

Appendix: Legislative Actions

City Council Fiscal Year 2012 Budget Priorities Memoranda that present City Council budget priorities for Fiscal Year 2012.	ATTACHMENT A
City Council Budget Priorities for Fiscal Year 2012 Office of the Independent Budget Analyst, Report number 11-02, dated January 21, 2011.	ATTACHMENT B
Financial Reform Conditions Financial reform conditions as outlined in Proposition D, November 2010 Ballot.	ATTACHMENT C
Mayor's May Revision to the Fiscal Year 2012 Proposed Budget A memorandum that presents the Mayor's recommended revisions to the Fiscal Year 2012 Proposed Budget, dated May 19, 2011.	ATTACHMENT D
Supplemental May Revision to the Fiscal Year 2012 Proposed Budget A memorandum that presents the Mayor's additional recommended revisions to the Fiscal Year 2012 Proposed Budget, dated June 1, 2011.	ATTACHMENT E
IBA Recommended Revisions to the Mayor's Proposed FY 2012 Budget and May Revise Office of the Independent Budget Analyst, Report number 11-31, dated June 2, 2011.	ATTACHMENT F
City Council Fiscal Year 2012 Budget Priorities and Issues for Consideration Memoranda that provide additional City Council budget priorities and issues for consideration for Fiscal Year 2012.	ATTACHMENT G
Resolution R-306836 A resolution of the Council of the City of San Diego adopting the Fiscal Year 2012 budget, including approving the Mayor's Fiscal Year 2012 Proposed Budget and May Revision, with modifications recommended by the Independent Budget Analyst and the City Council, and including costs associated with certain Redevelopment Agency funded projects, approved by the City Council on June 6, 2011.	ATTACHMENT H
Proposed FY 2012 Statement of Budgetary Principles Office of the Independent Budget Analyst, Report number 11-35, dated June 9, 2011.	ATTACHMENT I
Appropriation Ordinance O-20073 Adopting the Fiscal Year 2012 Adopted Budget and appropriating the necessary money to operate the City of San Diego for said fiscal year on July 25, 2011.	ATTACHMENT J

Appendix: Legislative Actions

Ordinance O-20084

ATTACHMENT K

An ordinance amending the San Diego Municipal Code relating to Mid-Year Budget Adjustments to the City's Adopted Budget and reporting significant reductions in City services or programs, approved by the City Council on August 2, 2011.

Appendix: Legislative Actions

Legislative Budget Actions

The creation of the Fiscal Year 2012 Budget included an update to the Mayor's Five-Year Financial Outlook. The Five-Year Financial Outlook for Fiscal Years 2012-2016 provided guidance and structure for the creation of the Fiscal Year 2012 Adopted Budget, as well as for the budgets in the four subsequent years. The Five-Year Financial Outlook, which was released by the Mayor on February 7, 2011 and reviewed and analyzed in a report released by the Office of the Independent Budget Analyst (IBA) on February 11, 2011, projected a General Fund shortfall of \$56.7 million in Fiscal Year 2012. To help mitigate this deficit, General Fund departments and non-general fund departments that impact the General Fund submitted budget reduction proposals for consideration in the Fiscal Year 2012 Proposed Budget.

The creation of the Fiscal Year 2012 Proposed Budget was a combined effort undertaken by both the Mayor's Office and City departments. The Fiscal Year 2012 Proposed Budget, which included departmental reductions, was presented to the City Council on April 18, 2011. Subsequent to the presentation of the Proposed Budget, a public hearing on the Proposed Budget was held on May 9, 2011, and six budget hearing meetings were held by the Budget Review Committee in order to provide the public with an opportunity to give feedback on the Proposed Budget as well as to hear Council discussion about the budget proposal.

On May 19, 2011, the Mayor issued a May Revision to the Proposed Budget. Subsequently on June 1, 2011, the Mayor issued a Supplemental May Revision to the Fiscal Year 2012 Proposed Budget. To help the Council in their deliberations on the Mayor's Proposed Budget, the May Revision, and the Supplemental May Revision, the IBA issued reports that analyzed the budget and took into account Council priorities. On April 29, 2011, the IBA issued a response to the Fiscal Year 2012 Proposed Budget, followed by its report on June 2, 2011, that offered recommendations for revisions to the Fiscal Year 2012 Proposed Budget and May Revision. The Council considered the Proposed Budget and the Mayor's revisions in light of the public input received, as well as IBA reports and recommendations.

On June 6, 2011, the City Council approved the Fiscal Year 2012 Budget that included the Fiscal Year 2012 Proposed Budget, the May Revision with modifications recommended by the IBA which excluded the Supplemental May Revision, costs associated with certain Redevelopment Agency-funded projects, and the following revisions: increase to the Fire-Rescue budget by \$2.8 million to provide full-restoration of previously browned-out fire stations as of July 1, 2011; increase to the Fire-Rescue budget by \$340,000 to restore three lifeguard relief positions and to provide lifeguard training; reduction to the Fire-Rescue budget by \$1.7 million from funds identified in the IBA FY 2012 Budget Report to fund the In-station Alerting System and return such funds to the reserves; reduction to IT Discretionary funding in the General Fund by an additional \$100,000; increase to the Office of the City Auditor budget by \$84,000 to fund an additional 0.50 FTE Principal Auditor position; allocate \$25,000 in Council District 3 Transient Occupancy Tax Funds to the Special Promotional Programs budget; that additional expenditures are funded from the General Fund reserve in excess of 8 percent; and that all refuse (including recycling) collection services provided by the City to small business enterprises are terminated effective July 1, 2011.

On July 18, 2011, the Fiscal Year 2012 Appropriation Ordinance was presented at the City Council meeting and was approved by the City Council at the second hearing on July 25, 2011. In addition, the Budget and Finance Committee, on June 29, 2011, requested the City Attorney to work with the IBA and the Mayor's Office to draft an ordinance to provide the Council the ability to make mid-year budget adjustments to the City's Adopted Budget and report significant reductions in City services or programs, which was adopted by the City Council on August 2, 2011.




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**OFFICE OF COUNCILMEMBER TODD GLORIA
COUNCIL DISTRICT THREE**

M E M O R A N D U M

DATE: January 18, 2011
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Councilmember Todd Gloria 
SUBJECT: Budget Priorities for Fiscal Year 2012

As we prepare for the Mayor's release of the Five-Year Outlook and FY12 budget, I have asked my Council colleagues for their budget priorities. In order to facilitate the Council's adoption of formal budgetary recommendations, I am submitting to you the attached priorities memos. Under your guidance, the Budget and Finance Committee on January 26, will review a comprehensive list of priorities which will ultimately be voted upon by the full City Council and presented to the Mayor via resolution in February.

The lists of priorities were developed with full recognition of the fiscal constraints faced by the City. It is my hope that these priorities will guide our discussions and decision-making on the FY12 budget as we once again face the difficult task of balancing the challenges of living within our means, meeting our legal obligations and other responsibilities, and maintaining an appropriate level of city services for residents.

In addition to the ideas offered by my colleagues, I am submitting the following observations and recommendations for priorities in the FY12 budget:

- Complete the fundamental financial reforms established in Proposition D;
- Commit to using more structural changes than one-time fixes;
- Prioritize and protect public safety services;
- Provide adequate workforce and staffing levels necessary to meet our obligations and deliver core city services;
- Examine departments for greater efficiency and innovation;
- Comply with the guiding principles of our Structural Budget Elimination plan;
- Continue to monitor, implement and maintain recommendations provided in the Kroll Remediation Plan;
- Achieve 100% cost recovery for programs and services that are intended to be fully cost recoverable through fees;
- Establish a process to identify and prioritize deferred maintenance and unfunded procurement needs;

Attachment A

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Andrea Tevlin, Independent Budget Analyst
Budget Priorities for Fiscal Year 2012
January 18, 2011

- Improve and provide information about performance measure and service levels to enable us to make even better informed decisions; and
- Honor contractual commitments.

I have great confidence that these priorities will help to establish a foundation that will restore fiscal integrity in our City. I look forward to working together to ensure that the final budget once again puts the City on the path towards long-term fiscal health while protecting the core services that our residents deserve.

TG:pi

Attachments:

1. Councilmember Lightner: *2011 Budget Committee Priorities*
2. Council President Pro Tem Faulconer: *Reforms and Budget Priorities for Fiscal Year 2012*
3. Council President Young: *Budget Priorities for 2011*
4. Councilmember DeMaio: *Budget Priorities for FY 2012*
5. Councilmember Zapf: *Budget Priorities for Fiscal Year 2012*
6. Councilmember Emerald: *Budget Priorities for Fiscal Year 2012*
7. Councilmember Alvarez: *Budget Priorities for Fiscal Year 2012*


cc: Mayor Jerry Sanders
City Councilmembers
Jay Goldstone, Chief Operating Officer
Mary Lewis, Chief Financial Officer
Mark Leonard, Financial Management Director

ATTACHMENT 1



CITY OF SAN DIEGO
COUNCILMEMBER SHERRI S. LIGHTNER
DISTRICT ONE

MEMORANDUM

DATE: January 5, 2011 SL-1101-001
TO: Councilmember Todd Gloria, Chair, Budget Committee
FROM: Councilmember Sherri S. Lightner 
SUBJECT: 2011 Budget Committee Priorities

Thank you for your request for our budget priorities for the upcoming year.

In response to this request, please see my attached memo, dated November 10, 2010, "Fiscal Year 2011-2012 Budget Recommendations."

Thank you, and please contact my office if you have any questions.

Attachment

SL/jm

cc: Honorable Mayor
Honorable Councilmembers

Attachment 1



CITY OF SAN DIEGO
COUNCILMEMBER SHERRI S. LIGHTNER
DISTRICT ONE

MEMORANDUM

DATE: November 10, 2010
TO: Honorable Anthony Young, Chair, Budget & Finance Committee
FROM: Councilmember Sherri S. Lightner
SUBJECT: Fiscal Year 2011-2012 Budget Recommendations

Thank you for inviting us to contribute our recommendations for the FY2011-2012 budget.

We need to establish methods for achieving savings or revenue in both the short term (for the FY2012 budget) and long term (for the structural budget deficit).

We should support a budget that:

- **Complies with the guiding principles of our Structural Deficit Elimination Plan.**
- **Does not use one time funds for ongoing expenses.**
- **Meets the City's mandated obligations.**

I look forward to the report being prepared by the Citizens Revenue Review & Economic Competitiveness Commission. They have spent nearly one year researching best practices, interviewing experts, and listening to citizens from throughout the city, and should have much to add to the discussion. We should include consideration of the Commission's recommendations in our budget deliberations—both in the near term and long term.

We also need to plan for how to restore cuts to public safety. Even before cuts were made, severe limitations to public safety existed, including a need for additional fire stations citywide.

Ideas that could generate revenue or cut costs prior to FY2012:

1. Expand use of a 4/10/5 work schedule. The Environmental Services Department has shown that this schedule can result in efficiencies and cost savings. It has been suggested that this be used in Facilities Maintenance and the Street Division.

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Young
November 10, 2010

2. **Establish agreements with other local agencies**, including educational institutions and universities, to identify ways in which they can contribute toward any City services they receive (e.g. fire-rescue, infrastructure, etc.). This type of agreement has previously been successfully implemented with Lifeguard Services to provide lifeguard coverage at beach frontage on the property of the Scripps Institution of Oceanography. Discussions are currently ongoing among UCSD, my office, and City staff for expanded agreements.
3. **Implement cost recovery fines for false fire alarms**. We expect the Fire-Rescue Department to issue a report on this shortly.
4. **Ensure fines for false police alarms are cost recoverable**.
5. **Increase nightclub-overcrowding fines to make inspections cost recoverable**.
6. **Resume charging cost recovery fees for business tax collection, if appropriate**.
7. **Investigate and possibly start a program to charge user or reservation fees for the fire rings on the beach**. Another approach for funding the fire rings could be to incorporate them into a beach marketing program.
8. **Expand the use of matching programs for gifts similar to the program used by Park & Recreation in past years**.
9. **Assure that special events comply with their City permits**. Fees should cover the costs to the City for the event and comply with the existing rate structure.
10. **Expand use of volunteers**. One of the fiscal reforms adopted by City Council on June 8, 2009 was to explore the feasibility of establishing an RSVP type program for the Library Department. A report on the progress evaluating a Library RSVP program should be requested. Programs could be developed to provide other functions as well in departments such as Park & Recreation, Streets (landscaping maintenance), and Code Compliance, among others. We should also make better use of educational internships.
11. **Implement innovative marketing partnerships**. The City should begin soliciting input from community groups on the Strategic Marketing and Advertising Plan proposed by the Corporate Partnership Program. If this program is implemented, these funds should be used for operations as well as capital improvements.
12. **Consolidate City office space and eliminate the use of underutilized rental space**.
13. **Use redevelopment dollars to fill General Fund gaps wherever possible**.
14. **Increase use of voluntary furloughs for City staff**.
15. **Seek grants to do energy retrofits to all City buildings that would afford energy and operational savings**.

Attachment A

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Young
November 10, 2010

Ideas that could generate revenue or cut costs for future budgets:

A. Complete the Remaining Proposition D Reforms

Four of the ten reforms have already been completed. The remaining reforms have already achieved enough political support to reduce roadblocks and allow them to be completed expeditiously. We should proceed with the same urgency as would have been the case had voters approved Proposition D.

Those reforms which have not yet been completed include:

1. Completing the DROP neutrality study, and if necessary initiating meet and confer proceedings to make it cost neutral
2. Reducing the total cost of retirement offsets
3. Reducing our retiree health care liability
4. Soliciting proposals from bidders to provide the City's information technology services;
5. Establishing a second tier pension plan for new firefighters
6. Adopting an ordinance that would allow all City employees to voluntarily select or switch from a current retirement plan to a new alternative Defined Contribution Plan

We should request a status update presentation on these remaining reforms and what measures are needed for prompt implementation and completion of these reforms.

B. Teeter Plan

The City is studying the benefits of transitioning to a Teeter Plan for property tax collection. If this plan is shown to result in a significant revenue advantage for the City, we should adopt a Teeter Plan, which would create a reliable, guaranteed upfront revenue stream for the City. This has been previously suggested by the IBA and discussed by the Citizens Revenue Review and Economic Competitiveness Commission.

C. Special Assessment Districts

Council should explore assisting individual neighborhoods to form special assessment districts to allow each neighborhood to determine the level of City services that they would like to receive.

D. Cost of Service Studies for New Fees

Council should request an update on the cost of service study for storm water operations. We should initiate a study for cost of service for refuse collection.

E. Fiscal Reforms Adopted by Council on June 8, 2009

Adopted reforms that have not been completed should be finished expeditiously. Council should request a status update from the IBA or Mayor's office on these reforms, which include exploring changes to worker's compensation, developing recommendations for achieving cost

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Young
November 10, 2010

recovery for professional sports teams, and considering an expenditure cap for consultant contracts. The full list of adopted reforms is included as Attachment 1.

F. Partnering with Other Agencies

We should explore the advantages of partnering with agencies such as the County, state, federal, and other local governments to save costs. Examples of partnerships include joint purchase agreements, sharing maintenance operations or facilities, and joint patrols of parks and beaches.

G. Tourism Marketing District (TMD)

Council should explore expansion of the TMD to include additional hotels and other tourism-related businesses.

If you have any questions or comments regarding any of these proposals, please contact my office at (619) 236-6611.

cc: Honorable Mayor
Honorable Councilmembers
Jan Goldsmith, City Attorney
Andrea Tevlin, Independent Budget Analyst
Jay Goldstone, Chief Operating Officer
Mary Lewis, Chief Financial Officer
Breanna Zwart, Budget & Finance Committee Consultant

Attachment A

Attachment 1 – Fiscal Reforms Adopted by City Council on June 8, 2009 (R-304958)

1. Work with the City Council to establish a Citizens Revenue Review and Economic Competitiveness Commission.
2. Complete and implement all Business Process Reengineering studies.
3. Complete comprehensive review of all existing funds including their legal bases, current and planned uses and fund balances.
4. Review with the City Council any reassessments under consideration for City's reserve goals for the following funds: Public Liability, Worker's Compensation, and General Fund.
5. Complete and bring forward to Council the results of the Development Services Department fee study and recommendations.
6. Implement reforms to strengthen oversight of independent agencies including SEDC, CCDC and SDDPC.
7. Address fiscal structural problems of the Refuse Disposal and Recycling Funds.
8. Consider implementation of a zero-based budget approach for equipment outlay requests and an expenditure cap for consultant contracts.
9. Report results of all deferred maintenance assessments to Council upon their completion. Determine causes for delays in completion of deferred maintenance/capital projects and develop recommendations for improvements.
10. Develop and adopt a "Budget Policy" to provide agreed upon principles and best practices for annual budget monitoring and development.
11. Develop recommendations for achieving cost recovery for professional sports teams and others who utilize Petco Park and Qualcomm Stadium.
12. Complete processes necessary to allow managed competition decisions to move forward.
13. Work with the Council to undertake a Community Attitude Survey to gather scientifically random data on citizen prioritization and satisfaction of City services.
14. Present the results of Real Estate Assets' Portfolio Management Plan to Committee and Council.
15. Explore ways to expand commercial marketing and increase City resources using City facilities, vehicles, and publications.
16. Request the IBA and Mayor's Office provide cost information on completed FY 2009 ADA projects. Based on information provided, consider reducing FY 2010 funding for ADA projects consistent with FY2009 total project costs.
17. Undertake study to determine cost neutrality of DROP as required by the Municipal Code.
18. Identify the status and uses of a 2006 \$2.2 million Energy Efficiency Loan and identify any other outstanding grants or loans awarded to the City but not utilized.
19. Review and recommend scheduling reforms for trash pick-up and collections by the Environmental Services Department.
20. Request the City Auditor to conduct a Revenue Audit of all City revenue sources.
21. Request the Mayor and City Auditor to study transferring the Revenue Audit and Appeals Division of the City Treasurer's Office to the Office of the City Auditor, and undertake a performance audit of the tax audit function.
22. Explore the feasibility of establishing a Retired Senior Volunteer Program (RSVP) for the Library Department.
23. Identify plan for financing of Public Safety facilities.
24. Provide updates on the use of Outside Counsel.
25. Develop plan for Redevelopment Agency loan repayment to City, including terms of the agreement and impacts to the project area budgets, in accordance with HUD audit.
26. Develop plan for QUALCOMM Stadium to become financially self-sufficient.
27. Comprehensively address the issue of homelessness, and explore development of permanent homeless shelter.
28. Consider alternatives to Library Ordinance, which requires 6% of General Fund budget be allocated to library uses.
29. Develop a long-term strategic plan for the Environmental Growth Fund.
30. Explore the issue of Workers Compensation reform including a presentation on current and future programs to address this Significant liability.
31. Track Assembly Bill 32, Greenhouse Gas Emission Reduction.

ATTACHMENT 2



RECEIVED
OFFICE OF
COUNCILMEMBER TODD GLORIA

COUNCIL PRESIDENT PRO TEM KEVIN L. FAULCONER
CITY OF SAN DIEGO
SECOND DISTRICT

MEMORANDUM

DATE: January 7, 2011

TO: Councilmember Todd Gloria, Budget and Finance Committee Chair

FROM: Council President Pro Tem Kevin L. Faulconer *Kevin Faulconer*

SUBJECT: Reforms and Budget Priorities for Fiscal Year 2012

I appreciate the opportunity to outline my priorities for the City's FY12 budget. As in past years, we face the challenge of closing a budget gap while making reforms that will help eliminate the structural budget deficit. By rejecting Proposition D's half-cent sales tax increase, San Diego voters told City Hall to make the tough decisions necessary to solve the budget deficit without raising taxes. This mandate, coupled with a new City Council, gives us an opportunity to rethink how the City does business.

Putting Managed Competition Into Action

We must address the structural budget deficit by focusing on the City's core functions, such as public safety and infrastructure, and asking whether other functions should be performed by local government. Managed competition, approved by San Diego voters in 2006, is the tool we will use to re-evaluate some of the services the City provides. In December 2010, the City began the first step of the managed competition process for publishing services, which includes units such as the City's print shop. Printing services are a great example of a City service that is not a core function and will generate spirited competition from the private sector when put out to bid. It is this kind of common-sense reform that will help the City eliminate its budget problems.

I would like to see a timeline for implementing managed competition in FY12 that accompanies the FY12 budget. This timeline should include departments to be considered for managed competition, a schedule for completion, estimated cost savings, and when those cost savings will begin to be realized. At a time when voters have rejected a proposal for new tax revenue, the City's only option is to restructure and reprioritize. Data showing the money that can be permanently saved through managed competition will be invaluable as the City Council and Mayor work to close the budget gap.

Reducing Retiree Health Costs

The City has made progress in addressing its retiree health care obligation. The benefit was eliminated for new safety and general employees hired after July 1, 2005. The retiree health escalator for existing Local 127 and POA employees hired before that date was frozen, while the escalator for existing MEA, Fire, DCAA, and Teamsters employees was temporarily suspended.

Attachment A

More remains to be done to address the City's \$1.3 million unfunded retiree health care liability. The next step must be negotiating in good faith with the affected employee groups to keep the suspension in place and move toward a permanent solution.

Ending the Rolling Brownouts

The rolling brownout program must come to an end. When idling eight fire engines was proposed by the Fire Chief as part of the December 2009 budget cuts, the City Council committed to monitoring the impact. Through feedback from the community and the Fire Chief, it is apparent that continuing to brownout these engines is not in the best interest of San Diego residents.

Public safety is the City's top priority. I look forward to working with the Mayor and my Council colleagues to develop a budget that restores the browned-out fire engines.

Comprehensive Financial Plan for the Centre City Redevelopment Area

The State Legislature's elimination of the Centre City redevelopment area's CAP has generated discussion about the future of Downtown redevelopment funds. New revenue generated over the CAP will be dependent upon new development downtown. Even with a recovering economy, the tax increment generated by new development will take years to accrue.

We must review all of the Centre City Development Corporation's outstanding obligations, as well as its cash flow projections, before committing downtown redevelopment funds to other projects in the FY12 budget. Over \$1.5 billion in infrastructure projects, such as fire stations and parks, are identified in the Downtown Community Plan to be funded with Centre City redevelopment funds.

I look forward to a transparent and robust budget deliberation process that brings us closer to solving the City's structural budget problems and advancing the reforms that San Diegans expect.

KF:mta

cc: Honorable Mayor Jerry Sanders
Honorable Jan Goldsmith, City Attorney
Honorable Councilmembers
Andrea Tevlin, Independent Budget Analyst
Eduardo Luna, City Auditor

ATTACHMENT 3



CITY OF SAN DIEGO

COUNCIL PRESIDENT ANTHONY YOUNG
DISTRICT FOUR

MEMORANDUM

DATE: January 3, 2011
TO: Councilmember Todd Gloria
FROM: Council President Anthony Young
SUBJECT: Budget Priorities for 2011

As Council President, my budgetary priorities have not changed; I remain focused on solutions to solve the structural deficit. My number one priority is public safety and solving the structural deficit ensures the viability of these essential services.

I am positive the completion of the following actions is key to making the solution to structural deficit tangible:

- The completion of the ten reforms on Proposition D
- A five percent (5%) cut to Supplies and Services
- Investigate the option of leasing City owned golf courses and airports and the determination of the flexibility of their respective enterprise funds
- A comprehensive user fee update from departments

Thank you for your commitment to San Diego's financial health.

cc: City Councilmembers
Andrea Tevlin, Independent Budget Analyst



COUNCILMEMBER CARL DEMAIO

FIFTH DISTRICT
CITY OF SAN DIEGO

MEMORANDUM

DATE: January 4, 2011
TO: Councilmember Todd Gloria
FROM: Councilmember Carl DeMaio *Carl DeMaio*
RE: Budget Priorities for FY 2012

In response to your memorandum of December 16, 2010, I am submitting my priorities for the Fiscal Year 2012 budget – which are outlined in my financial recovery plan for the City of San Diego, the “Roadmap to Recovery.”

This plan proposes specific budget balancing actions for the FY 2012 budget, and also provides reform solutions for the City’s most pressing financial liabilities, namely pension and retiree health care.

Excluding proposed mid-year cuts, my plan proposes General Fund budget balancing actions totaling \$84 million for FY 2012 and confronts the City’s pension and retiree health care liabilities head-on, producing a projected pension savings of more than \$700 million over five years.

Please refer to the “Roadmap to Recovery” for all specific budget balancing proposals.

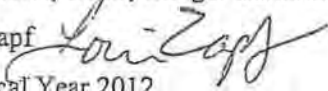
cc: City Councilmembers
Andrea Tevlin, Independent Budget Analyst

ATTACHMENT 5



COUNCILMEMBER LORIE ZAPF
COUNCIL DISTRICT SIX

MEMORANDUM

DATE: January 6, 2010
TO: Councilmember Todd Gloria, Chair, Budget Committee
FROM: Councilmember Lorie Zapf 
SUBJECT: Budget Priorities for Fiscal Year 2012

As we are planning for the next year, I think that the Budget Committee should be looking at all possible solutions for closing the City's budget deficit. In fact, I would request that the Budget Committee consider combining with a special Council meeting to allow all eight Councilmembers to be able to weigh in earlier in the process.

As the Council begins the budget process for Fiscal Year 2012, I think that the Budget Committee should revisit and pursue some of the major reforms available to us which will save taxpayer dollars and close the budget gap. Managed competition and pension reform will provide major savings for the City and are reforms that we can start almost immediately. Additionally, supporting small businesses, encouraging and allowing volunteers to take on some City duties that are currently restricted to pensioned employees, and identifying mandated City services are other priorities which will, I believe, help towards balancing the budget. I look forward to working with my colleagues on the Council, as well as the Mayor's office, to approve a budget which will decrease costs and continue to provide quality core services.

Managed Competition

I was proud to support managed competition for publishing services during my first week on the Council, and I look forward to expanding it to fleet services and additional operations in the future. I think that the Budget Committee should look for opportunities to expedite managed competition and outsourcing in order to get more programs into the pipeline.

Pension Reform

The problems of increasing pension costs for City employees may be the single most important issue we tackle as our City moves forward. With the City's defined benefit pension payments expected to surpass \$230 million this year, up from \$154 million last year, it is clear that we are

Attachment A

in a crisis.¹ Increasing pension costs are unsustainable, and it should be one of the top priorities of the Budget Committee to explore ways to get these ballooning payments under control. Topics of discussion should include: immediate pension reform for new hires, including the creation of a 401(k)-style plan, reforms for existing employees, including a discussion of the “substantially equal” language of the City Charter, ensuring that pensions are based on the average salary during the last three years of an employee’s time at the City and requiring employees to pay their fair share into their own retirement. I also think the committee should explore a program to give employees the option to take a smaller pension in return for more take-home pay.

Encourage Small Business Growth

There are more than 70,000 small businesses in the City of San Diego, which make up 92 percent of all businesses in the City.² For these reasons, it is imperative that we do everything we can to help and encourage small business growth. The City should strongly consider the creation of a small-business liaison position within DSD to help small business owners to expand, improve, and grow their businesses. Larger, more profitable small businesses within the City will generate tax revenue and help the City move toward closing the budget gap. Additionally, the committee should host a discussion on ways to automate and move online permit processing and other DSD functions in order to create a more small business friendly structure and make the process streamlined, efficient, and less costly.

Allow Volunteers to Handle Some City Operations

There are countless people throughout the City who are willing to volunteer at their local library, help with neighborhood improvements, and take care of other City functions who are currently not allowed to because of collective bargaining agreements. I think the committee should explore how labor barriers might be removed to allow volunteers to take on some of these duties, which will not only decrease costs, but will potentially allow libraries and other facilities to stay open longer and will increase civic pride and a sense of community.

Identifying Mandated City Services

Because budgetary reductions and the need to cut expenditures have become a yearly occurrence for the City Council, there is always a discussion about the need to protect core City services as money becomes tighter. Surprisingly, the City has never actually identified which services are truly “core services,” or services legally required to be provided by the City. I support the recent request by the City’s Independent Budget Analyst to the City Attorney requesting that mandated City services be identified. This will allow the Council to make better-informed budgetary decisions in the future.

Cc: City Councilmembers
Andrea Tevlin, Independent Budget Analyst

¹SDCERS Actuarial Valuation: City of San Diego Projected Financial Trends Presentation, June 30, 2009. Page 3.

² City of San Diego Economic Development Department. Small Business Assistance website.
www.sandiego.gov/economic-development/business-assistance/small-business/

ATTACHMENT 6



City Of San Diego
COUNCILMEMBER MARTI EMERALD
DISTRICT SEVEN

MEMORANDUM

REF: M-11-01-02

DATE: January 7, 2011
TO: Honorable Councilmember Todd Gloria
FROM: Councilmember Marti Emerald
SUBJECT: Budget Priorities for Fiscal Year 2012

Pursuant to your memo dated December 16, 2010 regarding Budget Priorities for Fiscal Year 2012, I have briefly outlined immediate priorities, they include:

- Restore the closed fire engines and reduced lifeguard services
- Prevent any further reductions of public safety service levels
- Direct Risk Management to develop a comprehensive risk & liability management plan
- Enact Cost Recovery for alarm permits, ambulance services, police & fire services outside of San Diego and business tax collection
- Enact paid parking at beaches and regional parks
- Expand the use of volunteers to enhance quality of life in City neighborhoods
- Expand the use of marketing partnerships in public spaces

I look forward to working with the report from the Citizens Revenue Review and Economic Competitiveness Commission and implementing best practices and budget recommendations. In addition, I look forward to seeing Mayor Sander's budget proposal and working with our Council colleagues in approving a 2012 budget focused on providing essential City services.

ME: de



COUNCILMEMBER DAVID ALVAREZ

City of San Diego
Eighth District

MEMORANDUM

DATE: January 12, 2011

TO: Todd Gloria, Chair, Budget & Finance Committee

FROM: Councilmember David Alvarez

SUBJECT: Budget Priorities for Fiscal Year 2012

For the purpose of discussion during the City Council's upcoming budget review process, below is a list of my priorities for the next budget year:

- **Civilian Positions in the Police Department:** Cutting civilian positions within the Police Department has a direct impact on sworn police officers' ability to be actively patrolling our neighborhoods. Police support staff are vital and need to be retained so that our sworn officers are free to have a greater presence in our communities.
- **Rolling Brown-Outs:** The rolling brown-out plan implemented by the city should be reviewed to the maximum extent possible to determine if other funding is available to allow fire-life safety services to be fully restored.
- **City Auditor Staff Positions:** It is important that we continue to increase the staff resources of the City Auditors Office. The City Auditor's ability to conduct comprehensive audits on various city departments and functions is vital in promoting accountability, efficiency and transparency in our city government.
- **Neighborhood Parks and Recreation Centers Prioritization:** Neighborhood parks and recreation centers throughout the city provide safe areas for recreation and family activities. The community parks that receive the most use, and therefore require higher levels of upkeep and maintenance, should be prioritized in the budget.

- **Reinstitution of the Lifeguard Training Program and Relief Staffing:** In recent years the Lifeguard Training Program and Lifeguard relief staffing have been either cut or reduced. These functions are vital to preserving public safety at our beaches and need to be restored in the upcoming budget.
- **Community Plan Update Funding:** Continuing to update our community plans throughout the city is vital in providing a clear vision for the development preferences of each community. Allowing a process that brings all stakeholders to the table can only result in better planning within our communities. Funding for community plan updates needs to be retained to the fullest extent possible in order to allow our communities to properly plan for development and community amenities.



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EXECUTIVE SUMMARY

City Council Budget Priorities for Fiscal Year 2012

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: January 21, 2011

IBA Report Number: 11-02

Budget and Finance Committee Meeting Date: January 26, 2011

Item Number: 10

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, and to request additional information and discuss budget priorities with the Mayor and City management. Following the budget hearing process, the City Council may make modifications to the Mayor's proposed budget. For development of the FY 2012 budget, hearings will be held Wednesday, May 4 through Friday, May 6, 2011, and potentially Thursday, May 12 and Friday, May 13, if needed.

Each year since February 2006, the Council has submitted its budget priorities to the Mayor for consideration in the development of his proposed budget. Typically the Council's priorities have taken the form of a resolution accompanied by individual Councilmembers' priorities memoranda and a report prepared by the IBA. This year, Councilmembers were requested to submit their priorities for the Fiscal Year 2012 Budget to Budget and Finance Committee Chair Todd Gloria.

This report compiles the individual budget priorities of each Councilmember, which are provided as an attachment, and identifies five common themes which are proposed to represent the budget priorities of the entire City Council:

- **Completing the Fiscal Reforms as Outlined in Proposition D**
- **Protecting Public Safety**
- **Adhere to Guiding Principles for Structural Budget Deficit Elimination**
- **Identifying and Funding Mandated and/or Core Services**
- **Full Cost Recovery for Programs Supported by Fees**

This report also summarizes the various methods utilized in recent years to solicit citizen input in order to assist the Council in determining its budgetary priorities, including San Diego Speaks community input process and last year's professionally administered citizen survey.

It is recommended that the Budget and Finance Committee review and discuss the areas highlighted in this report, and forward it to the City Council with any desired direction, for the preparation of a budget priorities resolution for FY 2012 to be adopted by the City Council for transmission to the Mayor.

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: January 21, 2011

IBA Report Number: 11-02

Budget and Finance Committee Meeting Date: January 26, 2011

Item Number: 10

City Council Budget Priorities for Fiscal Year 2012

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 November 16, 2010, the City Council adopted the schedule of meetings for the City Council and its committees for calendar year 2011, including the key budget process dates for the development and approval of the City's budget for Fiscal Year 2012 (which covers the period starting July 1, 2011 and ends June 30, 2012). Based on the recently adopted schedule, budget hearings will be held Wednesday, May 4 through Friday, May 6, 2011, and potentially Thursday, May 12 and Friday, May 13, if needed.

At the time the City prepared to move to the Strong Mayor/Strong Council form of government, 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. The City Council added this step in the process beginning in 2006.

This year, Councilmembers were requested to submit their priorities for the Fiscal Year 2012 Budget to Budget and Finance Committee Chair Todd Gloria. These budget priorities, as outlined in this report, are scheduled to be discussed by the Budget and Finance Committee at its meeting of January 26, 2011, and are requested to be forwarded to the City Council for its consideration.

This report compiles the individual budget priorities of each Councilmember as stated in each of their memorandums. The memos are provided as Attachment 3 to this report. Common themes can be identified that can then represent the budget priorities of the entire City Council, and can be used as the basis for a budget priorities resolution to be adopted by the City Council for transmission to the Mayor. This report also summarizes the various methods utilized in recent years to solicit citizen input in order to assist the Council in determining its budgetary priorities.

It is recommended that the Budget and Finance Committee review and discuss the areas highlighted in this report, and forward it to the City Council with any desired direction, for the preparation of a budget priorities resolution to be adopted by the City Council.

FISCAL/POLICY DISCUSSION

Recent History of Establishing Council Budget Priorities

Beginning in February 2006, the Council's budget priorities have taken the form of a resolution accompanied by individual Council members' priorities memoranda and a report prepared by the IBA. The IBA reports have provided a high level summary of the memos and highlighted for the Mayor the highest priority areas of the Council.

In January 2007, in preparation for FY 2008 budget development, the entire City Council participated in a two-hour facilitated Strategic Budget Prioritization process, utilizing polling technology which quickly and anonymously evaluated Council members' perspectives, in the aggregate, on key City services, critical issues and alternative budget solutions. That year the resolution and IBA report which were presented to the Mayor reflected the results of this public prioritization process along with the individual Council memoranda.

In January 2009, Budget and Finance Committee Chairman Tony Young expressed interest for the Budget and Finance Committee to host a series of community meetings that would allow for citizen input prior to the formulation of the Mayor's proposed budget. As a result, a series of community meetings were held, and a citizen participation survey was available at the community meetings, as well as on the City's website. This community input process became known as "San Diego Speaks", and a second series was held again during Fiscal Year 2010.

This survey asked respondents to prioritize City services, display preferences for specific services, indicate which services they felt could be reduced or eliminated, and asked which services they may be willing to pay more. While the results were informative, it was recommended that future surveys be conducted by professionals to conduct a random scientific survey to ensure results better represent the community as a whole.

In 2010, the IBA worked with Behavior Research Center, Inc. (BRC), an independent firm that provides market and public opinion research and consulting services, to develop an improved survey, aimed to gauge citizen opinions on the priority of and satisfaction with services being provided by the city and their willingness to pay more to maintain

Attachment B

city service levels. The results of the professional survey were issued in April 2010 (IBA Report No. 10-34), and are useful to consider now as the Council develops and finalizes its budgetary priorities for FY 2012. Key results from the survey are summarized here.

When San Diego residents were asked how essential they consider each of 17 City services, five services received “absolutely essential” ratings from a majority of residents:

- Fire services
- Police services
- Emergency medical services
- Residential trash collection services
- Fire prevention programs

When asked their level of satisfaction with each of 25 services provided by the City, San Diego residents scored these four services with the lowest ratings:

- Conditions of neighborhood sidewalks
- Efforts to address homelessness
- Condition of City streets
- Downtown parking availability

After residents evaluated each of the 25 service areas under consideration, they were asked to indicate whether they would or would not be willing to pay more through taxes or fees in order to maintain them or avoid further cuts. Four services were mentioned by at least a majority of residents as areas where they would be willing to pay more:

- Fire response to calls for service
- Police response to calls for service
- Condition of City streets
- Maintenance of parks and its facilities

When asked if they approve or disapprove of each of six strategies to deal with the City’s budget deficit, the following strategy received approval from 74 percent of residents:

- Use more private contractors, implement managed competition

Two additional strategies also received approval from a majority of residents, but also generated significant disapproval ratings:

- Generate new revenue through increased fees to help avoid service reductions
- Combination of new revenues and service cuts

The survey results have been useful over the past several months as the Mayor and City Council have evaluated various budgetary solutions. The results highlight the importance of public safety to residents, as well as their dissatisfaction with the current conditions of sidewalks and streets, and their interest in pursuing managed competition and/or the use of private contractors.

The IBA continues to recommend that this type of survey be conducted on a regular basis, as this would allow the City to determine if opinions have changed over time, and if efforts to address areas of concern have been effective. Conducting this same survey

during FY 2012 would allow this type of assessment and comparison with the 2010 results.

FY 2012 Council Budget Priorities

In reviewing the memorandums submitted by each Councilmember, it became clear that many areas were consistently mentioned as budgetary priorities, either specifically or that could be captured in one of the following five categories:

Completing the Fiscal Reforms as Outlined in Proposition D

Proposition D on the November 2010 ballot proposed a temporary half-cent sales tax after certain conditions were met (Attachment 1). While Proposition D failed, several Councilmembers state that the ten reforms outlined in the measure should be completed. Some reforms as specifically written in Proposition D have been completed, while many others are underway. The following items were specifically mentioned in several Councilmembers' memoranda, and are either contained in the ten reforms, or can be considered related:

- Pension Reform
- Retiree Health Care Reform

Protecting Public Safety

Ensuring public safety is adequately staffed and funded has been an ongoing concern of the Council, and was mentioned by most Councilmembers in their respective memos, with specific references including:

- Restore funding to eliminate rolling brownouts in the Fire-Rescue Department
- Retain civilian staffing in the Police Department
- Reinstigate lifeguard training and relief staff

Adhere to Guiding Principles for Structural Budget Deficit Elimination

In February 2010, the City Council adopted eleven Guiding Principles to assist in the development of a comprehensive Structural Budget Deficit Elimination Plan (Attachment 2). Several Councilmembers cited the importance of abiding by the Guiding Principles explicitly, or included the following items, which are contained in the Principles:

- Commit to using more structural changes than one-time fixes
- Implement Managed Competition
- Examine departments for greater efficiency and innovation
- Achieve 100% cost recovery for programs supported by fees
- Establish process to identify and prioritize deferred maintenance needs
- Improve and provide performance measures and service level information

Identifying and Funding Mandated and/or Core Services

The identification of the City's core services is also reflected in the Guiding Principles which refers to a prioritization of City services as required by the Charter. Core services received specific mention in Councilmember memos as follows:

- Provide adequate workforce and staffing levels necessary to meet our obligations and deliver core services
- Meet the City's mandated obligations

Attachment B

- Investigate option of leasing City owned golf courses and airports
- Prioritization of neighborhood parks and recreation centers

Full Cost Recovery for Programs Supported by Fees

Seeking full cost recovery for fee-supported programs is also included in the Guiding Principles and deserves separate mention due to the large number of specific fees and programs described by several Councilmembers in their memos:

- Implement cost recovery for false fire alarms
- Ensure full cost recovery for false police alarms
- Consider user fee or reservation fee for beach fire rings
- Assure Special Events cost-recovery
- Complete comprehensive user fee update

Other issues outlined in Councilmember memos include expansion of the use of volunteers, cost of service studies for new fees including storm water and trash collection, establishment of parking fees at beaches and parks, funding for City Auditor staff, support for efforts to encourage small business, expanding the use of marketing partnerships, and development of a comprehensive financial plan for the Centre City Redevelopment Project Area. In his memo, Councilmember DeMaio made reference to his recently issued “Roadmap to Recovery” which contains specific budget-balancing actions and reform solutions.

CONCLUSION

It is recommended that the Budget and Finance Committee review and discuss the areas highlighted in this report, and forward it to the City Council with any desired direction, for the preparation of a budget priorities resolution for FY 2012 to be adopted by the City Council for transmission to the Mayor.

The IBA continues to recommend that a professionally administered citizen survey be conducted on a regular basis, as this would allow the City to determine if opinions have changed over time, and if efforts to address areas of concerns have been effective. Conducting the 2010 survey again during FY 2012 would allow this type of assessment and comparison with prior results.

[SIGNED]

Elaine DuVal
Fiscal & Policy Analyst

[SIGNED]

APPROVED: Andrea Tevlin
Independent Budget Analyst

Attachments:

1. Financial Reform Conditions as Outlined in Proposition D November 2010 Ballot
2. Structural Budget Deficit Elimination Plan Guiding Principles
3. City Council Fiscal Year 2012 Budget Priorities Memoranda

FINANCIAL REFORM CONDITIONS AS OUTLINED IN PROPOSITION D NOVEMBER 2010 BALLOT

1. Ordinance to Eliminate Employee Retirement Offsets for Elected Officials and Unrepresented City Employees: An ordinance has been adopted to eliminate retirement offsets for elected officials and those City employees who are not represented by a labor organization. "Retirement offsets" means the amount of an individual's retirement system contribution which the City agrees to pay on behalf of the individual.
2. Complete Managed Competition Guide: The City has adopted a Managed Competition Guide, by ordinance, to allow the City to implement a managed competition process pursuant to San Diego Charter section 117(c) involving services such as, solid waste collection, print shop and publishing services, auto and fleet maintenance, landscaping and facilities operations and maintenance.
3. Complete DROP Cost Neutrality Study. The Mayor has completed a Deferred Retirement Option Plan (DROP) cost neutrality study, presented the findings to the City Council and, if said findings are that DROP is not cost neutral, the City will initiate "meet and confer" to make DROP cost neutral. Cost neutral means that the present value of the City's share of costs for all compensation and benefit programs of the City of San Diego with DROP included is less than or equal to 102% of the present value of what those costs would be in the absence of DROP.
4. Solicit Request for Qualifications to Take Over Miramar Landfill Operations/Lease. The Mayor has solicited Requests for Qualifications from qualified bidders to assume the operations of the Miramar Landfill.
5. Eliminate Terminal Leave for all City Employees. The City has adopted an ordinance eliminating terminal leave for all City employees. Under the ordinance, upon separation from the City, an employee may only cash out accrued leave.
6. Reduce Retirement Offset for Represented City Employees. The City has reduced the total cost of Retirement Offsets existing as of June 30, 2010, for employees represented by labor organizations. "Retirement offsets" means the amount of an individual's retirement system contribution which the City agrees to pay on behalf of the individual.
7. Reduce Retiree Health Costs. The City's future unfunded retiree health care liability existing on June 30, 2010, has been reduced. For purposes of this section, "future unfunded retiree health care liability" means the actuarial accrued liability based upon the retiree health care plan in effect on June 30, 2010.
8. Solicit Proposals to Take Over Information Technology Services. The Mayor has solicited proposals from qualified bidders to provide information technology services to the City which are provided by the San Diego Data Processing Corporation.
9. Establish Second Tier Pension Plan for Firefighters. The City has established a second tier pension plan for new employees represented by San Diego City Firefighters, International Association of Fire Fighters, Local 145 comparable to the terms of the plan currently in place for new employees represented by San Diego Police Officers Association as set forth at San Diego Municipal Code section 24.0403(i).
10. Adopt Ordinance for Voluntary Defined Contribution Pension Plan. The City has adopted an ordinance creating an alternative Defined Contribution Plan intended to reduce City costs from the current City retirement plan. The ordinance would allow all City employees to voluntarily select or switch from a current City retirement plan to the alternative Defined Contribution Plan, which may be subject to IRS and other governmental agency approvals, but obtaining such approval is not part of this condition.



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THE CITY OF SAN DIEGO

M E M O R A N D U M

DATE: May 19, 2011

TO: Honorable Council President Tony Young and Members of the City Council

FROM: Jay M. Goldstone, Chief Operating Officer
Mary Lewis, Chief Financial Officer *Mary Lewis*

SUBJECT: Mayor's May Revision to the Fiscal Year 2012 Proposed Budget

This memorandum presents the Mayor's recommended revisions to the Fiscal Year 2012 Proposed Budget (May Revision). It includes adjustments to various department budgets that have arisen since the Fiscal Year 2012 Proposed Budget was released as well as updates some major revenue projections based on three additional months of data. The May Revision includes the use of one-time resources to fund one-time expenditures and ongoing resources to fund ongoing expenditures. As a result of the changes included in the May Revision, the General Fund budget is increased by \$17.1 million. Of this amount, \$11.8 million of the increase is due to re-budgeting appropriations and revenues associated with Gas Tax reimbursements for street-related work.

The remaining \$5.3 million is the net result of higher projected Transient Occupancy Tax and other departmental revenue and is being used to restore all recreation center hours to 40 hours per week and to restore eight branch library hours to 36 hours per week, while keeping the remaining branches paired at 18.5 hours each. These adjustments are discussed in more detail later in this memorandum. The General Fund and other City non-General funds remain balanced. With the use of one-time resources for one-time expenditures and ongoing resources for ongoing expenditures, there is no adverse impact on the City's projected budget deficit in Fiscal Year 2013. Any additions of ongoing expenditures without ongoing funding will increase the Fiscal Year 2013 budget deficit and the May Revision has been developed to avoid adding to the projected deficit for Fiscal Year 2013.

The following discussion covers the significant adjustments to the budget. A summary of adjustments is also included in *Attachment 1*.

Attachment D

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Honorable Council President Tony Young and Members of the City Council
May 19, 2011

OVERVIEW

Significant Appropriation Adjustments

The May Revision includes both ongoing and one-time adjustments to appropriations that restore services and funds one-time projects. A net total of 90.36 Full-Time Equivalent (FTE) positions in the General Fund budget are being added back to the budget (the citywide net position addition is 68.62 FTE). The following are significant adjustments:

Ongoing Appropriation Adjustments

- A net \$2.9 million increase in the Park & Recreation Department to restore 48.19 FTE positions related to the reinstatement of recreation center hours of operation to Fiscal Year 2011 levels (40 hours per week);
- A \$2.7 million increase to restore 30.10 FTE positions associated with the modified Library reduction plan, in which eight branch libraries will maintain the current schedule of 36 hours per week and the remaining 27 branch libraries will be reduced to an average of 18.5 hours per week;
- A \$231,000 savings in the General Fund as a result of the Publishing Services Managed Competition process (\$664,000 citywide savings for the first year of implementation); and
- A \$200,000 reduction in General Fund cell phone costs.

One-Time Appropriation Adjustments

- A \$1.5 million increase in the Disability Services Department to support ADA capital projects;
- A \$1.7 million increase in the Fire-Rescue Department for the Fire Alert System upgrade;
- A \$1.4 million reduction (\$2.0 million citywide) to Retiree Health pay-as-you-go costs due to the anticipated receipt of Early Retiree Reinsurance Program (ERRP) funding;
- A \$900,000 increase in the Purchasing and Contracting Department for the implementation of the automated contractor/vendor registration phase of the Supplier Relationship Management (SRM) module;
- A \$331,000 increase for the Police Department's interim Computer Aided Dispatch (CAD) hardware and software upgrade;
- A \$200,000 partial restoration of lifeguard training reduced in Fiscal Years 2010 and 2011; and
- A \$120,000 increase in the Park & Recreation Department to restore the Fire Pits.

Significant Revenue Adjustments

The May Revision includes changes in revenues from the Fiscal Year 2012 Proposed Budget. These changes include both ongoing and one-time revenues. A discussion of significant adjustments follows:

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Ongoing Revenue Adjustments

- A \$3.4 million increase to Transient Occupancy Tax (TOT) revenues reflecting an increase in the growth rate for the remainder of Fiscal Year 2011 and an increase in the Fiscal Year 2012 growth rate from 3 percent to 4 percent;
- The use of \$2.5 million in proceeds from the sale of the World Trade Center in Fiscal Year 2012. The principal portion of the debt service on the 2010A Master Refunding Bonds (Deferred CIP Bonds and Mission Bay/Balboa Park Improvement only) will be paid from proceeds from the sale of the World Trade Center. The total \$8.0 million in revenue will be used over a five year period; and
- A \$1.0 million increase in the Fire-Rescue Department for a renegotiated contract with the San Diego Lindbergh Field Airport.

One-Time Revenue Adjustments

- A \$1.3 million in additional revenue in the Police and City Treasurer Departments due to the collection of delinquent parking citations;
- An increase of \$800,000 in Redevelopment Agency debt repayment (General Fund portion); and
- A \$120,000 increase in donations to restore the Fire Pits in the Park & Recreation Department.

Other Adjustments

Other General Fund appropriation increases include an \$11.8 million one-time increase (and associated revenue) in the Transportation & Storm Water Department for street-related work that was re-budgeted in Fiscal Year 2012 due to Gas Tax reimbursement savings in Fiscal Year 2011. Also included in the May Revision are changes from the Fiscal Year 2012 labor contract negotiations (3 percent reduction of the Retirement Offset Contribution which is offset by an increase in other eligible compensation), resulting in a net zero impact to the City's budget, technical adjustments or corrections, and restructures.

Reductions have been proposed by the IBA in Workers' Compensation funding, Long Term Disability Reserve amounts, Terminal leave estimates, IT discretionary funding, non-public safety overtime, and non-public safety training and travel. None of these proposed reductions are included in the Mayor's Fiscal Year 2012 May Revision. There is a strong recommendation not to reduce these appropriations due to the potential negative impact any adjustments to these budgets might have on the Fiscal Year 2012 year-end results. Each of these areas was analyzed during the budget development process and funding levels were set based on several factors. The projected expense for Workers' Compensation claims for Fiscal Year 2012 is \$20 million. The projection is based on a 3-year average of actual Workers' Compensation costs. Reducing the budget for Workers' Compensation will likely cause a funding shortage resulting in a need for additional funding for actual expenses at either the mid-year point or by fourth quarter of Fiscal Year 2012. Decreasing the Workers' Compensation budget will likely result in underfunding a legal obligation.

The Long Term Disability (LTD) program has a reserve goal of \$12 million to be completely funded by Fiscal Year 2013. It is anticipated that this reserve would be used to convert the self

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May 19, 2011

insured LTD program to a fully insured provider, thus eliminating the LTD program from the City's reported liabilities while it is still manageable and consistent with best practices for the administration of this type of benefit. Elimination of the Fiscal Year 2012 reserve allocation will delay the completion of the funding until Fiscal Year 2014 and may end up costing the City more money in the long run. The Terminal Leave Fiscal Year 2012 budget was established by analyzing DROP participants who are required to leave the City during the next fiscal year. Terminal Leave expense is the annual leave earned by employees that the City must pay when employees separate from employment. This estimate may, in fact, be low should more City employees choose to terminate as a result of changes in benefit plans. Most of the discretionary IT costs are budgeted to keep operations running in departments, including ongoing application support and maintenance, license fees, SDDPC labor, phones, and computers. There is a level of training that must be maintained to keep current on technical skills, certifications, or to meet Kroll report recommendations. Finally, due to staff reductions since Fiscal Year 2007, some level of overtime is needed by some departments to maintain Fiscal Year 2012 service delivery needs in lieu of full-time staff.

Restructures

Underground Surcharge Fund

In the Fiscal Year 2012 Proposed Budget, the Underground Surcharge Fund was budgeted in the Engineering & Capital Projects Department. As part of the May Revision, the Underground Surcharge Fund is being moved under the Transportation & Storm Water Department. Two FTE positions will remain budgeted in the Underground Surcharge Fund, while 4.51 FTE positions are being transferred to the Engineering & Capital Projects Department General Fund with offsetting revenue. Expenditures in the Underground Surcharge Fund were increased to reimburse the General Fund for the 4.51 FTE positions.

Enterprise Asset Management (EAM)

The EAM function was centralized and transferred from the Transportation & Storm Water Department in the General Fund and the Publishing Services and Wireless Communications Technology Funds to the Enterprise Resource Planning (ERP) Department, including 2.00 FTE positions and \$1.1 million in information technology (IT) expenditures, to more effectively manage the asset management information technology systems.

Information Technology (IT) Restructure

The IT Restructure is part of the City's IT Strategic Plan. The IT Restructure involves the completion of a Request for Proposal (RFP) process to compete the IT services performed by the City's incumbent vendor, San Diego Data Processing Corporation (SDDPC), and to assume responsibility for IT procurement and security. The result of the IT Restructure will be contract(s) with vendor(s) who will provide the support to the City in various areas. Regardless of which vendor(s) are selected via this process, the relationship between the City and their technology vendor(s) will be managed by the Department of Information Technology. The IT Restructure is concentrated on realigning IT staff from the General Fund as well as non-General Funds to better support the City's IT Strategic Plan. The resulting restructure will have no budgetary impact to the General Fund in Fiscal Year 2012.

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The following adjustments are required to properly organize and staff the internal structure required by this changing paradigm:

1. Vendor Management – 4.00 positions are being added to the Department of IT to manage the technical vendor(s) and contracts in three areas, each of which require unique technical skill sets in order to manage the vendor to support the City's business requirements in that area. The three areas are: Network/Telecommunications, Applications, and Data Center. One position is being transferred from the Enterprise Resources Planning (ERP) Department, one is being reduced from the Development Services Department, and two positions in the Department of IT are being reorganized to offset the costs of the vendor management positions being added as part of the IT Restructure.
2. Security Management – 3.00 positions are being added to the Department of IT to manage and monitor the security of the City's firewalls, networks, and applications including application of internal controls and risk assessment. This function is currently outsourced to the existing vendor (SDDPC). It is best practice to retain the responsibility and accountability for system and data security within the organization and not delegate that responsibility to an outsourced vendor. One position is being transferred from the Enterprise Resources Planning (ERP) Department and one is being reduced from the Development Services Department to offset the costs of the security positions being added as part of the IT Restructure. Additional savings of \$540,540 from no longer contracting these services from SDDPC will also be used to offset these costs.
3. IT Procurement – 3.00 positions are being added to the Purchasing and Contracting Department to perform the IT Procurement function currently managed by SDDPC. SDDPC (as well as any other vendor) is not mandated to comply with the City's standards, guidelines, and mandates related to municipal procurement processes. The City will insource this function in order to maintain responsibility and accountability over the IT procurement process, as it does over the procurement process for non-IT related items. One position is being reduced from the Development Services Department to offset the costs of the procurement positions being added as part of the IT Restructure. Additional savings of \$293,313 from no longer contracting these services from SDDPC will also be used to offset these costs.
4. Contract Management – 3.00 positions are being added to the Department of IT to perform contract management functions to support efficient procurement practices and management of ongoing IT service contracts. Two positions are being transferred from the Public Utilities Department and one position in the Department of IT is being re-organized to offset the costs of the contract management positions being added as part of the IT Restructure.

In summary, this restructure transfers/reduces 3.00 FTE positions from the Development Services Department, 2.00 FTE positions from the Public Utilities Department, and 2.00 FTE positions from the ERP Department. It also realigns 3.00 FTE positions within the Department

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of Information Technology and reduces the expenses paid to SDDPC for security and procurement so that additional cost is not added to the City in Fiscal Year 2012. This restructure sets up the staffing support needed for the City to manage IT outsourcing and control security.

Major General Fund Revenues

Net Revenue Adjustment: **\$2,926,642**

Redevelopment Agency Debt Repayment

Adjustment reflects the addition of one-time \$800,336 in General Fund revenue from the Redevelopment Agency debt repayment.

Tax Increment Sharing

Based on current Centre City Development Corporation (CCDC) calculations, the estimated amount to the City for their annual tax increment sharing is \$150,076 below the forecast included in the Fiscal Year 2012 Proposed Budget; this amount has therefore been reduced from the budget.

Revised Interest Earnings

The Fiscal Year 2012 interest earnings projection for the General Fund was revised based on updated revenue projections. Based on this updated estimate, interest earnings for the General Fund have been revised upwards from the Fiscal Year 2012 Proposed Budget by \$156,883.

Transient Occupancy Tax (TOT)

An increase of \$2.1 million in TOT revenue in the Major Revenues Department results primarily from an increase in the growth rate of TOT revenue in Fiscal Year 2012 from 3.0 percent to 4.0 percent based on the sustained growth in actual receipts in Fiscal Year 2011. Overall, TOT revenues have been adjusted upwards by \$3.4 million.

CITYWIDE CONSIDERATION

OneSD Support Non-Discretionary Allocation

General Fund Expenditure Adjustment: **\$616,261**

Non-General Fund Expenditure Adjustment: **(\$25,675)**

A citywide net adjustment of \$590,586 in the ERP non-discretionary allocation is included in the May Revision as a result of the EAM and the IT Restructures. This adjustment resulted in a net expenditure increase to the non-discretionary allocation of \$616,261 to General Fund departments and a net expenditure decrease of \$25,675 to non-General Fund departments. The costs to support the EAM function are directly allocated to the Transportation & Storm Water Department in the General Fund and the Publishing Services and Wireless Communications Technology Funds.

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Honorable Council President Tony Young and Members of the City Council
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Information Technology Services Transfer

General Fund Expenditure Adjustment: **\$461,167**

Non-General Fund Expenditure Adjustment: **\$762,883**

The citywide Information Technology (IT) services transfer non-discretionary allocations have been revised primarily due to the IT Restructure. The IT services transfer allocations were also adjusted due to lack of fund balance in the Information Technology Fund to support the reduced rate allocation included in the Fiscal Year 2012 Proposed Budget. The non-discretionary allocation increase to General Fund departments is \$461,167 and \$762,883 to the non-General Fund departments. The increase to the General Fund related to the IT Restructure of \$378,275 is offset by the decreases in the ERP non-discretionary allocation and the SDDPC procurement overhead allocation discussed below.

SDDPC Procurement Overhead Allocation

General Fund Expenditure Adjustment: **(\$102,298)**

Non-General Fund Expenditure Adjustment: **(\$191,852)**

The non-discretionary allocation to support the costs for procurement services provided by the San Diego Data Processing Corporation (SDDPC) have been reduced as part of the IT Restructure. Security and procurement will be a City function.

Publishing Services Managed Competition Savings

General Fund Net Expenditure Adjustment: **(\$231,247)**

Non-General Fund Net Expenditure Adjustment: **(\$432,302)**

The May Revision contains an updated Publishing Services budget that reflects the changes from the implementation of the first function to be successfully bid under the Managed Competition program. City employees submitted the winning bid that reduced over 10 budgeted FTE positions and \$1.0 million in total expenditures from the Fiscal Year 2012 Proposed Budget. These reductions will save the City more than \$5.0 million over the next five years, over a third of which will be savings realized in the General Fund.

Retiree Health Care Contribution

Total Expenditure Adjustment: **(\$2,000,000)**

General Fund Expenditure Adjustment: **(\$1,397,015)**

Non-General Fund Expenditure Adjustment: **(\$602,985)¹**

On May 10, 2011, the City received notification that the application to the Early Retiree Reinsurance Program (ERRP) was approved. ERRP provides reimbursement to participating employment-based plans for a portion of the costs of health benefits for early retirees. In Fiscal Year 2012, the City anticipates receiving \$2.0 million in funding based on claims experience. These funds will offset the City's payment for annual retiree health benefits and as a result, the May Revision includes a citywide reduction of \$2.0 million in the annual pay-as-you-go budget for retiree health distributed citywide to the General Fund and non-General Funds.

¹ Amount includes the reduction to the San Diego City Employees Retirement System Fund which is budgeted as an Agency in Fiscal Year 2012.

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Unemployment Insurance Contribution

Total Expenditure Adjustment: **\$1,000,000**

General Fund Expenditure Adjustment: **\$727,323**

Non-General Fund Expenditure Adjustment: **\$272,677¹**

A citywide addition of \$1.0 million in Unemployment Insurance expense is included in the May Revision based on actual experience for Fiscal Year 2011 and current expenditure trends

Fringe Benefit Adjustments

As a result of salary and position adjustments, a citywide fringe rate adjustment is included in the May Revision to ensure the Annual Required Contribution (ARC) payment of \$231.2 million to SDCERS is fully allocated in the budget for Fiscal Year 2012. An adjustment of budgeted fringe, including the ARC, Other Post Employment Benefits (OPEB), Workers' Compensation, Risk Management Administration, Long-Term Disability, and Unemployment Insurance allocations to all departments is included in the May Revision to ensure that fringe allocations are fully budgeted and that the expense is appropriately distributed to all funds.

DEPARTMENTAL ADJUSTMENTS

COMMUNITY SERVICES

Library

General Fund FTE Adjustment: **30.10**

General Fund Expenditure Adjustment: **\$2,718,294**

Adjustment reflects the restoration of 30.10 FTE positions and \$2.7 million in expenditures associated with the modified library reduction plan. Eight libraries will maintain the current schedule of 36 hours per week. The libraries, one in each Council district, will be selected based on a combination of factors - size, location, and levels of use of services such as circulation, reference, programs, and computer access. The Central Library will maintain its current schedule of 44 hours open per week. Hours for the remaining 27 libraries will be reduced to an average of 18.5 per week. These libraries will be "paired," or placed on alternate schedules so that when one library is open, another nearby will be closed. While reducing library hours and staffing overall, this will provide some level of access to a library in the general vicinity. There will be a reduction of staff by 46.92 FTE from Fiscal Year 2011 levels.

Park & Recreation

General Fund Net FTE Adjustment: **50.19**

General Fund Net Revenue Adjustment: **\$2,408,313**

General Fund Net Expenditure Adjustment: **\$3,352,858**

Reinstatement of Recreation Center Hours

Adjustment reflects the reinstatement of all recreation center hours of operation to 40 hours per week, including the reinstatement of recreation programming, facility rentals, open use activities, and positions. This adjustment includes the reinstatement of 48.19 FTE positions, an increase of \$3.3 million in expenditures, and \$394,006 in associated revenue.

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Restoration of Fire Pits

The San Diego Foundation and San Diego Convention and Visitor Bureau (ConVis) have committed to raise \$120,000 to restore 2.00 FTE positions for the Fire Pits program for Fiscal Year 2012.

After School Program Staffing Adjustment

Adjustment corrects the position classification of the proposed reduction to After School Program staff to accurately reflect the duties of the position being reduced. Accordingly, this adjustment adds 1.00 Recreation Leader 1 FTE position and reduces 1.00 Recreation Leader 2 FTE position, resulting in a reduction of \$3,260 in personnel expenditures.

Special Promotional Programs Transient Occupancy Tax (TOT) Transfer

This adjustment reflects the transfer of \$1.9 million in TOT revenue to Park & Recreation in order to reimburse the department for tourism-related expenses.

Reduction of Cell Phone Expenditures

Adjustment reflects the reduction of \$60,000 in cell phone expenditures.

CITY PLANNING & DEVELOPMENT

Development Services: Non-General Fund

<i>Net FTE Adjustment:</i>	<i>(4.00)</i>
<i>Net Expenditure Adjustment:</i>	<i>(\$987)</i>

IT Restructure

As part of the IT Restructure, 3.00 Information System Analyst II positions are being reduced from the Development Services Fund. Savings from these reductions will be used to offset 2.00 FTE positions in the Department of IT and 1.00 FTE position in the Purchasing & Contracting Department added to manage and support in-house IT procurement functions previously provided by SDDPC. The reduction in expenditures in the Development Services Fund is insignificant as a result of the IT Restructure.

IT Efficiencies

Adjustment reflects the transfer of 1.00 Information Systems Analyst 4 position to the Police Department to support Data Services. This position is unfunded.

Small Business Support

An existing Development Project Manager position and associated funding will be reallocated to conduct outreach, education, training, and process facilitation for small businesses in the City of San Diego.

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NON-MAYORAL DEPARTMENTS

City Council

General Fund Net Expenditure Adjustment: **\$32,975**

Council District 2 Budget Realignment

Council District 2 is reducing its expenditure budget by \$8,025 to reduce the budget to the baseline level. This reduction will redirect funds to support General Fund services.

Design Costs for the Ninth Council Office

Adjustment reflects a one-time addition of \$41,000 in the Council Administration budget to fund architectural and engineering services retained for the design and construction of the Ninth Council Office.

City Attorney

General Fund Net Expenditure Adjustment: **(\$146,000)**

Civil Prosecutions Transfer

Transfer of \$50,000 in non-personnel expenditures from the Citywide Expenditures Department to the City Attorney's Office for expenses related to civil prosecutions.

Deputy City Attorneys Association (DCAA) Mandatory Furlough Restoration

Due to a technical error in the Fiscal Year 2012 Proposed Budget, the City Attorney's Department budget did not include savings associated with the thirty-two (32) hours of unpaid furlough for Deputy City Attorney (DCA) positions. The adjustment required to correct this issue will result in an expenditure reduction of \$196,000.

OFFICE OF THE ASSISTANT COO

Disability Services

General Fund Net Expenditure Adjustment: **\$1,349,927**

MTS Maintenance of Effort (MOE) Payment

Adjustment reflects the transfer of the City's annual obligation of \$181,102 for the Metropolitan Transit System (MTS) Maintenance of Effort (MOE) payment from Disability Services to Citywide Program Expenditures Department.

Support for ADA Capital Projects

Adjustment reflects the one-time transfer of \$1.5 million to support ADA capital projects in Fiscal Year 2012.

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Economic Development

General Fund FTE Adjustment: **1.00**
General Fund Revenue Adjustment: **\$115,628**
General Fund Expenditure Adjustment: **\$115,628**

Addition of 1.00 Community Development Specialist 4. This position is fully reimbursable with Community Development Block Grant (CDBG) funds and will assist the City’s CDBG program in complying with federal reporting and program regulations. Under the general direction of the CDBG Program Administrator, the job duties of this position will include but are not limited to: managing and coordinating the Consolidated Plan, Citizen Participation Plan, the Annual Action Plan (AAP), and the Consolidated Annual Performance Evaluation Report (CAPER). This position will also be responsible for overseeing and staffing the program’s newly formed Advisory Board and assist management with ensuring that the program remains in compliance with HUD.

Maintenance Assessment Districts (MADs): Non-General Fund

Net Expenditure Adjustment: **\$111,493**

Expenditure increase reflects an increase of \$29,066 in the C&ED MAD Management Fund and \$82,427 in the Little Italy MAD Fund due to available carry-forward budget.

Purchasing & Contracting

General Fund Net FTE Adjustment: **1.00**
General Fund Net Revenue Adjustment: **\$150,000**
General Fund Net Expenditure Adjustment: **\$986,846**

Reimbursement Revenue

Adjustment reflects an increase in revenue of \$150,000 from reimbursements to the Purchasing & Contracting Department for services rendered to non-General Fund departments in the City.

IT Restructure

As part of the IT Restructure, 1.00 Senior Procurement Specialist and 2.00 Procurement Specialists are being added to the Purchasing & Contracting Department to manage and support in-house IT procurement functions previously provided by SDDPC. Savings from no longer contracting with SDDPC for these functions and from a position reduction in the Development Services Department will offset the costs of the procurement positions being added as part of the IT Restructure. The net impact of the IT Restructure in Fiscal Year 2012 is the addition of 1.00 FTE due to the start dates of the positions and \$86,846 in expenditures.

Supplier Relationship Management (SRM) Contractor/Vendor Registration

Adjustment reflects the one-time addition of \$900,000 in expenditures to support the transfer to Capital Improvements Program (CIP) for the automated contractor/vendor registration phase of the SRM module.

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OFFICE OF THE CHIEF FINANCIAL OFFICER

City Treasurer

General Fund Revenue Adjustment: **\$318,386**

As part of the City Auditor's audit of the Office of the City Treasurer's Parking Administration Program, a number of parking citations were identified as delinquent accounts that had not been referred to collections. Based on historical recovery rates, it is anticipated that the City will receive an additional \$1.3 million in one-time revenues in Fiscal Year 2012 associated with those delinquent parking citations, which have now been loaded into the Delinquent Accounts Program collection system. The City Treasurer Department budget includes \$318,386 and the remaining \$947,940 is budgeted in the Police Department.

Citywide Program Expenditures

General Fund Net Expenditure Adjustment: **\$144,102**

MADs Assessment to Public Property

Adjustment reflects the addition of \$13,000 in Assessments to Public Property for a proposed North Park Clean and Safe Overlay Maintenance Assessment District (MAD) scheduled to come online in Fiscal Year 2012.

MTS Maintenance of Effort (MOE) Payment

Adjustment reflects the transfer of the City's annual obligation of \$181,102 for the MTS MOE payment from Disability Services to Citywide Program Expenditures.

Civil Prosecutions Transfer

Adjustment reflects the transfer of \$50,000 in non-personnel expenditures to the Office of the City Attorney for expensed related to civil prosecutions.

Department of Information Technology: Non-General Fund

Net FTE Adjustment: **6.00**

Net Revenue Adjustment: **\$1,225,594**

Net Expenditure Adjustment: **\$987,074**

IT Restructure

As part of the IT Restructure, 7.00 positions have been added to the Department of IT; however, the Full-Time Equivalent (FTE) is only 6.00 positions. Two Program Managers, responsible for overall provider relationship management for IT service contracts and security management, are being transferred from the ERP Department; 2.00 Information System Analyst 2 positions are being transferred from the Public Utilities Department for contract management; 2.00 Program Managers are being transferred from the Development Services Department for vendor management and security oversight; and 1.00 Program Manager is being added to support the Citywide Information Security Program. The net impact of the IT Restructure in Fiscal Year 2012 is the addition of 6.00 FTE positions, an increase of \$987,074 in expenditures, and increased revenue of \$987,074. The restructure is necessary to support the City's overall IT

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Strategic Plan, in which the City retains the responsibility for security, IT procurement and contract management.

Revised Revenue

The IT Services Transfer non-discretionary allocations were adjusted as part of the May Revision to reflect that the Information Technology Fund does not have fund balance available to support the reduced rate allocation included in the Fiscal Year 2012 Proposed Budget. This resulted in a revenue adjustment of \$238,520 for Fiscal Year 2012.

Enterprise Resource Planning (ERP) Department: Non-General Fund

<i>Net FTE Adjustment:</i>	<i>0.00</i>
<i>Net Revenue Adjustment:</i>	<i>\$524,378</i>
<i>Net Expenditure Adjustment:</i>	<i>\$534,207</i>

IT Restructure

As part of the IT Restructure, 2.00 Program Managers are being transferred out of the OneSD Support Fund to the Department of IT for overall provider relationship management for IT service contracts and security management. In addition, there was an expenditure reduction for security support provided by SDDPC since security will be a City function. The net reduction in expenditures in the ERP Department is \$840,238 as a result of the IT Restructure.

Enterprise Asset Management (EAM) Restructure

2.00 Program Managers are being transferred out of the Transportation & Storm Water Department to the ERP Department due to the EAM Restructure, which results in an expenditure addition of \$243,788. In addition, \$1.1 million in EAM-associated IT expenditures were transferred into the ERP Department (from the Transportation & Storm Water Department in the General Fund and the Publishing Services and Wireless Communications Technology Funds).

Revised Revenue

The OneSD Support non-discretionary allocations were adjusted as part of the May Revision. This resulted in a revenue adjustment of \$524,378 for Fiscal Year 2012.

PUBLIC SAFETY and HOMELAND SECURITY

Fire-Rescue

<i>General Fund Net FTE Adjustment:</i>	<i>1.00</i>
<i>General Fund Net Revenue Adjustment:</i>	<i>\$1,050,000</i>
<i>General Fund Net Expenditure Adjustment:</i>	<i>\$1,978,151</i>

Restoration of Assistant Fire Marshall

Adjustment reflects the addition of 1.00 Assistant Fire Marshall to restore this position, which was inadvertently removed from the Fiscal Year 2011 budget due to the transition to SAP. This position was already filled with an incumbent in Fiscal Year 2011. This adjustment results in an expenditure increase of \$169,977 in Fiscal Year 2012.

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Business Emergency Response Team Program

This adjustment reflects a \$40,774 increase in expenditures to implement the Business Emergency Response Team (B.E.R.T.) program and an increase in associated revenue of \$50,000 to recover the costs of implementing the program. The program is intended to create a value-added understanding of safety issues for businesses and to help businesses increase their response and recovery capabilities during and after a disaster. The total cost of the program is \$50,048; however, the adjustment of \$40,774 reflects an increase in budget of \$16,180 in non-personnel expenses and \$24,594 in overtime for a Fire Engineer. The remaining \$9,273 is the personnel cost of a Senior Public Information Officer to administer the program, which is already included in the Fiscal Year 2012 Proposed Budget. The \$50,000 adjustment in revenue reflects the total revenue received to administer five classes at \$10,000 per class in Fiscal Year 2012.

San Diego Lindbergh Field Airport Contract Renegotiation

This adjustment reflects a \$1.0 million increase in revenue as a result of a renegotiated contract, which is currently in its final stages, between the Fire-Rescue Department and the San Diego Lindbergh Field Airport. The new contract will provide reimbursement for services offered to the airport. This adjustment reflects the increase in the contract over the \$4.0 million in revenue already budgeted for this contract in Fiscal Year 2012.

Fire Alert System Upgrade

Adjustment reflects a one-time increase of \$1.7 million in expenditures to fund the upgrade of the Fire Alert System.

Lifeguard Training

Adjustment restores \$200,000 in overtime expenditures for lifeguard training that was cut in the Fiscal Years 2010 and 2011 budgets.

Teamsters Local 911 Mandatory Furlough Restoration

Due to a technical error in the Fiscal Year 2012 Proposed Budget, the Fire-Rescue Department budget did not include savings associated with the fifty-two (52) hours of unpaid furlough for Teamsters Local 911 positions. The adjustment required to correct this issue will result in an expense reduction of \$132,600.

Office of Homeland Security

General Fund Revenue Adjustment: \$15,985

This adjustment reflects an increase in revenue of \$15,985 due to the addition of hourly funding for a 0.35 Administrative Aide II position, which is funded by the General Fund and will be reimbursed by Homeland Security grants. Although the position was already budgeted, the reimbursement was not included in the revenue budget.

Police Department

<i>General Fund Net FTE Adjustment:</i>	<i>3.00</i>
<i>General Fund Net Revenue Adjustment:</i>	<i>\$477,821</i>
<i>General Fund Net Expenditure Adjustment:</i>	<i>\$604,343</i>

Restoration of Criminalist 2

Adjustment reflects the restoration of 1.00 Criminalist 2 and associated personnel costs of \$124,646 that had been inadvertently omitted from the Fiscal Year 2012 Proposed Budget. The position is filled and is needed to address the backlog for DNA analysis due to increased DNA capabilities for criminal prosecution.

Restoration of Police Sergeant

Adjustment reflects the restoration of 1.00 Police Sergeant and associated personnel costs of \$149,025 that had been inadvertently omitted from the Fiscal Year 2012 Proposed Budget. The loss of this position would impact Patrol supervision functions.

Delinquent Parking Citations

As part of the City Auditor’s audit of the Office of the City Treasurer’s Parking Administration Program, a number of parking citations were identified as delinquent accounts that had not been referred to collections. Based on historical recovery rates, it is anticipated that the Police Department will receive an additional \$947,940 in one-time revenues in Fiscal Year 2012 associated with those delinquent parking citations, which have now been loaded into the Delinquent Accounts Program collection system. The remaining \$318,386 is budgeted in the City Treasurer’s Department.

IT Efficiencies

Transfer of 1.00 Information Systems Analyst 4 position from the Development Services Department to support the Data Services section in the Police Department.

Negligent Impound Revenue

The adjustment reflects a reduction in negligent impound revenue of \$470,119 due to the elimination of the transfer from the Serious Traffic Offenders Program (STOP) Fund in Fiscal Year 2010.

9-1-1 Computer Aided Dispatch (CAD) Hardware/Software Upgrade

The 9-1-1 CAD system provides dispatchers with access to a variety of data about each call and their available departmental resources to be applied to the emergency, however the current system is over 20 years old as is no longer stable. The May Revision includes an increase of \$330,672 in expenditures for an interim 9-1-1 CAD hardware/software upgrade to ensure the continuous operation of this critical system.

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PUBLIC UTILITIES

Public Utilities (Water and Wastewater Funds): Non-General Funds

Net FTE Adjustment: (10.00)
Net Expenditure Adjustment: (\$710,153)

Reduction of Positions due to the Lifting of Mandatory Water Restrictions

Adjustment reflects the reduction of 4.00 Field Representatives, 2.00 Customer Service Representatives, 3.00 Code Compliance Officers, and 1.00 Associate Management Analyst due to the “End of California Drought” and the Mayor’s call to lift mandatory water restrictions.

Redistribution and Addition of Positions

Positions were redistributed among the Public Utilities’ three non-General Funds and two positions were added to more accurately reflect the organizational structure due to efficiencies realized after the implementation of the Fiscal Year 2011 restructure.

IT Restructure

2.00 Information System Analyst positions transferred to the Department of IT for contract management and associated personnel expenditures of \$194,964.

PUBLIC WORKS

Environmental Services

General Fund Net FTE Adjustment: (0.44)
General Fund Net Expenditure Adjustment: (\$65,508)
General Fund Net Revenue Adjustment: \$50,000

Sanitation Driver Position Swap

Adjustment reflects the reduction of 1.00 Sanitation Driver 3 and the addition of 1.00 Sanitation Driver 2. The Sanitation Driver 3 position’s duties will be absorbed by the Sanitation Driver 2 position. The May Revision includes a net personnel expenditures reduction of \$2,708 associated with these adjustments.

Automated Refuse Container Revenue

Adjustment to reflect an anticipated increase of \$50,000 in revenue received for the delivery of automated refuse containers to customers.

Reduction of Cell Phone Expenditures

Adjustment reflects a reduction of \$30,000 in cell phone expenditures in the Collection Services Division.

Environmental Services Restructure

One FTE position in the Environmental Services Department did not reflect the correct restructured allocation. The adjustment required to correct this allocation will result in a

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reduction of 0.44 FTE of a Payroll Specialist position in the General Fund and an addition of 0.03 FTE and 0.41 FTE of a Payroll Specialist in the Refuse Disposal Fund and Recycling Fund, respectively. The reduction in expenditures in the General Fund related to this correction is \$32,800.

Environmental Services: Non-General Funds

<i>Net FTE Adjustment:</i>	1.44
<i>Net Expenditure Adjustment:</i>	\$438,414
<i>Net Revenue Adjustment:</i>	\$1,386,000

Addition of Associate Management Analyst

Adjustment reflects the addition of 1.00 Associate Management Analyst and of \$105,814 in associated personnel costs to restore the position which was erroneously reduced in the Fiscal Year 2012 Proposed Budget.

Curbside Recycling Revenue

Adjustment reflects the addition of \$1.4 million in revenue for Curbside Recycling to reflect revised revenue projections. Revised projections are based on the estimated market rates of recycled material which is applied to the estimated tons of recycled material collected.

Purchase of Automated Refuse Containers

Adjustment reflects an addition of \$300,000 in expenditures for the purchase of automated refuse containers.

Environmental Services Restructure

One FTE position in the Environmental Services Department did not reflect the correct restructured allocation. The adjustment required to correct this allocation will result in a reduction of 0.44 FTE of a Payroll Specialist position in the General Fund and an addition of 0.03 FTE and 0.41 FTE of a Payroll Specialist in the Refuse Disposal Fund and Recycling Fund, respectively. The addition in expenditures in the Refuse Disposal Fund and Recycling Fund related to this correction is \$2,200 and \$30,400, respectively.

Public Works-Engineering & Capital Projects

<i>General Fund Net FTE Adjustment:</i>	4.51
<i>General Fund Net Revenue Adjustment:</i>	\$385,929
<i>General Fund Net Expenditure Adjustment:</i>	\$355,929

Utilities Surcharge Fund Restructure

Adjustment reflects an addition of \$385,929 in revenue as a result of the restructuring of the Underground Surcharge Fund to the Transportation & Storm Water Department. The reimbursement from the Underground Surcharge Fund to the General Fund is for staff time for 1.00 Associate Engineer-Civil, 1.00 Jr. Engineering Aide, 1.00 Principal Engineering Aide, 1.00 Principal Traffic Engineering Aide, and 0.51 FTE Student Engineer (Hourly). The expenditures associated with the restructure are \$385,929 for these 4.51 FTE positions.

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Reduction of Cell Phone Expenditures

Adjustment reflects the reduction of \$30,000 in cell phone expenditures.

Public Works-Engineering & Capital Projects: Non-General Fund

<i>FTE Adjustment:</i>	<i>(6.51)</i>
<i>Revenue Adjustment:</i>	<i>(\$45,354,656)</i>
<i>Expenditure Adjustment:</i>	<i>(\$58,803,466)</i>

Adjustment reflects the reduction of 6.51 FTE positions, \$45.4 million in revenue, and \$58.8 million as a result of the restructuring of the Underground Surcharge Fund to the Transportation & Storm Water Department.

Public Works-General Services

<i>General Fund Net FTE Adjustment:</i>	<i>0.00</i>
<i>General Fund Net Expenditure Adjustment:</i>	<i>(\$771,803)</i>
<i>General Fund Net Revenue Adjustment:</i>	<i>(\$755,800)</i>

Addition of Assistant Engineer-Civil

Adjustment reflects the addition of 1.00 Assistant Engineer-Civil and associated personnel costs of \$99,299. The position oversees and manages contracts and engineering requirements related to citywide fire suppression systems and elevator systems and is partially reimbursed by non-General Fund departments.

Reduction of Heating Technician

Adjustment reflects the reduction of 1.00 Heating Technician and associated personnel costs of \$80,732. This will result in a manageable reduction in the Facilities Division to conduct emergency repairs, scheduled maintenance and improvements on City HVAC systems. The savings from this position will partially offset the addition of the Assistant Engineer-Civil described above.

Public Utilities SLA Adjustment

Adjustment reflects a reduction of \$755,800 in revenue and \$300,000 in expenditures related to the Service Level Agreement (SLA) with Public Utilities. Non-personnel expenditures related to the SLA are charged directly to the Public Utilities Department and therefore should be removed from the Facilities Division's budget. Revenue has also been reduced to align with the current SLA.

Reduction of Cell Phone Expenditures

Adjustment reflects a reduction of \$30,000 in cell phone expenditures in the Facilities Division budget.

Reduction of Bond Principal Payment

Adjustment reflects a transfer of \$460,370 in expenditures associated with the principal debt service of the 2010A Master Refunding Bonds (Deferred CIP Bonds). The payment will be made from the Capital Outlay Fund from the proceeds from the sale of the World Trade Center.

Public Works-General Services: Non-General Fund

<i>Net FTE Adjustment:</i>	<i>(10.67)</i>
<i>Net Revenue Adjustment:</i>	<i>(\$980,489)</i>
<i>Net Expenditure Adjustment:</i>	<i>(\$1,253,851)</i>

Publishing Services Managed Competition

As part of the Publishing Services winning proposal submitted during the Managed Competition process, Publishing Services will reduce 10.67 FTE positions, resulting in an expenditure savings of \$1.1 million and revenue reduction of \$980,489. The proposed changes are expected to result in a five-year savings of \$5.0 million, one-third of which will be realized in the General Fund.

Enterprise Asset Management (EAM) Restructure

As part of the EAM Restructure, \$29,150 and \$164,650 in EAM-associated IT expenditures were transferred from the Publishing Services and Wireless Communications Technology Funds, respectively, to the ERP Department.

Transportation & Storm Water

<i>General Fund Net FTE Adjustment:</i>	<i>0.00</i>
<i>General Fund Net Expenditure Adjustment:</i>	<i>\$7,367,636</i>
<i>General Fund Net Revenue Adjustment:</i>	<i>\$9,973,409</i>

Addition of Deputy Director

Adjustment reflects the addition of 1.00 unfunded Deputy Director to manage the Administration & Right-of-Way Division.

Trench Restoration SLA

Adjustment reflects a decrease in both non-personnel expenditures and revenue of \$2.3 million related to the trench restoration SLA with the Public Utilities Department. Non-personnel expenditures related to the SLA are charged directly to the Public Utilities Department and therefore should be removed from Street Division's budget.

Gas Tax Reimbursement

Adjustment reflects \$11.8 million in Gas Tax not spent in Fiscal Year 2011 and re-budgeted for street work in Fiscal Year 2012. Due to delays from the State, Fiscal Year 2010 Proposition 42 transportation funding was received in the fourth quarter of Fiscal Year 2010. Proposition 42 funds must be spent by the end of the following fiscal year. In order to meet the expenditure deadline, non-contract street work typically reimbursed by Gas Tax was shifted to the Proposition 42 Fund. Therefore, the \$11.8 million of Gas Tax savings is being re-budgeted for street work in Fiscal Year 2012.

Reduction of Bond Principal Payment

Adjustment reflects a transfer of \$1.4 million in expenditures associated with the principal debt service of the 2010A Master Refunding Bonds (Deferred CIP Bonds). The payment will be made from the Capital Outlay Fund from the proceeds from the sale of the World Trade Center.

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Qualified Energy Conservation Bonds (QECCB) Treasury Subsidy

The May Revision includes an addition of \$473,409 in expenditures and revenue from a QECCB Treasury Subsidy related to streets lights. Expenditure adjustments reflect an addition of \$383,403 for concrete and sidewalk contracts and the reinstatement of 1.00 reimbursable Cement Finisher with associated personnel costs of \$90,006 in order for Street Division to meet the expenditure requirements of the TransNet MOE.

Reduction of Cell Phone Expenditures

Adjustment reflects a reduction of \$50,000 in cell phone expenditures in the Streets Division budget.

Enterprise Asset Management (EAM) Restructure

Two Program Managers are being transferred out of the Transportation & Storm Water Department to the ERP Department due to the EAM Restructure, which results in a personnel expenditure reduction of \$243,101. In addition, non-personnel EAM-associated IT expenditures of \$873,042 were transferred to the ERP Department from the Transportation & Storm Water Department.

Transportation & Storm Water: Non-General Fund

<i>FTE Adjustment</i>	2.00
<i>Revenue Adjustment:</i>	\$45,354,656
<i>Expenditure Adjustment:</i>	\$58,757,227

Adjustment reflects the addition of 2.00 FTE positions, \$59.0 million in expenditures, and \$45.4 million in revenue as a result of the restructuring of the Underground Surcharge Fund. As part of the May Revision, the Underground Surcharge Fund is moving under the Transportation & Storm Water Department.

OTHER FUNDS

Capital Outlay Fund

<i>Revenue Adjustment:</i>	\$8,000,000
<i>Expenditure Adjustment:</i>	\$2,490,000

Addition of \$8.0 million in revenue from the sale of the World Trade Center. In addition, expenditures were increased by \$2.5 million for a portion of the principal debt service on the 2010A Master Refunding Bonds (\$1.9 million for Deferred CIP Bonds and \$590,000 for Mission Bay/Balboa Park Improvement).

Gas Tax Fund

<i>Expenditure Adjustment:</i>	\$11,800,000
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The General Services–Street Division projections reflect a reduction of \$11.8 million in Gas Tax reimbursement in Fiscal Year 2011. Due to delays from the State, Fiscal Year 2010 Proposition 42 transportation funding was received in the fourth quarter of Fiscal Year 2010. In order to meet the expenditure deadline, non-contract street work typically reimbursed by Gas Tax was shifted

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to the Proposition 42 Fund. The \$11.8 million in Gas Tax not spent in Fiscal Year 2011 will be re-budgeted in Fiscal Year 2012 for street-related work.

Mission Bay/Balboa Park Improvement Fund

Revenue Adjustment: (\$590,000)

Expenditure Adjustment: (\$590,000)

Adjustment reflects a decrease in TOT revenue and a decrease in principal debt service for the 2010A Master Refunding Bonds. The principal debt service will be paid from the Capital Outlay Fund from the proceeds of the World Trade Center sale.

CAPITAL IMPROVEMENTS PROGRAM (CIP)

Adjustments to capital improvement projects are primarily due to identification of additional funding, re-prioritization, or correction of proposed allocations. The adjustments total a reduction of approximately \$45.4 million to the Fiscal Year 2012 Proposed CIP Budget. Please refer to *Attachment 2* for an itemized list of the changes by project. These revisions include:

- A new Fire-Rescue project to replace the Fire In-Station Alerting System with the first year funding amount of \$1.7 million in contributions from the General Fund;
- \$1.5 million in contributions from the General Fund for ADA projects as a result of one-time savings identified in the General Fund;
- A new project to implement the automated contractor/vendor registration phase of the SRM module of SAP with \$900,000 in contributions from the General Fund;
- \$5.1 million of recently received Mission Valley DIF funding for the State Route 163/Friars Road project; and
- \$55.1 million reduction in Public Utilities projects primarily due to reassessment of project spending and existing project budgets to support Fiscal Year 2012 needs.

Attachments:

1. Fiscal Year 2012 Mayor's May Revision Summary Table
2. Capital Improvement Program – FY2012 May Revision

cc: Honorable Mayor Jerry Sanders
Jan Goldsmith, City Attorney
Wally Hill, Assistant Chief Operating Officer
Andrea Tevlin, Independent Budget Analyst
Eduardo Luna, City Auditor
Department Directors
Julio Canizal, Budget Manager
Angela Colton, Financial Manager
Irina Kumits, Financial Manager
Aimee Faucett, Deputy Chief of Staff/Director of Policy
Amy Benjamin, Director of Council Affairs

Attachment D

Attachment 1

Administration	Fringe Benefit Adjustments	0.00	\$ (2,402)	\$ -	\$ (2,402)	\$ -	\$ (2,402)	\$ -	\$ -
	Retiree Health Care Adjustment	0.00	\$ (3,803)	\$ -	\$ (3,803)	\$ -	\$ (3,803)	\$ -	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 2,079	\$ -	\$ 2,079	\$ -	\$ 2,079	\$ -	\$ -
Administration Total		0.00	\$ (4,126)	\$ -	\$ (4,126)	\$ -	\$ (4,126)	\$ -	\$ -
Business Office	IT Restructure	0.00	\$ -	\$ (32)	\$ (32)	\$ -	\$ (32)	\$ -	\$ -
	Fringe Benefit Adjustments	0.00	\$ (1,081)	\$ -	\$ (1,081)	\$ -	\$ (1,081)	\$ -	\$ -
	Retiree Health Care Adjustment	0.00	\$ (1,542)	\$ -	\$ (1,542)	\$ -	\$ (1,542)	\$ -	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 876	\$ -	\$ 876	\$ -	\$ 876	\$ -	\$ -
Business Office Total		0.00	\$ (1,747)	\$ (32)	\$ (1,779)	\$ -	\$ (1,779)	\$ -	\$ -
	IT Restructure	0.00	\$ -	\$ (6,636)	\$ (6,636)	\$ -	\$ (6,636)	\$ -	\$ -
	Reduction in Publishing Services Costs	0.00	\$ -	\$ (11,568)	\$ (11,568)	\$ -	\$ (11,568)	\$ -	\$ -
	Civil Prosecutions Transfer	0.00	\$ -	\$ 50,000	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ -
City Attorney	Fringe Benefit Adjustments	0.00	\$ (46,735)	\$ -	\$ (46,735)	\$ -	\$ (46,735)	\$ -	\$ -
	Retiree Health Care Adjustment	0.00	\$ (69,853)	\$ -	\$ (69,853)	\$ -	\$ (69,853)	\$ -	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 40,884	\$ -	\$ 40,884	\$ -	\$ 40,884	\$ -	\$ -
	DCAA Mandatory Furlough Restoration	0.00	\$ (196,000)	\$ -	\$ (196,000)	\$ -	\$ (196,000)	\$ -	\$ -
City Attorney Total		0.00	\$ (271,704)	\$ -	\$ (271,704)	\$ 31,796	\$ (239,908)	\$ -	\$ -
	IT Restructure	0.00	\$ -	\$ (75)	\$ (75)	\$ -	\$ (75)	\$ -	\$ -
	Fringe Benefit Adjustments	0.00	\$ (2,027)	\$ -	\$ (2,027)	\$ -	\$ (2,027)	\$ -	\$ -
	Retiree Health Care Adjustment	0.00	\$ (4,061)	\$ -	\$ (4,061)	\$ -	\$ (4,061)	\$ -	\$ -
City Auditor	Unemployment Insurance Adjustment	0.00	\$ 2,880	\$ -	\$ 2,880	\$ -	\$ 2,880	\$ -	\$ -
City Auditor Total		0.00	\$ (3,208)	\$ (75)	\$ (3,283)	\$ -	\$ (3,283)	\$ -	\$ -
	IT Restructure	0.00	\$ -	\$ (201)	\$ (201)	\$ -	\$ (201)	\$ -	\$ -
	Reduction in Publishing Services Costs	0.00	\$ -	\$ (21,395)	\$ (21,395)	\$ -	\$ (21,395)	\$ -	\$ -
	Fringe Benefit Adjustments	0.00	\$ (4,747)	\$ -	\$ (4,747)	\$ -	\$ (4,747)	\$ -	\$ -
City Clerk	Retiree Health Care Adjustment	0.00	\$ (9,406)	\$ -	\$ (9,406)	\$ -	\$ (9,406)	\$ -	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 3,830	\$ -	\$ 3,830	\$ -	\$ 3,830	\$ -	\$ -
City Clerk Total		0.00	\$ (10,323)	\$ (21,596)	\$ (31,919)	\$ -	\$ (31,919)	\$ -	\$ -
	IT Restructure	0.00	\$ -	\$ (1,702)	\$ (1,702)	\$ -	\$ (1,702)	\$ -	\$ -
	Fringe Benefit Adjustments	0.00	\$ (11,272)	\$ -	\$ (11,272)	\$ -	\$ (11,272)	\$ -	\$ -
	Retiree Health Care Adjustment	0.00	\$ (16,620)	\$ -	\$ (16,620)	\$ -	\$ (16,620)	\$ -	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 9,502	\$ -	\$ 9,502	\$ -	\$ 9,502	\$ -	\$ -
City Comptroller Total		0.00	\$ (18,390)	\$ (1,702)	\$ (20,092)	\$ -	\$ (20,092)	\$ -	\$ -
	IT Restructure	0.00	\$ -	\$ (5,751)	\$ (5,751)	\$ -	\$ (5,751)	\$ -	\$ -
	Reduction in Publishing Services Costs	0.00	\$ -	\$ (31,214)	\$ (31,214)	\$ -	\$ (31,214)	\$ -	\$ -
	Addition of Parking Revenue	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 318,386	\$ -
City Treasurer	Fringe Benefit Adjustments	0.00	\$ (11,875)	\$ -	\$ (11,875)	\$ -	\$ (11,875)	\$ -	\$ -
	Retiree Health Care Adjustment	0.00	\$ (22,659)	\$ -	\$ (22,659)	\$ -	\$ (22,659)	\$ -	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 9,757	\$ -	\$ 9,757	\$ -	\$ 9,757	\$ -	\$ -
City Treasurer Total		0.00	\$ (24,777)	\$ (36,965)	\$ (61,742)	\$ (61,742)	\$ (61,742)	\$ 318,386	\$ -
	Civil Prosecutions Transfer	0.00	\$ -	\$ (50,000)	\$ (50,000)	\$ -	\$ (50,000)	\$ -	\$ -
	MADs Assessment to Public Property	0.00	\$ -	\$ 13,000	\$ 13,000	\$ -	\$ 13,000	\$ -	\$ -
	MTS Maintenance of Effort (MOE) Payment	0.00	\$ -	\$ 181,102	\$ 181,102	\$ -	\$ 181,102	\$ -	\$ -
Citywide Program Expenditures Total		0.00	\$ -	\$ 144,102	\$ 144,102	\$ -	\$ 144,102	\$ -	\$ -
	IT Restructure	0.00	\$ -	\$ (5)	\$ (5)	\$ -	\$ (5)	\$ -	\$ -
	Design Costs for Ninth Council Office	0.00	\$ -	\$ 41,000	\$ 41,000	\$ -	\$ 41,000	\$ -	\$ -
Council Administration	Fringe Benefit Adjustments	0.00	\$ (1,578)	\$ -	\$ (1,578)	\$ -	\$ (1,578)	\$ -	\$ -
	Retiree Health Care Adjustment	0.00	\$ (2,565)	\$ -	\$ (2,565)	\$ -	\$ (2,565)	\$ -	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 1,447	\$ -	\$ 1,447	\$ -	\$ 1,447	\$ -	\$ -
Council Administration Total		0.00	\$ (2,696)	\$ 40,995	\$ 38,299	\$ -	\$ 38,299	\$ -	\$ -

	Fringe Benefit Adjustments	0.00	\$ (1,270)	\$ -	\$ (1,270)	\$ -
	Retiree Health Care Adjustment	0.00	(2,138)	-	(2,138)	-
	Unemployment Insurance Adjustment	0.00	966	-	966	-
	IT Services Transfer Adjustment	0.00	-	802	802	-
	OneSD Support Adjustment	0.00	-	(543)	(543)	-
	Adjustment to Baseline Level	0.00	2,183	-	2,183	-
	Council District 1 Total	0.00	(259)	259	-	-
	Budget Realignment					
	Fringe Benefit Adjustments	0.00	(8,025)	-	(8,025)	-
	Retiree Health Care Adjustment	0.00	(1,241)	-	(1,241)	-
	Unemployment Insurance Adjustment	0.00	(2,137)	-	(2,137)	-
	IT Services Transfer Adjustment	0.00	1,083	-	1,083	-
	OneSD Support Adjustment	0.00	-	747	747	-
	Adjustment to Baseline Level	0.00	-	(532)	(532)	-
	Council District 2 Total	0.00	(8,240)	215	(8,025)	-
	IT Restructure					
	Fringe Benefit Adjustments	0.00	-	(11)	(11)	-
	Retiree Health Care Adjustment	0.00	(1,372)	-	(1,372)	-
	Unemployment Insurance Adjustment	0.00	(2,138)	-	(2,138)	-
	IT Services Transfer Adjustment	0.00	1,010	-	1,010	-
	OneSD Support Adjustment	0.00	-	757	757	-
	Adjustment to Baseline Level	0.00	2,333	-	2,333	-
	Council District 3 Total	0.00	(167)	167	-	-
	Fringe Benefit Adjustments					
	Retiree Health Care Adjustment	0.00	(1,458)	-	(1,458)	-
	Unemployment Insurance Adjustment	0.00	(2,138)	-	(2,138)	-
	IT Services Transfer Adjustment	0.00	1,095	-	1,095	-
	OneSD Support Adjustment	0.00	-	748	748	-
	Adjustment to Baseline Level	0.00	-	(553)	(553)	-
	Council District 4 Total	0.00	(195)	195	-	-
	Fringe Benefit Adjustments					
	Retiree Health Care Adjustment	0.00	(666)	-	(666)	-
	Unemployment Insurance Adjustment	0.00	(1,924)	-	(1,924)	-
	IT Services Transfer Adjustment	0.00	864	-	864	-
	OneSD Support Adjustment	0.00	-	787	787	-
	Adjustment to Baseline Level	0.00	1,418	-	1,418	-
	Council District 5 Total	0.00	(308)	308	-	-
	Fringe Benefit Adjustments					
	Retiree Health Care Adjustment	0.00	(1,247)	-	(1,247)	-
	Unemployment Insurance Adjustment	0.00	(2,138)	-	(2,138)	-
	IT Services Transfer Adjustment	0.00	1,035	-	1,035	-
	OneSD Support Adjustment	0.00	-	729	729	-
	Adjustment to Baseline Level	0.00	2,154	-	2,154	-
	Council District 6 Total	0.00	(196)	196	-	-
	IT Restructure					
	Fringe Benefit Adjustments	0.00	-	(89)	(89)	-
	Retiree Health Care Adjustment	0.00	(1,278)	-	(1,278)	-
	Unemployment Insurance Adjustment	0.00	(2,138)	-	(2,138)	-
	IT Services Transfer Adjustment	0.00	1,035	-	1,035	-
	OneSD Support Adjustment	0.00	-	894	894	-
	Adjustment to Baseline Level	0.00	2,108	-	2,108	-
	Council District 7 Total	0.00	(273)	273	-	-

Attachment D

	Fringe Benefit Adjustments	0.00	\$ (1,056)	\$ -	\$ (1,056)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (2,138)	\$ -	\$ (2,138)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 1,015	\$ -	\$ 1,015	\$ -
	IT Services Transfer Adjustment	0.00	\$ -	\$ 750	\$ 750	\$ -
	OneSD Support Adjustment	0.00	\$ -	\$ (532)	\$ (532)	\$ -
	Adjustment to Baseline Level	0.00	\$ 1,961	\$ -	\$ 1,961	\$ -
Council District 8 Total		0.00	\$ (218)	\$ 218	\$ -	\$ -
	Fringe Benefit Adjustments	0.00	\$ 2,706	\$ -	\$ 2,706	\$ -
	Retiree Health Care Adjustment	0.00	\$ (3,634)	\$ -	\$ (3,634)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 2,348	\$ -	\$ 2,348	\$ -
Debt Management Total		0.00	\$ 1,420	\$ -	\$ 1,420	\$ -
	IT Restructure	0.00	\$ -	\$ (645)	\$ (645)	\$ -
	Reduction in Publishing Services Costs	0.00	\$ -	\$ (8,167)	\$ (8,167)	\$ -
	Fringe Benefit Adjustments	0.00	\$ (15,257)	\$ -	\$ (15,257)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (25,225)	\$ -	\$ (25,225)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 13,149	\$ -	\$ 13,149	\$ -
Development Services Total		0.00	\$ (27,333)	\$ (8,712)	\$ (36,045)	\$ -
	IT Restructure	0.00	\$ -	\$ (33)	\$ (33)	\$ -
	MTS Maintenance of Effort (MOE) Payment	0.00	\$ -	\$ (181,102)	\$ (181,102)	\$ -
	Support for ADA Capital Projects	0.00	\$ -	\$ 1,531,029	\$ 1,531,029	\$ -
	Fringe Benefit Adjustments	0.00	\$ (790)	\$ -	\$ (790)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (855)	\$ -	\$ (855)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 661	\$ -	\$ 661	\$ -
Disability Services Total		0.00	\$ (984)	\$ 1,349,894	\$ 1,348,910	\$ -
	Addition of 1.00 Community Development Specialist 4	1.00	\$ 115,628	\$ -	\$ 115,628	\$ 115,628
	Fringe Benefit Adjustments	0.00	\$ (1,694)	\$ -	\$ (1,694)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (2,351)	\$ -	\$ (2,351)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 1,388	\$ -	\$ 1,388	\$ -
Economic Development Total		1.00	\$ 112,971	\$ -	\$ 112,971	\$ 115,628
	IT Restructure	0.00	\$ -	\$ (230)	\$ (230)	\$ -
	Reduction in Cell Phone Expenditures	0.00	\$ -	\$ (30,000)	\$ (30,000)	\$ -
	Automated Refuse Container Revenue	0.00	\$ -	\$ -	\$ -	\$ 50,000
	Fringe Benefit Adjustments	0.00	\$ (14,322)	\$ -	\$ (14,322)	\$ -
	Sanitation Driver Position Swap	0.00	\$ (2,708)	\$ -	\$ (2,708)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (29,033)	\$ -	\$ (29,033)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 12,562	\$ -	\$ 12,562	\$ -
	Environmental Services Restructure	(0.44)	\$ (32,800)	\$ -	\$ (32,800)	\$ -
Environmental Services Total		(0.44)	\$ (66,301)	\$ (30,230)	\$ (96,531)	\$ 50,000
	IT Restructure	0.00	\$ -	\$ (10)	\$ (10)	\$ -
	Fringe Benefit Adjustments	0.00	\$ (814)	\$ -	\$ (814)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (1,068)	\$ -	\$ (1,068)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 678	\$ -	\$ 678	\$ -
Ethics Commission Total		0.00	\$ (1,204)	\$ (10)	\$ (1,214)	\$ -
	IT Restructure	0.00	\$ -	\$ (46)	\$ (46)	\$ -
	Reduction in Publishing Services Costs	0.00	\$ -	\$ (11,435)	\$ (11,435)	\$ -
	Fringe Benefit Adjustments	0.00	\$ (4,387)	\$ -	\$ (4,387)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (6,199)	\$ -	\$ (6,199)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 3,846	\$ -	\$ 3,846	\$ -
Financial Management Total		0.00	\$ (6,740)	\$ (11,481)	\$ (18,221)	\$ -

	IT Restructure	0.00	\$ -	\$ (5,461)	\$ (5,461)	\$ -
	Reduction in Publishing Services Costs	0.00	\$ -	\$ (19,521)	\$ (19,521)	\$ -
	Restoration of Assistant Fire Marshall	1.00	\$ 169,977	\$ -	\$ 169,977	\$ -
	Business Emergency Response Team Program	0.00	\$ 24,594	\$ 16,180	\$ 40,774	\$ 50,000
	San Diego Lindbergh Field Airport Contract Renegotiation	0.00	\$ -	\$ -	\$ -	\$ 1,000,000
Fire-Rescue	Fire Alert System Upgrade	0.00	\$ -	\$ 1,700,000	\$ 1,700,000	\$ -
	Lifeguard Training	0.00	\$ 200,000	\$ -	\$ 200,000	\$ -
	Fringe Benefit Adjustments	0.00	\$ (200,925)	\$ -	\$ (200,925)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (221,670)	\$ -	\$ (221,670)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 124,694	\$ -	\$ 124,693	\$ -
	Teamsters Local 911 Mandatory Furlough Restoration	0.00	\$ (132,600)	\$ -	\$ (132,600)	\$ -
Fire-Rescue Total		1.00	\$ (35,930)	\$ 1,691,198	\$ 1,655,267	\$ 1,050,000
	IT Services Transfer Adjustment	0.00	\$ -	\$ 454,954	\$ 454,954	\$ -
General Fund Departments	OneSD Support Adjustment	0.00	\$ -	\$ 620,544	\$ 620,544	\$ -
General Fund Departments Total		0.00	\$ -	\$ 1,075,498	\$ 1,075,498	\$ -
	IT Restructure	0.00	\$ -	\$ (146)	\$ (146)	\$ -
	Fringe Benefit Adjustments	0.00	\$ (2,044)	\$ -	\$ (2,044)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (2,565)	\$ -	\$ (2,565)	\$ -
Human Resources	Unemployment Insurance Adjustment	0.00	\$ 1,714	\$ -	\$ 1,714	\$ -
Human Resources Total		0.00	\$ (2,895)	\$ (146)	\$ (3,041)	\$ -
	IT Restructure	0.00	\$ -	\$ (2,112)	\$ (2,112)	\$ -
Library	Partial Restoration of Library Positions and Expenditures	30.10	\$ 2,613,145	\$ 105,149	\$ 2,718,294	\$ -
	Fringe Benefit Adjustments	0.00	\$ (33,820)	\$ -	\$ (33,820)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (77,382)	\$ -	\$ (77,382)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 25,121	\$ -	\$ 25,121	\$ -
Library Total		30.10	\$ 2,527,064	\$ 103,037	\$ 2,630,101	\$ -
	Redevelopment Agency Debt Repayment	0.00	\$ -	\$ -	\$ -	\$ 800,336
	Tax Increment Sharing	0.00	\$ -	\$ -	\$ -	\$ (150,076)
Major General Fund Revenues	Revised Interest Earnings	0.00	\$ -	\$ -	\$ -	\$ 156,883
	Transient Occupancy Tax (TOT)	0.00	\$ -	\$ -	\$ -	\$ 2,119,499
Major General Fund Revenues Total		0.00	\$ -	\$ -	\$ -	\$ 2,926,642
	IT Restructure	0.00	\$ -	\$ (17)	\$ (17)	\$ -
Office of Homeland Security	Homeland Security Grant Reimbursement	0.00	\$ -	\$ -	\$ -	\$ 15,985
	Fringe Benefit Adjustments	0.00	\$ (1,541)	\$ -	\$ (1,541)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (2,565)	\$ -	\$ (2,565)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 1,374	\$ -	\$ 1,374	\$ -
Office of Homeland Security Total		0.00	\$ (2,732)	\$ (17)	\$ (2,749)	\$ 15,985
	Fringe Benefit Adjustments	0.00	\$ (341)	\$ -	\$ (341)	\$ -
Office of the Assistant COO	Retiree Health Care Adjustment	0.00	\$ (214)	\$ -	\$ (214)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 313	\$ -	\$ 313	\$ -
Office of the Assistant COO Total		0.00	\$ (242)	\$ -	\$ (242)	\$ -
	Fringe Benefit Adjustments	0.00	\$ (697)	\$ -	\$ (697)	\$ -
Office of the Chief Financial Officer	Retiree Health Care Adjustment	0.00	\$ (641)	\$ -	\$ (641)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 615	\$ -	\$ 615	\$ -
Office of the Chief Financial Officer Total		0.00	\$ (723)	\$ -	\$ (723)	\$ -
	Fringe Benefit Adjustments	0.00	\$ (485)	\$ -	\$ (485)	\$ -
Office of the Chief Operating Officer	Retiree Health Care Adjustment	0.00	\$ (428)	\$ -	\$ (428)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 543	\$ -	\$ 543	\$ -
Office of the Chief Operating Officer Total		0.00	\$ (370)	\$ -	\$ (370)	\$ -

Attachment D

	IT Restructure	0.00	\$	-	\$	(2)	\$	(2)	\$	-
	Fringe Benefit Adjustments	0.00	\$	(1,839)	\$	-	\$	(1,839)	\$	-
Office of the IBA	Retiree Health Care Adjustment	0.00	\$	(2,138)	\$	-	\$	(2,138)	\$	-
	Unemployment Insurance Adjustment	0.00	\$	1,714	\$	-	\$	1,714	\$	-
Office of the IBA Total		0.00	\$	(2,263)	\$	(2)	\$	(2,265)	\$	-
	IT Restructure	0.00	\$	-	\$	(28)	\$	(28)	\$	-
	Fringe Benefit Adjustments	0.00	\$	(5,402)	\$	-	\$	(5,402)	\$	-
Office of the Mayor	Retiree Health Care Adjustment	0.00	\$	(7,695)	\$	-	\$	(7,695)	\$	-
	Unemployment Insurance Adjustment	0.00	\$	5,034	\$	-	\$	5,034	\$	-
Office of the Mayor Total		0.00	\$	(8,063)	\$	(28)	\$	(8,091)	\$	-
	IT Restructure	0.00	\$	-	\$	(1,234)	\$	(1,234)	\$	-
	Reduction in Publishing Services Costs	0.00	\$	-	\$	(16,437)	\$	(16,437)	\$	-
	Reduction in Cell Phone Expenditures	0.00	\$	-	\$	(60,000)	\$	(60,000)	\$	-
	Reinstatement of Recreation Center Hours of Operation	48.19	\$	2,631,490	\$	664,628	\$	3,296,118	\$	394,006
Park & Recreation	After School Program Staffing Adjustment	0.00	\$	(3,260)	\$	-	\$	(3,260)	\$	-
	Restoration of Fire Pits	2.00	\$	146,098	\$	(26,098)	\$	120,000	\$	120,000
	Addition of TOT Revenue	0.00	\$	-	\$	-	\$	-	\$	1,894,307
	Fringe Benefit Adjustments	0.00	\$	(58,047)	\$	-	\$	(58,047)	\$	-
	Retiree Health Care Adjustment	0.00	\$	(129,384)	\$	-	\$	(129,384)	\$	-
	Unemployment Insurance Adjustment	0.00	\$	45,605	\$	-	\$	45,604	\$	-
Park & Recreation Total		50.19	\$	2,632,502	\$	560,859	\$	3,193,360	\$	2,408,313
	IT Restructure	0.00	\$	-	\$	(99)	\$	(99)	\$	-
	Fringe Benefit Adjustments	0.00	\$	(6,018)	\$	-	\$	(6,018)	\$	-
Personnel	Retiree Health Care Adjustment	0.00	\$	(12,184)	\$	-	\$	(12,184)	\$	-
	Unemployment Insurance Adjustment	0.00	\$	6,130	\$	-	\$	6,130	\$	-
Personnel Total		0.00	\$	(12,072)	\$	(99)	\$	(12,171)	\$	-
	IT Restructure	0.00	\$	-	\$	(38,320)	\$	(38,320)	\$	-
	Reduction in Publishing Services Costs	0.00	\$	-	\$	(24,512)	\$	(24,512)	\$	-
	Delinquent Parking Citations	0.00	\$	-	\$	-	\$	-	\$	947,940
	Restoration of Criminalist 2	1.00	\$	124,646	\$	-	\$	124,646	\$	-
Police	Restoration of Police Sergeant	1.00	\$	149,025	\$	-	\$	149,025	\$	-
	Negligent Impound Revenue	0.00	\$	-	\$	-	\$	-	\$	(470,119)
	CAD Hardware and Software Upgrade	0.00	\$	-	\$	330,672	\$	330,672	\$	-
	Fringe Benefit Adjustments	0.00	\$	(428,001)	\$	-	\$	(428,001)	\$	-
	IT Efficiencies	1.00	\$	-	\$	-	\$	-	\$	-
	Retiree Health Care Adjustment	0.00	\$	(506,990)	\$	-	\$	(506,990)	\$	-
Police Total	Unemployment Insurance Adjustment	0.00	\$	294,508	\$	-	\$	294,507	\$	-
	IT Restructure	3.00	\$	(366,812)	\$	267,840	\$	(98,973)	\$	477,821
	Reduction in Publishing Services Costs	0.00	\$	-	\$	(9,026)	\$	(9,026)	\$	-
	Reduction in Cell Phone Expenditures	0.00	\$	-	\$	(18,003)	\$	(18,003)	\$	-
Public Works - Engineering & Capital Projects	Underground Surcharge Fund Restructure	4.51	\$	385,929	\$	-	\$	385,929	\$	385,929
	Fringe Benefit Adjustments	0.00	\$	(34,110)	\$	-	\$	(34,110)	\$	-
	Retiree Health Care Adjustment	0.00	\$	(92,986)	\$	-	\$	(92,986)	\$	-
	Unemployment Insurance Adjustment	0.00	\$	52,300	\$	-	\$	52,300	\$	-
Public Works - Engineering & Capital Projects Total		4.51	\$	311,133	\$	(57,029)	\$	254,104	\$	385,929

	IT Restructure	0.00	\$ -	\$ (9,601)	\$ (9,601)	\$ -
	Reduction in Cell Phone Expenditures	0.00	\$ -	\$ (30,000)	\$ (30,000)	\$ -
	Reduction of Bond Principal Payment	0.00	\$ -	\$ (460,370)	\$ (460,370)	\$ -
	Addition of Assistant Engineer - Civil	1.00	\$ 99,299	\$ -	\$ 99,299	\$ -
	Public Utilities SLA Adjustment	0.00	\$ -	\$ (300,000)	\$ (300,000)	\$ (755,800)
	Reduction of Heating Technician	(1.00)	\$ (80,732)	\$ -	\$ (80,732)	\$ -
	Fringe Benefit Adjustments	0.00	\$ (10,445)	\$ -	\$ (10,445)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (20,735)	\$ -	\$ (20,735)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 8,862	\$ -	\$ 8,862	\$ -
	Public Works - General Services Total	0.00	\$ (3,751)	\$ (799,971)	\$ (803,722)	\$ (755,800)
	IT Restructure	1.00	\$ 87,177	\$ (331)	\$ 86,846	\$ -
	SRM Contractor/Vendor Registration	0.00	\$ -	\$ 900,000	\$ 900,000	\$ -
	Reimbursement Revenue	0.00	\$ -	\$ -	\$ -	\$ 150,000
	Fringe Benefit Adjustments	0.00	\$ (4,383)	\$ -	\$ (4,383)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (7,481)	\$ -	\$ (7,481)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 3,612	\$ -	\$ 3,612	\$ -
	Purchasing & Contracting Total	1.00	\$ 78,925	\$ 899,669	\$ 978,594	\$ 150,000
	Fringe Benefit Adjustments	0.00	\$ (42,907)	\$ -	\$ (42,907)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (5,772)	\$ -	\$ (5,772)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 3,343	\$ -	\$ 3,343	\$ -
	Real Estate Assets Total	0.00	\$ (45,336)	\$ -	\$ (45,336)	\$ -
	IT Restructure	0.00	\$ -	\$ (20,555)	\$ (20,555)	\$ -
	Reduction in Publishing Services Costs	0.00	\$ -	\$ (68,995)	\$ (68,995)	\$ -
	Reduction in Cell Phone Expenditures	0.00	\$ -	\$ (50,000)	\$ (50,000)	\$ -
	Reduction of Bond Principal Payment	0.00	\$ -	\$ (1,439,630)	\$ (1,439,630)	\$ -
	Addition of Deputy Director	1.00	\$ -	\$ -	\$ -	\$ -
	Trench Restoration SLA	0.00	\$ -	\$ (2,300,000)	\$ (2,300,000)	\$ (2,300,000)
	Gas Tax Reimbursement	0.00	\$ -	\$ 11,800,000	\$ 11,800,000	\$ 11,800,000
	QECB Treasury Subsidy	1.00	\$ 90,006	\$ 383,403	\$ 473,409	\$ 473,409
	Enterprise Asset Management (EAM) Restructure	(2.00)	\$ (243,101)	\$ (873,042)	\$ (1,116,143)	\$ -
	Fringe Benefit Adjustments	0.00	\$ (41,262)	\$ -	\$ (41,262)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (90,422)	\$ -	\$ (90,422)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 37,855	\$ -	\$ 37,855	\$ -
	Transportation & Storm Water Total	0.00	\$ (246,924)	\$ 7,431,181	\$ 7,184,257	\$ 9,973,409
	General Fund Total		\$ F 4,486,513	\$,6 ,8	\$ 7, ,6,	\$ 7, ,6,

Attachment D

NON-GENERA

	Fringe Benefit Adjustments	0.00	\$ (1,766)	\$ -	\$ -	\$ (1,766)	\$ -	\$ -	\$ (1,766)
Airports Fund	Retiree Health Care Adjustment	0.00	\$ (3,633)	\$ -	\$ -	\$ (3,633)	\$ -	\$ -	\$ (3,633)
	Unemployment Insurance Adjustment	0.00	\$ 1,483	\$ -	\$ -	\$ 1,483	\$ -	\$ -	\$ 1,483
Airports Fund Total		0.00	\$ (3,916)	\$ -	\$ -	\$ (3,916)	\$ -	\$ -	\$ (3,916)
Automated Refuse Container Fund	Purchase of Automated Refuse Containers	0.00	\$ -	\$ 300,000	\$ -	\$ 300,000	\$ -	\$ -	\$ 300,000
Automated Refuse Container Fund Total		0.00	\$ -	\$ 300,000	\$ -	\$ 300,000	\$ -	\$ -	\$ 300,000
C&ED MAD Management Fund	MAD Adjustments	0.00	\$ -	\$ 29,066	\$ -	\$ 29,066	\$ -	\$ -	\$ 29,066
C&ED MAD Management Fund Total		0.00	\$ -	\$ 29,066	\$ -	\$ 29,066	\$ -	\$ -	\$ 29,066
Capital Outlay Fund	Bond Principal Payment	0.00	\$ -	\$ 2,490,000	\$ -	\$ 2,490,000	\$ -	\$ -	\$ 2,490,000
	Revenue from the Sale of the World Trade Center	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Outlay Fund Total		0.00	\$ -	\$ 2,490,000	\$ -	\$ 2,490,000	\$ -	\$ -	\$ 2,490,000
Central Stores Fund	IT Restructure	0.00	\$ -	\$ (105)	\$ -	\$ (105)	\$ -	\$ -	\$ (105)
	Reduction in Publishing Services Costs	0.00	\$ -	\$ (129,690)	\$ -	\$ (129,690)	\$ -	\$ -	\$ (129,690)
	Fringe Benefit Adjustments	0.00	\$ (2,007)	\$ -	\$ -	\$ (2,007)	\$ -	\$ -	\$ (2,007)
	Retiree Health Care Adjustment	0.00	\$ (4,703)	\$ -	\$ -	\$ (4,703)	\$ -	\$ -	\$ (4,703)
	Unemployment Insurance Adjustment	0.00	\$ 1,465	\$ -	\$ -	\$ 1,465	\$ -	\$ -	\$ 1,465
Central Stores Fund Total		0.00	\$ (5,245)	\$ (129,795)	\$ -	\$ (135,040)	\$ -	\$ -	\$ (135,040)
Concourse and Parking Garages Operating Fund	Fringe Benefit Adjustments	0.00	\$ (261)	\$ -	\$ -	\$ (261)	\$ -	\$ -	\$ (261)
	Retiree Health Care Adjustment	0.00	\$ (428)	\$ -	\$ -	\$ (428)	\$ -	\$ -	\$ (428)
	Unemployment Insurance Adjustment	0.00	\$ 201	\$ -	\$ -	\$ 201	\$ -	\$ -	\$ 201
Concourse and Parking Garages Operating Fund Total		0.00	\$ (488)	\$ -	\$ -	\$ (488)	\$ -	\$ -	\$ (488)
	IT Restructure	(3.00)	\$ (729)	\$ (258)	\$ -	\$ (987)	\$ -	\$ -	\$ (987)
	Reduction in Publishing Services Costs	0.00	\$ -	\$ (21,615)	\$ -	\$ (21,615)	\$ -	\$ -	\$ (21,615)
	Fringe Benefit Adjustments	0.00	\$ (33,302)	\$ -	\$ -	\$ (33,302)	\$ -	\$ -	\$ (33,302)
	IT Efficiencies	(1.00)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Development Services Fund	Retiree Health Care Adjustment	0.00	\$ (56,220)	\$ -	\$ -	\$ (56,220)	\$ -	\$ -	\$ (56,220)
	Unemployment Insurance Adjustment	(4.00)	\$ (60,351)	\$ (21,873)	\$ -	\$ (82,224)	\$ -	\$ -	\$ (82,224)
Development Services Fund Total		(7.00)	\$ (116,571)	\$ (21,873)	\$ -	\$ (138,444)	\$ -	\$ -	\$ (138,444)
Energy Conservation Program Fund	Fringe Benefit Adjustments	0.00	\$ (1,732)	\$ -	\$ -	\$ (1,732)	\$ -	\$ -	\$ (1,732)
	Retiree Health Care Adjustment	0.00	\$ (2,746)	\$ -	\$ -	\$ (2,746)	\$ -	\$ -	\$ (2,746)
	Unemployment Insurance Adjustment	0.00	\$ 1,615	\$ -	\$ -	\$ 1,615	\$ -	\$ -	\$ 1,615
Energy Conservation Program Fund Total		0.00	\$ (2,863)	\$ (1,047)	\$ -	\$ (3,910)	\$ -	\$ -	\$ (3,910)
Facilities Financing Fund	IT Restructure	0.00	\$ -	\$ (113)	\$ -	\$ (113)	\$ -	\$ -	\$ (113)
	Fringe Benefit Adjustments	0.00	\$ (1,632)	\$ -	\$ -	\$ (1,632)	\$ -	\$ -	\$ (1,632)
	Retiree Health Care Adjustment	0.00	\$ (2,993)	\$ -	\$ -	\$ (2,993)	\$ -	\$ -	\$ (2,993)
	Unemployment Insurance Adjustment	0.00	\$ 1,641	\$ -	\$ -	\$ 1,641	\$ -	\$ -	\$ 1,641
Facilities Financing Fund Total		0.00	\$ (2,984)	\$ (113)	\$ -	\$ (3,097)	\$ -	\$ -	\$ (3,097)
Fire/Emergency Medical Services Transport Program Fund	IT Restructure	0.00	\$ -	\$ (532)	\$ -	\$ (532)	\$ -	\$ -	\$ (532)
	Fringe Benefit Adjustments	0.00	\$ (5,001)	\$ -	\$ -	\$ (5,001)	\$ -	\$ -	\$ (5,001)
	Retiree Health Care Adjustment	0.00	\$ (6,841)	\$ -	\$ -	\$ (6,841)	\$ -	\$ -	\$ (6,841)
	Unemployment Insurance Adjustment	0.00	\$ 3,415	\$ -	\$ -	\$ 3,415	\$ -	\$ -	\$ 3,415
Fire/Emergency Medical Services Transport Program Fund Total		0.00	\$ (8,427)	\$ (532)	\$ -	\$ (8,959)	\$ -	\$ -	\$ (8,959)
Fleet Services Operating Fund	IT Restructure	0.00	\$ -	\$ (682)	\$ -	\$ (682)	\$ -	\$ -	\$ (682)
	Fringe Benefit Adjustments	0.00	\$ (25,140)	\$ -	\$ -	\$ (25,140)	\$ -	\$ -	\$ (25,140)
	Retiree Health Care Adjustment	0.00	\$ (51,089)	\$ -	\$ -	\$ (51,089)	\$ -	\$ -	\$ (51,089)
	Unemployment Insurance Adjustment	0.00	\$ 20,941	\$ -	\$ -	\$ 20,941	\$ -	\$ -	\$ 20,941
Fleet Services Operating Fund Total		0.00	\$ (55,288)	\$ (682)	\$ -	\$ (55,970)	\$ -	\$ -	\$ (55,970)

Gas Tax Fund	Street Division Gas Tax Adjustment	0.00	\$ -	\$ 11,800,000	\$ 11,800,000	\$ -
Gas Tax Fund Total		0.00	\$ -	\$ 11,800,000	\$ 11,800,000	\$ -
Golf Course Fund	IT Restructure	0.00	\$ -	(447)	(447)	\$ -
	Fringe Benefit Adjustments	0.00	(8,040)		(8,040)	\$ -
	Retiree Health Care Adjustment	0.00	(19,880)		(19,880)	\$ -
	Unemployment Insurance Adjustment	0.00	6,119		6,119	\$ -
Golf Course Fund Total		0.00	(21,801)	(447)	(22,248)	\$ -
	IT Restructure	6.00	987,074	(2,223)	984,851	\$ -
	Revised Revenue	0.00				\$ 1,225,594
Information Technology Fund	Fringe Benefit Adjustments	0.00	(1,998)		(1,998)	\$ -
	Retiree Health Care Adjustment	0.00	(2,993)		(2,993)	\$ -
	Unemployment Insurance Adjustment	0.00	1,976		1,976	\$ -
Information Technology Fund Total		6.00	984,059	(2,223)	981,836	\$ 1,225,594
Little Italy MAD Fund	MAD Adjustments	0.00		82,427	82,427	\$ -
Little Italy MAD Fund Total		0.00		82,427	82,427	\$ -
Local Enforcement Agency Fund	Fringe Benefit Adjustments	0.00	(704)		(704)	\$ -
	Retiree Health Care Adjustment	0.00	(1,069)		(1,069)	\$ -
	Unemployment Insurance Adjustment	0.00	569		569	\$ -
Local Enforcement Agency Fund Total		0.00	(1,204)		(1,204)	\$ -
Los Penasquitos Canyon Preserve Fund	Fringe Benefit Adjustments	0.00	(244)		(244)	\$ -
	Retiree Health Care Adjustment	0.00	(428)		(428)	\$ -
	Unemployment Insurance Adjustment	0.00	190		190	\$ -
Los Penasquitos Canyon Preserve Fund Total		0.00	(482)		(482)	\$ -
Maintenance Assessment District (MAD) Management Fund	IT Restructure	0.00		(49)	(49)	\$ -
	Fringe Benefit Adjustments	0.00	(2,709)		(2,709)	\$ -
	Retiree Health Care Adjustment	0.00	(4,861)		(4,861)	\$ -
	Unemployment Insurance Adjustment	0.00	2,481		2,481	\$ -
Maintenance Assessment District (MAD) Management Fund Total		0.00	(5,089)	(49)	(5,138)	\$ -
Metropolitan Sewer Utility Fund	IT Restructure	(0.68)	(66,290)	(43,261)	(109,571)	\$ -
	Reduction in Publishing Services Costs	0.00		(21,617)	(21,617)	\$ -
	Reduction of Positions Due to the Lifting of Mandatory Water	(0.55)	(41,749)		(41,749)	\$ -
	Fringe Benefit Adjustments	0.00	(50,152)		(50,152)	\$ -
	Redistribution and Addition of Positions	0.88	112,290		112,290	\$ -
	Retiree Health Care Adjustment	0.00	(92,731)		(92,731)	\$ -
	Unemployment Insurance Adjustment	0.00	44,520		44,520	\$ -
Metropolitan Sewer Utility Fund Total		(0.35)	(94,112)	(64,898)	(159,010)	\$ -
Mission Bay/Balboa Park Improvement Fund	Reduction of Bond Principal Payment	0.00		(590,000)	(590,000)	\$ -
	TOT Revenue Transfer Reduction	0.00				\$ (590,000)
Mission Bay/Balboa Park Improvement Fund Total		0.00		(590,000)	(590,000)	\$ -
Municipal Sewer Revenue Fund	IT Restructure	(0.38)	(37,042)		(37,042)	\$ -
	Reduction in Publishing Services Costs	0.00		(43,230)	(43,230)	\$ -
	Reduction of Positions Due to the Lifting of Mandatory Water	(2.50)	(192,758)		(192,758)	\$ -
	Wireless Communications Transfer Adjustment	0.00		928	928	\$ -
	Fringe Benefit Adjustments	0.00	(44,419)		(44,419)	\$ -
	Redistribution and Addition of Positions	0.54	67,985		67,985	\$ -
	Retiree Health Care Adjustment	0.00	(88,053)		(88,053)	\$ -
	Unemployment Insurance Adjustment	0.00	36,108		36,108	\$ -
Municipal Sewer Revenue Fund Total		(2.34)	(258,179)	(66,488)	(324,667)	\$ -
Non-General Funds	IT Services Transfer Adjustment	0.00		762,883	762,883	\$ -
	OneSD Support Adjustment	0.00		(25,675)	(25,675)	\$ -
Non-General Funds Total		0.00		737,208	737,208	\$ -

	IT Restructure	(2.00)	\$ (296,698)	\$ (587,324)	\$ (884,022)	\$ -
	Revised Revenue	0.00	\$ -	\$ -	\$ -	\$ 524,378
OneSD Support Fund	Enterprise Asset Management (EAM) Restructure	2.00	\$ 243,788	\$ 1,130,657	\$ 1,374,445	\$ -
	Fringe Benefit Adjustments	0.00	\$ (3,632)	\$ -	\$ (3,632)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (3,420)	\$ -	\$ (3,420)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 2,507	\$ -	\$ 2,507	\$ -
OneSD Support Fund Total		0.00	\$ (57,465)	\$ 543,333	\$ 485,878	\$ 524,378
	Fringe Benefit Adjustments	0.00	\$ (214)	\$ -	\$ (214)	\$ -
PETCO Park Fund	Retiree Health Care Adjustment	0.00	\$ (214)	\$ -	\$ (214)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 187	\$ -	\$ 187	\$ -
PETCO Park Fund Total		0.00	\$ (241)	\$ -	\$ (241)	\$ -
	IT Restructure	0.00	\$ -	\$ (8,473)	\$ (8,473)	\$ -
	Enterprise Asset Management (EAM) Restructure	0.00	\$ -	\$ (29,150)	\$ (29,150)	\$ -
Publishing Services Fund	Publishing Services Managed Competition	(10.67)	\$ (733,706)	\$ (326,345)	\$ (1,060,051)	\$ (980,489)
	Fringe Benefit Adjustments	0.00	\$ (2,367)	\$ -	\$ (2,367)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (5,130)	\$ -	\$ (5,130)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 1,764	\$ -	\$ 1,764	\$ -
Publishing Services Fund Total		(10.67)	\$ (739,439)	\$ (363,968)	\$ (1,103,407)	\$ (980,489)
	IT Restructure	0.00	\$ -	\$ (32)	\$ (32)	\$ -
QUALCOMM Stadium Operations	Fringe Benefit Adjustments	0.00	\$ (3,280)	\$ -	\$ (3,280)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (7,482)	\$ -	\$ (7,482)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 2,977	\$ -	\$ 2,977	\$ -
QUALCOMM Stadium Operations Total		0.00	\$ (7,785)	\$ (32)	\$ (7,817)	\$ -
	IT Restructure	0.00	\$ -	\$ (494)	\$ (494)	\$ -
	Reduction in Publishing Services Costs	0.00	\$ -	\$ (108,075)	\$ (108,075)	\$ -
Recycling Fund	Curbside Recycling Revenue	0.00	\$ -	\$ -	\$ -	\$ 1,386,000
	Fringe Benefit Adjustments	0.00	\$ (11,235)	\$ -	\$ (11,235)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (21,796)	\$ -	\$ (21,796)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 9,033	\$ -	\$ 9,033	\$ -
	Environmental Services Restructure	0.41	\$ 30,400	\$ -	\$ 30,400	\$ -
Recycling Fund Total		0.41	\$ 6,402	\$ (108,569)	\$ (102,167)	\$ 1,386,000
	IT Restructure	0.00	\$ -	\$ (86)	\$ (86)	\$ -
Redevelopment Fund	Fringe Benefit Adjustments	0.00	\$ (4,108)	\$ -	\$ (4,108)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (5,986)	\$ -	\$ (5,986)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 3,451	\$ -	\$ 3,451	\$ -
Redevelopment Fund Total		0.00	\$ (6,643)	\$ (86)	\$ (6,729)	\$ -
	IT Restructure	0.00	\$ -	\$ (1,409)	\$ (1,409)	\$ -
Refuse Disposal Fund	Addition of 1.00 Associate Management Analyst	1.00	\$ 105,814	\$ -	\$ 105,814	\$ -
	Fringe Benefit Adjustments	0.00	\$ (17,857)	\$ -	\$ (17,857)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (34,155)	\$ -	\$ (34,155)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 14,497	\$ -	\$ 14,497	\$ -
	Environmental Services Restructure	0.03	\$ 2,200	\$ -	\$ 2,200	\$ -
Refuse Disposal Fund Total		1.03	\$ 70,499	\$ (1,409)	\$ 69,090	\$ -
	IT Restructure	0.00	\$ -	\$ (3,264)	\$ (3,264)	\$ -
Risk Management Administration Fund	Fringe Benefit Adjustments	0.00	\$ (8,442)	\$ -	\$ (8,442)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (16,193)	\$ -	\$ (16,193)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 7,258	\$ -	\$ 7,258	\$ -
Risk Management Administration Fund Total		0.00	\$ (17,377)	\$ (3,264)	\$ (20,641)	\$ -

	IT Restructure	0.00	\$ -	\$ -	(15)	\$ (15)	\$ -
	City Council Discretionary TOT Funding	0.00	\$ -	\$ -	326,077	\$ 326,077	\$ -
	Safety and Maintenance of Visitor-related Facilities	0.00	\$ -	\$ -	1,304,307	\$ 1,304,307	\$ -
	TOT Revenue Reduction to the Mission Bay/Balboa Park	0.00	\$ -	\$ -	(590,000)	\$ (590,000)	\$ -
Transient Occupancy Tax Fund	General Fund TOT Reimbursement	0.00	\$ -	\$ -	590,000	\$ 590,000	\$ -
	TOT Adjustment	0.00	\$ -	\$ -	-	\$ -	\$ 1,630,384
	Fringe Benefit Adjustments	0.00	\$ (1,121)	\$ -	(1,121)	\$ (1,121)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (1,924)	\$ -	(1,924)	\$ (1,924)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 1,091	\$ -	1,091	\$ 1,091	\$ -
Transient Occupancy Tax Fund Total		0.00	\$ (1,954)	\$ -	1,630,369	\$ 1,628,415	\$ 1,630,384
Underground Surcharge Fund		(4.51)	\$ (415,172)	\$ -	368,933	\$ (46,239)	\$ -
Underground Surcharge Fund Total	Underground Surcharge Fund Restructure	(4.51)	\$ (415,172)	\$ -	368,933	\$ (46,239)	\$ -
		(0.94)	\$ (91,632)	\$ -	(59,830)	\$ (151,462)	\$ -
	IT Restructure	0.00	\$ -	\$ -	(108,075)	\$ (108,075)	\$ -
	Reduction in Publishing Services Costs	(6.95)	\$ (530,502)	\$ -	-	\$ (530,502)	\$ -
	Reduction of Positions Due to the Lifting of Mandatory Water	0.00	\$ (76,756)	\$ -	-	\$ (76,756)	\$ -
	Fringe Benefit Adjustments	0.58	\$ 69,545	\$ -	-	\$ 69,545	\$ -
Water Utility Operating Fund	Redistribution and Addition of Positions	0.00	\$ (145,572)	\$ -	-	\$ (145,572)	\$ -
	Retiree Health Care Adjustment	0.00	\$ 64,548	\$ -	-	\$ 64,548	\$ -
	Unemployment Insurance Adjustment	(7.31)	\$ (710,369)	\$ -	(167,905)	\$ (878,274)	\$ -
Water Utility Operating Fund Total	IT Restructure	0.00	\$ -	\$ -	(1,542)	\$ (1,542)	\$ -
	Enterprise Asset Management (EAM) Restructure	0.00	\$ -	\$ -	(164,650)	\$ (164,650)	\$ -
Wireless Communications Technology Fund	Fringe Benefit Adjustments	0.00	\$ (6,138)	\$ -	-	\$ (6,138)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (10,047)	\$ -	-	\$ (10,047)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 5,236	\$ -	-	\$ 5,236	\$ -
Wireless Communications Technology Fund Total		(2.74)	\$ (1,426,853)	\$ -	(166,192)	\$ (177,141)	\$ -
on-General Fund		68.	\$,059.	\$ 8,921,564	\$ 14,864.	\$ 8,921,564	\$ 195,867
a							\$ 8,981.

**Capital Improvements Program (CIP)
FY2012 May Revision**

Environmental Services

Environmental Services Facilities Improvements - ABT00005

Fund		Proposed	Change	Revised
700040	Refuse Disposal CIP Fund	\$0	\$115,090	\$115,090

This change reflects an increase of \$115,090 which will initiate planning and design for the construction of Americans with Disabilities Act (ADA) upgrades at the Environmental Services Department's (ESD) Ridgehaven facility. The estimated total cost of the project is \$600,000. Construction funding for the project is currently unidentified and dependent upon the the Refuse Disposal Fund's Five-Year Plan. The new Fiscal Year 2012 project budget is \$115,090.

Fire-Rescue

SDFD Station Alerting - L12002

Fund		Proposed	Change	Revised
400265	CIP Contributions from General Fund	\$0	\$1,700,000	\$1,700,000

This change reflects an increase of \$1.7 million to replace the Fire In-Station Alerting System at fire stations Citywide. The current alerting system technology is 21 years old and is no longer in service forcing the department to rely upon a back-up system. Replacement of the alerting system is estimated to cost \$3.4 million over two fiscal years. This is a new project for Fiscal Year 2012 with an initial project budget of \$1.7 million.

General Services

Americans with Disabilities Improvements - ABE00001

Fund		Proposed	Change	Revised
400265	CIP Contributions from General Fund	\$0	\$1,531,029	\$1,531,029

This change reflects an increase of \$1.5 million to fulfill ADA requirements Citywide. This increase is the result of one-time savings identified in the General Fund. The new Fiscal Year 2012 project budget is \$1.5 million.

City Facilities Improvements - ABT00001

Fund		Proposed	Change	Revised
400624	Deferred Maint Revenue 2009A-Project	\$0	\$300,000	\$300,000

This change reflects an increase of \$300,000 from bond interest. This increase in funding will be used for roofing, heating and air conditioning improvements at the Carmel Mountain Ranch Recreation Center. The new Fiscal Year 2012 budget is \$300,000.

**Capital Improvements Program (CIP)
FY2012 May Revision**

OneSD Support**SRM ERP Implementation - S12021**

Fund		Proposed	Change	Revised
400265	CIP Contributions from General Fund	\$0	\$900,000	\$900,000

This change reflects an increase of \$900,000 to implement the Supplier Relationship Management (SRM) module of SAP which will automate and simplify the procure-to-pay process. The cost of the full SRM implementation is estimated to be \$3.0 million; however, SRM will be implemented in phases. The implementation cost for the automated Contractor/Vendor Registration phase is \$900,000. This is a new project for Fiscal Year 2012 with an initial project budget is \$900,000.

Park & Recreation**Balboa Park Golf Course Step/Handrail Replacement - S00626**

Fund		Proposed	Change	Revised
700044	Balboa Park Golf Course CIP Fund	\$100,000	(\$100,000)	\$0

This change reflects a decrease of \$100,000. The project is complete and no further funding is required. The new Fiscal Year 2012 budget is \$0.

Police**Police Headquarters Cogeneration Repower Project - S10131**

Fund		Proposed	Change	Revised
200225	Energy Conservation Program CIP Fund	\$0	\$33,085	\$33,085

This change reflects an increase of \$33,085. This funding is the result of a settlement agreement related to the Police Headquarters Energy Efficiency project. Current funding within the project combined with the new Fiscal Year 2012 project budget of \$33,085 will support Fiscal Year 2012 needs.

Public Utilities**CIS ERP Implementation - S11100**

Fund		Proposed	Change	Revised
700008	Muni Sewer Utility - CIP Funding Source	\$3,880,204	(\$2,470,390)	\$1,409,814
700010	Water Utility - CIP Funding Source	\$3,880,204	(\$2,470,390)	\$1,409,814

This change reflects a decrease of \$4.9 million. An action is currently before City Council to appropriate additional funds to this project in Fiscal Year 2011 due to the accelerated timeline for the project. Therefore, an equal amount is being reduced from the Fiscal Year 2012 Proposed Budget. The Fiscal Year 2012 project budget is \$2.8 million.

Attachment D

Capital Improvements Program (CIP) FY2012 May Revision

Public Utilities

Harbor Drive Trunk Sewer Replacement - S00336

Fund		Proposed	Change	Revised
700008	Muni Sewer Utility - CIP Funding Source	\$0	\$4,000,000	\$4,000,000

This change reflects an increase of \$4.0 million to fulfill accelerated construction work to meet the Environmental Protection Agency's Consent Decree deadline. The new Fiscal Year 2012 budget is \$4.0 million.

Metro Treatment Plants - ABO00001

Fund		Proposed	Change	Revised
700009	Metro Sewer Utility - CIP Funding Source	\$300,000	(\$300,000)	\$0

This change reflects a decrease of \$300,000. The revised amount is based on a reassessment of project spending and available funds within the project to support Fiscal Year 2012 needs. The new Fiscal Year 2012 project budget is \$0.

Pipeline Rehabilitation - AJA00002

Fund		Proposed	Change	Revised
700008	Muni Sewer Utility - CIP Funding Source	\$5,470,155	(\$5,470,155)	\$0

This change reflects a decrease of \$5.5 million. The revised amount is based on a reassessment of project spending and available funds within the project to support Fiscal Year 2012 needs. The new Fiscal Year 2012 project budget is \$0.

Sewer Main Replacements - AJA00001

Fund		Proposed	Change	Revised
700008	Muni Sewer Utility - CIP Funding Source	\$53,534,346	(\$23,534,346)	\$30,000,000

This change reflects a decrease of \$23.5 million. The revised amount is based on a reassessment of project spending and available funds within the project to support Fiscal Year 2012 needs. The new Fiscal Year 2012 project budget is \$30.0 million.

South Bay Reclamation System - S00018

Fund		Proposed	Change	Revised
700010	Water Utility - CIP Funding Source	\$0	\$150,000	\$150,000

This change reflects an increase of \$150,000 to install a new flow meter to increase accuracy and reliability of flow data. The new Fiscal Year 2012 project is \$150,000.

**Capital Improvements Program (CIP)
FY2012 May Revision**

Public Utilities**Water Main Replacements - AKB00003**

Fund		Proposed	Change	Revised
700010	Water Utility - CIP Funding Source	\$64,912,978	(\$25,000,000)	\$39,912,978

This change reflects a decrease of \$25.0 million. The revised amount is based on a reassessment of project spending and available funds within the project to support Fiscal Year 2012 needs. The new Fiscal Year 2012 project budget is \$39.9 million.

Transportation & Storm Water**Scripps Ranch/Mira Mesa Medians Project - S00838**

Fund		Proposed	Change	Revised
400264	Private & Others Contrib-CIP	\$0	\$156,676	\$156,676

This change reflects an increase of \$156,676 as a result of fair share contribution received from the developer. The new Fiscal Year 2012 project budget is \$156,676.

State Route 163/Friars Road - S00851

Fund		Proposed	Change	Revised
400135	Mission alley-Urban Comm.	\$0	\$5,075,500	\$5,075,500

This change reflects an increase of \$5.1 million. Mission alley Development Impact Fees (DIF) have recently become available for use in this project. Current funding within the project combined with this request will support Fiscal Year 2012 needs. The Fiscal Year 2012 project budget is \$10.5 million.

Total CIP	\$253,435,628	(\$45,383,901)	\$208,051,727
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THE CITY OF SAN DIEGO

MEMORANDUM

DATE: June 1, 2011

TO: Honorable Members of the City Council

FROM: Jay M. Goldstone, Chief Operating Officer
Mary Lewis, Chief Financial Officer

SUBJECT: Supplemental May Revision to the Fiscal Year 2012 Proposed Budget

The close of Fiscal Year 2010 is nearing completion, but not final, and the preliminary, unaudited results show that there is a higher fund balance projected in the General Fund than had been previously estimated. This higher reserve balance should be understood in context with the City's budget actions to balance both the Fiscal Year 2010 and Fiscal Year 2011 General Fund budgets. The City revised the Fiscal Year 2010 annual budget to reduce expenditures midyear and "bank" \$24.6 million in property tax revenue collected in Fiscal Year 2010 to help balance the Fiscal Year 2011 budget. Once these actions are taken into account, and combined with the projections for Fiscal Year 2011 year end, the Fiscal Year 2012 fund balance is expected to be approximately 8.4 percent, exceeding the City's reserve goal.

In light of these projected positive results, the Mayor proposes further amendments to his Fiscal Year 2012 Proposed Budget. These amendments are in addition to the Mayor's May Revision dated May 19, 2011 and represent one-time expenditures in the amount of \$4.2 million to the Fire-Rescue, Disability Services, and Transportation & Storm Water Departments.

Based upon the most recent financial information (see *Attachment 1*), the Fiscal Year 2011 General Fund reserve balance is now projected to be \$94.1 million. The City's Reserve Policy currently sets a goal of a minimum of 8.0 percent of General Fund revenues to be held in General Fund reserves by Fiscal Year 2012. Even though the City chose not to add funding to the reserves in Fiscal Year 2011, based on the Fiscal Year 2012 General Fund revenues of \$1,123.0 million, as of the May Revision, and lower expenditure rates, the projected Fiscal Year 2012 General Fund reserve is estimated to exceed the 8.0 percent target by \$4.2 million.

The Fiscal Year 2012 proposed budget for the Fire-Rescue Department includes a contribution of \$1.7 million to fund the upgrade of the Fire Alert System. The total cost to replace this system is

Attachment E

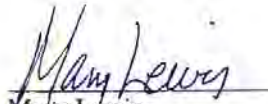
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Honorable Members of the City Council
June 1, 2011


estimated to be \$3.4 million. An additional \$1.7 million increase in operating and capital expenditures is added in this amendment to complete the project in Fiscal Year 2012.

The Disability Services Department includes a contribution of \$1.5 million to support ADA capital projects. An additional \$1.2 million is added in this amendment for a total one-time contribution of \$2.7 million for ADA projects in Fiscal Year 2012.

Finally, added in this amendment is an additional one-time expenditure increase of \$1.3 million to the Transportation & Storm Water Department (Streets Division) for street-related repairs.

Attachments 2 and 3 include these additional changes to the Fiscal Year 2012 Proposed Budget and replace the General Fund and Capital Improvements Program (CIP) schedules that were included in the May Revision dated May 19, 2011.


Mary Lewis
Chief Financial Officer


Jay M. Goldstone
Chief Operating Officer

Attachments:

1. Update to Fiscal Year 2011 Year-End Budget Monitoring Report to Reflect Changes to General Fund Reserve Estimates
2. Update to the Fiscal Year 2012 Mayor's May Revision General Fund Summary Table
3. Update to the Fiscal Year 2012 Mayor's May Revision CIP Schedule

cc: Honorable Mayor Jerry Sanders
Julie Dubick, Chief of Staff
Wally Hill, Assistant Chief Operating Officer
Andrea Tevlin, Independent Budget Analyst
Javier Mainar, Fire Chief
Kip Sturdevan, Transportation & Storm Water Interim Director
Mark Leonard, Financial Management Director
Aimee Benjamin, Director of Council Affairs
Julio Canizal, Budget Manager




THE CITY OF SAN DIEGO

M E M O R A N D U M

DATE: May 31, 2011

TO: Honorable Members of the City Council

FROM: Mark Leonard, Financial Management Director 

SUBJECT: Update to Fiscal Year 2011 Year-End Budget Monitoring Report to Reflect Changes to General Fund Reserve Estimates

The Financial Management Department released the Fiscal Year 2011 Year-End Budget Monitoring Report [Year-End Report] on May 18, 2011 and presented the results to the City Council on May 23rd. Included in the report were unaudited estimates of FY 2010 and FY 2011 General Fund reserve levels. The purpose of this memo is to transmit revisions to the Year-End Report as a result of a change to the FY 2010 reserve estimate. This change was primarily due to a budgeted transfer to the General Fund from the Environmental Growth Fund (EGF) that was not included in the May 18th Year-End Report. The Year-End Report included information from the FY 2010 close process which is not completed and results from FY 2010 are subject to change until the audit is final. It is important to note that the EGF transfer was part of the FY 2010 Adopted Budget, as approved by City Council, and amounts are budgeted and transferred annually to reimburse the Park and Recreation Department for the EGF eligible activities of preserving and enhancing the environment.

The EGF transfer impacts the estimated General Fund reserve levels for both FY 2010 and FY 2011. The attachment provides revised tables 3 and 4 from the Year-End Report with updated reserve estimates. As indicated, the updated FY 2010 General Fund reserve estimate increases to \$105.5 million, and the updated FY 2011 General Fund reserve estimate increases to \$94.1 million. (The FY 2010 estimated \$105.5 million reserve amount includes the property tax revenue of \$24.6 million that had been designated in the FY 2010 and FY 2011 budget actions to be used to help balance the FY 2011 budget. Based on the current year end projections for FY 2011, only part of this fund balance will be needed and thereby contributes to a more positive estimate for the FY 2011 reserve.) This results in a FY 2011 projected reserve level of 8.8% compared to 7.8% projected in the May 18th Year-End Report.

While the updated projection for the FY 2011 General Fund reserve level of 8.8% exceeds the budgeted target of 7% for FY2011, it achieves the City's goal of reaching an 8% reserve level. It

Attachment E

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Honorable Members of the City Council
May 31, 2011

should be noted that these reserve levels are estimates based on unaudited activity for FY 2010 and projected activity for FY 2011. Several factors could impact the current projections, including changes in economic conditions.

Mark Leonard
Financial Management Director

Attachment

cc: Honorable Mayor Jerry Sanders
Julie Dubick, Chief of Staff
Jay M. Goldstone, Chief Operating Officer
Mary Lewis, Chief Financial Officer
Andrea Tevlin, Independent Budget Analyst

Attachment

Updated General Fund Reserve Estimates Tables
Fiscal Year 2011 Year-End Budget Monitoring Report

FY 2010 General Fund Estimated Unaudited Reserve
Table 3 (REVISED)

Description	Amount (in millions)
Unassigned Fund Balance	\$ 26.0
Emergency Reserve	55.0
Subtotal	\$ 81.0
Property Tax Revenue Set-Aside for FY 2011	\$ 24.6
FY 2010 Estimated Unaudited Ending Fund Balance	\$ 105.5

FY 2011 General Fund Reserve Estimates
Table 4 (REVISED)

Description	Amount (in millions)
FY 2010 Unaudited Ending Fund Balance	\$ 105.5
Property Tax Revenue Set-Aside for FY 2011	(24.6)
FY 2011 Net Year-End Projection ¹	8.1
Release Prior-Year Encumbrances	5.0
FY 2011 Projected Ending Fund Balance	\$ 94.1

¹ Incorporates an estimated \$550,000 impact to the General Fund to resolve Publishing Services negative fund balance.

UPDATE TO THE FISCAL YEAR 2012 MAYOR'S MAY REVISION GENERAL FUND SUMMARY TABLE

GENERAL FUND

DEPARTMENT TITLE	BUDGET ADJUSTMENT	FTE	PE	NPE	EXP	REVENUE
Administration	Fringe Benefit Adjustments	0.00	(2,402)	\$	(2,402)	\$
	Retiree Health Care Adjustment	0.00	(3,803)	\$	(3,803)	\$
	Unemployment Insurance Adjustment	0.00	2,079	\$	2,079	\$
Administration Total		0.00	(4,126)	\$	(4,126)	\$
Business Office	IT Restructure	0.00	-	(32)	(32)	\$
	Fringe Benefit Adjustments	0.00	(1,081)	\$	(1,081)	\$
	Retiree Health Care Adjustment	0.00	(1,542)	\$	(1,542)	\$
	Unemployment Insurance Adjustment	0.00	876	\$	876	\$
Business Office Total		0.00	(1,747)	(32)	(1,779)	\$
City Attorney	IT Restructure	0.00	-	(6,636)	(6,636)	\$
	Reduction in Publishing Services Costs	0.00	-	(11,568)	(11,568)	\$
	Civil Prosecutions Transfer	0.00	-	50,000	50,000	\$
	Fringe Benefit Adjustments	0.00	(46,735)	\$	(46,735)	\$
	Retiree Health Care Adjustment	0.00	(69,853)	\$	(69,853)	\$
	Unemployment Insurance Adjustment	0.00	40,884	\$	40,884	\$
	DCAA Mandatory Furlough Restoration	0.00	(196,000)	\$	(196,000)	\$
City Attorney Total		0.00	(271,704)	31,796	(239,908)	\$
City Auditor	IT Restructure	0.00	-	(75)	(75)	\$
	Fringe Benefit Adjustments	0.00	(2,027)	\$	(2,027)	\$
	Retiree Health Care Adjustment	0.00	(4,061)	\$	(4,061)	\$
	Unemployment Insurance Adjustment	0.00	2,880	\$	2,880	\$
City Auditor Total		0.00	(3,208)	(75)	(3,283)	\$
City Clerk	IT Restructure	0.00	-	(201)	(201)	\$
	Reduction in Publishing Services Costs	0.00	-	(21,395)	(21,395)	\$
	Fringe Benefit Adjustments	0.00	(4,747)	\$	(4,747)	\$
	Retiree Health Care Adjustment	0.00	(9,406)	\$	(9,406)	\$
	Unemployment Insurance Adjustment	0.00	3,830	\$	3,830	\$
City Clerk Total		0.00	(10,323)	(21,596)	(31,919)	\$
City Comptroller	IT Restructure	0.00	-	(1,702)	(1,702)	\$
	Fringe Benefit Adjustments	0.00	(11,272)	\$	(11,272)	\$
	Retiree Health Care Adjustment	0.00	(16,620)	\$	(16,620)	\$
	Unemployment Insurance Adjustment	0.00	9,502	\$	9,502	\$
City Comptroller Total		0.00	(18,390)	(1,702)	(20,092)	\$
City Treasurer	IT Restructure	0.00	-	(5,751)	(5,751)	\$
	Reduction in Publishing Services Costs	0.00	-	(31,214)	(31,214)	\$
	Addition of Parking Revenue	0.00	-	-	-	318,386
	Fringe Benefit Adjustments	0.00	(11,875)	\$	(11,875)	\$
	Retiree Health Care Adjustment	0.00	(22,659)	\$	(22,659)	\$
	Unemployment Insurance Adjustment	0.00	9,757	\$	9,757	\$
City Treasurer Total		0.00	(24,777)	(36,965)	(61,742)	318,386
Citywide Program Expenditures	Civil Prosecutions Transfer	0.00	-	(50,000)	(50,000)	\$
	MADs Assessment to Public Property	0.00	-	13,000	13,000	\$
	MTS Maintenance of Effort (MOE) Payment	0.00	-	181,102	181,102	\$
Citywide Program Expenditures Total		0.00	-	144,102	144,102	\$
Council Administration	IT Restructure	0.00	-	(5)	(5)	\$
	Design Costs for Ninth Council Office	0.00	-	41,000	41,000	\$
	Fringe Benefit Adjustments	0.00	(1,578)	\$	(1,578)	\$
	Retiree Health Care Adjustment	0.00	(2,565)	\$	(2,565)	\$
	Unemployment Insurance Adjustment	0.00	1,447	\$	1,447	\$
Council Administration Total		0.00	(2,696)	40,995	38,299	\$

UPDATE TO THE FISCAL YEAR 2012 MAYOR'S MAY REVISION GENERAL FUND SUMMARY TABLE

DEPARTMENT TITLE	BUDGET ADJUSTMENT	FTE	PE	NPE	EXP	REVENUE
Council District 1	Fringe Benefit Adjustments	0.00	\$ (1,270)	\$ -	\$ (1,270)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (2,138)	\$ -	\$ (2,138)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 966	\$ -	\$ 966	\$ -
	IT Services Transfer Adjustment	0.00	\$ -	\$ 802	\$ 802	\$ -
	OneSD Support Adjustment	0.00	\$ -	\$ (543)	\$ (543)	\$ -
Adjustment to Baseline Level						
Council District 1 Total		0.00	\$ (259)	\$ 259	\$ -	\$ -
Council District 2	Budget Realignment	0.00	\$ (8,025)	\$ -	\$ (8,025)	\$ -
	Fringe Benefit Adjustments	0.00	\$ (1,241)	\$ -	\$ (1,241)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (2,137)	\$ -	\$ (2,137)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 1,083	\$ -	\$ 1,083	\$ -
	IT Services Transfer Adjustment	0.00	\$ -	\$ 747	\$ 747	\$ -
OneSD Support Adjustment						
Council District 2 Total		0.00	\$ 2,080	\$ -	\$ 2,080	\$ -
Council District 3	IT Restructure	0.00	\$ -	\$ (11)	\$ (11)	\$ -
	Fringe Benefit Adjustments	0.00	\$ (1,372)	\$ -	\$ (1,372)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (2,138)	\$ -	\$ (2,138)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 1,010	\$ -	\$ 1,010	\$ -
	IT Services Transfer Adjustment	0.00	\$ -	\$ 757	\$ 757	\$ -
OneSD Support Adjustment						
Council District 3 Total		0.00	\$ 2,333	\$ -	\$ 2,333	\$ -
Council District 4	Fringe Benefit Adjustments	0.00	\$ (1,458)	\$ -	\$ (1,458)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (2,138)	\$ -	\$ (2,138)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 1,095	\$ -	\$ 1,095	\$ -
	IT Services Transfer Adjustment	0.00	\$ -	\$ 748	\$ 748	\$ -
	OneSD Support Adjustment	0.00	\$ -	\$ (553)	\$ (553)	\$ -
Adjustment to Baseline Level						
Council District 4 Total		0.00	\$ (167)	\$ 167	\$ -	\$ -
Council District 5	Fringe Benefit Adjustments	0.00	\$ (666)	\$ -	\$ (666)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (1,924)	\$ -	\$ (1,924)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 864	\$ -	\$ 864	\$ -
	IT Services Transfer Adjustment	0.00	\$ -	\$ 787	\$ 787	\$ -
	OneSD Support Adjustment	0.00	\$ -	\$ (479)	\$ (479)	\$ -
Adjustment to Baseline Level						
Council District 5 Total		0.00	\$ (308)	\$ 308	\$ -	\$ -
Council District 6	Fringe Benefit Adjustments	0.00	\$ (1,247)	\$ -	\$ (1,247)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (2,138)	\$ -	\$ (2,138)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 1,035	\$ -	\$ 1,035	\$ -
	IT Services Transfer Adjustment	0.00	\$ -	\$ 729	\$ 729	\$ -
	OneSD Support Adjustment	0.00	\$ -	\$ (533)	\$ (533)	\$ -
Adjustment to Baseline Level						
Council District 6 Total		0.00	\$ 2,154	\$ -	\$ 2,154	\$ -
Council District 7	IT Restructure	0.00	\$ -	\$ (89)	\$ (89)	\$ -
	Fringe Benefit Adjustments	0.00	\$ (1,278)	\$ -	\$ (1,278)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (2,138)	\$ -	\$ (2,138)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 1,035	\$ -	\$ 1,035	\$ -
	IT Services Transfer Adjustment	0.00	\$ -	\$ 894	\$ 894	\$ -
OneSD Support Adjustment						
Council District 7 Total		0.00	\$ 2,108	\$ -	\$ 2,108	\$ -

UPDATE TO THE FISCAL YEAR 2012 MAYOR'S MAY REVISION GENERAL FUND SUMMARY TABLE

DEPARTMENT TITLE	BUDGET ADJUSTMENT	FTE	PE	NPE	EXP	REVENUE
Council District 8	Fringe Benefit Adjustments	0.00	\$ (1,056)	\$ -	\$ (1,056)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (2,138)	\$ -	\$ (2,138)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 1,015	\$ -	\$ 1,015	\$ -
	IT Services Transfer Adjustment	0.00	\$ -	\$ 750	\$ 750	\$ -
	OneSD Support Adjustment	0.00	\$ -	\$ (532)	\$ (532)	\$ -
	Adjustment to Baseline Level	0.00	\$ 1,961	\$ -	\$ 1,961	\$ -
Council District 8 Total		0.00	\$ (218)	\$ 218	\$ -	\$ -
Debt Management	Fringe Benefit Adjustments	0.00	\$ 2,706	\$ -	\$ 2,706	\$ -
	Retiree Health Care Adjustment	0.00	\$ (3,634)	\$ -	\$ (3,634)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 2,348	\$ -	\$ 2,348	\$ -
Debt Management Total		0.00	\$ 1,420	\$ -	\$ 1,420	\$ -
Development Services	IT Restructure	0.00	\$ -	\$ (545)	\$ (545)	\$ -
	Reduction in Publishing Services Costs	0.00	\$ -	\$ (8,167)	\$ (8,167)	\$ -
	Fringe Benefit Adjustments	0.00	\$ (15,257)	\$ -	\$ (15,257)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (25,225)	\$ -	\$ (25,225)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 13,149	\$ -	\$ 13,149	\$ -
	Development Services Total		0.00	\$ (27,333)	\$ (8,712)	\$ (36,045)
Disability Services	IT Restructure	0.00	\$ -	\$ (33)	\$ (33)	\$ -
	MTS Maintenance of Effort (MOE) Payment	0.00	\$ -	\$ (181,102)	\$ (181,102)	\$ -
	Support for ADA Capital Projects	0.00	\$ -	\$ 2,731,029	\$ 2,731,029	\$ -
	Fringe Benefit Adjustments	0.00	\$ (790)	\$ -	\$ (790)	\$ -
Disability Services Total	Retiree Health Care Adjustment	0.00	\$ (855)	\$ -	\$ (855)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 661	\$ -	\$ 661	\$ -
	Development Services Total	0.00	\$ (984)	\$ 2,549,894	\$ 2,548,910	\$ -
Economic Development	Addition of 1.00 Community Development Specialist 4	1.00	\$ 115,628	\$ -	\$ 115,628	\$ 115,628
	Fringe Benefit Adjustments	0.00	\$ (1,694)	\$ -	\$ (1,694)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (2,351)	\$ -	\$ (2,351)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 1,388	\$ -	\$ 1,388	\$ -
Economic Development Total		1.00	\$ 112,971	\$ -	\$ 112,971	\$ 115,628
Environmental Services	IT Restructure	0.00	\$ -	\$ (230)	\$ (230)	\$ -
	Reduction in Cell Phone Expenditures	0.00	\$ -	\$ (30,000)	\$ (30,000)	\$ -
	Automated Refuse Container Revenue	0.00	\$ -	\$ -	\$ -	\$ 50,000
	Fringe Benefit Adjustments	0.00	\$ (14,322)	\$ -	\$ (14,322)	\$ -
	Sanitation Driver Position Swap	0.00	\$ (2,708)	\$ -	\$ (2,708)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (29,033)	\$ -	\$ (29,033)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 12,562	\$ -	\$ 12,562	\$ -
	Environmental Services Restructure	(0.44)	\$ (32,800)	\$ -	\$ (32,800)	\$ -
	Environmental Services Total	(0.44)	\$ (66,301)	\$ (30,230)	\$ (96,531)	\$ 50,000
	Ethics Commission	IT Restructure	0.00	\$ -	\$ (10)	\$ (10)
Fringe Benefit Adjustments		0.00	\$ (814)	\$ -	\$ (814)	\$ -
Retiree Health Care Adjustment		0.00	\$ (1,068)	\$ -	\$ (1,068)	\$ -
Unemployment Insurance Adjustment		0.00	\$ 678	\$ -	\$ 678	\$ -
Ethics Commission Total		0.00	\$ (1,204)	\$ (10)	\$ (1,214)	\$ -
Financial Management	IT Restructure	0.00	\$ -	\$ (46)	\$ (46)	\$ -
	Reduction in Publishing Services Costs	0.00	\$ -	\$ (11,435)	\$ (11,435)	\$ -
	Fringe Benefit Adjustments	0.00	\$ (4,387)	\$ -	\$ (4,387)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (6,199)	\$ -	\$ (6,199)	\$ -
Financial Management Total		0.00	\$ 3,846	\$ (11,481)	\$ 3,846	\$ -

UPDATE TO THE FISCAL YEAR 2012 MAYOR'S MAY REVISION GENERAL FUND SUMMARY TABLE

DEPARTMENT TITLE	BUDGET ADJUSTMENT	FTE	PE	NPE	EXP	REVENUE
Fire-Rescue	IT Restructure	0.00	\$ -	\$ (5,461)	\$ (5,461)	\$ -
	Reduction in Publishing Services Costs	0.00	\$ -	\$ (19,521)	\$ (19,521)	\$ -
	Restoration of Assistant Fire Marshall	1.00	\$ 169,977	\$ -	\$ -	\$ 169,977
	Business Emergency Response Team Program	0.00	\$ 24,594	\$ 16,180	\$ -	\$ 40,774
	San Diego Lindbergh Field Airport Contract Renegotiation	0.00	\$ -	\$ -	\$ -	\$ -
	Fire Alert System Upgrade	0.00	\$ -	\$ 3,400,000	\$ -	\$ 3,400,000
	Lifeguard Training	0.00	\$ 200,000	\$ -	\$ -	\$ 200,000
	Fringe Benefit Adjustments	0.00	\$ (200,925)	\$ -	\$ -	\$ (200,925)
	Retiree Health Care Adjustment	0.00	\$ (221,670)	\$ -	\$ -	\$ (221,670)
	Unemployment Insurance Adjustment	0.00	\$ 124,694	\$ -	\$ -	\$ 124,693
Teamsters Local 911 Mandatory Furlough Restoration	0.00	\$ (132,600)	\$ -	\$ -	\$ (132,600)	
Fire-Rescue Total		1.00	\$ (35,930)	\$ 3,391,198	\$ 3,355,267	\$ 1,050,000
General Fund Departments	IT Services Transfer Adjustment	0.00	\$ -	\$ 454,954	\$ 454,954	\$ -
	OneSD Support Adjustment	0.00	\$ -	\$ 620,544	\$ 620,544	\$ -
General Fund Departments Total		0.00	\$ -	\$ 1,075,498	\$ 1,075,498	\$ -
Human Resources	IT Restructure	0.00	\$ -	\$ (146)	\$ (146)	\$ -
	Fringe Benefit Adjustments	0.00	\$ (2,044)	\$ -	\$ -	\$ (2,044)
	Retiree Health Care Adjustment	0.00	\$ (2,565)	\$ -	\$ -	\$ (2,565)
	Unemployment Insurance Adjustment	0.00	\$ 1,714	\$ -	\$ -	\$ 1,714
	Unemployment Insurance Adjustment	0.00	\$ (2,895)	\$ (146)	\$ (3,041)	\$ -
Human Resources Total		0.00	\$ -	\$ (2,112)	\$ (2,112)	\$ -
Library	Partial Restoration of Library Positions and Expenditures	30.10	\$ 2,613,145	\$ 105,149	\$ 2,718,294	\$ -
	Fringe Benefit Adjustments	0.00	\$ (33,820)	\$ -	\$ (33,820)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (77,382)	\$ -	\$ -	\$ (77,382)
	Unemployment Insurance Adjustment	0.00	\$ 25,121	\$ -	\$ -	\$ 25,121
	Unemployment Insurance Adjustment	30.10	\$ 2,527,064	\$ 103,037	\$ 2,630,101	\$ -
Library Total		30.10	\$ 2,527,064	\$ 103,037	\$ 2,630,101	\$ 800,336
Major General Fund Revenues	Redevelopment Agency Debt Repayment	0.00	\$ -	\$ -	\$ -	\$ (150,076)
	Tax Increment Sharing	0.00	\$ -	\$ -	\$ -	\$ 156,883
	Revised Interest Earnings	0.00	\$ -	\$ -	\$ -	\$ 2,119,499
	Transient Occupancy Tax (TOT)	0.00	\$ -	\$ -	\$ -	\$ 2,926,642
Major General Fund Revenues Total		0.00	\$ -	\$ (17)	\$ (17)	\$ 15,985
Office of Homeland Security	IT Restructure	0.00	\$ -	\$ (17)	\$ (17)	\$ -
	Homeland Security Grant Reimbursement	0.00	\$ -	\$ -	\$ -	\$ -
	Fringe Benefit Adjustments	0.00	\$ (1,541)	\$ -	\$ -	\$ (1,541)
	Retiree Health Care Adjustment	0.00	\$ (2,565)	\$ -	\$ -	\$ (2,565)
	Unemployment Insurance Adjustment	0.00	\$ 1,374	\$ -	\$ -	\$ 1,374
Office of Homeland Security Total		0.00	\$ (2,732)	\$ (17)	\$ (2,749)	\$ 15,985
Office of the Assistant COO	Fringe Benefit Adjustments	0.00	\$ (341)	\$ -	\$ (341)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (214)	\$ -	\$ (214)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 313	\$ -	\$ -	\$ 313
Office of the Assistant COO Total		0.00	\$ (242)	\$ -	\$ (242)	\$ -
Office of the Chief Financial Officer	Fringe Benefit Adjustments	0.00	\$ (697)	\$ -	\$ (697)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (641)	\$ -	\$ (641)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 615	\$ -	\$ -	\$ 615
Office of the Chief Financial Officer Total		0.00	\$ (723)	\$ -	\$ (723)	\$ -
Office of the Chief Operating Officer	Fringe Benefit Adjustments	0.00	\$ (485)	\$ -	\$ (485)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (428)	\$ -	\$ (428)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 543	\$ -	\$ -	\$ 543
Office of the Chief Operating Officer Total		0.00	\$ (370)	\$ -	\$ (370)	\$ -

UPDATE TO THE FISCAL YEAR 2012 MAYOR'S MAY REVISION GENERAL FUND SUMMARY TABLE

DEPARTMENT TITLE	BUDGET ADJUSTMENT	FTE	PE	NPE	EXP	REVENUE
Office of the IBA	IT Restructure	0.00	\$ -	\$ (2)	\$ (2)	\$ -
	Fringe Benefit Adjustments	0.00	\$ (1,839)	\$ -	\$ (1,839)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (2,138)	\$ -	\$ (2,138)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 1,714	\$ -	\$ 1,714	\$ -
Office of the IBA Total	0.00	\$ (2,263)	\$ (2)	\$ (2,265)	\$ -	
Office of the Mayor	IT Restructure	0.00	\$ -	\$ (28)	\$ (28)	\$ -
	Fringe Benefit Adjustments	0.00	\$ (5,402)	\$ -	\$ (5,402)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (7,695)	\$ -	\$ (7,695)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 5,034	\$ -	\$ 5,034	\$ -
Office of the Mayor Total	0.00	\$ (8,063)	\$ (28)	\$ (8,091)	\$ -	
Park & Recreation	IT Restructure	0.00	\$ -	\$ (1,234)	\$ (1,234)	\$ -
	Reduction in Publishing Services Costs	0.00	\$ -	\$ (16,437)	\$ (16,437)	\$ -
	Reduction in Cell Phone Expenditures	0.00	\$ -	\$ (60,000)	\$ (60,000)	\$ -
	Reinstatement of Recreation Center Hours of Operation	48.19	\$ 2,631,490	\$ 664,628	\$ 3,296,118	\$ 394,006
	After School Program Staffing Adjustment	0.00	\$ (3,260)	\$ -	\$ (3,260)	\$ -
	Restoration of Fire Pits	2.00	\$ 146,098	\$ (26,098)	\$ 120,000	\$ 120,000
	Addition of TOT Revenue	0.00	\$ -	\$ -	\$ -	\$ 1,894,307
Office of the Mayor Total	0.00	\$ (58,047)	\$ -	\$ (58,047)	\$ -	
Park & Recreation Total	Retiree Health Care Adjustment	0.00	\$ (129,384)	\$ -	\$ (129,384)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 45,605	\$ -	\$ 45,604	\$ -
	IT Restructure	50.19	\$ 2,632,502	\$ 560,859	\$ 3,193,360	\$ 2,408,313
	Fringe Benefit Adjustments	0.00	\$ -	\$ (99)	\$ (99)	\$ -
Personnel	Fringe Benefit Adjustments	0.00	\$ (6,018)	\$ -	\$ (6,018)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (12,184)	\$ -	\$ (12,184)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 6,130	\$ -	\$ 6,130	\$ -
	Personnel Total	0.00	\$ (12,072)	\$ (99)	\$ (12,171)	\$ -
Police	IT Restructure	0.00	\$ -	\$ (38,320)	\$ (38,320)	\$ -
	Reduction in Publishing Services Costs	0.00	\$ -	\$ (24,512)	\$ (24,512)	\$ -
	Delinquent Parking Citations	0.00	\$ -	\$ -	\$ -	\$ 947,940
	Restoration of Criminalist 2	1.00	\$ 124,646	\$ -	\$ 124,646	\$ -
	Restoration of Police Sergeant	1.00	\$ 149,025	\$ -	\$ 149,025	\$ -
	Negligent Impound Revenue	0.00	\$ -	\$ -	\$ -	\$ (470,119)
	CAD Hardware and Software Upgrade	0.00	\$ -	\$ 330,672	\$ 330,672	\$ -
	Fringe Benefit Adjustments	0.00	\$ (428,001)	\$ -	\$ (428,001)	\$ -
	IT Efficiencies	1.00	\$ -	\$ -	\$ -	\$ -
	Retiree Health Care Adjustment	0.00	\$ (506,990)	\$ -	\$ (506,990)	\$ -
Office of the Mayor Total	0.00	\$ 294,508	\$ -	\$ 294,507	\$ -	
Police Total	3.00	\$ (366,812)	\$ 267,840	\$ (98,973)	\$ 477,821	
Public Works - Engineering & Capital Projects	IT Restructure	0.00	\$ -	\$ (9,026)	\$ (9,026)	\$ -
	Reduction in Publishing Services Costs	0.00	\$ -	\$ (18,003)	\$ (18,003)	\$ -
	Reduction in Cell Phone Expenditures	0.00	\$ -	\$ (30,000)	\$ (30,000)	\$ -
	Underground Surcharge Fund Restructure	4.51	\$ 385,929	\$ -	\$ 385,929	\$ 385,929
	Fringe Benefit Adjustments	0.00	\$ (34,110)	\$ -	\$ (34,110)	\$ -
Office of the Mayor Total	0.00	\$ (92,986)	\$ -	\$ (92,986)	\$ -	
Public Works - Engineering & Capital Projects Total	4.51	\$ 311,133	\$ (57,029)	\$ 254,104	\$ 385,929	

UPDATE TO THE FISCAL YEAR 2012 MAYOR'S MAY REVISION GENERAL FUND SUMMARY TABLE

DEPARTMENT TITLE	BUDGET ADJUSTMENT	FTE	PE	NPE	EXP	REVENUE
	IT Restructure	0.00	\$ -	\$ (9,601)	\$ (9,601)	\$ -
	Reduction in Cell Phone Expenditures	0.00	\$ -	\$ (30,000)	\$ (30,000)	\$ -
	Reduction of Bond Principal Payment	0.00	\$ -	\$ (460,370)	\$ (460,370)	\$ -
	Addition of Assistant Engineer - Civil	1.00	\$ 99,299	\$ -	\$ 99,299	\$ -
Public Works - General Services	Public Utilities SLA Adjustment	0.00	\$ -	\$ (300,000)	\$ (300,000)	\$ (755,800)
	Reduction of Heating Technician	(1.00)	\$ (80,732)	\$ -	\$ (80,732)	\$ -
	Fringe Benefit Adjustments	0.00	\$ (10,445)	\$ -	\$ (10,445)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (20,735)	\$ -	\$ (20,735)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 8,862	\$ -	\$ 8,862	\$ -
Public Works - General Services Total		0.00	\$ (3,751)	\$ (799,971)	\$ (803,722)	\$ (755,800)
	IT Restructure	1.00	\$ 87,177	\$ (331)	\$ 86,846	\$ -
	SRM Contractor/Vendor Registration	0.00	\$ -	\$ 900,000	\$ 900,000	\$ -
Purchasing & Contracting	Reimbursement Revenue	0.00	\$ -	\$ -	\$ -	\$ 150,000
	Fringe Benefit Adjustments	0.00	\$ (4,383)	\$ -	\$ (4,383)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (7,481)	\$ -	\$ (7,481)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 3,612	\$ -	\$ 3,612	\$ -
Purchasing & Contracting Total		1.00	\$ 78,925	\$ 899,669	\$ 978,594	\$ 150,000
	Fringe Benefit Adjustments	0.00	\$ (42,907)	\$ -	\$ (42,907)	\$ -
Real Estate Assets	Retiree Health Care Adjustment	0.00	\$ (5,772)	\$ -	\$ (5,772)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 3,343	\$ -	\$ 3,343	\$ -
Real Estate Assets Total		0.00	\$ (45,336)	\$ -	\$ (45,336)	\$ -
	IT Restructure	0.00	\$ -	\$ (20,555)	\$ (20,555)	\$ -
	Reduction in Publishing Services Costs	0.00	\$ -	\$ (68,995)	\$ (68,995)	\$ -
	Reduction in Cell Phone Expenditures	0.00	\$ -	\$ (50,000)	\$ (50,000)	\$ -
	Reduction of Bond Principal Payment	0.00	\$ -	\$ (1,439,630)	\$ (1,439,630)	\$ -
	Addition of Deputy Director	1.00	\$ -	\$ -	\$ -	\$ -
Transportation & Storm Water	Trench Restoration SLA	0.00	\$ -	\$ (2,300,000)	\$ (2,300,000)	\$ (2,300,000)
	Gas Tax Reimbursement	0.00	\$ -	\$ 11,800,000	\$ 11,800,000	\$ 11,800,000
	QE/CB Treasury Subsidy	1.00	\$ 90,006	\$ 383,403	\$ 473,409	\$ 473,409
	Enterprise Asset Management (EAM) Restructure	(2.00)	\$ (243,101)	\$ (873,042)	\$ (1,116,143)	\$ -
	Concrete Repairs	0.00	\$ -	\$ 1,319,443	\$ 1,319,443	\$ -
	Fringe Benefit Adjustments	0.00	\$ (41,262)	\$ -	\$ (41,262)	\$ -
	Retiree Health Care Adjustment	0.00	\$ (90,422)	\$ -	\$ (90,422)	\$ -
	Unemployment Insurance Adjustment	0.00	\$ 37,855	\$ -	\$ 37,855	\$ -
Transportation & Storm Water Total		0.00	\$ (246,924)	\$ 8,750,624	\$ 8,503,700	\$ 9,973,409
General Fund Total		90.36	\$ 4,486,513	\$ 16,849,243	\$ 21,335,756	\$ 17,116,313

Update to the Fiscal Year 2012 Mayor's May Revision CIP Schedule
Capital Improvements Program (CIP)
 FY2012 May Revision

Environmental Services

Environmental Services Facilities Improvements - ABT00005

Fund	Proposed	Change	Revised
700040 Refuse Disposal CIP Fund	\$0	\$115,090	\$115,090

This change reflects an increase of \$115,090 which will initiate planning and design for the construction of Americans with Disabilities Act (ADA) upgrades at the Environmental Services Department's (ESD) Ridgehaven facility. The estimated total cost of the project is \$600,000. Construction funding for the project is currently unidentified and dependent upon the the Refuse Disposal Fund's Five-Year Plan. The new Fiscal Year 2012 project budget is \$115,090.

Fire-Rescue

SDFD Station Alerting - L12002

Fund	Proposed	Change	Revised
400265 CIP Contributions from General Fund	\$0	\$3,400,000	\$3,400,000

This change reflects an increase of \$3.4 million to replace the Fire In-Station Alerting System at fire stations Citywide. The current alerting system technology is 21 years old and is no longer in service forcing the department to rely upon a back-up system. This increase is the result of one-time savings of \$1.7 million in the General Fund and higher than anticipated reserves of \$1.7 million. This is a new project for Fiscal Year 2012 with a project budget of \$3.4 million.

General Services

Americans with Disabilities Improvements - ABE00001

Fund	Proposed	Change	Revised
400265 CIP Contributions from General Fund	\$0	\$2,731,029	\$2,731,029

This change reflects an increase of \$2.7 million to fulfill ADA requirements Citywide. This increase is the result of one-time savings of \$1.5 million in the General Fund and higher than anticipated reserves of \$1.2 million. The new Fiscal Year 2012 project budget is \$2.7 million.

City Facilities Improvements - ABT00001

Fund	Proposed	Change	Revised
400624 Deferred Maint Revenue 2009A-Project	\$0	\$300,000	\$300,000

This change reflects an increase of \$300,000 from bond interest. This increase in funding will be used for roofing, heating and air conditioning improvements at the Carmel Mountain Ranch Recreation Center. The new Fiscal Year 2012 budget is \$300,000.

**Capital Improvements Program (CIP)
FY2012 May Revision**

OneSD Support**SRM ERP Implementation - S12021**

Fund	Proposed	Change	Revised
400265 CIP Contributions from General Fund	\$0	\$900,000	\$900,000

This change reflects an increase of \$900,000 to implement the Supplier Relationship Management (SRM) module of SAP which will automate and simplify the procure-to-pay process. The cost of the full SRM implementation is estimated to be \$3.0 million; however, SRM will be implemented in phases. The implementation cost for the automated Contractor/Vendor Registration phase is \$900,000. This is a new project for Fiscal Year 2012 with an initial project budget is \$900,000.

Park & Recreation**Balboa Park Golf Course Step/Handrail Replacement - S00626**

Fund	Proposed	Change	Revised
700044 Balboa Park Golf Course CIP Fund	\$100,000	(\$100,000)	\$0

This change reflects a decrease of \$100,000. The project is complete and no further funding is required. The new Fiscal Year 2012 budget is \$0.

Police**Police Headquarters Cogeneration Repower Project - S10131**

Fund	Proposed	Change	Revised
200225 Energy Conservation Program CIP Fund	\$0	\$33,085	\$33,085

This change reflects an increase of \$33,085. This funding is the result of a settlement agreement related to the Police Headquarters Energy Efficiency project. Current funding within the project combined with the new Fiscal Year 2012 project budget of \$33,085 will support Fiscal Year 2012 needs.

Public Utilities**CIS ERP Implementation - S11100**

Fund	Proposed	Change	Revised
700008 Muni Sewer Utility - CIP Funding Source	\$3,880,204	(\$2,470,390)	\$1,409,814
700010 Water Utility - CIP Funding Source	\$3,880,204	(\$2,470,390)	\$1,409,814

This change reflects a decrease of \$4.9 million. An action is currently before City Council to appropriate additional funds to this project in Fiscal Year 2011 due to the accelerated timeline for the project. Therefore, an equal amount is being reduced from the Fiscal Year 2012 Proposed Budget. The Fiscal Year 2012 project budget is \$2.8 million.

Attachment E

Capital Improvements Program (CIP) FY2012 May Revision

Public Utilities

Harbor Drive Trunk Sewer Replacement - S00336

Fund	Proposed	Change	Revised
700008 Muni Sewer Utility - CIP Funding Source	\$0	\$4,000,000	\$4,000,000

This change reflects an increase of \$4.0 million to fulfill accelerated construction work to meet the Environmental Protection Agency's Consent Decree deadline. The new Fiscal Year 2012 budget is \$4.0 million.

Metro Treatment Plants - ABO00001

Fund	Proposed	Change	Revised
700009 Metro Sewer Utility - CIP Funding Source	\$300,000	(\$300,000)	\$0

This change reflects a decrease of \$300,000. The revised amount is based on a reassessment of project spending and available funds within the project to support Fiscal Year 2012 needs. The new Fiscal Year 2012 project budget is \$0.

Pipeline Rehabilitation - AJA00002

Fund	Proposed	Change	Revised
700008 Muni Sewer Utility - CIP Funding Source	\$5,470,155	(\$5,470,155)	\$0

This change reflects a decrease of \$5.5 million. The revised amount is based on a reassessment of project spending and available funds within the project to support Fiscal Year 2012 needs. The new Fiscal Year 2012 project budget is \$0.

Sewer Main Replacements - AJA00001

Fund	Proposed	Change	Revised
700008 Muni Sewer Utility - CIP Funding Source	\$53,534,346	(\$23,534,346)	\$30,000,000

This change reflects a decrease of \$23.5 million. The revised amount is based on a reassessment of project spending and available funds within the project to support Fiscal Year 2012 needs. The new Fiscal Year 2012 project budget is \$30.0 million.

South Bay Reclamation System - S00018

Fund	Proposed	Change	Revised
700010 Water Utility - CIP Funding Source	\$0	\$150,000	\$150,000

This change reflects an increase of \$150,000 to install a new flow meter to increase accuracy and reliability of flow data. The new Fiscal Year 2012 project is \$150,000.

**Capital Improvements Program (CIP)
FY2012 May Revision**

Public Utilities

Water Main Replacements - AKB00003

Fund	Proposed	Change	Revised
700010 Water Utility - CIP Funding Source	\$64,912,978	(\$25,000,000)	\$39,912,978

This change reflects a decrease of \$25.0 million. The revised amount is based on a reassessment of project spending and available funds within the project to support Fiscal Year 2012 needs. The new Fiscal Year 2012 project budget is \$39.9 million.

Transportation & Storm Water

Scripps Ranch/Mira Mesa Medians Project - S00838

Fund	Proposed	Change	Revised
400264 Private & Others Contrib-CIP	\$0	\$156,676	\$156,676

This change reflects an increase of \$156,676 as a result of fair share contribution received from the developer. The new Fiscal Year 2012 project budget is \$156,676.

State Route 163/Friars Road - S00851

Fund	Proposed	Change	Revised
400135 Mission Valley-Urban Comm.	\$0	\$5,075,500	\$5,075,500

This change reflects an increase of \$5.1 million. Mission Valley Development Impact Fees (DIF) have recently become available for use in this project. Current funding within the project combined with this request will support Fiscal Year 2012 needs. The Fiscal Year 2012 project budget is \$10.5 million.

Total CIP	\$253,435,628	(\$49,402,000)	\$210,951,727
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EXECUTIVE SUMMARY

IBA Recommended Revisions to the Mayor's Proposed FY 2012 Budget and May Revise

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: June 2, 2011

IBA Report Number: 11-31

City Council Docket Date: June 6, 2011

Item Number: 151

This report presents the IBA's recommended revisions to the Mayor's Proposed Budget as amended by the Mayor's May Revise issued on May 19, 2011. A Supplemental May Revision to the FY 2012 Proposed Budget was issued by the COO on late Wednesday afternoon, June 1, 2011. This second revision made specific recommendations for how the Council should spend new one-time funds ("excess reserves") recently discovered by the Comptroller in finalizing the FY 2010 Year-End Financial Performance Report. This Supplemental Revision to the budget has no impact on our final recommended revisions to the budget as presented in the attached report. However, our recommendations for the "excess reserves" differ significantly from the recommendations contained in the Mayor's Supplemental May Revision. We will address this later in this report.

The IBA recommends Council approval of the Mayor's Proposed Budget as amended by the May 19, 2011 May Revise and recommends the following IBA revisions as discussed in detail in the attached report. The IBA recommends restoration of \$5.4 million in priority community services funded by \$5.4 million of ongoing resources. This will have no negative impact on FY 2013. With adoption of the Mayor's Proposed Budget, the May 19, 2011 May Revise and the IBA recommended revisions, the following services will be restored:

- Full restoration of browned-out engines, four effective 7/1/11 and four effective 1/1/12 (Mayor's Proposed Budget)
- Full restoration of recreation center service hours (Mayor's May Revise)
- Partial restoration of branch library hours (Mayor's May Revise)
- Full restoration of branch library hours (IBA recommendation)
- Restoration of swim team and water polo programs and restoration of all pool operating hours originally proposed for reduction (IBA recommendation)
- Restoration of after school programs originally proposed for reduction (IBA recommendation)
- Restoration of four Police civilian positions for the Vehicle Abatement Unit (IBA recommendation)

The May 19, 2011 May Revise also recommended a one-time expenditure increase of \$1.7 million to begin the upgrade of the Fire Alert System. The IBA recommends approval of additional one-time resources totaling \$1.7 million, and recommends these resources be used to fund the remainder of costs for the Fire Alert System for a total of \$3.4 million. This additional funding would allow Fire-Rescue to implement the full system.

Attachment F

Finally, \$11.2 million in additional fund balance from FY 2010 was identified during the Comptroller's preparation of the FY 2010 Year-End Performance Report. The net effect of this is an \$11.2 million increase to the FY 2012 projected General Fund reserve. With this increase, the General Fund Reserve for FY 2012 is now estimated to be \$94.1 million-8.3% of FY 2012 General Fund revenues (**after accounting for \$5.4 million of IBA recommended revisions to the FY 2012 budget**). This exceeds the City's original goal and current policy of achieving 8% in FY 2012-by .3% or \$3.9 million. This is very good news for the City and a significant change from the Mayor's Proposed Budget which recommended as a budget balancing action that the FY 2012 reserve remain at 7%. Having achieved this important goal, it is important for the reserve to be maintained at 8% now and in the future.

Our recommendation for the 2012 General Fund reserve excess (\$3.9 million above the 8% reserve goal) is twofold:

1. Resume the Community Projects, Programs and Services Fund-\$1,600,000
\$1.6 million of the \$3.9 million in excess of the 8% goal is directly attributable to savings estimated to be achieved in City Council District Office budgets in FY 2011. As in the past, these savings were identified in FY 2011 and are intended for eligible Community Projects, Programs and Services in FY 2012 for Council Offices where savings occurred. These savings will be returned to the reserves at year-end as a result of a City Attorney's Memorandum of Law issued last fall which recommended improvements in how these funds were being budgeted and appropriated. These issues have now been addressed. To continue this program for FY 2012, \$1.6 million will need to be re-appropriated for this purpose. Our office has been working closely with the Mayor's Office and the City Attorney's Office on this issue and all parties had agreed upon the resolution; however, this item was not included in the Supplemental May Revision. This action would reduce the projected FY 2012 General Fund reserve from 8.3% to 8.2%. After this allocation, the reserve is still projected to exceed the 8% goal for FY 2012 by \$2.3 million.
2. Hold funds in excess of the 8% target in the General Fund Reserves -\$2,300,000
We recommend the remaining funds in excess of the 8% target not be expended at this time. We recommend they be held in reserves as a buffer against possible budget shortfalls in FY 2012 and to help ensure the 8% reserve target is maintained in FY 2013. One-time expenditures could possibly be considered during the mid-year budget review depending on the budget status at that time.

After accounting for the Mayor's Proposed Budget, the Mayor's May 19th Revise, and all of the IBA recommendations contained in our final report, the General Fund reserve is projected to be 8.2% for FY 2012.

Alternatively, the Mayor's Supplemental May Revise proposes spending the "excess reserves". The Mayor's estimate of the excess over 8% is \$4.2 million compared to our estimate of \$3.9 million. His estimate does not account for the IBA recommended revisions to the budget of \$5.4 million, which increases the amount of reserves necessary to achieve the 8% goal. In the Supplemental May Revise, the Mayor recommends that Council spend the estimated excess as follows:

1. Fund remainder of Fire Alert System-\$1,700,000

We support this funding proposal to provide total funding of \$3.4 million for this item. However, we identified other one-time funds for this purpose in our budget recommendations rather than using reserve funds.

2. Provide additional funding for ADA Projects-\$1,200,000

While there are significant funding needs in this area, the Mayor's May 19th Revise included \$1.6 million in General Funds for this purpose. Additionally, alternative resources exist for this purpose including the Infrastructure Bonds issued in FY 2011 and a second \$100 million issuance planned for late FY 2012. This expenditure could also be reconsidered at mid-year depending on the budget status and progress of ADA projects.

3. Provide additional funding for street-related repairs-\$1,300,000

Significant funding needs also exist in the area of street repairs. Alternative resources currently exist from the Infrastructure Bonds issued in FY 2011 and the subsequent \$100 million issuance planned for late FY 2012. This additional expenditure could also be considered at mid-year.

For the reasons discussed above, the IBA does not support the Mayor's recommendations for spending the "excess reserves" as outlined in the Supplemental May Revise. We would also caution that if Council approves the IBA recommendations for service restorations and approves all of the Mayor's recommended one-time expenditures from the "excess reserves", the 8% reserves goal will not be achieved for FY 2012.

The IBA recommends Council consideration of the following actions:

1. Approval of the Mayor's FY 2012 Proposed Budget as issued on April 15, 2011 and as amended by the Mayor's May Revise issued on May 19, 2011;
2. Approval of the IBA recommended revisions for ongoing and one-time expenditures and resources as detailed in the attached report;
3. Approval of IBA recommendations regarding the FY 2012 General Fund Reserve, including re-appropriation of \$1.6 million from the reserves (i.e. savings from Council District Offices in FY 2011) to resume the Community Project, Programs and Services Fund with the remaining amount in excess of the 8% goal (\$2.3 million) to be held in FY 2012 reserves.
4. Approval of funding in the amount of \$450,000 from the City's Major Events Revolving Fund for the work of the non-profit Balboa Park Centennial Host Committee to begin planning for the Centennial event in 2015. Funds have been contributed and accumulated in this Fund for the past several fiscal years therefore, there is no General Fund impact.

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: June 2, 2011

IBA Report Number: 11-31

City Council Docket Date: June 6, 2011

Item Number: 151

IBA Recommended Revisions to the Mayor's Proposed FY 2012 Budget and May Revise

BACKGROUND

The IBA's review of the Mayor's Proposed FY 2012 budget was issued on April 29, 2011 as IBA Report No. 11-25. On May 19, 2011 the Mayor issued the May Revision to his Proposed Budget. In our first report we provided information regarding budget balancing options and service priorities that the City Council included in their April 12, 2011 Budget Resolution and we noted which items had been addressed by the Mayor in his Proposed Budget. As shown on the following pages, we have updated this information to highlight the additional Council proposals that the Mayor has included in his FY 2012 Budget based on the May Revise. In total the Mayor has incorporated 13 of the budget balancing options that Council requested him to consider in development of the FY 2012 budget. These 13 items are projected to generate resources estimated at \$36.3 million which have been used in the Mayor's Budget proposal to eliminate the FY 2012 projected deficit and restore valuable community services including Fire brown-outs, all recreation center hours and a portion of the library hours proposed for reduction.

Most notably on the resource side, the Mayor and his staff have agreed with our analysis in our first budget report that, based on the most current data, TOT revenues could be conservatively increased. We support the Mayor's proposal to increase the TOT base estimate and the projected growth rate by 1% resulting in \$3.4 million in additional revenue. This updated revenue estimate is the result of careful analysis of the most current economic data by both Financial Management and the IBA. We further noted in

our first review of the Mayor's Proposed Budget that we believed Sales Tax estimates could similarly be revised upward. While the Mayor has not included an increase to Sales Tax revenue in his May Revise, we believe based on our analysis a conservative increase in Sales Tax growth from 3% to 4% should be considered by the Council as a revision to the Mayor's budget.

Also of note, the May Revise incorporates an IBA recommendation to utilize \$8 million in revenue from the sale of the World Trade Center to free up current capital-related General Fund expenses over the next five years. While we had recommended using this resource to pay principal debt service costs on the Convention Center Phase II, the Mayor has opted to use these revenues to pay the principal portion of debt service on the Deferred Capital Bonds which frees up \$2.5 million in General Funds for FY 2012. Either option is viable and will produce the same General Fund savings over the next five years.

On the expenditure side the most significant programmatic revisions in the May Revise include the full restoration of recreation center hours to current levels and partial restoration of library branch hours. Rather than fully restoring library hours, the Mayor's revised proposal would maintain 36 hours of service per week at eight branches but reduce 27 branches from an average of 36 hours to 18.5 hours per week. "Mitigation of service and staffing reductions to the Library and Park and Recreation departments" was one of the four key service priorities called out in the City Council resolution provided to the Mayor as guidance for developing the FY 2012 budget. While all browned-out Fire engines will be restored in FY 2012 and recreation centers will be open the same hours as they currently are per the May Revise, library branch service levels continue to be significantly diminished in the Mayor's final budget proposal.

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COUNCIL BUDGET RESOLUTION - RESOURCE OPTIONS				
IBA Focused List of Menu Options		Mayor's Proposed Budget	Mayor's 5/19 May Revise	Mayor's Total Funding
18.	Comprehensive review of all fund balances	✓		\$9.9m
47a.	Transfer unclaimed funds in City Treasury to the General Fund	✓		\$1.0m
123.	Expand use of marketing partnerships			-
145.	Implement false alarm fees for Fire-Rescue	✓		\$0.9m
189.	Five percent reduction to supplies and services	✓		\$9.0m
200.	RDA payment for Convention Center Phase II debt service	✓		\$2.0m
14.	Implement recovery auditing program			-
47b.	Fire-Rescue resume billing and retroactively bill for high-rise inspections	✓		-
61.	Eliminate cell phones for non-emergency personnel		✓	\$0.2m
102.	Eliminate Management Flex Benefits			-
142.	Sale of underutilized real estate assets		✓	\$2.5m
202.	RDA repayment of General Fund debt		✓	\$0.8m
1.	Accelerate Managed Competition for refuse collection			-
11.	Expand use of 4/10/5 work schedule			-
122.	Impose mandatory furlough			-
Additional Budgetary Items in Council Resolution				
1.	Recover costs associated with entertainment permits for police-regulated businesses	✓		\$0.3m
2.	Acceleration of Publishing and Fleet Services managed competition		✓	\$0.2m
3.	Updating revenue projections	✓	✓	\$4.4m
4.	Savings from permanent elimination of vacant positions	✓		\$5.1m
5.	Elimination of take home vehicles for City employees			-
6.	Review and potential revision of lease payment formula for payments from the Golf Enterprise Fund to the General Fund			-
7.	Options for budget-neutral funding of the 9th Council District in Fiscal Year 2013			-
8.	Reform of Retiree Health Care benefit			-
Total Funding Included in Mayor's Proposed Budget:				\$36.3m

COUNCIL BUDGET RESOLUTION - SERVICE PRIORITIES				
City Service Issues		Mayor's Proposed Budget	Mayor's 5/19 May Revise	Mayor's Total Funding
1.	Restoration of Fire Engine brown-outs	✓		\$8.7m
2.	Preservation of Police, Fire-Rescue, and Lifeguard services		✓	\$0.2m
3.	Mitigation of Library, Park & Rec reductions		✓	\$5.7m
4.	Fund City's deferred capital backlog	✓	✓	\$7.4m

IBA RECOMMENDED REVISIONS FOR ONGOING EXPENDITURES AND RESOURCES

This report recommends revisions to the Mayor's Proposed Budget as amended by the Mayor's May Revise issued on May 19, 2011. To assist the IBA in developing final budget recommendations, Council members prepared individual budget memos outlining priority programs and resource options. These memos are attached for your reference. Our recommendations take into account the Council's budget memos; the results of our initial review of the Mayor's Proposed Budget as well as the May Revise; additional IBA review and analysis of items from the Council's Budget Priorities Resolution; and further discussions with City management as well as operations staff.

As we developed our final budget recommendations, first and foremost we kept in mind that the City has not yet resolved its structural budget deficit and, based on the Mayor's Five-Year Outlook, is projected to be facing a \$41 million deficit in FY 2013. Additionally, while there are signs of improvement in some sectors of the economy such as tourism and retail sales, other sectors including employment and real estate remain uncertain. In this economic climate, a conservative approach is the only recommended approach.

With the Mayor's Proposed Budget providing funding to end all Fire brown-outs and the May Revise fully restoring recreation center hours and partially restoring branch library hours- largely through Council and IBA-proposed resources, we have focused on identifying sufficient resources from the Council's Budget Priorities Resolution and IBA analysis to address the top budget priorities identified by a majority of Council members in their budget memos.

We would also note as a reminder for the Council that the Audit Committee has recommended a new Auditor position be funded for the City Auditor's Office effective January 2012 at a cost next fiscal year of \$85,000. The Mayor did not include this position in his May Revise. Based on Council feedback in the budget priority memos, we

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have not included it in our funding recommendations. Should the Council wish to consider this item, we would need to identify an additional \$85,000 in ongoing resources and could work with Council to do so.

IBA RECOMMENDED ONGOING EXPENDITURE REVISIONS TOTAL \$5.4 MILLION

Full Restoration of Library Branch Hours – Net \$4,600,000

With the May Revise providing \$2.7 million and 30.10 FTEs for partial restoration of library branch hours, an additional \$4.6 million is needed to fully restore library branch hours to current service levels which average 36 hours per week. This includes the additional restoration of 46.92 FTEs.

Restoration of Police Civilian Positions for Vehicle Abatement Unit – \$330,000

The Proposed Budget includes the reduction of four of nine civilian positions in the Police Vehicle Abatement Unit (1.00 Code Compliance Supervisor/3.00 Code Compliance Officers). In our review of the Mayor's budget proposal, we noted that while these positions are fully reimbursable from the State the department did not reduce the revenue associated with the four civilian positions. At the May 11, 2011 Public Safety and Neighborhood Services Committee (PS&NS) meeting, the department presented a new staffing plan that would continue the abatement program at a 100% reimbursement level of \$1.0 million by backfilling the 4.00 reduced Code Compliance Officers with 3.50 Motor Officers.

If the 4.00 civilian positions are reinstated as recommended, it is likely that the 3.50 Motor Officers would continue to perform patrol activities not necessarily related to vehicle abatement. Since the budget is already balanced utilizing the \$1.0 million in State reimbursement for the current level of vehicle abatement activity, \$330,000 in General Funds are required to restore the 4.00 civilian Code Compliance Officers and retain the 3.50 Motor Officers for motor patrol.

At the May 11, 2011 PS&NS meeting, the Police department reported that the balance in the Abandoned Vehicle Abatement Trust (AVA Trust) account is estimated to be \$1.3 million. The PS&NS Committee requested the IBA to research the possibility of using the funds in the AVA trust to pay for the restoration of the four Code Compliance Officers and requested the City Attorney to opine on the use of the trust fund balance. The City Attorney's Office released a May 23, 2011 Memorandum that stated: "The costs directly related to enforcement of the AVA Program, including personnel, are recoverable. Thus, the funds could be used to pay civilian employees dedicated to the program." However, as our office noted at the May 11 PS&NS meeting, the fund balance in the AVA trust is one-time funding and the use of these funds for the restoration of the civilian positions would result in one-time funding being used for on-going expenses.

Restoration of Swim Team and Water Polo Programs – \$223,000

\$223,000 in funding is recommended for restoration of 6.40 FTE positions, which includes hourly positions and associated non-personnel expenditures for swim team and water polo program during non-summer months.

Restoration of Pool Operating Hours – Net \$76,400

Also recommended are total costs to restore pool operating hours of \$107,800, which is offset by estimated revenues from the program of \$31,400 for a net cost of \$76,400. This will restore 1.93 FTE positions for the pools to remain open during “core hours” during the summer and off season at all pools except Ned Baumer.

Restoration of After School Programs – \$137,600

This item will restore 3.55 FTE positions for specialized After School Programs for children and pre-teens at five recreation centers (Allied Garden, Azalea, Penn Athletic, South Bay and Willie Henderson).

**IBA RECOMMENDED ONGOING RESOURCE REVISIONS TOTAL
\$5.4 MILLION**

1% Increase in Sales Tax Growth – \$2,060,000

While the May Revise updated and increased TOT revenue estimates, it did not update sales tax projections. Budgeted sales tax growth for FY 2012 remains at 3% reflecting a slight increase from the 2.4% projected for FY 2012 in the Five-Year Outlook which was developed last December. However, this is still well below the 4.5% growth rate reflected in the “Optimistic Scenario” in the Five- Year Outlook. Through March, year-to-date growth in sales tax for FY 2011 was 6.4%, while growth at year-end is projected to be 5.6%.

In addition, the economic outlook is generally positive. The USD Index of Leading Economic Indicators continues to post monthly gains, and has remained positive or unchanged for two full years. In addition, the County’s unemployment rate declined to 9.8% in April, marking the first time since May 2009 that the unemployment rate was in single digits. Finally, the UCLA Anderson forecast is projecting healthy growth in statewide personal income, payroll employment and taxable sales over the next several years. Based on these factors and the growth rates experienced in the current fiscal year, we believe that an upward adjustment in the sales tax growth rate from 3% to 4% is warranted and remains conservative.

Long Term Disability (LTD) Reserve Reduction – \$1,200,000

The Proposed Budget includes \$1.2 million for a FY 2012 contribution to the LTD reserve, treating this reserve differently from the General Fund, Worker’s Compensation and Public Liability Fund reserves. In discussing this with Mayoral staff, this contribution was maintained in order to prepare for future transition of the LTD program

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to an insurance provider. In doing so, the City will need to continue to pay existing claims at the same time it will be paying costs associated with premiums for future insurance coverage. This proposal is in its early stages and requires further study; discussions with the City Council as well as meet and confer with our labor organizations.

Overtime/Travel and Training Reduction for Non Public Safety – \$1,000,000

We recommend a \$500,000 reduction to non-public safety overtime and a \$500,000 reduction to travel and training for non-public safety. We agree with management that departments require a level of flexibility and opportunity for both of these areas. However, we believe the recommended reductions are achievable. Both the Comptroller and Financial Management experienced events in the current fiscal year which required unusual amounts of overtime which should be mitigated for FY 2012. While it is important to continue training related to Kroll recommendations, out-of-town travel should continue to be restricted.

IT Discretionary Funding Reductions – \$400,000

The IBA previously identified IT Discretionary Funding as an area for potential reduction to provide resources for other priority needs. A 20% reduction to non-public safety departments General Fund departments was estimated to generate \$1.5 million. During the recent budget hearings, departments described intended uses for the FY 2012 IT discretionary funds, and possible impacts if funding were to be reduced. A reduction of \$400,000, amounting to only 3% of the proposed budget amount, is recommended.

Reduction to Annual Leave Estimate – \$400,000

The Mayor's Proposed Budget stated that in the past, the City had not completely funded the additional expense of Annual Leave (also known as terminal leave and accrued leave liability) paid to employees who end their employment with the City with leave balances. The Fiscal Year 2012 budget includes \$3.2 million Citywide, with almost \$2.5 million included in the City's General Fund, for this purpose. This reflects an increase of \$585,000 in the General Fund from the adopted FY 2011 Budget. The IBA identified a \$400,000 reduction in this area as a possible option for consideration; this option was based on limiting the increase to levels included in the FY 2011 budget.

The identification of the \$400,000 reduction option was based on a concern that the most recent Five-Year Outlook (issued in February 2011) estimated General Fund annual leave at \$2.1 million for FY 2012 rather than \$2.5 million, which already reflected an increase of \$200,000 from the FY 2011 budget. Then, in future years of the Outlook, this increased to \$3.0 million for FY 2013, then \$6.3 million in 2014.

Annual Leave (in millions - GF)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Outlook (02/11)	1.9	2.1	3.0	6.3	4.1	1.6
Outlook (10/09)	2.7	4.9	6.4	16.0	2.9	n/a
Outlook (11/08)	5.3	6.1	7.6	7.6	n/a	n/a

The previous version of the Outlook from October 2009 also reflected a wide range of estimates, from \$2.7 million in FY 2011 to \$16.0 million in FY 2014, then \$2.9 million in 2015, based on the expected number of retirees in each year. For FY 2010, \$4.3 million was budgeted in the General Fund and \$2.12 million was actually expended (subject to final close/audit); not even 50% of the budget amount was expended. For the FY 2011 adopted budget, \$1.88 million is budgeted in the General Fund with \$1.57 million expended year-to-date.

Expansion of Marketing Partnerships-\$300,000

In presenting budget options for City Council consideration, the IBA suggested it may be reasonable to budget additional marketing partnership revenue in FY 2012 (\$500,000 has already been budgeted in the FY 2012 Proposed Budget). In order to better determine the reasonability of budgeting additional marketing partnership revenue, the IBA discussed pending opportunities with the City's new Director of Strategic Partnerships, including those identified by the CFO in her memorandum dated March 10, 2011. Several promising partnerships are currently planned or under development (vehicles, wireless, vending, beach area sponsorships, etc.).

Working with marketing consultant Pathfinder, the IBA recommends the City more aggressively pursue these and other sponsorship opportunities. We understand there is often extra lead time required to develop and execute public-private marketing sponsorships; however, many of the cited opportunities have been under development for some time and may be close to completion. Therefore, we believe it is reasonable to budget an additional \$300,000 of partnership revenue in FY 2012 based on partnerships already under development or other sponsorship opportunities identified in the CFO's March 10th memorandum.

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IBA RECOMMENDED REVISIONS FOR ONGOING EXPENDITURES AND RESOURCES	
NET	
Ongoing Service Restoration	EXPENSE
Full Restoration of Library Hours	\$ 4,600,000
Restoration of Vehicle Abatement Unit	330,000
Restoration of Swim Team & Water Polo Programs	223,000
Restoration of Pool Operating Hours	76,400
Restoration of After-School Programs	137,600
Total Ongoing Service Restorations	\$ 5,367,000
NET	
Ongoing Resource Revisions	RESOURCE
Increase in Sales Tax Revenue	\$ 2,060,000
Expansion of Marketing Partnerships	300,000
Reduction in Long Term Disability Reserve	1,200,000
Reduction in Overtime, Travel & Training for Non-PS	1,000,000
Reduction in IT Discretionary Funding	400,000
Reduction in Terminal Leave Funding	400,000
Total Ongoing Resource Revisions	\$ 5,360,000

IBA RECOMMENDED REVISIONS FOR ONE-TIME RESOURCES AND EXPENDITURES

RECOMMENDED ONE-TIME EXPENDITURE REVISION TOTALS \$1.7 MILLION

Consistent with best budget practices and the Council- adopted Budget Principles we recommend one-time resources be used only for one-time expenditures.

Fund Remainder of Costs for Fire Alert System-\$1,700,000

The Fire-Rescue Department uses an In-Station Alerting System to alert fire station crews of what and where to respond. As noted in the Citygate Report, the current Alerting System technology is “21 years old, technically obsolete and, in many cases, inserts unnecessary time delays into the crew dispatching process.” Citygate recommended the City make it a priority to replace the Alerting System at an approximate cost of \$3.4 million. The Department believes the procurement/installation process would take two fiscal years requiring two annual appropriations of approximately \$1.7 million.

The May Revision recommends a one-time expenditure increase of \$1.7 million for the Fire-Rescue Department in FY 2012 to begin the upgrade of the Alerting System. In order to complete the upgrade project, the IBA recommends using one-time resources in FY 2012 to fund the remaining cost (\$1.7 million) of the upgrade project.

RECOMMENDED ONE-TIME RESOURCES TOTAL \$1.7 MILLION

In our review we identified and recommend for inclusion in the FY 2012 Budget the following one-time resources which are not included in either the Mayor's Proposed Budget or the May Revise.

Public Liability Fund Balance – \$600,000

The Public Liability Fund began Fiscal Year 2011 with a fund balance of \$3.3 million. The FY 2011 budget included a reduced annual payment for Public Liability of \$15.1 million from the General Fund (down from \$18 million in FY 2010), with no additional contribution to increase the current \$17.1 million Public Liability Reserve. As of May 26, 2011, the Public Liability Fund reflects expenditures and encumbrances totaling \$18.4 million, and a remaining balance of \$1.76 million, with five weeks remaining in the fiscal year. The IBA inquired if any projected year-end balance could be returned to the General Fund, or if it could reduce the need for the FY 2012 transfer (currently budgeted at \$15.1 million).

Projections for the Public Liability Fund are difficult to make and have been described as more uncertain and less predictable than expenditures related to other risk management activities, specifically Workers' Compensation. Projections for Public Liability cannot be predicted with any level of certainty, and it should be noted that a shortfall in the Public Liability Fund could require additional contribution from the General Fund, which has occurred in past fiscal years, or the Public Liability Reserve could be considered, as an alternative.

Based on current expenditure activity and funding levels, the IBA expects excess funds within the Public Liability Fund at the end of FY 2011, and recommends a reduction of \$600,000 in the City's General Fund contribution for FY 2012 (to \$14.6 million). The IBA intends to continue to monitor the Public Liability Fund and work with the Risk Management Department to ensure that funding levels are sufficient throughout the fiscal year.

Implement Recovery Auditing-\$500,000

At the request of the Audit Committee, the City Auditor has reported on potential opportunities related to Revenue Recovery Auditing. In a memorandum dated April 1, 2011, the City Auditor indicated the greatest potential for cost-effective returns exist in the areas of accounts payable, reverse sales tax and municipal court revenue. The CFO subsequently issued a memorandum to the Audit Committee dated April 29, 2011, acknowledging that revenue recovery audits have merit and stating that her staff would

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be evaluating and pursuing or performing audits in FY 2012 in the areas identified by the City Auditor; however, the CFO did not plan to pursue reverse sales tax or accounts payable audits until June of 2012. The Audit Committee subsequently recommended the City Council consider directing the IBA to develop an RFP for recovery audit services. It is difficult to predict in advance the amount of revenue that might result from audits. Provided 1) that an outside revenue recovery auditor can be expeditiously retained and 2) the CFO initiates the court revenue audit soon, it may be reasonable to budget \$500,000 in FY 2012. If this revenue is to be realized in FY 2012, it will be important that there be coordination and cooperation between the selected outside auditor and the CFO's staff.

Retroactive High Rise Fire Inspection Fees-\$600,000

The Fire Prevention Audit released in October 2010 recommended the Fire-Rescue Department resume and retroactively bill for inspections performed on high-rise buildings once the City Council approves the new fee structure. The Audit indicated the Department estimates approximately \$545,000 in high-rise inspection costs were not recovered in FY 2010. If the same amount is assumed for FY 2011, the General Fund has not recovered more than \$1.0 million of fire inspection costs. As the Department supports retroactive cost recovery and is proposing the new high-rise inspection fee structure be approved as part of the Council's budget action, we recommend \$600,000 in retroactive collections be budgeted as one-time revenue for FY 2012. This recommendation conservatively assumes that not all retroactive costs will be recovered in FY 2012.

IBA RECOMMENDED REVISIONS FOR ONE-TIME EXPENDITURES AND RESOURCES	
	NET
One-Time Expenditure	EXPENSE
Fund Remainder of Fire Alert System	\$ 1,700,000
Total Ongoing Service Restorations	\$ 1,700,000
	NET
One-Time Resources	RESOURCE
Public Liability Fund Balance (One-Time)	\$ 600,000
Recovery Auditing (One-Time)	500,000
Retroactive High Rise Fire Inspection Fees	600,000
Total Ongoing Resource Revisions	\$ 1,700,000

RECOMMENDATIONS REGARDING UPDATED FY 2012 GENERAL FUND RESERVE

On May 25, 2011 the City Comptroller issued an update to their FY 2010 Year-End Report, originally issued on May 18, 2011, and presented the results of this update to the Budget and Finance Committee. This update identified a one-time amount of \$11.2 million which had not been accounted for in the original FY 2010 Year-End Report. The net effect of this is an \$11.2 million increase to the FY 2010 and 2011 ending balances and the FY 2012 beginning balance/General Fund reserve. Based on this, the General Fund Reserve for FY 2012 is estimated to be \$94.1 million – 8.3% of General Fund revenues (after accounting for the increased revenues associated with the IBA recommendations.) The reserve policy adopted by the Mayor and Council in 2008 called for achieving a General Fund reserve goal of 7.5% and 8% of revenues for FY 2011 and FY2012 respectively.

For the past two fiscal years the Mayor has recommended suspending contributions to the reserves necessary to achieve these goals and maintaining the reserves level for FY 2011 and FY 2012 at 7.0%. The FY 2012 General Fund reserve, now estimated at \$94.1 million, is projected to exceed the City’s original goal of 8% by .3% or \$3.9 million. This is very good news for the City as General Fund reserves were as low as 3% just six years ago. Having achieved this important goal in the midst of significant fiscal challenges, it is important for the reserves to be maintained at 8% now and in the future.

Funding for Community Projects, Programs and Services Fund From Council District Office Savings/Reserves – \$1,600,000

It should be noted that an estimated \$1.6 million of the \$3.9 million in excess of the 8% reserve goal is attributable to savings estimated to be achieved in City Council District budgets during FY 2011. These savings are planned to be used for eligible City Council Community Projects, Programs and Services in FY 2012. Discussions with the City Attorney’s Office and Financial Management have been underway to properly budget and appropriate the budgetary savings in Council District budgets in FY 2012. Funding of \$1.6 million from the reserves is recommended for re-appropriation for this purpose in the FY 2012 budget.

In conjunction with the City Attorney and Financial Management, the IBA is developing a proposed Council Policy to incorporate an annual budgetary appropriation for each Council District, for community funding to be allocated at the discretion of each Councilmember, during the fiscal year. It is proposed that the City’s annual budget include an appropriation within each City Council Office budget for “Community Projects, Programs and Services”. To ensure no impact to the City’s budget, these amounts to be added are recommended to be based on estimated savings in each Council Office budget for the current fiscal year.

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If added during the Council’s final budget decisions, the amounts budgeted for “Community Projects, Programs and Services” will be subject to a majority affirmative vote of the Council at the time the annual budget is adopted. And, if approved by the Council, these allocations would be subject to review and approval (and/or veto) by the Mayor, as are all other budgetary decisions of the Council.

The IBA will be finalizing the proposed Council Policy describing the budgeting and allocation process, and intends to bring the Council Policy for final Council review and approval prior to the end of fiscal year. Based on the FY 2011 Year-End Budget Monitoring Report, the estimated savings for the eight Council offices totals \$1,612,318, assuming approval of the requested FY 2011 year-end budget adjustments. These amounts are recommended to be re-appropriated within the FY 2012 budget for each Council Office for Community Projects, Programs and Services. As shown below, this action would reduce the General Fund reserve from 8.3% to 8.2% for FY 2012 and the reserve would exceed the 8% goal by .2% or \$2.3 million after this allocation.

City Council Offices			
FY 2011 Estimated Savings			
Year-End Budget Monitoring			
		Year-End	
		Requested	Revised
	Est Savings	Adjust	Savings
CD1	218,032		218,032
CD2	167,688	25,000	192,688
CD3	182,778		182,778
CD4	162,167		162,167
CD5	197,249	25,000	222,249
CD6	144,764	9,000	153,764
CD7	175,023		175,023
CD8	267,617	38,000	305,617
TOTAL	1,515,318	97,000	1,612,318

FY 2012 ESTIMATED GENERAL FUND RESERVE			
FY 2011 Ending General Fund Reserve Balance	\$	94,057,216	8.3%
Less: FY 2012 Council Community Programs		<u>(1,612,318)</u>	
FY 2012 Beginning General Fund Reserve Balance	\$	92,444,898	8.2%
<i>8% General Fund Reserve Target</i>	<i>\$</i>	<i>90,128,245</i>	<i>8.0%</i>
Reserve Funding in Excess of 8% Target	\$	2,316,653	0.2%

With respect to the remaining \$2.3 million in excess of the 8% goal, we would recommend these funds not be expended and that they be held in reserves as a buffer against possible budgetary shortfalls in FY 2012 and to help ensure that the 8% reserve target is maintained in FY 2013. Other potential one-time uses that we considered include:

- Additional funding to implement the more robust Supplier Relationship Module (SRM) in the Purchasing and Contracts Department (\$2.1 million);
- Additional funding for ADA projects;
- Additional funding for priority deferred capital projects including streets and sidewalks.

However, rather than appropriating these funds, we recommend waiting until the FY 2012 mid-year monitoring report to make any further decisions regarding expending this excess .

IMPACTS OF IBA PROPOSED REVISIONS

Impacts on FY 2013 Outlook

All of the ongoing expenditure changes recommended by the IBA are funded with ongoing resources. As a result, these recommended changes will have no negative impact on the \$41 million shortfall currently projected for FY 2013 in the Mayor’s Five-Year Outlook. In fact, the revised projections for TOT included in the May Revise and those for Sales tax in the IBA recommendations may have a positive impact on the FY 2013 budget projections, as growth rates will be applied to a higher base.

Additionally, after accounting for all of the IBA’s recommended changes, the General Fund reserve is projected to not only achieve the 8% target in FY 2012, but to exceed this target by an estimated \$2.3 million, or 0.2%. The Five-Year Outlook assumes a \$7.5 million contribution to the General Fund reserve in FY 2013 in order to reach the 8% target. Achieving a reserve in excess of 8% in FY 2012 will not only mitigate the need for such a large contribution in FY 2013, but will also provide a cushion for any potential budgetary shortfalls in FY 2012.

Position Changes

The following chart shows the number of positions restored in the May Revise and the number that would be restored as a result of the IBA recommended revisions to the Mayor’s Budget:

SUMMARY OF POSITION CHANGES							
Fund/FTE	FY 2011 Final	FY 2012 Proposed	Change from 2011	FY 2012 May Revise	FY 2012 IBA Changes	FY 2012 Final	Change from 2011
General Fund	7,067.98	6,879.95	(188.03)	90.36	62.80	7,033.11	(34.87)
Non General Funds	3,154.11	3,093.38	(60.73)	(21.74)	-	3,071.64	(82.47)
Total City	10,222.09	9,973.33	(248.76)	68.62	62.80	10,104.75	(117.34)

After accounting for all revisions, 34.87 FTE General Fund positions and 117.34 FTE non-General Fund positions will be reduced in the FY 2012 budget as compared to Final FY 2011 Adopted Budget.

NEW/INCREASED FEES INCLUDED IN THE FY 2012 BUDGET AND NEXT STEPS

Proposals for the establishment of new fees and for increases to existing fees have been included in the Mayor’s Proposed Fiscal Year 2012 Budget, most notably in the Police

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and Fire-Rescue Departments. The City Attorney has indicated that such new or increased fees must be enacted by the Council in a separate action or series of actions and in accordance with Proposition 26.

On March 4, 2011, the City Attorney issued a Memorandum of Law regarding "Proposition 26 and Its Impact on Fees and Charges." The memorandum provides guidance on specific issues to consider when new or increased fees are proposed for City services due to the passage of Proposition 26 last November. Furthermore, the memorandum indicates that the City Attorney is reviewing current policies, procedures, and administrative regulations related to fees to determine revisions which may be necessary or advisable, in light of Proposition 26.

Specific excerpts from the City Attorney's memorandum speak to the level of documentation that should be made available to the Council and the public as part of the legislative record, at the time fee proposals are considered:

"If challenged, a local agency's legislative documents in support of the fee are critical: staff must explain the link between the cost and the matter to be regulated and justify all fee calculations based on a study of the costs associated with the regulation at issue. Further, the local agency's approval of a fee should be based on the facts presented, and the basis for the decision must be documented."

"Fee Studies are Necessary to Employ Certain Exceptions. Departments imposing, increasing, or extending fees after November 3, 2010 are required to do a fee study in support of their proposed fee if they claim the user fee, government service/product fee, or regulatory fee exception to Proposition 26...In any event, City staff must be able to prove their calculations to the satisfaction of the Council and the public. The legislative record should reflect these calculations and there should be concrete evidence in support of the calculations, as the local agency has the burden of establishing a fee is appropriate if challenged."

Cost studies and calculations related to the proposed new or increased fees have not yet been provided to the Council as part of the public, legislative record for the fees assumed in the Mayor's Proposed Fiscal Year 2012 Budget. As indicated above, the Council will be asked to review such materials and impose any new or increased fees at a later date. In the event that specific fee proposals are not enacted as proposed by the Mayor, budgetary mitigation options should be considered to ensure a balanced budget continues to be in place during the fiscal year. Similarly, budget adjustments may be required if any elements of the Mayor's fee proposals are substantially delayed.

The specific requests for Council action will be coming forward to Budget and Finance Committee and City Council over the next several weeks. The City Attorney's Office has advised us that in the meantime Council can adopt their final decisions on the FY 2012 budget based on the fee assumptions that are proposed in the budget.

OTHER FISCAL POLICY MATTERS IDENTIFIED IN COUNCIL BUDGET MEMOS

In addition to providing feedback on budget priorities for the FY 2012 budget , individual Council memos addressed a number of longer range budget issues the City should continue to pursue in order to accomplish the goal of eliminating the City' structural budget deficit:

- Strategies to obtain additional ongoing funds from golf courses and parking e.g. charging for parking at our beaches, bays and regional parks;
- Exploring expansion of the 4/10/5 work schedule;
- Changing how the Transient Occupancy Tax (TOT) is officially allocated by amending the municipal code section and City Council Policy to eliminate the dedicated four cents that the City is obligated to use from the TOT for purposes of promoting the City, and instead, direct that those funds be returned to the General Fund;
- Comprehensive assessment across City departments of the actual need for take home vehicles and eliminate as many take home vehicles as possible;
- Exploring if the City can achieve savings through outsourcing Disability Administration;
- Exploring greater flexibility in the provision of library hours within sub-regions to better meet the needs of the immediate community (e.g. explore implementing the Express Library concept for the beginning and end of the day for an hour or two to extend branch hours each day);
- Systematic comprehensive annual reviews of the City's user fees as part of the annual budget process and revision of the User Fee Policy to ensure conformance with Proposition 26 approved by the voters in November 2010;
- Updated Public Facilities Financing Plans be brought forward to Council immediately in order to consider whether these plan updates could result in additional revenue for the Facilities Financing Division and also increase reimbursement of administrative expenses from Development Impact Fees (non-General Fund impact);
- Increased transparency of vacant positions;
- Cost of service studies for storm water and refuse collection be completed and presented to the Council during the 2011 calendar year;
- Exploring options for consolidation of the City's financial functions; review the roles of the City's Public Information Officers to determine if there are duplicate functions; and possible consolidation of Management Analyst positions throughout the city.

Attachment F

SUMMARY OF IBA RECOMMENDATIONS AND NEXT STEPS IN BUDGET ADOPTION PROCESS

The IBA recommends Council consideration of the following actions:

1. Approval of the Mayor's FY 2012 Proposed Budget as issued on April 15, 2011 and as amended by the Mayor's May Revise issued on May 19, 2011;
2. Approval of the IBA recommended revisions for ongoing and one-time expenditures and resources as detailed in this report;
3. Approval of IBA recommendations regarding the FY 2012 General Fund Reserve including re-appropriation of \$1.6 million from Council Office savings for Community Projects, Programs and Services with the remaining amount in excess of the 8% target (\$2.3 million) to be held in the FY 2012 reserves;
4. Approval of funding in the amount of \$450,000 to be authorized from the City's Major Events Revolving Fund for work of the non-profit Balboa Park Centennial Host Committee as part of the FY 2012 Budget. Funds from the Special Promotional Programs/TOT Budget have been contributed and have accumulated over past the several fiscal years specifically for this program which will take place in 2015. Significant planning needs to take place over the next several fiscal years. As there are sufficient funds in the Major Events Revolving Fund, there is no impact to the General Fund.

The following key steps remain in the FY 2012 budget adoption process:

June 6	Council decisions on final budget modifications
June 7	Council decisions on final budget modifications (if needed)
June 8-9	City Clerk to transmit resolution to Mayor within 48 hours of passage
June 9	Mayor's veto period begins (five business days)
June TBD	Separate adoption of new and increased fees proposed for FY 2012
June 15	Mayor's veto period ends
June 20	Council consideration of Veto Override (if needed)
July 18	Adoption of Appropriation Ordinance: First public hearing
July 25	Second public hearing: Introduction and adoption of Appropriation Ordinance
July 25	Adoption of Tax Rate Ordinance

[SIGNED]

Tom Haynes
Fiscal & Policy Analyst

[SIGNED]

Jeff Kavar
Fiscal & Policy Analyst

[SIGNED]

Brittany Bermingham
Research Analyst

[SIGNED]

Andrea Tevlin
Independent Budget Analyst

[SIGNED]

Elaine DuVal
Fiscal & Policy Analyst

[SIGNED]

Lisa Byrne
Fiscal & Policy Analyst

[SIGNED]

Jeff Sturak
Deputy Director



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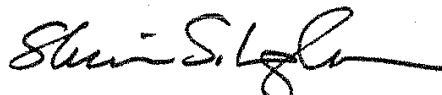


CITY OF SAN DIEGO
COUNCILMEMBER SHERRI S. LIGHTNER
DISTRICT ONE

MEMORANDUM

DATE: May 26, 2011

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Sherri S. Lightner, District 1 

SUBJECT: Restoring Public Safety and Preserving Neighborhood Services in the FY 2012 Budget

I appreciate the Mayor's efforts in listening to the priorities of the Council and making restorations in the May Revise of the FY 2012 Budget that are responsive to Council requests. However, additional service restorations remain necessary in order to protect public safety and preserve neighborhood services.

My top priorities for additional service restorations in the final FY 2012 Budget are the following:

- Fully restore all fire station brownouts on July 1, 2011
- Restore three lifeguard relief positions, so critical hands-on training can take place
- Fully restore all library branches to their current levels
- Restore swim team and water polo programs, after school programs and pool operating hours in the Park and Recreation Department
- Restore the Police Department Vehicle Abatement Unit, and
- Provide funding for Fire-Rescue Department In-Station Alerting System

To afford these restorations, I propose that City Council should make the following revisions to the final FY 2012 Budget:

- Increase projected sales tax revenue estimates
- Eliminate cell phones for non-public safety departments
- Adjust terminal leave
- Adjust long-term disability reserve amounts
- Reduce overtime for non-public safety departments
- Reduce training and travel for non-public safety departments
- Reduce iT discretionary funding
- Implement recovery auditing

Attachment G

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- Collect retroactive Fire-Rescue high-rise inspection fees
- Use funds from the FY 2011 General Fund reserve balance, which will increase by at least \$11.2M due to revised FY 2010 Environmental Growth Fund revenues

Attached is a table including the costs and revenues associated with each of the above measures. The Police Department Vehicle Abatement Unit has historically been 100% cost recoverable, so it is included as both a service restoration and a revised revenue resource.

Please contact my office at (619) 236-6611 or sherrilightner@sandiego.gov if we may provide additional information.

Attachment

cc: Honorable Mayor
Honorable Councilmembers

Attachment #1


Restoring Public Safety and Preserving Neighborhood Services in the FY 2012 Budget Councilmember Sherri S. Lightner	
REVISED REVENUE RESOURCES	Additional Revenue Generated
Adjust FY 2012 sales tax revenue estimates	\$1,700,000
Eliminate cell phones for non-public safety depts.	\$200,000
Adjust terminal leave	\$400,000
Adjust long-term disability reserve amounts	\$1,600,000
Reduce overtime for non-public safety departments	\$1,250,000
Reduce training and travel for non-public safety departments	\$500,000
Reduce IT discretionary funding	\$500,000
Implement recovery auditing	\$500,000
Collect retroactive Fire high-rise inspection fees	\$1,000,000
Cost recovery for Police Department Vehicle Abatement Unit	\$329,152
Use portion of EGF Revenue/GF Reserve Balance	\$4,100,000
TOTAL REVENUE RESOURCES	\$12,079,152

REVISED SERVICE RESTORATIONS	Amount needed to restore
Full restoration of brownouts on July 1, 2011	\$2,800,000
Restoration of three lifeguard relief positions	\$300,000
Full restoration of library branch hours to current levels	\$4,700,000
Restoration of swim team and water polo programs	\$223,331
Restoration of after school programs	\$137,597
Restoration of pool operating hours	\$107,875
Restoration of Police Department Vehicle Abatement Unit	\$329,152
Funding for Fire In-Station Alerting System	\$3,400,000
TOTAL SERVICE RESTORATIONS	\$11,997,955



COUNCIL PRESIDENT PRO TEM KEVIN L. FAULCONER
CITY OF SAN DIEGO
SECOND DISTRICT

MEMORANDUM

DATE: May 26, 2011
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Council President Pro Tem Kevin L. Faulconer 
SUBJECT: Fiscal Year 2012 Budget Amendments and Neighborhood Service Restorations

The Fiscal Year 2012 budget deliberations have been some of the most robust and transparent to date. Working with my Council colleagues and fellow City Council leaders – Council President Tony Young and Budget & Finance Committee Chair, Councilmember Todd Gloria – we have been able to do more than simply successfully express the Council’s Fiscal Year 2012 budget priorities to the Mayor. We have succeeded in achieving our primary goal of restoring the browned out fire engines. As the Independent Budget Analyst, you have helped give the City Council the important budget tools. The Menu of Budget Options you developed based on suggestions from the public, public policy groups, businesses, councilmembers and other stakeholders helped shape the Mayor’s May Budget Revision.

In this memo I outline:

- 1) The elements of my Plan to Preserve Neighborhood Services that were included in the Mayor’s May Budget Revision;
- 2) My remaining budget priorities, which I will be asking my Council colleagues to support – fully funding community services such as libraries and after school programs, as well as budget amendments that provide a return on investment.

Neighborhood Services and Other Amendments Successfully Added in May Revise

Enclosed is my May 10, 2011, Plan to Preserve Neighborhood Services in the Fiscal Year 2012 Budget, updated to reflect the service restorations and revenue/expenditure adjustments from my plan included in the May Revise. I commend Mayor Sanders for incorporating some of my priorities in the budget revision. The most significant service restoration in the May Revise is the full funding of recreation center hours and partial funding of library operation hours. I will continue to push for full restoration of library hours as well as after school programs, pool operating hours, and swim team and water polo programs.

Andrea Tevlin, IBA
May 26, 2011
Page 2

I thank the Mayor for including in the May Budget Revision my request to keep my Council District 2 office budget at current year levels. The \$8,025 that will be returned to the General Fund, while modest, will provide additional tax dollars for the City's day-to-day operating budget.

The May Revise is also the first time the City is able to budget Managed Competition savings -- \$200,000. The savings from bidding Publishing Services show competition between city workers and the private sector creates real savings, freeing up money that we can invest in our neighborhoods. It is expected that the contract will save \$1 million annually for the term of the contract beginning in Fiscal Year 2013.

The May Revise also restores 2.0 FTE positions for the beach fire pit program as a result of the public-private sponsorship program my office spearheaded. I thank the Hotel-Motel Association, the Convention and Visitors Bureau, San Diego Foundation, La Jolla Foundation, Mayor Sanders and Councilmembers Sherri Lightner and Lorie Zapf for helping to make this a reality.

Finally, I was pleased to see a Small Business Liaison position in the May Revise. I was honored to join Council President Young, Councilmember Zapf, and Councilmember David Alvarez to unveil a small business plan that included the addition of this liaison. I commend my colleagues and the Mayor on successfully funding this position.

Remaining Budget Amendments to Restore Neighborhood Services and Retain Revenue Generating Operations

In addition to my continued priority of restoring the Library Department and Park & Recreation Department cuts that remain in the May Revise, I have added two budget amendments based on discussions at public Budget Review Committee hearings:

- Restoration of Police Department Vehicle Abatement Unit (4.0 FTE positions -- \$329,152)

The positions proposed to be cut in this unit are the only cost recoverable positions in the Police Department. Eliminating these positions would not only put strain on a revenue source for the City, but also require public safety officers to assume the role of issuing citations instead of focusing on high-priority safety issues. The Council has been told these positions are cost recoverable, but it is unclear whether they have been budgeted this way. I request that you address this in your final budget report in order for the Council to fund these four positions using cost-recovery tools without additional impact to the General Fund.

Andrea Tevlin, IBA
May 26, 2011
Page 3

- Addition of City Auditor mid-Fiscal Year 2012 (0.5 FTE position – \$83,930).
On May 2, 2011, the Audit Committee unanimously recommended a performance auditor be added midway through Fiscal Year 2012. The Office of the City Auditor found \$2.75 in potential savings for every \$1.00 in audit cost in calendar year 2010. The City Auditor believes this modest increase to his budget can help his office's return on investment continue to grow.

Continued Need for Reform of Fee Structures

As I expressed in my budget plan, I continue to have concerns about several fees in the budget, most notably the Fire Department High Rise Inspection fee and Police Department Entertainment Permit Fees. I also have remaining questions regarding the Emergency Medical First-Responder reimbursement, which has been included for the first time in the Fiscal Year 2012 budget.

Following Budget Committee direction, additional review of these fees with stakeholders is underway. Depending on the progress made in the coming week, I may request the Council take action on these fees in a vote separate from the Fiscal Year 2012 Budget approval.

The working relationship between the City Council and Mayor is the best that is has been in many years. I look forward to capturing the momentum from the May Budget Revision to fully restore valued neighborhood services.

Enclosure: Plan to Preserve Neighborhood Services in Fiscal Year 2012 Budget (May Revise Update)



Council President Pro Tem Kevin L. Faulconer

PLAN TO PRESERVE NEIGHBORHOOD SERVICES IN FY 2012 BUDGET**MAY REVISE UPDATE**

Branch Libraries, Recreation Center Hours, After School & Pool Programs and Beach Fire Pits

Proposed Cut to be Restored	Cost to Restore	Restoration Status	Alternative Reform	Savings/Revenue	Status in May Revise
Ongoing Solutions (Implementable July 1, 2011)					
Reduction of Branch Library Hours/77.02 FTE positions	\$7,407,340	Partially Restored – \$2,700,000 (30.10 FTE positions)	Adjust FY 2012 Revenue Estimates	\$3,000,000	Budgeted - \$3,400,000 in TOT revenues
Reduction of Recreation Center Hours/48.19 FTE positions	\$3,306,905	Fully Restored – \$3,306,905	Eliminate Cell Phones (Non-Public Safety)	\$400,000	Partially Budgeted - \$200,000
Elimination of After School Programs/3.55 FTE positions	\$137,597 \$140,857	Not Restored – Cuts increased by \$3,260 (1 FTE position)	Reduce Training & Travel (Non-Public Safety)	\$1,000,000	Not Budgeted
Elimination of Beach Fire Pit Rings/2.00 FTE positions	\$149,165	Partially Restored – \$120,000 (2.0 FTE positions)	Reduction to Overtime (Non-Public Safety)	\$1,250,000	Not Budgeted
Reduction in Pool Operating Hours/1.93 FTE positions	\$107,875	Not Restored – Proposed Cut Remains	Reduce Arts & Culture Grant Funding (10%)	\$620,000	Not Budgeted
Reduction of Swim Team and Water Polo Programs/6.40 FTE positions	\$223,331	Not Restored – Proposed Cut Remains	Reprioritize Mayor & Council TOT Allocations	\$220,000	Not Budgeted
Reduction of P.D. Vehicle Abatement Unit/4.00 FTE positions ¹	\$329,152 ²	Not Restored – Proposed Cut Remains	Adjust Terminal Leave	\$400,000	Not Budgeted

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Audit Committee Recommended Addition			Alternative Reform (Con't)	Savings/Revenue (Con't)	Status in May Revise (Con't)			
			Reduce IT Discretionary Funding (20%)	\$1,500,000	Not Budgeted			
Addition of City Performance Auditor/0.5 FTE position ¹	\$83,930	Not Included in May Revise	Use of WTC Sale Revenue for Convention Center Phase II Debt	\$2,500,000	Budgeted – \$2,500,000			
			Restoration of Branch Library Revenue	\$139,500	Not Budgeted			
			Restoration of Recreation Center Revenue	\$394,006	Budgeted – \$394,006			
			Fire Pit Ring Sponsorship Program	\$120,000	Budgeted – \$120,000			
			Restoration of P.D. Vehicle Abatement Revenue ²	\$329,152 ²	Not Budgeted			
			Sub-Total:		\$11,872,658 ³	Sub-Total:	\$6,614,006	
			Ongoing Solutions (Implementable During FY 2012)					
						Expanded Revenue Recovery Auditing	\$500,000	Not Budgeted
			Sub-Total:		\$500,000	N/A		
			One-Time Solutions					
						Collect Delinquent Parking Citations (FY 2007 – 2011)	\$1,300,000	Budgeted – \$1,300,000
Sub-Total:		\$1,300,000	N/A					
Service Restorations/Budget Addition Total: \$11,748,555		May Revise Restoration Total: \$6,126,905	Total Potential Savings/Revenue from Reforms: \$13,672,658 ³		May Revise Budgeted Reforms Total: \$7,914,006			
Services Left to be Restored (Grand-Total): \$5,621,650			Potential Remaining Reforms to be Implemented (Grand-Total): \$5,758,652					

Key: Priority/Reform is Fully Restored/Budgeted

Priority/Reform is Partially Restored/Budgeted

Priority/Reform is Not Restored/Budgeted

¹Priority added following May Revise

² Positions have been reported to be cost recoverable. Additional IBA analysis is requested.

³ Includes sponsorship revenue earmarked for fire pits



OFFICE OF COUNCILMEMBER TODD GLORIA
COUNCIL DISTRICT THREE

MEMORANDUM

DATE: May 26, 2011
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Councilmember Todd Gloria, Third Council District *Todd Gloria*
SUBJECT: Fiscal Year 2012 Budget Priorities and Issues for Consideration

Thank you for the opportunity to convey my budget priorities for Fiscal Year 2012.

Budgets are a matter of options and choices that are reflective of values, priorities and needs, and are tools to deliver services that are important to us all. The recent budget hearing process provided us with an opportunity to better understand citizens' values, priorities and the necessary trade-offs required to make decisions about the upcoming budget, while staying focused on fiscal constraint and the longer-term vision that will support the future that San Diegans want and deserve.

Like many families and businesses, the City of San Diego has made difficult choices in previous budgets, and more hard choices will need to be made to prepare for FY 2012. **Attachment A** of my memorandum provides a list of sources and uses that I recommend be adopted. The proposal I offer include some unpopular choices and will require some adjustments to how business is typically handled, but if adopted in its entirety, will allow the City to continue to operate in a fiscally responsible fashion over the long run.

The deliberations have revealed a strong will to find alternate solutions to restore some important services. As always, public safety remains the one area in which there is no margin for error. I am pleased that the proposed budget is responsive to this fact. The budget modifications I propose further protect public safety services and spare libraries and park programming from some of the painful cuts proposed to begin on July 1.

OTHER ISSUES FOR CONSIDERATION

General Fund User Fee Policy

In 2009, the City Council adopted a comprehensive General Fund User Fee Policy to assist with determining the appropriate level of user fees for services and related cost-recovery revenues. The Policy was intended to require a fee review and adjustment process as part of the City's

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FY12 Budget Priorities and Issues for Consideration
May 26, 2011

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annual budget process. I am concerned that this process is not being followed. Annual inflationary or other technical adjustments to fees should be considered each year as part of the budget process. Additionally, I recommend that the User Fee Policy be revisited and amended as appropriate to ensure conformance with Proposition 26 which was approved by voters in November 2010.

City Reserve Policy

In 2008, the City Council adopted a revised comprehensive Reserve Policy for the major funds of the City and recommended a phased approach in setting reserve levels. This Policy ultimately governs our decision-making and fiscal actions. Therefore, I recommend that the Reserve Policy be revisited and amended as appropriate to ensure maintenance of adequate reserve levels.

Public Facilities Financing Plans

The Capital Improvements Program hinges on effective Public Facilities Financing Plans (PFFP). I request that updated PFFPs be brought forward for Council consideration immediately. For example, Mid-City PFFP update was completed several years ago, and once again, we are asked to adopt a budget without benefit of the new PFFP. Approval of these plan updates could result in additional revenue for the Facilities Financing Division and also increase reimbursement of administrative expenses from Development Impact Fees.

New Revenues

The City still has insufficient income to maintain critical services. This was the case even during healthy economic times. The public has indicated they will no longer accept reduced levels of neighborhood services. By now, we have come to realize that it would be unwise to try to further cut our way out of the problem. Increasing fees is no one's favorite way to address budget challenges, but after almost a decade of budget cuts, we have run out of viable alternatives. I recommend that cost of service studies for storm water and refuse collection be completed and presented to the City Council during the 2011 calendar year.

Major Events Revolving Fund/Balboa Park Centennial

The City's Special Promotional Programs budget has included an annual allocation of \$150,000 to the Major Events Revolving Fund in each of the last several years in preparation of the upcoming Balboa Park Centennial. During FY 2012, it is planned that funding in the amount of \$450,000 will be authorized from the Major Events Revolving Fund for expenditure to the non-profit host committee as it embarks on this undertaking. It is requested that the Council specifically authorize the appropriation of these funds for this purpose as part of the FY 2012 budget, which will permit Mayoral staff to expedite these contractual arrangements, without further Council action, as permitted by Municipal Code section 22.3222. The Major Events Revolving Fund is not specifically reflected in the Mayor's Proposed Budget, and this expenditure has no impact on the City's General Fund.

Council District Three Transient Occupancy Tax (TOT) Allocations

The proposed budget allocates \$25,000 in TOT to each Council office to allocate at its discretion. I request that my allotment be granted to the following organizations to support the various special events and cultural and recreational programming they provide to enhance the well-being of San Diego communities:

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FY12 Budget Priorities and Issues for Consideration
May 26, 2011

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Balboa Park Cultural Partnership	
- Smith Leadership Symposium	\$2,500
- Balboa Park Online Collaborative	\$7,500
- Green Balboa Park Program	\$5,000
Hillcrest Business Improvement Association	\$2,500
- 2011 Hillcrest Hoedown/Fall Festival	
Jacob's Center	
- Somali Youth United Cultural Celebration	\$1,000
San Diego Music Awards Foundation	
- North Park Music Thing	\$5,000
San Diego Asian Film Foundation	
- "Youth Day" and film festival access for low income or underserved communities	\$1,500

Thank you again for the opportunity to share my priorities for the upcoming year.

I'd like to conclude by thanking and acknowledging you and your staff for the remarkable work during the budget cycle and throughout the year. Your guidance has helped the City Council assert its role early on and has created a better informed and more effective process. My appreciation, as well, to the Mayor and his staff, particularly his budget team, for providing us with overviews of the many departmental budgets and for being responsive to Councilmembers' questions and requests for additional information. The collaboration that occurred during this year's budget process will result in a more responsible and responsive budget—one that our citizens expect and deserve.

TG:pi

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ATTACHMENT A

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COUNCILMEMBER TODD GLORIA FY 2012 RECOMMENDED BUDGET MODIFICATIONS SOURCES AND USES OF FUNDS

ONGOING SOURCES	
Adjust FY 2012 Sales Tax Revenue Estimates by 1%	\$1,700,000
Expand Marketing Partnerships	\$500,000
Eliminate Management Flex Benefits	\$1,400,000
Further Reduce Cell Phones and Wireless Data Plan Expenditures for Non-Public Safety Departments	\$200,000
Adjust Terminal Leave	\$400,000
Adjust Long Term Disability Reserve Amounts	\$1,600,000
Reduce Overtime for Non-Public Safety	\$625,000
Reduce Training and Travel for Non-Public Safety Departments	\$500,000
Reduce IT Discretionary Funding	\$750,000
Sub-Total Ongoing Sources	\$7,675,000

ONE-TIME SOURCES	
Collect Remaining Redevelopment Agency Debt Repayment	\$200,000
Implement Recovery Auditing	\$500,000
Collect Retroactive Fire High-Rise Inspection Fees	\$1,000,000
Sub-Total One-Time Sources	\$1,700,000
TOTAL SOURCES	\$9,375,000

ONGOING USES	
Fully Restore Branch Library Hours to Current Levels	(\$4,700,000)
Restore Swim Team and Water Polo Programs to Current Levels	(\$223,331)
Restore Pool Operating Hours to Current Levels	(\$76,474)
Restore After School Programs to Current Levels	(\$137,597)
Restore Police Code Compliance Civilian Positions	(\$329,152)
Sub-Total Ongoing Uses	(\$5,466,554)


ONE-TIME USES	
Complete Funding Restoration of Lifeguard Training	(\$40,000)
Fund Residents' Opinions on City Services Survey	(\$30,000)
Complete Funding for Fire In-Station Alerting System	(\$1,700,000)
Complete Funding for Supplier Relationship Management (SRM) Module of SAP	(\$2,100,000)
Sub-Total One-Time Uses	(\$3,870,000)
TOTAL USES	(\$9,336,554)



CITY OF SAN DIEGO
OFFICE OF COUNCIL PRESIDENT ANTHONY YOUNG
FOURTH COUNCIL DISTRICT
MEMORANDUM

DATE: May 25, 2011

TO: Councilmember Todd Gloria,
Chair Committee on Budget and Finance
Chair Ad-Hoc Committee on Redevelopment

FROM: Council President Anthony Young 

SUBJECT: Budget Priorities for Fiscal Year 2012 Budget

I am heartened and pleased that the Mayor has taken several of the Council's recommendations from our Budget Resolution to restore Fire Engine brown-outs and not totally reduce library and park and recreation services. However, my priorities remain those of public safety, maintaining park and library services, and reducing/eliminating the structural budget deficit.

I support the additional on-going revenues in the Mayor's May revise to fully restore recreation center hours and partially fund library hours. However, I want to also include in the FY 2012 budget funding for park and recreation after-school programs and pool operating hours. Furthermore, I want to fully fund all branch library hours at their current service levels. To achieve this goal I support the resource options identified by the IBA in her report of April 29th reviewing the Mayor's proposed FY2012 budget (specifically items 1, 2, 3, 5, 6,7,8,9,10,11,13,14,15,16 and 17).

It is very clear that we continue to pursue actions from our Menu of Budget options that will significantly reduce and/or eliminate our structural budget deficit. I am requesting your support and that of my fellow Councilmember's and the Mayor to pursue, what may be considered by some as unpopular actions, strategies to obtain additional ongoing funds from golf courses and parking e.g. charging for parking at our beaches, bays and regional parks, expansion of the 4/10/5 work schedule and placing solar roofs on city facilities.

As you know, traditionally budget savings from council offices have been used to support various community services and programs. I support including in the FY 2012 budget a community services and programs line item in our respective Council Office budgets that equals the projected savings from FY2011.

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I am very encouraged by this Council's actions towards approving a FY2012 budget that is balanced, protects public safety, provides current level park and library services, and provides for city services with limited resources. I look forward to us continuing our efforts to do even more in 2012 and beyond. Elimination of the structural deficit is within our grasp and I am confident that through bold and thoughtful actions we will accomplish it.

Cc: Andrea Tevlin, Independent Budget Analyst



City of San Diego
CARL DEMAIO
CITY COUNCILMEMBER - DISTRICT 5

MEMORANDUM

DATE: May 25, 2011
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Councilmember Carl DeMaio *Carl DeMaio*
RE: Budget Priorities and Issues for Consideration for the FY 2012 Budget

Since taking office, my number one priority has consistently been to fix the City's finances. Our priorities must be focused on making City services more cost effective for taxpayers, and protecting them from additional cuts. If we enact prudent and necessary fiscal reforms and manage our resources prudently we can protect services such as public safety, libraries, and parks.

To achieve those goals, in November 2010 I released my *Roadmap to Recovery* to provide a comprehensive plan to balance the budget without service cuts.

It is very encouraging that so many people around San Diego have embraced the reforms and budget options that I offered in this plan. A number of the options for the FY 2012 that I presented in the *Roadmap to Recovery* have been recognized by the IBA and implemented by the Council in recent weeks as being among a number of priority options for inclusion in the FY 2102 Budget.

I am pleased to see that the Mayor's May Revision restores browned-out fire stations and recreation center hours. It does not, however, go far enough in restoring library hours. All hours should be restored to current levels at all libraries across the City.

Consistent with the *Roadmap to Recovery* I offer the following catalog of budget options for inclusion in the IBA's final report on recommended changes to the Mayor's proposed budget.

Eliminate Management Flex Benefits, Including the City Council Offices (\$1.4 million)

As I first proposed in January 2009, I support the elimination of management “Flex Benefits.”

The City Council can lead by example, and I have no reservations about eliminating these benefits for our City Council offices.

City employees receive benefits unheard of in the private sector. And executives, managers and City Council employees receive a generous \$3,000 annually to fund health, dental, and vision care, as well as individual retirement accounts.

I do not believe that this benefit is necessary to attracting and retaining talent. Especially in this tough economy, San Diego taxpayers should not be expected to shoulder generous compensation packages that they themselves cannot receive in the private sector.

Create a City “Office of Management and Budget” (\$1.6 million)

In the *Roadmap to Recovery* I proposed the creation of an Office of Management and Budget, to consolidate and coordinate various management functions in the City and to achieve cost savings. This reform would expand project management capabilities. It would reduce positions in other offices and achieve General Fund savings: City Treasurer (\$61,216), Administration (\$1.5 million), Business Office (\$209,467), and Office of the Assistant COO (\$246,026).

Consolidate “Management Analysts” (\$1.5 million)

The OneSD system provides both the Financial Management Department and analysts in each department access to the same information. There are, thusly, unnecessary redundancies in monitoring departments. Consolidation of analysts could begin in smaller and mid-sized departments and extend to larger departments in the future. A reduction in 20 department analysts would save \$1.5 million.

Reduce Press Aides and Public Information Officers

In the *Roadmap to Recovery* I proposed consolidating all Public Information Officers in the departments, excluding Police and Fire-Rescue, into an Office of Community and Legislative Services. We cited 19 designated press and public relations staff in the City, and noted that there are even more staff and contractors involved with public affairs. This reform would not only produce cost savings, it would also improve the City’s communication to the media and the public. Savings could top \$100K a year.

Expand Marketing Partnerships (at least \$500,000)

Last year my office proposed expanding marketing partnerships in a white paper titled "Generating Revenue by Expanding the City's Marketing Partnerships," and later included this reform proposal in the *Roadmap to Recovery*. The Council included this reform in its menu of options presented to the Mayor. The IBA has now endorsed this proposal for the FY 2012 budget.

The General Fund savings is conservatively pegged at \$500,000, though greater savings could probably be achieved, perhaps double that amount.

Clear opportunities exist to expand advertising partnerships at our beaches. Accordingly, I have proposed allocating the revenues from these partnerships to protecting lifeguard services.

Reduce Training and Travel for Non-Public Safety (\$500,000)

Recognizing that there are legitimate reasons for travel and training costs for City employees, I propose eliminating half the amount for these purposes of what the IBA recommends. There is approximately \$1 million in the FY 2012 Proposed Budget from the General Fund for non-public safety travel and training. Eliminating half of this budgeted amount is prudent, and recognizes that there are valid expenses for these purposes in some departments.

Reduce Arts & Culture Funding by 25% and Reduce Arts and Culture Commission Staff (\$1.8 million)

In the *Roadmap to Recovery* I proposed reducing Arts and Culture grants by 25%. There are two grant allocation programs, the Organizational Support Program (OSP) and the Creative Communities San Diego (CCSD), for which the Commission for Arts and Cultures is responsible for making recommendations.

I also proposed reducing the Commission staff to one Executive Director and Administrative Aide. Furthermore, grants should be targeted on the organizations where they will have the greatest and most beneficial impact. It is not the proper role of these grants to add funding where they will merely be lines in an already expansive budget.

The arts and cultural activities are supported around our city by engaged nonprofit organizations and individuals. At this time of considerable fiscal challenges, the City should focus tax dollars on the priorities that government is uniquely positioned to provide. I recognize the value of our City's support for arts and culture, and propose that we revisit these reductions when necessary fiscal reforms have been implemented to place our City on a more solid budgetary footing.

Reduce Information Technology (IT) Discretionary Funding 20% (\$1.5 million)

I support a reduction in non-public safety IT discretionary funding by 20%. It is necessary to distinguish discretionary budget items from non-discretionary, and to limit

discretionary items where appropriate. I believe that this reduction is prudent and will not compromise the City's ability to deliver services.

Engage in Managed Competition or Direct Outsourcing for Priority Functions

I proposed in the *Roadmap to Recovery* jump-starting managed competitions for specified City functions. I am pleased the City has moved forward with the print shop and publishing, street sweeping, and Information Technology (IT).

I have additionally proposed managed competition for trash collection, maintenance in Parks and Recreation, facilities operations in Parks and Recreation, beaches and shoreline maintenance, park and buildings maintenance in Parks and Recreation, facilities in General Services, and fleet and auto maintenance. We estimate the potential savings from managed completion or outsourcing for the additional functions at \$8.7 million, if the transition of functions occurred no later than January 1, 2012. We also assumed an estimated timeline of 12-14 months.

The City has a number of opportunities to produce savings through managed completion. These savings should be realized in a reasonable timeframe. The managed competition process should not take as long as we have seen it take. It should not take a year and a half. The process can and should be accomplished in 90 days.

Cut the Mayoral and City Council Budgets by 10% (\$1.6 million)

In the *Roadmap to Recovery* I proposed cutting the mayoral and City Council budgets proportionally. It is important that the Mayor and the City Council lead by example.

Use Proceeds from World Trade Center Sale for Road Repairs (\$2.5 million)

We can and must also fix and properly maintain our aging infrastructure. I propose using \$2.5 million from the sale of the World Trade Center (WTC) to road repairs in FY 2012. Roads all around our City are riddled with potholes, and are in a general state of disrepair. We have to make fixing our roads and filling the potholes a top priority.

The Mayor's proposes in the May Revision using these WTC funds to pay down principal on capital improvement bonds, and the IBA proposes using them for Convention Center debt service costs. Respectfully, I believe using the WTC funds in these ways constitutes a shell game. Money is being moved around and nothing new is actually created. I believe a higher priority for these funds lies elsewhere. Fixing our roads needs to be a top priority, and the work that the people of San Diego expect to get done must get done.

Redevelopment Agency Debt Repayment (\$1 million)

The IBA has properly identified a potential opportunity for the Redevelopment Agency to pay \$1 million to \$2 million of the General Fund debt held pursuant to the Loan Repayment Agreement approved in February. We must be prudent with the use of

General Fund monies, and recognize opportunities that may exist to relieve General Fund obligations.

Implement and Expand Recovery and Revenue Auditing (\$1,500,000)

In the *Roadmap to Recovery I* recommended implementing recovery auditing. The IBA has endorsed this proposal for the FY 2012 Budget. Some of the amounts in the City's accounts payable include overcharges for goods or services provided, payments for services not rendered, duplicate payments, or identify credits from vendors that were not applied. Recovery auditing is the post-payment review of accounts payable with the goals of identifying overpayments and recovering funds. Recovery auditing is common in the private sector.

In response to a request from our office, the City Auditor identified options for the City to expand its use of this practice. The Auditor further suggested opportunities for the City to contract outside firms for this function. We believe that \$500,000 could be generated from recovery auditing.

Additionally, we estimate that expanding revenue audits could generate \$1,000,000. The City Auditor should be authorized to perform more robust and expansive audits on the City's major revenue sources.

Restore Brownd-Out Fire Stations by Applying Cost Savings with Alternative Staffing Models (\$4 million restoration)

There can be no priority higher for our City than public safety. I support taking measures to restore brownd-out fire stations. However, we can achieve cost savings by examining possible alternative staffing models.

The Mayor is proposing the wrong approach to restoring brownd-out fire stations by using overtime which costs taxpayers \$9 million a year. The Mayor's proposal would have our City return to this costly vehicle for funding essential services.

My office has released information showing the wide disparity between compensation in the City's Fire-Rescue Department and compensation in comparable public safety positions in San Diego County. Alternative staffing models that match the fact that most emergencies are not fire-related could potentially reduce costs without any compromise of public safety.

Missed Opportunities

There are a number of good budget options available, as described above. However, other opportunities for meaningful and significant fiscal reforms that I presented last year in the *Roadmap to Recovery* are no longer available for the FY 2012 Budget the Mayor

and City Council have failed to act. It is regrettable that the opportunity to achieve these reforms in labor contracts has been missed for the time being.

Implement a 2% General Salary Reduction for Non-Public Safety, and Freeze Base Salaries for Five Years

A general salary reduction and freeze not only would have saved several million dollars alone.

Reform “Specialty Pays”

Last year in the *Roadmap to Recovery* I recommended eliminating some of the “specialty pays” that City employees receive. “Specialty pays” boost City employee earnings above their base salary, and even boost their pension payout.

There are some specialty pays that I proposed eliminating, and other specialty pays that may have merit but that could be reformed to pay a flat rate instead of a percentage of base salary.

I proposed eliminating the firefighters’ EMT pay (\$5.4 million), the Fire Administrative Assignment pay (\$719,348), and the Master Degree Library pay (\$262,397). I also proposed a \$1.5 million reduction in the specialty pays in the Municipal Employees Association (MEA) contract.

Reform Holiday and Leave Policies

Labor contracts allow City employees to receive “pay in lieu of leave” every year. In FY 10, according to preliminary close out reports, more than \$5.1 million in General Fund payouts occurred due to this policy. I proposed in the *Roadmap to Recovery* capping the accumulation of personal leave hours, and mandating in all labor contracts that any future lever time accrued may only be paid at the time of termination of employment.

Expand the Use of Volunteers

We can reduce costs in various City departments by expanding the opportunities to involve volunteers. It is a real shame that labor unions have actively fought against efforts to incorporate willing volunteers into the business of our City. We see the commitment and dedication of San Diegans every day to chip in and help our City run. We need to remove the unnecessary barriers that exist to bringing volunteers in to help provide City services where appropriate.

Fixing the City’s Financial Problems

It is clear where our priorities as a City must lie. We cannot allow service levels to be threatened by cuts because some would have us avoid necessary fiscal reforms. The *status quo* is not good enough.

I am pleased by the progress that the City Council has made in identifying and pushing good solutions to our City's budget deficit. We have made progress as a body since I offered the *Roadmap to Recovery* last November. We still need to implement serious reforms for the City to finally emerge from its longstanding fiscal mess. It's my hope that the Mayor and my Council colleagues will join me in finally overcoming our ongoing fiscal problems.



MEMORANDUM

DATE: May 25, 2011
TO: Honorable Council President Tony Young
FROM: Councilmember Lorie Zapf- Council District 6
SUBJECT: Final Budget Suggestions

As we near the final budget vote for FY2012, below is my final list of budgetary suggestions.

Restore the FY 2011 Funding for Libraries: The restoration of full funding to libraries will cost an additional \$4.7 million dollars. In the May Revise the Mayor increased revenue projections for TOT, it is my firm opinion that we should consider increasing our revenue projections for sales tax as suggested by our Independent Budget Analyst. This past year we saw almost 6% growth in sales tax and the local economy is projected to be stronger this year than last. A 1% increase could mean approximately \$1.7 million dollars. While I truly appreciate the Mayor's desire to be conservative, I think a better approach would be to re-evaluate revenues mid-year because if we lay off a librarian we may not be able to get him or her back. To close the additional \$3 million, I would suggest we sharpen our pencils and look at travel, overtime for non-public safety personnel, and worker compensation costs as a few alternatives.

Implementation Votes for Fees for High Rise Inspections, Entertainment Fees and Cost Recovery for 911 Fire Engine Response: It became very apparent during our budget discussions that there is still much work to be done deciding exactly how the City should appropriately secure cost recovery in these three categories. In one case (High Rise Inspection Fees) only one stakeholder meeting had taken place and it was the day before the budget hearing. The Council can move the budget forward with assumptions built in regarding anticipated revenues from cost recovery but also require final implementation plans to come back for Council Action. While it may be anticipated that adjustments to all three fees will come back to us, the Council should explicitly require that all three fees come back for separate implementation votes by Council before any new fees are enacted. Transparency and stakeholder involvement have been key components of how this Council has moved forward on this budget and that should continue in regards to these three fees.

Flexing Library Hours: Even with full restoration, City libraries will only be open 36 hours a week. Currently, their hours open have been left entirely to the discretion of the library department staff. Staff has chosen to have every library open the exact same hours and for some

communities some of the traditionally highest use hours have been neglected (in particular Sundays). Park and Recreation facilities have faced similar cutbacks. The Park and Recreation Department has gone to each community and asked residents which hours (within their department's budgeted limits) they would like their facilities to be open. Obviously, this makes staffing for absences and vacations a little bit more difficult but it is accomplished by private businesses and other City departments (such as park and recreation, fire and police) each and every day. Additionally, it may be worthwhile to flex nearby libraries so that greater coverage might be accomplished within sub-regions of the City.

It may be possible to spend almost the same amount of money and increase the level of service we provide to our residents. If we open the 35 branches 36 hours per week, the branch system is open 1260 hours a week. If we restore the current 227 FTE's and assume 30 hours of labor for each position (lunch breaks, opening and closing, etc.) that gives the City a total 6800 hours for the branch system. Even making adjustments for sick time and vacation, that is a ratio well over 4.5 FTE per hour of a branch's operation. The IBA in her budget proposal prior to the May Revise suggested Express Service for some libraries. It may be that adjusting to an express model at the beginning at end of the day for an hour or two will allow us to extend branch hours each day by two to four hours. Over the next six months we would like for the IBA's office to look at this type of proposal and bring it back to Council. If the proposal is deemed to have merit the City might consider bringing in an outside firm to work with the library department on how to appropriately staff for this new model.

Evaluation and Elimination of Take Home Cars: The City must make a comprehensive assessment across City departments of the actual need for take home vehicles and eliminate as many take home vehicles as possible.

Outsource Disability Administration: It may be worth exploring if the City can achieve savings and increase audit and fraud recovery by outsourcing this function. We would ask the Mayor's Office and the IBA to look at alternative service delivery models.

Cc: Mayor Jerry Sanders
City Council
Jay Goldstone, COO
Andrea Tevlin, IBA



CITY OF SAN DIEGO
COUNCILMEMBER MARTI EMERALD
DISTRICT SEVEN

MEMORANDUM

REF: M-11-05-07

DATE: May 25, 2011
TO: Office of the Independent Budget Analyst
FROM: Councilmember Marti Emerald *Marti Emerald*
SUBJECT: FY2012 Budget Proposal

Just six weeks ago our City budget was looking terribly dreary. The Mayor proposed draconian spending cuts for libraries and recreation centers. Other services were also on the chopping block. But that same dreary scenario has improved greatly in the past month thanks to new TOT and sales tax revenues and projections, and new ideas borne of public discussion and considerable numbers crunching by San Diego's Independent Budget Analyst.

Last week, Mayor Sanders released his revised FY 2012 budget. It keeps recreation centers open, restores hours to some of our neighborhood libraries and finds more dollars for public safety. This is all good but not good enough. We can do more to protect our public services.

My FY 2012 Budgetary Adjustment Proposal takes budget restorations further and puts more money away in reserves to help minimize future revenue shortfalls and painful budget cutting. Here's the plan:

- 1) **Eliminate Management Flex Benefits for Salaried Positions Above \$100,000.**
The IBA estimated the savings from eliminating this benefit would generate substantial dollars to the City's general fund. I propose removing this benefit only for salaried positions over \$100,000. The estimated savings would be \$403,740 for the general fund and \$208,260 for non general funds. Savings: \$612K
- 2) **Reduce the Contribution to the Long Term Disability Reserve by 25%.** While the Mayor has suspended contributions to other reserve funds, the Long Term Disability Fund contribution of \$1.6M remains to allow the transition of this program to an insurance provider. A \$1.2M contribution would allow the transition to move forward and create a savings of \$400,000 to be used towards core city services. Savings: \$400K
- 3) **Invoice and Collect Retro-Active Fire High Rise Fees.** Since 2009, the City has been providing high rise inspections but postponed invoicing for the service while the billing structure is revised. These revisions have been completed and the City has signed contracts that allow retro-active collection of the \$1M owed for the service provided. Savings: \$1M

- 4) **Adjust FY2012 Sales Tax Receipts.** In his May revised budget, the Mayor acknowledged substantially stronger revenues than anticipated, projecting increased FY2012 TOT revenues by \$3.4M. However, the Mayor did not include an adjustment for sales tax which should be increased by 2%, providing additional revenue of \$2.6M, which is still below economic indicators. Savings: \$2.6M
- 5) **Reduce Travel & Training (non-public safety).** The IBA has recommended reducing travel and training for non-public safety staff by up to \$1,000,000. I propose we reduce non- public safety travel and training by half that amount, \$500,000, in recognition of the significant training recommendations outlined in the Kroll Report. Savings: \$1M
- 6) **Expand Marketing Partnerships.** The City Council recently extended the contract with the Pathfinder Group and the Mayor hired a new Corporate Partnership Program Director. The IBA suggests this program can generate an additional \$500,000 in general fund revenue. I propose we make that a more conservative estimate: \$250,000 from corporate partnerships. Savings: \$250K
- 7) **Reduce IT Discretionary Spending (non-public safety) by 10%.** Mayor Sander's FY2012 budget proposal calls for \$7.5 million dollars in non public safety IT discretionary spending. Reducing this by only 10% would result in a \$750,000 savings. Savings:\$750K
- 8) **Reduce the PETCO Park Reserve.** Declining special event revenues at PETCO Park require that we subsidize the facility by \$490,000. In addition the Mayor proposes to create a PETCO Park reserve for FY 2012 in the amount of \$400,000. A better plan is to increase special events so that PETCO park pays for itself and is not a liability to the general fund. I propose limiting this reserve to \$200,000 for FY2012. Savings: \$200K
- 9) **Implement Revenue Recovery Auditing.** The City's Independent Auditor has opined that Revenue Recovery Audits identify missed opportunities to collect revenue. In such critical budgetary times, the City cannot afford to be remiss in collecting money it is owed. Implementing revenue recovery audits could bring in an estimated \$500,000 in extra revenues. Savings: \$500K

Proposed Budgetary Savings

ITEM	ACTION	AMOUNT
1	Eliminate Management Flex Benefits for Salaried Positions over 100K	\$612K
2	Long Term Disability Reserve	\$400K
3	Recover High Rise Inspection Fees	\$1M
4	Adjust FY2012 Anticipated Sales Tax Revenues	\$2.6M
5	Reduce Travel & Training (non-public safety & Kroll suggested training)	\$500K
6	Expand Marketing Partnerships	\$250K
7	Reduce IT Discretionary Spending by 10% (non-public safety)	\$750K
8	PETCO Park Reserve Reduction	\$200K
9	Implement Revenue Recovery Auditing	\$500K
	TOTAL	\$6.812M

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Councilmember Marti Emerald
May 25, 2011

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With the Proposed savings of almost \$7,000,000 outlined above, restoration of the following services is critical to public safety and our neighborhoods.

- 10) **Funding the Second Half of the In-station Alerting System.** The City's antiquated fire station alerting system is not functioning and cannot ensure proper emergency response times. I commend the Mayor for funding the first half of the system replacement. I am working with Councilmembers Zapf & Alvarez to pursue grant funding needed to fund the \$1.7M to complete the replacement project at no cost to the City.
Cost: \$0
- 11) **Restoration of All Brownd Out Fire Engines in July 2011.** My highest budgetary priority is restoration of public safety services citywide. I recommend the full restoration of all 8 shut-down engines in July 2011. With wildfire season upon us and the recent uptick in structural fires, we need those brownd out engine companies now. Cost: \$2.8M
- 12) **Restoration of Branch Library Hours.** Branch libraries are a critical to our neighborhoods and we must do more to restore library hours and services citywide.
Cost: \$2.5M
- 13) **Mission Trails Regional Park Restorations** – Restore campground hours, one ranger position, a part time center director and mosquito abatement. These are critical to the safe operation of MissionTrails recreational areas. The combined cost of these budget amendments is \$181,000. During the preparation of the final FY 2010 budget report, financial management found \$11.2 million in unused Environmental Growth Fund dollars. I would like to put some of that money to use to buy open space for Mission Trails Regional Park, which has just become available. We are also installing GPS signage on Cowles Mt. to assist first responders reach injured hikers sooner, rehabilitating the mountain trails and need new Cowles Mt. signs at the trailheads. Where appropriate I would like to invest some of this EGF money in these important public safety and open space projects. Is it possible to park this money while we explore the cost of land acquisition and Cowles Mt. projects?
- 14) **Restoration of Park & Recreation Swim & Water Polo Hours** – The Park & Recreation Department's Swim & Water Polo Programs are imperative to the community and child safety and development. Cost: \$223,000
- 15) **Funding of four Civilian Officers for Vehicle Abatement.** The Police Department proposed cutting four vehicle abatement code compliance officers and replacing them with sworn officers. The IBA and City Attorney are working on details to use designated vehicle abatement funds to save these civilian positions. Keeping these non-sworn workers on the job would keep our neighborhoods safer and continue the removal of abandoned vehicles from our streets. Cost: \$371,000
- 16) **Restoration of Lifeguard Training.** Currently the City's Lifeguard Services Department is not providing the necessary training to ensure the highest level of safety at our beaches and bays. I propose to fully restore lifeguard training citywide. Cost: \$300,000

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 Councilmember Marti Emerald
 May 25, 2011

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17) Additional Funding of City Reserves. After making the proposed budgetary adjustments, the City will have an additional 437K to add to its reserves, moving closer to the 8% target.

Proposed Services Funding

ITEM	ACTION	AMOUNT
10	Fund the 2 nd half of the In-station Alerting System	\$0
11	Restoration of Shut-Down Fire Engines	\$2.8M
12	Restore branch library hours	\$2.5M
13	MTRP Restorations	\$181K
14	Park & Rec Swim & Water Polo Hours	\$223K
15	Fund Vehicle Abatement Personnel (Enterprise Fund)	\$371K
16	Restoration of Lifeguard Training	\$300K
17	Additional Funding of City Reserves	\$437K
	TOTAL	\$6.812M

In closing, I look forward to approving the new City Council budget line item "Community Projects, Programs and Services" that will again allow each Councilmember to return budgetary savings from their offices directly to the communities they serve.

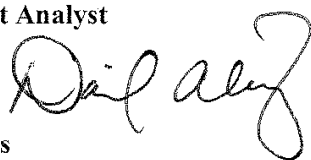
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COUNCILMEMBER DAVID ALVAREZ

**City of San Diego
Eighth District**

MEMORANDUM

DATE: May 25, 2011
TO: Andrea Tevlin, Independent Budget Analyst
FROM: Councilmember David Alvarez 
SUBJECT: Final FY 2012 Budget Modifications

The Mayor's May revision of his proposed FY 2012 budget took many suggestions made by the City Council over the last few weeks into account and has spared some basic city services from being reduced. I was particularly appreciative of the \$1.7 million funding for the first phase of installing a new in-station alerting system for the Fire Department and look forward to working with the Mayor to pursue additional grant funding for the second phase. However, I believe that there are budget saving measures that can be used to fully fund a number of essential city services that the public deserves to continue to receive, which I have listed in the attached matrix.

Due to the amount of savings that can be achieved through the package of budget reductions outlined in the attached matrix, I have proposed a number of services that should also be funded, which include:

- **Fully Restore All Library Branch Hours:** Branch libraries are a vital city service to our neighborhoods. Continuing the current staffing and hours our branch libraries are open for use is important to all communities throughout the city. (\$4,700,000)
- **Hazardous Materials Cleanup Crew:** Currently, the Fire Department provides hazmat cleanup services, using critical public safety personnel to address issues like cleaning up

oil spills in local alleyways. Transferring this function to the Environmental Services Department would free up our fire rescue personnel to respond to emergency situations. Hazmat cleanup service is a vital tool that our communities can utilize to ensure that when hazardous substances are identified in our neighborhood streets, canyons and alleyways that it can be removed in an expeditious manner. This service could also be considered for outsourcing (the County currently outsources their hazmat cleanup services) if it would reduce the cost of the service to taxpayers. (\$500,000)

- **Proactive Code Compliance Program:** Keeping our communities free from graffiti and dealing with nuisance properties is vital to maintaining community pride in our neighborhoods. Institution of a proactive code compliance program would assist residents in keeping local streets and properties clean and beautiful. (\$1,500,000)
- **Restoration of Lifeguard Training and Staffing:** Restoring the level of lifeguard training needed to keep our lifeguards up-to-date in current safety and rescue procedures is critical to providing a high level of safety at our beaches, bays, lakes and pools. Restoring three lifeguard relief positions will allow lifeguard personnel to attend training while others perform regular lifeguard duties. Maintaining a high standard of lifeguard training is a critical function that the city must provide. (\$540,000)
- **Restoration of Pool Operating Hours and Swim Programs:** Although the Park and Recreation budget has restored staffing and recreation center hours, pool operating hours and swim programs have not been restored. Allowing our city pools and associated programs to continue operating gives residents of all ages an opportunity to participate in healthy exercise programs that otherwise would not be available to them. (\$331,206)
- **Restoration of After School Programs:** After school programs provide many working families a safe place to allow their children to go to do their homework and continue learning at the end of the school day. These programs are a wonderful alternative for children who may otherwise be left in a less structured environment between the end of the school day and their parents' work day. The benefits of continuing these programs far outweigh the small budgetary savings achieved from eliminating them. (\$137,597)
- **Restoration of Police Department Vehicle Abatement Unit:** My office receives calls from residents daily regarding assistance with removing abandoned or illegally parked vehicles. This is an important service to taxpayers and through the additional revenue brought in through issued citations, the service is, in part, cost recoverable. (\$329,152)
- **Increase Reserves Funding:** Maintaining a healthy reserve level is an important measure the city has been striving to achieve over the past few years. As additional savings are identified, funding not earmarked for a particular service should be placed in our reserves so that an appropriate reserve level can be maintained while allowing some cushion for unexpected funding needs that may arise throughout the year. (\$8,602,045)

I strongly urge the City Council to include these budget savings and restoration proposals in the final Fiscal Year 2012 budget. By including these savings the City can avoid unnecessary cuts to

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basic city services such as library hours, after school programs, lifeguard training and youth swimming programs.

Further, in addition to the attached budget suggestions, as we move forward into Fiscal Year 2012, there are a couple steps we can take to ensure that our budgeting process is more transparent to the public. First, the way vacant positions are currently reported throughout the budget does not allow the public to understand the status of each position. For instance, it is my understanding that some vacancies are funded, some are unfunded and some have been eliminated. Understanding the process by which each vacant position is determined and ultimately categorized is helpful to the public and the City Council to make final decisions on whether a particular position should be allowed to remain vacant until such a time when the city has the ability to fill it or if it should be completely eliminated.

Second, I believe the City Council should consider changing how the Transient Occupancy Tax (TOT) is officially allocated. Currently four cents of the ten and one half cents of TOT must be used solely for the purpose of promoting the City. Given that the City has a Tourist Marketing District that does a great deal of marketing and promotions to attract visitors to San Diego, much of these funds now are used for various General Fund related activities such as debt service and the operation and maintenance of City owned facilities. Therefore I propose we amend the applicable municipal code section and City Council Policy to eliminate the dedicated four cents that the City is obligated to use from the TOT for purposes of promoting the City, and instead direct that those funds be allocated to the General Fund. In the spirit of transparency I believe the changes to the municipal code and City Council Policy will allow the city some additional flexibility within the budget and make our intentions clear to the public.

Please see the attached comparison between my proposed budget cuts and restoration of services that were not in the Mayor's May revise.

ATTACHMENT 1

Budget Savings Proposals	
Expand Marketing Partnerships	\$500,000
Eliminate Management Benefit Bonus	\$1,400,000
Eliminate Cell Phones for non-Public Safety	\$200,000
Adjust Terminal Leave	\$400,000
Adjust Long Term Disability Reserve Amounts	\$1,600,000
Reduce overtime and Training for non-public safety	\$1,000,000
Reduce funding for Arts and Culture by 10%	\$620,000
Eliminate Mayor and Council Discretionary Arts & Culture Funds	\$ 220,000
Reduce IT Discretionary Funding by 20%	\$1,500,000
Collect Retroactive Fire High-Rise Inspection Fees	\$1,000,000
Redevelopment Agency Debt Repayment	\$200,000
Elimination of Press Liaison and Management Analyst Positions	\$930,000
9th Council District Budget Neutrality from the Office of the Mayor	\$900,000
Managed Competition for Fleet Services	\$2,720,000
Environmental Growth Fund transfer to General Fund	\$4,881,999
Implement Recovery Auditing	\$500,000
Increased Sales Tax (1%) Projections: \$1.7 million	\$1,700,000
Elimination of Take Home Vehicles	TBD
TOTAL	\$20,271,999

Service Restoration Proposals	
Full Restoration of Fire Engine Brownouts on July 1	\$2,800,000
Fully restore all Library branch hours	\$4,700,000
Hazardous Materials Cleanup Crew	\$500,000
Proactive Code Compliance Program	\$1,500,000
Full Restoration of Lifeguard Training	\$540,000
Restoration of Pool Operating Hours	\$107,875
Restoration of swim programs	\$223,331
Restoration of After School Programs	\$137,597
Restoration of PD Vehicle Abatement Unit	\$329,152
TOTAL	\$10,837,955
Remaining Savings Should be Placed in Reserves	\$9,434,044



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RESOLUTION NUMBER R- 506836

DATE OF FINAL PASSAGE JUN 13 2011

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO ADOPTING THE FISCAL YEAR 2012 BUDGET, INCLUDING APPROVING THE MAYOR'S FISCAL YEAR 2012 PROPOSED BUDGET, AND MAY REVISION, WITH MODIFICATIONS RECOMMENDED BY THE INDEPENDENT BUDGET ANALYST AND THE CITY COUNCIL AND INCLUDING COSTS ASSOCIATED WITH CERTAIN REDEVELOPMENT AGENCY-FUNDED PROJECTS.

WHEREAS, pursuant to San Diego Charter section 290(b), prior to June 15 of each year and after holding a minimum of two public hearings, the City Council shall adopt a resolution approving the City's budget as proposed by the Mayor or modified in whole or part; and

WHEREAS, on April 18, 2011, the Mayor's proposed budget (Proposed Budget) was presented to the City Council; and

WHEREAS, on May 23, 2011, the Mayor's May revision (May Revision) to the Proposed Budget was presented to the City Council; and

WHEREAS, on May 25, 2011, Report No. RA-11-23, detailing the Fiscal Year 2012 Budget related to the payment of costs associated with certain Redevelopment Agency-funded projects (Agency Projects Budget Report) was presented to the Budget and Finance Committee of the City Council; and

WHEREAS, June 1, 2011, the Chief Operating Officer and the Chief Financial Officer provided the City Council with their Supplemental May Revision to the Fiscal Year 2012 Proposed Budget (Supplemental May Revision); and

Attachment H

(R-2011-923.REV)
COR.COPY

WHEREAS, on June 2, 2011, the Independent Budget Analyst's Final Budget Report and Recommendations on the FY 2012 Budget (IBA FY 2012 Budget Report) was issued; and

WHEREAS, the Proposed Budget contemplates termination of all refuse collection services provided by the City to small business enterprises under the People's Ordinance effective July 1, 2011; and

WHEREAS, between May 4 and June 6, 2011, the City Council held more than two public hearings to consider the City's Fiscal Year 2012 budget in accordance with San Diego Charter sections 290(b) and 71; and

WHEREAS, the City Council has determined to approve the City's Fiscal Year 2012 Budget, including the Mayor's Proposed Budget, as modified by the May Revision but excluding the Supplemental May Revision, and including the recommendations in the IBA FY 2012 Budget Report and the Agency Projects Budget Report, with the revisions proposed by the City Council, as detailed below; NOW, THEREFORE,

BE IT RESOLVED, that the Council of the City of San Diego that the Mayor's Proposed Budget, as modified by the May Revision but excluding the Supplemental May Revision, and including the recommendations in the IBA FY 2012 Budget Report and the Agency Projects Budget Report (Approved Budget) is hereby approved with the follow revisions:

- a. Increase the Fire-Rescue budget by \$2,800,000 to provide for the full-restoration of previously browned-out fire stations as of July 1, 2011.

-PAGE 2 OF 4-

(R-2011-923.REV)
COR.COPY

- b. Increase the Fire-Rescue budget by \$340,000 to restore three lifeguard relief positions (\$300,000) and to provide for lifeguard training (\$40,000).
- c. Reduce the Fire-Rescue budget by \$1,700,000 from funds identified in the IBA FY 2012 Budget Report to fund the In-Station Alerting System and return such funds to reserves. It is recommended that SAFE grant funding be identified to cover this expense.
- d. Reduce IT Discretionary Funding in the General Fund by \$100,000.
- e. Increase the Office of the City Auditor budget by \$84,000 to fund an additional .5 FTE Principal Auditor position.
- f. Allocate \$25,000 in Council District 3 Transient Occupancy Tax funds to the Special Promotional Programs budget as referenced in Councilmember Gloria's May 26, 2011 memorandum to the IBA, attached to IBA Report 11-31, Attachment 2, pp. 10-11.
- g. Additional expenditures should be funded from reserve amounts in excess of 8%.


BE IT FURTHER RESOLVED, that all refuse (including recycling) collection services provided by the City to small business enterprises under the People's Ordinance, codified at SDMC section 66.0127, are hereby terminated effective July 1, 2011.

Attachment H

(R-2011-923.REV)
COR.COPY

BE IT FURTHER RESOLVED, that the City Clerk is hereby authorized and directed to return, as soon as practicable, the Approved Budget to the Mayor in accordance with section 290(b)(2)(A) of the Charter.

APPROVED: JAN I. GOLDSMITH, City Attorney

By 

Brant C. Will
Deputy City Attorney

BCW:jdf;jab
05/26/2011
06/03/2011 COR.COPY
06/07/2011.REV
Or.Dept:IBA
Doc. No. 188687

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JUN 08 2011.

ELIZABETH S. MALAND
City Clerk

By 

Deputy City Clerk

Approved: 6.13.11

(date)



JERRY SANDERS, Mayor

Vetoed: _____

(date)

JERRY SANDERS, Mayor

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: June 9, 2011

IBA Report Number: 11-35

Budget and Finance Committee Meeting Date: June 15, 2011

Item Number: 2

Proposed FY 2012 Statement of Budgetary Principles

OVERVIEW

The Statement of Budgetary Principles was first put into place in FY 2008 to address issues of budgetary authority and communication of budget changes between the Executive and Legislative branches following budget adoption each year. These Principles were negotiated between the Mayor's Office and the City Council in response to specific situations that arose following the transition to the Strong Mayor/Strong Council form of government. The Statement of Budgetary Principles was developed to: set budgetary operating principles; establish budget authority regarding service levels; and enhance communication on management issues between the executive and legislative branches.

For the past four fiscal years, the Statement of Budgetary Principles has been adopted by the Council as a companion resolution to the Appropriation Ordinance (AO) in order to preserve the intent of the AO as a true appropriation setting document rather than a policy document.

The Statement of Budgetary Principles requires:

- the Mayor or his designee to provide quarterly reports to the Council regarding the administration of affairs of the City
- prior written notification by the Mayor of reductions in any program or service affecting the community, based on an established criteria

Attachment I

- that budgetary reductions that the Mayor may undertake for fiscal reasons be limited to a cumulative cap of 3% of the General Fund, and the Water, Sewer, Development Services and Airports Funds

No notifications of budgetary reductions, outside the formal budget process and Council approved budget amendments, have been made to the City Council since the Statement of Budget Principles have been in effect.

In October 2009, the City Council adopted a comprehensive Budget Policy (Council Policy 000-02), and many elements of the Principles have been incorporated into the Budget Policy.

FISCAL/POLICY DISCUSSION

Council's Current Authority to Initiate Mid-Year Budget Revisions

The City Attorney has provided advice on numerous occasions over the past fiscal year reiterating the budgetary process as outlined in the City Charter, outlining the responsibilities of the Mayor and the Council. In short, as it currently stands, the Council has a limited role with regard to budgetary changes, outside the course of the annual budget process, and must first receive recommendations from the Mayor for budgetary changes. Keeping this in mind, the IBA has prepared an update to the FY 2011 Statement of Budgetary Principles. A strikeout version for FY2012 is provided as an attachment to this report. Key sections of the Principles (shown in highlight) have been proposed for deletion, as they no longer seem appropriate or enforceable, given the recent City Attorney advice.

Proposed Ordinance to Provide Role for Council in Mid-Year Budget Revisions

On May 18, 2011, the City Attorney issued a report to the Mayor and City Council regarding "Mid-Year Budget Revisions", which was presented to the Budget and Finance Committee at its meeting of May 25, 2011. The report suggested the adoption of an ordinance by the Council that would require the Mayor to provide the Council with recommended changes to the budget in the event the City projects a budget deficit or surplus during the fiscal year. Such a requirement would provide the Council with an opportunity to consider the Mayor's recommendation for budget changes, and also allow them to propose and consider alternatives.

The Committee requested the City Attorney to work with the IBA and the Mayor's office to draft an ordinance to provide the Council the ability to make mid-year budget adjustments, with input from the Independent Budget Analyst and Mayor's Office. It is expected that the draft ordinance will be brought to the Budget and Finance Committee at its meeting of June 29, 2011.

CONCLUSION

The Statement of Budgetary Principles was important at the time it was first developed and adopted in 2008, as it clarified roles and responsibilities of the Executive and Legislative branches with regard to budget actions during the course of the fiscal year following formal budget adoption.

In the absence of any other such agreement or ordinance, the IBA recommends Council action to continue the Principles for FY 2012, at a minimum until a new ordinance can be developed and adopted. If recommended by the Budget and Finance Committee, the FY 2012 Statement of Budgetary Principles could be docketed for City Council consideration as a companion resolution to the FY 2012 Appropriations Ordinance, currently planned for July 18 and 25, 2011.

Some of the elements of the Principles have been included in the City’s comprehensive Budget Policy, and also reside within other policies, processes or existing legislative authority. However, some elements of the principles could be considered for incorporation into the proposed ordinance, and this will be addressed as we work with the City Attorney and the Mayor’s office on this matter.

The Budget and Finance Committee requested the City Attorney to work with the IBA and the Mayor’s office to draft an ordinance to provide the Council the ability to make mid-year budget adjustments, with input from the Independent Budget Analyst and Mayor’s Office. It is expected that the draft ordinance will be brought to the Budget and Finance Committee at its meeting of June 29, 2011.

[SIGNED]

Elaine DuVal
Fiscal & Policy Analyst

[SIGNED]

APPROVED: Andrea Tevlin
Independent Budget Analyst

Attachment: Strikeout Version of Proposed FY 2012 Statement of Budgetary Principles

Attachment I

Attachment

FY 20112 STATEMENT OF BUDGETARY PRINCIPLES

WHEREAS, pursuant to section 265(b)(15) of the City Charter the Mayor is required to propose a budget to the Council and make it available for public view no later than April 15 of each year; and

WHEREAS, on April 15, 20110, the Mayor released the Fiscal Year 20112 Proposed Budget to the Council and to the public; and

WHEREAS, the Council has duly considered the Mayor's Fiscal Year 20112 Budget; and

~~WHEREAS, between May 4 and June 6, 2011 the City Council held more than two public hearings to consider the City's Fiscal Year 2012 budget in accordance with San Diego Charter sections 290(b) and 71. discussed such budget at several public meetings beginning on April 30, 2010 and ending on May 26, 2010, and at such meetings members of the public were invited to comment on and ask questions about the Fiscal Year 20112 Budget; and~~

~~WHEREAS, Council members submitted their budget ideas on May 20, 2010; and~~

~~WHEREAS, on May 23~~48~~, 20110, the Mayor's May revision (May Revision) to the Proposed Budget was presented to the City Council; and the Mayor delivered a supplementary budget report to the Council (referred to as the May Revision) making technical changes to the Fiscal Year 20111 Budget; and~~

~~WHEREAS, on May 25, 2011, Report No. RA-11-23, detailing the Fiscal Year 2012 Budget related to the payment of costs associated with certain Redevelopment Agency-funded projects (Agency Projects Budget Report) was presented to the Budget and Finance Committee of the City Council; and~~

~~WHEREAS, Council members submitted their budget ideas to the Independent Budget Analyst on May 25, 2011 to assist with the development of final budget recommendations; and~~

~~WHEREAS, on May 26, 2010, the Joint Budget and Finance Committee and Council Committee of the Whole reviewed the Mayor's May Revision and the Report of the Independent Budget Analyst, dated May 24, 2010, entitled "Fiscal Year 2011 Final Budget Report and Recommendations"; and recommended to the City Council adoption of the Mayor's Fiscal Year 20111 Budget, including certain amendments thereto; and~~

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WHEREAS, June 1, 2011, the Chief Operating Officer and the Chief Financial Officer provided the City Council with their Supplemental May Revision to the Fiscal Year 2012 Proposed Budget (Supplemental May Revision); and

WHEREAS, on June 2, 2011, the Independent Budget Analyst's Final Budget Report and Recommendations on the FY 2012 Budget (IBA FY 2012 Budget Report) was issued; and

~~WHEREAS, on June 14, 2010 the Council approved the Fiscal Year 2011 Budget, together with the Mayor's May Revision, and budget modifications as recommended by the IBA, and forwarded the same to the Mayor for his consideration under Charter section 290(b)(2); and~~

WHEREAS, on June 6, 2011, the City Council approved the City's Fiscal Year 2012 Budget, including the Mayor's Proposed Budget, as modified by the May Revision but excluding the Supplemental May Revision, and including the recommendations in the IBA FY 2012 Budget Report and the Agency Projects Budget Report, with revisions proposed by the City Council, and directed the City Clerk to return the same to the Mayor for his consideration under Charter section 290(b)(2); and; and

WHEREAS, on June ~~xx23~~, 201~~10~~ the Mayor approved the Fiscal Year 201~~10~~12 Budget, ~~with a line item veto to the Council's budget modifications~~, in accordance with Charter section 290(b)(2)(A); and

~~WHEREAS, on June 29, 2010 the Council voted to override the Mayor's line-item veto, as allowed under Charter section 290(b)(2)(B), and approved the Fiscal Year 2011 Budget, together with certain amendments including Council's budget modifications; and~~

WHEREAS, in accordance with Charter section 290(b)(2), on June ~~29xx~~, 201~~10~~ the Fiscal Year 201~~10~~12 Budget became the controlling document for purposes of preparing the annual appropriation ordinance; and

WHEREAS, pursuant to Charter section 71 and 290(c), the Council is required to adopt an appropriation ordinance during the month of July to establish budgetary appropriations for the Fiscal Year 201~~10~~12 Budget; and

WHEREAS, the Mayor and the Council acknowledge that the Fiscal Year 201~~10~~12 Budget reflects the best estimate of the Mayor and the Council regarding projected revenues and expenditures and that such estimate is simply a financial plan that may require adjustments in view of the available resources; and

WHEREAS, this Statement of Budgetary Principles is intended to facilitate better communication on fiscal matters between the Council and the Mayor and to establish a framework for the administration by the Mayor of the Fiscal Year 201~~10~~12 Budget in light of the respective duties of the Mayor as Chief Executive Officer and Chief Budget

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Officer of the City, and the duties of the Council as the legislative and policy setting body of the City, and in light of the obligation of public officials to keep the public apprised of the conduct of the City's financial affairs;

Accordingly, the Mayor and the Council hereby agree to adhere to the following budgetary principles for the Fiscal Year 2012+ Budget:

Fiscal Year 2012+ Budget--Communication

1. The Mayor, or his designee, will provide reports to the Council on a quarterly basis regarding the administration of the affairs of the City. These reports can be given verbally, and are intended to improve the flow of information between the Mayor, Council and public.
2. The Council President will provide time on the Council's agenda for the Report of the Mayor.
3. Under pre-defined criteria as set forth below, the Mayor will provide Council with prior written notice of the elimination of any program or service funded by the Fiscal Year 2012+ Budget. The notice shall describe with reasonable specificity the budgetary and/or fiscal rationale supporting the elimination of the program or service, and the service level impact, if any.
4. The Mayor will also provide Council with prior written notice of a material or significant reduction in any program or service affecting the community based on the criteria set forth below. Such notice will consist of a memo from the Mayor to the Council and the City Clerk describing the budgetary and/or fiscal reasons supporting the change, and the likely service level impact. Notwithstanding the forgoing, the Mayor need not give notice of any change or modification that results in a more efficient delivery of public services and that accomplishes the legislative intent.

Written notification of a service or program reduction will be triggered by criteria based on four categories of Fund Centers at the Group Level (as identified in the City's new Financial Accounting System) and the corresponding size of the proposed service reduction:

Fund Center/Group Level*	Up to \$2.0M	\$2.0M to \$5.0M	\$5.0M to \$10.0M	\$10.0 M Plus
Service Criteria Trigger	\$200,000+	\$500,000+	\$1.0M+	\$1.5M+

*As identified in the new financial accounting system (OneSD).

Notwithstanding anything herein to the contrary, the Mayor shall provide written notice to the Council, as part of the City Comptroller's Auditor's

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reports as required by Charter Section 39, and also as part of the Mayor's next quarterly report to the Council, when the cumulative amount of Fiscal Year 2012+ budgetary reductions undertaken for any reasons reaches 3% of the General Fund of the City, or 3% of any other Major Fund of the City (provided that any such reductions shall not cause the City to breach or violate any covenant or other obligation to which such Major Fund may be subject). Such notice shall describe the nature of the budgetary reductions, the fiscal reasons therefor, and the impact on City services, if any. For purposes of this paragraph, Major Fund of the City shall mean the Water Enterprise Fund, the Sewer Enterprise Fund, the Development Services Enterprise Fund, and the Airports Enterprise Fund.

Fiscal Year 2012+ Budget---Appropriation Ordinance

1. Neither the Mayor nor the Council has unilateral authority to make changes to the spending authority contained in the Fiscal Year 2012+ Budget.
2. The Mayor shall in good faith fulfill the legislative intent reflected in the adopted Fiscal Year 2012+ Budget, including the appropriations reflected in the Fiscal Year 2012+ Appropriation Ordinance. However, the Mayor has discretion to effectively and efficiently spend public monies, and shall not be obligated to spend all the money the Council has appropriated if there is a less costly means of accomplishing the Council's stated purposes.
3. The Council shall have no authority to make or adopt changes to the Fiscal Year 2012+ Budget without first receiving a funding recommendation of the Mayor. The Mayor will provide such funding recommendation within 30 calendar days of the Council request, or such later period as contained in the request of the Council. **If the Mayor does not respond within the deadline, the Council, in consultation with the IBA, may make and adopt changes consistent with applicable Charter provisions.**
4. In accordance with Charter sections 28 and 81, the Mayor has the authority to allocate Fiscal Year 2012+ Budget appropriations within departments in order to best carry out the Council's legislative intent.
5. The Appropriation Ordinance implements the Fiscal Year 2012+ Budget, as approved by the Council. The Appropriation Ordinance shall specify the spending authority by Department and by Fund, and all other conditions, authorizations and requirements appropriate therefore. The Appropriation Ordinance will include necessary budget delegation to carry out the business of the City; provided however, the Appropriation Ordinance will not include Policy directions.

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6. ~~The Council may restore a program or service which has been recommended for elimination or reduction by the Mayor by docketing and considering such action upon the request of four Council members.~~

The Statement of Budgetary Principles applies to departments and programs that are under the direction and authority of the Mayor, and shall not apply to offices independent of the Mayor. This Statement of Budgetary Principles is subject in all respects to the provisions of the City Charter.

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ORDINANCE NUMBER O- 20073 (NEW SERIES)

DATE OF FINAL PASSAGE July 25, 2011

AN ORDINANCE ADOPTING THE ANNUAL BUDGET FOR THE FISCAL YEAR 2012 AND APPROPRIATING THE NECESSARY MONEY TO OPERATE THE CITY OF SAN DIEGO FOR SAID FISCAL YEAR.

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

SECTION 1. The budget for the expense of conducting the affairs of the City of San Diego (City) for the fiscal year commencing July 1, 2011, and ending June 30, 2012 (Fiscal Year), heretofore prepared and submitted to this City Council by the Mayor and amended through the Mayor's Revision submitted May 23, 2011, by incorporation of Redevelopment Agency funded projects, by recommendations from the Office of the Independent Budget Analyst, and by changes from the City Council, all of which was approved by Council on June 6, 2011, and on file in the Office of the City Clerk as Resolution No. R-306836 is hereby adopted as the Annual Budget for said Fiscal Year.

SECTION 2. There is hereby appropriated for expenditure out of the funds of said City for municipal purposes the amounts set forth in Attachment I and in the approved Capital Improvements Program Budget, which defines the legal levels at which the Chief Financial Officer (CFO), as designee of the Mayor, shall control operational and capital project spending.

I. GENERAL FUND

- (A) The CFO is authorized to appropriate and expend interest earnings and/or original issue premium generated from the issuance and/or administration of Tax and Revenue Anticipation Notes for the purpose of funding expenditures related to their issuance, including interest costs.
- (B) The provisions in the Library Ordinance, San Diego Municipal Code

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section 22.0228, restricting funding are hereby waived.

- (C) The CFO is authorized to transfer appropriations for costs avoided in one department by a mutual agreement to incur them in another department.
- (D) The CFO is authorized to increase and/or decrease revenue and expenditure appropriations for the purpose of implementing City Council approved economic development, business incentive and other programs that include the Business and Industry Incentive Program (Council Policy 900-12), the Housing Impact Fee Waiver–Enterprise Zones Program (Council Policy 900-12), the Small Business Enhancement Program (Council Policy 900-15), the Storefront Improvement Program (Council Policy 900-17), the Community Parking District Policy (Council Policy 100-18), and Mission Bay and Other Regional Park Improvements (San Diego Charter section 55.2b).
- (E) The CFO is authorized to increase revenue and expenditure appropriations for the purpose of paying unanticipated Property Tax Administration fees to the County of San Diego.
- (F) City Council Community Projects, Programs and Services
 - (1) The City Council Community Projects, Programs and Services funds shall be administered in accordance with Council Policy 100-06.
 - (2) Upon written direction from the City Councilmember, the CFO is authorized to transfer and appropriate funds from that Councilmember’s Community Projects, Programs and Services account to other City departments and/or existing capital

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improvement projects to implement the project, program or service identified by the Councilmember.

- (3) Upon written direction from the City Councilmember, the CFO is authorized to transfer excess non-personnel appropriations from the administration of that Councilmember's office to the Councilmember's Community Projects, Programs and Services account.

II. SPECIAL REVENUE FUNDS

(A) Transient Occupancy Tax Fund (Fund No. 200205)

- (1) The provisions in San Diego Municipal Code section 35.0128(a) restricting the use of Transient Occupancy Tax revenues are hereby waived.
- (2) The provisions of Council Policy 100-03 (Transient Occupancy Tax), for specific activities funded by this ordinance, are deemed and declared to be complied with, by the adoption of this Ordinance. Notwithstanding the foregoing, the City Council hereby waives certain provisions of Council Policy 100-03, see Attachment II, for the entities set forth below:

Horton Plaza Theatres Foundation B-1, B-2, and B-4

- (3) The Mayor or his designee is hereby authorized to execute appropriate agreements for the conduct of activities associated with the allocations authorized by City Council for Fiscal Year 2012. It is the intent of the City Council that the Transient Occupancy Tax

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Fund appropriations be expended in accordance with Council Policy 100-03.

- (B) Environmental Growth Funds (Funds Nos. 200110, 200111, 200109)
 - (1) It is the intent of the City Council that the Environmental Growth Fund(s) appropriations are to be expended for those purposes described in Charter section 103.1a. The provisions in the San Diego Municipal Code Section 63.30, as amended by Ordinance No. O-19159 dated March 17, 2003, are hereby waived.
 - (2) Any monies deposited in the Environmental Growth Fund(s) in excess of estimated revenue as described in Charter section 103.1a and any carryover monies from the previous fiscal year are hereby appropriated for the purpose for which the Environmental Growth Fund was created and may be expended only by City Council resolution. The City Council may, from time-to-time, for purposes of augmenting specified programs, elect to allocate additional monies to the Environmental Growth Fund from sources other than those enumerated in Charter section 103.1a. In that event, those additional monies shall not be subject to any fractional allocation but shall be used solely and exclusively for the program purpose designated by City Council.
- (C) Maintenance Assessment District Funds
 - (1) The CFO is authorized to transfer allocations from contributing Maintenance Assessment District Funds excess revenue or reserves to

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increase the appropriations to reimburse the Maintenance Assessment District Management Fund (Fund No. 200023) accordingly, in the event that actual expenses related to administration exceed budgeted levels.

- (2) The CFO is authorized to appropriate any monies deposited in the Maintenance Assessment District Funds in excess of estimated revenue and any carryover monies from the previous fiscal year for which said Fund(s) was created.

- (D) Zoological Exhibits Fund (Fund No. 200219)

The CFO is authorized to appropriate and expend unanticipated revenues or fund balance for the purpose of transferring funds to support zoological exhibits in accordance with Charter section 77A.

- (E) Utilities Undergrounding Program Fund (Fund No. 200217)

The CFO is authorized to reallocate appropriations among the Utilities Undergrounding Program Fund's capital improvement project (AID00001) and the annual operating budget for costs associated with San Diego Gas and Electric provided that such reallocation does not increase or decrease the total Utilities Undergrounding Program Fund appropriations.

- (F) Redevelopment Cooperation Agreement Funds

- (1) The Cooperation Agreement for Payment of Costs Associated with Certain Redevelopment Agency Funded Projects (Cooperation Agreement) provides that the Redevelopment Agency shall transfer funds to the City and that the City shall utilize such funds to

implement redevelopment projects, programs and activities as specified in the Schedule of Projects attached to the Cooperation Agreement.

- (2) Upon written request of the Redevelopment Agency's appropriate managing entity (i.e., City Redevelopment Department, Centre City Development Corporation, or Southeastern Economic Development Corporation), the CFO is authorized to reallocate, increase or decrease appropriations within any redevelopment project area within the City, provided funding is available and consistent with the permitted use of such funds.
- (3) The CFO is authorized to transfer Cooperation Agreement funds from the City to the Redevelopment Agency, upon written request of the Redevelopment Agency's appropriate managing entity, comprising of (i) any monies unused by the City under the Cooperation Agreement and (ii) any monies needed with respect to any redevelopment projects, programs and activities that will be implemented by the Redevelopment Agency, provided funding is available and consistent with the permitted use of such funds.

III. DEBT SERVICE FUNDS

General Obligation Bond Interest and Redemption Fund (Fund No. 300000)

There is hereby appropriated the current year's proceeds from the tax levy as required to pay debt service on the issuance of \$25.5 million aggregate principal amount of

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General Obligation bonds authorized in an election held on June 5, 1990, by a favorable vote of more than two-thirds of all the voters voting on the proposition.

IV. CAPITAL PROJECTS FUNDS AND CAPITAL IMPROVEMENTS PROGRAM

- (A) The CFO is authorized to add maintenance projects funded elsewhere which are determined to be of a capital nature to the Capital Improvements Program.
- (B) The CFO is authorized to close completed Capital Improvements Program projects and transfer unexpended balances to the appropriate Unallocated Reserve, Annual Allocation or Fund Balances as a result of the closure.
- (C) Once an asset has been put in service, the CFO is authorized to transfer and appropriate a maximum of \$200,000 per project not to exceed 10% of the project budget from Unallocated Reserves, Annual Allocations, earned interest or Unappropriated Fund Balances to Capital Improvements Program projects to support remaining project costs in excess of approved appropriations in order to complete and close the project.
- (D) The CFO is authorized to make cash advances from the appropriate revenue source funds for the purpose of funding incidental and engineering costs of projects included in the long-range Capital Improvements Program Budget. Such advances shall be reimbursed to the respective Fund upon appropriation. In addition, the CFO is authorized and directed to advance funds as required for grant funded projects based on earned grant revenue receivable. Advances will be returned upon the payment of the grant receivable.

- (E) The CFO is authorized to reallocate revenue sources between Capital Improvements Program projects, in accordance with the restrictions placed on various revenues where the net reallocation does not result in a net increase to any of the revenue sources or project budgets.
- (F) Facilities Benefit Assessment Funds and Development Impact Fee Funds (Fund Nos. 400080-400095, 400111-400136, 400097-400110)
 - (1) The CFO is authorized to modify individual project appropriations in accordance with City Council-approved Community Public Facilities Financing Plans provided funding is available for such action.
 - (2) The CFO is authorized to reallocate Development Impact Fee Funds (DIF) funded appropriations between City Council-approved projects to expedite the use of DIF funds in accordance with AB1600 requirements.
 - (3) The CFO is authorized to appropriate DIF funds for the purpose of transferring monies to the Redevelopment Agency of the City of San Diego for reimbursable capital project expenditures as authorized by City Council Resolution No. R-300013 dated December 7, 2004 and the Redevelopment Agency Resolution No. R-03862. The transfers will be limited to availability of funds within DIF funds and to projects identified in the Centre City Public Facilities Financing Plan.
 - (4) The CFO is authorized to appropriate in the Facilities Benefit Assessment Funds (FBA) and DIF funds a sufficient and necessary

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amount to reimburse the administrative costs incurred by other City funds.

- (G) Mission Bay Improvements Fund (Fund No. 200386) and Regional Park Improvements Fund (Fund No. 200391)

The CFO is authorized to increase and/or decrease appropriations in the Mission Bay Improvements project (AGF00004) and Regional Park Improvements project (AGF00005) at the end of the fiscal year based on actual revenues received and/or available fund balance to support capital improvements in accordance with Charter section 55.2.

V. ENTERPRISE FUNDS

- (A) All Enterprise Funds are hereby appropriated for the purpose of providing for the operation, maintenance and development of their respective purposes.
- (B) Reserve Funds are hereby appropriated to provide funds for the purpose for which the Fund was created. The CFO is hereby authorized to return to the source Fund monies deposited in Reserve Funds in excess of amounts required, consistent with the City's Reserve Policy.
- (C) Water Funds (Fund Nos. 700011, 700010) and Sewer Funds (Fund Nos. 700000, 700001, 700008, 700009)

- (1) The CFO may reallocate appropriations and associated encumbrances from any City Council approved budgeted project in the Capital Improvement Program to the Fund's annual operating budget for costs associated with extended environmental monitoring for re-vegetation. Such reallocation shall decrease the total appropriation and

encumbrance for the project and increase the appropriation and encumbrance in the annual operating budget by an equal amount provided that the reallocation is no greater than 5% of the Capital Project Budget.

- (2) The CFO is authorized to increase expenditure appropriations for the purpose of implementing the Metropolitan Wastewater Department and Water Department Fiscal Years 2010 and 2011 Memorandums of Understanding for Bid to Goal Public Contract Operations Agreements.
- (3) The CFO is authorized to transfer Capital Improvement Program (CIP) appropriations and associated fund balances from the Water and Sewer operating funds (Fund Nos. 700011, 700000, 700001) into the newly established Water and Sewer CIP funds (Fund Nos. 700010, 700008, 700009) where the reallocation does not change the CIP project budget nor the funding source.

VI. INTERNAL SERVICE FUNDS

- (A) The CFO is hereby authorized to distribute surplus retained earnings or excess contributions from various internal service funds back to the appropriate contributing funds or between employee benefit-related internal service funds.
- (B) Equipment Operating Fund (Fund No. 720000) and Equipment Replacement Funds

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The CFO is hereby authorized to redistribute contributions among the Equipment Operating and Equipment Replacement Internal Service Funds or to advance funds between these internal service funds.

- (C) Central Stores Fund (Fund No. 720040), Publishing Services Fund (Fund No. 720041), Equipment Operating Fund (Fund No. 720000), Equipment Replacement Funds, and Risk Management Administration Fund (Fund No. 720048)

The CFO is hereby authorized to appropriate expenditures from unanticipated revenues for the purpose of allowing for the uninterrupted provision of services.

VII. TRUST AND AGENCY FUNDS

These Funds are established to account for assets held by the City as an agent for individuals, private organizations, other governments and/or funds; for example, federal and State income taxes withheld from employees, 401(k) and deferred compensation plans, parking citation revenues, and employee benefit plans. The CFO is authorized and directed to establish the appropriate agency funds and to deposit and disburse funds in accordance with the respective agency relationships.

VIII. GRANT FUNDS

Community Development Block Grant Funds

- (A) Community Development Block Grant (CDBG) Funds are appropriated for the purposes established by the grant provisions as approved and authorized by the City Council. All authorized but incomplete program activities and unexpended monies related thereto remaining in the CDBG Funds on

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June 30, 2012, shall be carried forward to future years for the purpose of completing said authorized activities in accordance with Council Policy 700-02 which includes the requirements to use funds within 18 months of allocation.

- (B) The CFO is authorized to transfer remaining funds allocated to projects that have been completed or abandoned to Unobligated CDBG Funds to be reappropriated by the City Council.
- (C) The CFO is authorized to transfer a maximum of \$100,000 per project from Unobligated CDBG Funds or excess program income to projects for eligible costs, such as engineering, in excess of previously approved appropriations.
- (D) The CFO is authorized to reallocate funds from Unobligated CDBG Funds in order to pay reimbursement costs previously authorized by the City Council where the reallocation does not result in an increase to any project budget.
- (E) All CIP projects funded by grants shall be administered pursuant to Section 2.1V. herein.

SECTION 3. The Mayor is hereby authorized to execute appropriate initial and continuing contracts and agreements for the conduct of activities associated with the allocations authorized by City Council and in accordance with provisions of grant agreements.

SECTION 4. The CFO is authorized and directed to make inter-fund loans, including interest at the City's pooled rate of return, between funds to cover cash needs. These loans may, if appropriate, extend beyond the current Fiscal Year.

SECTION 5. All interest earnings generated by any fund which has been established pursuant to a legal or contractual requirement, externally imposed restriction, or by enabling

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legislation (including, but not limited to, the Appropriation Ordinance) shall remain in said fund solely for the purpose the fund was intended.

SECTION 6. All Funds, not otherwise contained herein, established by the City Council in previous fiscal years or during the current fiscal year, are appropriated for the purposes established by applicable laws and/or in accordance with provisions of agreements authorized by Council and for projects contained in the Council-approved Capital Improvements Program or authorized by Council resolution. The CFO is authorized and directed to appropriate and expend monies within the funds for services provided by those funds. The CFO is authorized and directed to return any surplus monies to the contributing funds or, when the contributing funds cannot be legally determined, to the General Fund.

SECTION 7. The CFO is authorized and directed to transfer current and/or prior years' surplus monies within the Flexible Benefit/Management Benefit Programs' reimbursement funds after fiscal year end. Any remaining surplus monies (excluding flexible spending accounts) in the reimbursement funds may be transferred by the CFO to the Risk Management Administration Fund (Fund No. 720048) to be expended, up to the full forfeited amount, for programs which benefit City employees.

The CFO is authorized and directed to transfer surplus/reserves within other employee benefit funds or to reallocate these monies to other fringe benefit funds.

SECTION 8. The CFO is authorized and directed to make appropriate inter-fund transfers in accordance with the Annual Budget Document and estimated sources of revenue.

The CFO may transfer funds to related City entities in accordance with the Annual Budget Document and appropriate funding source rules and regulations.

Attachment J

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SECTION 9. The CFO is authorized and directed to appropriate and expend donations in accordance with Council Policy 100-02 (City Receipt of Donations).

SECTION 10. All revenues generated consistent with the Public Trust pursuant to California Public Resources Code section 6306 in relation to operation of Mission Bay Park and Ocean Beach Park which are greater than expenditures for operations, maintenance and capital improvements during the fiscal year are hereby placed in a special fund to be used exclusively for past and future operations, maintenance and capital improvements and for past, current, and future expenditures uncompensated by past, current and future revenues derived from Mission Bay Park and Ocean Beach Park as required by agreements with the State of California. Unanticipated revenues are hereby appropriated for said purposes and may be expended only by Council resolution or in accordance with projects contained in the Council-approved Capital Improvements Program.

All revenues generated by sovereign trust lands granted by the State of California to the City pursuant to California Public Resources Code section 6306 are hereby appropriated for purposes consistent with the Public Trust.

SECTION 11. All other revenues which are not appropriated by any other section of this ordinance, and which are in excess of budgeted revenue are hereby transferred by the CFO to legally established reserve fund(s) or account(s). However, in no event shall the total appropriations of all tax revenues as defined by article XIII B of the California Constitution made pursuant to this ordinance exceed the City's legal limit.

The total appropriation is \$2,795,322,762 a portion of which will be derived from proceeds of taxes as defined within article XIII B of the California Constitution.

It is the intent of this ordinance to comply with article XIII B of the California Constitution.

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SECTION 12. The CFO is authorized and directed to modify appropriations in accordance with the Fiscal Year 2012 Tax Rate Ordinance as approved by Council.

SECTION 13. The CFO is authorized and directed to close obsolete or inactive funds; residual balances of such funds shall be returned to their source or, if the source cannot be determined, to the General Fund Unappropriated Reserve. The CFO shall periodically report fund closures to the City Council and recommend the appropriation of any residual balances.

SECTION 14. The CFO is hereby authorized to restrict from the departmental appropriations as set forth in Attachment I an amount sufficient to assure that, in the event there is a shortfall in projected revenues, there are sufficient revenues to cover the remaining appropriations; provided that in the case that projected revenue estimates are met, the restricted funds may be released.

SECTION 15. Unless otherwise specified in this ordinance, the CFO is authorized to modify appropriations upon adopted City Council resolution, provided funding is available for such action and in accordance with funding source guidelines and applicable grant agreements.

SECTION 16. The powers of the City Council not delegated to the Mayor and CFO, as specifically set forth herein, are reserved to the Council in accordance with the terms of the Charter.

SECTION 17. That a full reading of this ordinance is dispensed with prior to its passage, a written or printed copy having been available to the City Council and the public prior to the day of its final passage.


SECTION 18. This ordinance is declared to take effect and be in force immediately upon its passage after two public hearings pursuant to the authority contained in Charter sections 71, 275, and 295.

Attachment J

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SECTION 19. The Mayor shall have no veto power over this ordinance pursuant to Charter section 280(a)(4).

APPROVED: JAN I. GOLDSMITH, City Attorney

By  _____
Brant C. Will
Deputy City Attorney

BCW:jdf
06/21/11
Or.Dept: Mayor
Attachments

ATTACHMENT I

Fiscal Year 2012 Operating and Capital Appropriations

OPERATING APPROPRIATIONS	Salary & Wages	Fringe & Non-Personnel	FY 2012 Appropriation
General Fund			
Administration	\$ 1,175,880	\$ 1,219,993	\$ 2,395,873
Business Office	\$ 514,801	\$ 498,078	\$ 1,012,879
City Attorney	\$ 24,005,259	\$ 18,027,324	\$ 42,032,583
City Auditor	\$ 1,720,154	\$ 1,833,370	\$ 3,553,524
City Clerk	\$ 2,302,386	\$ 2,474,665	\$ 4,777,051
City Comptroller	\$ 5,526,239	\$ 4,541,985	\$ 10,068,224
City Treasurer	\$ 6,278,003	\$ 12,632,761	\$ 18,910,764
Citywide Program Expenditures	\$ -	\$ 52,948,582	\$ 52,948,582
Council Administration	\$ 875,201	\$ 844,250	\$ 1,719,451
Council District 1	\$ 431,690	\$ 589,927	\$ 1,021,617
Council District 1 - CPPS	\$ -	\$ 218,032	\$ 218,032
Council District 2	\$ 367,299	\$ 627,102	\$ 994,401
Council District 2 - CPPS	\$ -	\$ 192,688	\$ 192,688
Council District 3	\$ 536,538	\$ 574,070	\$ 1,110,608
Council District 3 - CPPS	\$ -	\$ 182,778	\$ 182,778
Council District 4	\$ 454,352	\$ 632,189	\$ 1,086,541
Council District 4 - CPPS	\$ -	\$ 162,167	\$ 162,167
Council District 5	\$ 546,774	\$ 479,752	\$ 1,026,526
Council District 5 - CPPS	\$ -	\$ 222,249	\$ 222,249
Council District 6	\$ 568,950	\$ 499,452	\$ 1,068,402
Council District 6 - CPPS	\$ -	\$ 153,764	\$ 153,764
Council District 7	\$ 527,505	\$ 566,059	\$ 1,093,564
Council District 7 - CPPS	\$ -	\$ 175,023	\$ 175,023
Council District 8	\$ 628,392	\$ 474,547	\$ 1,102,939
Council District 8 - CPPS	\$ -	\$ 305,617	\$ 305,617
Debt Management	\$ 1,370,867	\$ 1,001,862	\$ 2,372,729
Department of Information Technology	\$ -	\$ 190,453	\$ 190,453
Development Services	\$ 6,462,623	\$ 8,564,426	\$ 15,027,049
Disability Services	\$ 259,764	\$ 1,766,240	\$ 2,026,004
Economic Development	\$ 2,026,104	\$ 2,705,480	\$ 4,731,584
Environmental Services	\$ 7,501,992	\$ 25,831,856	\$ 33,333,848
Ethics Commission	\$ 392,829	\$ 522,141	\$ 914,970
Financial Management	\$ 2,346,040	\$ 1,812,257	\$ 4,158,297
Fire-Rescue	\$ 104,819,583	\$ 93,033,618	\$ 197,853,201
Human Resources	\$ 1,049,387	\$ 870,266	\$ 1,919,653
Library	\$ 16,423,693	\$ 20,778,524	\$ 37,202,217
Office of Homeland Security	\$ 972,054	\$ 843,466	\$ 1,815,520
Office of the Assistant COO	\$ 185,001	\$ 126,203	\$ 311,204
Office of the Chief Financial Officer	\$ 356,629	\$ 528,270	\$ 884,899

Attachment J

OPERATING APPROPRIATIONS (continued)	Salary & Wages	Fringe & Non-Personnel	FY 2012 Appropriation
General Fund (continued)			
Office of the Chief Operating Officer	\$ 317,914	\$ 222,080	\$ 539,994
Office of the IBA	\$ 988,424	\$ 696,273	\$ 1,684,697
Office of the Mayor	\$ 3,021,832	\$ 2,797,929	\$ 5,819,761
Park & Recreation	\$ 30,394,643	\$ 54,362,674	\$ 84,757,317
Personnel	\$ 3,603,766	\$ 2,842,479	\$ 6,446,245
Police	\$ 209,501,570	\$ 184,319,531	\$ 393,821,101
Public Utilities	\$ -	\$ 1,740,160	\$ 1,740,160
Public Works - Engineering & Capital Projects	\$ 33,312,015	\$ 26,558,363	\$ 59,870,378
Public Works - General Services	\$ 5,397,501	\$ 9,235,352	\$ 14,632,853
Purchasing & Contracting	\$ 2,249,733	\$ 2,768,375	\$ 5,018,108
Real Estate Assets	\$ 1,882,660	\$ 2,383,407	\$ 4,266,067
Transportation & Storm Water	\$ 23,171,203	\$ 76,342,915	\$ 99,514,118
General Fund Total	\$ 504,467,250	\$ 623,921,024	\$ 1,128,388,274
Debt Service and Tax Funds			
Public Safety Communication Bonds	\$ -	\$ 2,315,122	\$ 2,315,122
Tax and Revenue Anticipation Notes	\$ -	\$ 1,444,151	\$ 1,444,151
Debt Service and Tax Funds Total	\$ -	\$ 3,759,273	\$ 3,759,273
Enterprise Funds			
Airports Fund	\$ 891,480	\$ 3,848,727	\$ 4,740,207
Development Services Fund	\$ 19,416,589	\$ 22,131,521	\$ 41,548,110
Golf Course Fund	\$ 4,051,228	\$ 10,797,589	\$ 14,848,817
Metropolitan Sewer Utility Funds	\$ 51,986,081	\$ 276,376,531	\$ 328,362,612
Recycling Fund	\$ 5,677,652	\$ 15,124,095	\$ 20,801,747
Refuse Disposal Fund	\$ 8,987,085	\$ 25,574,990	\$ 34,562,075
Water Utility Operating Fund	\$ 40,051,215	\$ 411,591,182	\$ 451,642,397
Enterprise Funds Total	\$ 131,061,330	\$ 765,444,635	\$ 896,505,965
Internal Service Funds			
Central Stores Fund	\$ 885,344	\$ 23,167,616	\$ 24,052,960
Energy Conservation Program Fund	\$ 972,914	\$ 1,503,743	\$ 2,476,657
Fleet Services Operating Fund	\$ 13,553,085	\$ 37,705,589	\$ 51,258,674
Fleet Services Replacement Fund	\$ -	\$ 23,198,758	\$ 23,198,758
Publishing Services Fund	\$ 653,387	\$ 4,505,417	\$ 5,158,804
Risk Management Administration Fund	\$ 4,375,643	\$ 4,850,118	\$ 9,225,761
Internal Service Funds Total	\$ 20,440,373	\$ 94,931,241	\$ 115,371,614
Special Revenue Funds			
Automated Refuse Container Fund	\$ -	\$ 800,000	\$ 800,000
Capital Outlay-Misc Revenue	\$ -	\$ 2,490,000	\$ 2,490,000
City Cooperation Agreement Funds*	\$ -	\$ 57,176,016	\$ 57,176,016
Concourse and Parking Garages Operating Fund	\$ 123,449	\$ 2,663,554	\$ 2,787,003

OPERATING APPROPRIATIONS (continued)	Salary & Wages	Fringe & Non-Personnel	FY 2012 Appropriation
Special Revenue Funds (continued)			
Convention Center Expansion Administration Fund	\$ -	\$ 20,000	\$ 20,000
Convention Center Expansion Project Fund	\$ -	\$ 15,100,688	\$ 15,100,688
Environmental Growth Fund 1/3	\$ -	\$ 4,007,476	\$ 4,007,476
Environmental Growth Fund 2/3	\$ -	\$ 8,078,081	\$ 8,078,081
Facilities Financing Fund	\$ 1,000,805	\$ 1,066,400	\$ 2,067,205
Fire and Lifeguard Facilities Fund	\$ -	\$ 1,675,537	\$ 1,675,537
Fire/Emergency Medical Services Transport Program Fund	\$ 2,704,901	\$ 8,510,695	\$ 11,215,596
Gas Tax	\$ -	\$ 33,971,669	\$ 33,971,669
Information Technology Fund	\$ 2,167,913	\$ 3,410,298	\$ 5,578,211
Local Enforcement Agency Fund	\$ 334,044	\$ 492,672	\$ 826,716
Los Penasquitos Canyon Preserve Fund	\$ 112,797	\$ 87,941	\$ 200,738
Maintenance Assessment District (MAD) Funds**	\$ 1,457,473	\$ 32,647,317	\$ 34,104,790
Major Events Revolving Fund	\$ -	\$ 450,000	\$ 450,000
Mission Bay/Balboa Park Improvement	\$ -	\$ 1,485,534	\$ 1,485,534
New Convention Facility Fund	\$ -	\$ 3,405,278	\$ 3,405,278
OneSD Support Fund	\$ 1,814,222	\$ 19,428,571	\$ 21,242,793
PETCO Park Fund	\$ 110,001	\$ 17,251,607	\$ 17,361,608
Police Decentralization Fund	\$ -	\$ 7,942,553	\$ 7,942,553
Prop 42 Replacement - Transportation Relief Fund	\$ -	\$ 15,248,190	\$ 15,248,190
Public Art Fund	\$ -	\$ 6,300	\$ 6,300
Public Safety Needs & Debt Service	\$ -	\$ 6,650,317	\$ 6,650,317
QUALCOMM Stadium Operations	\$ 2,066,957	\$ 13,872,270	\$ 15,939,227
Redevelopment Fund	\$ 2,085,924	\$ 1,682,459	\$ 3,768,383
Seized Assets - California	\$ -	\$ 10,000	\$ 10,000
Seized Assets - Federal DOJ	\$ -	\$ 1,413,062	\$ 1,413,062
Seized Assets - Federal Treasury	\$ -	\$ 100,000	\$ 100,000
Serious Traffic Offenders Program Fund	\$ -	\$ 1,200,000	\$ 1,200,000
Storm Drain Fund	\$ -	\$ 6,046,746	\$ 6,046,746
Transient Occupancy Tax Fund	\$ 673,529	\$ 67,464,800	\$ 68,138,329
TransNet ARRA Exchange Fund	\$ -	\$ 6,050,400	\$ 6,050,400
TransNet Extension Administration & Debt Fund	\$ -	\$ 243,922	\$ 243,922
TransNet Extension Congestion Relief Fund	\$ -	\$ 1,200,000	\$ 1,200,000
TransNet Extension Maintenance Fund	\$ -	\$ 7,244,493	\$ 7,244,493
Trolley Extension Reserve	\$ -	\$ 1,180,734	\$ 1,180,734
Underground Surcharge Fund	\$ 145,017	\$ 58,611,497	\$ 58,756,514
Wireless Communications Technology Fund	\$ 3,188,435	\$ 6,854,775	\$ 10,043,210
Zoological Exhibits	\$ -	\$ 8,018,590	\$ 8,018,590
Special Revenue Funds Total	\$ 17,985,467	\$ 425,260,442	\$ 443,245,909
TOTAL OPERATING APPROPRIATIONS	\$ 673,954,420	\$ 1,913,316,615	\$ 2,587,271,035

*City Cooperation Agreement Funds are listed in the City Cooperation Agreement Appropriations section.

**Maintenance Assessment District (MAD) Funds are listed in the Maintenance Assessment District Appropriations section.

Attachment J

CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS		FY 2012 Appropriation
Airports		
AAA00001	Montgomery Field	\$ 1,796,497
AAA00002	Brown Field	\$ 1,371,531
S00680	Montgomery Field Rehabilitation	\$ 218,222
S00773	Brown Field Electrical Upgrade	\$ 24,260
Airports Total		\$ 3,410,510
Environmental Services		
ABT00005	Environmental Services Facilities Improvements	\$ 115,090
AFA00001	Minor Improvements to Landfills	\$ 270,000
AKC00001	Groundwater Monitoring Network	\$ 270,000
S00682	Arizona Street Landfill Closure and Modifications	\$ 1,800,000
S00684	South Chollas Landfill Improvements	\$ 1,300,000
S00776	South Chollas Landfill	\$ 43,000
S01074	West Miramar Refuse Disposal Facility - Phase 2	\$ 300,000
S01088	Future Waste Mgmt Disposal & Processing Facilities	\$ 1,750,000
Environmental Services Total		\$ 5,848,090
Fire-Rescue		
L12002	SDFD Station Alerting	\$ 1,700,000
S00688	Fire Station No. 45 - East Mission Valley	\$ 3,000,000
Fire-Rescue Total		\$ 4,700,000
General Services		
ABE00001	Americans with Disabilities Improvements	\$ 1,531,029
ABT00001	City Facilities Improvements	\$ 300,000
S10042	Fitting Facility Expansion	\$ 175,000
General Services Total		\$ 2,006,029
Library		
S12000	Library Collection Conversion to RFID	\$ 700,000
Library Total		\$ 700,000
OneSD Support		
S12021	SRM ERP Implementation	\$ 900,000
OneSD Support Total		\$ 900,000
Park & Recreation		
AEA00001	Torrey Pines Golf Course	\$ 1,100,000
AEA00002	Balboa Park Golf Course	\$ 300,000
AEA00003	Mission Bay Golf Course and Practice Center	\$ 300,000
AGF00005	Regional Park Improvements	\$ 2,281,433
L12000	Convert RB Medians-Asphalt to Concrete	\$ 135,673
L12001	Talmadge Historic Gates	\$ 113,101

CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS (continued)		FY 2012 Appropriation
Park & Recreation (continued)		
S00826	El Cajon Boulevard Streetscape Improvements	\$ 50,000
S10032	Rancho Penasquitos Monument Signs	\$ 69,475
S10035	Pomerado Rd Median Improvements-n/o of R Bernardo	\$ 175,000
S10036	Welcome to Rancho Bernardo Signs	\$ 45,367
S10037	Camino Santa Fe Median Improvements	\$ 30,000
S10038	Del Mar Terrace Street Improvements	\$ 65,000
S10054	Switzer Canyon/30th Street Bridge Enhancement Prgm	\$ 5,000
S11006	Torrey Hills SDG&E Easement Enhancement	\$ 141,000
S11008	Mission Hills Historic Street Lighting	\$ 211,243
S11009	Torrey Highlands Community ID and Enhancement	\$ 25,000
S12001	McKinley Elementary School Joint Use Improvements	\$ 107,000
S12002	Rancho Penasquitos Skate Park	\$ 320,000
S12003	Rancho Penasquitos Towne Centre Park Improvements	\$ 75,000
S12004	Canyonside Community Park Improvements	\$ 300,000
S12006	Rancho Bernardo Road Streetscape	\$ 50,000
Park & Recreation Total		\$ 5,899,292
Police		
S10118	Police Range Refurbishment	\$ 1,822,864
S10131	Police Headquarters Cogeneration Repower Project	\$ 33,085
Police Total		\$ 1,855,949
Public Utilities		
ABJ00001	Water Pump Station Restoration	\$ 8,823,952
ABK00001	Dams and Reservoirs	\$ 824,304
ABL00001	Standpipe and Reservoir Rehabilitations	\$ 4,486,986
ABM00001	Groundwater Asset Development Program	\$ 900,000
ABP00003	Pump Station 64,65, Penasquitos, E Mission Gorge	\$ 1,173,400
AJA00001	Sewer Main Replacements	\$ 30,000,000
AJB00001	Metropolitan Waste Water Department Trunk Sewers	\$ 13,020,462
AKA00002	Pressure Reduction Facility Upgrades	\$ 500,000
AKB00002	Freeway Relocation	\$ 250,000
AKB00003	Water Main Replacements	\$ 39,912,978
L10000	Metro Facilities Control Systems Upgrade	\$ 700,000
S00018	South Bay Reclamation System	\$ 150,000
S00019	Harbor Drive Pipeline	\$ 200,000
S00041	Morena Reservoir Outlet Tower Upgrade	\$ 67,505
S00308	Pump Station 84 Upgrade & Pump Station 62 Abandon	\$ 3,926,100
S00312	PS2 Power Reliability & Surge Protection	\$ 250,000
S00315	Point Loma Grit Processing Improvements	\$ 3,750,000
S00322	MBC Biosolids Storage Silos	\$ 5,294,557
S00336	Harbor Drive Trunk Sewer Replacement	\$ 4,000,000

Attachment J

		FY 2012 Appropriation
CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS (continued)		
Public Utilities (continued)		
S10008	El Monte Pipeline #2	\$ 1,000,000
S10013	Barrett Flume Cover	\$ 400,000
S10123	Water Group Job 915 (3012)	\$ 7,887,022
S11021	University Ave Pipeline Replacement	\$ 560,000
S11022	Upas Street Pipeline Replacement	\$ 1,575,000
S11025	Chollas Building	\$ 2,200,000
S11026	Montezuma Pipeline/Mid-City Pipeline Phase II	\$ 363,562
S11027	Otay 1st / 2nd Pipelines Abandon - Highland East	\$ 1,000,000
S11100	CIS ERP Implementation	\$ 2,819,628
S11108	Water Group 787	\$ 7,342,159
S12007	El Capitan Potable Water Segment	\$ 250,000
S12008	Catalina 12inch Cast Iron Mains	\$ 100,000
S12009	La Jolla Scenic Drive 16inch Main	\$ 100,000
S12010	30th Street Pipeline Replacement	\$ 100,000
S12011	69th & Mohawk Pump Station	\$ 250,000
S12012	Cielo & Woodman Pump Station	\$ 100,000
S12013	Alvarado 2nd PL Exten & Morena Blvd CI	\$ 250,000
S12014	Recycled Water Tank Modifications	\$ 250,000
S12015	Pacific Beach Pipeline	\$ 250,000
S12016	Otay 1st / 2nd PL West of Highlands	\$ 100,000
S12017	Del Mar Heights East Segment	\$ 100,000
S12018	Lower Otay Outlet Tower	\$ 168,248
Public Utilities Total		\$ 145,395,863
Real Estate Assets		
S11034	Evan V. Jones Parkade Parking Equipment Upgrade	\$ 100,000
Real Estate Assets Total		\$ 100,000
Transportation & Storm Water		
ACA00001	Drainage Projects	\$ 1,325,000
ACC00001	Watershed CIP	\$ 799,918
AIA00001	Minor Bike Facilities	\$ 15,000
AID00001	Utilities Undergrounding Program	\$ 15,000,000
AID00002	Transportation Grant Match	\$ 300,000
AID00003	Five Year CIP Planning	\$ 50,000
AIG00001	Median Installation	\$ 297,000
AIH00001	Installation of City Owned Street Lights	\$ 100,000
AIK00001	New Walkways	\$ 375,000
AIK00002	School Traffic Safety Improvements	\$ 200,000
AIL00001	Traffic Calming	\$ 200,000
AIL00002	Install T/S Interconnect Systems	\$ 150,000
AIL00004	Traffic Signals - Citywide	\$ 450,000

CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS <i>(continued)</i>		FY 2012 Appropriation
Transportation & Storm Water (continued)		
AIL00005	Traffic Signals Modification	\$ 850,000
AIL00010	Replace Obsolete T/S Controllers	\$ 75,000
S00602	Juan Street Concrete Street	\$ 1,468,369
S00724	Otay Mesa Truck Route Phase 3	\$ 300,000
S00838	Scripps Ranch/Mira Mesa Medians Project	\$ 156,676
S00851	State Route 163/Friars Road	\$ 10,454,031
S00859	Carmel Valley Road Enhancement Project	\$ 25,000
S00864	Streamview Drive Improvements	\$ 200,000
S00871	West Mission Bay Drive Bridge Over San Diego River	\$ 100,000
S00877	Torrey Pines Road Slope Restoration	\$ 540,000
S00913	Palm Avenue Roadway Improvements	\$ 2,255,000
S00935	North Torrey Pines Road Bridge/ Los Penasquitos	\$ 400,000
S00944	Bayshore Bikeway	\$ 150,000
S00985	25th Street Renaissance Project	\$ 700,000
S11060	Otay Mesa Truck Route Phase 4	\$ 300,000
Transportation & Storm Water Total		\$ 37,235,994
TOTAL CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS		\$ 208,051,727
TOTAL COMBINED APPROPRIATIONS		\$ 2,795,322,762

Attachment J

CITY COOPERATION AGREEMENT APPROPRIATIONS

Fund	Fund Name	Salary & Wages	Fringe & Non-Personnel	FY 2012 Appropriation
200650	C-CC-Low/Mod	\$ -	\$ 11,048,000	\$ 11,048,000
200663	City-CG-Low/Mod Housing General Fund	\$ -	\$ 93,867	\$ 93,867
200664	City-SESD Low/Mod Housing Fund - 20%	\$ -	\$ 511,561	\$ 511,561
200666	City-BL-Low/Mod Housing General Fund	\$ -	\$ 66,981	\$ 66,981
200676	City-NTC-Low/Mod Housing General Fund	\$ -	\$ 268,810	\$ 268,810
200677	C-HP-Low/Mod Hsg	\$ -	\$ 809,000	\$ 809,000
400703	C-CC-Tax Increment	\$ -	\$ 34,403,000	\$ 34,403,000
400724	City-BL-General Fund	\$ -	\$ 128,615	\$ 128,615
400732	City-LV-General Fund	\$ -	\$ 21,899	\$ 21,899
400812	City-SY-Tab 2010B (T) Proceeds	\$ -	\$ 786,816	\$ 786,816
400827	City-SESD Tax Increment For Cap Proj	\$ -	\$ 1,921,418	\$ 1,921,418
400831	City-BL-Tax Increment For Cap Proj	\$ -	\$ 20,000	\$ 20,000
400835	C-HP-CP Tax Increment	\$ -	\$ 1,653,000	\$ 1,653,000
400836	City-NTC-Tax Increment For Cap Proj	\$ -	\$ 483,003	\$ 483,003
400837	City-CG-Tax Increment For Cap Proj	\$ -	\$ 282,395	\$ 282,395
400839	City-CR-Tax Increment For Cap Proj	\$ -	\$ 756,853	\$ 756,853
400840	City-SY-Tax Increment For Cap Proj	\$ -	\$ 315,000	\$ 315,000
400842	City-NB-Tax Increment For Cap Proj	\$ -	\$ 3,605,798	\$ 3,605,798
CITY COOPERATION AGREEMENT APPROPRIATIONS TOTAL		\$ -	\$ 57,176,016	\$ 57,176,016

MAINTENANCE ASSESSMENT DISTRICT APPROPRIATIONS

Fund	Fund Name	Salary & Wages	Fringe & Non-Personnel	FY 2012 Appropriation
200023	Maintenance Assessment District (MAD) Management Fund	\$ 1,457,473	\$ 1,660,247	\$ 3,117,720
200025	Street Light District #1 MAD Fund	\$ -	\$ 844,370	\$ 844,370
200028	Scripps/Miramar Ranch MAD Fund	\$ -	\$ 1,582,011	\$ 1,582,011
200030	Tierrasanta MAD Fund	\$ -	\$ 2,058,973	\$ 2,058,973
200031	Campus Point MAD Fund	\$ -	\$ 36,669	\$ 36,669
200032	Mission Boulevard MAD Fund	\$ -	\$ 121,812	\$ 121,812
200033	Carmel Valley MAD Fund	\$ -	\$ 3,312,512	\$ 3,312,512
200035	Sabre Springs MAD Fund	\$ -	\$ 396,528	\$ 396,528
200037	Mira Mesa MAD Fund	\$ -	\$ 1,565,894	\$ 1,565,894
200038	Rancho Bernardo MAD Fund	\$ -	\$ 989,404	\$ 989,404
200039	Penasquitos East MAD Fund	\$ -	\$ 569,894	\$ 569,894
200040	Coronado View MAD Fund	\$ -	\$ 27,891	\$ 27,891
200042	Park Village MAD Fund	\$ -	\$ 622,713	\$ 622,713
200044	Eastgate Technology Park MAD Fund	\$ -	\$ 229,987	\$ 229,987
200045	Calle Cristobal MAD Fund	\$ -	\$ 406,795	\$ 406,795
200046	Gateway Center East MAD Fund	\$ -	\$ 322,948	\$ 322,948
200047	Miramar Ranch North MAD Fund	\$ -	\$ 2,034,042	\$ 2,034,042
200048	Carmel Mountain Ranch MAD Fund	\$ -	\$ 655,016	\$ 655,016
200052	La Jolla Village Drive MAD Fund	\$ -	\$ 93,343	\$ 93,343
200053	First SD River Imp. Project MAD Fund	\$ -	\$ 341,479	\$ 341,479
200055	Newport Avenue MAD Fund	\$ -	\$ 60,282	\$ 60,282
200056	Linda Vista Community MAD Fund	\$ -	\$ 274,853	\$ 274,853
200057	Washington Street MAD Fund	\$ -	\$ 140,530	\$ 140,530
200058	Otay International Center MAD Fund	\$ -	\$ 447,512	\$ 447,512
200059	Del Mar Terrace MAD Fund	\$ -	\$ 82,717	\$ 82,717
200061	Adams Avenue MAD Fund	\$ -	\$ 54,265	\$ 54,265
200062	Carmel Valley NBHD #10 MAD Fund	\$ -	\$ 516,257	\$ 516,257
200063	North Park MAD Fund	\$ -	\$ 571,673	\$ 571,673
200065	Kings Row MAD Fund	\$ -	\$ 14,741	\$ 14,741
200066	Webster-Federal Boulevard MAD Fund	\$ -	\$ 64,886	\$ 64,886
200067	Stonecrest Village MAD Fund	\$ -	\$ 834,490	\$ 834,490
200068	Genesee/North Torrey Pines Road MAD Fund	\$ -	\$ 518,082	\$ 518,082
200070	Torrey Hills MAD Fund	\$ -	\$ 1,755,734	\$ 1,755,734
200071	Coral Gate MAD Fund	\$ -	\$ 245,480	\$ 245,480
200074	Torrey Highlands MAD Fund	\$ -	\$ 772,110	\$ 772,110
200076	Talmadge MAD Fund	\$ -	\$ 234,425	\$ 234,425
200078	Central Commercial MAD Fund	\$ -	\$ 333,497	\$ 333,497
200079	Little Italy MAD Fund	\$ -	\$ 889,100	\$ 889,100

Attachment J

MAINTENANCE ASSESSMENT DISTRICT APPROPRIATIONS *(continued)*

Fund	Fund Name	Salary & Wages	Fringe & Non-Personnel	FY 2012 Appropriation
200080	Liberty Station/NTC MAD Fund	\$ -	\$ 215,233	\$ 215,233
200081	Camino Santa Fe MAD Fund	\$ -	\$ 308,946	\$ 308,946
200083	Black Mountain Ranch South MAD Fund	\$ -	\$ 1,081,997	\$ 1,081,997
200084	College Heights Enhanced MAD Fund	\$ -	\$ 435,118	\$ 435,118
200086	C&ED MAD Management Fund	\$ -	\$ 225,000	\$ 225,000
200087	City Heights MAD Fund	\$ -	\$ 303,765	\$ 303,765
200089	Black Mountain Ranch North MAD Fund	\$ -	\$ 594,461	\$ 594,461
200091	Bay Terraces - Parkside MAD Fund	\$ -	\$ 74,009	\$ 74,009
200092	Bay Terraces - Honey Drive MAD Fund	\$ -	\$ 19,147	\$ 19,147
200093	University Heights MAD Fund	\$ -	\$ 70,473	\$ 70,473
200094	Hillcrest MAD Fund	\$ -	\$ 34,132	\$ 34,132
200095	El Cajon Boulevard MAD Fund	\$ -	\$ 522,934	\$ 522,934
200096	Ocean View Hills MAD Fund	\$ -	\$ 686,899	\$ 686,899
200097	Robinhood Ridge MAD Fund	\$ -	\$ 142,317	\$ 142,317
200098	Remington Hills MAD Fund	\$ -	\$ 90,250	\$ 90,250
200099	Pacific Highlands Ranch MAD Fund	\$ -	\$ 450,096	\$ 450,096
200101	Rancho Encantada MAD Fund	\$ -	\$ 393,801	\$ 393,801
200103	Bird Rock MAD Fund	\$ -	\$ 280,780	\$ 280,780
200105	Hillcrest Commercial Core MAD Fund	\$ -	\$ 138,182	\$ 138,182
200106	Greater Golden Hill MAD Fund	\$ -	\$ 667,829	\$ 667,829
200614	Mission Hills Special Lighting MAD	\$ -	\$ 228,786	\$ 228,786
MAINTENANCE ASSESSMENT DISTRICT TOTAL		\$ 1,457,473	\$ 32,647,317	\$ 34,104,790

ATTACHMENT II

Excerpt from Council Policy 100-03: Transient Occupancy Tax

Attachment A: General Requirements and Conditions

Section B: Funding

1. Expenses must be both incurred and paid by an organization before the City will release funding to the organization, except as otherwise may be provided.
2. Expenses must be incurred during the City's fiscal year (July 1 - June 30) for which the program is funded, except as otherwise may be provided.
3. City funds may not be used for alcoholic beverages. In addition, City funds may not be used for travel, meals, lodging, or entertainment expenses, except as otherwise may be provided. Waivers to this provision will be considered for expenditures within the Economic Development Program categories. Organizations receiving waivers may use City funds for travel, meals, or lodging within the following parameters:
 - a. Travel – when use of public air carrier transport is required in order to perform the contractual scope of services to the City, City funds may be applied toward the equivalent of coach airfare only. City funds may not be applied toward any upgrades.
 - b. Meals – when provision of meals is required in order to perform the contractual scope of services to the City, City funds may be applied toward a maximum of \$50 per day per person for meals (excluding sales tax and a maximum 15% gratuity, which are also eligible expenses). This daily maximum is further limited by meal, as follows: \$10, \$15, and \$25 are the maximum City funds that can be applied toward breakfast, lunch, and dinner, respectively, per person. If alcoholic beverages are consumed with meals, they may not be paid for with City funds. In the event that meals are provided to individuals who are not members of the funded organization within the scope of a business development meeting, documentation containing the purpose of the meeting, the benefit to the City, and a list of attendees must be provided to the City in order for City funding to be utilized.
 - c. Lodging – when out-of-town lodging is required in order to perform the contractual scope of services to the City, City funds may be applied toward the equivalent of the cost of a standard room in a business class hotel, or toward the conference rates of the host hotel when attending a conference.
 - d. Sponsorships – the City acknowledges the business requirement of event sponsorships by promotional organizations in order to market San Diego as a convention destination in a highly competitive market, and to attract businesses to

Attachment J

the region. The primary objective of a funded organization's participation in such events is to gain exposure for San Diego and secure access to important decision makers representing prominent convention groups and businesses. Financial sponsorship of such events is an acceptable application of City funds. If alcoholic beverages are consumed during event sponsorships, they may not be paid for with City funds.

4. City funds will be used only to assist an organization in its annual operating program or in its sponsorship of special events. City funding will not be used for capital or equipment outlay, for the purchase of awards, trophies, gifts, or uniforms, nor for the buildup of reserves.
5. Matching fund requirements will be determined by the appropriate application process as called for in the specific funding guidelines within each funding category, if applicable.
6. Organizations requesting funds should possess, at a minimum, a three-year track record of operations. Annual requests for funding may be for one-time events or projects, though applicant organizations must have a three-year history.

(O-2011-120)
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ORDINANCE NUMBER O- 20084 (NEW SERIES)

57

DATE OF FINAL PASSAGE AUG 04 2011

8/2/11

AN ORDINANCE AMENDING CHAPTER 2, ARTICLE 2, DIVISION 2 OF THE SAN DIEGO MUNICIPAL CODE BY ADDING SECTIONS 22.0229 AND 22.0230 RELATING TO MID-YEAR ADJUSTMENTS TO THE ADOPTED BUDGET OF THE CITY AND REPORTING SIGNIFICANT REDUCTIONS IN CITY SERVICES OR PROGRAMS.

WHEREAS, the Mayor, as Chief Executive Officer, is the Chief Budget Officer of the City of San Diego (City) and is responsible for planning the activities of the City government and for adjusting such activities to the finances available; and

WHEREAS, the City Council has non-delegable legislative power and authority regarding the spending of public money; and

WHEREAS, San Diego Charter section 290(b) sets forth the process by which the annual budget of the City is adopted; and

WHEREAS, from time to time, the City's adopted budget may become unbalanced during the fiscal year due to either revenues exceeding expenditures or expenditures exceeding revenues; and

WHEREAS, to the extent that the City is projecting a significant variance from the adopted budget after six months of actual experience, the City Council may exercise its budgetary authority by requiring the Mayor to recommend adjustments (Mid-Year Adjustments) to the budget to address any surplus or deficit; and

WHEREAS, Mid-Year Adjustments to the budget follow the same process as the adoption of the annual budget pursuant to Charter section 290(b); and

Attachment K

(O-2011-120)
COR.COPY

WHEREAS, prudent management of public resources and the City's policy regarding maintaining healthy reserves demand restraint with respect to expenditure of projected fund balances such that due consideration shall be given to applying any projected surplus to strengthening General Fund reserves; and

WHEREAS, in accordance with the City's budget policies, any projected surpluses resulting from one-time revenues or savings shall only be applied to one-time expenditures; and

WHEREAS, in order to enhance transparency and to assist both the Mayor and the City Council to balance the fiscal condition of the City with the expectations of the community, the Mayor shall provide the Council with prior notice of any significant reductions in any program or service affecting the community and the fiscal justification for such reductions; NOW, THEREFORE,

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

Section 1. That Chapter 2, Article 2, Division 2 of the San Diego Municipal Code is hereby amended by adding sections 22.0229 and 22.0230 to read as follows:

§ 22.0229 Mid-Year Amendments to the Adopted General Fund Budget

- (a) In the month of February or at such time during any fiscal year after the City has six months of actual budgetary data and the Mid-Year Budget Monitoring Report is projecting a surplus or a deficit relative to the adopted General Fund budget, the Mayor shall report such deficit or surplus to the City Council and provide a recommendation to the City Council, and accompanying budget amendment resolution, to address the

reported deficit or surplus. The Mayor may recommend budgeting all, none, or any portion of any projected surplus.

- (b) The City Council may approve the Mayor's recommendation or modify such recommendation in whole or in part, in accordance with Charter section 290(b) provided, however, that:
 - 1. The City Council may budget and appropriate up to the total amount recommended by the Mayor; or
 - 2. If the mayor recommends budgeting less than \$5 million of the projected surplus amount, the City Council may only increase the adopted General Fund budget by up to \$5 million or not more than 50% of any projected surplus, whichever total dollar amount is less.
- (c) Notwithstanding any other provision in this section, transfers of appropriations recommended by the Mayor pursuant to Charter section 73 shall not be considered budget amendments and shall not be subject to the provisions herein.
- (d) Notwithstanding any other provisions in this section, other modifications to the budget proposed by the Mayor shall not be subject to the provisions herein.

§ 22.0230 Reporting Significant Reductions in Programs or Services

- (a) Prior to any significant reduction in programs or services affecting the community, the Mayor, or designee, shall provide written notice to the

Attachment K

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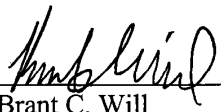
City Council regarding such reductions and provide a fiscal justification thereof and a description of expected service level impacts.

- (b) In the event there is any disagreement between the Mayor and the City Council regarding what constitutes a significant reduction, the City Council may establish specific funding reduction levels by resolution.

Section 2. That a full reading of this ordinance is dispensed with prior to its passage, a written or printed copy having been made available to the City Council and the public prior to the day of its passage.

Section 3. That this ordinance shall take effect and be in force on the thirtieth day from and after its final passage.

APPROVED: JAN I. GOLDSMITH, City Attorney

By 

Brant C. Will
Deputy City Attorney

BCW:jdf
07/05/11
07/18/11.COR.COPY
Or.Dept:IBA
Document No.: 201436_6

Attachment K

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I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of AUG 02 2011.

ELIZABETH S. MALAND
City Clerk

By *Carmen J. Trujano*
Deputy City Clerk

Approved: 8.4.11
(date)

JSL
JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor