

000117

REQUEST FOR COUNCIL ACTION

CITY OF SAN DIEGO

1. CERTIFICATE NUMBER (FOR AUDITOR'S U) 201

TO: CITY ATTORNEY

2. FROM (ORIGINATING DEPARTMENT): Independent Budget Analyst

3. DATE: 1/28 1/14/08

4. SUBJECT: City Council Budget Priorities for Fiscal Year 2009

5. PRIMARY CONTACT (NAME, PHONE, & MAIL STA.) Elaine DuVal 236-6457, MS 3A

6. SECONDARY CONTACT (NAME, PHONE, & MAIL STA.) Penni Takade 236-6445, MS 3A

7. CHECK BOX IF REPORT TO COUNCIL IS ATTACHED

8. COMPLETE FOR ACCOUNTING PURPOSES

FUND				
DEPT.				
ORGANIZATION				
OBJECT ACCOUNT				
JOB ORDER				
C.I.P. NUMBER				
AMOUNT				

9. ADDITIONAL INFORMATION / ESTIMATED COST: No fiscal impact.

10. ROUTING AND APPROVALS

ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED	ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
1	ORIG. DEPT	<i>[Signature]</i>	1/17/08	8			
2				9			
3				10	CITY ATTORNEY	<i>[Signature]</i>	1/17/08
4	LIAISON OFFICE			11	ORIG. DEPT	<i>[Signature]</i>	1/17/08
5				DOCKET COORD: _____ COUNCIL LIAISON _____			
6				<input checked="" type="checkbox"/> COUNCIL PRESIDENT <input type="checkbox"/> SPOB <input type="checkbox"/> CONSENT <input checked="" type="checkbox"/> ADOPTION <input type="checkbox"/> REFER TO: _____ COUNCIL DATE: 1/28/08			
7							

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

1. Accept IBA Report 08-7 on City Council Budget Priorities for Fiscal Year 2009; and
2. Directing the IBA to deliver by February 1, 2008, a copy of the Report, together with individual City Council Budget Priorities Memoranda, to the Mayor for his consideration.

For Council Docket of: January 28, 2008

11A. STAFF RECOMMENDATIONS:

Adopt the resolution.

12. SPECIAL CONDITIONS

- COUNCIL DISTRICT(S): ALL
- COMMUNITY AREA(S):
- ENVIRONMENTAL IMPACT:
- HOUSING IMPACT:
- OTHER ISSUES:

Docket Supporting Information:

Prior to the presentation of the Mayor's Proposed Budget, the City Council annually adopts by resolution its budgetary priorities for submission to the Mayor by February 1. This year, Councilmembers were requested to submit their priorities for the Fiscal Year 2009 Budget by January 9, 2008 to Budget and Finance Committee Chair Toni Atkins. These budget priorities are scheduled to be discussed by the full City Council at its meeting the week of January 28, 2008, and will then be submitted to the Mayor.

On January 9, 2008, the Budget and Finance Committee discussed criteria for the format of the upcoming budget hearings, and committee members made suggestions for additional information to be included.

The purpose of this action is to convey to the Mayor the Fiscal Year 2009 budget priorities established by each City Councilmember via their memorandum; and to convey the expectations of the City Council for the upcoming budget hearing presentations.



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: January 17, 2008

IBA Report Number: 08-7

City Council Meeting Date: January 28, 2008

Item Number: TBD

City Council Budget Priorities for Fiscal Year 2009

OVERVIEW

City Charter Section 265(b)(15) requires the Mayor to propose a budget to the City Council and the public by April 15 of each year. The City Council then holds a series of budget hearings to obtain public input on spending priorities, and to request additional information and discuss the City Council's budget priorities with the Mayor and City management. At the conclusion of the budget hearing process, the City Council may make modifications to the Mayor's proposed budget.

On December 3, 2007, the City Council adopted the schedule of meetings for the City Council and its committees for 2008, including the key budget process dates for the development and approval of the City's budget for Fiscal Year 2009 (which covers the period starting July 1, 2008 and ends June 30, 2009).

Based on the recently adopted schedule, budget hearings will be held Wednesday, April 30 through Friday, May 9, 2008.

The Mayor – City Council Transition Committee recommended that the City Council adopt by resolution its budgetary priorities for submission to the Mayor by February 1 of each year, and the City Council added this step in the process beginning in 2006.

Prior to the presentation of the Mayor's Proposed Budget, the City Council annually adopts by resolution its budgetary priorities for submission to the Mayor by February 1. This year, Councilmembers were requested to submit their priorities for the Fiscal Year 2009 Budget by January 9, 2008 to Budget



Office of Independent Budget Analyst

202 C Street, MS 3A • San Diego, CA 92101
Tel (619) 236-6555 Fax (619) 236-6556

and Finance Committee Chair Toni Atkins. These budget priorities are scheduled to be discussed by the full City Council at its meeting the week of January 28, 2008, and will then be submitted to the Mayor.

On January 9, 2008, the Budget and Finance Committee discussed criteria for the format of the upcoming budget hearings, and committee members made suggestions for additional information to be included.

The purpose of this report is to convey to the Mayor the Fiscal Year 2009 budget priorities established by each City Councilmember via their memoranda; and to convey the expectations of the City Council for the upcoming budget hearing presentations.

It is recommended that the City Council accept this report, and direct the IBA to submit this report, the individual memoranda from each Councilmember, and the accompanying resolution to the Mayor, in order to convey the City Council's budget priorities and expectations related to the upcoming budget hearings.

FISCAL/POLICY DISCUSSION

Submission to Mayor of Individual City Council Budget Priorities Memoranda

Public safety needs, brush management, park and library services, streets and sidewalk maintenance, and neighborhood code enforcement emerged as the highest priority services noted in the Councilmembers' memoranda. A number of Councilmembers also discussed the need to maintain or enhance current service levels, either Citywide, or for specific targeted programs. In addition to specific services, the Council's memoranda called for a continued focus on best practices, fiscal responsibility, and reforms, where necessary. Attachment 1 to this report contains the City Councilmembers' Budget Priorities Memoranda for Fiscal Year 2009.

Based on a review of the memoranda, major themes became apparent which are outlined below, including examples of specific budget priorities.

1) Priority City Services

Police – including competitive salaries and benefits, increase staffing, sufficient equipment, restoration of Community Service Officers and Community Relations Officers, increase efforts to address gang violence

Fire - including competitive salaries and benefits, increase staffing, sufficient equipment, identification of funding for additional stations, purchase of second fire helicopter, additional funding for citywide CERT programs, prepare to fund priorities to be identified in upcoming After Action report

Brush Management – increase funding, specifically to improve fire preventative measures

Homeland Security – enhance and improve strategies to prepare residents for disaster, and complete a Citywide Emergency Evacuation plan

Parks, Recreation Centers, Libraries, Swimming Pools – maintain existing service levels and identify funds to ensure pool hours are maintained as grant funds will be discontinued, ensure no waiver of the Mission Bay Ordinance to guarantee a source of funding for needed improvements, continue funding for Balboa Park Centennial, support after school, evening and weekend programs for youth at our recreation centers, provide wireless internet access at library sites

General Plan and Community Plans – identify funds to develop the Parks Master Plan and to continue to update Community Plans, identify funding mechanism to allow for ongoing updates and completion of Progress Guide and General Plan

Sidewalks, Streets, Street Lights, Deferred Maintenance, Stormwater Permit Compliance, Americans with Disabilities Act (ADA) Projects – backlogs should be addressed, projects should be prioritized and funding enhanced for projects and ongoing maintenance

Neighborhood Protection Issues – more community cleanups, funding for graffiti eradication, trash removal, code enforcement, historic preservation, and identification of an ongoing and dedicated funding source for the Winter Homeless Shelter

2) Best Practices and Financial Responsibility

Effective audit organization – increase staffing for audit function, and ensure personnel are qualified and have appropriate tools and training

Performance measures – implementation of performance measures in the budget process

Business Process Reengineering – identify savings and outcomes as the result of past BPR implementations

Reforms of Community Development Block Grant and Equal Opportunity Contracting Programs – to ensure full compliance with Department of Housing and Urban Development regulations for use of CDBG funds, and to ensure equal opportunity in our contracting program

Managed Competition Practices – take steps to lay transparent foundation for important process, and ensure Business Process Reengineering processes are first complete

Reserves – boost contributions to reserves to a healthy ratio based on best municipal practices

Pension – fully fund the Actuarially Required Contribution (ARC), and resolve issues related to IRS compliance

Restore credit rating – to allow for issuance of debt in the public market

Council financial training – continue ongoing financial training for City Council

Control costs of outside legal counsel – establish fiscal control mechanism to reduce use of outside lawyers, and provide monthly reports to Council of cases and related costs

3) Labor Relations

Role of City Council – define City Council’s role in labor negotiations consistent with practices in other Strong Mayor/Council cities

Fair negotiations and consider 3 year contracts – negotiate fairly with all employees and consider three-year agreements to provide a level of certainty to the City and its employees

Continue health care savings – discuss consolidation of health care plans with labor organizations to reduce costs

4) New Resources

Car Rental Tax – could be used to enhance current street resurfacing program

Real Estate Transfer Tax – could be used to leverage and fund the Fire-Rescue Departments Station Master Plan

Maximize real estate assets – review leases and real estate holdings to determine how to use to City’s best advantage

Fair share of Local, Regional, State and Federal funding – work with San Diego area Congressional and State delegations, and SANDAG and League of California Cities to secure additional revenues for local infrastructure projects, establish transportation priorities for each Council District and take necessary steps to leverage TransNet revenues to accelerate priorities

Budget Information and Hearing Expectations

The Mayor's Five Year Financial Outlook included many initiatives to improve City operations and the City's financial stability. It identified eight significant areas to which significant resources have been or will be committed. Progress in these areas should be reviewed to determine the effectiveness of these initiatives, and if significant funding should continue to be allocated to these areas, possibly at the expense of other programs and/or services.

In addition, the Mayor's Business Office has implemented several programs to increase efficiency, strategically plan, and monitor performance. Incorporating elements of these new programs in the budget presentation will be useful to the City Council and the public.

It is requested that all Department Directors and assigned Deputy Chief Operating Officers attend their respective budget hearing(s) and be prepared to discuss the following:

- 1) Significant Department Budget Changes from Fiscal Year 2008 to Mayor's Proposed Fiscal Year 2009
 - a. Significant programs, services, and dollar and FTE changes from 2008
 - b. Are there reductions proposed? If so, what operational or service impacts are expected?
 - c. Are positions targeted for elimination currently vacant or filled?
 - d. Are there additions, enhancements, new facilities, increased staffing?

- 2) Tactical Plan/Performance Measures
 - a. Highlights of Plan, including Goals and Key Performance Measures, including 2007, 2008 and 2009 data

- 3) Upcoming Significant Initiatives/Challenges
 - a. Will department be undertaking new initiatives or facing new challenges?
 - b. Does department expect to encounter any obstacles that may impede its ability to carry out expected services/operations?
 - c. Does department intend to raise policy issues or bring new matters to the City Council or its committees for review and approval?
 - d. For departments responsible for Mayor's "corrective actions" or "significant areas" (i.e. land sales, deferred maintenance, etc.), what is status compared to Fiscal Year 2008 budget assumptions?

- 4) Business Process Reengineering (BPR)
 - a. Has department (or any of its divisions/functions) undergone BPR? If so, what is status of process?
 - b. Has BPR been implemented, or will it occur in the upcoming fiscal year?
 - c. What are expected outcomes, or changes to services/operations?
 - d. What are the documented savings?

- 5) Other Key Budget Issues
 - a. Managed Competition - does department expect to undergo Managed Competition?
 - b. Status of Vacant Positions/Discussion of Fiscal Year 2008 and Fiscal Year 2009 vacancy factors
 - c. Other Restructuring/Reorganization Plans for 2009
 - d. Departmental Revenue Issues
 - e. Overtime/Constant Staffing Issues
 - f. Significant Informational Technology Issues

It is again anticipated that the Mayor's Fiscal Year 2009 Proposed Budget will include proposed reductions to current City services and programs in order to balance the budget. The expected impacts to those services and programs should be described in sufficient detail to allow the City Council and members of the public to understand how services and programs may change in the year ahead.

At the Budget and Finance Committee Meeting on January 9, suggested additions were made to the list by committee members, including:

- 6) Identification of Potential Fee Increases which may be included in the proposed budget - it is preferred that a discussion of potential fee increases be scheduled in advance of budget discussions

- 7) Description of Proposed Debt Issuances, along with additional annual debt service requirements, and projects to be funded

As discussed at a recent Council meeting, it is important that efforts be made to more fully integrate the financial monitoring and reporting process with the development of the next year's budget. Actual revenue and expenditure experience that occurs during the latter part of the fiscal year, such as greater than anticipated revenue receipts, may impact assumptions that were utilized as the basis of the proposed budget. The Mayor's May Revision to the Proposed Budget should contain updates to assumptions which may be affected by actual experience, as more information becomes available.

CONCLUSION

It is recommended that the City Council accept this report, and direct the IBA to submit this report, the individual memoranda from each Councilmember, and the accompanying resolution to the Mayor, in order to convey the City Council's budget priorities and expectations related to the upcoming budget hearings.



Elaine DuVal
Elaine DuVal
Fiscal & Policy Analyst



Andrea Tevlin
APPROVED: Andrea Tevlin
Independent Budget Analyst

Attachments:

1. City Council Fiscal Year 2009 Budget Priorities Memoranda



**COUNCIL PRESIDENT SCOTT PETERS
DISTRICT ONE**

MEMORANDUM

DATE: January 9, 2008
TO: Honorable Councilmembers
FROM: Council President Scott Peters
SUBJECT: Budget Priorities for Fiscal Year 2009

Over the years, this City Council has worked tirelessly with the Mayor, City staff and the residents of San Diego to improve the fiscal health of the City and its retirement system. We are now starting to see the positive results of that work. The City is close to resolving outstanding issues with the financial rating agencies; the City Council has improved financial disclosure and financial practices, the City has streamlined City services, and the pension system is now actuarially sound. Exercising fiscal restraint, developing long term financial solutions, and protecting core services the City provides to our citizens will continue to be a foundation of our Fiscal Year ("FY") 2009 budget.

My budget priorities for FY 2009 are as follows:

Safe Communities:

- 1) Continue the progress made in FY 2008 in offering competitive salary and benefits packages to police officers and work to provide the same for our fire fighters.
- 2) Increase and support police presence in our communities by identifying funds to increase staffing and equipment deficiencies in our Police Department.
- 3) Identify different measures and relevant costs to implement the Fire-Rescue Department's Station Master Plan to eliminate the City's fire station and staffing deficits within the next ten years.
- 4) Build on a 300% increase in fire hazardous brush cleared in the City. More funding needs to be identified as the City looks for ways to improve fire preventative measures in the City.

City Finances:

- 5) Establish a strong foundation for managed competition practices by developing an efficient and transparent process to deliver quality services to residents of the City in the most economical and efficient way.
- 6) Identify potential future budgeting changes for the City and Centre City Development Corporation due to the downturn in the housing market.
- 7) Implement budgeting process by using performance measures.
- 8) Identify savings and outcomes as the result of past Business Process Reengineering ("BPR") implementations.
- 9) Establish and maintain sustainable revenue sources for City core general fund services such as trash collection and the maintenance of our water and wastewater systems. The City has a duty to be responsible to the taxpayers by approaching funding and budgeting decisions in a way that is realistic but fair.
- 10) Reform our Community Development Block Grant management practices by supporting policy recommendations to ensure the City's practices are in full compliance with Department of Housing and Urban Development's regulations.
- 11) Fix our streets and environment by continuing to increase funding for street resurfacing, sidewalk repairs, Americans with Disabilities Act projects, clean water initiatives and wastewater and stormwater runoff projects.
- 12) Boost savings by bringing the City's Unallocated General Fund Reserves to a healthy ratio with best municipal practices.
- 13) Explore the San Diego Regional Chamber of Commerce's 2005 proposal to place fees on car rental transactions and increase the real estate transfer tax. The car rental tax increase would be used to enhance the City's current street resurfacing program and the real estate transfer tax would potentially be used to leverage and fund the Fire-Rescue Department's Station Master Plan to eliminate the City's fire station and staffing deficit needs.
- 14) Increase staffing for the City Internal Auditor's Department.
- 15) Work with the San Diego area Congressional and State delegations to secure additional state and federal revenue for local infrastructure projects.
- 16) Maximize real estate assets by reviewing City leases and real estate holdings to determine how these properties can be used to the City's best advantage.

Labor Negotiations and Retirement System:

- 17) Negotiate fairly with all employees. Define the role for the City Council in labor negotiations consistent with practices in other Strong Mayor/Council cities. Engage in productive and positive discussions with employee groups to recover additional monies at the bargaining table, rather than seeking to reduce our liabilities through costly and unsuccessful lawsuits.
- 18) Reduce healthcare costs by working with all employee unions to aggregate members in a reduced number of current employee and retirement healthcare plans. This can reduce administrative costs and the per-employee costs paid by the City and the employees. Consolidating plans with the Police Officers' Association, Local 145 and the Deputy City Attorneys resulted in savings for the City in FY 2008. I invite the other labor groups to join me in a conversation about how to reduce health care costs for both the City and individual employees.
- 19) Continue to reduce pension costs by continuing to pay down pension liabilities in a way that preserves the City's ability to deliver day-to-day neighborhood services.

I look forward to working with each of you, Mayor Sanders, the Independent Budget Analyst, City staff and the citizens of the City of San Diego to build on the foundation we have established in restoring of fiscal integrity in our City.

SHP: wjs

Attachment

cc: Honorable Mayor Jerry Sanders
Honorable City Attorney Mike Aguirre
Jay Goldstone, Chief Operating Officer
Andrea Tevlin, Independent Budget Analyst
Mary Lewis, Chief Financial Officer

Chamber backs tax increase to fix potholes

By Michael Stetz
STAFF WRITER

April 23, 2005

The San Diego Regional Chamber of Commerce doesn't normally endorse tax increases. It supports the local business community, which thinks of taxes the way Dracula thinks of daybreak.

But these are strange times in San Diego.

The chamber announced yesterday that it wants the city to adopt a new tax and increase another one to rid the city's roads of potholes and to upgrade other infrastructure, such as water and sewer systems.

If enacted, the taxes could generate as much as \$50 million a year over five years under the chamber's best-case scenario. But the \$250 million would not be a total solution. The city estimated in 2001 that it would cost \$320 million just to bring streets and sidewalks up to standard.

Chamber officials said the nuts-and-bolts part of the city is falling apart at an alarming rate and that city government isn't doing enough. It's foundering under a crushing pension fund debt and under pressure from federal agencies looking to see what went wrong.

How radical is the chamber's proposal of a car rental fee and an increase in the real estate transfer tax?

"We searched our archives and can't remember doing anything like it," said Mitch Mitchell, the chamber's vice president for public policy.

John Hawkins, the chamber's immediate past chairman, cautioned that the tax increase is not a cure and that a more comprehensive infrastructure repair plan is needed. He and others likened the proposal to a Band-Aid.

The outbreak of potholes in city streets this year is not simply the result of the recent near-record amount of rain, but also of "years of neglect and shifting priorities," he said.

Because of budget problems, the city has all but quit resurfacing streets, *The San Diego Union-Tribune* recently reported, a move that has drastically affected the quality of the roads. Only six miles are budgeted to get the key maintenance this year. Last year, no streets were resurfaced.

San Diego has 2,800 miles of streets.

Meanwhile, potholes are festering. At one point, the city estimated that 60,000 were scattered throughout the city. From late December to April, the city filled more than 20,000 potholes.

While the chamber has supported such measures as an increase in the Transient Occupancy Tax, which is levied on hotel guests, it rarely supports general tax increases.

**Attachment 1
(Page 5 of 20)**

"It's a break from the norm," Mitchell said.

The business leaders noted their frustrations with city leadership, saying elected officials have lost focus. It's why they're pushing the agenda.

"We have expressed our frustrations about the 'he said, she said' mentality that consistently appears at City Hall," said Mike Murphy, chairman of the chamber board. "As our population grows, so do the needs and expectations of the business and residential communities."

San Diego City Councilwoman Donna Frye said she can appreciate the chamber's frustrations but doesn't believe that such piecemeal steps are the answer. "It's like putting a Band-Aid on a big, gaping, bleeding wound."

The city needs to come clean with its problems and start finding real solutions, she said. The chamber, she added, has not always supported fees it found unpopular, such as an increase in water fees to big users.

"It cuts both ways," she said.

Mayor Dick Murphy responded to the chamber's proposal via e-mail. "Generally, I oppose new taxes. However, I would be willing to consider a car rental surcharge, which would be primarily paid by tourists if it were spent exclusively on road repair and resurfacing."

The chamber wants the city to place a \$2 fee on city car rental transactions and increase the real estate transfer tax from the current \$1.10 per thousand dollar value to \$3.60.

The city is home to 108 car rental businesses. The chamber predicts the tax could raise between \$1.2 million to nearly \$4 million annually, depending on how many cars are rented and for how long.

Even a \$2 fee would affect business, said John Basir, who works for Atwest Rent A Car on Rosecrans Street. It's a competitive business, he said. If you bump the price up, even a little bit, it'll hurt. And customers will grumble. "For them, it'll be a big deal," Basir said.

The real estate tax increase would raise much more money. If a home in San Diego County were resold at today's median price of \$535,000, the new transfer tax would generate \$2,088 instead of the current \$638. The county gets a portion of that. In fiscal year 2003, the city received about \$10 million from that tax.

That increase would need voter approval.

The San Diego Association of Realtors has "a great interest" in this issue but has yet to study the chamber's proposal, said Susan Tinsky, vice president of government affairs.

These tax increases have to be monitored closely to make certain the money goes where it's supposed to, noted Lisa Briggs, of the San Diego County Taxpayers Association.

Too often, the revenue ends up going elsewhere.

Her organization is no fan of the way the city has handled its infrastructure demands. Deferring maintenance only makes matters worse because repairs become more costly.

The chamber's proposal would include a so-called sunset clause, ending the tax after five years. Oversight panels would be created to check progress. Money from the car rental tax would go to pothole and street repair, while gains from the real estate tax would be dedicated to other infrastructure needs.

**Attachment 1
(Page 6 of 20)**

The chamber has been more aggressive of late in city affairs. It's also pushing for more affordable housing programs.

■ Michael Stetz: (619) 293-1720; michael.stetz@uniontrib.com

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Find this article at:

http://www.signonsandiego.com/uniontrib/20050423/news_1n23potholes.html

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COUNCILMEMBER KEVIN FAULCONER
CITY OF SAN DIEGO
DISTRICT TWO

MEMORANDUM

RECEIVED

JAN 10 2008

Office of
Councilmember Toni Atkins

DATE: January 9, 2008

TO: Councilmember Toni Atkins, Chair Budget & Finance Committee
Honorable Councilmembers

FROM: Councilmember Kevin Faulconer *Kevin Faulconer*

SUBJECT: Budget Priorities for FY 2009

My budget priorities for fiscal year 2009 focus on three areas:

- Fiscal and Operational Reform
- Mission Bay Park Funding
- Public Safety

Fiscal and Operational Reform

In the past year, the City has taken great strides to improve fiscal and operational reform with its work on three of the City's Annual Financial Reports. We plan to work on bringing the City up-to-date on its reports in fiscal year 2009. Identifying proper funding for audit functions is imperative to ensure that the City continues to move forward with financial reform:

- We must provide the Internal Audit Division with qualified personnel and the tools necessary to carry out its vital role.
- We must have resources available to review multiple comprehensive annual financial reports in the next fiscal year.
- We must prioritize the investment in our audit personnel to ensure they are apprised of the most up-to-date auditing standards and requirements.

Beaches, Parks, and Bay Funding

We must identify funding in fiscal year 2009 to begin the development of the very important Parks Master Plan, which is discussed as a significant priority in the City's General Plan.

Mission Bay Park contributes millions of dollars per year to the City's financial bottom line through TOT and lease revenues. Currently there is more than \$250 million in deferred maintenance and capital projects in Mission Bay Park.

The City has taken small but vital steps forward to fund Mission Bay Park in fiscal years 2007 and 2008 by complying with the Mission Bay Ordinance. This ordinance requires the City to keep a portion of revenues totaling over \$20 million in Mission Bay Park and other regional parks. The City must continue this support of the Mission Bay Ordinance in fiscal year 2009. Additionally, I plan to work with the Council to forward a proposal that ensures a greater portion of revenues generated from Mission Bay leases remain in the park for public improvements and provide additional funding for regional parks.

Public Safety

The City of San Diego continues to face serious challenges recruiting and retaining police officers and recruiting new firefighters. Compensation benefits surveys completed on the Police and Fire Departments have demonstrated that the City of San Diego is not adequately competitive in attracting police officers and firefighters. It is vital for the City of San Diego to dedicate additional funding in fiscal year 2009 to ensure the recruitment and retention of the highest quality public safety employees.

Additionally, the Fire Rescue Department's After Action Report in response to the 2007 fire storm is due to be released in the near future. Upon its release, consideration must be given to funding some of the priorities that will be identified in the report. The City of San Diego must also consider funding deferred maintenance for fire stations, particularly the living conditions.

cc: Honorable Jerry Sanders, Mayor
Mike Aguirre, City Attorney
Andrea Tevlin, IBA



**OFFICE OF COUNCILMEMBER TONI ATKINS
COUNCIL DISTRICT THREE**

MEMORANDUM

DATE: January 9, 2008
TO: Honorable Members of the City Council
FROM: Councilmember Toni Atkins
SUBJECT: Budget Priorities for Fiscal Year 2009

I am submitting the following items as recommended priorities for the FY 2009 City budget. The City continues to face significant financial challenges and these recommendations are made with the recognition that we must continue to meet our long term financial obligations and live within our means while we strive to provide excellent service and quality of life to the residents of San Diego. I look forward to working together with my Council colleagues and the Mayor in developing a responsible budget for the next fiscal year.

INFRASTRUCTURE AND SERVICES

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

- **Swimming Pools.** It is clear that the public highly values these facilities; however, discretionary grant funds that have been previously available for keeping pools open year-round have now been exhausted. I urge the Mayor to look for alternative sources of funding for year-round pools and request that pools in City Heights be placed in the citywide rotation for year-round availability.
- **Balboa Park Centennial** – During last year's budget deliberations, the City Council approved \$150,000 toward the planning effort for the 2015 Centennial Celebration in Balboa Park. Additional funds should be added to project this budget year and each year thereafter.
- **Streets and Sidewalks.** It is also critical that we continue to address the backlog of street and sidewalk repairs and I urge the Mayor to explore funding that might be available from the State of California and other sources to augment these projects.

PUBLIC SAFETY

- **Fire-Rescue.** We have learned painful lessons from the tragic October 2006 wildfires and must invest as much as we can in fire prevention and fighting resources. One absolute priority must be a second fire-rescue helicopter, which with luck can be funded through a combination of public and private sources. In addition, it is critical that we expand the number of brush management personnel beyond the additions we made in Fiscal Year 2008. This prudent investment will help avert another tragedy and will save the City funds in avoided firefighting and recovery costs in the long run.
- **Police.** Despite what recent crime index data may show, 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, including the restoration of Community Service Officers and Community Relations Officers whose positions have been eliminated in recent budgets, the addition of a staff member for the Gang Commission dedicated to seeking additional funding for the Commission, and continued investment in graffiti eradication. In addition, we must continue to make the recruitment and retention of highly-qualified police officers a financial priority.

HOUSING AND LAND USE

- **General Plan Update Implementation.** As the City's "Constitution for Land Use," the General Plan establishes the City's vision for long-term growth. Implementation of this Plan is critical to ensure that growth occurs in a manner consistent with our vision. As part of the implementation strategy, we must identify funds to develop the Park Master Plan and continue to update Community Plans. Specifically, continued funding for the Uptown/Greater North Park/Greater Golden Hill Community Plan Update Cluster is an investment with long-term and permanent implications for our City.
- **Proposition 1C.** Ensure that appropriate resources are allocated to maximize revenue from state-issued Proposition 1C funds.
- **Commitment to Historic Preservation.** It is important that we preserve and protect the historical resources that define the character and heritage of San Diego's unique communities. A commitment to preserving our history requires dedication of a staff member with expertise in historical resources to review demolition permits. Recognizing the financial challenges associated with additional positions, we minimally request that funding be set aside for appropriate and adequate training of an existing staff member or members.
- **Winter Homeless Shelter.** The City needs to identify a dedicated funding source for the Winter Shelter Program so that shelter and services are available during the entire inclement weather season, from mid-November through April 1.

RESPONSIBLE GOVERNANCE

- **Reserves.** With the adoption of a new Reserve Policy for the City in 2007, the Council and the Mayor established prudent goals for allocations to reserve accounts in order to ensure that emergencies and unanticipated economic circumstances will not pose insurmountable challenges. We must rigorously adhere to these goals for providing "rainy day" protection for the City.
- **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, monitoring and enforcing the Living Wage Program, ensuring equal opportunity in our contracting program, and complying with the requirements of all state and federally funded programs.
- **Proposition 64 Funds.** A recent report by TaxPayersAdvocate.org raises concerns with respect to the use and accounting for Proposition 64 funds intended for the enforcement of consumer protection laws received by the City Attorney's office. The FY 09 budget must ensure that those funds are properly allocated, utilized, and accounted for.

cc: Independent Budget Analyst

TA:dkb



CITY OF SAN DIEGO
OFFICE OF COUNCILMAN ANTHONY YOUNG
CHAIRMAN COMMITTEE ON PUBLIC SAFETY AND NEIGHBORHOOD
SERVICES

MEMORANDUM

DATE: January 9, 2008
TO: Councilmember Toni Atkins, Chair, Committee on Budget and Finance
FROM: Councilman Anthony Young *A. Young*
SUBJECT: Budget Priorities for Fiscal Year 2009

Again, we will be reacting to a budget submitted to us by the Mayor that will be somewhat reflective of the Five Year Financial Outlook Fiscal Years 2008-2012 report.

However, just as revenues increased in 2008, I expect the same will be true for 2009. My priority as a Councilmember and our focus as a Council will always be on utilizing our fiscal resources in the most efficient and effective manner possible in addition to maintaining this city in sound fiscal health.

My additional budget priorities are as follows:

Public Safety- increase our efforts to address gang violence which includes funding for enhanced use of specialized technology by police, continued funding of the Commission on Gang Prevention and Intervention, balancing our use of Proposition 172 funds in accordance with Council Policy 500-07, and enhancing and improving our strategies for preparing all San Diego residents for natural disasters including earthquakes, major flooding, water shortages and long term power outages.

Parks and Recreation- no reductions in park and recreation hours, no reduction in park and recreation programs and associated staff, and increasing our efforts to support after school, evening and weekend programs for youth at our recreation centers.

Libraries- no reductions in Library hours, no reduction in library programs and associated staff, increasing our efforts to provide after school, evening and weekend programs for youth, and providing wireless internet access for library users.

Community-increase our efforts to address graffiti removal and prevention, increase our efforts to enhance brush management programs in older and new neighborhoods, no reductions in neighborhood code enforcement staff or services, continuing community clean-up and recycling events sponsored by the City that keep our streets and properties free of junk and debris, improve our maintenance efforts for city streets and sidewalks including installation of street lights, traffic lights, crosswalks and other traffic safety and traffic flow measures, and expediting the community plan updates for communities whose plans have not been updated for decades, particularly 4th. District community plans that have not been updated for 35 years.

It is very important that we have a comprehensive review of the Transient Occupancy Tax (TOT) program. In recognition of the establishment of the Tourism Marketing District and its impact on programs funded by Transient Occupancy Tax (TOT) funds and proposals by other Councilmember's for use of these funds, it is imperative that we work to ensure that limited funds are appropriated accordingly.

Your support of these priorities is appreciated. Thank you.

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



COUNCILMEMBER BRIAN MAIENSCHIEIN

City of San Diego
Fifth District

MEMORANDUM

TO: Toni Atkins, Chair of the Budget Committee

FROM: Brian Maienschein

Brian Maienschein

DATE: January 9, 2008

RE: Fiscal Year 2009 Budget Priorities

Thank you for the opportunity to discuss my budget priorities with my Council colleagues.

My citywide priorities are as follows:

1. Increase funding for Public Safety (Police and Fire-Rescue);
2. Catch up on deferred maintenance;
3. Maintain library and park hours and resources at Fiscal Year 2008 levels;
4. Make the full actuarial contribution to the pension system; and
5. Strengthen funding for Homeland Security, with an emphasis on completing a Citywide Emergency Evacuation plan.

My District 5 priorities include the following:

1. Road resurfacing and reslurry;
2. Brush management and tree trimming;
3. Sidewalks repairs;
4. Traffic signal light retiming;
5. Additional traffic calming measures adjacent to schools;
6. Repairs to Mira Mesa Fire Station #38;
7. Increase funding for the development of Canyonhills Regional Park; and
8. Repairs to Pomerado Road.

I look forward to working with my fellow Councilmembers to bring forth the best budget possible for the citizens of my district and San Diego.

cc. Mayor Jerry Sanders
Andrea Tevlin, Independent Budget Analyst

COUNCILMEMBER DONNA FRYE
City of San Diego
Sixth District

MEMORANDUM

DATE: January 10, 2008
TO: Councilmember Toni Atkins, Chair, Budget & Finance Committee
FROM: Councilmember Donna Frye *Donna Frye*
SUBJECT: Budget Priorities for Fiscal Year 2008-2009

For the purpose of discussion at the upcoming Budget & Finance Committee budget review, below is a list of my budget priorities for the upcoming fiscal year. Some will require additional funding, while others can be accomplished by reallocating existing resources or filling already budgeted positions.

City-wide issues:

- Annual Required Contribution to the pension fund and retiree health
- Update Community Public Facility Financing Plans
- Additional brush management staff
- Retain existing Community Relations Officers and Community Service Officers
- Comply with the NPDES Municipal Stormwater Permit
- Pilot program for water reuse
- Winter Homeless Shelter
- Backlogged ADA, traffic, road, and sidewalk improvements
- Maintain existing service levels for libraries, parks, recreation centers and pools
- Increased code enforcement of neglected vacant properties and oversized vehicle abatement (hire budgeted positions)
- Maintain existing staffing and service levels for the Park Ranger Program
- City Parks Master Plan
- Additional Internal Audit Staff
- Reduce one staff position from Office of Ethics and Integrity and add one staff position to the Independent Budget Analyst to administer the whistleblower hotline
- City Actuary
- On-going training for City Council (SEC, financial, compliance issues)
- Increase staffing levels to ensure EEOC Compliance in Contracting
- Finalize first phase of Progress Guide and General Plan Action Plan
- IRS Compliance Issues not addressed by SDCERS (i.e. DROP Private Letter Ruling)
- Increase staffing for Urban Forestry Program

Specific Programs:

- San Diego River Park pedestrian and bike pathways; cleanup of encampments and removal of non-native vegetation
- San Diego River Park Master Plan Environmental Impact Report
- Rose Creek Watershed Management Plan

- Landscape design for the median in front of the future site of Bayview Plaza on Clairemont Drive
- Do not waive the Mission Bay Ordinance
- Maintain current levels of ground maintenance workers in Mission Bay Park
- Maintain existing hours and staffing for the Clairemont Community Service Center
- Maintain funding levels for the Park and Recreation Department Therapeutic Recreation Services Program
- One additional grounds maintenance worker at the Linda Vista Recreation Center
- Complete turfing projects at Wegeforth and Angier Elementary Schools joint-use parks in Serra Mesa (funds available)
- Prioritize the construction of phase II of the Balboa Avenue median project in Kearny Mesa (funds available)
- Ballot measure for reallocation of 2¢ of 4¢ of Transient Occupancy Tax
- Broadcast on City TV the committee meetings of SDCERS
- Reduce/eliminate beach kelp removal program
- Add payment of Petco Park debt service to CCDC budget

cc: Honorable Mayor and City Councilmembers
Honorable City Attorney
Andrea Tevlin, Independent Budget Analyst

DF/ks



City Of San Diego
COUNCIL PRESIDENT PRO TEM JIM MADAFFER
DISTRICT SEVEN

MEMORANDUM

M-08-01-01 Please refer to this number when responding to this memo

DATE: January 9, 2008

TO: Councilmember Toni Atkins
 Chair, Budget & Finance Committee

FROM: Council President Pro Tem Jim Madaffer

SUBJECT: Budget Priorities for FY 2009

I am pleased to submit my budget priorities for fiscal year 2009.

Public Safety, Constituent Services, and Fiscal Responsibility

- Fully staff the San Diego Police Department
- Negotiate three year contracts for all Labor Unions consistent with the Mayor's Five-Year Plan
- Assure a raise for San Diego City Firefighters
- Fully fund the City's pension obligations
- Fully fund State & Federal compliance orders of water and sewer infrastructure
- Restore City's credit rating in order to leverage City dollars
- Work with SANDAG, League of Cities as well as our local state delegation to get City's fair share of statewide infrastructure bond revenues
- Establish transportation priorities within each Council District and take necessary steps to leverage FY09 TransNet revenues to immediately initiate design and planning to accelerate these priorities
- Increase funding for deferred maintenance including street, street light and sidewalk repairs
- Identify debt service funding for new and existing Fire and Lifeguard Stations and issue bonds during FY09
- Upgrade police fleet & communication systems
- Maintain funding for citywide CERT Program
- Fund citywide brush and weed abatement
- Maintain current library, recreation center and pool hours

- Fully fund code enforcement of nuisance properties throughout the City
- Adequate funding for City's Homeland Security including water, sewer, bridge and other infrastructure facilities
- Funding for neighborhood traffic calming measures adjacent to parks and schools including Safe Routes Schools Program

Internal City Operations

- Implement reorganization of Redevelopment Agency in order to bond as a separate agency with the Executive Director to be hired by City Council acting as the Redevelopment Agency
- Implement a revenue and funding mechanism through DSD to update Community Plans and fund the completion of the City's Progress Guide and General Plan
- Fiscal control mechanism to reign in the excess use of outside lawyers including providing monthly reports to the City Council during open session of all lawyer expenses, cases and associated budgets
- Review alternative City revenue sources including but not limited to non-resident beach parking fees
- Add staff to Planning Department for transportation planning to facilitate the reduction of parking requirements for affordable housing

I look forward to discussing these priorities and those of my fellow Councilmembers at future Budget & Finance Committee and City Council meetings.

cc: Honorable Mayor and Councilmembers
Andrea Tevlin, Director, Independent Budget Analyst Department
Jay Goldstone, Chief Operating Officer
Mary Lewis, Chief Financial Officer



COUNCILMEMBER BEN HUESO
City of San Diego
Eighth District

MEMORANDUM

DATE: January 9, 2008

TO: Toni Atkins, Chair of Committee on Budget & Finance

FROM: Ben Hueso, Council Member

SUBJECT: FY '09 Budget Recommendations

Considering the state of the City's financial outlook, we as a council must be prudent with our budget recommendations while thinking deeply about the essential needs to each and every citizen of San Diego. Therefore, after assessing the needs of my district and the City as a whole, I am submitting the following recommendations as high priorities for the FY 2009 Budget:

City-wide Issues

- Fire: As we saw during the 2007 wildfires, our firefighters are some of the finest in the country. In order to ensure that we continue to maintain and recruit well trained personnel, we must increase their pay and provide competitive benefit packages to all new recruits.
- Police: The Police Department should have enough resources to ensure adequate public safety, including a strong gang suppression unit.
- Sidewalks: Many of our kids in the City walk to school on busy streets due to the fact that sidewalks do not exist, especially in the South Bay. We must ensure safe routes to schools for all children by increasing infrastructure funds for school zones that are currently inadequate or unsafe for children.
- Lighting: We must continue to increase funding to streets division for new lighting and maintenance of lighting, giving priority to high-crime areas and City-wide parklands.
- Streets: Street repair, maintenance and sweeping should be prioritized and enhanced.
- Libraries and Pools: We must continue to provide adequate service levels for all libraries and pools.
- Environmental Services: We must continue to fund right-of-way trash removal, hardship abatement, and extensive community clean-ups. The funding should be at the same (or a higher) level as FY '08.
- City-owned Property: We must enact a policy with regards to the sale, retention and maintenance of city-owned property.
- Graffiti Eradication: Graffiti vandalism has continued to increase in many areas, we must continue to provide significant funding for graffiti eradication city-wide.
- Equal Opportunity: We must continue to work on an EOC program to ensure that

all contracts are available to small and emerging businesses in San Diego.

- *Managed Competition:* Prior to awarding Managed Competition contracts, we must ensure that the Business Process Reengineering process is complete.

Special Projects

- *Villa Montezuma:* We must allocate funds for the repair of the foundation of the Villa Montezuma to ensure that this City-owned historical asset is protected.
- *Memorial Recreation Pool:* A major capital improvement project for District 8 constituents is the renovation and repair of Memorial swimming pool. Thousands of gallons of water are lost daily due to inadequate piping and repair.
- *Tijuana River Valley:* We must work with State and Federal Officials to assist in the construction of a new waste-water Treatment Plant in the Tijuana River Valley.

Thank you for considering my budget recommendations and look forward to discussing the FY '09 budget at the upcoming Budget and Finance Committee meetings.

cc: Jerry Sanders, Mayor
All Council Members
Andrea Tevlin, IBA

RESOLUTION NUMBER R-_____

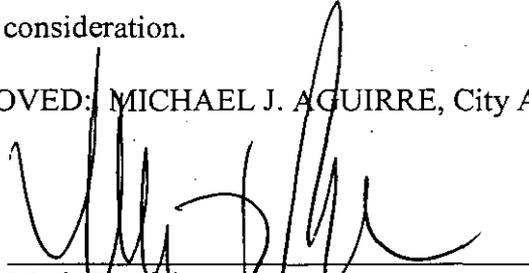
DATE OF FINAL PASSAGE _____

RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO ACCEPTING THE REPORT OF THE
INDEPENDENT BUDGET ANALYST REGARDING
CITY COUNCIL BUDGET PRIORITIES FOR THE
FISCAL YEAR 2008-2009 AND DIRECTING THAT
SAID REPORT BE DELIVERED TO THE MAYOR
TOGETHER WITH THE COUNCIL MEMBERS'
BUDGET PRIORITY MEMORANDA

BE IT RESOLVED by the Council of the City of San Diego that the report of the Independent Budget Analyst, dated _____ [Report] concerning budget priorities for the Fiscal Year 2008-2009 Budget is hereby accepted, and the Independent Budget Analyst is hereby directed to deliver the Report, together with each Councilmembers' Fiscal Year 2009 Budget Priorities, by February 1, 2008 to the Mayor for his consideration.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By



Mark D. Blake
Chief Deputy City Attorney

MDB:jdf
01/16/08
Or.Dept:IBA
R-2008-599

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

ELIZABETH S. MALAND
City Clerk

By _____
Deputy City Clerk

Approved: _____
(date)

JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor