

IBA Policy Recommendations FY 2007

Recommendation	Action	Status
1 Establish list of core city services	Budget & Finance Committee	<p>OCTOBER 2006: The Mayor's Office is in the process of identifying core service priorities through the BPRs and the preparation of the 5-year financial forecast. The City Council will be participating in a "Strategic Prioritization Process" at Budget Committee on December 6 to identify budget priorities for FY 2008 and beyond.</p> <p>UPDATE: On January 17, 2007, the entire City Council participated in the first ever facilitated Strategic Budget Prioritization Process, utilizing polling technology, which quickly anonymously evaluated Council members' perspectives, in the aggregate, on key City services, critical issues and possible budget solutions. A comprehensive report, "Polling Results City of San Diego City Council Budget Prioritization Process", was prepared and presented to the Mayor, as part of the FY 2008 City Council Budget Priorities Resolution (R-302315) adopted by Council on January 29, 2007. This was the City Council's first effort as a body to establish a list of core City services as well to prioritize these services.</p> <p>The Mayor's Office has also undertaken efforts to identify core service priorities through the BPR's and the preparation of the 5-year financial forecast. However, a specific listing of what the Mayor and his team consider to be core and non-core services has not been presented to the City Council; and there has not been a unified public discussion by the two branches of government on this topic. We recommend this for the FY 2009 budget process including consideration of the Mayor participating in the next City Council Strategic Prioritization Process.</p> <p>The Mayor presented his new City Management Program to the Council on March 21 which kicks off a strategic visioning and goal setting process for the City. Staff indicated that City Council will be involved throughout this process.</p>

IBA Policy Recommendations FY 2007

Recommendation	Action	Status
2 Establish financial policies	Report to Budget & Finance Committee	<p>OCTOBER 2006: The Mayor's Office is currently developing several financial policies, including a reserves policy (as described below), an investment policy and a debt policy. Most policies will be brought to Committee and Council for action, while some budget practices or policies may be adopted internally and provided for City Council information.</p> <p>UPDATE: The Chief Financial Officer presented a preliminary Reserve Policy to the Budget & Finance Committee on November 29, 2006. Subsequently, the CFO indicated that the Policy would be modified and returned to the Budget Committee for further action. It is anticipated that the revised Policy will be finalized and brought back to the Budget Committee in early summer.</p> <p>The Investment Policy is reviewed every year (with oversight and input from the City Treasurer's Investment Advisory Committee, consisting of outside investment experts) and was last approved by the City Council in November 2006. Revisions to the existing debt policy including Special Districts formation and debt issuance are planned for City Council review in May 2007.</p>

IBA Policy Recommendations FY 2007

Recommendation	Action	Status
3 Develop a Multi-Year Financial Plan	Report to Budget & Finance Committee	<p>OCTOBER 2006: The Mayor's Office is in the process of completing the Multi-Year Financial Plan and is scheduled for Budget & Finance Committee on November 15, 2006.</p> <p>UPDATE: On November 29, 2006, the CFO presented the results of the Mayor's Five-Year Financial Outlook for Fiscal Years 2008-2012 to the Budget and Finance Committee. This Outlook was the City's first, under the new form of government and was the most comprehensive forward look at the City's financial situation of its kind in recent history. This multi-year outlook provided the Council and the public with an early understanding of the FY 2008 budget picture; the Mayor's expenditure priorities for the coming years; and an examination of the City's fiscal challenges. A short-coming of the Five-Year Outlook is that for each year revenues did not match projected expenditures leaving significant funding shortfalls in each of the five years. Corrective actions to reduce the shortfalls were presented but the actions did not make up for the projected deficits.</p> <p>Subsequent to this presentation, the IBA prepared three separate reports which reviewed and evaluated the Mayor's Five Year Outlook:</p> <p>IBA Report 07-6 Part I. Baseline General Fund Revenues and Expenditures IBA Report 07-12 Part II Mayor's Eight Significant Areas IBA Report 07-21 Part III Mayor's Corrective Actions</p> <p>The CFO, Jay Goldstone, FM Director Mary Lewis and all of the FM staff are to be commended for the excellent job on preparing this financial plan. When the Mayor submits his proposed budget to the City Council on April 13th, 2007, the Outlook is expected to be updated accordingly.</p>

IBA Policy Recommendations FY 2007

Recommendation	Action	Status
4 Review Pension Obligation Bonds and other pension solutions	Report to City Council	<p>OCTOBER 2006: The Mayor's Office is working on pension funding strategies, which may include POBs, that will be presented to the City Council for approval. Pension funding strategies should also be discussed in the context of the multi-year forecast that will be presented in November. The IBA is also researching pension reform and will release a report in October 2006.</p> <p>UPDATE: The Mayor's Five Year Financial Outlook provided a plan to increase funding to the pension system to pay down the UAAL in 20 years and avoid negative amortization, which is an accelerated schedule beyond that utilized by SDCERS. On March 16, 2007, the SDCERS Board adopted a schedule to accelerate the amortization period to avoid negative amortization of the UAAL as well, which is to be implemented for the June 30, 2007 valuation, and which will impact the City's FY 2009 budget. Further plans for pension solutions, including a plan to meet the requirements of the contracts with the City's labor units, have not been presented to date. Again, the IBA recommends that the City move quickly to comply with the terms of those contracts and/or make efforts to understand, in advance, the repercussions of failing to do so.</p>

IBA Policy Recommendations FY 2007

Recommendation	Action	Status
5 Municipal Code should be evaluated with respect to "The Waterfall"	Report to Rules Committee	<p>OCTOBER 2006: On June 13, 2006, Council President Peters issued a memo entitled "Use of Surplus Undistributed Earnings ("Waterfall")" requesting City Attorney analysis on options for eliminating current related provisions in the City's Municipal Code. As of yet, there has been no response or further action.</p> <p>UPDATE: On March 5, 2007, the City Attorney presented the City Council with a draft ordinance to eliminate the "Waterfall" from the City's Municipal Code. That ordinance was introduced by the City Council and is due for a second reading and implementation in the coming weeks. In addition, SDCERS has included the cost of the applicable benefits in their recent June 30, 2006 valuation. Thus, the City's ARC payment each year will provide assets to cover these liabilities and neither investment returns nor other assets of the system will be unduly diverted to these liabilities.</p>
6 Update of deferred maintenance inventory	Report to City Council	<p>OCTOBER 2006: The City of San Diego Public Works Group is currently developing a comprehensive process to address deferred maintenance requirements and define a structured program to prioritize and execute maintenance, repair and renewal of critical infrastructure assets. This restructuring involves five specific components: Development of a Facility Category Index; Asset Inventory and Assessment; Development of Preventive Maintenance Schedules and Staffing Requirements; Focus on Core Mission of the Facilities Management Division; and Linking Operating and Capital Budgets. Each of these components is at a different stage in the development process, and has a different timeline for completion. Completion of all components is estimated for January 2008.</p> <p>NO UPDATE AT THIS TIME.</p>

IBA Policy Recommendations FY 2007

Recommendation	Action	Status
7 Fees for services: 1. Review all current fees 2. Establish policy review	Report to Budget & Finance Committee	<p>OCTOBER 2006: The Mayor's Office recently formed a working team to evaluate existing fees for services and cost recovery levels throughout the City for possible recommendations in the FY 2008 budget process. A policy regarding cost recovery levels will be developed by the IBA working with the Mayor's Office.</p> <p>UPDATE: The IBA issued Report 07-36 on March 22, 2007, which is a review of potential new or increased fees, for consideration by the Budget and Finance Committee.</p>
8 General Reserve Policy, modification to CP100-20	Report to Budget & Finance Committee	<p>OCTOBER 2006: The General Fund Reserve Policy is currently in the process of being revised, and will be presented to the Budget and Finance Committee in late November.</p> <p>UPDATE: The Chief Financial Officer presented a preliminary Reserve Policy to the Budget & Finance Committee on November 29, 2006. Subsequently, the CFO indicated that the Policy would be modified and returned to the Budget Committee for further action. It is anticipated that the revised Policy will be finalized and brought back to the Budget Committee in early summer.</p>
9 General Reserve: review consolidation of reserves concept	Report to Budget & Finance Committee	<p>OCTOBER 2006: The consolidation of general reserves under one category is currently being considered by the Auditor and Comptroller's Office. This consolidation may be reflected in the Fiscal Year 2005 financial statements.</p> <p>UPDATE: No decision has been made as to how general reserves will be reflected in financial statements or if the reserves policy will address a consolidated approach to include Workers Compensation, Public Liability and other reserves, as the IBA has previously recommended.</p>

IBA Policy Recommendations FY 2007

Recommendation	Action	Status
10 Supplemental positions: 1. Evaluate FY 2007 performance 2. Outstanding positions not included in the FY 2007 budget 3. Evaluation of each position	Report to Budget & Finance Committee	<p>OCTOBER 2006: On September 13, 2006, the Mayor's Office presented an informational report on the Personnel Position Control Process to the Budget & Finance Committee. Supplemental position information will be provided to the Budget & Finance Committee on an ongoing basis, and as part of the Quarterly Report. The IBA also presented to the Budget Committee a conceptual proposed Position Control Policy for moving forward and the Committee asked the City Attorney to return to the committee with proposed ordinance language within 60 days.</p> <p>UPDATE: The requested ordinance on position control has not been brought forward.</p>
11 Vacancy factor: 1. Evaluate FY 2007 performance 2. Develop and approve methodology for FY 2008	Report to Budget & Finance Committee	<p>OCTOBER 2006: On September 13, 2006, the Mayor's Office presented an informational report on the Personnel Position Control Process to the Budget & Finance Committee. Information on departments' vacancy factor will be provided to the Budget & Finance Committee as part of the Quarterly Report.</p> <p>UPDATE: The average estimated vacancy factor for the Fiscal Year 2007 Budget is 5.3% of total personnel expenses. The actual vacancy rate is estimated to be higher due to current vacancy levels in departments. The Five-Year Financial Outlook assumes average vacancy factors at 3.5%, 3.0%, 2.5%, 2.4%, and 2.3% for fiscal years 2008, 2009, 2010, 2011, and 2012, respectively. Given Business Process Reengineering adjustments and reduced staffing levels resulting from the Mayor's proposed solutions, the revised vacancy factor appears reasonable.</p>

IBA Policy Recommendations FY 2007

Recommendation	Action	Status
12 Status of Business Process Reengineering	Report to City Council	<p>OCTOBER 2006: The Mayor's BPR is proceeding and three BPRs have already been submitted for City Council approval. A number of other BPRs are currently underway including fleet management and environmental services. The IBA continues to recommend that the "BPR Ordinance" be repealed and that any BPRs that include interdepartmental appropriations changes and/or modifications to the City's structure pursuant to Charter Section 26 be submitted for City Council approval as part of the Quarterly Budget Reports.</p> <p>UPDATE: The City Council has approved the three BPRs noted above, as well as the completed portion of Environmental Services BPR. It is projected that the BPRs for Fleet Maintenance, Storm Water, and MWWD will be coming before Council in late Spring, upon the completion of Meet and Confer. There are approximately 12 BPRs in progress, including Park and Recreation, Publishing Services, Engineering & Capital Projects, and Libraries. Also, on April 10, 2007, the Council will be voting on "Budget Authority", including the repeal of the BPR Ordinance.</p>
13 Discuss and Re-evaluate Library Ordinance	Report to Budget & Finance Committee	<p>OCTOBER 2006: The IBA suggests the City Council request that the Mayor's finance staff re-evaluate this ordinance.</p> <p>NO UPDATE AT THIS TIME.</p>

IBA Policy Recommendations FY 2007

Recommendation	Action	Status
14 FY 2008 Budget Schedule	Budget & Finance Committee	<p>OCTOBER 2006: On June 22, 2006, the IBA released Report 06-29 to the Budget and Finance Committee proposing a draft schedule for consideration of the Mayor's Proposed Budget. A schedule will be formally adopted in November or December along with the 2007 Legislative Schedule.</p> <p>UPDATE: The 2007 Legislative and Budget Calendars were adopted by the City Council on November 28, 2006. A detailed calendar with the specific hearing schedule will be reviewed with the Budget and Finance Committee on March 28, 2007.</p>
15 Budget Document improvements	Work with Independent Budget Analyst	<p>OCTOBER 2006: The IBA has worked with the Financial Management Department to provide input for the FY 2007 Annual Budget including a chapter entitled Legislative Actions. Further document improvements should be implemented for the FY 2008 Proposed Budget.</p> <p>UPDATE: Following FY 2007 budget adoption, the IBA worked with the CFO and FM staff to include a chapter in the FY 2007 Annual Budget document entitled "Legislative Actions". This is the first time such a chapter has been included in the Annual Budget. This new chapter memorializes all City Council budget actions including Council-adopted reports on Final Recommended Modifications to the FY 2007 Budget; the Council's first Budget Priority Resolution to the Mayor; and the Council-adopted FY 2007 Appropriations Ordinance.</p>

IBA Policy Recommendations FY 2007

Recommendation	Action	Status
15 Budget Document improvements (continued)	Work with Independent Budget Analyst	For FY 2008, per Resolution 2007-721, adopted by the Council on February 5, 2006, the Mayor has committed, as part of the annual budget process, to identify current service levels being provided to the community and any changes to those service levels associated with proposals for reductions or eliminations in the Proposed Budget. This Resolution also requires the Mayor to report to the public, in the final budget documents for the City of San Diego, any changes in service levels that are expected in the coming fiscal year as a result of budget actions. No service level information was provided in the FY 2007 Budget document which we believe is a critical component of budget information provided to the public.
16 Police Department: 1. Recruitment and retention plan 2. Monthly report of sworn officer vacancies and status of recruitment and retention efforts	Report to Public Safety & Neighborhood Services Committee	<p>OCTOBER 2006: The IBA has requested that the Police Department provide an update to either the City Council or the Public Services & Safety Committee in October 2006.</p> <p>UPDATE: At the January 10, 2007 Public Safety and Neighborhood Services Committee meeting, the Police Department provided an update on recruitment and retention. Significant progress has been made in regards to maximizing the department's recruitment system which resulted in reducing the hiring process from 18 months to approximately 3-6 months. However, the recruitment consultant has not been hired. The next scheduled update is docketed for the Public Safety and Neighborhood Services Committee on March 28, 2007. The IBA issued report No. 07-29 on Police Sworn Officer Attrition.</p>
17 Police: Off-Duty Officer concept	Report to Public Safety & Neighborhood Services Committee	<p>OCTOBER 2006: The IBA suggests this should be addressed and studied in the context of the retention efforts underway.</p> <p>NO UPDATE AT THIS TIME.</p>

IBA Policy Recommendations FY 2007

Recommendation	Action	Status
<p>18 Fire-Rescue: Review constant staffing funding and rover concept</p>	<p>Report to Public Safety & Neighborhood Services Committee</p>	<p>OCTOBER 2006: This issue will be reviewed in the upcoming Fire BPR.</p> <p>UPDATE: On March 7, 2007, Council President Peters requested a study be conducted which compares the costs and savings of the City's current "constant staffing" policy versus the hiring of additional full-time, benefited employees to cover the hours currently covered by overtime. The Mayor's office has indicated this item will be reviewed in the BPR process.</p>
<p>19 MWWD: Strategy for Storm Water funding</p>	<p>Report to Budget & Finance Committee</p>	<p>OCTOBER 2006: The Mayor's staff is in the process of conducting a thorough analysis and developing a strategy with the ultimate goal of having a sustainable revenue source for storm water needs. It is expected that the strategy and analysis will be completed sometime in November.</p> <p>UPDATE: The Mayor's staff has had discussions about the potential options to create a sustainable and dedicated revenue source for storm water needs. However, it is unclear whether a comprehensive strategy for storm water funding will be brought forward in FY 2008. This item is discussed in IBA report No. 07-36 on Potential New or Increased Fees, dated March 22, 2007.</p>
<p>20 Transient Occupancy Tax/Special Promotional Programs: Return on Investment Strategy</p>	<p>Report to Budget & Finance Committee</p>	<p>OCTOBER 2006: The Mayor's Office has been working on reviewing these programs and developing an ROI approach to funding for the FY 2008 budget.</p> <p>UPDATE: A return on investment strategy for allocating Transient Occupancy Tax revenue via the Special Promotional Program is not anticipated to be employed in FY 2008, pending the possible implementation of a Tourism Property-Based Improvement District.</p>

IBA Policy Recommendations FY 2007

Recommendation	Action	Status
21 Engineering & Capital Projects: Red Light Photo Safety	Report to Public Safety & Neighborhood Services Committee	<p>OCTOBER 2006: On July 18, 2006, the City Council authorized the Mayor to reduce the 0.5 second grace period for the Red Light Photo Enforcement program to 0.1 second. The addition of any new intersections to the Program is to be brought before City Council for approval. The Mayor's Office will update the Public Safety & Neighborhood Services Committee bi-annually on the status of the program. The Mayor's Office is currently in the process of selecting the additional sites, and will notify the affected council districts via a letter to the individual district and will not return to City Council for approval for the additional sites due to the opinion that the Council direction to return to Council for approval is not appropriate under the new form of government.</p> <p>UPDATE: As of March 2007, no program update has been provided to the Public Safety & Neighborhood Services Committee.</p>
22 Environmental Services: Refuse container replacement	Report to Natural Resources & Culture Committee	<p>OCTOBER 2006: The Environmental Services Department is in the final stages of developing a long-term refuse container replacement plan. Once this plan is complete, it will be presented to the Mayor's executive team for review and direction. A more detailed time frame will be developed at that point.</p> <p>UPDATE: The Environmental Services Department continues to examine the feasibility of a refuse container replacement surcharge. However, it has been indicated that no proposal is likely to be forthcoming in Fiscal Year 2008. This item is discussed in IBA report No. 07-36 on Potential New or Increased Fees, dated March 22, 2007.</p>

IBA Policy Recommendations FY 2007

Recommendation	Action	Status
<p>23 Consideration of Equipment Division managing public safety fleet</p>	<p>Report to Public Safety & Neighborhood Services Committee</p>	<p>OCTOBER 2006: The City's three fleet organizations, General Services, Fire & Police, entered the Business Process Reengineering Project in May 2006. The purpose of the BPR effort was to streamline the fleet maintenance organization in such a way that core functions are provided in the most efficient manner on a City-wide basis and through a single consolidated organization. The Fleet BPR report was submitted to the COO's Office in August. A key recommendation was to consolidate the three fleets into one organization under the General Services Department. It is estimated that this BPR will be noticed in December 2006.</p> <p>UPDATE: The Fleet BPR was initially noticed in January 2007, but was never presented to the City Council due to on-going meet and confer negotiations. It is anticipated that the Fleet BPR will propose consolidation of the City's fleet organizations, including the public safety departments.</p>
<p>24 Evaluate Facilities Division as Internal Service Fund</p>	<p>Report to Budget & Finance Committee</p>	<p>OCTOBER 2006: Facilities management is currently performed in General Services, Library, Fire, Police, and Parks & Recreation. As part of the Business Process Reengineering effort already underway, facilities maintenance will be consolidated under the Facilities Division of General Services. In addition, it is currently being analyzed whether the Division should be supported by the general fund or reorganized into an Internal Service Fund. It is estimated that this will be noticed in December 2006.</p> <p>UPDATE: It is anticipated that the Facilities BPR will be completed in September 2007.</p>

IBA Policy Recommendations FY 2007

Recommendation	Action	Status
25 Review of Service Level Agreements	Report to Budget & Finance Committee	<p>OCTOBER 2006: A Service Level Agreement (SLA) Taskforce has been working to prepare a revised SLA process. This process is currently being reviewed by the CFO. Once approved by the CFO, implementation of the new process will commence.</p> <p>UPDATE: Many of the City's Service Level Agreements have been reviewed and those found to be inappropriate have been eliminated. The Purchasing and Contracting Department is currently in the process of implementing a new process by which SLAs will be set up and monitored on an ongoing basis. This new process is anticipated to be fully implemented in FY08.</p>
26 Review of CDBG Process	Report to Budget & Finance Committee	<p>OCTOBER 2006: The CDBG Task Force was created to make recommendations to the Mayor for reforming the current methodology for allocating CDBG. The Task Force began weekly meetings in August 2006 and will propose recommendations to the Mayor by approximately late October.</p> <p>UPDATE: The CDBG Task Force was dissolved in October 2006. The Task Force drafted several alternative methodologies for allocating CDBG, but did not make a final recommendation to the Mayor for reforming the current methodology for allocating CDBG. The Mayor's Office is reviewing the the Task Forces' ideas and will bring the Mayor's recommendation on the CDBG process forward. The Mayor's Office has provided Council members with funding ideas for their districts, for their consideration.</p>

IBA Policy Recommendations FY 2007

Recommendation	Action	Status
27 Develop long-term strategy for Environmental Growth Funds	Report to Budget & Finance Committee	<p>OCTOBER 2006: The Park and Recreation Department has indicated that they are contemplating an expenditure policy in consultation with the Mayor's Office; however, a policy has yet to be developed.</p> <p>UPDATE: The IBA continues to recommend that the City develop a strategy for use of Environmental Growth Fund dollars as the open space bonds are retired and a multi-million dollar balance develops and grows in the 2/3 portion of this fund. Funds come from the City's franchise agreement with SDG&E and the use of funds is restricted by the Charter. The City should act soon to strategically plan the highest and best use of those funds in compliance with applicable requirements, or to explore a proposal for Charter amendments to submit to the voters.</p>
28 Develop strategy for Year-Round Shelter	Report to Land Use & Housing Committee	<p>OCTOBER 2006: On September 27, 2006 at the Land Use & Housing Committee, a comprehensive Central Intake Facility was recommended as a permanent site for the homeless working in partnership with other homeless agencies to provide substance abuse treatment, health assistance, employment & training assistance, and other services. This item is scheduled for City Council discussion in late Fall.</p> <p>UPDATE: In April 2007, the City Council will conduct a "Housing Day" to discuss several housing challenges that the City of San Diego faces. The Central Intake Facility will be included on the agenda for discussion. Funding for the Winter Shelter Program was received for Fiscal Year 2007 from the San Diego Housing Commission.</p>