COUNCILMEMBER DONNA FRYE
COUNCILMEMBER TODD GLORIA
City of San Diego

MEMORANDUM

DATE: **July 30, 2010**

TO: **Honorable City Councilmembers**
Honorable Mayor Jerry Sanders
Jan Goldsmith, City Attorney

FROM: **Councilmember Donna Frye** Donna Frye
Councilmember Todd Gloria Todd Gloria

SUBJECT: **Reform Before Revenue Ballot Measure**

We are providing this memo for today's City Council meeting on the proposed Reform Before Revenue Ballot Measure. Based upon input from the public and various stakeholders, the following changes have been incorporated into the measure:

a) REFORM BEFORE REVENUE

b) ESTABLISH A PROCESS FOR REPEALING THE SALES TAX IF THE ONGOING REFORM MEASURES ARE NOT SATISFIED.

Composing a package of financial reforms and new revenue is crucial to the health of our city. We cannot achieve financial stability through only producing new revenue or only through reforms- they must be done in concert. The proposed ballot measure would authorize a ½ cent sales tax for five years linked with various financial reform performance measures. If these Reform Measures have not been completed as described, the sales tax shall either not take effect or not be continued.

The following represents a balanced package of reform measures that, when combined with increased revenue, will allow our city to finally fix the ongoing budget deficits.

1) **TEMPORARY SALES TAX.** A temporary ½ cent sales tax to finance essential City general services for a period of five years shall be placed on the November 2010 ballot to become effective _____

2) **TAX PURPOSE.** The ballot title and summary prepared by the City Attorney shall list at least the four largest services funded through the General Fund.

3) **REPEAL OF SALES TAX IF REFORM MEASURES NOT MET.** A panel of three retired Superior Court Judges (Panel) shall review the Reform Measures to confirm that the required reforms have been met in a timely manner. The Mayor shall select the Panel. The Mayor and City Council shall not levy the sales tax until the first seven reform measures have been satisfied. The Panel shall meet to make a determination that the reform measures have been met prior to the tax being levied. The same process shall apply for the ongoing reform measures.

PRIOR TO ANY SALES TAX BEING LEVIED THE FOLLOWING REFORM MEASURES SHALL BE SATISFIED.

The City and employee bargaining units shall bargain in good faith for any Reform Measures which require meet and confer.

1. Eliminate Employee Pickup for Elected Officials, Unclassified and Unrepresented City Employees
The City Council shall pass an ordinance to eliminate the employee pickup for elected officials, unclassified and unrepresented employees.

2. Complete the Managed Competition Guide
SDMEA and AFSME 127 shall reach an agreement with the City on a Managed Competition Guide.

3. Complete DROP Cost Neutrality Study
The Mayor shall complete the DROP Cost Neutrality Study, present the findings to the City Council and take the action necessary to comply with the Municipal Code requiring that DROP be cost neutral.

4. Solicit Request for Qualifications to Take Over Miramar Landfill Operations/Lease
The Mayor shall solicit Requests for Qualifications from qualified bidders to take over the operations of the Miramar Landfill.

5. Eliminate Terminal Leave for all City Employees
The City employees may only cash out accrued leave at time of separation from the City. No other options will be available.

6. Begin Implementation of Managed Competition
The City may initiate competitions for City services such as solid waste collection, print shop and publishing services, auto and fleet maintenance, landscaping and facilities operations and maintenance.

7. Reduce City Pension Pickup Cost for City Employees
The City shall reduce its portion of represented employee pension contributions.

ONGOING REFORM MEASURES

Within two years of the start date of the sales tax being imposed, the following reforms shall be satisfied. The City and employee bargaining units shall bargain in good faith for any Reform Measures which require meet and confer.

1. Reduce Retiree Health Costs
The City shall reduce its future unfunded retiree health liability.

2. Competitively Bid the Remaining IT Services
The City shall solicit proposals from qualified bidders to take over operations of the City's IT services.

3. Establish Second Tier Pension Plan for Fire, Local IAFF #145
Local IAFF #145 and the City will establish a second tier pension plan comparable to the POA for new employees who are hired after July 1, 2011.

4. Establish Voluntary 401(k) Pension Plan for All Current City Employees
Subject to IRS approval, the City and all employee bargaining units shall establish a voluntary Tier 3 Defined Contribution Pension Plan, which may include an employer match, and will result in greater savings than the current Tier 2 pension plans.

CC: Andrea Tevlin, IBA
Jay Goldstone, COO