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4/15

THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: April 10, 2008

IBA Report Number: 08-33

City Council Meeting Date: April 15, 2008

Item Number: 337

FY 2008 Budget Adjustment for Office of Homeland Security (OHS)

OVERVIEW

On April 15, the City Council will be requested to approve an appropriations adjustment for the Office of Homeland Security (OHS) with funding coming from the Appropriated Reserves. The Office of Homeland Security is requesting an adjustment of \$475,500 to pay outstanding invoices associated with the 2007 wildfires. This adjustment is necessary because currently the department is unable to expend any additional monies due to the lack of available appropriations. It is the IBA's expressed intent that departments experiencing budget deficits as a result of the wildfires be adjusted appropriately. However, we are concerned about the need to use reserves for these adjustments, given the lack of detailed information that has been provided to the City Council on the costs related to the wildfires.

At the January 30, 2008 Budget and Finance Committee meeting the Mayor's Fiscal Year 2008 Mid-Year Budget Monitoring Report was presented. As expressed in our review of the Mid-Year (Report 08-10), the IBA was supportive of any adjustment that would balance a department's budget impacted by the wildfires; however, at the time, we expressed concerns about the lack of clarity and specificity in identifying these impacts.

As a follow up to the committee meeting and in preparation for the March 3, 2008 Council meeting, the Financial Management Director communicated that budget adjustments would be limited to increasing appropriations to fund "current and pending

Office of Independent Budget Analyst

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expenses associated with the Southern California wildfires and other items that cannot wait until the Year-End Report.”

FISCAL/POLICY DISCUSSION

In our review of the Mayor’s Fiscal Year 2008 Mid-Year Budget Monitoring Report, the IBA requested *“that staff provide an additional report, prior to year-end that includes more detailed and updated information on the disasters. Relevant information that should be included: updated estimates by department; estimates by fiscal year; and historical data on past experience with the timing of disaster reimbursements.”*

In a response dated February 5, 2008, the Financial Management Director stated ‘this information is still being collected by the Office of Homeland Security. Updated and detailed information *will be provided when it becomes available*, including revenue estimates for future years.’ It is our understanding that OHS staff is routinely providing updated information on eligible expenses and projected reimbursements to the Finance Department. Although we requested, at the time of this report, the IBA was unable to obtain a copy.

The only updated information that has been made available to the City Council and the public is the City Comptroller’s Financial Performance/Charter Section 39 Report for Period 8, which ended February 8, 2008. However, the information presented in the Charter Section 39 Report summarizes only the estimated costs and expenditures to date. It should be noted that estimated costs in the Charter Section 39 Report for Engineering and Capital Projects, Development Services, and “various” other departments are different than those stated in the Mid-Year Report, as highlighted in the first two columns below.

City's Total Expenses as a result of the October Wildfires

Department	Estimates previously provided ¹ :		Actual Expenses incurred as of 2/8/2008
	Mid-Year Report (11/16/2007)	Charter 39 Report (2/8/2008)	
Environmental Services	\$ 10,511,500	\$ 10,511,500	\$ 1,929,460
Fire-Rescue	3,488,000	3,488,000	3,914,640
Water	3,251,829	3,251,829	408,650
Police	2,636,165	2,636,165	3,788,233
Engineering and Capital Projects	2,350,000	1,550,000	187,891
Development Services	700,000		-
various	650,000	500,000	724,985
Metropolitan Wastewater	303,492	303,492	329,107
Office of Homeland Security	274,286	274,286	304,954
General Services	206,483	206,483	636,494
Park and Recreation	79,216	79,216	312,856
Office of the CIO	32,534	32,534	26,742
Total Estimate	\$ 24,483,505	\$ 22,833,505	\$ 12,564,012

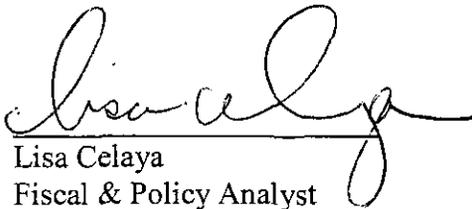
¹ These estimates reflect the total City anticipated costs, which may occur over multiple fiscal years.

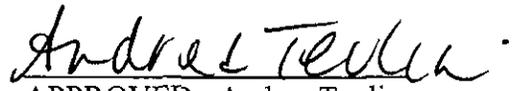
It is our understanding after discussion with staff that the requested \$475,500 adjustment is not in addition to the department's earlier estimate of \$274,286. Also, neither the original or revised Mid-Year Budget Adjustments took action to address OHS' estimate. In addition to OHS, year-to-date expenditures for five other departments have exceeded estimates previously provided (as highlighted in the last column of the table). At this time it is unclear if total estimated expenditures will increase or if refined figures will keep the total in line and whether future council actions will be necessary, similar to the current action, for other departments. For these reasons, the IBA reiterates the importance of providing updated estimates on the disasters.

Also, the IBA is concerned with the utilization of reserves for this action and questions whether the option of transferring projected budgetary savings from another department was considered as an alternative. Following this action, if approved, the balance of the Appropriated Reserve will total \$69,000 from a beginning balance of \$7 million back in November 2007.

CONCLUSION

The IBA recommends approval of the proposed budget adjustment for the Office of Homeland Security, in the amount of \$475,500 due to the urgency required in order for the department to have their accounts unfrozen. However, we reiterate our earlier recommendation that a report regarding the cost impacts of the wildfires be developed and communicated to the City Council.


Lisa Celaya
Fiscal & Policy Analyst


APPROVED: Andrea Tevlin
Independent Budget Analyst

001585 REQUEST FOR COUNCIL ACTION
CITY OF SAN DIEGO

1. CERTIFICATE NUMBER
(FOR AUDITOR'S USE ONLY)

TO: CITY ATTORNEY
2. FROM (ORIGINATING DEPARTMENT): Office of Homeland Security
3. DATE: 03/13/08

4. SUBJECT: **FY 2008 Budget Adjustment for OHS**

5. PRIMARY CONTACT (NAME, PHONE & MAIL STA.): Donna Faller, 533-6763, MS 810H
6. SECONDARY CONTACT (NAME, PHONE & MAIL STA.): Jill Olen, 236-7169, MS 9A
7. CHECK BOX IF REPORT TO COUNCIL IS ATTACHED

8. COMPLETE FOR ACCOUNTING PURPOSES

FUND	100	100			9. ADDITIONAL INFORMATION / ESTIMATED COST: Increase Office of Homeland Security (Dept. 150) appropriations by \$475,500 from the General Fund appropriated reserve (dept. 602).
DEPT.	150	602			
ORGANIZATION					
OBJECT ACCOUNT	4222				
JOB ORDER					
C.I.P. NUMBER					
AMOUNT	\$475,500	\$475,000	<i>PA</i>		

10. ROUTING AND APPROVALS

ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED	ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
1	ORIGINATING DEPARTMENT	JILL OLEN <i>Jill Olen</i>	3-13-08	8	CITY ATTORNEY	LORI THACKER <i>Lori Thacker</i>	3/20/08
2	DSD/EAS	Allison Sherwood <i>Allison Sherwood</i>	3-18-08	9	ORIGINATING DEPARTMENT	JILL OLEN <i>Jill Olen</i>	3/20/08
3	LIAISON OFFICE	ED PLANK <i>Ed Plank</i>	3/18/08	10			
4	FINANCIAL MGMT	IRINA KUMITS <i>Irina Kumits</i>	3-14-08	11			
5	AUDITOR	FAVEM HOWARD HALL <i>Favem Howard Hall</i>	3-19-08		DOCKET COORD:	<i>CP</i>	COUNCIL LIAISON: <i>SC 3/25/08</i>
6	DEPUTY CHIEF	JILL OLEN <i>Jill Olen</i>	3-13-08		COUNCIL PRESIDENT	<i>CME</i>	
7	COO	JAY GOLDSTONE <i>Jay Goldstone</i>			<input type="checkbox"/> SPOB	<input checked="" type="checkbox"/> CONSENT	<input type="checkbox"/> ADOPTION
					<input type="checkbox"/> REFER TO:		COUNCIL DATE: 4/15/08

11. PREPARATION OF: RESOLUTION(S) ORDINANCE(S) AGREEMENT(S) DEED(S)

1. Amend the Fiscal Year 2008 Appropriation Ordinance (O-19652) to authorize the City Comptroller to transfer, and expend up to \$475,500 in from the General Fund Appropriated Reserve (Dept. 602) to Office of Homeland Security Department (Dept. 150) for the purposes of funding October 2007 Firestorm related expenses.

11A. STAFF RECOMMENDATIONS:
STAFF RECOMMENDS TO APPROVE THE REQUESTED ACTION.

12. SPECIAL CONDITIONS:

COUNCIL DISTRICT(S): CITYWIDE
COMMUNITY AREA(S): All
ENVIRONMENTAL IMPACT: This activity is not a "Project" and is therefore not subject to CEQA, per CEQA guidelines section 15060 (C)(3).
HOUSING IMPACT: None
OTHER ISSUES: The City of San Diego is eligible to be reimbursed for a portion of the fire disaster costs. Under the Public Assistance Program, FEMA and the State will reimburse 93.75% of all eligible costs. For eligible projects covered only by the California Disaster Assistance Act, the State will reimburse 75% of costs.

FISCAL CONSIDERATIONS:

The City of San Diego is eligible to be reimbursed for a portion of these disaster related costs. The EOC, Qualcomm and Fiesta Island are eligible for reimbursement under the Public Assistance Program. Upon completion of eligible projects under the Public Assistance Program, FEMA will reimburse 75% and the state will reimburse 18.75% of all eligible costs. The City of San Diego will be responsible for covering the remaining 6.25% and all ineligible costs. The LAC is only covered by the California Disaster Assistance Act. Under this act the state will reimburse 75% of eligible costs and the city is responsible for the balance.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

Not applicable.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

Not applicable.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

The Office of Homeland Security requires this budget adjustment to unfreeze its operating budget and continue overseeing recovery projects.



Originating Department



Deputy Chief/Chief Operating Officer

ORDINANCE NUMBER O-_____ (NEW SERIES)

DATE OF FINAL PASSAGE _____

AN ORDINANCE AMENDING ORDINANCE NO. O-19652 (NEW SERIES) ENTITLED "AN ORDINANCE ADOPTING THE ANNUAL BUDGET FOR THE FISCAL YEAR 2008 AND APPROPRIATING THE NECESSARY MONEY TO OPERATE THE CITY OF SAN DIEGO FOR SAID FISCAL YEAR," BY AUTHORIZING THE CITY AUDITOR AND COMPTROLLER TO TRANSFER AND EXPEND UP TO \$475,500 FROM THE CITY'S GENERAL FUND APPROPRIATED RESERVE (DEPT. 602) TO THE OFFICE OF HOMELAND SECURITY DEPARTMENT (DEPT. 150) FOR THE PURPOSES OF FUNDING THE OCTOBER 2007 FIRESTORM-RELATED EXPENSES.

WHEREAS, the Office of Homeland Security [OHS] requires a budget adjustment to cover additional costs incurred during and after the October 2007 Firestorms; and

WHEREAS, these disaster-related costs were not budgeted in the OHS 2008 Annual Appropriation; and

WHEREAS, additional costs incurred from the October 2007 Firestorms to date amount to \$475,500 which are comprised of operating costs for the City Emergency Operation Center [EOC], the mass evacuation site at Qualcomm Stadium, the animal evacuation site at Fiesta Island, and the Local Assistance Center [LAC] in Rancho Bernardo. This is a one-time budget request for Fiscal Year 2008; NOW, THEREFORE,

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

Section 1. That Ordinance No. O-19652 entitled Fiscal Year 2008 Appropriation Ordinance is hereby amended.

Section 2. That the Auditor and Comptroller is authorized and directed to appropriate and to transfer up to \$475,500 from the City's General Fund Appropriated Reserve, Dept. 602 to OHS, Dept. 150.

Section 3. That a full reading of this ordinance is dispensed with prior to its final passage, a written or printed copy having been available to the City Council and the public a day prior to its final passage.

Section 4. That this ordinance is declared to take effect and be in force immediately upon passage after two (2) public hearings pursuant to the authority contained in Section 71, 275, and 295 of the Charter of the City of San Diego.

Section 5. That pursuant to section 280(a)(4) of the Charter of the City of San Diego the Mayor has no veto power over this ordinance.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By *Lori Thacker*
Lori Thacker
Deputy City Attorney

LT:jdf:amt
03/18/08
Or.Dept:Homeland Security
O-2008-130

001591

(O-2008-130)

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of _____.

ELIZABETH S. MALAND
City Clerk

By _____
Deputy City Clerk