- **Community Plan Update Funding:** Continuing to update our community plans throughout the city is vital in providing a clear vision for the development preferences of each community. Allowing a process that brings all stakeholders to the table can only result in better planning within our communities. Funding for community plan updates needs to be retained and expanded to the fullest extent possible in order to allow our communities to properly plan for development and community amenities.
- **Continued Implementation of Citygate Working Group Five-Year plan:** In order to provide proper fire and life safety services to San Diegans, the City must continue to stay on target with funding needs identified in the Citygate Report. The City made some progress last year in

providing the required funding for the purchase and installation of a new in-station alert system, however we have a long ways to go in meeting the goals of the implementation plan. Each item from Years 1 & 2 of the plan should be funded in FY14. The update to the five-year plan at the January 16, 2013 PS&NS meeting outlined the funding needs for Year 2 of the implementation plan, which should be incorporated into the FY14 budget.

- **Fire Academy for FY14:** Fire-Rescue Department staffing levels need to be increased as many employees have been subject to mandatory callbacks to fully staff fire engines. In order to address the current and projected shortfall in staffing an academy should be funded for FY14.
- **Restoration of Civilian Positions in the Police Department:** Last year the Council included funding for five civilian positions within the Police Department. As those positions are filled, additional civilian positions should be considered for FY14 in order to better support our sworn officers.
- **Purchasing and Contracting Department Staffing Enhancements:** The Purchasing and Contracting Department provides a critical service in managing all contracts for outside services the city requires. In the past couple of years, there have been some instances where major contracts have been delayed due to various protests and the need to reissue RFPs. I believe that increased staffing in the department could solve this problem and save the city the cost of protests, litigation and re-issuances of RFPs. Additional staff should be considered for the FY14 budget.
- **Lifeguard Services:** Our beach and coastal areas are visited by tens of thousands of people every year, which requires the need for the city to provide adequate lifeguard services to ensure a safe environment for those visitors. It is vital that our lifeguards have the resources, training and equipment they need. The following should be funded in the FY14 budget:
 - Lifeguard Training Academy for 15 new recruits: \$350,000
 - Multipurpose Rescue Vehicle: \$450,000
- **Creation of Lifeguard Wellness Program:** Part of ensuring that lifeguards are able to meet the high standards set for them is to create a wellness program that gives them the services and tools needed to avoid significant injury, which also reduces compensation claims and costs. I would urge the creation of a Lifeguard Wellness program through meet and confer in this year's labor negotiations.
- **City Auditor Staff Positions and Training:** It is important that we continue to increase the staff resources of the City Auditor's Office. The City Auditor's ability to conduct comprehensive audits on various city departments and functions is vital in promoting accountability, efficiency and transparency in our city government. As such the FY14 budget should include the following:
 - Administrative assistant position
 - Two new auditor positions
 - Restoration of \$25,000 to auditor training budget reduced in previous budget cycles

- **Expansion of Marketing Partnership Program:** I believe the city can benefit significantly through continuing and expanding the marketing partnership program, which helps bring in much needed funding for various city services. Investing in an expansion of city efforts to find additional partnerships will yield greater benefits to the general fund.
- **Urban Forest Management Plan:** Last year the City Council allocated \$257,000 for use on a city arborist position and/or urban forestry program. Although those funds eventually went to much needed additional tree trimming services, I still believe the city must reinvest in its urban forestry program, which has lacked proper funding for years. The FY14 budget should include funding for the creation and staffing of an enhanced Urban Forest Management Plan.
- **City Clerk Services, Records Management and Open Government:** The following services are critical to provide the City Clerk with the required tools to preserve, store and enhance public access to city documents:
 - Funding of an ISA III (Information Systems Analyst) to support City Clerk access initiatives and IT services. The total cost of the position is \$123,378, however taking into account the elimination of a CAII position, the total FY14 budget impact would be \$65,351.
 - Record Storage:
 - Shelving must be purchased to properly house and preserve various long-term or permanent records. This requires 50 linear feet of shelving at a cost of \$25,000.
 - Inadequate City Archival Storage: The Clerk is researching several solutions to the City's inadequate space for city archives. Options that will be presented include expansion of the current physical space all the way through to a more cloud-based digital solution \$250,000 - \$400,000
- **Service Reductions due to Prop B Implementation:** Due to the high costs associated with the implementation of Prop B that were not planned for by Prop B proponents, the City Council must consider what service reductions to implement for the upcoming fiscal year.

Capital Improvement Program and Infrastructure Budget:

- **Palm Avenue Roadway Improvements:** The Palm Avenue Roadway Improvements project provides for vehicular and traffic safety improvements on Palm Avenue from Beyer Way to Interstate 805. This project is vital to the community and it needs to be completed on schedule. It is imperative that work begin this calendar year and finish by 2014.
- **New sidewalk on Old Otay Mesa Road between Otay Mesa Place and Airway Road, San Ysidro:** Significant community support exists for this project as this is a dangerous stretch of road without a sidewalk which creates a hazard for students walking to school. Completion of this project would provide important linkage in a highly pedestrian-oriented community.
- **Completion of funding for construction of the San Ysidro Library:** The current branch

library in San Ysidro is one of the oldest (built in 1931), smallest (3,000 square feet) and outdated library facilities in the entire city. The construction of the new library has been long delayed. The design and construction of the library can move forward with complete funding. It is critical that this is a priority CIP.

- **Memorial Park Improvements:** Memorial Park is located at Logan Avenue and 28th Street. This block also includes facilities operated by the San Diego Unified School District. Staff should work cooperatively with SDUSD staff to coordinate efforts to redesign the current site to better serve the community and students. An initial estimate of costs associated with a redesign of the park site is \$400,000, which can be split between the City and SDUSD.
- **Logan Heights Infrastructure:** The following general infrastructure needs should be addressed in the FY14 budget:
 - Street Lighting:
 - Alleyway between Imperial Avenue and Commercial Street (between 28th Street and 32nd Street)
 - Street Repair:
 - 24th Street between Market and Imperial Avenue
 - 25th Street between Market Street and Island Avenue
 - 27th Street between Market Street and Imperial Avenue
 - 28th Street between Ocean View and Island Street
 - 30th Street between Ocean View and Island Street
 - K St. between 22nd and 32nd Streets
 - Commercial Street between 22nd and 32nd Streets
 - Island Avenue between 27th and 28th Streets
 - Cesar Chavez parkway between Commercial and Julian Avenue
- **Logan Heights Community Garden:** A number of sites in the Logan Heights community could be used for a community garden. A community garden would be a cost efficient and effective way to beautify certain areas of the area while also creating a sustainable food source for local residents.
- **Logan Ave/Sampson Street Sewer Main Repair:** Due to damage to the sewer main, it is not functioning properly and needs critical repairs. The FY14 budget should prioritize funding needed to complete needed work.
- **Initiate Capital Improvement Project for La Media Road Improvements:** La Media Road, between I-905 and Siempre Viva Road in the Otay Mesa community, is a route used by commercial vehicles accessing the border. Significant improvements (such as widening) are required on La Media Road as the city moves forward with plans to improve the road, provide better access to commercial vehicles crossing the border and addressing significant flooding issues, which often make the road impassable. Currently, no CIP exists to address these deficiencies, which has prevented the project from moving forward and has hampered the city's ability to better facilitate international commerce.

- **Initiate Capital Improvement Project to Design Southwest Neighborhood Park in Otay Mesa/Nestor:** The City owns undeveloped park land on 27th Street in the Otay Mesa/Nestor community. The design and development of the 11.4 acres into a Neighborhood Park was first proposed in 1992 and would provide much needed park space and be of great benefit to all members of the community. Children from Southwest Middle School as well as condominiums, apartments, and mobile homes within walking distance would benefit from the use. Currently no CIP exists for this project and in order to move forward funds need to be dedicated to the design of the park.
- **San Ysidro Pedestrian Bridge:** A pedestrian bridge over the trolley tracks at Del Sur Boulevard would effectively connect Beyer Boulevard and South Vista Lane. This is an important link for the community to have to increase and encourage pedestrian access. A CIP should be created and design for the project included in the FY14 budget.
- **San Ysidro Bicycle Paths:** San Ysidro is a bicycle and pedestrian oriented community that would greatly benefit from bicycle paths. I would like bicycle paths added to the community of San Ysidro via the city's Pedestrian Mobility Planning study. In doing so, it would position these bicycle paths to be incorporated into Sandag's Regional Bikeway Plan. This will facilitate the integration of San Ysidro bicycle paths with the Bayshore Bikeway.
- **Larsen Field Improvements:** This project, delayed since 2010, has funding and is ready to move forward. It will provide various park improvements as well as additional lighting. The current project timeline targets the current year for construction award. It is imperative that this project stay on schedule and begin this year.
- **Increase Number of Joint Use Park Facilities:** A number of areas throughout the city lack park space for residents to utilize. Partnering with local school districts to share the construction and/or maintenance and operation costs is an excellent way to open up existing or proposed park space to neighborhoods when the area is not being used by the school. Pursuing such partnerships, particularly with school districts which currently do not have agreement with the City, should be a goal in the upcoming year.
- **Pursue Outside Funding Opportunities for Capital Improvement Projects throughout the City:** As the city looks to identify funding for capital improvement projects, I believe both private and public (local, state and federal) funding sources should be actively pursued for projects not yet fully funded.



City Of San Diego
COUNCILMEMBER MARTI EMERALD
DISTRICT NINE
M E M O R A N D U M

DATE: March 1, 2013

Reference: M-13-02-01

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Marti Emerald

SUBJECT: Fiscal Year 2014 Budget Priorities

With the election of our new Mayor, I am very enthusiastic about a budget that puts San Diego neighborhoods first. I am confident that this year's budget will better protect and restore public safety and neighborhood resources, including the following priorities, which I respectfully submit as Chair of the City's Public Safety & Neighborhood Services Committee:

- ❖ **Citygate Working Group Five Year Plan Recommendations** – In order to stay on track to complete the recommendations outlined in the report, the City needs to fund approximately \$17 million in FY2014. The Five Year Plan also calls for building 10 long-overdue fire stations. Many of these new stations could also incorporate small police storefronts, helping us rebuild our community policing efforts. A public safety or infrastructure bond should be considered to fund these critical stations.
- ❖ **Police Department Five Year Plan Recommendations** – The Five Year Plan for the Police Department needs to be funded in FY2014. The plan calls for an increase in both civilian and sworn personnel staffing levels. I also request the IBA conduct a study regarding sworn police retention. Specifically, the City needs to look at the costs of recruiting new personnel versus creating new incentives to encourage current personnel to stay with the Department.
- ❖ **Lifeguard Training and Equipment** – Ensuring safety at our beaches and bays is of critical importance, especially as we enter our peak tourism season. Our lifeguards must be equipped with the necessary training and equipment to keep people safe. As such, we need to increase funding for our Lifeguard Training Academy and ensure that we have adequate Boating Safety Unit Staffing, along with funding for our R-44 Multipurpose Rescue Vehicle. We also need to ensure

that those protecting us at our beaches have the necessary infrastructure to do their jobs.

- ❖ **Community Policing** – As I've discussed in the past, funding for additional multi-cultural/multilingual Community Relations Officers and Police Service Officers is critical in maintaining our focus on community policing.
- ❖ **Neighborhood Code Enforcement** – I would like to see our FY2014 budget take a strong position on Code Enforcement and, hopefully, restore services reduced the past few years, including enforcement against cars parked on lawns and restoration of proactive enforcement. This should include funding for a code compliance office leased out of the City Heights Town Council office.
- ❖ **Restoration and Increase of Library Hours and Programs.** Library hours should be restored to a minimum of 45 hours per week for our branch libraries.
- ❖ **Restoration of all Revenue Generating Positions** – Over the past few years the City has cut revenue-generating positions from its budget, many of which were civilian positions within the Police Department. These positions include grant writers and enforcement officers, whose work generates more revenue than expended by the cost of their positions. All positions that are cost neutral or may generate additional revenue should be restored immediately.
- ❖ **Street Lights** – The FY2014 budget must provide more funding for our nearly \$30 million backlog in street lights. Street lights are a critical component of public safety in our neighborhoods.

In addition to the above Citywide recommendations, we must support programs and projects that put our neighborhoods first. Please see the following neighborhood projects below, which are high priorities in the District Nine communities I represent:

- ❖ **Southcrest Community Priorities** –
 - **Southcrest Street Lights** – Southeastern Economic Development Corporation (SEDC) committed \$655,600 to the City in February 2010 for the installation of 73 street lights. The project was scheduled for November 2011. The timeline for the installation of the lights has been uncertain and is now awaiting approval.
 - **Southcrest Trails Park** – We are working with Civic San Diego to take the lead on this project. Civic San Diego believes it can streamline the process, thereby saving related time (approximately one year) and \$150,000 in consultant charges. This agreement should be executed as soon as possible.
 - **Southcrest Beta Street Green Alley (east of 38th St.)** – The only alley left unpaved in the Southcrest area is heavily traveled by school children and residents; as a result, the alley today presents an ongoing hazard and

eyesore. \$190,000 is needed to fund this project. Although the San Diego Unified School District, and then SEDC, planned to fund the project, 29 years later the project has yet to be funded.

❖ **City Heights Community Priorities –**

- **City Heights Street Lights** – Pursuant to a report completed by the City Heights Business Association in 2010, 613 standard street lights are needed for safety in order to meet City standards (150 feet between each street light in most areas of City Heights). The cost is estimated at \$5.4 million.
- **City Heights Canyon Loop Trail** – San Diego Canyonlands needs funding to begin implementation of its interconnected canyon loop trail, located in City Heights. The initial phase of the project requires \$365,000 to restore 14 acres and develop canyon openings to provide community access to the canyon. Once trail openings are addressed, San Diego Canyonlands requires additional funding to start the work of building canyon trails.
- **Wightman Neighborhood Park** – This one-acre park in Fox Canyon still needs \$2.363 million in funding for construction.
- **Lighting Enhancements for Islenair** – Acorn street lights are needed for this historic neighborhood. \$30,000 is still required to fully fund the project.
- **54th St & University Ave Re-Configuration & Safety Enhancement** – This project will re-configure the 54th St. and University Ave. intersection to significantly improve safety for pedestrians, bicyclists, transit riders and operators, and motorists.
- **Colina Park/City Heights 50th St and University Ave Streetscape Enhancements** –
 - Improve pedestrian safety at 50th St. and University Ave. intersection by adding a pop-out to the southwest corner to improve two-way visibility.
 - Develop a landscaped median/pedestrian-refuge island and include a “Little Mogadishu” sign to support placemaking and economic development in the Somali business cluster (as requested by the community).
- **Sidewalks and street lights in the Colina del Sol City Heights Area** –
 - Install sidewalks at the southeast and southwest corner of Altadena Ave. & Trojan Ave.
 - Install sidewalks at the southwest corner of Altadena Ave. and Orange Ave.
 - Install sidewalks at the southeast corner of Meade Ave. & 53rd St. as well as other missing segment.
 - Install street lights from Euclid Ave to 50th St. along the alleyways.
 - Install street lights on Oak Crest Dr. and 50th St. south of Orange Ave.

- Install lamps on two of the three light posts at Dawson Ave. south of El Cajon Blvd.
 - Fix street lights on Winona Ave. from University Ave. to El Cajon Blvd.
 - **Little Saigon District** – Sidewalks and streetscaping in the Little Saigon District in City Heights on El Cajon Blvd. between Highland Ave. and Euclid Ave.
 - **Southern Sudanese Community Center** – The building currently rented from the City at 4077 Fairmount Ave. is in need of repairs which are estimated at \$12,000.
 - **Student Bus Passes** – A pilot program is needed for student bus passes.
 - **Central Avenue Mini Park Skate Plaza** – Combine Phases I and II of the Central Avenue Mini Park project. Phase II, which will construct the skate plaza, requires \$774,000 in funding which still needs to be identified.
 - **City Heights Skate Park** – A skate park is proposed by the Mid-City CAN Youth Council. The location proposed is City-owned land, adjacent to the current Copley Family YMCA. The vacant 10,000 square-foot dirt lot is centrally located to Cherokee Elementary School and Park de la Cruz, and is zoned for recreational use. We need to identify \$400,000 in funding for both construction and maintenance.
- ❖ **Mount Hope Community Priorities –**
- **Paved Alleys in Mt Hope.**
- ❖ **College Area Community Priorities –**
- **Tubman Charter Joint Use Park** –The total project cost is \$1.72 million, of which \$290,000 in Developer Impact Fees is available for completing the General Development Plan. We must identify interim funding for construction while awaiting a developer's committed funds, which will not be triggered until the issuance of a permit for Phase II of the Silverado Alvarado Apartments project, at a date yet to be determined.
- ❖ **El Cajon Business Improvement District Priorities –**
- \$500,000 to fund double Acorn street lights from Route 15 to Menlo Ave.
 - \$3 million to fund El Cajon Blvd. sidewalk improvement repairs from 44th to 54th St.
- ❖ **El Cerrito Community Priorities –**
- Design and construct traffic circles at two badly configured intersections with a history of traffic accidents: Vale Wy. at Adelaide Ave. and 59th St.; and 60th St. at Estelle St. and Vale Wy. The 2009 estimated costs are \$115,000 and \$117,000 with landscaping; or \$92,000 and \$94,000 without landscaping, respectively.
 - Design and construct a landmark community sign to firmly establish a cohesive neighborhood identity in El Cerrito, which is not only divided by a

major commercial thoroughfare, but is also separated between two community planning areas.

❖ **Kensington Community Priorities –**

- Convert 5,000 volt circuit to 110 volt light in sub-districts 26 and 73 of the City Lighting District 1.
- Add standard cobra head street lights to the Kensington Park and Kensington Place Street Lighting Project.
- Repair the Kensington park playground surface, picnic tables, and fence; upgrade the playground to comply with current ADA standards.
- Repair Kensington curb, gutter, sidewalk, and alley aprons.
- Rehabilitation of Historic Kensington Neighborhood markers, including medians and streetscapes.
- Improve Terrace Park by installing a bocce ball court.

❖ **Talmadge Community Priorities –**

- Aldine Dr. new pocket park, road safety improvements, storm water, and bike path.
- Euclid Ave. & Monroe Ave. pedestrian safety improvements including bulb-outs and an illuminated cross walk.
- Fairmount Ave. erosion control, slope stabilization, and retaining walls.
- 47th St. & Monroe Ave. traffic circle installation, flashing beacons, and traffic calming.

Finally, I wish to use this opportunity to highlight the priorities of the planning groups within our District:

❖ **City Heights Area Planning Committee Priority Projects –**

- Fire Station 17 project to replace the existing, outdated fire station located at 4206 Chamoune Ave. The total project cost is \$8.455 million to demolish the current station and construct a new 10,200 square foot facility.
- Home Avenue Park (planning, design, and construction). Design is currently underway, but we need to ensure \$750,000 available in FY 2014 TransNet funding.
- Install sidewalks along Euclid Ave., at 52nd St. and Landis St., and at Altadena Ave. and 52nd St.
- Construction and maintenance of skate parks, with \$400,000 needed to construct the first site near Cherokee Elementary School and Park de la Cruz.

❖ **College Area Community Planning Board Priority Projects –**

- Montezuma Road Bicycle and Pedestrian Improvement Project.
- Reservoir Dr. & 70th St. Pedestrian Improvements (street lights and sidewalk improvements).

- Tubman School Joint Use Park.
- Pocket Parks in the College Area.
- Pedestrian Bridge across Montezuma Rd.

❖ **Eastern Area Communities Planning Committee Priority Projects –**

- The followings communities need new sidewalks and ADA ramps where missing and safe routes provided to our schools:
 - El Cerrito
 - Rolando Village
- Implement recommended improvements from the Euclid Avenue Mobility Study.
- Implement Mobility Study of University Ave.

❖ **Southeastern Planning Group Projects –**

- Upgrade traffic signals, illumination, and pedestrian safety zone markings at Ocean View Blvd. & Market Place and Ocean View Blvd. & San Pascual St.
- Traffic signal at S. 29th St. and Ocean View Blvd.
- Willie Henderson Sports Complex – add lighting on the fields and in the parking lots.
- Mountain View Neighborhood Park Area Upgrades including improvements to the children's play area and upgrading the park to comply with current ADA requirements.
- Sidewalk repairs and improvements at Dennis V. Allen Neighborhood Park.

I understand this list of community projects is substantial; however, these improvements are greatly needed – and, in many cases, long overdue – if we are to truly put our neighborhoods first. If you have any questions regarding a specific item, please do not hesitate to contact my office with questions.

In closing, I look forward to approving a FY2014 City budget that responds to community concerns and focuses on funding our core city services – most notably public safety.

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