

News

Contact: Vincent Mudd

Office: 858-414-9320

www.citizensfiscalsustainabilitytaskforce.com

CITIZENS FISCAL SUSTAINABILITY TASK FORCE RELEASES ANALYSIS OF FY2012 BUDGET DEFICIT

SAN DIEGO, California, March 9 - The Citizens Fiscal Sustainability Task Force today released an analysis of San Diego's FY2012 Budget Deficit.

The Task Force reviewed the overall financial condition of the City of San Diego to provide an objective analysis of budgetary reform proposals to City Leadership and urge them to take immediate action to address the City's Structural Budget deficit in a meaningful way.

The Task Force analyzed and evaluated the Roadmap to Recovery Plan developed by Councilmember Carl DeMaio, which was released on November 5, 2010; reviewed and analyzed the City of San Diego's FY2012-2016 Five Year Financial Outlook, dated February, 7, 2011; and reviewed and analyzed other reform proposals brought before the Task Force.

The Task Force believes the FY2012 Structural Budget deficit is \$86 Million and has also identified that the City needs a plan to finance \$600 Million of unfunded Deferred Maintenance, which we estimate will cost \$44.4 Million per year to finance. Therefore we conclude that the City of San Diego will need to identify \$130 Million in expense reductions or reform savings to eliminate the Structural Deficit AND the Deferred Maintenance Funding Deficit.

According to Vincent Mudd, CEO of San Diego Office Interiors and the chair of the Citizens Fiscal Sustainability Task Force, "it is possible that the Roadmap to Recovery could produce \$41.5 Million in FY2012 savings if implemented, but an additional \$88.5 Million savings will need to be identified and implemented by June 30, 2011 in order to eliminate the FY2012 Structural Budget deficit and address the Deferred Maintenance Funding Deficit." Mudd continued, "We have also identified additional savings that could be approved by the Mayor and Council which will eliminate the Structural Budget deficit in FY 2012."

The Task Force recommended that the City Council:

- Commit to approve a budget with at least \$86 Million in additional savings in FY2012 without resorting to deferrals or underfunding reserves.
- Approve the identified Roadmap to Recovery savings totaling \$41.5 Million, and forward to the Mayor for inclusion in his May budget.
- Formally request an actuarial study on the eleven pension changes listed in the report.

- Analyze and select the additional reform proposals included in the report that Council will support, no later than the end of April.
- Commit to approving a Deferred Maintenance Funding Plan to resolve the remaining \$600 Million of Deferred Maintenance requirements.
- Adopt budget discipline which ensures that, in the event of any future budget surpluses, a minimum of 50% of the surplus will be utilized for expenditures on critical infrastructure requirements or important one-time expenditures that do not impact future budget year expense run rates.

The Citizens Fiscal Sustainability Task Force, which includes individuals with relevant experience in business, finance, government and communications, met extensively over the last two year to analyze the city budget and potential reforms.

###