



CITY OF SAN DIEGO

FISCAL YEAR  
**2007**  
ANNUAL  
BUDGET

# MAYOR'S BUDGET INITIATIVES



# Mayor's Budget Initiatives



The City of San Diego has faced an unprecedented number of challenges over the past few years. Many have often become embarrassing obstacles to progress at the City. Moving beyond these challenges requires changing the way business is conducted at City Hall.

As part of the Mayor's effort to reform City government, he has committed to streamlining government operations, creating fiscal stability and making the City more accountable and transparent to the citizens it serves. He is also making ethics and customer service the cornerstones of the new model City government for San Diego.

San Diego is America's Finest City – A well managed city in a thriving community!

There are a number of goals in the Mayor's effort to change City government.

In the Short-term (Fiscal Year 2007) the City will:

- **Complete the audit process for the City's financial statements dating back to Fiscal Year 2003 as quickly as possible.** The Mayor is committed to completing all of the outstanding audits within the 2007 fiscal year.
- **Regain access to the public credit markets so that the City can launch critical public infrastructure improvements.** The Mayor is committed to finishing the work on the City's outstanding audits which is a prerequisite to returning to the public credit markets. He has pledged to take every step necessary to return the City to a sound financial footing including regaining access to the credit marketplace.
- **Expedite resolution of the court cases related to the 1996 and 2002 pension benefit increases.** The Mayor has taken the lead in creating a new spirit of cooperation and responsiveness for everyone working at the City. He is working closely with the City Attorney to provide the courts with accurate and complete information related to all cases regarding pension funding at the City. He has also directed all City staff to fully cooperate with any court officials involved with these cases. Each of these actions is part of the Mayor's effort to bring a speedy resolution of all of the legal issues facing the City.
- **Make significant improvements to the funding of the City's Pension System.** The Mayor directed staff to infuse the City's pension system with a \$100 million contribution in the 2006 fiscal year. He has already completed a contribution of \$162 million in this fiscal year and will continue to create opportunities to provide the pension system with additional funds. He will be working throughout the year with the City's Chief Financial Officer to identify ways to provide the pension system with funding above mandated contribution levels.

*The Mayor  
promises  
change . . .*

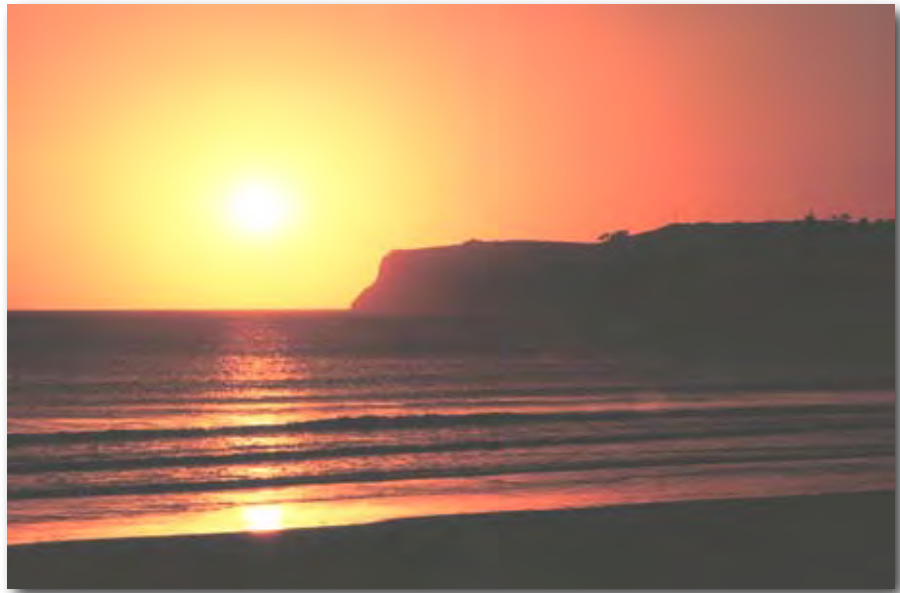
- **Implement managerial reforms to trim expenses and make government more efficient and effective.** Through the next three years, all City departments, processes and functions will be examined with the objective of reducing costs and creating managerial efficiency through Business Process Re-engineering (BPR). This effort has already identified millions of dollars in savings and avoided costs to the City's treasury.



- **Improve the funding level for the City's General Fund reserve.** The Mayor's budget for this fiscal year adds \$7.2 million to the City's reserves. The last fiscal year ended with reserves of approximately \$42 million or 4.2% of the General Fund. The Mayor's goal is to increase funding in the reserves to 8% or \$80 million.
- **Conduct a comprehensive review of salary and benefit levels for all City workers, including public safety employees.** This survey will provide the basis for future discussions on wages and benefits. The survey is a critical part of the Mayor's effort to create fair compensation plans for City workers at every level of government.
- **Complete an inventory of all the deferred maintenance needs facing the City and provide funding for as many of these needs as possible.** The Mayor's budget for this year increases funding for critical street repairs by 493% providing almost \$13 million for these programs. The Mayor's budget also dedicates an additional \$10.6 million to fund other deferred maintenance needs. Within this year City staff will create a comprehensive and prioritized list of all deferred maintenance needs in the City with the goal of identifying and dedicating appropriate funds to meet those needs over time.
- **Begin to fund the health care costs for retired City employees and work toward the establishment of a trust for managing future costs.** The Mayor's budget for this year includes a "pay-as-you-go" contribution of approximately \$21 million. He is also working with the City's financial management team to identify and dedicate additional funding for this critical effort.
- **Implement the recommendations included in the audit reports for our water and wastewater systems.** These audits were completed in August 2006 and the Mayor has directed City staff to address each of the recommendations they contain. As a result, more than \$1 million will be returned to the water and wastewater enterprise funds from other City accounts. He has also directed the return of these funds as part of his ongoing effort to maintain the integrity and focused use of water and wastewater department funds.

*... transparent  
decision-  
making. . . .*

- **Secure voter approval for two Charter initiatives allowing managed competition for appropriate City services and a public vote for pension benefit increases.** The Mayor has put forward two ballot propositions that will address important financial issues at the City. The first will allow the use of a managed competition process for the delivery of select City services. The other would require voter approval for the addition of pension benefits for City workers. Both propositions are critical components of the Mayor's effort to restore the City to a sound financial footing.
- **Seek an option for the San Diego Chargers that is good for taxpayers.** On May 1, 2006 the City Council adopted a resolution to amend the Charger's contract allowing the team to discuss relocation to any site within the County of San Diego. This will help to ensure that the Chargers are given every opportunity to remain in our region and will let the City more fairly address its more immediate financial needs.
- **Ensure San Diego receives its fair share of Homeland Security funding as well a fair share of other State and federal money.** The Mayor is working closely with our representatives in Washington, D.C. and Sacramento to make sure San Diego is given appropriate consideration in all budget deliberations. He will continue to press for additional funding to improve security in our City and for other projects critical to our operations.
- **Develop a Five Year Financial Plan for City government.** The Mayor has directed the City's financial management team to create a rolling five year financial plan for the City. This plan will provide an honest and critical evaluation of all expenses and revenues expected in that time and will serve as the basis for creating honest budgets in each fiscal year.



It is important to be aware that the City of San Diego faces numerous revenue and expense challenges in fiscal year 2008. Many of these come as a result of commitments made by previous administrations and years of neglect. They include employee raises offered in previous years, increased costs for services and supplies used by the City, the slowing growth rate for some of the major revenue sources for the City, increased deterioration of the City's infrastructure, and large pension and post employment medical benefit liabilities.

The Mayor also has a number of long-term goals for the periods following the 2007 fiscal year. These include:

- Rebuilding trust in San Diego City government by returning the government to fiscal and managerial stability.
- Completing a renewed valuation and establishing a ten-year completion plan for deferred maintenance.
- Promoting economic development throughout the entire City.
- Promoting regional cooperation.
- Improving the quality of life for San Diegans today and tomorrow by promoting programs that bring clean air and water and efficient transportation throughout the region.
- Prioritizing affordable housing and workforce housing by correcting regulatory loopholes and inefficiencies, fostering accountability and bringing together new ideas and focus to the City's housing needs.
- Monitoring the actions of the San Diego Regional Airport Authority as it makes recommendations to voters about the future of commercial air transport in our region.